

Business operations – GCSE Business Paper 1**1. No.1(01.1, 01.2,01.4)****0 1 . 1**

Which of the following is a benefit to an entrepreneur of operating as a sole trader?

[1 mark]**A** Can sell shares☐**B** Easy to set up☐**C** Limited liability☐**D** Many owners☐**0 1 . 2**

Which of the following is a method of internal recruitment?

[1 mark]**A** Advertising at a job centre☐**B** Advertising in a newspaper☐**C** Advertising on a noticeboard in the staffroom☐**D** Advertising with an employment agency☐**0 1 . 4**

Which of the following is correct for a flat organisational structure?

[1 mark]**A** Many levels of hierarchy☐**B** Many opportunities for promotion☐**C** Narrow span of control☐**D** Short chain of command☐

2. No.2(02.5 _ 02.7)

Item B: Luscious Locks by E

Elaine has been looking into ways to increase LLE's revenue. Elaine has identified a growing trend for organic hair treatments. Demand has risen after a popular celebrity promoted the benefits of organic hair treatments on her television show.

Elaine has found a new supplier that makes homemade organic hair treatments. The treatments are vegetable based and have a shelf life of a month. After this date they will need to be thrown away.

When making an appointment, customers have to give the salon 24 hours' notice if they want an organic hair treatment. Twenty customers booked the treatments last week. A customer has complained that she could not get an organic hair treatment whilst at the salon as she had not booked this in advance and no stock was being held.

The supplier is not local and the delivery costs are high. The supplier is encouraging Elaine to make a bulk purchase by offering a large discount on orders over 100.

0 2 . 5

Elaine ordered 20 organic hair treatments for £300 in total.

Calculate the unit cost of each treatment.

Show your workings.

[2 marks]

£ _____

0 2 . 6

The supplier has offered a 35% discount.

Calculate the total cost of 120 organic hair treatments with this discount. Use your answer to Question 2.5 in your calculation.

Show your workings.

[3 marks]

£ _____

0	2	.
---	---	---

Elaine orders the treatments to arrive just in time for each customer's appointment.

Recommend whether Elaine should change to just-in-case stock control. Give reasons for your recommendation.

[9 marks]

[illegible]

3. No.3(03.7)

Item E: Bootmills Ltd

Bootmills Ltd is the market leader in the UK. To improve profits, Bootmills Ltd must increase sales to China and the USA. However, international markets are highly competitive. Boots are currently sold for an average of £95 to retailers. The variable cost of each pair of boots is £50.

In China, retailers prefer 'face-to-face' meetings with the manufacturer. Chinese retailers are prepared to pay a premium price for British brands. The size of the Chinese boot market is \$79 billion for sales of all brands.

Retailers in the USA have indicated that they are more likely to buy the product if the price can be reduced to £70. The size of the USA boot market is \$99 billion for sales of all brands.

Bootmills Ltd's directors are considering two options.

Introducing flow production.

Boots can be made quickly using a fully automated process. The skilled workforce will be offered jobs elsewhere in the business. There will be an estimated 300 redundancies. Employees have indicated they will strike if this many jobs are lost.

The savings on salaries over 2 years will cover the cost of the new machinery and redundancies. After this, the cost saving can be passed on to customers. The variable costs of production will fall to £20 per pair of boots.

Changing the role of the workforce.

Bootmills Ltd currently has 50 employees who deal with sales over the telephone and email. Thirty of these employees could change to being based abroad in countries such as China and the USA. These employees will meet with the local retailers to:

- show new designs
- take orders
- get feedback on the needs and wants of customers in overseas markets.

These employees will be offered a £10 000 pay rise. The directors are confident many of the existing sales team will be interested in working abroad. This should reduce redundancies.

Recruiting and training for the new role should take 8 months.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

4. No.1(01.2,01.3, 01.8, 01.9)

0 1 . 2 Which of the following costs is an example of a variable cost?

[1 mark]

A Advertising

☐

B Interest

☐

C Packaging

☐

D Rent

☐

0 1 . 3 Which of the following statements describes job production?

[1 mark]

A An employee focuses on a limited number of tasks.

☐

B Each employee is given an individual task.

☐

C Items are produced individually to meet the exact requirements of a customer.

☐

D The business aims to complete each task with minimum waste.

☐

0 1 . 8 Explain one cost of maintaining quality during the production of a product.

[2 marks]

0 1 . 9 Explain one disadvantage to a business of poor customer service.

[2 marks]

5. No.3(03.3, 03.4)

0	3	.	3
---	---	---	---

NIST orders parts from suppliers when a customer orders a car.

Analyse one drawback to NIST of using just-in-time (JIT) stock control for parts needed to produce its cars.

[6 marks]

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

0	3	.	4
---	---	---	---

In the last five years every car has reached the end of the production process without a fault present.

Analyse **one** benefit of using total quality management (TQM) to maintain standards in the production of cars at the NIST UK factory.

[6 marks]

[illegible]

6. No.1(01.6, 01.7,01.11)

0 1 . 6

Which of the following is one of the four factors of production?

[1 mark]

A Competitors

☐

B Enterprise

☐

C Growth

☐

D Quality

☐

0 1 . 7

Explain **one** detail that could be agreed between partners in a partnership.

[2 marks]

0 1 . 11

Explain **one** reason why a business would set objectives.

[2 marks]

7. No.2(02.1, 02.3)

0 2

Item A: Premium Motors

Janet owns and runs Premium Motors based in Manchester. Her business provides a luxury chauffeur service (a car and driver are hired). This has proved popular with customers who book the services for events such as weddings or parties.

Since the business started 10 years ago it has expanded slowly using organic growth. Janet would like to expand by offering the services in a new area. Her research has shown that chauffeur services are in the most demand in London. However, this is a highly competitive market.

There is an opportunity to take over an existing chauffeur company called London Luxury Cars (LLC). This takeover would cost £400 000. Premium Motors would instantly gain LLC's large customer base. This includes repeat bookings from TV celebrities and well-known hotels that book chauffeur services for their guests. Existing LLC agreements (contracts) with hotels will last for another year and Janet will then have to agree new contracts.

If Janet were to take over LLC, she would manage the company from her headquarters in Manchester. She is unfamiliar with the London area.

0 2

. 1

Identify **two** objectives of a business.

[2 marks]

1 _____

2 _____

Premium Motors has received a booking for a wedding in Manchester that requires **four** cars. Premium Motors will make £50 profit per car.

The costs will be as follows:

- driver £50 per car
- petrol £20 per car
- £200 payment towards fixed costs.

0	2	.	3
---	---	---	---

Since Premium Motors started 10 years ago it has expanded slowly using organic growth.

Recommend whether Premium Motors should now take over LLC. Give reasons for your recommendation.

[9 marks]

[illegible]

8. No.1(01.1_01.12)

01.1

Which of the following is a financial method of motivation?

[1 mark]

A Commission

☐

B Greater responsibility

☐

C Job share

☐

D Training

☐

01.2

Which of the following is an example of on the job training?

[1 mark]

A A health and safety course at a local college.

☐

B An ICT course at a training centre.

☐

C Observing an employee doing her job.

☐

D Studying for a degree online.

☐

0 1 . 3

Which of the following is correct when a business uses just-in-case stock control rather than just-in-time stock control?

[1 mark]

- A Deliveries are more frequent.
- B Less warehouse space will be needed.
- C Stock is less likely to go out of date.
- D Sudden increases in demand are not a problem.

☐☐☐☐

0 1 . 4

Which of the following is a benefit of using a website to provide information to customers?

[1 mark]

- A Can include answers to customer questions.
- B Followers can comment on your posts.
- C Goods and services can be sold online 24/7.
- D Products can be sold in many countries.

☐☐☐☐

0 1 . 5

Which of the following describes the total quality management approach (TQM)?

[1 mark]

- A Checking for faults only at the end of production.
- B Preventing mistakes.
- C Recalling faulty products sold.
- D Repairing returned items free of charge.

☐☐☐☐

01.6

Which of the following is one of the four factors of production?

[1 mark]

A Competitors

☐

B Enterprise

☐

C Growth

☐

D Quality

☐

01.7

Explain **one** detail that could be agreed between partners in a partnership.

[2 marks]

01.8

Explain **one** reason why it is important for a business to have an internal organisational structure.

[2 marks]

01.9

Explain **one** example of how a business would meet the requirements of consumer law to provide safe goods or services.

[2 marks]

01.10

Explain **one** reason for completing a job analysis.**[2 marks]**

01.11

Explain **one** reason why a business would set objectives.**[2 marks]**

01.12

Explain **two** benefits to a business of using internal recruitment.**[4 marks]**

1

2

9. No.2(02.6)

Item B: Premium Motors

Janet has decided not to expand the business in London as demand for its services has increased in the Manchester area. A new website now helps to manage the increase in enquiries. Customers can look at the cars from a web page of photos and videos. They can use the live online chat service to ask questions and get instant feedback. There is no set price for the hire of a car. The price depends on several factors, such as:

- distance and day of the journey
- the amount of time the car is needed
- the number of pickup and drop off locations.

At present there are no prices for car hire on the website. Customers must telephone a salesperson between 9 am and 6 pm Monday to Friday to agree the price of their car hire booking.

Premium Motors prides itself on the quality of its service. Drivers are encouraged to greet customers with a smile and engage in conversation several times throughout the journey. Janet has previously issued new drivers with a leaflet outlining the company policy on customer service.

Janet is considering introducing a new induction training programme for the new drivers. It will include:

- a video of an experienced driver dealing with a customer
- a role play exercise where a new driver can practise dealing with difficult customers.

0	2	.	6
---	---	---	---

Premium Motors has developed the new website to provide information about cars before making a booking. Janet is thinking of adding the option to book cars directly on the website.

Recommend whether Janet should use e-commerce to **improve customer service** at Premium Motors. Give reasons for your recommendation.

[9 marks]

10. No.3(03.4 _ 03.7)

Item D: Fone Ltd

Demand for the ultra-thin phone cases has been increasing. However, the production department has not been able to make them in the quantity required. Fone Ltd has decided that it will introduce flow production in the department.

Specialist machinery was installed in April. In the new flow production process, workers have specific jobs, such as loading different coloured materials into the machines. The process will allow changes to be made quickly, such as the shape and style of the phone cases for different makes and models of phones. The new flow production process means the business can produce up to 100 000 phone cases a month.

Table 2 Information on production of phone cases at Fone Ltd

	March	April	May	June
Number of employees in the production department	14	10	10	10
Total costs	£160 000	£179 000	£234 000	£275 000
Total output (number of phone cases)	20 000	25 600	?	50 000
Average unit cost of each phone case	£8	£7	£6	£5.50

03.4

4

Identify **one** reason for diseconomies of scale occurring.

[1 mark]

03.5

5

Using the information in **Table 2**, calculate the average number of phone cases per month produced from April to June.

[4 marks]

Answer _____

0

3

6

Demand for the new ultra-thin phone cases is increasing.

Analyse **one** advantage to Fone Ltd of introducing its new flow production process.

[6 marks]

Item E: Fone Ltd

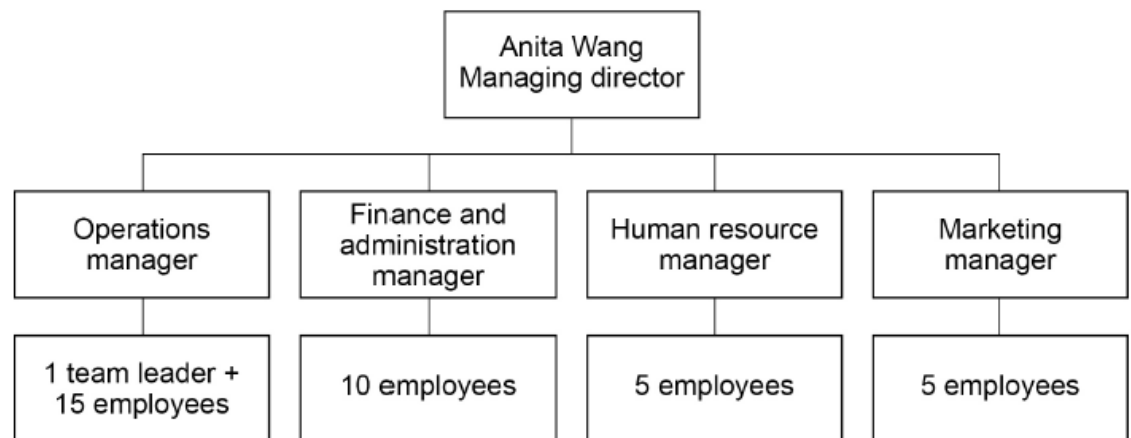
Average unit costs have increased recently at Fone Ltd. Anita feels that low employee productivity is the reason for this. To improve productivity, she is considering two options.

Introduce a new lean production technique

- Each department can have a group of up to three employees making suggestions on how to improve the process to lead to higher productivity.
- It will be optional to join these groups.
- Groups can be set up immediately and will have responsibility for reviewing roles and tasks within the department and suggesting changes.
- There will be a bonus of £5000 for each department (to be shared within the department) if they improve productivity in the next three months.

Change the organisational structure and recruit internally for new assistant managers within each department

- Internal recruitment for assistant managers can be completed within a month.
- This will result in a pay rise of £5000 for successful applicants.
- Assistant managers will have the authority to make some decisions and will oversee training.

Figure 1 Current organisational structure of Fone Ltd**Table 3** Information about employees' productivity in each department at Fone Ltd

	Operations	Finance and administration	Human resources	Marketing
Daily hours employees are working productively (maximum = 8 hours)	6	7	7.5	7.7

1. Introduce a new lean production technique to each department.
2. Change the organisational structure and recruit internally for new assistant managers within each department.

Recommend which option Fone Ltd should introduce first to improve productivity of all its employees in the short term.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.