

2879 The Business Thematic Enquiry

Theme for 2007

The theme for January 2007 and June 2007 is **coping with seasonality**.

1 Coping with seasonality

The need to cope with seasonality of sales is a problem which many businesses have to face. In some instances there is a daily pattern of variable sales, for example that faced by transport services and by supermarkets at the check out. In others the variation may be weekly with some light days and others heavy. Many restaurants have this problem. But the most common is the annual pattern, typically faced by the tourist industry.

The cases for 2007 will outline situations in which a business has to make a choice between two or more strategies for dealing with problems arising from seasonality. The candidate will be expected to make a reasoned and supported decision.

In the situations presented to the candidate in each of the case studies for 2007 there will be scope to consider the operations management, human relations, marketing and financial aspects of the problem or its solution. There will be a specific focus in the title chosen for the report and an expectation that the report will be written in a way which answers the question posed in the title.

It is impossible to consider all the facets of such problems in the time available. Good answers will be ones which see the problem from one or two perspectives which the candidate considers most significant. To give focus to study and assist preparation for the examination, candidates should be aware that the central focus for each of the examinations in 2007 will be:

January 2007: A family owned garden centre which receives most of its revenue in the spring and summer months. Consideration is being given to two possible new ventures to address the issue of seasonality.

June 2007: A small, struggling holiday camp, at the lower end of the market, facing closure by its parent company unless it can address the problems caused by the seasonal nature of its business.

The notes which follow are designed to provide a basis for, and guidance in, preparing candidates for entry to the examination in January and June of 2007 **only**. Before reading the notes you might find it helpful to read:

- the formal requirements for Unit 2879 and the criteria used to assess the report, which can be found in the OCR specification;
- the Principal Examiner's reports on the Unit 2879 examinations in 2002-6.

2 The Formal Structure of the Paper

In each paper there will be **two** tasks and the rubric of the paper will include the statement below:

Required:

Write a report for the Board of the company, advising it of the best approach to address the problems of seasonality outlined in the case. In writing your report you should use the evidence given in the case. You should also use any evidence you have gathered from your study of the problems and strategies associated with coping with seasonality.

Remember that much of the evidence available is in the case, and every effort should be made to write a report which is based on the case evidence and not on a generalised theoretical understanding of the issues which has been prepared in advance.

The title will be given and the report must be structured and written in a way which proposes and argues a solution to the problem stated.

It is desirable to take a stance on a particular issue or focus. For example, a candidate may well decide that there is a central human, marketing, operations management or financial problem which must be solved as a pre-requisite to making a rational decision. However, the report must propose an answer to the question posed and not just a solution to the issue the candidate has identified.

The Requirements as stated on the Paper

The instructions on the paper require two tasks to be completed. The first is a preparatory task which should not include any argument about the central problem. The purpose of Task 1 is to enable the candidate to meet the assessment requirements of Criterion 1 and to set report related objectives. This includes the opportunity to make assumptions which might limit the focus of Task 2. For Example: "I assume the necessary finance is available" would be a sensible assumption in a situation where there is no evidence to suggest problems in raising finance.

Task 1: Write a plan for your report in which you make clear: (10)

- (i) the problem as you see it, and the need to solve it;
- (ii) the context in which this problem must be solved;
- (iii) your objectives in your approach to the problem;
- (iv) any assumptions you make and the reasons for them.

You are advised to spend between 10 and 15 minutes on this task.

Task 2: Write your report. (80)

In your report you must satisfy the criteria on which this assessment is based.

You should ensure that you:

- (i) provide terms of reference for the report;
- (ii) select appropriate evidence for this task. You should use evidence from the case, from business theory, and from work you have done in preparation;
- (iii) present the evidence logically in line with the objectives you set and the assumptions you made in the plan;
- (iv) consider the situation and arrive at a supported recommendation.

3 Completing These Tasks

The Plan

The plan carries only 10 of the marks. These are the five from Criterion 1 and half the marks from Criterion 2. Its value, however, lies in the thought and structure which goes into the process, and the positive effect this then has on the report itself. To gain these marks it is essential that the candidate completes the first three elements and includes in element four any assumptions that are being made which will indicate the perspective from which the candidate is writing the report. Examples of what is meant by this can be seen in the Principal Examiner's reports for unit 2879.

In previous examinations many candidates failed to keep strictly to the four elements set out in Task 1. The consequence was often a confusion of problem definition and the context in which the problem must be solved. As a result the foundation the candidates had set was often weak.

Candidates are advised to look for the real problem and not just factors which have created it, or features of it.

The Report

Criterion 9 assesses the extent to which the requirement for a well structured report format has been used. There is no house style for this but there should be a logical separation into sections which are appropriately headed and a clear conclusion which addresses the issue(s) included in the title.

Right answers are not assumed. Any answer which follows a logical and supported argument in line with a selected perspective is sufficient, provided the connection between the perspective being developed and the nature of the question posed is made clear and evidence to support the chosen perspective is selected from the case and interpreted and analysed correctly.

Example

The case **might** contain a financial constraint or an issue relating to external pressures. It could be that these matters must be addressed before any planned introduction of strategies to lessen the effects of seasonality can take place. The candidate may argue that such issues are crucial to the intended outcome. A report which focused entirely on the selected issue(s) and did not relate it back to the question posed would not have answered the question.

It is good to see that most Centres encourage research around the topic area and that good evidence is often found from local business behaviour, the Internet and other secondary sources, but, the mere inclusion of such evidence is a pointless

exercise. The main evidence should come from the case provided and external evidence should be **used** to reinforce, explain or enrich evidence taken from the case.

The requirement of the unit is an answer to a problem which is offered in the form of a well structured report. This does not require lengthy explanations of structure or of procedure but simply a lay out which is recognisable as a report. It should proceed logically from the presentation and, where necessary, explanation of evidence through selectivity to analysis, evaluation and final recommendation(s).

There have been many instances of over-prepared structuring which has led to poor use of the limited time available. It is much better that a candidate understands the framework of a report and just writes a response within that framework.

4 Assessment

Assessment will be by OCR examiners using the criteria set out in the specification for unit 2879. Each of these criteria will be applied to the work as a whole. Candidates may demonstrate the skills being assessed in any part of the report. Candidates should be aware of the skills they must demonstrate and have developed them during their course of study.

5 Time Management

The report is expected to be short. It should be capable of being written in not more than 50 minutes. This is because candidates will need at least:

- 10+ minutes to read the case;
- 10+ minutes to prepare the plan (Task 1, Section 2 above);
- 10+ minutes to read through and amend the work.

Writing the report in the time available requires practise and puts a premium on the conciseness and preciseness of the candidate's written style. This should be a matter of practise in preparation.

6 Use of Evidence

The Business Thematic Enquiry is an alternative to the Business Project (unit 2878) which is based on the study of a specific problem. To ensure that unit 2879 is a real alternative, candidates are expected to **make use of** appropriate knowledge and understanding drawn from their study of business situations in preparation for the examination. Most of the evidence will come from the unseen case itself, but there will be many opportunities to support the points made with knowledge (both theoretical and practical) drawn from previous study. To gain the marks available there must be genuine **use of** such knowledge and not its mere presentation.

Example

For example, candidates may be aware of an instance in which a business has faced problems with seasonality and found a strategy which worked. There may be lessons in this experience which could be applied to the case with which they have to deal. But the details must be sufficient to make it clear that the example is real and the evidence offered must be used and not just written about.

In the case itself, there will be a variety of ways to proceed and it is the *logic* of the answer which will earn the marks, not how "correct" is the solution. In the case there will be some information which is not relevant. This is to allow the candidate to show selectivity by using only the information which can be effectively used in supporting the candidate's argument.

The most common weakness is to note but not to really use numerate evidence. All business action carries with it a cost and more often than not, there is evidence about the extent and nature of such costs in the case. The poor answers ignore this, the moderate ones acknowledge it but a really good answer will make some effective use of it. In dealing with such evidence business theory is often useful and should be used.

Example:

In the January 2006 case there were certain money costs involved in setting up a crèche. There was also a massive financial advantage to workers with young children built into this situation. Most candidates saw the negative motivational effects on those without young children but many shied away from the simple proposition of a charge to those who benefited which at least produced break even. Even fewer candidates saw the opportunities provided to market the facility so that it might produce a profit for the firm.

To support a particular approach, the candidate may wish to make assumptions. This will be rewarded provided each assumption made:

- is clearly stated (this should be in the plan);
- is supported by argument;
- clearly assists the candidate's report;
- does not distort or neglect the evidence.

7 Seasonality in the OCR A-level Specification

The central point about seasonality is that there are times in the day, the week or the year when capacity is over stretched with its consequent costs for production and marketing. There are other times when capacity is under-utilised and ways of using resources more efficiently should be found.

Seasonality also has clear implications for the pattern of employment.

It is often dealt with by the selective use of part time workers and the student part of the labour market is often used. Sometimes it is dealt with by unpopular methods such as split shifts and sometimes by the use of overtime. Overtime, however, can no longer be compulsory.

An entirely different approach is to diversify into different products and different markets. This requires flexible resources, training and often multi-skilling as well as effective marketing to successfully target new markets.

If seasonality remains unsolved there will be times when fixed costs are still there and a contribution approach may well help. This is clearly seen in the off-peak and low season approaches of many businesses.

Entering new markets and/or finding different strategies for current ones is not devoid of risks and ways of reducing risks to manageable proportions such as break even analysis, decision tree analysis and forecasting techniques all play their part in this process. Most of them will require investment and there is a need to ensure that such investment is going to be worthwhile.

Seasonality of one kind or another is a much more common problem than most people realise and within every community there are ways of dealing with it which can be observed and analysed as an excellent preparation for this unit.

8 Sources of Information

- Standard textbooks. It is important that the ones used are of A Level standard. The text endorsed by OCR and published by CUP, provides a sufficient foundation and leads into the synoptic and strategic approach required to demonstrate problem-solving skills in unit 2879. At A2, strategies for coping with seasonality should be considered holistically and effective strategies must be planned, executed, reviewed and modified.
- Past papers, mark schemes and examiner reports on unit 2879.
- The strategy questions which are asked within Further A2 modules and particularly in 2880.
- Articles in Business Review.
- The Internet and reference libraries.
- News sources of all kinds and the activities of individual businesses or business groups such as the Chamber of Commerce, The Rotary Club or the British Institute of Management can all be of considerable use in preparation.
- Local or national business behaviour to deal with seasonality cases is observable within the Centre's community or in local and national news sources almost every week. Transport services, supermarket problems and idle assets of schools in holiday periods are all the basis for effective study.

Experience has shown that it is not wise to over-structure what candidates might do in the examination. The danger is that the eventual report, though well structured, will not focus effectively on the actual problem posed, will present too much theory and will make insufficient use of the case material in developing an argument. Practise in using the skills as assessed in the criteria is, however, essential to success.

It is also advised that practise in writing a report plan in the form of the four tasks presented in the case is advisable. However, plans which are not based on a case are content free and, therefore, it is difficult to provide a definition of a problem, a context in which it exists and objectives in solving it. Any plan writing experience, therefore, should always be based on an actual case. However, virtually any past case can provide such a scenario.