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EDUCATION
REPUBLIC OF SOUTH AFRICA

BUSINESS STUDIES

GRADE 11

PAPER 2

TERM 3

CHAPTER 13

ENTREPRENEURIAL QUALITIES AND SUCCESS FACTORS

REVISED NOTES

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This chapter consists of 9 pages

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CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES

Learners must be able to:

- Outline/Explain the qualities of an entrepreneur.
- Identify the qualities of an entrepreneur from given scenarios/case studies/statements/etc.
- Assess a business against these qualities
- Identify/State /Name key success factors etc. sustainability/profitability/customer base etc.
- Recommend/Suggest areas for improvement from given scenarios/case studies/statements.
- Suggest strategies that businesses can use to ensure that they remain profitable and sustainable e.g.
    - Thorough planning
    - Sound managing finances
    - Effective management of scarce resources and employees
    - Maintaining a solid customer base
    - Behaving ethically and
    - Being socially responsible

Knowledge of this topic should enable a learner to:
Answer in short paragraphs/longer and essay-type questions.

Types of questions:
Questions based on case studies/ scenarios should include direct/indirect short and essay questions, covering all three cognitive levels.

TERMS AND DEFINITIONS

Term	Definition
Entrepreneur	someone who converts a business idea into a business venture.
Business skills	Includes skills such as marketing, financing, purchasing and organizational skills.
Perseverance	When an entrepreneur does not give up despite challenges and problems.
Sustainability	The ability of the business to continue without doing damage to the environment and the community in which it operates.
Profitability	Financial gain
Customer base	The number of customers in the database that are the buyers of a product or service.
Passion	Believing something very strongly and showing enthusiasm to achieve the best outcome.
Good governance	those processes and institutions that produce results to meet the needs of society while making the best use of the resources at their disposal.
Opportunity	Gaps in the market where an entrepreneur can make money.
Confidence	Entrepreneurs believe in themselves and believe that they can achieve their goals.
Taking risks	Risks are classified as unforeseen events that can impact negatively events
Creativity	Coming up with something new or doing things in a new way.

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1.1. The meaning of an entrepreneur

- The word "entrepreneur" refers to a person who demonstrates the attitudes, behaviours, knowledge and skills needed to start and make a success of a business venture.
- The word "entrepreneur" refers to a person who demonstrates the attitudes, behaviours, knowledge and skills needed to start and make a success of a business venture.
- An entrepreneur is an individual who creates a new business/bears most of the risks and enjoys most of the rewards.
- The process of setting up a business is known as entrepreneurship.
- The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures.
- Entrepreneurs play a key role in any economy as they use the skills and initiative necessary to anticipate needs and bring good new ideas to market.

1.2 Qualities of an Entrepreneur

- Risk-taking/Willingness to take risks and to make difficult decisions
- Risks are classified as unforeseen events that can impact negatively a decision
- Successful entrepreneurs are willing to take risks by investing all resources in a new business.
- The primary function of an entrepreneur is to accept risk on behalf of others and be rewarded in return.
- Every business needs to be innovative and take risks to survive.
- Innovative and risk-taking are essential to what businesses are and what they do.
- Entrepreneurs take calculated risks as they weigh up what they might lose before deciding.
- They risk their own money when they start their business as they envisage to make a profit.
- They are flexible should they turn out to make wrong decisions.

Creativity and Innovation

- An entrepreneur must be able to come up with something new or do things differently
- He/she must be able to generate new ideas to solve business problems
- Entrepreneurs should also be able to use the same products to satisfy different needs.
- An entrepreneur uses creative thinking skills to turn threats into business opportunities in order to be competitive.
- Creativity requires imagination to produce the most obscure ideas.
- This allows entrepreneurs to think beyond the traditional solutions.

Confidence and Adaptability

- Successful entrepreneurs believe in their abilities and that they will achieve their goals.
- They are positive and focus on things that could go right instead of focusing on things that could go wrong.
- They have a healthy opinion of themselves and a strong/assertive personality.
- They are focused and determined to achieve their goals
- Successful entrepreneurs are adaptable as they can change course and try another way of doing it.

Passion and energy

- Entrepreneurs should show enthusiasm to achieve the best solution
- Passion can be illustrated when an entrepreneur finds it difficult to simply walk away from failure/setbacks.
- Starting and running a business requires considerable energy and the ability to focus on business objectives.
- High energy levels and good health are essential.

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- Passion for the business will keep the entrepreneur motivated when things go wrong.
- An entrepreneur is passionate and enthusiastic about their product and business.

Product and customer focus

- Entrepreneurs develop products and render services with customers in mind.
- They make the lives of customers easier and they find this rewarding.
- An entrepreneur with a product and customer focus is one that clearly understands the needs and wants of their customers.

Perseverance

- Successful entrepreneurs do not give up despite challenges and problems
- Most successful entrepreneurs face obstacles and only become successful after failing several times.
- They have a positive attitude towards failure and believe that difficulties are merely opportunities
- They put in long hours and continuous efforts to get a business operating successfully, even when a particular day may make him/her tired and discouraged.
- They can change difficulties into challenges and can be resilient

Recognition of Opportunities

- Successful entrepreneurs can identify gaps in the market and make money.
- They can identify viable opportunities that are not always easy to spot.
- They can see an opportunity and change it into a profitable business

Responsibility

- Successful entrepreneurs are not afraid to take responsibility for their decision and actions in their business.
- They accept positive and negative outcomes
- Entrepreneurs like to prove themselves as being innovative, hardworking, and responsible for creating their own income.
- Entrepreneurs find it hard to work for other people or to take instructions from managers as they like being in control.
- They prefer to be the creators of their own future.

Good management and organisation

- Successful entrepreneurs have good management and organisation skills including good administration skills and seeing a bigger picture.
- Examples of organisational skills are time management, planning and leadership.
- They can maintain control and make final decisions regarding activities that must take place.
- An entrepreneur has good management skills such as planning, motivating, and controlling.
- Entrepreneurs know what they are not good at and get others to complement their strengths.
- Entrepreneurs must also have the skills to manage their own businesses.

Honesty and Ethics

- Honesty in a business builds trust among fellow workers/customers /stakeholders.
- Business ethics is an important part of controlling a business
- Successful entrepreneurs have a moral obligation to look after the interests of investors and other stakeholders.

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Vision and communication skills

- They have a clear vision and can achieve long-term goals.
- They have good communication skills that are needed to communicate their business vision to their workers and stakeholders.
- They can formulate the mission and vision and links it with the aims of the business
- An entrepreneur has a vision of where they are heading and what they want to achieve in future.
- An entrepreneur can convert a dream into a business plan and can explain their vision to others.

A high degree of commitment

- Entrepreneurs must be committed to see something through despite difficulties.
- They are not afraid to make sacrifices to realise their dreams.
- Great entrepreneurs have high standards and cannot tolerate mediocrity.
- They are committed to their business idea and work hard to achieve their goals.
- These are people who have a combination of strong foresightedness and orientation.

Showing perseverance

- An entrepreneur shows perseverance by continuing to try until they have reached a goal.
- Successful entrepreneurs have a positive attitude towards failure and see difficulties as opportunities.
- Most successful entrepreneurs only became successful after failing several times.

Examples of entrepreneurial qualities from a scenario:

Read the scenario below and answer the questions that follow.

ELLITE SALON (ES)
Thuli the owner of Elite Salon did not lose hope when the Covid-19 pandemic threatened her business profits. She decided to provide special services for her clients who are still not able to visit the salon during stage 3 of the lockdown regulation. She provided masks and gloves for her clients who may want to utilise her services without wearing these products.

- Identify THREE qualities of the entrepreneur displayed by Thuli. Motivate your answer by quoting from the scenario. (9)

Use the table below as a guide to answer this question

QUALITIES OF AN ENTREPRENEUR	**MOTIVATIONS**
1.	
2.	
3.	

NOTE: 1 You need to understand the meaning of each entrepreneurial quality so that you can identify these qualities from a given scenario.

2 You do not need to redraw the table as this is just a guide on how to answer this question.

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SUGGESTED RESPONSES

QUALITIES OF AN ENTREPRENEUR	MOTIVATIONS
Perseverance √√	Thuli the owner of Elite Salon did not lose hope when the Covid-19 pandemic threatened her business profits. √
Creativity and innovation √√	She decided to provide special services for her clients who are still not able to visit the salon during stage 3 of the lockdown regulation√
Honesty and ethics √√	She provided masks and gloves for her clients who may want to utilise her services without wearing these products√
Sub max (6)	Sub max (3)

NOTE: You will not be awarded marks for motivation if the entrepreneurial qualities were incorrectly identified. Max (9)

1.3 Assess a business against these qualities.

- This is usually a research project where you may be required to visit any successful entrepreneur and interview him/her against the qualities of a successful entrepreneur that are mentioned on page 3 and 4.
- You must be able to develop a questionnaire or interview schedule that will be used to assess a business against the qualities of an entrepreneur.
- Questions must be structured in such a way that an entrepreneur will be able to respond to EACH entrepreneur quality e.g.

QUALITIES OF AN ENTREPRENEUR	QUESTIONS	RESPONSES FROM AN ENTREPRENEUR
Risk-taking	What are you going to do if your business fails?	
Creativity and innovation	How do you solve business problems? What makes you sell different types of products?	
Passion and energy	How many hours do you spend in your business and how do you feel about it?	
Product and customer focus	How do you ensure that the needs of your customers are satisfied?	
Responsibility	Did you ever make a bad business decision, if yes, how did you handle it?	
Confidence and adaptability	What makes you believe that your business will be sustainable and successful?	

NOTE: The above questions are exemplars. The interview schedule can even consist of follow-on questions.

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1.4 Key success factors of a Business

Sustainability

Sustainability means that a business:

- Continues to exist despite all the challenges and threats it is confronted with.
- Does not damage the environment and the community in which it operates.
- Manages and reports on triple bottom line e.g. profits, people and planet.
- Attracts and retains employees more easily.
- Experiences less financial and reputation risk.
- Involves stakeholders in joint decision-making and learning from customers, employees, and the surrounding community.
- Puts environmental management systems in place to minimise the effects of business activities on the environment.
- Analyses the environmental and social impacts of the products and services the business uses and produces.
- Reveals exactly what the business does and what it stands for.

Profitability

Profitability means that a business:

- Makes money and management is passionate about their business operations
- Manages money in such a way that a sound return on investment can be guaranteed to investors.
- Attracts even more investors which enables the business to expand its activities and to become even more profitable.

Customer base

Customer base means that a business:

- Meets the needs of the customer consistently and provides excellent service.
- Keeps on looking for ways to expand their consumer base.
- Keeps a record of the people buying their products.
- Collects the customers' contact details.

Knowing the market

Knowing the market means that a business:

- Conducts thorough research of finding out about the needs of the customers and the type of customers that buy the product or service.
- Identifying the needs and tastes of consumers helps ensure continuous product and service development.
- Having market knowledge is knowing about the various aspects that could possibly impact on the business.
- It includes a detailed study of activities that a company can include in its core activities so that value can be delivered to the market.

Good leadership

- A business needs good leaders who are team players, listen to staff members and respect them.
- Good leaders also bring energy, enthusiasm, and urgency to the workplace.
- This filters through the business and motivates staff to perform even more than expected.

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Ethics/control and good governance

- An unethical corrupt business is not sustainable.
- Staff and customers get to know the business's reputation and will not continue to support a business with poor governance.
- Business ethics is the application of moral norms to business.

Stable workforce

- A stable workforce means that employees are:
- Motivated, happy and well-trained.
- Loyal to the business and they stay with the business for longer
- Productive and take pride in their work.
- Constantly recruiting and training new staff to replace staff who left is expensive.

The uniqueness of the business/product/service

- The uniqueness of the business/product/service means that a business:
- Offers different products and services from their competitors.
- A product or service makes customers notice it and talk about it.
- Goods and services must fulfil the needs and desires of the consumers.
- There must be something special or different about a business to ensure success where others fail.
- The product or service does not have to be unique, but something about what the business offers has to make customers notice it and talk about it.
- Word-of-mouth marketing is the most effective.

1.5 Identifying areas for improvement

- A business should consider the following aspects when evaluating areas for improvement:
    - Regularly evaluate the price of every product
    - Operate from a plan based on its vision
    - Make sure the money comes in quickly
    - Keep business expenses to a minimum
    - Set goals with reasonable milestones and timelines
    - Evaluate the benefit of increased sales against the cost of marketing
    - Identify and implement the technology needed to support its operation and growth
    - Identify the target customer and what they do for them
    - Research and categorise competition noting their strengths and weaknesses
    - Differentiate the business against competitors and communicate this in sales and marketing programmes.
    - Look after its best customers
    - Know the needs of customers e.g. ask for customers feedback through surveys/direct interaction with them.
    - Regular review sessions where they review their structure/vision/delivery methods etc.

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1.6 Strategies that businesses can use to remain profitable and Sustainable

Thorough planning

- Proper succession planning so that it can continue to exist despite all the challenges and threats it is confronted with.
- Thorough planning will also ensure the business is not damaging the environment.
- Planning is important when it comes to being efficient. Time is money and it is best to plan for effective resource management.

Sound managing finances

- Ensure that a sound return on investment can be guaranteed to investors
- Sound financial management and good accounting practices are the best ways in which a business can remain profitable.

Effective management of scarce resources and employees

- Ensure that the business is using resources sparingly & employees are attracted and retained.
- Many projects fail because a business invests in too many or too few resources.

Maintaining a solid customer base

- Keep a record of the people buying their product and meeting the needs of the customer consistently.
- Customer retention is an important part of a business, as this can ensure that they remain profitable and sustainable.
- A business needs to offer a great customer experience and build solid customer relationships.

Behaving ethically

- Ensure that people continue to support your business and have the image of not being corrupt.
- An ethical business behaves in a socially responsible way and does what is right even if it is not necessary by law.

Being socially responsible

- Promote the image of the business by investing in CSI projects.
- Surveys show that consumers like to support a business that supports the community in which it operates. Examples include coffee and chocolate brands that support fair trade.

Being Ethical and taking care of the Environment

- Being environmentally aware and friendly.
- Considering the triple bottom line by managing profit, planet and people.

Upskilling and Development of Employees

- Ensure that employees keep abreast with changing technologies in the business industry.

Consistency and reliability

- Maintain a solid customer base and build on business success and learn from mistakes.

Upholding transparency

- Reveal what the business does and what it stands for.

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