

Pearson BTEC Level 3 Nationals

Business/Enterprise and Entrepreneurship

Unit 6/12: Principles of Management

Part A

Monday 30 April 2018

Paper Reference

31588H

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** 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.

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Instructions to Teachers/Tutors

This paper 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.

Set Task Brief

You are a researcher for a management consultancy contracted by *Strines Stoves Ltd*. The Operations Manager of *Strines Stoves Ltd*, Chris North, has asked for your support in his preparations ahead of a meeting with the company's Board of Directors.

Chris North has sent you the text and data contained in the **Part A** Set Task Information. Some of this has been adapted from Jaguar Land Rover Automotive plc's Annual Report 2015–16. He has asked you to familiarise yourself with this information and will contact you next week when he finalises the tasks he needs you to complete.

Your line manager has advised you to spend approximately six hours on your preparation.

Part A Set Task Information

Strines Stoves Ltd (SSLtd)

The Domestic Heating Market

The UK domestic heating sector is substantial, highly competitive and covers a number of markets. One market is the manufacture of products such as boilers, stoves and ranges. This market is influenced by a number of factors such as:

- fuel prices
- energy efficiency legislation
- renewable technologies
- other technological developments, e.g. smart meters and thermostats, next-gen insulation
- trends in housebuilding and home improvement.

UK householders are becoming more environmentally aware and are increasingly looking to smart heating solutions as a way to minimise energy usage and to save money. There is a renewed interest among consumers in burning wood for heating, with multi-fuel stoves being the most popular choice.

Strines Stoves Ltd (SSLtd) has been manufacturing metal multi-fuel stoves since the business was set up in 1985. Since the business was started *SSLtd's* production processes have not changed. Currently the production staff are organised in teams of 15 with one supervisor per team. Production managers give instructions to supervisors who pass these on to individual team members to direct their work. Supervisors also record how many units have been completed or part finished each day, passing this information on to the production managers. The workplace is chaotic with metal panels and other components cluttering the production area.

Chris North has recently been appointed Operations Manager. His last job was in the automotive sector. Chris has found that the production processes at *SSLtd* need to change. He is a proactive manager and wants to improve and update operations. He wants to increase staff involvement and contribution to the production process. Chris would like to improve quality management by introducing a lean manufacturing approach similar to that used by Jaguar Land Rover Automotive plc and other successful businesses. He wants to develop a quality culture at *SSLtd* and achieve an appropriate quality standard.

The Chief Executive Officer (CEO) of *SSLtd* has identified the need to maintain a competitive advantage. He would like to develop a quality culture and introduce new production methods.

The CEO supports Chris's target of achieving a quality standard, but other members of the Board of Directors are happy with the way things are. They state that the business has survived in a competitive market, making a small profit each year. They also claim that the workforce seems happy because there is a low staff turnover.

Jaguar Land Rover Automotive plc's Manufacturing Strategy

Jaguar Land Rover Automotive plc (JLR), part of Tata Motors, is the largest automotive manufacturer in the UK. In the 2016 Bloomberg survey of the country's 400 largest employers, JLR was voted the 'Best Employer to Work For in the UK'.

JLR's strategy for long-term sustainable growth is built on its three principles:

- **Customer First**
Customer First has resulted in the company listening to its customers. In 2015/16 the company created an 'always on' real-time customer listening panel. This principle means that everyone in the company must aim to satisfy internal and external customers by understanding their needs and exceeding their expectations.
- **Great Products**
JLR produces a range of distinctive award-winning vehicles.
- **Environmental Innovation**
Environmental Innovation includes REALCAR, an initiative in which waste aluminium scrap from JLR vehicle production is returned to the supplier and recycled into aluminium sheets for use in the manufacture of future JLR cars. There are other recycling and waste reduction initiatives.

In JLR's quality culture every employee is invited to contribute ideas to improve the way the company works, eliminate waste and create efficiencies. The company has implemented Team Improvement Circles to increase efficiency by listening to its employees.

Lean manufacturing techniques include organising the workforce into small teams with a supporting Team Leader. JLR operates a Just in Time continuous flow production process with visible control management boards.

JLR 2012–16

	2012	2013	2014	2015	2016
Revenue (£m)	13 512	15 784	19 386	21 866	22 208
Profit pre-tax (£m)	1 479	1 674	2 501	2 614	1 557

(Source: figures adapted from JLR Annual Report 2015–16)

Figure 1

JLR Sales by Region 2015–16¹

	UK	N America	China ²	Europe	Rest of the world
Sales (%)	20	19	19	24	18
Change in sales from 2014–15 (%)	+24	+27	-16	+24	0

¹ 521 571 units sold in 2015–16

² Adverse impact of slowdown in the Chinese economy

(Source: figures adapted from JLR Annual Report 2015–16)

Figure 2

JLR – Other Highlights 2015–16

1	Voted Number 1 in Bloomberg's 'Best Employers UK 2016'
2	Exported 80% of all vehicles produced
3	Employed 3 000 new recruits (including 600 graduates) increasing workforce to 38 000 worldwide
4	Won 150 awards including the Queen's Award for Sustainable Development
5	Invested £3.1bn in the company

Figure 3

Lean Manufacturing Techniques in the Service Industries

Lean manufacturing techniques have been adapted for use in the service industries. The supermarket chain, Aldi, applies a lean approach to its business operations, including:

- Just in Time approach to stock control
- staff trained to carry out a range of different tasks/jobs in the store
- stocking fewer variations of each product compared to other UK supermarkets
- trolleys having a £1 deposit system
- rejecting 24 hour a day opening
- sourcing the majority of its fruit and vegetables locally
- customers packing shopping away from the check-out
- pallet-based displays
- replacing standard practices such as shelf stacking by topping up individual products using display-ready consignments.



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