

## UNIT 2: SECTION A: ENVIRONMENTS

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### CHAPTER 10: Business in the community

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#### Business in the community

*1. How can a business owner benefit from their business network?*

Build working relationships with others, promoting products and services and making contacts that could lead to sales. It is also an opportunity to improve industry and business knowledge and to learn from others.

*2. What is formal networking?*

Organised events where the aim is to build and maintain networks. For example: staff party, conference, product launch, training, networking event, mailing list.

*3. What are some examples of informal networking?*

Social event, conference breaks, facebook and other social media, waiting at elevators.

*4. Why is having a networking strategy important?*

To identify people to network with and the outcomes to achieve. Think about networking opportunities and set dates. Prepare for networking by identifying topics to talk about and questions to ask.

*5. Explain two areas of ethical business practice.*

- Environmental – thinking about the environmental impact of a business. For example: carbon footprint.
- Local community - the contribution a business can make to employment, health and the quality of life of the local and broader community.
- Workplace practices – treating employees with respect, valuing diversity and providing equal opportunity to work/life balance, rewards and career development.
- Clients and customers – maintaining safety of products and services, not hiding terms and conditions, providing value for money and keeping promises.
- Compliance – commitment to complying with laws, regulations and industry codes and standards.

*6. What is a Code of Ethics?*

A code of ethics details the rules and expectations for the business. It states the ethical principles staff are expected to have and the values of the workplace culture. A code of ethics provides clear standards for staff on how to do their jobs and make business decisions.

*7. Describe one example of an ethical dilemma in business.*

Include: Accepting gifts from a supplier, making decisions that put personal gain ahead of business gain, making decisions to benefit family or friends not on merit, withholding information or being deceptive with customers to make a sale.

*8. Discuss the relationship between an employer and an employee.*

Having a code of ethics is one way a business can show clients their commitment to ethical practice. Consistent ethical conduct and dealings with clients will build a reputation and a good public image of the business. This will lead to customers referring their family and friends to the business and your business being their preferred option. A customer can compare how they are treated against the code of ethics of the business. A client must not be promised products, services or prices that the business cannot deliver. Clients should not be deceived into a sale. This is illegal under consumer law as well as being unethical.

*9. What are business protocols?*

Rules or guidelines in a workplace that all staff must follow. Their aim is to ensure there is consistent behavior in the workplace and that all employees create a good impression when dealing with each other, with customers and with suppliers.

*10. List examples of protocols in schools.*

For example: uniform policy, phone policy, smoking rules, classroom behavior rules, attendance rules, procedure for absenteeism.

## CHAPTER 11: The legal framework of business

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### Taxation

1. *Discuss 2 requirements under the taxation system for small businesses.*

#### **Goods and Services Tax (GST)**

The GST is a 10% tax on most goods and services sold in Australia. Businesses must register for the GST if sales will be \$75,000 or more. A business needs an Australian Business Number (ABN) to register. Small businesses may register for the GST even if they won't earn \$75,000. Businesses that are registered can get refunds from the ATO for GST paid on business expenses. Invoices given to customers must clearly show the amount of GST included in the price.

#### **Pay As You Go (PAYG) Tax**

PAYG tax is the amount of tax a business takes out of employee pays to send to the ATO. Businesses that employ people must register for PAYG tax with the ATO.

2. *What is a Tax File Number and why is it important?*

#### **Tax File Number (TFN)**

A TFN identifies individuals and businesses to the ATO. Sole traders operate using their personal TFN. Partnerships have their own TFN and the partners lodge tax returns using their personal TFNs. Private companies and incorporated not for profit organisations have their own TFN.

3. *What is a BAS?*

The BAS is the way small businesses report their taxes to the ATO. The BAS includes the GST, PAYG tax and other taxes including the Fringe Benefits Tax (FBT). The BAS can be lodged monthly, quarterly or annually. Most sole traders and partnerships are required to complete a BAS quarterly; it depends on the size of the business. Completing a BAS will help the ATO work out whether the business needs to pay tax or if it will receive a tax refund.

## Workplace laws

### 1. What is the purpose of the EOA Act 1984?

- to eliminate discrimination in the areas of work, accommodation, education, the provision of goods, facilities and services, access to places and vehicles, land and the membership of clubs
- to eliminate sexual and racial harassment in the workplace, educational institutions and accommodation
- to promote community recognition and acceptance of the equality of men and women, and the equality of people of all races, regardless of their religious or political convictions, their impairments or their age

### 2. List three characteristics that are protected from discrimination.

- gender and gender history
- marital status
- pregnancy or breast feeding
- family responsibility or family status
- race
- religious or political conviction
- impairment
- age

### 3. Explain the difference between direct and indirect discrimination.

**Direct** – When a person treats another person less favourably than someone else in the same circumstances.

**Indirect** – When a business practice or policy that appears to be fair discriminates against people who share a characteristic

### 4. Give an example for direct and indirect discrimination.

#### Direct discrimination

An employee tells her manager she is pregnant and applies for parental leave. Her employer fires her because she is pregnant  
A man asks a business about applying for an advertised receptionist job. They tell him not to bother because they are looking for a female receptionist

An employee has young children. Her manager says she will not get a promotion because her family responsibilities will make it difficult for her to do the job.

#### Indirect discrimination

To pass probation all new employees must pass an eye test, even though there isn't a clear link to the job. An employee has a vision impairment and fails the test and remains on probation.

A shop advertises for a bookkeeper. It is on the second floor with only stairs to get to it. An applicant who is the best candidate and in a wheelchair does not get the job.

An employer advertises that applicants must have a valid drivers' licence even though driving is not a core task of the job. People with disabilities cannot apply for the job because they may not be able to drive.

*5. What is vicarious liability?*

An employer may be legally responsible for the discrimination and harassment of employees unless it can be shown that they made all reasonable steps to prevent it.

*6. What are two examples of the duties of care for employers and employees?*

**Employers – Section 19**

- maintain safe systems of work
- provide information, instruction, training and supervision
- consult employees and encourage cooperation
- provide personal protection equipment

**Employees – Section 20**

- follow safety and health instructions of the employer
- use personal protective equipment
- report hazards
- cooperate with employers in safety and health processes

*7. What is the purpose of the OSH Act 1984?*

The purpose of the OSH laws is to protect the health and safety of employees across WA. It sets standards for safe and healthy workplaces and enforces them through penalties and workplace inspections. It ensures that hazards and risks to health and safety are identified, eliminated or minimised.

## CHAPTER 12: Rights of consumers

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### Rights of consumers

1. *Under ACL what must all products be?*

- of acceptable quality
- safe
- durable
- free from defects
- fit for purpose

2. *What does 'fit for purpose' mean?*

The product does the job the consumer was told it would do.

3. *What is an injunction?*

A court order to stop or restrict certain business conduct.

4. *What are two reasons a customer could request a refund?*

Faulty goods, not fit for purpose, defects.

5. *How does a lay-by contract work?*

A lay-by is a contract between a customer and a business where:

- the customer pays for the goods in two or more instalments
- the customer does not receive the goods until the full price has been paid
- a deposit is an instalment.

6. *What should a consumer do before signing a lay-by agreement?*

Consumers should read and agree with the terms and conditions of a lay-by before they sign the contract. In particular, payment dates, instalment amounts and any termination charges.

7. *Why would a lay-by agreement be terminated?*

The business can cancel a contract but only if:

- the customer has missed a scheduled payment
- the business closes down
- the goods are no longer available due to unforeseen circumstances. For example: a fire or water damage.

## **Environments crossword**

### **Across**

1. Network
4. Conference
6. Ombudsman
7. Protocols
10. Discrimination
11. Ethics
12. PAYG
13. Injunction
15. Duties of care

### **Down**

2. WorkSafe
3. Code of ethics
5. Equal opportunity
8. Principle
9. Damages
14. Layby

## SECTION B: MANAGEMENT

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### CHAPTER 13: Competition and consumers

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#### Competitive advantage

*1. Define competitive advantage.*

A competitive advantage exists when a business has a product that is unique in the market, or when the business earns profits that are above average compared to its competitors. For as long as the business can sustain a competitive advantage, they can often demand a premium, and receive a good return from their good or service.

*2. What can occur when a competitor identifies the businesses competitive advantage?*

They may move into the same market, meaning that customers can substitute another product or service for that offered by the business.

*3. Compare the two main types of competitive advantage.*

- Cost
- Differentiation

*4. How does market research assist the business owner to define their competitive advantage?*

They can develop the four elements of product, price, promotion and place.

*5. Summarise four questions which the business owner should answer in order to identify their competitive advantage.*

- Why do customers come to the business?
- What are the costs that we can reduce?
- What of the points of difference that we can emphasise?
- Why do customers purchase from competitor businesses?

#### The extended marketing mix

*1. Revise the first four elements of the marketing mix.*

- Product
- Price
- Promotion
- Place

*2. Explain the extended marketing mix.*

There are three additional elements in the marketing mix: people, physical presence, processes.



3. *What is the purpose of the expanded marketing mix?*

Allows for the fact that the traditional 4-P's marketing mix model applied more directly to businesses that sell goods. The expanded marketing mix accounts for elements of marketing that are important to service businesses.

4. *Draw a diagram outlining the main elements of each of the following:*

- A. People = relationship marketing, training, marketing to employees, quality service.
- B. Processes = customer queries, quotes, following up orders, complaints, after sales service, delivering orders, billing.
- C. Physical presence of the business = physical or virtual shop front, packaging, branding, uniforms.

## Consumer purchasing decisions

1. *Define the term 'consumer'.*

A person, group of people or organisation which uses the products or services of a particular business enterprise.

2. *What is meant by 'consumer behaviour'?*

How individuals or groups interact with, select, and use products (goods or services) to satisfy their needs and wants.

3. *Distinguish between a consumer and customer.*

Understanding **consumer** purchase patterns provides businesses with knowledge of products and services that are in demand in the market. Understanding **customer** patterns assists in product development as advertising and promotion can be tailored to the habits of the specific customer, attracting attention to the product or service.

4. *Summarise how to design a customer survey.*

- Decide on the aim of the survey.
- Identify the audience of the survey and how they will relate to the questions asked.
- Create questions that identify the survey demographic. These are 'qualifying questions'.
- Design the questions, deciding on the format. Questions can be optional, multiple choice, or open ended.
- Write the survey.
- Administer a pilot survey with a small sample.
- Check that the results of the pilot survey are meaningful.
- Make adjustments based on the results.
- Publish the survey.
- Collect results.
- Analyse results.

5. *Summarise four methods that can be used to determine customer expectations.*

- Interviews
- Conversations
- Statistics
- Surveys

6. *What is impulse buying?*

An unplanned or otherwise spontaneous purchase.

7. *What is meant by 'post-purchase'?*

An emotional result occurs after impulse buying. Some items bought on impulse are not considered functional or necessary post purchase.

8. *What factors influence consumer choices?*

- Personality
- Lifestyle
- Peer group
- Psychological factors
- Economic factors.

9. *Identify the influencing factors on family decision making.*

In a family the decision maker(s) have the power to determine issues such as:

- Whether to buy
- Which product to buy
- Which brand to buy
- Where to buy it
- When to buy.

10. *Explain the following peer reference groups:*

- A. Aspiration group = A group which an individual would like to compare themselves with. For example, wealthier people.
- B. Associative group = A group which represents the individuals current equals. For example, co-workers, neighbours.
- C. Dissociative group = A group which one would not like to be part of. For example, young people do not want to dress in the same way as their parents as it is considered to be 'uncool'.

*11. Outline the main element of the psychological factors that influence consumer purchases:*

- A. Loyalty = Consumers are affected by rewards, which can be fixed or variable.
- B. Memory = Consumers notice and remember positive and negative aspects of a business or the service provided. This information is also shared with reference groups.
- C. Motivation = Consumers are generally motivated to make purchases for everyday needs such as meals and personal care; however, they sometimes require extra encouragement to be motivated to use the services of a gymnasium or personal trainer.
- D. Perception of business image = If a consumer is going to make a major purchase they seek out information about the product. For example, when buying a motor vehicle or a new oven, consumers tend to research these before making a purchase. Their positive or negative consumer perception of business image affects their decision to purchase.

*12. What economic factors influence decision making? Give an example for each.*

- Supply, demand and price. For example: environmentally friendly products.
- Economic climate. For example: interest rates.
- Innovation. For example: new ideas.

## CHAPTER 14: Managing operations

### Planning, organising and controlling

1. *Define the following terms:*

- A. Manager = the person in charge of directing a group of employees toward achieving specific business goals
- B. Planning = developing a proposed method for moving toward the attainment of a particular goal
- C. Administration = managing business operation and coordinating all that occurs in an organisation.

2. *Summarise the roles of a manager.*

ROLE	DEFINITION
FIGUREHEAD	Holding an important role or title within the organisation and representing the business at important events
LEADER	Encouraging and motivating employees and supervisors toward the organisation's goals
LIAISON	Networking with people from external organisations
MONITOR	Keeping track of information relevant to the organisation
DISSEMINATOR	Distributing knowledge and information to supervisors and employees
SPOKESPERSON	Distributing knowledge and information about the business to external organisations
ENTREPRENEUR	Taking risks and developing new innovations for the organisation
DISTURBANCE HANDLER	Negotiating and rectifying problems
RESOURCE ALLOCATOR	Deciding how to distribute resources
NEGOTIATOR	Conferring and consulting with others on behalf of the organisation

3. *Define the three skill areas required of managers.*

- Conceptual
- Human Resource
- Technical

4. *Which skill area from Table 14.2: Skills required for the smooth running of business would a small business owner most often rely on? Under what circumstances?*

Business owners need to use each types of skill to different extents. In a small business, the owner must either be proficient in all these skills, or they need to employ other people to assist them with any areas of weakness.

*5. What is process management?*

Activities involved in monitoring and reviewing the performance of business processes, with the aim of improving methods and meeting business goals.

*6. Explain the key management roles of planning, organising, leading and controlling.*

- Planning: a management role where the procedures for meeting organisational goals are developed
- Organising: management role requiring the distribution of organisational resources
- Controlling: one of the roles performed by managers, where employees are directed, and performance of the organisation is continually assessed
- Leading: arguably the most important management role requiring the manager to encourage and motivate employees, have a vision for the organisation's future and implement that vision

*7. Explain the purpose of setting goals.*

One of the most important parts of the planning of a business. It ensures that there is some coordination between employees, and should minimise inefficiency. Enables measurement of business outcomes.

*8. Compare and contrast strategic planning and action planning.*

- Strategic planning: Aiming toward the long term future of the business, setting goals and allocating the resources to achieve these goals.
- Action planning: Aiming to the near future and achieving a specific result in a short period of time.

*9. Clearly explain how strategic planning is linked to organisational goal setting.*

These are 'big picture' plans, which consider all possible aspects of the entire business. Provides a broad picture of the future of the business, and gives a general focus. Strategic plans usually define the organisational goals.

*10. Define the following terms:*

- A. Goals = the purpose which the business owner wants to achieve in the longer term
- B. Objectives = specific actions that are intended to achieve a measureable target
- C. Strategic plan = a long term plan aimed at setting goals and allocating the resources to achieve these goals
- D. Action plan = a proposal aimed at achieving a specific result in a short period of time.

*11. Summarise the main steps in business organising.*

- Decide what needs to be done, using the business' goals
- Group what needs to be done according to who can complete the tasks
- Assign work to people in the business
- Review the effectiveness of what has been achieved and check that the business' goals have been achieved.

*12. Summarise the main steps in business control.*

- Establish the standard that is to be met, using the business' goals
- Monitor how the business performs in this area
- Compare the actual performance of the business with the standard
- Make any changes required to correct any problems, if the business plan goals have not been met

## Risk management strategies

1. Explain what workplace hazards are, using examples to illustrate your answer.

Workplace situations that threaten the health and safety of people or resources.

2. What benefits will safe work practices bring?

Assets being better protected, employees being more secure, and customers confident in the businesses policies and management.

3. What does 'OSH' stand for?

Occupational Health and Safety.

4. What does the acronym SAM represent? Explain how it is applied in a business.

'Spot, Assess and Manage.' = firstly identifying the potential hazard. Secondly the hazard is assessed to estimate the level of damage or potential damage. Finally, the situation is to be managed by taking the required action to either prevent the hazard or control the hazard from worsening.

5. List four examples of minor workplace hazards.

- A loose electrical cable may cause tripping and potential spinal injuries.
- A wet floor may cause slipping and head injuries.
- Failure to employ correct equipment, for example a trolley for moving boxes, can result in back injuries.
- Exposure to fumes due to failure to wear masks may cause respiratory problems.
- Use of incorrect sized gloves could result in fingers being caught on machines.

6. Give seven safe work practices.

Personal protective equipment	Good footwear, helmets, eye protection and ear protection, high visibility clothing and protective clothing must be used where appropriate
Floors	Keep free of spills and ripped carpets or flooring
Office	Keep corridors and emergency exits clear
Factory	Wear suitable protective clothing
Desk	Positioning of the chair, computer monitor and keyboard, to personally suit the person occupying the station, to avoid strain
Equipment	Follow manufacturers' safety instructions
Work habits	Regular exercise and breaks may assist in protection from occupational overuse syndrome. This is caused by repetitive actions such as typing or staring at a computer screen which results in Repetitive Muscular Injury, commonly known as RMI

7. *What are four potential work hazards in the office environment?*

- Furniture
- Electrical hazards
- Occupational overuse syndrome
- Use of office equipment

8. *Explain the concept of risk management for a business.*

Requires the business owner to be cautious and attempt their best efforts to ensure the business is not exposed to negative consequences from decisions made.

9. *Define five types of risk. For each one, give an example that would apply to an office workplace.*

TYPE OF RISK	DEFINITION
Unpredictable	Something very disruptive or unforeseen, an unexpected event
Financial	Monetary costs that can arise from different decisions
Opportune	When the business takes up a risky opportunity, or conversely, chooses to NOT take up a safe opportunity
Strategic	Protecting intangible assets or items that are difficult to value in dollar terms
Hazardous	Covered by most Occupational Health and Safety policies, this is where the work environment can be dangerous or potentially harmful

10. *Why does a business owner want to manage risk?*

Ensure occupational health and safety.

11. *Select and define three risk minimisation methods.*

- Have a useful insurance policy
- Ensure that employees are properly trained and the right person for the job
- Develop and implement a sound OHS plan
- Make sure all legal requirements to do with the work environment are complied with
- Develop quality control methods.

12. *Why might employees not implement a Risk Management Plan?*

Lack of understanding, training required. Costly.

13. *What are some of the limitations on the use of risk management?*

Just because a risk management plan is in place does not mean that the staff of the business will always recognise when it is needed. The owner of the business still has to make difficult daily decisions in response to strategic questions and may not always have all the information they require to make the best decision. Hazards can still exist within a business no matter what precautions are taken and human error is always a factor in safety.

*14. Explain the purpose of undertaking a job risk analysis.*

This is a review of all the potential hazards in the job, and an itemisation of the associated risks. It is carried out in response to the hazardous risk type, and categorised as safety and health.

## **Monitoring business activities**

*1. Why does the business owner need to monitor business activities?*

To determine if the business is achieving its goals, and manage potential risk.

*2. Summarise four tools that could be used to monitor business activity*

- Sales data
- Customer data base
- Debt
- Cash



## CHAPTER 15: Financial records

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### Simple cash records

1. *Summarise the basic records management requirements of a small business.*

Most small businesses are run on a cash basis, and money is recognised as being earned or spent at the time cash is paid or received. Accurate financial record keeping informs of the current state of profitability and liquidity, how efficient the business is, and allow planning for the future to occur. Basic record keeping requires the business to keep a particular set of financial data for cash inflows and outflows, income and expenses, and assets and liabilities.

2. *Explain the purpose of the following cash records:*

- A. Bank deposit slip = Shows a sum of money that has been banked
- B. Bank reconciliation = Used to compare the cash payments and receipts of the business with the records held by the bank
- C. Receipt = A record that the amount owing on an invoice has been paid. This should include the date, details and amount.

3. *What is a transaction?*

When an item is bought or sold.

4. *Why would a small business owner keep an asset register?*

To record details of purchase price, upgrade details, depreciation rate, storage requirements, serial numbers, insurance for each major asset owned.

5. *Outline why a bank reconciliation is prepared.*

To check that the payments and receipts of cash and cheques for the business have been processed through the bank account.

### Source documents

1. *What is a source document? Explain the purpose of each of the following source documents:*

- A. Tax invoice = When a sale or purchase has been made, this shows the amount owing. It also includes the date, quantity, price, any GST, discounts, address, and terms of sale.
- B. Order form = Used to request a sale or purchase. Contains details such as the date, quantity, price, any discounts and address information.

2. *What is the difference between an EFTPOS payment and an internet payment?*

EFTPOS is an electronic funds transfer at point of sale. Internet payments can be transferred through a variety of means, generally they are credit card payments.

3. *Why are cheques now rare as a form of payment?*

They are easy to use fraudulently, other forms of payment are quicker and more convenient.

4. *What is the relationship between an invoice and an order form?*

An invoice is issued when products are sold to a customer on credit, and can be issued as a result of an order form being received.

5. *Why is petty cash used in the workplace?*

It is too difficult to have all payments being made from the business using a cheque, business credit card or direct transfer – occasionally cash is more convenient.

6. *Explain how the use of a petty cash system assists with internal control.*

Instead of just taking some cash from the cash register, the business has a separate amount of cash allocated for small cash payments by employees of the business.

7. *What internal control procedures should be in place to ensure that banking of workplace funds is not subject to fraud or theft?*

- Bank cash on a regular basis and do not keep large amounts of cash on the premises
- Have cheques signed by two people when the cheque amount is over a certain limit
- Count the cash in a secure location away from customers
- Regularly empty the cash register so that there is never a large amount of cash contained in a register
- Ensure a receipt is written out or printed for every transaction, including petty cash
- Investigate any cash shortages or irregularities with cash register totals
- Do not borrow money from cash registers but use a petty cash system
- Complete regular bank reconciliations

## Calculation of profit

1. *Define income and expense, using examples.*

**Income** is money received by the business. For example, Sales, Fees, Interest.

**Expenses** are payments or costs incurred by the business. For example, Cost of Sales, Rent, Wages, Internet Bill, Water Rates.

2. *Explain the meaning of a profit and a loss.*

- Profit = Income is greater than expenses
- Loss = Expenses are greater than income

3. *Why is an Income Statement prepared for a business?*

To calculate whether the business has made a profit or a loss for a period of time.

4. *Outline the purpose of break even analysis.*

So that the business owner can make decisions about the setting of prices in order to obtain a profit. Break even analysis is used to determine how costs and profits are affected by changes in the volume of production.

*5. Define the following terms:*

- A. Fixed costs = Expenses that do not change, no matter how many units of sales are made or how the volume of activity changes. For example: Wages/salaries, rent, advertising, bank charges, government charges.
- B. Variable costs = Expenses that change, dependent on the amount of sales or the volume of activity. For example: Wages/salaries, sales commission, product related promotions, raw materials, product packaging.
- C. Mixed costs = Expenses that can be both fixed and variable. For example: Wages/salaries, electricity, lights.
- D. Contribution margin = the difference between income and variable expenses for an item of product. It is the amount of income that each product 'contributes' to the overall result of the business.

## Management crossword

**Across**

- 5. Receipt
- 6. Consumer
- 9. Peer group
- 10. Invoice
- 11. Administration
- 13. Credit note
- 16. Impulse
- 17. Aspirational  
(Full clue should read 'A group that someone wants to belong to')
- 18. Pilot
- 19. Manager

**Down**

- 1. Control
- 2. Customer
- 3. Order form
- 4. Leader
- 7. Survey
- 8. Reconciliation
- 10. Interview
- 12. Organising
- 14. Planning
- 15. Supply

## SECTION C: PEOPLE

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### CHAPTER 16: Teamwork

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#### Teams

1. *Define 'a team' in business.*

A team comprises any group of people linked in a common purpose. Teams are very important in a small business to assist with particular goals or business targets.

2. *What is meant by 'life stages' of a team?*

Each of the steps a team goes through from initial formation to closing or ending of a team.

3. *List and define the stages of a team life cycle.*

Forming, storming, norming, performing and adjourning.

4. *Name and explain the two forms of team that exist in business?*

An interdependent team meets regularly and all members rely heavily on each other, whereas an independent team is more job focused and members operate with more autonomy.

5. *Define and give examples of the following:*

- a. A virtual team = Members joined together electronically, with nominal in-person contact. Virtual teaming is made possible with technology tools, especially the internet. For example: An administrative assistant who works from home, an accounts clerk who works from home, a business analyst.
- b. A project team = A team used only for a defined period of time and for a separate, definable purpose. For example: Mid-year sale team, TV promotions team, winter sales team.
- c. A cross-functional team = A group of people working toward a common goal with different functional expertise. It could include people from finance, marketing, operations, and human resources. It also includes employees from all levels of a business, or from outside the business. For example: A special team of experts put together to plan the 2014 Soccer World Cup promotion that includes an employee from accounts, marketing, advertising, administration, public relations.

6. *Why are formal teams a benefit to small business?*

- Encourage cooperation
- Increase morale
- Managers can spend time on strategic thinking
- Greater flexibility
- Faster decisions
- Diversity may result in more innovative ideas
- Better decision making
- May improve performance.

*7. Identify the six roles within a team and define each of them.*

- Team Leader
- Team Facilitator
- Recorder
- Time Keeper
- Team Member
- Critic or Reviewer

*8. What is team building?*

Team building is the process of establishing and developing collaboration and trust between team members. It can refer generally to the selection and motivation of teams, or specifically to group self-assessment and reflection.

*9. What are the social skills necessary in a team member?*

Each employee needs the following social skills for successful teamwork:

- Listening – it is important to listen to other people’s ideas. When people are allowed to freely express their ideas, these will produce other ideas.
- Questioning – it is important to ask questions, interact, and discuss the objectives of the team.
- Persuading – exchange, defend, then ultimately rethink ideas.
- Respecting – treat others with respect and support their ideas.
- Helping – help one’s co-workers, this is the theme of teamwork.
- Sharing – communicate with the team to create a positive environment.
- Participating – all members of the team are encouraged to contribute to the team

*10. What are the four characteristics of an effective team?*

- Clear goals: Achievable, worthwhile and everyone knows what is expected.
- Relevant skills: Group members have necessary skills and abilities to achieve the task.
- Mutual trust: Trust is fragile and needs to be built and maintained. Trust is more likely to exist in an organisation where the culture is characterised by openness, honesty, collaboration, employee involvement and autonomy.
- Unified commitment: Loyalty and dedication to the team.

## **Collaboration**

*1. Define collaboration in teams.*

Processes where people work together. This applies to both the work of individuals as well as larger collectives and societies, including business.

*2. Define coordination*

The organisation of individuals or groups to reach a common goal.

*3. Define cooperation.*

Mutual assistance, with gains and losses on the part of each individual or group.

*4. What are the four common barriers to collaboration?*

- Stranger danger: a reluctance to share with unknown others
- Finding assistance: people believe that others may have already solved the businesses problem
- Hoarding: where employees do not want to share knowledge because they see accumulating ideas as a source of power
- Not here: avoiding previous knowledge not originally developed within the business.

*5. Define self-management.*

A set of skills used by employers to formally identify organisational and planning skills that contribute towards job performance in their employees.

*6. What are four essential factors for collaboration in teams?*

- Accept responsibility
- Acknowledge other opinions and points of view
- Support and contribute
- Assertiveness

*7. List five ways to promote collaboration in teams.*

- Clearly communicate the goals of the team to each team member.
- Ensure those goals are clearly understood and accepted by each team member.
- Ensure everyone is clear of their own responsibilities and role.
- Encourage trust between team members.
- Utilise team building activities to encourage an honest environment where everyone is comfortable with their capabilities.
- Involve the team in decision making to generate belonging.
- Maintain clear and open communication lines.
- Ensure everyone is well informed.

## **Creativity and innovation in teams**

*1. Define creativity*

The realisation of a new idea or concept into an actual product or service. Characterised by the ability to perceive the world in new ways, to find hidden patterns, to make connections between seemingly unrelated phenomena, and to generate solutions.

*2. Define innovation*

Innovation generally refers to renewing, changing or creating more effective processes, products or ways of doing things. In business this means implementing new ideas, creating dynamic products or improving existing services.

*3. What are the two process of creativity?*

Thought and production.

4. *List three factors within a team that induce creativity and innovation*

- Openness and honesty
- Valuing ideas and contributions
- Learning from unsuccessful ideas

5. *Define openness and honesty.*

Openness = sincerity or directness.

Honesty = level of truthfulness or integrity.

6. *What are the three steps to learning from bad decisions or failures?*

- Analyse and devise new strategies
- Review and learn
- Own the mistake.

7. *Give six reasons why it's important to attend to mistakes and take ownership.*

1. The size of the mistake itself, which is usually small.
2. The size of the consequences if the mistake is not found and corrected, which can be huge.
3. The size of the time and cost it will take to fix the mistake.
4. The size of the causes of the mistake.
5. The size of the effort to prevent the mistake from happening again.
6. The size of the benefits from ensuring the mistake doesn't happen again.

## CHAPTER 17: Entrepreneurship

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### Being enterprising

*1. What does being enterprising mean?*

An enterprising business owner is a confident person with initiative and the self-determination to pursue challenges. They demonstrate internal drive to realise a dream and accept failure as a learning opportunity. They have enterprising skills.

*2. Define the terms 'enterprising skill' and 'trait'.*

Enterprising skills: abilities that may be gained through experience and developed through practice.

Trait: a distinguishing characteristic or quality, especially of one's personal nature.

*3. List five enterprising traits.*

- Risk taking
- Optimism
- Creativity
- Perseverance
- Autonomy

*4. What is risk taking?*

Being comfortable with the unknown or unpredictable element about a particular situation or project and its outcome.

*5. Define optimism.*

Optimism is a sense of hopefulness and confidence.

*6. How is creativity considered an enterprising trait?*

Creativity involves developing new concepts or new connections between existing concepts. When an enterprising individual is presented with a challenge or problem they instinctively start to develop ideas and strategies to overcome it. They are creative thinkers with infectious optimism who develop great ideas.

*7. What is the role of perseverance in being enterprising?*

Perseverance is continuing on the chosen method or path regardless of opposition or challenges. It results from commitment and optimism, as these give a sense of confidence in the chosen approach.



*8. List five attributes of a persevering individual.*

- Proactive
- Goal driven
- Committed
- Attain in depth knowledge
- Optimistic
- Self confident
- Daring
- Resilient
- Innovative

*9. Define autonomy in relation to enterprising skills.*

Enterprising individuals are confident, self-assured and believe in their abilities. They know their strengths and build on them. They know their weaknesses and compensate for them. This knowledge of themselves provides them with a sense of autonomy.

*10. Make a list of other enterprising attitudes, attributes and skills.*

<b>SKILLS</b>	<b>ATTRIBUTES</b>	<b>ATTITUDES</b>
<ul style="list-style-type: none"><li>• Confident</li><li>• Decisive</li><li>• Effective communicator</li><li>• Good time management</li><li>• Innovative</li><li>• Flexible</li><li>• Resilient</li><li>• Realistic</li><li>• Energetic</li></ul>	<ul style="list-style-type: none"><li>• Committed</li><li>• Spontaneous</li><li>• Organised</li><li>• Visionary</li><li>• Goal oriented</li><li>• Dreamer</li><li>• Passionate</li></ul>	<ul style="list-style-type: none"><li>• Self confident</li><li>• Strive</li><li>• Love risk taking</li><li>• Open to new ideas</li><li>• Always seeking new ways to approach everyday events.</li></ul>

## Entrepreneur

### 1. *Who is an entrepreneur?*

A person who undertakes organisation, management and control of a reasonably risky business operation.

### 2. *List seven elements of entrepreneurship evident in enterprising small business owners.*

- Have a clear understanding of purpose and vision
- Inspire and motivate
- Reward, develop and train employees
- Employ new technologies
- Maintain an effective and harmonious working environment
- Promote ethical business practices and human relationships
- Control and manage with a system that is mutually understood and respected by all

### 3. *What is an entrepreneurial characteristic?*

A distinguishing feature or quality that helps identify and tell apart, which separates entrepreneurs from ordinary people.

### 4. *List six entrepreneurial characteristics.*

- Responsible risk taker
- Resilient
- Self-confident
- Specialised knowledge and/or experience
- High level of realistic optimism
- Determination
- Persistence
- Takes personal responsibility

### 5. *What is responsible risk taking?*

Taking assessed informed risks.

### 6. *Define the terms resilience, realistic, optimism, determination and persistence.*

- Resilience = the ability to continue functioning effectively while faced with stress, anxiety, or challenges
- Realism = willingness or ability to accept a particular situation and deal with its effects
- Optimism = a sense of hopefulness and confidence about future success
- Determination = being firm and committed
- Persistence = the ability to continue to follow on a path or project regardless of the opposition or challenges faced.

7. *List five factors that contribute to resilience in a person.*

- Close relationships
- Positive view of self
- Self confidence
- Ability to manage impulses
- Problem solving and communication skills
- Willingness to seek help
- Resilience
- Coping with stress in healthy ways
- Helping others
- Finding positive meaning despite difficult or traumatic events

8. *What are internal and external challenges faced by entrepreneurs?*

**External Factors:**

- Heightened competition
- Fast and continuous change
- Time and monetary limits
- Market uncertainty

**Internal Factors:**

- Physical exhaustion
- High level of stress
- Level of mental and physical commitment
- Demands on management and interpersonal requirements
- Lack of personal time

9. *List four aspects that lead to self-confidence in an entrepreneur.*

- Self belief
- Feeling of trust
- Free from anxiety or fear
- Being free from doubt
- Hopefulness
- Being certain
- Trustful relationships.

*10. How do entrepreneurs attain specialised knowledge and/or experience?*

- Undertake research
- Employ individuals who specialise in the field of interest
- Market research
- Product or service information
- Business environment reports
- Media releases
- Personal involvement with the business

## CHAPTER 18: Mind matters

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### Creative thinking

1. *Define creativity.*

Imagination or inspiration for new ideas or thought.

2. *Define originality.*

Novelty or uniqueness.

3. *List five elements of the “creative process” and explain them.*

- Problem recognition
- Involvement
- Insight
- Choices
- Confirmation.

4. *What is meant by the term ‘creative industries’?*

Businesses which operate using new concepts or by being innovative in their business approach.

5. *Define emotion.*

A feeling or a sensation.

6. *List the three elements required to foster creativity.*

- Environment
- Training and development
- Valued input

7. *What are the internal and external environmental conditions that need to be facilitated to foster creativity?*

#### INTERNALLY

- Ability
- Level of task enjoyment
- Creative thinking activities

#### EXTERNALLY

- A need or problem must be present
- Encouragement
- Respect and value ideas

## Design thinking

### 1. Define design thinking.

A process for the practical, creative resolution of problems or issues.

### 2. List eight thought processes that induce creativity.

- SCAMPER
- Problem solving
- Design thinking
- Stream of consciousness
- Thinking hats
- Lateral thinking
- Brainstorming

### 3. List and explain the seven stages of the Design Thinking Process.

- Define
- Research
- Ideate
- Prototype
- Choose
- Implement
- Learn

### 4. Define the terms 'ideate' and 'prototype.'

Ideate: To visualise or create a mental picture of something.

Prototype: A mock-up or model of a real product.

## Lateral thinking

### 1. Define lateral thinking.

Methods of thinking concerned with changing concepts and perceptions.

### 2. Define the terms concept, perception and assumption.

Concept: ideas, beliefs and thoughts.

Perception: a feeling or viewpoint associated with a product or service.

Assumption: a theory, belief or idea about something.

### 3. List two lateral thinking/creativity tools listed within the chapter.

SCAMPER

Six Thinking Hats

## SCAMPER

### 1. *What does the acronym SCAMPER stand for?*

Substitute

Combine

Adapt

Modify

Put to another use

Eliminate

Reverse

### 2. *Explain the SCAMPER theory.*

Employees are given a particular set of questions, posed in order to develop new ideas or creative thought. Attempting to answer unusual questions encourages a particular thought pattern. The aim of this technique is to encourage creative thought while the employee is attempting to find solutions.

### 3. *Explain how the SCAMPER thinking tool allows a small business owner to be creative in their thinking.*

- New ideas are generated by substituting part of the product or process for something else.
- Combining two or more parts of the probortunity to achieve a different product or process.
- Parts of the product/ process could be adapted to remove the probortunity.
- Think about changing part of the item or distort it in an unusual way.
- Think of how the current product/process could be put to other uses.
- Another way of solving the probortunity or finding another target market.
- Think what might happen if various parts of the product/process are eliminated.
- Think of possible outcomes if part worked in reverse or was done in a different order.

### 4. *For each of the seven types of questions in the SCAMPER strategy create a possible question you could pose an employee.*

- What can I substitute to make an improvement?
- What materials, features, processes, people, products or components can I combine?
- What part of the product/process could I change?
- What happens if I warp or exaggerate a feature or component?
- What other market could I use this product in?
- What would happen if I removed a component or part of it?
- What if I reverse the order it is done or the way it is used?

### 5. *Define the term 'probortunity'.*

A combination of the words, problem and opportunity.

## Six thinking hats

### 1. Define the term 'thinking outside the box'.

A thinking pattern that is different from the norm.

### 2. How does the strategy of six thinking hats work?

The Six Thinking Hats strategy uses colour to differentiate the hats and each colour is associated with a different thinking style.

### 3. What is the aim of the six thinking hats strategy?

Assists the business owner to engage in creative thought, developing new or changed business ideas. It gets individuals viewing a problem from a range of perspectives. Forces employees to adopt a 'thinking outside the box' strategy.

### 4. What are the six types of thinking hats mentioned in this strategy and what type of thinking do they promote?

1. White Hat (Blank Sheet): Information, reports, facts and figures (Objective)
2. Red Hat (Fire): Intuition, opinion, emotion, feelings (Subjective)
3. Yellow Hat (Sun): Praise, positive aspects, reasons for why it will work (Objective)
4. Black Hat (Judge's Robe): Criticism, judgement, negative elements (Objective)
5. Green Hat (Plant): Alternatives, new approach, idea generation, provocation (speculative/creative)
6. Blue Hat (Sky): Big picture, meta-picture, thinking about thinking (Overview)

### 5. List five benefits of using this strategy in small business.

- Focus on the problem at hand
- Improve thinking and problem solving
- Encourage creative and lateral thinking
- Speed up decision making
- Avoid debate.

## Decision making

### 1. What is decision making?

Decision making is the cognitive process leading to the selection of a course of action among alternatives. Every decision making process produces a final choice which can be an action or an opinion.

### 2. Define cognitive process.

Process of thinking or using the brain.



*3. What are the elements of the decision making process*

Identification of a problem

- Identification of decision criteria (available options)
- Weighting the importance of criteria
- Development of alternatives
- Analysis of alternatives
- Selection of an alternative
- Implementation of decision
- Evaluation of effectiveness.

*4. List and explain the two types of decisions.*

Programmed decisions are made in advance as the situation was foreseen, or because of a desire to change direction.

Un-programmed decisions occur when the individual is unable to make a decision until the situation arises.

*5. What are decision making tools?*

Tools that assist with the analysis of a problem and help make a informed final choice.

*6. List three decision making tools mentioned within the text and give brief outline as to what they do.*

PMI Charts: Weighing the pros and cons of a decision.

Y-Charts: Grouping of thoughts and ideas on a problem.

SWOT Analysis: Evaluation by decision making individual or organisation of strengths, weaknesses, Opportunities & threats.

## **PMI charts**

*1. What does the acronym PMI stand for?*

Plus, Minus and Interesting.

*2. How does the PMI work?*

A PMI chart is tool used for weighing advantages and disadvantages of a particular decision.

*3. What do each of the elements of PMI mean?*

Positive outcomes

Negative outcomes

Intended outcomes.

## Y-Charts

### 1. *What is a Y Chart?*

A three part graphical grouping of ideas, thoughts and feelings about a topic.

### 2. *What are the three components of this chart?*

Looks like, Feels like and Sounds like.

### 3. *How does the Y-Chart work in decision making?*

Provides a framework for the decision maker to consider both concrete and abstract factors.

### 4. *Draw and respond to the Y-Chart components, based on your current classroom environment.*

- Looks like: obvious aspects, as well as implied
- Feels like: tactile, as well as emotional, spiritual feelings
- Sounds like: encourages students to think of the type of conversations that may be heard, as well as the obvious sounds heard.

### 5. *List five examples of how a small business owner could utilise a Y-Chart for decision making.*

- Decide on the topic to be explored.
- Divide employees in to small groups – in team situations. Allocating tasks to each group member such as recorder, reporter, time-keeper, organiser.
- Hand out Y-Charts.
- Have employees brainstorm as many possibilities as they can.
- Each group must report back.
- Discuss and clarify the topic.

## SWOT analysis

### 1. *What is a SWOT analysis?*

A tool used to categorise and gather information about a particular situation or scenario.

### 2. *What does the acronym SWOT stand for?*

Strengths, Weaknesses, Opportunities and Threats.

### 3. *Which components of SWOT are internal and which are external factors?*

Strengths and weakness are internal environment factors.

Opportunities and threats are the external environment factors.

4. Give three examples for each of the internal and external attributes and conditions.

**INTERNAL ENVIRONMENT**  
*Strengths & Weaknesses*

- Financial resources
- Intellectual resources
- Location
- Staff
- Reputation, brand, logo
- Cost advantages from business knowledge
- Ability to develop new products and services
- Intangible assets
- Competitive abilities
- Quality of product or service

**EXTERNAL ENVIRONMENT**  
*Opportunities & Threats*

- Takeovers or mergers
- Economic conditions
- Joint ventures
- Technology
- Public expectations
- Competitors
- Markets
- Regulations and laws
- Criticism (media or word of mouth)
- Environment

5. Why is SWOT analysis beneficial to small business?

SWOT analysis is a planning tool that is effective at evaluating the current state of a business. It explores the business's internal and external elements, comparing those which are favourable and unfavourable, showing its position in relation to achieving the business goals. If a clear target has been identified, SWOT analysis can be used to help in the pursuit of the business mission.

6. What does each attribute of this strategy mean?

Strengths = positive business attributes

Weaknesses = negative business attributes

Opportunities= supportive external conditions

Threats = harmful external conditions.

7. Define the following terms:

- Intellectual resources: Levels of employees' mental capability.
- Intangible assets: An asset with no physical existence, such as a patent.
- Takeover: When one business buys another business.
- Joint Venture: When two or more businesses combine resources on a project.

8. Give six examples of how SWOT can be used in small business.

- Goal achievement
- Identify financial position
- Make predictions
- Manage finances
- Work with employees
- Operational decisions

9. *List four advantages and disadvantages of team decision making.*

Advantages:

- More complete information due to brainstorming.
- Generate more alternatives due to the range of ideas shared.
- Increased solution acceptance due to the ability to share options.
- Increase legitimacy.

Disadvantages:

- Time consuming.
- Minority opinion might dominate.
- Pressure to conform on group members.
- Ambiguous responsibility

10. *What are some aspects the small business owner must take in to consideration when engaging in team decision making?*

- Realize employees react to perception not reality.
- Understand that individuals make decisions based on what they perceive, not what is really there.
- Pay close attention to how employees perceive their jobs and management practices.

## People crossword

### Across

1. Strategies
5. Leader
11. Brainstorming
13. Adjourning
14. Norming
15. Trait
18. Emotion
19. Resilience

### Down

2. Interdependent
3. Scamper
4. Team
6. Decisions
7. Collaboration
8. Creativity
9. Entrepreneurs
10. Forming
12. Lifecycle
13. Assumption
16. Lateral
17. Optimism