

**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 2005

This material may be given to candidates at any time after 1 January 2005.

**INSTRUCTIONS TO TEACHERS**

The case study may be given to candidates at any time after 1 January 2005.

**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.

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**This case study consists of 5 printed pages and 3 blank pages.**

## See Stores

With the summer holidays approaching, Mr See sat behind the counter in his empty shop and sighed "This looks like being another terrible year". Emma, his senior assistant for the last five years, was quick to reply "Well it is no good doing nothing, we must either come up with a plan of action or you will be bankrupt by the end of the year."

It had not always been like this, they reflected. When the business first started five years ago, trade had been brisk. The business had expanded rapidly to employ four full time staff. Mr See had a simple idea of owning and running an independent store which sold a wide range of convenience products at competitive prices. For three years trade had grown rapidly but in 2003 a supermarket had opened nearby. Although it was half a mile away, trade fell quickly as shown in Table 1 below.

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**Table 1 – Summary of financial performance, 2000 to 2004**

Year Ending 31 Dec	2000	2001	2002	2003	2004
Sales Turnover	£500,000	£700,000	£1,000,000	£800,000	£600,000
Net Profit (Loss)	£40,000	£70,000	£120,000	£40,000	£(30,000)

Since the supermarket had opened, Mr See had tried various ways to increase trade. These included extending the range of products and using a variety of promotional methods. Everything Mr See tried seemed, within weeks, to be copied and improved by the supermarket.

Desperate for new ideas, Mr See had recently attended a business seminar organised by the local council. Over lunch he had met Steve Parr, who had built up a chain of convenience stores operating successfully in another part of the country. Steve said the secret of his success was based on three golden rules:

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1. Know your customer
2. Be different
3. Value your staff

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He also gave a simple warning that it would never be possible to compete on price alone.

As Mr See sat in the empty shop, he was reminded of these messages and, stung by Emma's words, he jumped up and said, "You're right. I must do something now. I must make a plan." With that, he rushed to his office leaving Emma in charge.

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Mr See started to consider each of Steve Parr's Golden Rules. As he scribbled some notes about each of the rules, he quickly realised that there could be some areas for improvement (see Appendix 1).

Putting his notes to one side, Mr See then turned his attention to more immediate matters. Two of his four staff were leaving at the end of next week to go to work at the supermarket. He would need to replace them quickly. Fortunately he had kept a copy of a previous job advertisement which he could re-use (Fig. 1).

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**WANTED**  
**SHOP ASSISTANT**  
**(Full Time)**

Must be good with customers  
 Must have previous experience  
 Must be prepared to work hard

Hours must be flexible to include  
 evenings and weekends

Minimum wage available

*Application should be in writing to:  
 See Stores; PO Box 235*

**Fig. 1**

Mr See's final job was to have a look at bad stock figures from last month that Emma had given him (Table 2). They showed worrying increases in the amount of out of date and damaged stock.

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**Table 2 – Value of Bad Stock**

	Fruit and Vegetables	Chilled and Frozen	General Groceries
Week 1	£40	£100	£150
Week 2	£40	£110	£200
Week 3	£70	£120	£300
Week 4	£80	£150	£500

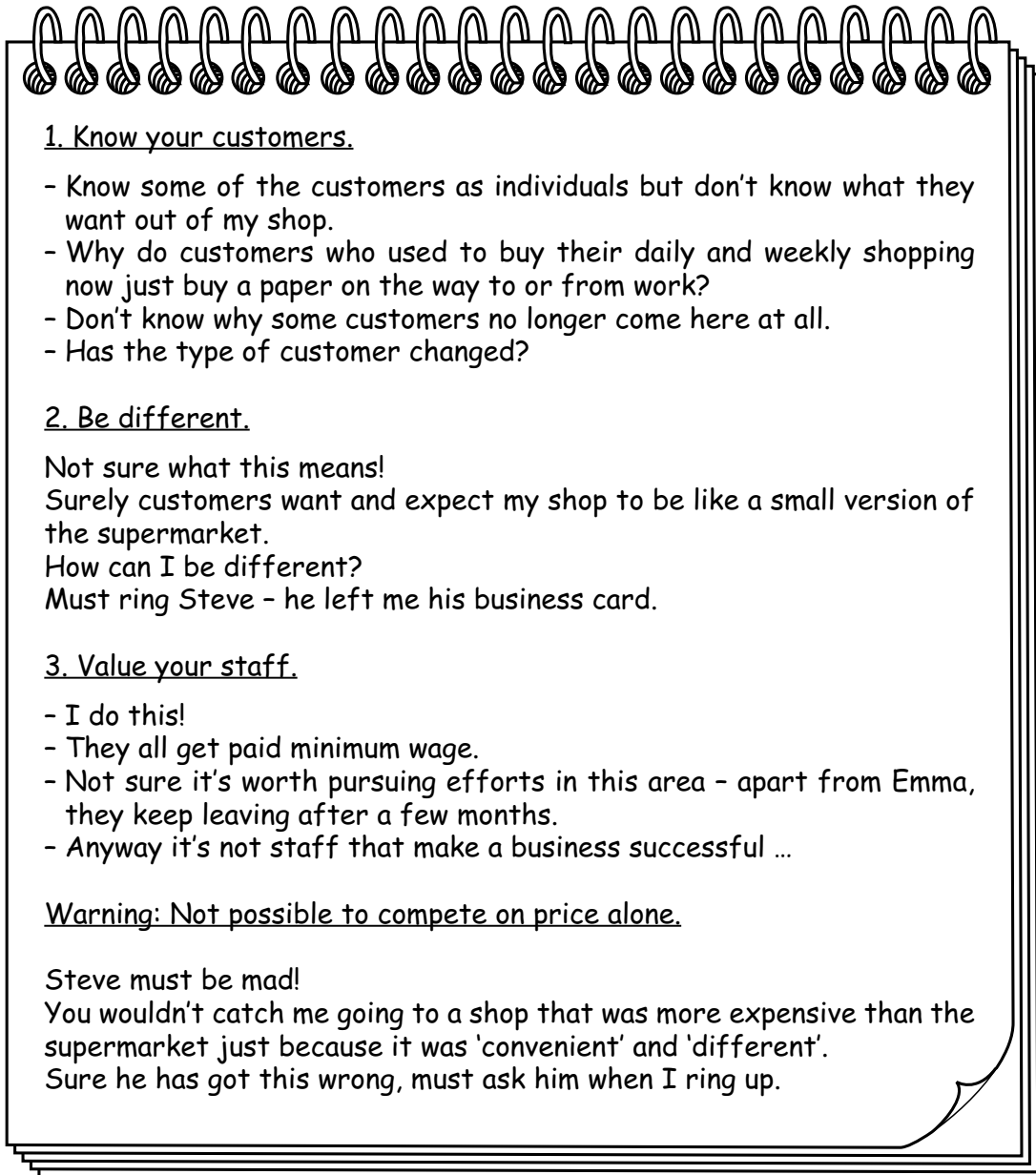
When he noticed the final figure, Mr See stormed into the shop to demand an explanation from Emma for the large increase in bad stock. She blamed this entirely on his poor buying and stock control policy. "You need to talk to the suppliers more, you cannot expect me to take on these responsibilities when you pay me little more than a shop assistant. And anyway I have an interview for a supervisor position at the supermarket next week – so then we will see how you manage!" With that she stormed out of the shop door.

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That evening, as he was clearing out the unsold newspapers, Mr See noticed a headline in the local paper (see Appendix 2). He wondered how this could affect the future of the business.

**Appendix 1**

Mr See's notes on the Steve Parr's three Golden Rules and simple warning.



**Appendix 2**

Extract from local newspaper.

**New development gets go-ahead**

Following the recent unemployment problems, the local council has today given planning permission for a development which will include both factory units and new housing. It is expected that these will provide a welcome boost to the local economy. Building is expected to start shortly.





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