

**Pearson BTEC Level 3 Nationals
Extended Diploma, Diploma**

Business/Enterprise and Entrepreneurship

Unit 7/Unit 6: Business Decision Making

Part S

Monday 15 January 2018 – Tuesday 16 January
2018

Supervised hours: 3 hours

Paper Reference

31589H

You must have:
Calculator

Instructions

- This task booklet contains material for the completion of the set task under supervised conditions.
- This task booklet is specific to each series and this material must only be issued to learners who have been entered to undertake the task in the relevant series.
- This task booklet should be kept securely until the start of the 3-hour supervised assessment period.
- This task booklet must be issued to learners during the 2-day period and under conditions specified by Pearson. This will allow centres to timetable appropriate supervised sessions for all learners.

Information

- The total mark for this paper is 70.

Turn over ►

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Instructions to Teachers/Tutors and/or Invigilators

This paper must be read in conjunction with the unit information in the specification and the BTEC Nationals Instructions for Conducting External Assessments (ICEA) document. See the Pearson website for details.

The set task is undertaken under supervision in a **single session** of three hours on one of the two timetabled days.

Centres should schedule all learners in the same sessions if possible and must release the assessment to individual learners only for their scheduled sessions.

Work should be completed on a computer. A period of two days is provided for centres to timetable the assessment to give learners access to computer resources.

Centres may schedule supervised rest breaks during the session.

All learner work must be completed independently and authenticated by the teacher/tutor and/or invigilator before being submitted to Pearson.

Refer carefully to the instructions in this task booklet and the BTEC Nationals Instructions for Conducting External Assessments (ICEA) to ensure that the supervised assessment is conducted correctly and that learners submit evidence that is their own work.

Learners must not bring anything into the supervised environment or take anything out without teacher/tutor and/or invigilator knowledge and approval. A calculator is allowed.

Centres are responsible for putting in place appropriate checks to ensure that only permitted material is introduced into the supervised environment.

Maintaining security

- During the supervised assessment period the assessment areas must be accessible only to individual learners and to named members of staff.
- Learners can access their work only under supervision.
- Learner work should be backed up regularly.
- Any work learners produce under supervision must be kept securely.
- During any break materials must be kept securely.

Outcomes for submission

Each learner will need to complete:

- a report
- a presentation with speaker notes/script
- an authentication sheet.

Instructions for Learners

Read the set task information carefully.

It contains all the information you need to complete both activities.

This is a **single session** of three hours. Plan your time carefully. Your teacher/tutor and/or invigilator will tell you if there are any supervised breaks.

You will complete the activities within the set task under supervision and your work will be kept securely during any breaks taken.

You may use a calculator and will have access to a computer.

You must work independently throughout the supervised assessment period and must not share your work with other learners.

Your teacher/tutor and/or invigilator may clarify the wording that appears in this set task but cannot provide any other guidance on completion of the task.

Outcomes for submission

You will need to complete **three** documents:

- a report
- a presentation with speaker notes/script
- an authentication sheet.

Set Task Brief

Katie works as a self-employed hairdresser and is considering opening her own gentleman's barber shop targeting students and young business professionals. Katie would like you to give her advice on the options for the future direction of her business.

You are required to read the scenario and documents provided and then produce a report which assesses the different options for the future direction of her business.

You also need to produce a presentation that summarises decisions made in the report, as well as the justification for your decisions.

On the following pages you will find information relating to a business start-up for a gentleman's barber shop.

This information includes:

- Background information
- Market trends
- Location
- Financial data
- Alternative business option.

Set Task

You must complete BOTH activities within the set task.

You will produce **two** documents on a computer:

- A report
- A presentation of slides with speaker notes.

Activity 1

Using the information provided, prepare a report to Katie about the two options she is considering.

Your report must address both options and include:

- rationales supported by data
- consideration of risks
- key factors and risks
- recommendations on the option you find to be most appropriate.

Your report should be presented in a way that could be read by Katie.

Your report will be assessed as a whole by how well you:

- select, interpret and apply data (8 marks)
- express the impact of recommendations made on resources (8 marks)
- use and present information relating to financial forecasting (8 marks)
- consider the important factors and risks for the business (16 marks)
- make recommendations that justified (8 marks)
- structure and write your report (4 marks)

You should present your report as a word processed document in a minimum of 12-point font.

(Total for Activity 1 = 52 marks)

Activity 2

Using appropriate software, prepare a presentation to Katie.

The presentation should:

- summarise the recommendations made in your report
- give your rationale for the recommendations made

The report must be accompanied by speaker's notes or a script.

(Total for Activity 2 = 18 marks)

TOTAL FOR TASK = 70 MARKS

Background information

The UK hairdressing and beauty industry is highly competitive. Annual revenues have fallen by 0.3% year on year. This downward trend is predicted to continue but the hairdressing and barbering sectors have not followed this trend.

It is a labour intensive industry. For every £1 invested in capital, the average salon spends £19 on labour costs. The typical salary for a trained stylist is around £20 000 a year. Trainee stylists' wages are around £10 000 a year. Wages typically account for around 40% of sales revenue.

Breakdown of Hairdressing and Beauty businesses in Katie's home town	
Segment	Number of businesses
Hairdressers (male and female customers)	53
Gentleman's barber shops	4
Beauty e.g. spas, nails	24
Total	81

Additional information

- 42% of hair and beauty businesses are owner-run small businesses, employing between one and 10 employees
- There are 20 hairdressers and one barber shop within a one mile radius of the proposed location.

Market trends

Men have given the UK hair and beauty industry a boost recently as they become more confident about all forms of male grooming.

- nine out of 10 salons reported an increase in revenues from male customers in the last year
- men are now getting their hair cut more frequently
- styles are sharper, creative and individualistic, with a focus on maintenance
- men are using a wide range of hair grooming products
- there is more interest in shaving and the maintenance of beards and moustaches
- a typical price for a male haircut in Katie's home town is now around £12, which is £4 cheaper than in 2012.

Location

Katie is looking at different premises in the town centre. Key features of her preferred premises include:

- located in a prime shopping area close to offices and the university campus
- busy pedestrian flow
- parking area behind the premises
- nearby shops include a coffee shop and a nail parlour
- rent £15 000 a year
- business rates £2 476 a year.

Financial data

Start-up costs (£)	
3 chairs and styling units	5 400
Wash point	500
Cash register	200
Shop conversion and sign	4 500
Dryers/razors/scissors	600
Sofas	1 000
TV	400
Website	1 000
Gowns, cutting collars, etc.	150
Initial stock of hair/shaving products	300

Projected financial data (£)	
Inflows	
Annual sales from cutting/styling	96 000
Hair/Shaving product sales	6 000
Outflows	
Wages	40 000
Rent	15 000
Business rates	2 476
Utilities	1 200
Other costs, insurance and promotion	800
Hair/Shaving products to sell	2 000

Alternative business option

Instead of opening her own business, Katie could rent a chair in one of the existing salons in her area. This form of entrepreneurship is quite common in the hairdressing and beauty industry. Katie would continue to be self-employed and she would need to attract her own clients. Other than paying for her own personal equipment, she would have no other start-up or running costs. Katie believes that by renting space in a salon she could attract sales revenue of £36 000 per year. Rather than charge Katie a fixed rent, the owner of the salon would take 50% of Katie's sales revenue as a fee.

Start-up costs for renting option	
Dryers/razors/scissors	275
Website	1 000
Gowns, cutting collars, etc.	75
Hair/Shaving products to sell	200
Total	1 550