

NATIONAL CERTIFICATES (VOCATIONAL)

SUBJECT GUIDELINES

NEW VENTURE CREATION NQF LEVEL 2

September 2007

INTRODUCTION

A. What is New Venture Creation?

New Venture Creation develops students' entrepreneurial knowledge and skills. It will provide information to students on what to focus when starting a new venture. Students will work in a small to medium enterprise (SME) environment where the acquisition of competence will add value and marketability to the student's qualification when seeking a job. A student declared competent in this subject can also use his or her knowledge to opt for self-employment as a possible employment option.

B. Why is New Venture Creation important in a vocational programme?

New Venture Creation promotes students' understanding of the effective functioning and management of a business venture. Students can use this knowledge should they want to start a new business venture. The subject covers a wide range of topics (finances, marketing, insurance, pricing, etc.) to further a student's knowledge of business to prepare the student for efficient entry into the world of business and develop their potential entrepreneurship.

New Venture Creation links with subjects such as Financial Management and Economic Environment and in the process, build progressively on the topics of these two subjects.

C. The link between the New Venture Creation Learning Outcomes and the Critical and Developmental Outcomes

Students will be able to collect, analyse, organise and critically evaluate information when identifying business activities, when calculating the cost and pricing of products or services, when determining the risks involved in starting a new venture, when differentiating marketing of products and services and when determining the start-up costs of a new venture. In the process, students will learn to organise and manage themselves and their activities.

Students will be able to identify and solve problems during the decision-making process to determine the liability of a new venture.

Students will effectively use science and technology when searching the Internet for information on professional bodies and associations, new venture options and best financial options when determining funding and start-up costs.

Students will be able to demonstrate a better understanding of the world and contribute to the community as a responsible citizen by analysing all aspects in relation to a new venture creation.

D. Factors that contribute to achieving the New Venture Creation Learning Outcomes

Students interested in business ventures will enjoy the subject, as it covers all functions of a business and especially a new business venture. Students with a zest for life and creative flair will do well in this learning situation. Analysing and problem-solving skills are crucial for a student participating in New Venture Creation. It would be to the students' advantage if they have financial and/or accounting skills and backgrounds.

NEW VENTURE CREATION – LEVEL 2

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1 DURATION AND TUITION TIME

This is a one-year instructional programme comprising 200 teaching and learning hours. The subject may be offered on a part-time basis provided the student meets all the assessment requirements.

Students with special education needs (LSEN) must be catered for in a way that eliminates barriers to learning.

2 SUBJECT LEVEL FOCUS

The student should be able to investigate a selected business environment to start a new business venture.

3 ASSESSMENT REQUIREMENTS

3.1 Internal assessment (50 percent)

3.1.1 Theoretical component

The theoretical component forms 60 percent of the internal assessment mark.

Internal assessment of the theoretical component in New Venture Creation Level 2 takes the form of observation, class questions, group work, informal group competitions with rewards, individual discussions with students, class, topic and semester tests and internal examinations. Lecturers can observe students when marking exercises from the previous day and asking class questions.

Assignments, case studies and tests can be completed at the end of a topic. Tests and internal examinations must form part of the internal assessment.

3.1.2 Practical component

The practical component forms 40 percent of the internal assessment mark.

Practical components include applications and exercises. All practical components must be indicated in a Portfolio of Evidence (PoE).

Internal assessment of the practical component in New Venture Creation Level 2 takes the form of assignments, practical exercises, case studies and practical examinations in a simulated business environment.

Students may complete practical exercises daily. Assignments and case studies can be completed at the end of a topic. Practical examinations can form part of internal practical assessment.

- **Some examples of practical assessments include, but are not limited to:**

- A. Presentations (lectures, demonstrations, group discussions and activities, practical work, observation, role-play, independent activity, synthesis and evaluation)
- B. Exhibitions by students
- C. Visits undertaken by students based on a structured assignment task
- D. Research
- E. Task performance in a "Structured Environment"

- **Definition of the term "Structured Environment"**

For the purposes of assessment, "Structured Environment" refers to a simulated workplace or workshop environment. A practicum room should be available at each campus for students to do practical assessments.

- **Evidence in practical assessments**

All evidence pertaining to evaluation of practical work must be reflected in the students' Portfolio of Evidence (PoE). The tools and instruments constructed and used to conduct these assessments must be clear from the evidence contained in the Portfolio of Evidence (PoE).

3.1.3 Processing of internal assessment mark for the year

A year mark out of 100 is calculated by adding the marks of the theoretical component (60 percent) and the practical component (40 percent) of the internal continuous assessment (ICASS).

3.1.4 Moderation of internal assessment mark

Internal assessment is subjected to internal and external moderation procedures as set out in the *National Examinations Policy for FET College Programmes*.

3.2 External assessment (50 percent)

A National Examination is conducted annually in October or November by means of a paper(s) set and moderated externally. A practical component will also be assessed.

External assessment details and procedures are set out in the *Assessment Guidelines: New Venture Creation* (Level 2).

4 WEIGHTED VALUES OF TOPICS

TOPICS	WEIGHTED VALUE
1. Understand a Selected Business Environment	40
2. Investigate the Markets and Needs for a New Venture	25
3. Determine Financial Requirements of a New Business Venture	35
TOTAL	100

5 CALCULATION OF FINAL MARK

Internal assessment mark: Student's mark/100 x 50 = a mark out of 50 (a)

Examination mark: Student's mark/100 x 50 = a mark out of 50 (b)

Final mark: (a) + (b) = a mark out of 100

All marks are systematically processed and accurately recorded to be available as hard copy evidence for, amongst others, reporting, moderation and verification purposes.

6 PASS REQUIREMENTS

The student must obtain at least fifty (50) percent in ICASS and fifty (50) percent in the examination.

7 SUBJECT AND LEARNING OUTCOMES

On the completion of New Venture Creation Level 2, the student should have covered the following topics:

Topic 1: Understand a Selected Business Environment

Topic 2: Investigate the Markets and Needs for a New Business Venture

Topic 3: Determine Financial Requirements of a New Business Venture

7.1 Topic 1: Understand a Selected Business Environment

Subject Outcome 1: Explain the structure and roles of different types of organisation in their own industry in South Africa.

Learning Outcomes:

The student should be able to:

- Name and explain the various types of organisation, using terminology accepted in their own industry.
- Explain the roles of different types of organisation in the context of the business environment.
- Identify and list business activities common to all organisations in the sector.
- Identify two examples of companies in each business sub-sector from advertisements in the media.
- Identify four of the main role-players in the field.
- Identify, list and categorise the kind of products or services offered by each organisation in the field.

Subject Outcome 2: Demonstrate an understanding of the concept market as applied to a selected business sector.

Learning Outcomes:

The student should be able to:

- Identify the basic principles of trade that define markets.
- Explain the difference between the basic principles of marketing products and the basic principles of marketing services.
- Explain the role of a selected business sector in the national economy in the context of the business environment.
- Explain the value chain that describes how business is conducted in the sector, using examples.

Subject Outcome 3: Identify and describe the role of professional bodies in a selected business sector.

Learning Outcomes:

The student should be able to:

- Explain the reasons for the existence of professional bodies, associations and regulatory authorities in a selected business sector. Explain how these bodies affect this business sector in the context of the roles that they play.
- Identify three professional bodies, associations or regulatory authorities for each of the sub-sectors.
- Explain the benefits of belonging to a selected professional body, association or regulatory authority in the sector from the perspective of the organisation and the individual.

Subject Outcome 4: Discuss the market position of a selected organisation in the relevant sub-sector.

Learning Outcomes:

The student should be able to:

- List ten products and/or services marketed by a selected organisation.
- Compare these ten products and/or services with equivalent products and/or services of competitor organisations.
- Describe the organisation's current competitive position, based on available audited data.
- Compare the strengths and weaknesses of the organisation with its two major competitors.
- Explain the opportunities and threats with reference to the external environment.

7.2 Topic 2: Investigate the Markets and Needs for a New Business Venture

Subject Outcome 1: Explain the concept market as applied to services or products.

Range: Students each choose a new venture and a product related to the new venture.

Learning Outcomes:

The student should be able to:

- Explain the basic principles of trade in relation to any type of service or product.
- Explain the principle of supply and demand to identify a new venture.
- Compare a service market with the basic principles of trade.
- Identify a market for a service or product for a specific new venture.
- Identify the product or service to be marketed by the new venture.

Subject Outcome 2: Identify potential clients for the new venture.

Learning Outcomes:

The student should be able to:

- Explain how to identify basic needs common to all people in order of importance.
- Compare the basic needs of people for different socio-economic groups.
- Discuss possibilities of the new product or service.
- Identify attitudes, values and other factors that could prevent people from buying the product or service of the new venture.

Subject Outcome 3: Survey opinions on the need for the products or service of the new venture.

Range: Products or service as identified by students

Learning Outcomes:

The student should be able to:

- Collect a sample of three people known to the student.
- Compile a questionnaire to determine why people would or would not buy the products or service of the new venture.
- Interview people in the sample and complete the questionnaire.
- Present information obtained in a bar graph.
- Estimate the likelihood of the success of the new products or service in that community.

Subject Outcome 4: Use statistical information to determine the type of product or service most valued by different communities.

Learning Outcomes:

The student should be able to:

- Interpret basic information from bar graphs, line graphs, pie charts and tables.
- Identify the type of service or product most valued by the communities from statistics.
- Suggest reasons for trends indicated in the above data.
- Suggest implications of the trends for different sectors of the product or service industry at an elementary level of understanding.

Subject Outcome 5: Outline the purpose and benefits of various products.

Learning Outcomes:

The student should be able to:

- Name three products with reference to a selected company.
- Outline the purpose and main benefits of each selected product at a basic level of understanding.
- Name two other products or services for a selected company.

7.3 Topic 3: Determine Financial Requirements of a New Business Venture

Subject Outcome 1: Determine the financial and cash flow requirements of a new venture.

Learning Outcomes:

The student should be able to:

- Explain financial and cash flow requirements for a new venture.
- Provide examples of financial requirements.

Financial requirements include, but are not limited to, start-up costs, running costs, capital investment costs for growth of business and staff costs.

- Determine financial and cash flow requirements for a new venture according to the type of venture.
- Explain profit and loss in relation to financial requirements and market needs of the new venture.
- Determine start-up costs according to financial capacity and resources available.
- Explain start-up capital and working capital in relation to own business.
- Explain relationship between cash flow and profit with examples.
- Explain assets and liabilities, with examples that relate to own business venture.

Range: Fixed and current assets and long-term and short-term liabilities

- Explain, with examples, the importance of finances as part of the business plan.

Subject Outcome 2: Determine income and expenditure of new venture.

Learning Outcomes:

The student should be able to:

- Explain the concept of budgeting applicable to new ventures with examples.
- Explain how to budget income according to market research and business growth opportunities.
- Determine expenditure of new venture.
- Identify fixed and variable costs in business context.
- Compile a budget.
- Explain methods for managing and controlling budgets, using examples.

Subject Outcome 3: Implement pricing and costing principles.

Learning Outcomes:

The student should be able to:

- Explain and identify costing principles in relation to trading, retail, manufacturing and services ventures.
- Explain, identify and evaluate breakeven points to determine how much business must be executed to ensure breakeven.
- Explain and use the concept mark-up.
- Identify, with examples, factors that influence pricing.

Range: Wider economic trends, market needs, expenditure, supplier pricing and competition

- Calculate pricing of product or service by using pricing calculations.
- Revise budgets according to pricing determinations.

Subject Outcome 4: Identify resources to obtain start-up capital.

Learning Outcomes:

The student should be able to:

- Identify and evaluate start-up capital requirements according to financial capacity.
Resources include bank funding, government and related subsidies and borrowings.
- Identify and compare funding options and services by financial institutions to determine viability and risks associated with funding.
- Identify and evaluate alternative funding.

Range: Use of any savings and risks attached, cash sale and no funding

- Explain, determine and compare costs of funding and repayment options to determine suitability for own business.

Costs include, but are not limited to, interest on loans, guarantee requirements and collateral requirements.

- Explain information needed to process funding applications.
- Complete documents for funding applications according to business requirements.

8 RESOURCE NEEDS FOR THE TEACHING OF NEW VENTURE CREATION – LEVEL 2

8.1 Physical resources

The following teaching aids should be made available, if possible:

8.1.1 Practicum room

- A simulated office environment with basic office furniture and equipment
- The necessary electronic equipment, for example an adding machine, cash register, calculators, filing cabinet, computer and printer.
- Internet access

8.1.2 Media centre

- Availability of computers and printers for students to complete assignments or case studies and do research
- Research software, for example Encarta
- Subject-related magazines (e.g. Finance & Technique), daily newspapers and subject-related reference books
- Subject-related DVDs or videos
- List of stakeholders prepared to be involved in the learning process through presentations or providing opportunities for students to gain practical experience
- Applicable legislation and acts for use by lecturers during lessons and students for research purposes
- Stock room to store video or DVD machines, televisions, etc.
- Security for stock room, media centre and practicum room

8.1.3 Class room

- Computer and data projector or latest technology to electronically project data
- Flash disk to store information

- Presentation program on computer to be used by lecturer to provide students with visual information on Learning Outcomes
- White board, black board and pull down screen
- Desks for students big enough to work on

8.2 Human resources

The lecturer should have an applicable subject-related qualification on NQF Level 5. It would be an advantage if the lecturer has already been declared competent as an assessor and/or moderator. The lecturer must also be trained in outcome-based education.

8.3 Other resources

- Text books
- Answer books, with examples which students must complete for practical assignments
- Calculator for each student
- Lever arch file for each student to serve as Portfolio of Evidence (PoE)
- Subscription fees for internet, subject-related magazines, newspapers, etc.