



**ADVANCED SUBSIDIARY GCE**

**BUSINESS STUDIES**

Businesses, Their Objectives and Environment

**2871/CS**

**PRE-RELEASE CASE STUDY**

**To be opened and given to candidates on receipt**

**JUNE 2009**



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- The business described in this Case Study is entirely fictitious.
- This document consists of **4** pages. Any blank pages are indicated.

## T & G's TRUCKSTOP (TGT)

Tony Rizzo had been a long distance lorry driver for ten years before he got married to Gina. She had worked in the office of the haulage firm for which he drove. However, she did not like his long absences from home and so in 2001, both aged 33, the two of them formed a partnership and opened a café which they named 'T & G's Truckstop' (TGT) in the town of Bridgeford.

TGT sells what Tony calls 'traditional English food'. This is mostly burgers, pies, chips and beans, as well as stodgy, sugary puddings. TGT is ideally situated for its target customers. It is close to a motorway junction and a distribution centre for a large supermarket. There are no other cafés or fast food shops nearby and it is only five minutes walk from a large sixth form college. 5

Tony likes to joke that the food might not be particularly healthy but that it is fresh – "at least, as fresh as a frozen burger or pie can be!" Healthy or not, the food is what TGT's customers want and the café is very popular with the customers. The café is open for 10 hours a day; from 8 am to 6 pm six days a week. 10

Tony and Gina quite easily achieved their original business objectives of building up a loyal customer base and then breaking even within two years. Since 2003 their business objective has been to develop and grow the business. However, their strategic objective has now become to make sufficient money to be able to retire when they are 55. Although business is booming, several recent events have complicated matters. 15

Firstly, the lease on their business' premises is due to expire in March 2010. Tony has spoken to the landlord about renewing it or, better still, buying the property outright. The landlord, however, has made it clear that he intends to sell the site to a housing developer – unless Tony and Gina substantially increase their offer to buy. 20

It is, therefore, likely that TGT will have to relocate. Tony and Gina have identified a suitable new development of retail units in north Bridgeford near the ring road. These will be available from September 2009 and the developer is taking deposits now. The unit they are considering buying is quite a lot larger than the current café. They think it could be even more profitable in the long term, although it would be more expensive to run than their current café and they will have to take out a loan to buy it. It would certainly need more staff. 25

Secondly staffing has become a significant problem at TGT. Since the birth of the couple's twins four years ago, Gina has only worked irregular, part time hours at the café. Tony finds it very difficult to recruit and retain staff. The wage he pays is slightly above the legal minimum but this has not helped. The café is hot and busy. Tony gets short tempered, often blames others for his mistakes, and is very unsympathetic to requests for time off for any reason. Staff holidays are arranged at TGT's convenience rather than the employees'. He also ignores the law when it comes to dismissal. Last week he summarily dismissed Lee Allen, an employee who had taken a break during a busy period. Lee protested, but Tony adopted his usual approach. "So go to a tribunal!", he shouted. "It'll take years to get there and if you're lucky you'll win a month's wages in compensation – which you'll have to sue me to get. Now get out." 30 35

The dismissal has left Tony short staffed and customers are starting to complain. He is beginning to think that it might have been a mistake. To overcome the problem he has had to offer 'double time' to get the other staff to work extra hours. He has also asked Gina to help out and, although she has agreed to work an extra morning each week, she has made it clear that this is only a short term arrangement. He was thinking irritably about the situation when his temper was worsened by a visit from Eileen Harper, the new Deputy Principal at the sixth form college. 40

In the backroom of the café which serves as Tony's office, she said, "I've come to ask if you will stop serving our students. Eating here means they often come back late for lessons." 45

"As they don't wear a uniform, how am I supposed to tell if they're from your college?", Tony demanded.

"Well, you could put up a sign or something", replied Eileen. "And also, as you may know, we are a college with a Gold Sportsmark Award. It doesn't do our image any good when some of our athletes come here to eat." 50

"I've never heard anything like this in my life!", said Tony angrily. "You can't come into my café and tell me what to do. What they eat is up to them. I've heard them complaining that your canteen doesn't sell the food they like. Maybe they want a break from yogurt and salad! I don't have any responsibility for all this." 55

"Mr Rizzo, you do have a responsibility, an ethical responsibility to these young people – to encourage them to eat in a healthy way and to make sure they are back in college ..."

"The only 'ethical responsibility' I've got is to feed my family and put a roof over their heads," interrupted Tony furiously. "I do that through running this business. I'd be mad to ban your lot. They spend good money and they haven't done anything wrong." 60

Eileen got up and muttered something about 'hoping he'd change his mind' as she left.

Tony recounted the conversation to Gina later that day but she did not respond in the way he had hoped. He should have known better he told himself. Gina had recently become involved with a charity for the Third World. As a result, she had become interested in the 'Fairtrade' movement and other ethical issues. 65

"Ban the students? What a cheek", she said. "But we could supply better quality products. I'm not saying change what we sell", she added hastily, seeing the look on Tony's face, "but we could improve the quality – you've said yourself you dread to think what's in some of it. And we could start to sell some Fairtrade stuff."

"You've changed", said Tony jokingly. "You've never been ashamed of what we sell before and we've made loads of money out of it." 70

"I'm not ashamed", said Gina, "and I'm not suggesting we tear up our menu, but maybe we do have some ethical responsibility. And talking of which, what about the way you treat our suppliers? You never show any loyalty to them. You chop and change all the time. And you're always keeping them waiting for payment. Goodness knows why they keep sending the stuff." 75

"Because they know we're such a good customer", replied Tony. He sighed. "Alright I'll have a think about it tomorrow."

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