**A-Level Business**

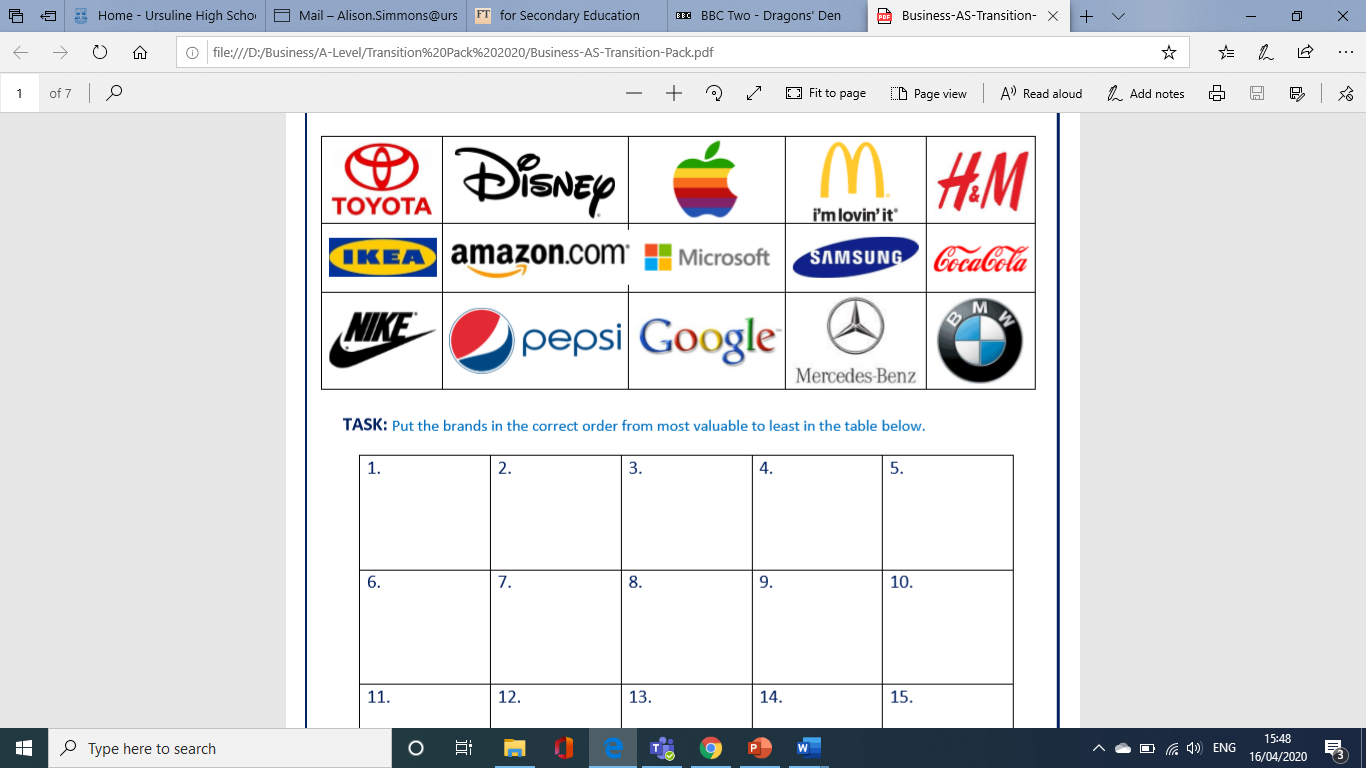
**Summer Transition Work 2023**

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| **Task** |
| Activity 1: Global Brands  Activity 2: Desert Island Companies |
| Activity 3: Entrepreneurs stories |
| Activity 4: Costs, revenues and profits |
| Activity 5: Profitability case study |
| Activity 6: SWOT Analysis |

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| Activity 7: Porters Five Forces Analysis |
| Activity 8: The impact of coronavirus |
| Activity 9: Current news article summaries |
| OPTIONAL Project Work – Physical vs Virtual Shopping – The impact of Brexit and Coronavirus |
| OPTIONAL Project Work - Physical vs Virtual Shopping – The impact of Brexit and Coronavirus |

**Activity 1: Global Brands**

Here are some of the most valuable brands in the world, but they are not in the correct order.



Do some research to find out the correct order and the value of these brands.

|  |  |  |
| --- | --- | --- |
| **Position** | **Brand** | **Brand value $bn** |
| 1 |  |  |
| 2 |  |  |
| 3 |  |  |
| 4 |  |  |
| 5 |  |  |
| 6 |  |  |
| 7 |  |  |
| 8 |  |  |
| 9 |  |  |
| 10 |  |  |
| 11 |  |  |
| 12 |  |  |
| 13 |  |  |
| 14 |  |  |
| 15 |  |  |

**Activity 2: Desert Island Companies**

You are stuck on a desert island, but luckily five companies have already set up there.

Which five companies do you feel would be most important for you to be happy and to survive? Give reasons for each of your choices.

**Activity 3: Entrepreneurs stories**

Read the two case studies about the entrepreneurs and their business start-up stories. Then answer the questions below.

**Entrepreneur 1: Fraser Doherty – Super Jam Fraser**

Doherty always loved jam, especially his Gran’s jam made to her very own secret recipes. So much so, that when Fraser turned fourteen his Gran shared her jam secrets with him and he soon started making it himself, selling his produce at farmers markets and to local shops.

Thing was, Fraser loved eating jam as much as he loved selling it. In fact, he was getting through a few jars of his own jam every week. He quickly realised that all of that sugar probably wasn’t doing his health a lot of good. So Fraser had an idea…

He decided he was going to make the healthiest jam possible using only the most nutritious fruits and without adding any sugar or sweeteners. Originally, his customer base was limited to neighbours and friends from his church, but business picked up quickly, and by age 16, he left school to work on his jams full time.

He tweaked his recipes and came up with a name for his product: Super Jam. Orders picked up faster than he could produce the jam--made from only fruit and fruit juice--in his parents' kitchen, so Doherty started renting out a factory a few days each month. In early 2007, Waitrose approached Doherty hoping to sell his Super Jam products in their stores. Within months there were Super Jam jars on the shelves of 184 Waitrose stores.

Doherty borrowed £5,000 from a bank to cover general expenses and more factory time to produce three flavours: Blueberry & Blackcurrant, Rhubarb & Ginger, and Cranberry & Raspberry. Tesco followed, adding Doherty's products to 300 stores across the U.K. In 2008, Super Jam hit $1.2 million in sales, a 60% jump from 2007. "I can't be preoccupied with the money," says Doherty. "I make jam because it's what I love to do." Success is pretty sweet too.

**Entrepreneur 2: Jamie Murray Wells – Glasses Direct**

Jamie Murray Wells is the founder and Executive Chairman of Glasses Direct, which he started at university. Studying for his final exams at university, Jamie discovered he needed to wear glasses. After visiting his local optician he was so staggered by the £150 price tag. “I got fleeced £150 for a pair of glasses. I looked at them and thought, it’s just a bit of wire and glass, why does it need to cost so much?

So I looked into the costs and found that they could be made for around £15 a pair. I sent my prescription to the lab and then had two pairs that looked the same; the difference was that one cost £150 and the other £15. I realised there was an opportunity here to pass on these savings to customers, so I got together with some university friends, hired a web developer and used the last £1,000 of my student loan to get it started. “

After finding a laboratory to support his idea for providing better value prescription glasses, he set up shop in his parents' front room with friends and family helping out. Word began to spread and within two months of trading, the phone was ringing constantly, and the orders began pouring in. With thousands of enquiries by the end of his summer holidays, what had begun as a sideline had become a real business meeting a real need. Glasses Direct, the first online prescription glasses retailer was born. The business grew in popularity and he raised £700,000 through various business angels (venture capitalists) as well as friends and family. They moved to new premises and hired a team of staff to help with the operations. In the first year they had turned over in excess of £1m and probably saved the UK public many times that amount on their prescription glasses.

Despite early threats of legal action, and pressure on his suppliers from high street brands, Jamie fought to fully establish Glasses Direct in the optical market place, and eight years later, the 29 year-old has seen the company grow to become the largest online retailer of prescription glasses in Europe. The company now ships a pair of glasses every few minutes round the clock, and has saved the UK public in excess of £40 million pounds on their glasses.

According to Jamie it was possible to start up with so little capital thanks to their suppliers – “they would hold the stock for us, send the completed glasses out to customers and invoice us 30 days later. As we were taking payments upfront from customers, this enabled us to get the business going I watched cash flow like a hawk, and was also helped by the diminishing costs of technology and software at the time, after the dot com bubble. Other than this, I had all my friends working for me, and even kicked my sister out if her bedroom so I could use it as an office. I was the customer services, marketing, PR and accounts departments rolled into one. We handed out flyers etc, but word of mouth really made it fly, and we were selling fifty or more pairs of glasses a day pretty quickly. After that it was a question of scaling the business and getting logistics etc. into place. If you want something to work on a £1,000, you can do it, it’s only necessary to prove that the concept works.”

**Questions**

1. What is an entrepreneur? (2 marks)

2. What characteristics did each of these entrepreneurs have that made them successful? (4 marks)

3. How important is market research in ensuring new business ideas are successful? (6 marks)

4. What methods can entrepreneurs use to raise the finance necessary to start up? (4 marks)

5. Both entrepreneurs spotted a gap in market:

a. What gap did they spot? (2 marks)

b. How important do you think it is to spot a gap in the market for a new small business? (6 marks)

6. What are the biggest obstacles to starting up a successful new business venture? (4 marks)

7. “Without the entrepreneurial skills demonstrated by those in the case studies, these businesses would not have succeeded.” To what extent do you agree with this statement? (10 marks)

**Entrepreneurship ; Who’s Your Favourite?**

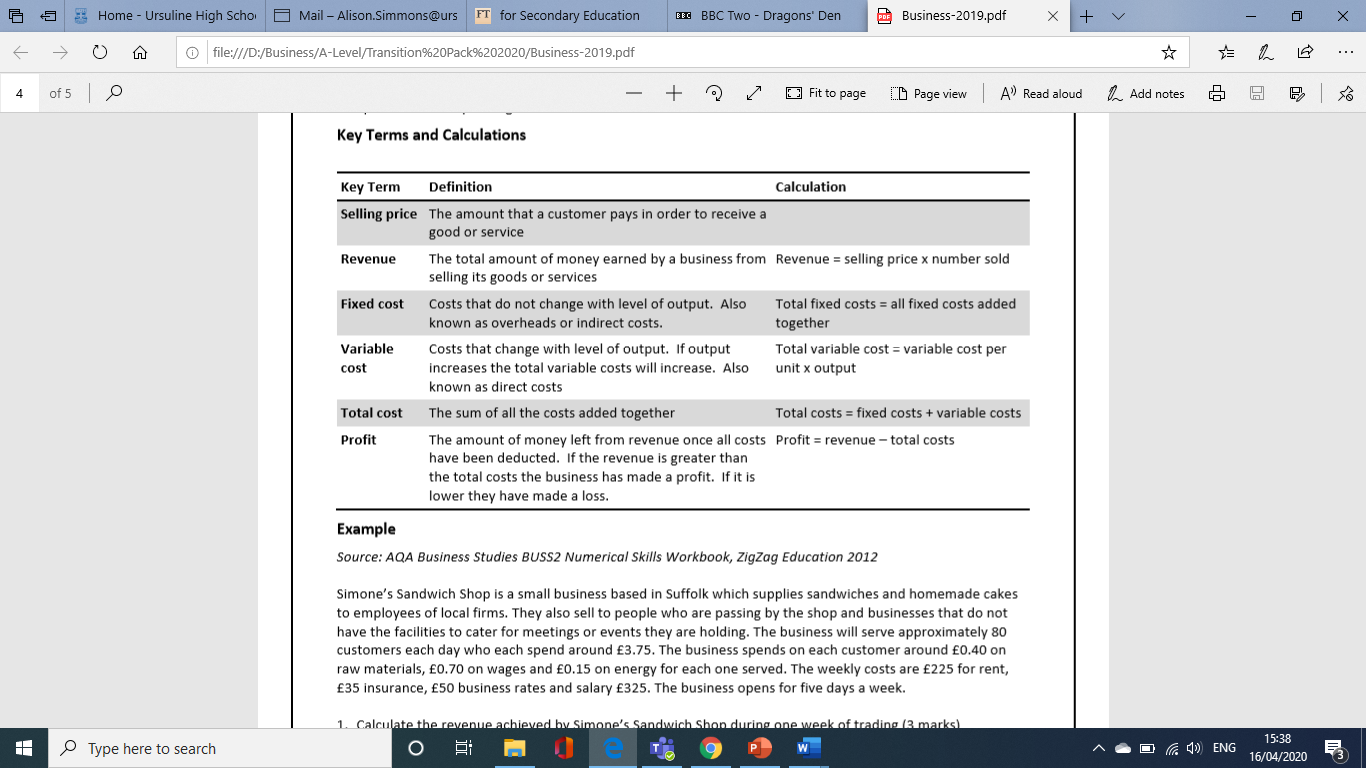
Entrepreneurs are often considered to be the likes of Alan Sugar and Richard Branson but actually an entrepreneur is anyone who has a business idea, sets it up and makes it happen. This could be a small local business as well as a massive multi-national.

Create a short presentation outlining which entrepreneur you admire the most and why. Give some background to their business and their success and which skills you feel have got them there. Why do you admire them? Have you any business ideas?

[](http://www.google.co.uk/imgres?imgurl=http://i.dailymail.co.uk/i/pix/2012/06/18/article-0-03577B730000044D-389_468x358.jpg&imgrefurl=http://www.thisismoney.co.uk/money/article-2161037/Are-secret-entrepreneur-How-know-youve-got-takes-Richard-Branson.html&h=358&w=468&tbnid=jKRnxb_omjfPvM:&zoom=1&docid=J5eLdTPyo0A9UM&ei=hruKVeDIGanU7Abuz5SwBw&tbm=isch&ved=0CEAQMygZMBk)[](http://www.google.co.uk/imgres?imgurl=http://cf.ltkcdn.net/business/images/std/31420-425x284-Oprah.jpg&imgrefurl=http://business.lovetoknow.com/wiki/Famous_Black_Entrepreneurs&h=284&w=425&tbnid=PtpL6fcvUqTRuM:&zoom=1&docid=VwB54vx4aW269M&ei=hruKVeDIGanU7Abuz5SwBw&tbm=isch&ved=0CIcBEDMoYDBg)

**Activity 4: Costs, revenues and profit**

Calculating costs, revenues and profits are part of decision making to improve financial performance. To help you understand the fundamentals of how these concepts are calculated, read the information below and complete the corresponding activities.



**Example**

Source: AQA Business Studies BUSS2 Numerical Skills Workbook, ZigZag Education 2012

Simone’s Sandwich Shop is a small business based in Suffolk which supplies sandwiches and homemade cakes to employees of local firms. They also sell to people who are passing by the shop and businesses that do not have the facilities to cater for meetings or events they are holding. The business will serve approximately 80 customers each day who each spend around £3.75. The business spends on each customer around £0.40 on raw materials, £0.70 on wages and £0.15 on energy for each one served. The weekly costs are £225 for rent, £35 insurance, £50 business rates and salary £325. The business opens for five days a week.

1. Calculate the revenue achieved by Simone’s Sandwich Shop during one week of trading (3 marks)

a. £3.75 x 80 (customers) = £300 per day £300 x 5 (days) = £1,500 per week

1. 2Calculate the total variable costs per week of Simone’s Sandwich Shop (4 marks)

a. £0.40 (raw materials) + £0.70 (wages) + £0.15 (energy) = £1.25 per customer £1.25 x 80 (customers) = £100

1. Calculate the total weekly costs of Simone’s Sandwich Shop (4 marks)

a. Fixed costs = £225 (rent) + £25 (insurance) + £50 (business rates) + £325 (salary) = £625 Total costs = £625 (total fixed costs) + £500 (total variable costs) = £1,125 total costs per week.

1. Calculate the weekly profit or loss of Simone’s Sandwich Shop (2 marks)

a. £1500 (revenue) - £1125 (costs) = £375 weekly profit

**Activity**

Smyth Special Occasions is a business that organizes special events including weddings, stag, hen, birthday and anniversary parties. The business charges each customer £1,000 to organize the event. The business has a number of costs that are paid on a weekly basis:  event planner’s salary £450  office assistant’s salary £300  rent £150  insurance £50  office heating and light £50

The business usually organizes four events per week. The costs associated with each event include:

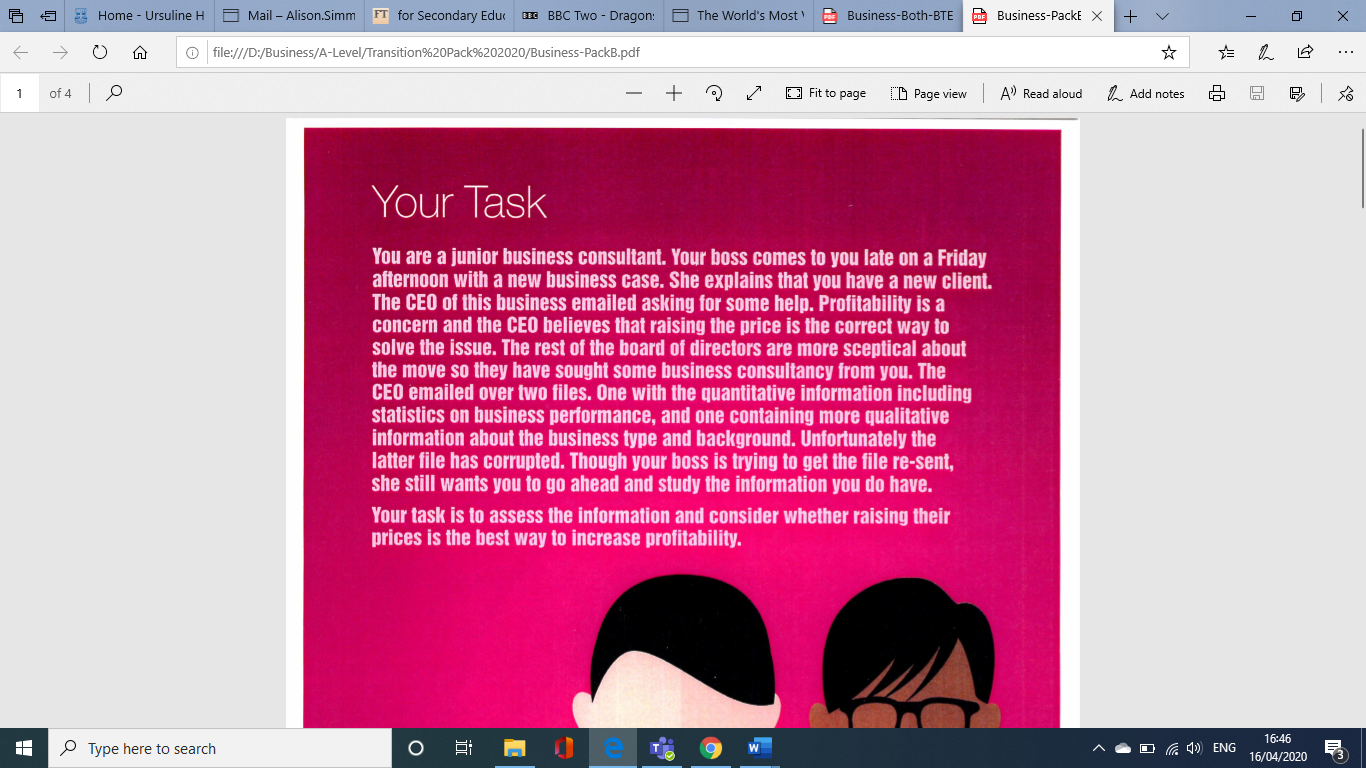
* event staff wages £300
* travel £100  leased equipment £100

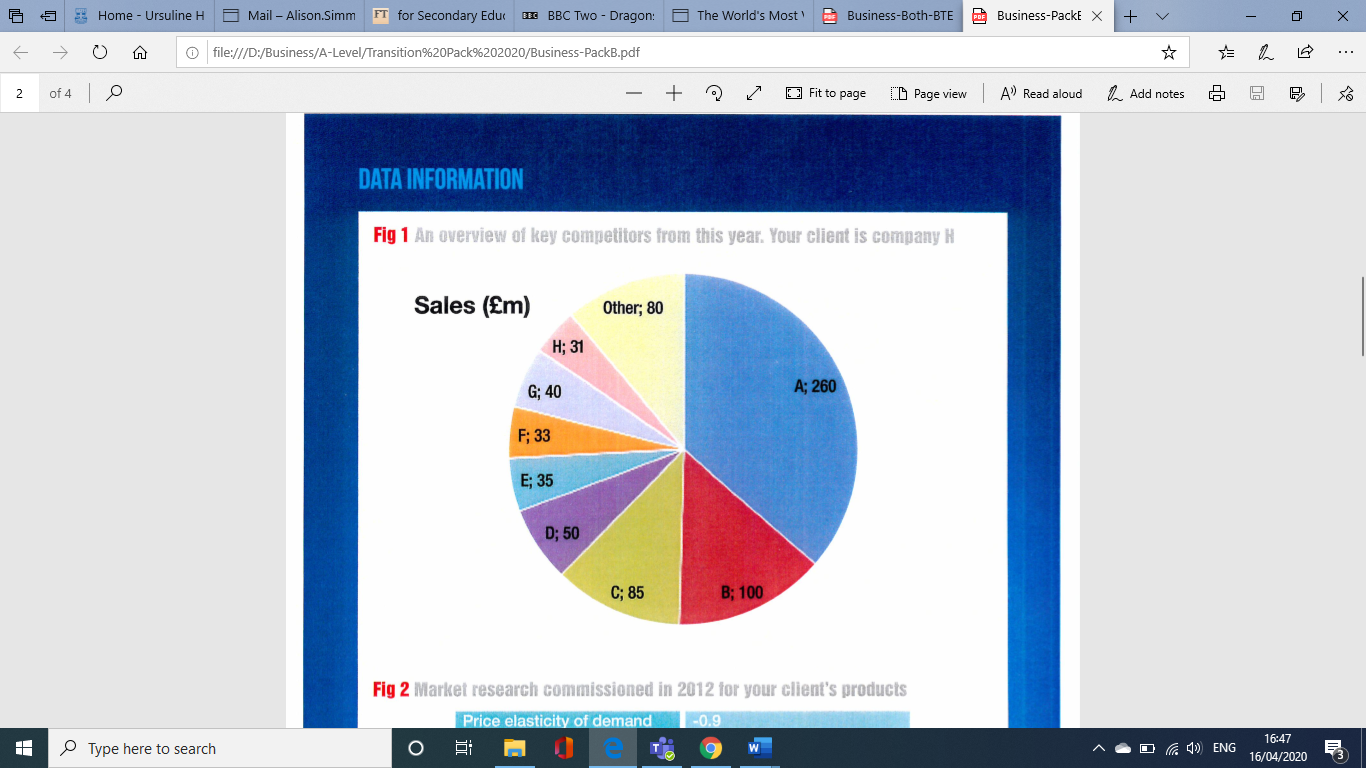
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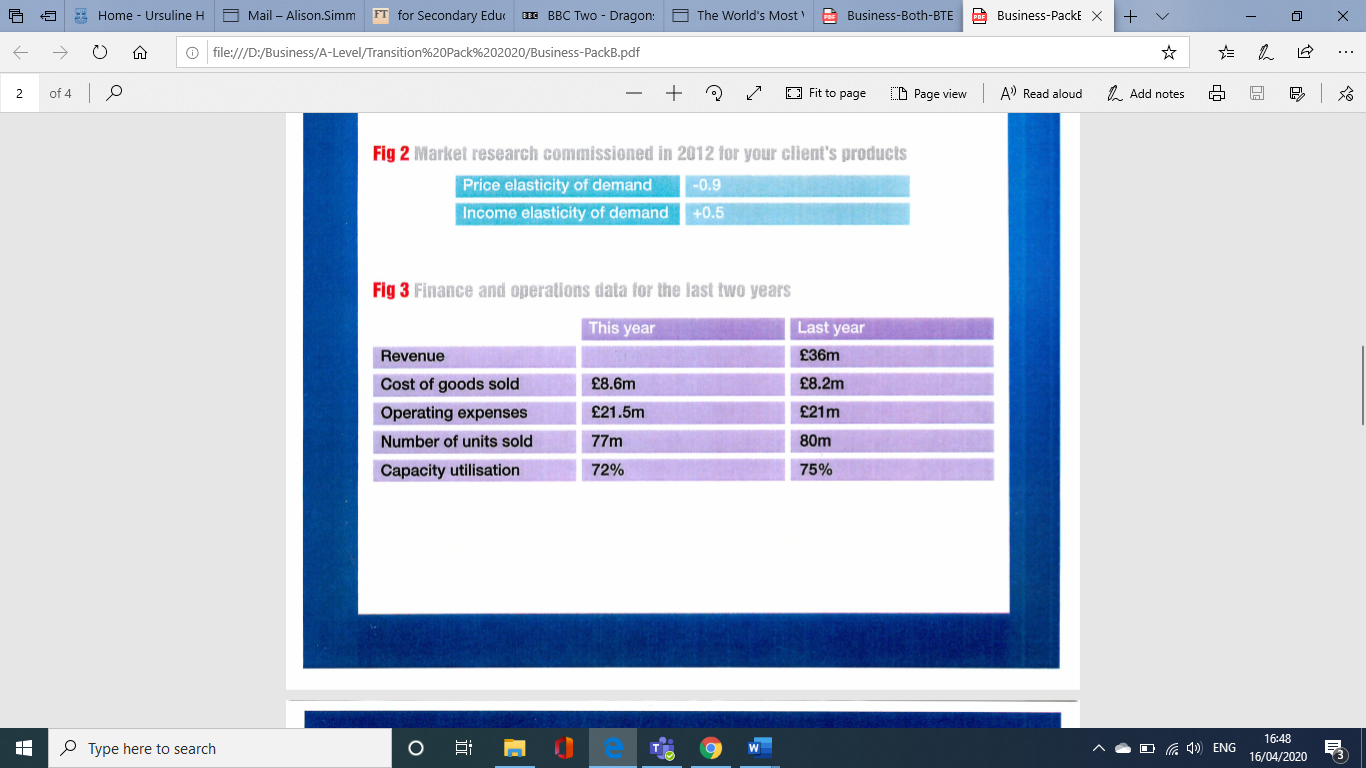
* write your answers on a separate piece of paper with your name clearly at the top
* show your calculations like in the example above
* clearly label your answers

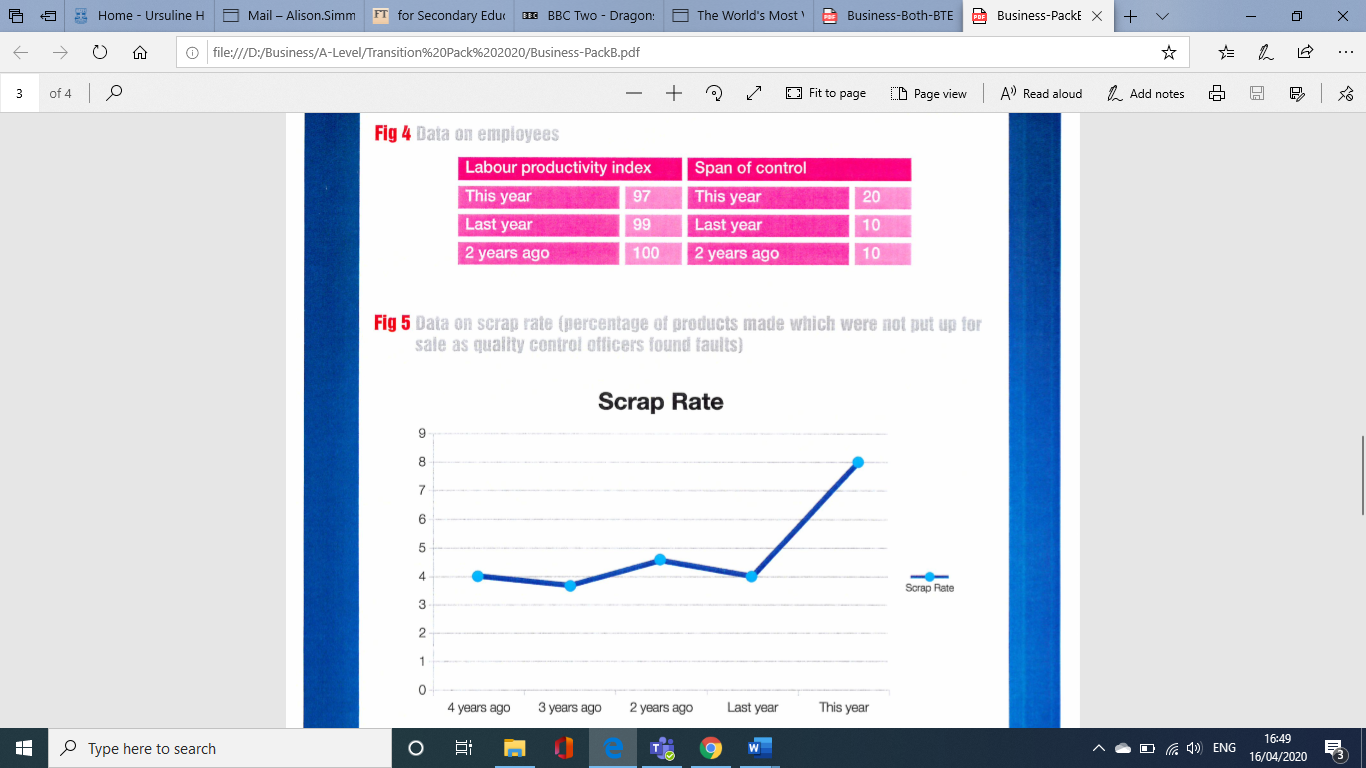
1. Calculate the revenue achieved by Smyth Special Occasions per week (2 marks)#
2. Calculate the total variable costs per week for Smyth Special Occasions (3 marks)
3. Calculate the total fixed costs per week of Smyth Special Occasions (2 marks)
4. Calculate the total weekly costs of Smyth Special Occasions (2 marks)
5. Calculate the weekly profit or loss of Smyth Special Occasions (2 marks)

**Activity 5: Profitability Case Study – Data Analysis**









**Questions**

1. What has happened to profitability? Identify THREE points.
2. Using the data, outline the arguments FOR and AGAINST raising the price.

|  |  |
| --- | --- |
| For | Against |
|  |  |

1. Explain alternative strategies for raising profitability.
2. What other information would be useful to know? Why?

**Activity 6: SWOT Analysis**

Carry out a thorough “SWOT" analysis for one of the businesses shown below:

|  |  |  |
| --- | --- | --- |
| Apple | ASOS | Burberry |
| Amazon | Boohoo | Next |
| Facebook | Debenhams | Ted Baker |
| Google | John Lewis | Zara |

Present your findings as a PowerPoint presentation (10 slides). For more information on how to carry out a SWOT analysis, see:

[www.mindtools.com/pages/article/newTMC\_05.htm](http://www.mindtools.com/pages/article/newTMC_05.htm)

<https://www.youtube.com/watch?v=7JmDXDZYx0s>

**Activity 7: Five Forces Analysis**

Using Porter's "Five Forces" model of competition, conduct a thorough analysis of the competitive threats facing one of the businesses listed below:

|  |  |  |
| --- | --- | --- |
| Asda | Cafe Nero | British Airways |
| Morrison | Costa | easyJet |
| Sainsbury | Pret a Mange | Flybe |
| Tesco | Starbucks | Ryanair |

Present your results as a PowerPoint presentation (10 slides). For information on Porter's Five Forces model, see:

<https://www.youtube.com/watch?v=cm9SsMa56r4>

<http://www.quickmba.com/strategy/porter.shtml>

**Activity 8: The impact of coronavirus**

Watch these videos. Define the key terms listed and write a summary for each.

Business dividends in a crisis

<https://www.tutor2u.net/business/reference/business-dividends-in-an-economic-crisis>

Key terms:

|  |  |
| --- | --- |
| Dividend |  |

**Summary:**

Corporate social responsibility during the coronavirus pandemic

<https://www.tutor2u.net/business/reference/corporate-social-responsibility-during-the-coronavirus-pandemic>

Key terms:

|  |  |
| --- | --- |
| Corporate Social Responsibility |  |
| Social capitalism |  |

**Summary:**

Business impact and response to the coronavirus crisis

<https://www.tutor2u.net/business/reference/business-impact-and-response-to-the-coronavirus-crisis>

**Summary:**

**Activity 9 – Current news article summaries**

Choose THREE current business news articles (or documentaries) from the last 3 months. Use the websites listed in your transition pack to find them.

|  |  |  |
| --- | --- | --- |
| **Title of article** | **Source/Website** | **Date of story** |
|  |  |  |
|  |  |  |
|  |  |  |

Write a summary for each of the news articles, at least one paragraph per news story.

Article 1:

Article 2:

Article 3:

**Optional - Project Work**

Figures over the last decade have shown a rapid increase in the percentage of retail goods which are being bought online. Some retail experts are suggesting that these changes will mean the death of the High street store as we know it, and big reductions in profits for stores based in shopping malls. The implementation of Brexit and the shutdown of the High Street in March 2020 due to the Coronavirus are further blows to the future of Britain’s High Street. Using the information carry out the work Detailed in the back of this booklet and make your own decision on whether the future of shopping is online, or if there will be a place for physical shops in the future.

Back in 2017, the retail think tank produced a document about the future of High Street stores which you can read here: <http://www.retailthinktank.co.uk/whitepaper/what-does-the-future-hold-for-retail-stores/>

In June 2018, the BBC published a news article discussing which type of physical stores were increasing and which were in decline. You can read the article here: <https://www.bbc.co.uk/news/business-44411338>

Can you find any more up to date information? Does it match what the BBC found out or has it changed again? According to many figures, online sales are growing rapidly, but are still a fairly small proportion of overall sales. Look at the data below taken from <https://www.invespcro.com/blog/global-online-retail-spending-statistics-andtrends/>:

**Questions – answer with at least a paragraph per question**

1. What do these articles tell you?
2. Have recent events changed things even more?
3. What can you find online in the summer of 2020, which might give us more clues about the future of the High Street in the UK?

Before Brexit, and before the Corona Virus traditional shopping – on High Streets and Shopping Malls had been in decline for several years following month on month increases in the amounts of retail goods being bought online. Now, following the uncertainty over Brexit and with the High Street experiencing a prolonged shut down because of Government intervention concerning a pandemic virus, Britain’s High Street retailers face an even more uncertain future.

**Activity**

Use your research to answer this question:

Is traditional shopping as we know it about to die out or is there still a future for physical shopping? Discuss.

Try and split your answer into 3 in-depth sections:

* Yes it is because . . .
* No it isn’t because . . .
* Overall I think that . . .

You should aim to write 1.5 pages – half a page per section.