

Monday 14 May 2012 – Morning

AS GCE LEISURE STUDIES

G182/01/CS Leisure Industry Practice

CASE STUDY

Duration: 1 hour 30 minutes



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Surf's Up

Will Greaves and his best friend, James Jones (known as JJ), have a great love of surfing. After completing school they decided to travel the world and take in as many surf sites as possible. Although very good surfers, they were never quite good enough to make it professionally, and decided to continue their passion through their work. They opened Surf's Up, a surf school and shop, on the south coast of England.

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Neither Will nor JJ had any experience of running a business when they started Surf's Up two years ago. Despite this, Surf's Up profit and loss accounts (income statements) show it has not made a loss; however, this is more by good luck than good management, and finances are always very tight.

They run Surf's Up from a small building on the coast. The building itself is in quite a poor state and would benefit from some renovation work. It has limited access to free parking, although there is a public car park close by. This is available to anyone who wants to use the beach. There are also several other surf shops and surf schools within an hour of Surf's Up, with one just opening in the last month within half a mile of it. Surf's Up, therefore, operates in a competitive market in which customer needs and expectations are constantly changing, but it does not currently use either qualitative or quantitative methods to analyse customer needs and expectations.

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The book keeping of the business is very sloppy, with invoices placed in a box and only paid whenever Will or JJ remembers, or a supplier complains. Often this leads to conflict between Will and JJ as each expects the other to pay the invoices. It has also caused issues with suppliers, with some of them no longer offering credit but asking for cash on delivery.

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Will and JJ offer their customers a range of lessons, which they deliver themselves. Details of the customers are taken and stored on paper. These details are often just left on the office desk and are sometimes lost.

If both Will and JJ are delivering lessons it means that the phone is left unstaffed and the shop is closed. They are considering employing a part-time member of staff to help with the general day to day running of the shop and the administration of the business.

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The summer months are really busy, and Will and JJ often work late into the evening; however, they work reduced hours during the winter months.

JJ loves surfing equipment and clothing and often buys stock to sell in the shop without reviewing what they already have, and this often results in buying unnecessary stock. The stock in the shop is at present not monitored in any formal manner. Will and JJ have looked at a wide range of computerised systems and are in the process of evaluating their suitability. With a seasonal income, the amount of stock they hold is adding to the financial pressures Surf's Up is facing.

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Will and JJ do not see the need for marketing and believe that people will hear about Surf's Up through word of mouth. They see marketing as just another expense that the business can do without. They do, however, like the idea of a website but think it would be too much work to set up and maintain.

Although they are incredibly professional when delivering the lessons, Will and JJ give other aspects of health and safety less attention. They do not update risk assessments, and cleaning materials are not stored correctly and spills have occurred.

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Surfing lessons are quite expensive and, to encourage people, Will and JJ offer a discounted trial session. Although this proves very popular, few people then sign up for the full series of lessons. This is often due to the fact that they are on holiday and do not have the time. To combat this, Will has suggested that they offer an intensive course over a three day period. This would allow holidaymakers to also take part.

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Although up to now Will and JJ have muddled through, the impact of the recession is beginning to show. A number of leisure businesses in the area have already closed. Will and JJ think it is now time to review what they are doing and become more businesslike. With this in mind, Will and JJ have, for the first time, prepared a cash-flow statement for the following year, see Fig. 1.

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Forecast cash-flow for Surf's Up for the year ending December 2013

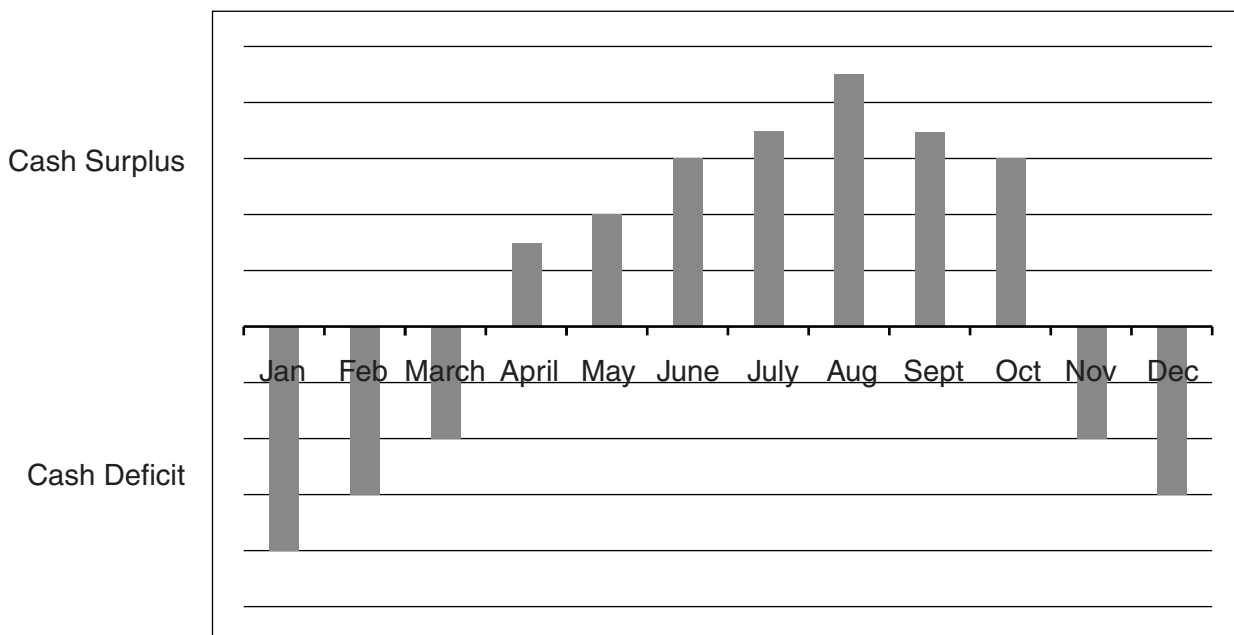


Fig. 1

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