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| For Examiner's Use  |      |
| Examiner's Initials |      |
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General Certificate of Education  
Advanced Level Examination  
June 2013

# Applied Business

# BS12

## Unit 12 Managing People

Thursday 20 June 2013 9.00 am to 10.30 am

You will need no other materials.

### Time allowed

- 1 hour 30 minutes

### Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

### Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 80.
- Questions 1(c), 2(c) and 3(c) should be answered in continuous prose. In these questions you will be marked on your ability to:
  - use good English
  - organise information clearly
  - use specialist vocabulary where appropriate.



J U N 1 3 B S 1 2 0 1

Answer **all** questions in the spaces provided.

1 Read **Item A** and then answer the questions that follow.

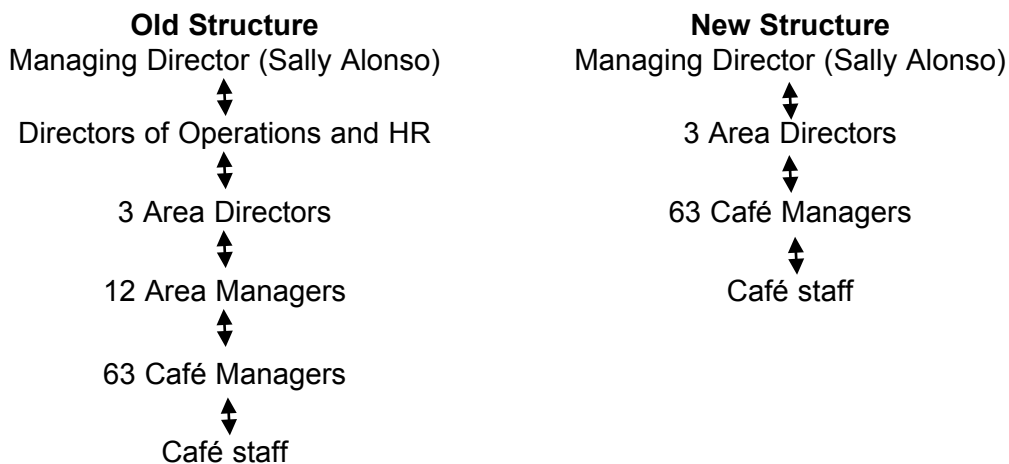
### Item A

#### Café Hebe

*Café Hebe* is a chain of licensed cafés with 63 outlets based in town centres. Although profits had been maintained, *Café Hebe* had seen low growth and so, in 2011, a new managing director, Sally Alonso, was appointed to develop the business.

When she first arrived at *Café Hebe*, Sally was concerned with how little control the café managers had. The business was very centralised and only routine decisions were made by café managers. To deal with this, Sally has changed the business from a tall structure to a flatter structure by removing two layers of management. This aims to give the café managers more responsibility and to encourage them to develop new ideas (see **Figure 1**).

**Figure 1: Café Hebe's organisational structure**



Within the new structure, Sally has tried to ensure that the business uses the café managers' expertise to plan and develop new ideas for menus and café layout. This role used to be performed by the area managers. To encourage the café managers in this new role, she has started to make sure that either she or one of the three area directors has a meeting with each café manager at least once every six months.

Despite these changes, Sally has been disappointed with the low number of new ideas from the café managers, and has noticed that many of them appear to be intimidated when she visits.

Sally recently talked to one of the best café managers, Jess Boswell, to find out why the managers were so reluctant to express their opinions. Jess said that, in the old structure, the café managers had been told exactly how to run everything by the area manager. Although many café managers had found this de-motivating, they did not yet believe that Sally really wanted their ideas. Jess also said that the café managers had been unsettled by the change to the organisational structure and felt that senior management was very remote.



**1 (a)** Describe **two** benefits to *Café Hebe* of adopting a flatter organisational structure.

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**1 (b)** Analyse why the introduction of the new organisational structure might make the café managers uncertain about their roles and responsibilities.

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2 Read **Item B** and then answer the questions that follow.

### Item B

#### Café Hebe opens late

Sally met with Jake Garrod, an Australian working as the café manager at one of *Café Hebe*'s sites in Birmingham. He suggested that his café could open later in the evenings to cater for people leaving cinemas and theatres, with a £10 special offer for a meal and a drink. Sally was impressed with Jake's idea, and told him that she would support a three-month trial. However, she said that he must show extra profit within the three-month period. Jake agreed to take on Sally's challenge and he was allowed to make decisions on the menu, on staffing and on opening times.

Two weeks into the trial, Jake reported that sales were 50% higher than budgeted. Sally was impressed and visited the café during one of its late evening sessions to talk to staff and customers. Staff said that the evening shifts were brilliant, with good customers who paid big tips. They explained that Jake planned the menus and staff rotas and took bookings, but allowed them to manage the customers which they really enjoyed and learnt so much from. Jake had also allowed the staff to change the layout of the café in the evenings to create a small dance floor. This gave the café a different atmosphere which both customers and staff enjoyed.

Seeing the success of the late night opening trial, Sally organised a training event for the other café managers to inform them of Jake's ideas. She explained to the café managers how pleased she was with the late opening trial and that she expected this to be undertaken in all their cafés. Jake said that he thought the reason for the trial's success was because:

- he had allowed the café staff to help plan the café layout and manage customers
- the staff enjoyed the late openings and this had improved their motivation and customer service.

After the training event, two of the café managers, Fred Norman and Katrina Hendry, discussed the problems they saw with the late openings. Fred said that the late openings would not work in his café because he was in the wrong location and he did not have local cinemas and theatres. He also said that his staff did not want to make decisions and he would not trust them to do so. Katrina replied that her café was located near to some local cinemas and also a major sports arena so there might be a local market for late night opening. Her concern, however, was that most of her staff had young children and only wanted to work in the day. She would find it very hard to find enough staff to work late evenings. Both Fred and Katrina thought that Sally should let every café manager decide what was best for their site and not tell everyone to open late.





**2 (a)** Explain why Jake’s decision to open later in the evenings was both a tactical decision and a pro-active decision.

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**2 (b)** Using **Item B**, analyse why Jake's actions have motivated the staff working in his café.

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3 Read **Item C** and then answer the questions that follow.

**Item C**

**Ross Road Freight Ltd**

*Ross Road Freight Ltd (RRF)* is a family-run road haulage business. Most of the lorry drivers have been with the company for over 10 years. Del Ross owns the business and, recently, his daughter Jas has been working in the office whilst visiting from America. Jas has been working for a similar business in America for the past five years.

Last week, Del held a summer barbeque for his drivers and their families as he had done for many years. During the barbeque, Del announced that, with immediate effect, he was retiring and that his daughter had agreed to move back from America to run the business.

Jas then spoke to the drivers.

'I'm really pleased to be working at *RRF*. In America, I have seen some big developments in vehicle efficiency using satellite tracking. I know that if we implement these ideas, *RRF* can be even more successful. I'm sure that you all wish Dad well in his retirement and I look forward to seeing you all at the weekly meeting on Monday.'

The drivers were not expecting Del's announcement and Jas's talk about satellite tracking was not well received. Del asked Jas to clarify what she meant in Monday's meeting with the drivers. At the meeting, Jas said the following:

'In America, I used a satellite tracking system that allowed me to see where every lorry was, how fast it was driving and when it would arrive at its destination. This allowed me to keep customers informed and the data was then used to improve efficiency by setting targets and monitoring each lorry's performance on delivery times, fuel use and driver hours. I intend to analyse all our data to make sure that everyone is using the most efficient routes.'

Unfortunately, this explanation made the situation worse. After the meeting, some of the drivers contacted Del to complain that they did not need Jas spying on them or telling them which road was best when many of them had been doing the same routes for years. The drivers said that they could not see any benefits in the tracking system. They stated that, in the UK, fuel consumption and arrival time depended on whether there were any traffic jams and not on how good the driver was.

The drivers also said that Del had always let them decide on the route and when to take breaks. They complained that Jas's ideas would mean that she controlled every move they made and had absolute power over them, which would make *RRF* an unpleasant place to work.



**3 (a)** Identify and explain **two** management skills that Jas might need to develop to manage *RRF* successfully. Use **Item C** to support your answer.

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**3 (b)** Using **Item C**, analyse why the drivers might be unhappy with Jas's leadership style.

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**END OF QUESTIONS**



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