Exercise walk-through

# 2.3
# Entrepreneurship

GAC Business

# You must be able to

- distinguish an idea from a business opportunity
- explain why a feasibility study is useful
- define break-even and identify a sensible start-up risk control

# 1 The method

# Method — Test the customer problem

Two students propose a bicycle-repair service. They interview cyclists, find that punctures are urgent, and test a two-hour repair slot. The evidence changes their offer from "all repairs" to a focused puncture service.

# Method — Read break-even correctly

At the **break-even point 盈亏平衡点**, total revenue equals total cost. The venture has covered costs but has not made profit above them.

# 2 Practice

## Practice 2.1 ▪ 1 mark

State what a feasibility study checks.

# Solution 2.1

**Worked steps**

- It checks whether an idea can work in practice, for example demand, costs, skills, or suppliers. B1

## Practice 2.2 ▪ 1 mark

Define start-up capital.

# Solution 2.2

**Worked steps**

- Money needed to begin a venture before sales arrive. **B1**

## Practice 2.3 ▪ 2 marks

Explain why testing a prototype can help an entrepreneur.

# Solution 2.3

**Worked steps**

- A prototype or sample service gives evidence about what works. B1
- It can reveal a problem before the entrepreneur spends heavily. A1

3

# Exam-style

## Exam-style 3.1 ▪ 4 marks

Explain why “repair bicycles for everyone” is a weaker business idea than a same-day puncture-repair service for students.

# Solution 3.1

Method: Test the customer problem — p.4

**Worked steps**

- "Everyone" is not a defined target market. **B1**
- A same-day puncture service identifies a specific urgent customer problem. **A1** **A1**
- This helps the entrepreneur design price, promotion, and resources. **B1**

## Exam-style 3.2 ▪ 4 marks

A student wants to buy a full set of repair tools before asking any customers. Recommend a better next step and justify it.

# Solution 3.2

### Worked steps

- Interview likely customers or run a small repair test first. B1
- This tests demand and the exact problem before spending start-up capital. A1 A1
- **Recommendation:** gather evidence first because it reduces the risk of buying tools for a service nobody needs. (E1)