

Pearson BTEC Level 3 Nationals Diploma/Extended Diploma

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Paper
reference

31588H

**Business/Enterprise and
Entrepreneurship**
UNIT 6/12: Principles of Management

Part A

You must have:

Calculator, note paper and pen

Instructions

- **Part A** contains material for the completion of the preparatory work for the set task.
- **Part A** must be issued to learners on the timetabled date so that learners can prepare in the way specified.
- **Part A** should be taken over no more than 6 hours as timetabled by Pearson in advance of the supervised assessment period.
- **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 A** should not be returned to Pearson.
- **Part B** materials must be issued to learners on the timetabled day specified by Pearson.

Turn over ►

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Instructions to Teachers/Tutors

This booklet 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 six hours, or more if needed, 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 on a timetabled day specified by Pearson.

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

Learner 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 must not give you guidance on the Set Task Brief or **Part A** Set Task Information.

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

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

Set Task Brief

You are an assistant to a management consultant contracted to provide advice to *The Fachetti Group*.

Your manager has sent you the text and data contained in the **Part A** Set Task Information.

Your manager expects you to familiarise yourself with this information. She will contact you next week when she finalises the tasks she needs you to complete.

Your manager expects you to spend six hours on this preparatory work.

Part A Set Task Information

The Fachetti Group

Fabio Fachetti is a celebrity chef and TV presenter. He is known for his innovative Italian recipes and collection of restaurants, *Fachetti's*, in the UK's major cities. Fabio is also famous for his ability to inspire and engage his staff. Fabio has a chain of restaurants and he also has a manufacturing operation making gourmet chilled Italian meals. He sells the meals to a number of the UK's major supermarkets. The meals are all made to a high standard using traditional methods and ingredients. The meals are sold at a premium price under the *Fachetti's Kitchen* brand.

The business is divided into the two distinct business divisions – restaurants and manufacturing. Each division has its own divisional manager. Katrina Szynalski is divisional manager for the restaurant division. She has 20 years' experience as head chef in Fabio's most successful restaurant. She also has excellent interpersonal and organisational skills and a democratic management style. Katrina believes it is essential to consult regularly with the 15 restaurant managers and head chefs so that the best decisions are made. She thinks this strategy of consultation is essential in the fast-moving restaurant industry. Staff in the restaurants are paid above the average wage for the industry to attract innovative and experienced workers, even though many of the city centre locations struggle with high rent and rates. These factors have often led to cash flow problems and caused Katrina's management and leadership skills to be called into question.

By contrast Sunny Elder, who runs the manufacturing division, *Fachetti's Kitchen*, is an autocratic leader. He runs his factories according to a strict set of rules and staff are rarely asked for their input. Staff are often disciplined for failing to follow these rules. Sunny thinks he is right to discipline them because he has to make sure that the factories are safe for customers and staff, and that the high quality food products are produced efficiently.

Katrina and Sunny often argue when they have meetings with Fabio to discuss the future direction of the business. Katrina feels Sunny's transactional style limits his creativity and compassion for his staff. In contrast, Sunny has accused Katrina of caring too much about the opinions and needs of staff at the expense of profit and cash flow.

During 2020, many restaurants were faced with business disruption and were forced to close. Restaurant owners had to look for other revenue streams. Initially Fabio opened the kitchens in his restaurants and took orders for home deliveries. This allowed him to provide continuous employment for most of his staff, although the front of house staff had to take up new roles as delivery drivers and order takers. Fabio was very pleased with the commitment and loyalty they had shown.

Extract from the financial information for *Fachetti's* restaurants for the year 2019

	March 2019	April 2019	May 2019	June 2019
Revenue	£26 million	£30 million	£33 million	£34 million
Net profit/loss	£3 million	£4 million	£4.5 million	£6 million
Wages and salaries	£13 million	£13 million	£14.5 million	£14.5 million
Cash flow closing balance (Actual)	£2 million	£6 million	£8 million	£9 million

Figure 1

Extract from the financial information for *Fachetti's* restaurants for the year 2020

	March 2020	April 2020	May 2020	June 2020
Revenue	£10 million	£11 million	£11 million	£11.5 million
Net profit/loss	(£5 million)	(£4 million)	(£4 million)	(£3.5 million)
Wages and salaries	£9 million	£9 million	£9 million	£9 million
Cash flow closing balance (Actual)	£3 million	£8 million	£12 million	£16 million

Figure 2

Despite performing well compared to other restaurant chains, Fabio was concerned that many of his restaurants could not survive after the closure. In July 2020 Fabio held a meeting with Katrina and Sunny to discuss permanently closing all of the restaurants with immediate effect. Fabio accepted that there were many skilled staff employed in the restaurants and that they had shown enormous commitment to the business. He suggested these staff were offered alternative employment in the factories. Katrina asked if she could meet with her team to put together a plan to save the restaurants. Fabio said that he was under pressure to make a decision quickly, but he would consider a rescue plan. He put Sunny in charge of developing the alternative plan and the final business proposal.

Katrina immediately organised a meeting for the 15 restaurant managers and head chefs to discuss a rescue plan, but did not invite Sunny. Yasmin, one of the head chefs, suggested that the restaurant business could be saved if Fabio allowed them to run both the restaurant and the home delivery service together. The other managers wanted to save their jobs, so they agreed to go away to consult with their teams and put some figures together for this alternative plan. When Sunny found out that Katrina and the team had held a meeting without him, he drew up a proposal for Fabio, which concluded that the restaurants were no longer viable.

Fabio called a meeting for all staff where he laid out the plans for the future of the business.

- The restaurants were to close with immediate effect.
- Two new factories would be opened.
- Sunny was to continue as divisional manager for manufacturing.
- Katrina would be demoted to deputy divisional manager for manufacturing.
- Head chefs would be offered positions as quality inspectors – one quality inspector per factory.
- All other restaurant staff could apply for jobs in the factories in either cooking or dispatch.

Fachetti's Kitchen manufacturing division

Despite the pay in the factory being much higher than in the restaurants, many of the staff did not apply for the new roles. Fabio lost over 60% of his restaurant staff, including all his head chefs.

Fabio has set the following goals for *Fachetti's Kitchen*:

1. Zero defect production
2. Reduce staff turnover to January 2020 levels
3. Increase net profit by 10%.

The chilled ready meals market is very competitive. In January 2020, Sunny had introduced a quality assurance system to improve business performance. Each team in the business, e.g. cooking, cold store, dispatch, is given its own target. The targets are monitored and the staff are then paid bonuses if the targets are met.

The quality assurance system ran smoothly for six months before the redeployment of the restaurant staff. Since that time, there have been some problems. Some teams have realised that they are failing to hit their targets because other teams have not met theirs.

For example, the dispatch team has targets to load lorries with meals for customers, but failed to meet its 'dispatch on time' target in July 2020. This was because the packaging team was late delivering two large orders. This team had many of the new staff redeployed from the restaurants. When Sunny was told of this problem, his response was that if the new staff could not meet targets then they should lose their jobs. He said that the reputation and efficiency of *Fachetti's Kitchen* was at risk if he let standards slip and he was not about to let that happen.

**Extract from the staffing, market and financial information for
Fachetti's Kitchen manufacturing division for 2020**

	Jan – Jun 2020	July 2020	Aug 2020	Sept 2020
Staff hitting targets and earning bonuses	100%	60%	60%	68%
Staff turnover	12%	18%	24%	22%
Stock wastage caused by defects/late deliveries	12%	33%	30%	28%
Market share – chilled Italian ready meals	16%	15%	12%	13%
Net profit	£76 million	£10.5 million	£10.5 million	£11.2 million

Figure 3

In a meeting with Sunny, Katrina told him that staff needed support not threats. She suggested it would reduce conflict and resentment between staff, if each team had its own stand-alone target that did not rely on the performance of other teams. Sunny told Katrina that she didn't understand how to run a factory and that she needed to toughen up if she was to succeed in her new role. Katrina phoned Fabio, who told her that they needed to sort it out for themselves.

