

OXFORD CAMBRIDGE AND RSA EXAMINATIONS
General Certificate of Secondary Education

BUSINESS STUDIES B (1952)

2324/1 CS

CASE STUDY

2324/2 CS

BUSINESS PROCESSES

FOUNDATION TIER/HIGHER TIER

PRE-RELEASED MATERIAL FOR EXAMINATION IN SUMMER 2006

This material may be given to candidates at any time after 1 January 2006.

INSTRUCTIONS TO TEACHERS

The case study may be given to candidates at any time after 1 January 2006.

INFORMATION FOR CANDIDATES

You **may** make yourself familiar with the case study before you take the question paper.

You may **not** take notes into the examination.

A clean copy of the case study will be given to you with the question paper.

This case study consists of 4 printed pages.

Going Organic

Having lived and worked in London all her life, Beth Jones needed a change. She had always wanted to go back to Wales where she had spent many happy holidays. After a particularly stressful day in the office and a terrible journey home, she made the decision to sell her house, give up her well-paid job in the City and move to a new life where she could be her own boss.

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Gardening was always Beth's relaxation after the pressures of work. She loved growing and eating her own organic vegetables. She believed that the taste of these was worth the effort involved. She also bought other organic food from the local specialist shop and believed that the quality more than outweighed the higher price that she had to pay.

With the proceeds of her house sale Beth had been able to afford to buy a small cottage and six acres of land in Wales. Beth moved to Wales in the Autumn of 2004. The land already had approval for use as an organic farm growing fruit and vegetables but was somewhat run-down. Beth had not expected to make her fortune but what mattered to her was an improved quality of life and the chance to be involved in a business that she believed in.

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Beth had to decide what to grow. Over the winter she went to the local weekly farmers' market. This market provided her with information as to what products would sell best and would also, in the future, provide her with potential customers. In this way she hoped to be able to start growing the right produce early in 2005.

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She planned to have her first produce ready for sale at the May Day market.

By the end of June 2005 Beth was gaining a good reputation both for the quality of her produce and for value for money. Her produce compared favourably with the limited and rather expensive range of organic salads and vegetables stocked by the local supermarket.

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Total sales increased throughout May to October (see Table 1 below).

Table 1 – Sales records: May – October 2005

<i>Type of Product</i>	<i>Sales Value May–June 2005</i>	<i>Sales Value July–Aug 2005</i>	<i>Sales Value Sept–Oct 2005</i>
Salad	£800	£1,600	£1,200
Fruit	£200	£500	£500
Vegetables	£2,000	£3,000	£4,000

After Beth had deducted her production and running costs, she had made a small profit. She could now consider whether to buy a small, second-hand van. This was becoming increasingly necessary, both to take produce to the farmers' market, and to deliver to the several hotels and restaurants that were becoming good and regular customers.

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In November 2005, Beth reflected on her first six months of trading as an organic farmer. Although enjoyable, she had found organic farming hard work. As a one-person operation, she had to work incredibly long hours, seven days a week.

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In order to prepare for 2006, Beth placed an advertisement in the local newspaper for an assistant. The responses left on the telephone answering machine are shown in Fig. 1.

What other plans should Beth make for 2006?

In order to help her to decide, she analysed her current situation. The results are given in Table 2 below. 35

Table 2

Strengths	Opportunities
Favourable customer reaction Growth of regular customer base Small profit made	Total national market growth for organic foods of about 20% per year Continued growth of farmers' markets Increased wealth of the local population Potential for increased profits
Weaknesses	Threats
Higher production costs of organic produce Too much work for one person Seasonal supply Wastage of produce	Recent announcement of increased range and decreased prices of organic products in the local supermarket Unpredictable weather

From this, Beth could now identify her options and priorities for 2006.

In order to help her planning she decided to structure her options under four headings.

Marketing

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- Undertake more advertising and promotional activities.
- Pursue a contract with the local supermarket.
- Offer a wider range of products by buying in goods from other organic suppliers.
- Purchase a second-hand van.

Production

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- Grow a wider range of vegetables. This would require the purchase of several additional greenhouses.
- Concentrate on the vegetables that proved most popular this year and abandon the fruit and salad crops.

Staffing 50

- Employ seasonal workers as required.

Costs and Revenue

- Improve cash flow options for winter by diversifying into other related areas such as organic jams, honey, bread and cakes.
- Identify and manage costs and revenue more carefully so that individual decisions can be made over whether or not a specific product is worth growing. 55

As she considered the options available and the possibility of further financial commitment, Beth remembered the words of her former employer, "Mark my words, Beth – this organic stuff is just a passing craze. It will be fashionable for a few more years, but no product can survive in the long term when it is based on charging a higher price for a product that appears to be inferior to its competition." 60

Fig. 1

Telephone answering machine messages left in response to the job advertisement in the local newspaper

1. "Hi, my name's Beccy, I would be really interested in applying for the job advertised in this week's local paper. Please could you send further details to Beccy Payne, 52 Bramley Gardens, LL55 2CY. My telephone number is 01222 345123. Thank you."
2. "Hello. Seen your advert in the paper tonight. Could I apply for the job? Oh by the way, the name's Jim."
3. "Hello, this is Etiksha speaking. I have always wanted to work in a job related to organic food. Please could you send me more details by e-mail to etikshaxx@hotmail.com."
4. "Hi there – Mel here. I work in the supermarket but it's really boring. Could I come and work for you? I am a fun-loving 18 year old and you can text me on 07000 123456."
5. "Just seen your advert for an assistant in your organic business. I have a keen interest in growing organic food and also have retail experience. Please could you contact me, Barry, on 01222 554321 to discuss your requirements in more detail. Thank you."

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