



ADVANCED GCE BUSINESS STUDIES

Business Thematic Enquiry

2879

Candidates answer on the Answer Booklet

OCR Supplied Materials:

- 8 page Answer Booklet

Other Materials Required:

- Calculators may be used

Thursday 21 January 2010
Afternoon

Duration: 1 hour 30 minutes



INSTRUCTIONS TO CANDIDATES

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the spaces provided on the Answer Booklet.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read the tasks carefully and make sure that you know what you have to do before starting your report.
- Complete both tasks.
- If you use extra sheets of paper, fasten the sheets securely to the Answer Booklet.
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **90**.
- You will be awarded marks for the quality of your written communication.
- This document consists of **4** pages. Any blank pages are indicated.



**A calculator may
be used for this
paper**

Making The Choice

Mrs Jayne Meadows owns three retail fashion outlets in North East England. Her daughter, Alice, left university in June 2003 with a good honours degree in Business Studies and a secure future in her mother's fashion clothing retail business. Alice worked in each of the outlets during the period from September 2003 to September 2005. She became manager of one of the branches in 2006 at a salary of £23,000 per annum. Alice is ambitious and in 2008 she began searching for a job which she hoped would give her a broader experience of management and greater future prospects. 5

Jobs of the kind Alice wants are not easy to find but in January 2010, after a number of applications, she found herself with a choice to be made between two attractive offers. Alice is aware that she must research very carefully and make her decision on the basis of the long term future of the two businesses from which she has received an offer. 10

From research she has undertaken, as well as from visits to the businesses, Alice has the following information:

Option 1

Butler's is a chain of fashion shops located largely in London and the South East of England. The job Alice has applied for is to manage a new retail outlet in a town 35 miles south west of London. The outlet opened in November 2009. If she decides to accept this offer, Alice will begin the Butler in-house management training course in March 2010 and become manager of the shop on 1 January 2011. The chief elements of the Job Description are: 15

Job Description		20
Job Title:	Shop Manager	
Salary:	£25,000 rising to £30,000 over five years	
Responsible to:	Area Manager	
Responsible for:	Five full-time and three part-time staff	
	Additional labour can be hired when required	25
Promotion Prospects:	Possibly to a larger branch or to regional offices	
Control:	The business is highly centralised so control is limited	

From her further research Alice has discovered the following:

About the business as a whole:

Established:	1970. One shop in North London	30
Structure	Public limited company	
Growth:	By 2008, 46 shops but none north of Watford	
Labour turnover:	Is high in the industry but even higher in Butler's shops	
	Among managers it is 30% and few stay as long as five years.	35
Overall:	Few branches meet their target, most falling 10–20% below	
Potential:	The business is well established in the South East and there is potential for growth into other regions of the UK	

About the new shop:

The new shop is:	The first new shop since 2008	40
Nearest Butler outlet to new shop:	22 miles away	
Estimated break-even sales:	£700,000	
Sales target:	£1,000,000 and rising by 10% per annum for five years	
Forecast sales for 2011:	£900,000	

Butler's has no reputation in or near the town and is faced with considerable local competition. In 45

addition, Alice does not consider the new shop to be in a prime location. The job should probably have been offered to a manager of greater experience from within Butler's but Alice impressed at interview and she comes to the business with new ideas. Relationships between Alice and her Area Manager would be crucial as would her skills at retaining and motivating staff.

Option 2

50

Martinson's is a long established but rather static family business meeting the clothing needs of all ages and both sexes in the North of England. It is a partnership with seven branches, one in each of seven towns in the North West with the main shop and administrative office in Carlisle. One of the branches is failing. It may close at the end of the year but Alice sees this as a real challenge. There is the promise of a partnership if Alice can turn the business around. The partners have suggested that she should aim for break-even within two years and profit by the end of year three. From her interview and other research Alice has the following information: 55

Job Description

Job Title:	Shop Manager	
Salary:	£24,000 per annum	60
Responsible to:	The Senior Partner	
Responsible for	Three full time, one part-time on Saturdays. Alice would have power to employ part-time staff as required if trade picks up	
Promotion Prospects:	Possibility of a partnership after three or four years	
Control:	By negotiation with the Senior Partner. Alice will have increasing authority if she shows good management skills	65

From further research Alice has discovered:

About the business as a whole:

Established:	1866. One shop	
Structure:	Partnership	70
Growth:	Five shops by 1900 and two more by 1980	
	From 1985 the turnover of the seven shops grew slowly. However, since 2005, six of the shops have maintained a steady growth but the seventh, which Alice will manage if she accepts the job, has suffered declining sales and failed to break-even for the last four years	75
Labour Turnover:	Very low in the business as a whole	
Potential:	Martinson's is very old fashioned. There are segments of the market which it has not entered and it has very little appeal to fashion conscious young buyers. The partners are hoping that the appointment of a young manager will change all that and lead to success	80

About The failing shop:

The Shop is:	The only one that is failing and likely to be closed unless it can be revitalised. The others are all growing even though slowly. In this branch labour turnover has been high. There have been three managers in the last two years	85
Nearest Martinson's branch:	14 miles	
Turnover:	£490,000 and falling	
Break-even:	£600,000	90
Target:	Break even within two years and 10% profit in three	

The town is a manufacturing one with a steady demand for clothing and school uniforms. Younger people seeking more trendy clothing tend to shop in a near-by larger town. The problem and the opportunity are to break into this segment of the market. The shop is well positioned for this since it is in the central part of the High Street. 95

Required:

Write a report for Alice advising her of the best decision to make. In writing your report you should focus on the business opportunities and problems associated with the decision. You should also use any evidence you have gathered from a study of problems and strategies associated with decision making. The title of your report must be:

What is the best decision Alice can make?**Complete both the tasks below:****Task 1:**

Write a plan for your report in which you make clear:

- (i) the problem as you see it and the need to solve it;
- (ii) the context in which this problem must be solved;
- (iii) your objectives in your approach to the problem;
- (iv) any assumptions you make and the reasons for them.

You are advised to spend not more than **15 minutes on this task.**

[10]

Task 2

Write your report.

In it you must satisfy the criteria on which the assessment is based.

You should ensure that you:

- (i) provide terms of reference for the report;
- (ii) select appropriate evidence for this task. You should use evidence both from the case, from business theory and from work you have done in preparation;
- (iii) present and analyse the evidence logically and in line with the objectives you set and the assumptions you made in the plan;
- (iv) consider the situation and arrive at a supported recommendation.

[80]

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