

English for Business

Level 3

Model Answers

Series 4 2004 (Code 3041)

Vision Statement

Our vision is to contribute to the achievements of learners around the world by providing integrated assessment and learning services, adapted to meet both local market and wider occupational needs and delivered to international standards.



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How to use this booklet

Model Answers have been developed by Education Development International plc (EDI) to offer additional information and guidance to Centres, teachers and candidates as they prepare for LCCIEB examinations. The contents of this booklet are divided into 3 elements:

- (1) Questions – reproduced from the printed examination paper
- (2) Model Answers – summary of the main points that the Chief Examiner expected to see in the answers to each question in the examination paper, plus a fully worked example or sample answer (where applicable)
- (3) Helpful Hints – where appropriate, additional guidance relating to individual questions or to examination technique

Teachers and candidates should find this booklet an invaluable teaching tool and an aid to success.

EDI provides Model Answers to help candidates gain a general understanding of the standard required. The Board accepts that candidates may offer other answers that could be equally valid.

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QUESTION 1

Situation

You are employed by a small manufacturing company, *Superpots*, which produces ceramic items such as bowls, plates, plaques etc. The company is currently based in a factory and shop in the centre of the town of Bridgeton but a decision has been made to move to other premises on an industrial estate on the outskirts of the town. Although the move will not take place for several weeks, you have been asked to write a circular letter that could be sent to suppliers and customers. When the move takes place on Monday 10 January, it is likely that the company will have to close to the public for two or three days, but further information will be sent out at a later date.

Before you produce the circular letter, you speak to three senior managers who give you suggestions on what to say.

Interview with Company Manager

The staff know the real reason why we are moving. We simply can't afford the rent at our existing premises, so we are having to find somewhere cheaper. Of course, we shouldn't say this in quite these terms to our customers and suppliers, we should stress the positive aspects. The new place is actually bigger than the old place. We are currently very well located for passing trade in the centre of Bridgeton and we're on a bus route – we can't deny that. But our new place has a big car park and car parking is a nightmare in central Bridgeton. The shop is a little bigger also, so we will be able to display a lot more of our stuff. I hope this boosts our sales – we could certainly do with that.

Interview with Sales Manager

You've probably heard that the new shop is bigger than the old one, so I'm looking forward to this. We hope to introduce some new ranges of decorative plates, so we should be able to show these off very well.

We'll take this opportunity to sell off a lot of our old stock, so we'll be having a grand sale during the last couple of weeks before we move. We've got a lot of stuff that just hasn't sold very well at all, so I hope we can get rid of this if we reduce the prices. I'm sure you can express this better.

Interview with Company Secretary

We have now got a date for the move – it's 10 January. The new address is Meridian Buildings, Central Avenue, South Bridgeton Trading Estate, Bridgeton. We'll keep our present phone and fax numbers, email address and website address, but I'll make sure I've organised the printing of new stationery before the big day.

Suppliers and trade customers will find it much easier to access the new premises as we will have a large trade entrance at the back of the building.

Can't pretend that the South Bridgeton Trading Estate is as attractive as the town centre, but I'm sure you can stress the positive side of the move. We shouldn't forget that people who don't live in Bridgeton but in the towns to the south, such as Middleview or Victoria, will find it much easier to get to us.

Task

Write the letter as instructed. You can assume the company's headed notepaper is used.

(25 marks)

Model Answer to Question 1

Headed Paper

29 November 2004

Name

Address

Dear (name)

SUPERPOTS ARE ON THE MOVE

We are pleased to inform you that to improve our production and customer service, Superpots are moving to larger premises on Monday 10 January.

Of course, we have some regrets about moving from the centre of Bridgeton where we have strong links with the community, but the current premises are simply not large enough to satisfy our plans for growth and we were delighted when we discovered that an ideal site on the South Bridgeton Trading Estate was available. This site gives us the opportunity to expand our production and provide a larger retail shop where we can display much more of our stock to customers, including our exciting new range of decorative plates.

We are also pleased that we will no longer have to contend with the traffic and parking problems that have caused such frustration for our customers and suppliers. The new premises are much more accessible and provide extensive free car parking facilities and our contacts based south of Bridgeton will find it much easier to access our premises. We are currently planning to move on 10 January to Meridian Buildings, Central Avenue, South Bridgeton Trading Estate, Bridgeton. We will advise you of the full details of the move closer to this date. Our telephone numbers, fax number, email address and website address will not be affected. We will attempt to keep any disruption to our suppliers and customers to a minimum but as this is a large-scale operation we might have to close for a short period of time.

We will also be announcing a large sale of our products before the move, but we felt you would wish to know of this exciting opportunity to pick up a bargain. As we will not be able to move much of our existing stock we plan to sell this at greatly reduced prices.

We are very grateful for your support in the past and we hope that we can soon provide you with improved products and a better service.

Yours sincerely

A Candidate

Job title

QUESTION 2

Situation

You are employed as an administrator by a large organisation that manages the hospital in the city of Metrovia. The organisation (the Metrovia Hospitals Trust) has recently been given funding to enable it to improve its services; it plans to build a small centre for patients who have successfully undergone major surgery and who now need a period of rest and care to recover fully.

There has been some discussion as to where this centre should be located. Fortunately, the Trust owns a large amount of land in the area and so no land purchase will be needed. The basic building costs have also been calculated. They will be similar wherever the facility is to be located.

Three possible locations have been identified and you were asked to visit these sites to give your impression. You recently made these visits and you recorded your comments using a tape recorder at each site.

A transcript of your comments appears below.

Site 1: The former hospital laundry site

Arrived here 10.15 on 25 November. This is where the old laundry was located but this was demolished about 6 years ago, I think, and the site has been empty since then. It's the biggest of the sites – about 400 metres square – really a bit too big. I'm surprised the Trust hasn't sold it off before – it's ideal for housing development. Well, it seems quiet enough here. There is a main road at the end of the site but well sheltered by a bank of trees. There are local shops and facilities for patients who can leave the centre. Oh yes, the main road seems to be a major bus route, so visitors can get here – and with a site this size we should be able to provide a car park. Actually parking's not good round here – we might have problems with local people using the car park. I've just noticed – all services are still in place here (water, drains, electricity) so that might reduce building costs but apart from the trees by the main road, not much in terms of landscaping in place here. I'm told grounds are important. We are about 7 kilometres from the main hospital site on the other side of town, so it won't be easy to travel between sites. Left site 11.00.

Site 2: Main site extension

Arrived 11.30. This was the land the hospital bought three years ago for the new Pathology Labs which were never built. So it's alongside the main site. I don't know if that's a good or bad thing, of course. Access will be much easier, but it might be better if patients were away from the main hospital. However, it has a lot of promise. It's not a very large site, about 120 metres by 90 metres but that's big enough. We're on a hill here and there are lovely views of Metrovia Central Park to the South. It looks as if some rubbish has been dumped here, unfortunately. I think it's just household and garden stuff but we'd have to have this cleared. Also the small cabin on the site has been badly vandalised – I had to chase some young people from the place when I arrived. I hope that security won't be a problem. Left site at 12.00.

Site 3: Harton Grange

Arrived here 12.15. Well, here I am at Harton Grange about 3 kilometres from the main site but I feel as if I'm in the country here. It's a lovely little place, already well landscaped. Now this site has a slightly odd history. The Trust has owned it for a long time but the records of how it came to own it have been lost. We think it was given to the Trust many years ago for the purpose we are now considering. We might have difficulty to get planning permission here if we want to build anything else but a recovery facility. But it is a lovely site – set in parkland. It's an irregular shape – more triangular than square with a long side of about 250 metres. At the top of the site is a small stream which will be a wonderful feature if it is landscaped. Then there is – what's that?

[loud noise on tape for a few seconds, then pause].

QUESTION 2 CONTINUED

Sorry, that gave me a shock. I'm standing on the edge of the site and I didn't realise that a railway line runs behind. It's a goods line and someone working on the railway tells me that there are very few trains each day and none at all at night. I assume we could insulate the building against noise but it is something we should consider.

A report on the three sites will be presented to the next meeting of the Trust's Management Committee. You should produce a helpful report but you should not make any recommendations as these will be made by the Trust.

Task

Write the report using an appropriate format.

Model Answer to Question 2

To: Metrovia Hospitals Trust
From: A Candidate
Date: 29 November 2004
Subject: Potential sites for the unit for patients' rest and recovery

Introduction

I have visited the three possible sites and I am able to make the following observations.

Site 1: Former hospital laundry site

Location: 7kms from main hospital

Size: 400 metres square

Advantages:

- quiet location
- local facilities (shops etc)
- on a major bus route
- services (water, drains, electricity) in place
- room for car park

Disadvantages:

- well away from main site – transport could be difficult
- car park might attract local people
- site could be sold off for development
- little existing landscaping

Site 2: Main site extension

Location: adjacent to main site

Size: 120 metres x 90 metres

Advantages:

- next to main site – easy access
- good views over park

Disadvantages

- site requires clearance of refuse
- possible security problems (eg vandalism)

Site 3: Harton Grange

Location: 3kms from main site

Size: odd triangular shape – long side 250 metres long

Advantages:

- little likelihood of planning permission for alternative use
- stream on site – landscaping potential
- already well landscaped – set in parkland

Disadvantages

- non-standard shape
- adjacent railway line – limited service but problems of noise insulation

QUESTION 3

Situation

You are employed by a large retailing company. The company has heard that many of its rivals are increasing profits by using a system called *franchising*. The company has no experience of this and staff know little about it, so you have been asked to do some research on the topic.

You can then meet the staff to assist in holding an informed debate on this topic.

The results of your research are as follows:

From a business textbook:

Definition of a franchise. Franchising involves granting permission for a person or organisation to sell its products or provide its service in a particular area. The person taking out the franchise, the *franchisee*, pays a sum of money to the company selling the franchise, the *franchiser*. The franchisee is then supplied with the product, equipment to make or sell the product and, more particularly, the right to use the business name or logo.

The terms of franchises can vary. Where materials are an important part of the business (eg with fast food) the franchisee might have to buy an agreed percentage of supplies from the franchiser. This can be 100%. Normally one franchisee is given the sole right to operate in a particular area

If equipment is involved, training is often provided by the franchiser.

The franchiser benefits because it does not risk its own capital in expanding the company and does not need to involve itself in the day-to-day running of the franchise. The franchisee gains by buying in to a well-known name, enjoys a local monopoly, and benefits from the publicity generated by the franchiser.

From a website: "How to buy a franchise"

If you are a prospective franchisee, you should consider that there are different stages in the development of your preferred franchise. The costs will vary enormously depending on which stage you take up the franchise, and so will the risks you take.

If you join a franchise very early in its development, you are a *Pioneer*. The fee is likely to be minimal (the franchiser will be keen to expand) and, if you are successful, you have a lot to gain. You can also benefit from the publicity of the success of other franchisees. However, the company will not be well known and there is a high level of risk that the franchise might fail.

Others prefer to join the franchise when this initial stage is over and the franchiser is establishing a reputation which you can build on. They are *Builders*. There is less risk but franchisers can now be more selective so the fees tend to be much higher. Some prefer to join the franchise when the franchiser is very well established and all development work has been done. These are *Inheritors*. Costs are high – successful franchisers are often overwhelmed by applications from prospective franchisees and can demand high fees – but the risk is minimal and there is still scope for developing business ideas to maximise profit.

QUESTION 3 CONTINUED

From “Franchising Gazette” (the leading magazine for franchisees)

Percentage of retail sales made through franchises, 2003

United States of America	32%
United Kingdom	10%
Rest of Europe	8%
Japan	12%
Rest of Asia	8%

Cost of buying a franchise varies greatly. Some can be bought for \$2,000–\$3,000 but buying into a very successful business can cost up to \$500,000.

World-wide, number of franchises doubled 1993-2003. Businesses based on franchises have a greater chance of remaining in business than those not based on franchise – new franchisee has a 60% better chance of remaining solvent than all new businesses.

Task

Using this information, answer the following questions in your own words as far as possible to show your understanding of franchising.

- (a) If you are setting up a new business, what are the main differences between starting a franchise and setting up your own independent business? (4 marks)
- (b) What is the difference between a franchiser and a franchisee? (2 marks)
- (c) What are the main advantages of franchising to the company selling the franchises? (2 marks)
- (d) What is meant by the term a “local monopoly”? (3 marks)
- (e) What are the main advantages for someone taking up a franchise as a **Pioneer**? (3 marks)
- (f) Why do you think that someone might prefer to take up a franchise at the **Builder** stage? (2 marks)
- (g) Why are fees for joining a franchise as an **Inheritor** very much higher than the fees at other stages? (4 marks)
- (h) Where in the world has there been the highest penetration of franchising? (1 mark)
- (i) From what you have read, suggest why you think that more franchises remain solvent than other types of new businesses (ie why do you think fewer franchises fail?). (4 marks)

(Total 25 marks)

Model Answer to Question 3

- (a) Franchising means purchasing from a company the rights to sell products or services in a particular area. Independent businesses are free to sell anything wherever they choose.
- (b) The franchiser sells the franchise and the franchisee buys it.
- (c) The company does not risk investing its own capital and does not have to manage the local business on a day-to-day basis.
- (d) This means having the sole right to sell products or services in one particular area.
- (e) At this stage, the purchasing fee is likely to be low, as the franchiser is keen to expand. However, the franchiser can gain from the reputation gained by all the other franchisees.
- (f) At this stage there is less risk in making an investment as the franchising company has more experience and a good reputation which the franchisee can build on.
- (g) At the Inheritor stage there are many well-developed franchises. The development work has been done and as many people wish to take up the franchise a high fee can be sustained.
- (h) The United States of America
- (i) Franchised businesses have many advantages. They are likely to use large, well established business ideas and can benefit from the publicity generated by all franchises. It is also helpful to have a local monopoly.

QUESTION 4

Situation

You are employed in the Human Resources Department of a company, HV Products. It is the company's policy to encourage as many staff as possible to receive basic training in first aid and a course is about to take place. The course will be held on four successive Friday afternoons starting 7 January at 13.00; each session will last 2 hours. They will take place in the company's first-aid room and be carried out by trained staff from the local hospital. You have been asked to send a memorandum to each member of staff to inform them about the course and persuade them to attend. Attendance is not compulsory but there are clear benefits for both the company and for the members of staff.

The final session will include a practical test and those who are successful will receive a certificate. Anyone who has received recent training (within the last 2 years) need not attend but those who were trained some time ago should be encouraged to attend to up-grade their skills. Staff who normally have lunch at 13.00 can take an earlier lunch at 12.00 on the days of the course.

All members of staff who are interested in attending should obtain the permission of their supervisor or section-head. This is to ensure no departments find themselves under-staffed on these dates, although this has rarely happened in the past. It has proved difficult in the past to encourage staff to attend such courses.

You need to produce a memorandum to be sent to each member of staff; this should include a returnable reply slip so prospective participants can indicate their willingness to attend the course and show that they have received the permission of their supervisors or departmental heads. You should be as persuasive as possible.

Task

Write a memo, with a returnable reply slip, to send to each member of staff.

(25 marks)

Model Answer to Question 4

To: All members of staff
From: A Candidate, Human Resources Dept
Date: 29 November 2004

First Aid Course

I am pleased to announce that we have been able to organise a first-aid course to enable all staff to gain new skills or update their existing skills. Staff are strongly encouraged to attend; trained staff are a great asset to the health and safety of the company and it is always useful for staff to be able to indicate on their CVs that they are trained in first aid.

All personnel, apart from those who have obtained a similar qualification within the last 2 years, will be welcome on the course. The course will be run by qualified staff from the local hospital. It will be held on 4 successive Friday afternoons, in the First Aid Room (Room 17, Block A) beginning 7 January 2005 at 13.00. Staff who normally have lunch at this time may take lunch at 12.00 and each session will last 2 hours.

Members of staff who are interested in this course should complete the slip below and return it to me by 20 December. Such staff will need to consult their supervisor or section head to obtain permission to attend.

I look forward to receiving your reply.

Name _____ Section / dept _____

I would like to attend the first-aid course – signed _____

I have given my permission for the member of staff to attend

Name _____ (Supervisor – Section Head)

Signed _____

Please return this slip to A Candidate, Human Resources by 20 December 2004

