

Pearson BTEC Level 3 Nationals

Business / Enterprise and Entrepreneurship

Unit 6: Principles of Management /
Unit 12: Principles of Management

Part A

Diploma / Extended Diploma

Additional Sample Assessment Material

Paper Reference

31588H

You do not need any other materials.

Instructions

- **Part A** contains material for the completion of the preparatory work for the set task.
- **Part A** must be given to learners one week before they are scheduled to take **Part B**. Learners are advised to spend no longer than six hours on **Part A**.
- **Part A** 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.
- **Part B** materials must be issued to learners during the period specified by Pearson.

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Instructions to Teachers/Tutors

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.

Learners should familiarise themselves with the specific case study given in this **Part A** booklet.

Learners are advised to spend no more than six hours in undertaking **Part A**.

Centres must issue this booklet at the appropriate time and advise learners of the timetabled sessions during which they can prepare. It is expected that scheduled lessons or other timetabled slots will be used for some or all of the preparation.

Learners **are not** permitted to take notes or any other materials into the supervised **Part B** assessment period.

The supervised assessment for **Part B** will take place in a timetabled period specified by Pearson. Learners will complete the assessment in a single supervised session of 3 hours.

Centres should schedule all learners at the same time or supervise cohorts to ensure there is no opportunity for collusion.

Learner's work for **Part B** must be completed on a computer.

Refer carefully to the instructions in this **Part A** booklet and the BTEC Nationals Instructions for Conducting External Assessments (ICEA) document to ensure that the preparatory period is conducted correctly and that learners have the opportunity to carry out the required activities independently.

Instructions for Learners

Read the Set Task Brief and **Part A** Set Task Information carefully.

In **Part B** you will be asked to carry out specific written activities, under supervised conditions, using the information in this **Part A** booklet.

At all times you must work independently and must not share your work with other learners.

Your teacher/tutor will clarify when you can undertake the preparation.

Your teacher/tutor must not give you guidance on the Set Task Brief or **Part A** Set Task Information.

Your teacher/tutor must not give you feedback on your preparation.

Set Task Brief

You are working as a researcher for a management consultancy. Your line manager has to go to a meeting with clients who own *Bingham's Bakehouse Ltd.* At this morning's team meeting you were asked to prepare the papers your manager needs to take to the meeting.

Your manager asked you to familiarise yourself with the given sector and company background information in advance of producing these documents.

Your manager has said that this should take you up to six hours.

Part A Set Task Information

Bingham's Bakehouse Ltd

Bingham's Bakehouse Ltd is a regional chain based in North Yorkshire.

The business operates in Harrogate, Knaresborough, York and other nearby towns. The business is owned by two brothers, Jack and John Bingham, who have been managing the business since inheriting it following the death of their father in 2014. Their father set up the business in 1985. The brothers and their mother are the only shareholders in *Bingham's Bakehouse Ltd*. Each brother owns a 40 per cent shareholding.

Bingham's Bakehouse Ltd consists of a central bakery that produces bread, cakes and savouries. The central bakery supplies both part-baked and fully-baked products to their ten food outlets. Each food outlet has onsite baking facilities to fully bake the part-baked items. *Bingham's Bakehouse Ltd* food outlets offer both an eat-in and takeout service.

Between 1990 and 2012 *Bingham's Bakehouse Ltd* experienced growth in sales together with increasing gross and net profits. More recently, competition from national chains such as Greggs and Subway, and an increasing number of independent food outlets, has had an impact upon revenue and profit margins. The sales from both the eat-in and the takeout sides of the business have been hit. There is also additional competition from major retailers and the large supermarkets who offer takeout meal deals.

Bingham's Bakehouse Ltd food outlets are located in the centre of towns which are visited by large numbers of both domestic and international tourists. The tourist trade is year-round with peaks during the summer months and the run up to Christmas. *Bingham's Bakehouse Ltd* food outlets mainly cater for tourists, with opening hours from 10.00 until 16.00. *Bingham's Bakehouse Ltd* food outlets do not offer an early morning takeout service to people working in the town centres.

Jack is Managing Director of *Bingham's Bakehouse Ltd*. He is responsible for the finances of the business together with the operations of the central bakery.

John is the Sales Director, responsible for purchasing, human resources and strategic management of the food outlets. Their mother does not work in the business. Neither brother has any management experience nor business or management qualifications. Before inheriting *Bingham's Bakehouse Ltd*, John had just graduated with a degree in tourism and Jack had taught sport for three years. Jack and John make business decisions relating to their own areas of responsibility. The brothers have not developed a business strategy or a vision for the business and there are no medium- or long-term plans in place. Current business decisions tend to be reactions to competitors' activity and to other market situations.

Business performance in the last two years has been disappointing with falling gross and net profit margins and a downturn in total revenue.

The data in Table 1 is an extract of financial information for *Bingham's Bakehouse Ltd* for the years 2011–2015.

Table 1: Extract of financial information for *Bingham's Bakehouse Ltd*, 2011–2015

	2011	2012	2013	2014	2015
Total Revenue (£)	4 400 000	5 600 000	6 900 000	7 500 000	6 800 000
Gross Profit (£)	1 742 400	2 329 600	2 704 800	2 857 500	2 427 600
Gross Profit (%)	39.6	41.6	39.2	38.1	35.7
Net Profit (£)	272 800	414 400	407 100	382 500	326 400
Net Profit (%)	6.2	7.4	5.9	5.1	4.8

Since Jack and John have owned the business, the food outlet side of the business has lost a number of key staff. Information from staff leaving the business shows that they are unhappy with the power culture and management style.

Both brothers have strong personalities. Their autocratic management style is very different to the paternalistic style of their father. The brothers' lack of business and management experience clearly shows in their lack of business vision and values, strategic planning and staff involvement. It also shows in the way that they override decisions made by the food outlet managers.

Table 2 shows staffing and staff turnover data for *Bingham's Bakehouse Ltd's* food outlets between 2011–2015:

Table 2: *Bingham's Bakehouse Ltd's* food outlets staffing and staff turnover data 2011–2015

	2011	2012	2013	2014	2015
Food outlet managers	10	10	10	10	10
Food outlet serving staff (full-time)	20	20	26	38	44
Food outlet serving staff (part-time)	36	36	36	22	10
Staff turnover of food outlet managers (%)	10	10	10	40	60
Staff turnover of overall serving staff (%)	7.14	7.14	8.06	6.66	8.14

Jack, John and their mother have held a shareholders' meeting and have decided that they need some help to address the problems the business is facing. They have approached a management consultancy firm, Peacock and Associates, to investigate and make recommendations on how the business can overcome these problems.

Jack and John understand that implementing the recommendations from the consultancy will cause a period of change within the business. They know that this change will need to be managed if *Bingham's Bakehouse Ltd* is to become successful again.

As a researcher with Peacock and Associates, you are assisting one of the senior partners who is working on *Bingham's Bakehouse Ltd's* consultancy.

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