

GENERAL CERTIFICATE OF SECONDARY EDUCATION
BUSINESS STUDIES B
Business Processes

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2324/02/CS

PRE-RELEASE CASE STUDY

JUNE 2009

To be opened on 1 January 2009



INSTRUCTIONS TO CANDIDATES

- The case study may be given to candidates at any time after 1 January 2009.

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 document consists of **8** pages. Any blank pages are indicated.

A vet's life

In 2007 Cath and Harriet were vets working full time at First Veterinary Group (FVG). They treated the full range of animals including; small animals, farm animals and horses. Both vets had been interested in horses since their childhood and had owned ponies and then horses as they grew up. This interest meant that they both wanted to specialise in equine work (horses only) when they started work as vets.

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Every day at FVG started the same way. All the vets (six in total) started work at 9am dealing with small animals such as cats and dogs. When they had seen all of these clients, visits were assigned to each vet. Cath and Harriet were given all the horse cases to deal with but they still had to return to the surgery in the afternoon to treat more small animals. They were feeling as if their talents were being wasted and that they were working longer hours than some of their colleagues. Some of the other vets wanted to specialise in small animals or farm animals. All the vets asked the owners if the work could be re-organised so everyone specialised. The owners said they did not want this to happen.

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Cath and Harriet were well paid at FVG and the clients were always happy with the work they carried out. Cath had been working for FVG for 15 years and had built up a good reputation for herself in the area. Harriet started work at FVG in 2003 and had become known in the area for her dedication to her work.

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During summer 2007, Cath and Harriet discussed their working life at FVG. Harriet said she would prefer to be more involved in the decision making process. In addition she felt that, as the youngest vet, her opinion was not always valued by the other senior vets. Cath was feeling equally frustrated by taking orders from the owners. They decided that in order to increase their motivation they should open their own veterinary practice. They were both highly skilled vets and used to working hard. Surely this would be enough to make the business a success ...

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As both vets were interested in working with horses they decided to set up a specialist equine clinic. A friend suggested that they should find out if there was demand for an equine clinic in their area. In September 2007, Cath and Harriet conducted some market research targeted at particular groups and this showed that there was a demand for a specialist equine clinic in the area. This was great news for them.

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Christmas 2007 was a very busy time for Cath and Harriet. Decisions had to be made and planning had to take place. Cath and Harriet knew they would need to set objectives for the business, but realised that these may change over time. They had to decide whether to run the business as a partnership or a private limited company. After seeking advice they decided to set up as a partnership. Cath and Harriet were able to contribute a large amount from their own money to set up the business. Unfortunately, they would not have enough to provide the facilities they wanted to offer. They could take out a long term bank loan but Cath was concerned that the rate of interest would rise.

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Peter, a very rich local racehorse breeder and a client of FVG heard about the plans for the specialist equine clinic. He had always been very impressed with the expertise of both Cath and Harriet when they treated his horses. Peter was looking to expand his business and thought that being able to advertise that he had a specialist equine clinic on site would be a unique selling point for his business. He offered to provide the vets with a vacant building on his land. In addition, he offered to invest capital to become a sleeping partner in the business. He would receive a share of any profits made. Cath and Harriet were thrilled. They thought this arrangement would be to everybody's benefit and agreed immediately. They resigned from FVG straightaway.

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Although they now had sufficient funding to open the business they still had to prioritise where they spent this money. Cath and Harriet decided to concentrate on having the best facilities for treating the horses. Peter had encouraged this as he wanted the best facilities available to treat his very valuable horses. This would mean having for example, an x-ray machine, operating theatre and laboratory. As

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there was a limit to the amount of money available there were opportunity costs involved. Cath and Harriet thought that as there were only two of them the administration of the business would be very simple. They decided to buy only one personal computer. This would be used for writing letters to clients, storing a list of client and horse details and keeping track of accounts. 50

In April 2008 Nantwold Equine Clinic (NEC) opened for business. Cath and Harriet had employed a receptionist, John, and an experienced veterinary nurse, Marek from Poland. They held an open day to welcome new clients and show off their facilities. Many of their old clients from FVG signed up straight away. Fig.1 below is a copy of the advertisement used to promote the opening of the equine clinic.

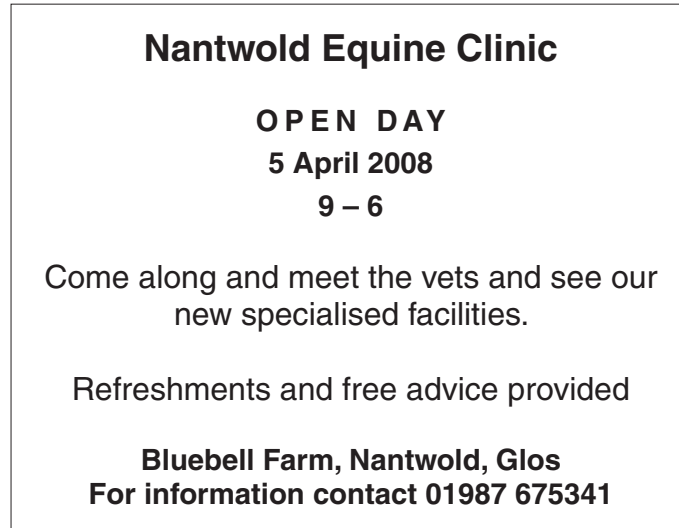


Fig. 1

When booking an appointment, clients can choose to transport their horses to the clinic for a vet to examine them or arrange for a vet to visit the location where the horse is kept. If the client takes their horse to the clinic they have all the facilities at hand and they do not have to pay the £40 call-out fee. In some instances the horse may be too ill to travel so the vet has to go to the horse. Most clients call out the vet because it is more convenient and they would rather pay the call-out fee. This is not necessarily the best way for the vets to manage their time. 55 60

During summer 2008 everything went well. The vets were punctual to all their appointments and if there was an emergency (a horse suddenly getting very ill or becoming seriously injured) they had time to fit this in as well. Clients were sent bills once a month and most of them paid regularly.

Word spread about the excellent service provided by NEC. New clients were registering with the clinic, some of them living up to 40 miles from the clinic. Peter's business was also seeing the benefits of his involvement in NEC. November and December 2008 were very busy and Cath and Harriet were feeling overworked. The clinic provided an emergency service 24 hours, 7 days a week. This meant that one of the vets was 'on call' and might have to attend an emergency any time night or day, sometimes having to drive up to 40 miles each way. They still had to attend to all of their pre-booked appointments. 'This is harder work than I thought it would be', said Cath during one of her regular meetings with Harriet. 65 70

John was a good receptionist but the vets needed him to do more than answer the phone and make appointments. Bills were not being sent out every month. Some clients owed a lot of money. Cath and Harriet realised that any future recruitment would need careful planning. Neither John nor Marek really knew where their responsibilities started and finished.

As the year went on stock control of medicine and equipment was an issue. All medicine was securely locked away but there was no system for monitoring and re-ordering stock. When one of the vets noticed something had run out, new supplies were ordered. On a number of occasions clients had to 75

wait for new stock to be delivered before they received medicines prescribed by the vets. So far clients had not complained but it was surely only a matter of time.

By early 2009, more people have joined the client list. The vets' days are getting even longer and they feel like they are late for all of their appointments. Both vets feel they are spending too much time driving and not enough time treating horses. They need to improve their productivity. Cath feels that if they spend the full day in clinic they could see twice as many clients. 80

The bar chart below (Fig. 2) shows a breakdown of a typical day for each vet. They are working an average of 10 hours per day at the moment. The main paperwork is writing up notes about each horse they have treated that day. They are concerned that they need to consider better time management systems, in order that they can treat more horses. 85

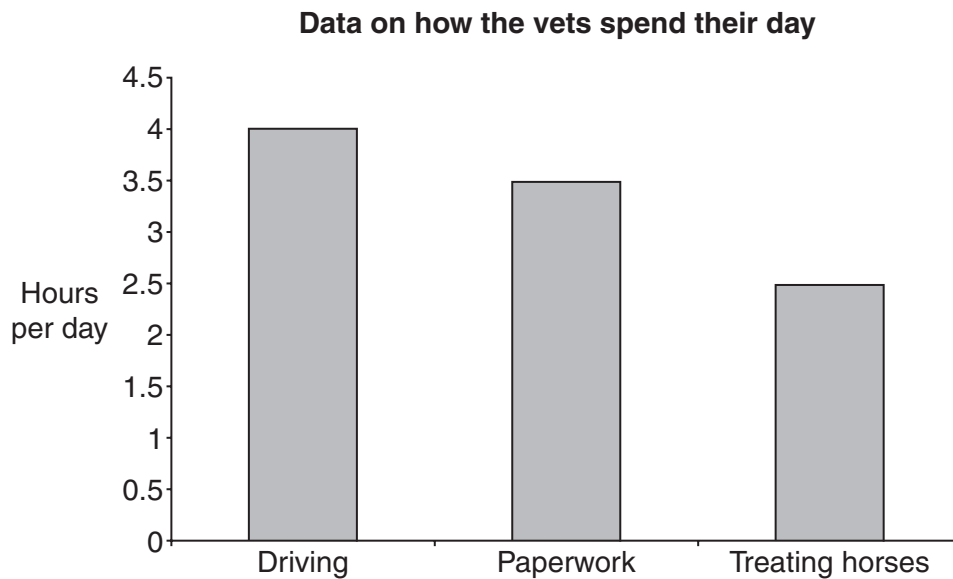


Fig. 2

Cath and Harriet have met to discuss the current problems. They feel that although time management is a big issue they have a further problem with cash flow. Bills are being sent out late to clients and then the clients are taking a long time to pay. NEC might soon need to use its overdraft facility. 90

Cath and Harriet have written down some possible ideas to help solve all of their problems. These are shown in Fig. 3 below.

- Possible ideas:
- Improve stock control
 - Do more advertising
 - Recruit an office manager
 - Recruit another vet
 - Limit the distance a client can live from the surgery
 - Only offer a Monday - Friday 9 - 5 service
 - Chase bad debts
 - Increase the call out fee - encourage more clients to visit the clinic
 - Introduce zoned days
 - Increase the use of ICT

Fig. 3

Cath has heard of zoned days from a colleague at another equine clinic. Each morning one of the vets would do visits only in a particular zone. This means that the call-out fee could be reduced and also there could be a positive environmental impact as the amount of driving would be reduced. 95

So far Peter, the sleeping partner, has seen very little return on his investment in financial terms but he has received the high standard of service he requires for his horses. John and Marek are feeling undervalued because of problems with the business. Marek in particular is considering returning to Poland where there are increasing rewards for people with his skills and training. Cath and Harriet recognise that their workers are feeling the same as they did when they wanted to leave FVG. A plan is needed quickly to ensure that NEC retains its staff and the business grows. 100

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