

January 2023

Paper
reference

31588H

**Business/Enterprise and
Entrepreneurship**

UNIT 6/12: Principles of Management

Part A

You do not need any other materials.

Instructions

- **Part A** contains material for the completion of the preparatory work for the set task.
- **Part A** is given to learners one week before **Part B** is scheduled. Learners are advised to spend approximately six hours on **Part A**.
- **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 B** materials must be issued to learners during the period 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 approximately six hours on **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 in a timetabled period 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 will clarify when you can undertake your preparation.

Your teacher/tutor must not give you guidance on the Set Task Brief or **Part A** Set Task Information.

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

Part A Set Task Information

Multifit Gyms plc

Multifit Gyms plc (*MF Gyms plc*) was a successful fitness brand with 20 gyms. The business was set up in the late-1990s. Over the past five years it had developed a reputation for outstanding customer service and innovative online classes.

The business employed 300 people within its gyms. It also had 15 head office employees who carried out support activities such as marketing, finance and human resources.

All employees had to complete a supportive six-month probationary period. They were then given permanent contracts. 75% of employees were full-time and the rest of the employees worked a fixed number of hours each week.

Most of *MF Gyms plc's* employees liked the laid-back management style and found it empowering. They liked the flexible work opportunities, for example branch administrators and personal trainers were allowed to carry out some of their duties from home. The personal trainers could also create their own client schedules and deliver some classes online. The managers trusted employees to be professional and work their contractual hours each week. They thought the employees did not need a lot of monitoring.

The managers organised weekly team meetings to discuss the performance of the gym. However, these meetings were usually social events and no one was ever made responsible for missed profit targets or if customer numbers declined. The staff were encouraged to make suggestions to improve the business, such as adding new classes or facilities. Making suggestions made them feel empowered and working relationships were positive. However, there was no system in place to monitor the success of these new activities or to budget for them. As a result, the activities did not often make a profit. *MF Gyms plc* did not conduct staff appraisals and although training and development opportunities were available to all staff, not many people used these opportunities. This lack of training often led to low customer satisfaction rates and a lack of available skilled staff to run popular classes.

At the end of 2020 rumours started to circulate that *MF Gyms plc* was going to be taken over by the UK's leading gym brand *Local Gym plc* that had over 130 gyms. The management of *MF Gyms plc* said the takeover would not happen, but employees were still worried because *Local Gym plc's* conditions of employment were significantly different. As a result, staff turnover at *MF Gyms plc* rose from 5% to 18% in the following 12 months.

In June 2021 there was a story on the front page of a national newspaper confirming the two gyms were going to merge. The enlarged business planned to trade under the *Local Gym plc* name.

MF Gyms plc's employees were disappointed that they had not been consulted and that they found out about the merger from a newspaper story.

The gyms officially merged on the 1 January 2022. Endris Hunt, the Managing Director of *Local Gym plc*, became the Chief Executive Officer (CEO) of the enlarged business. After the merger the senior managers of *MF Gyms plc* either chose to leave or were made redundant. Endris has 30 years' experience of working for *Local Gym plc*, starting as a fitness instructor. He is results driven, has a reputation for pushing for efficiency increases, and expects staff to follow instructions without question.

The new enlarged *Local Gym plc* considered making the following changes to staffing. There would be a small group of core workers who would have permanent contracts and 20% of *MF Gyms plc's* staff would lose their jobs. The remainder of the workforce would be peripheral workers either on zero-hour contracts or would be self-employed specialists. For example, personal trainers and yoga instructors would all be self-employed. *Local Gym plc* will use these peripheral workers to expand the choice of classes and training available to its members. However, these workers will only be employed when there is a demand. Endris believes that managing human resources in this way will help *Local Gym plc* become one of the most efficient gym operators in the country.

The key data for the two businesses is summarised below. Please note:

- There is no data for *MF Gyms plc* for 2022 because it ceased to exist after the merger at the end of December 2021.
- The *Local Gym plc* data for 2022 is for the new enlarged business.

Key data for MF Gyms plc for the years 2018–2021

	2018	2019	2020	2021
Net profit/loss after tax	£130 000	£125 000	£65 000	£60 000
% of employees employed on a permanent contract of employment	100%	100%	100%	100%
Number of branches	18	18	20	20
Average number of members per branch	350	360	320	280
% of gym members who are very satisfied	65%	60%	55%	43%
Employees claiming to be happy at work (%)	48%	52%	51%	52%

Figure 1

Key data for Local Gym plc for the years 2018–2022

	2018	2019	2020	2021	2022
Net profit/loss after tax	£410 000	£525 000	£575 000	£680 000	£760 000
% of employees employed on a permanent contract of employment	65%	63%	50%	45%	42%
Number of branches	115	121	127	128	150
Average number of members per branch	680	670	710	725	675
% of gym members who are very satisfied	72%	70%	69%	75%	78%
Employees claiming to be happy at work (%)	20%	21%	17%	13%	14%

Figure 2

Towards the end of 2022, Endris carried out some secondary research to help him set future goals and inform workforce planning. His findings were:

- the market is predicted to grow by a further 5% over the next five years as people are more concerned about health and wellbeing
- customers increasingly want a greater range of classes/activities
- time-pressed customers demand longer opening hours so they can exercise at the times they choose
- online classes are increasing in popularity – 34% of regular gym members plan to attend an online class in 2023 compared with just 4% in 2018
- a growing number of people use fitness apps
- another trend is boutique fitness where customers pay to attend a specific class – essentially pay as you go.

After reviewing the research results, Endris set the following goals:

1. Increase net profit by 10% by the end of 2026.
2. Increase market share by 5% by offering a wider range of fitness classes.
3. Increase customer satisfaction to 70% by the end of 2026.

To achieve these goals, Endris decided to close five gyms in locations where there are branches close together. He will also require all core employees to be multiskilled and to only work onsite so that he can monitor their efficiency. All workers must be available between the hours of 6 am and 11 pm, seven days per week.

January 2023

Supervised hours 3 hours

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UNIT 6/12: Principles of Management

Part B

You must have:

Calculator, note paper and pen

Instructions

- **Part A** will have been used in preparation for completion of **Part B**.
- **Part B** contains material for the completion of the set task under supervised conditions.
- **Part B** must be undertaken in 3 hours during the date and time and under the conditions specified by Pearson.
- **Part B** 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. It is to be issued at the beginning of their timetabled supervised period.
- **Part B** should be kept securely until the start of the 3-hour supervised assessment period.

Information

- The total mark for this paper is 88.

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Instructions to Teachers/Tutors and/or Invigilators

This booklet must be read in conjunction with the unit information in the specification, the Administrative Support Guide for the unit, and the BTEC Nationals *Instructions for Conducting External Assessments (ICEA)* document. See the Pearson website for details.

The **Part B** set task is undertaken under supervision in a single session of three hours on the timetabled day specified by Pearson. Centres may schedule supervised rest break(s) during this session.

Centres must schedule all learners in the same session and must release **Part B** to individual learners only for their scheduled sessions.

Learner work for **Part B** must be completed on a computer.

All learner work must be completed independently.

Each learner's work must be authenticated by the learner and the teacher/tutor and/or invigilator using the authentication form provided in the Administrative Support Guide for this unit before being submitted to Pearson by the teacher/tutor and/or invigilator.

Refer carefully to the instructions in this booklet, the Administrative Support Guide for the unit, and the BTEC Nationals *Instructions for Conducting External Assessments (ICEA)* document to ensure that the assessment is supervised correctly.

Learners must not bring anything into/take anything out of the supervised environment that is not specified in the Administrative Support Guide for this unit.

Learners are **not** permitted to take notes into the **Part B** supervised assessment.

Centres are responsible for putting in place appropriate checks to ensure that only permitted material is introduced into the supervised environment.

Maintaining security

- During supervised assessment periods, the assessment areas must only be accessible to the individual learner and to named members of staff.
- Learners can only access their work under supervision.
- During any break materials must be kept securely.
- Learner work must be backed up regularly.
- Any work learners produce under supervision must be kept securely.
- Learners are not permitted to have access to the internet or other resources during the supervised assessment period.

Outcomes for submission

Each learner will submit:

- a report
- a presentation with speaker notes/script.

A fully completed authentication sheet must be submitted by each learner.

Instructions for Learners

Read the **Part A** Set Task Information carefully.

This session is three hours.

Your teacher/tutor and/or invigilator will tell you if there is a supervised break.

Plan your time carefully.

You have prepared for the set task given in this **Part B** booklet.

You will complete this set task under supervision and your work will be kept securely during any breaks taken.

You must work independently throughout the supervised assessment period and you must not share your work with other learners.

Outcomes for submission

You will need to submit the following documents on completion of the supervised assessment period:

- a report
- a presentation with speaker notes/script.

A fully completed authentication sheet must also be submitted.

Set Task

You must complete BOTH activities.

Activity 1

With reference to the information and data in the **Part A** Set Task Information, you must prepare a report on the operation of *MF Gyms plc* before the merger.

Your report should:

- show your understanding of how management and leadership styles and skills led to the problems at *MF Gyms plc*
- recommend ways that changes in the management and leadership functions could have improved the performance of *MF Gyms plc*.

The report should be word processed and in size 12-point font.

(Total for Activity 1 = 44 marks)

Activity 2

With reference to the information and data in the **Part A** Set Task Information, you need to prepare a presentation to be delivered to Endris Hunt, Managing Director of *Local Gym plc*.

The presentation must be accompanied by speaker notes/script.

The presentation should:

- show your understanding of the human resource planning issues at *Local Gym plc* following the merger
- recommend ways that *Local Gym plc* can plan the workforce to ensure it meets the business's goals.

(Total for Activity 2 = 44 marks)

TOTAL FOR PAPER = 88 MARKS

Set Task Information

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