

Thursday 12 January 2023 – Morning

Level 3 Cambridge Technical in Business

05834/05835/05836/05837/05878 Unit 3: Business decisions

Time allowed: 1 hour 30 minutes

C423/2301

You must have:

 a clean copy of the Pre-release (inside this document)

You can use:

· a calculator



Please write clea	arly in	black	ink. [o no	t write	e in th	ie bar	code	s.		
Centre number								Can	didate number		
First name(s)											
Last name											
Date of birth	D	D	M	M	Υ	Υ	Υ	Υ			

INSTRUCTIONS

- Use black ink.
- Write your answer to each question in the space provided. If you need extra space use the lined page(s) at the end of this booklet. The question numbers must be clearly shown.
- Use the Insert to answer all the questions.

INFORMATION

- The total mark for this paper is 60.
- The marks for each question are shown in brackets [].
- This document has 12 pages.

ADVICE

· Read each question carefully before you start your answer.

Answer all the questions.

1 (a) Managing Olive Tree Veterinary Clinic (OTVC) involves taking many business decisions. Some of these decisions are operational.

Identify with a tick (\checkmark) the **two** operational decisions in the table below.

You should only tick **two** boxes.

Business Decision:	Tick (✓)			
Deciding the staffing rota for the veterinary assistants				
Deciding when to service the clinic's equipment				
Deciding whether to introduce a new partner into the business				
Deciding whether to relocate to new premises				

ra
-

(b)	(i)	Heidi has used an external consultant to help her develop three options for the future
		of OTVC.

State one drawback to OTVC of using an external consultant.	

(ii) The external consultant has conducted some research into customer opinions about OTVC. She has collected both qualitative and quantitative information.

Identify with a tick (\checkmark) the two items of qualitative information in the table below.

You should only tick two boxes.

Information:	Tick (✓)			
A recording of an interview with a new customer				
A review of OTVC posted online by a recent customer				
The average score given by OTVC's customers on a ratings website				
The number of customers who visited OTVC in 2022				

[2]

(c)			al estimates for Option 2: Introduce equine care . The table above, calculate the payback period for
	-	n one drawback to O ss through change.	TVC of the partners' lack of experience of managing a
			[3
(a)	The tal	ole below shows fina	ncial estimates for Option 2: Introduce equine care .
	Year	Net cash flow	
	0	-£80 000	
	1	£20 000	
	2	£25 000	
	3	£25 000	
	4	£25 000	
	5	£30 000	
		sing the information in ption 2: Introduce e	n the table above, calculate the payback period for quine care.
	Sh	now your workings	
	Pa	ayback period	

2

[2]

© OCR 2023 Turn over

	(ii)	State one disadvantage to OTVC of using the payback period as a method of investment appraisal.	
(b)		di is worried that OTVC might face a skills mismatch if Option 2: Introduce equine is chosen.)
		ng a relevant example, explain how a skills audit could prevent OTVC from having a s mismatch.	а
			[3]
(a)		ption 3: Introduce care for exotic pets is chosen, OTVC would need to employ ew full-time vet. The vet would be paid a salary.	
	-	lain the impact on OTVC's break-even level of output of employing a new time vet.	
			[3]

(b) If **Option 3: Introduce care for exotic pets** is chosen the number of vets will increase from two to three. The external consultant estimates that the number of customers seen

in a year will increase from 1580 to 1950.

_	Calculate the reduction in productivity of OTVC's v	
	Show your workings	
	Reduction in productivity	customers per vet
(a)	If Option 2: Introduce equine care is chosen, the 'place' would be an important marketing considera	e external consultant has told Heidi that
	Explain one reason why 'place' would be an impor if Option 2 is chosen.	tant marketing consideration for OTVC
		[3]

© OCR 2023 Turn over

(-)	The external consultant is aware that if Option 2: Introduce equine care is chosen OTVC might gain a number of major customers. These customers could have high bargaining power.
	Explain how the high bargaining power of customers might affect OTVC.
	di would like to keep the local newspaper informed during OTVC's decision-making eess.
	luate the benefits and drawbacks to OTVC of keeping the local newspaper informed ng the decision-making process.
uum	ig the decision-making process.

6 (a) The external consultant has prepared a Gantt chart to assist with the possible implementation of **Option 1: Relocate to new premises**.

Activity:	Week:								
	1	2	3	4	5	6	7	8	9
Complete purchase and gain access to the building									
Renovate reception area									
Renovate Clinic 1									
Open Clinic 1									
Renovate Clinic 2									
Open Clinic 2									

Refer to the Gantt chart.

	(i)	How many fewer weeks is the renovation of Clinic 2 expected to take in comparison with the renovation of Clinic 1?
		[1]
	(ii)	Clinic 1 cannot open before the renovation of the reception area is complete.
		By how many weeks could the renovation of the reception area be delayed without delaying the opening of Clinic 1?
		[1]
	(iii)	How long would the entire project be expected to take if the renovation of Clinic 2 is delayed by two weeks?
		[1]
(b)		lain one benefit to OTVC of using critical path analysis to help plan the lementation of Option 1: Relocate to new premises .
		[3]

7 Recommend which option OTVC should take. Justify your answer. [16]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

If additional answer space is required, you should use the following lined page(s). The question numbers must be clearly shown in the margins - for example, 1(c) or 2(b).



Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, OCR (Oxford Cambridge and RSA Examinations), The Triangle Building, Shaftesbury Road, Cambridge CB2 8EA.

OCR is part of Cambridge University Press & Assessment, which is itself a department of the University of Cambridge.

© OCR 2023