

## Business and Enterprise Research Brief with Guidance

OCR have released the research brief for your Business and Enterprise exam on the 23<sup>rd</sup> of May which you can find at <http://www.ocr.org.uk/Images/466310-unit-r061-case-study-june-2018.pdf> .

Your Business and Enterprise teachers have analysed this brief and they have come up with a list of topics that they think the questions will be based around. You are therefore strongly advised to research the topics!

The excerpts from the brief are in the black boxes

- The suggested research topics are bullet pointed

Remember in order to gain the extra 2-3 marks on the long 6 or 10 mark questions you need to include relevant research/knowledge of a local business – so you are strongly advised to research local businesses and how the topics below have affected them too!

Good luck!

**Context:** Speedwheels is a medium-sized business which makes and sells electric bicycles for use in towns and cities in the United Kingdom (UK). It imports some of its parts from abroad.

- Research e-bikes
- Research Brexit

**Objectives:** The main objectives of the business are to provide a more environmentally friendly form of transport and to increase sales. The demand for electric bicycles has increased due to a number of external factors and this demand is now greater than the business is able to supply. The business has to be realistic when deciding how to meet this demand.

- Changing objectives
- Realistic – plan to meet some of the increased demand but not all as too big a gamble
- External factors increasing sales of e-bikes
  - Rising fuel costs
  - Taxation of motor vehicles
  - Pedestrianisation /planning of towns and cities
  - Word of mouth
  - Current environmentally sustainable trends
  - Fitness drive

**Finance:** In order to meet the increased demand, the business will need to increase production. The business will need to find ways to finance this increased production.

- Currency fluctuations/import taxes
  - Import tariffs
  - Brexit (effect on £)
  
- Economies of scale for ordering more stock
  - Discounts
  - Bespoke haulage
- Ways to finance new warehouse/machinery
  - Business loans
  - Investment
  - Possible share offering (Ltd/PLC)
  - Leasing production equipment/space (workshop/warehouse)
  - Hire purchase
  - Crowdfunding (kickstarter)
  - Government grants for e-bikes
- Profit/loss
  - Modelling
    - What if demand drops
    - Contingency planning
- Increased operating costs (staff/energy)
  - Business rates
  - Wages
  - Energy
  - Logistics

**Marketing:** The business will need to increase its prices to cover any increase in the cost of production. At the moment it sells the electric bicycles direct to the consumer and does limited advertising in the local area.

- Online website (tied to crowdfunding from finance)
- Adverts in trade/hobby magazines
- Online targeted adverts
- Targeting bike outlets/retailers
- Target hire bike initiatives (i.e. Boris Bikes)
- Assess level of demand before expansion
  - Surveys – primary research
  - Financial data - Desk research
- Pricing strategies
  - Premium due to over-demand, scarcity of production, and method of manufacture

**Production:** The bicycles are assembled in a rented workshop. It makes about 80 bicycles a week and is only just meeting demand. In order to meet this demand the business will need to increase production by moving to new larger premises and purchasing new machinery.

- New machinery
  - Staff training
  - Quality control
  - Maintenance of equipment
- New premises
  - Local
  - Renting new premises
  - Transportation of existing equipment
- Logistics – both importing and selling
- Methods of production
  - Production line
  - Batch production
  - Cellular production

**Human Resources:** The business will need to employ five extra assembly workers, hopefully from the local area. The existing workforce will have to relocate to the new premises. The business is keen to keep its existing workers even though it will have to relocate to new premises.

- Staff relocation
  - Redundancy (if unable)
  - Retention/relocation package
- Staff recruitment
  - Methods of recruitment
  - Induction
  - Trained (different types of training)
    - 5 starting at once so off-the-job at first with existing staff?
    - On the job with existing staff?
    - Outside training for new machinery
- Staff motivation
  - Varied jobs (on production line)
  - Upskilling existing staff
  - Promotion of existing staff