

**AQA  
Business Studies  
Units 2 and 3  
Case Study for June 2005  
Chinatown**

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Teachers open the door for you,  
but you must enter by yourself.”

Chinese Proverb seen on the wall of the Jack Lisle  
restaurant

**You can buy the rest of this series** by visiting  
<http://www.duncanwil.co.uk/business/casewindow.html> Don't forget you will  
get the rest of this series **and** Duncan Williamson's extensive materials too.  
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**Chinatown: choose from the menu**

**Introduction**

This Case Study analysis is divided into SIX parts. Each section will be released over the next SIX days: this first section is free.

The approach taken is to provide the teacher with a set of 'teaching tools' that will allow easy delivery of the Case Study, the aim being to ensure maximum class participation and learning. We do not provide answers: we do provide questions and the means of encouraging pupils to ask even more.

Therefore each day's 'release' will deal with a section of the Case Study in a fashion that will allow instant application by the teacher.

If you are someone studying by yourself then you could still follow the ideas here: but you'll have to be your own critic!

As my Chinese students say: "Remember the SKILLS formula: *simply keep it logical and relevant!*" (Apologies to any Chinese readers...)

## The approach

The landscape format is to allow for frequent jottings as pupils work through what follows.

The approach of this analysis is take a pupil/group of pupils' summary, comment on the summary, suggest an alternative and then develop questions and links from there. In addition 'curious' areas or 'controversy' will be highlighted.

The aim of all this is to encourage pupils to THINK because when the examination comes regurgitation of someone else's expertise will only gain you marks if the question is appropriate. However, develop your own questioning skills and you'll be able to develop your own insights and answers.

The approach as always, is to provide a structure in which learning takes place thus it is the pupils who do the 'linking' to the syllabus NOT the teacher 'telling' the pupils the links. Each link made must of course be justified and explained and in this way key areas of the syllabus will be revised. When the whole case study is brought together (see 'day six') then the whole syllabus is studied 'in an integrated manner' which has long been the aim of Chief Examiners.

*“Candidates are required to develop an understanding of the interrelationships between the various components and disciplines that make up the subject. This integration must come through an understanding of the basic unifying theme of the subject: the process of decision making set against a dynamic external environment...”*

**Bruce Jewell** in 'An Integrated Approach to Business Studies' 1996

## The beginning

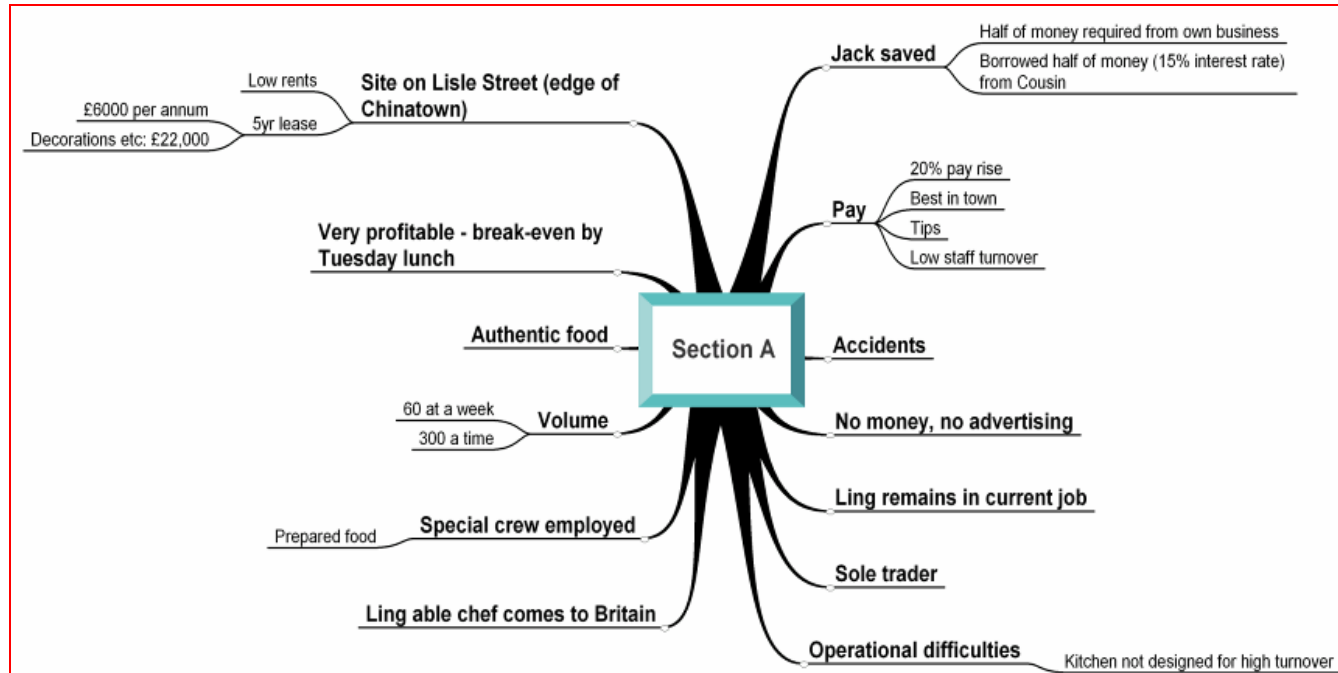
This first section draws largely on the conference held at Bloxham School in March 2005.



<http://www.bloxhamschool.com/intro.html>

1. Split the class into groups: 6 groups in all
2. If any of the class are from year 12/13 (Upper Sixth) then they become the 'summary group'.
3. Allocate each section of the case study to a particular group: therefore group 1 does section A; group 2, section B and so on. The Upper Sixth have to summarise the whole case study.
4. The individual groups have to mind map the section of the case study, present it to the class and answer questions. (Alternative approaches include changing the groups round with people presenting their MMap to other groups. This leads to less of a full discussion but more of peer-group participation.

The mind map drawn by the group covering Section A is shown below:



**Comment on the Mind Map above:** there is no clear link between the ideas. Too many words: the aim is to shorten the text!



1. Ling Man

<b>Topic - branch</b>	<b>Module 2</b>	<b>Module 3</b>
Found work easily: able chef	Importance of training	

2. Head Chef

<b>Topic - branch</b>	<b>Module 2</b>	<b>Module 3</b>
Bully	Herzberg's demotivator	
	Leadership style	
Targeted Jack Wei	Vroom: expectancy theory	Practical problems of start-ups - finance
	Work environment	

3. Own business

<b>Topic: branch</b>	<b>Module 2</b>	<b>Module 3</b>
Own business	Motivation: control of destiny?	Starting up
Location Lisle Street		Identifying an opportunity
Costs		Practical problems of start ups
Type of business unit (sole trader)		Legal structure

4. Capacity

<b>Topic: branch</b>	<b>Module 2</b>	<b>Module 3</b>
Capacity	Capacity utilisation	
	Economies of scale?	

5. restaurant starts

<b>Topic: branch</b>	<b>Module 2</b>	<b>Module 3</b>
Restaurant starts: good	Recruitment?	Cash flow
Products	Quality control	Economic environment impacting on demand? (Income elasticity?)
		Social aspect -people at out more?
		Increase of immigration by Chinese?

6. problems

<b>Topic: branch</b>	<b>Module 2</b>	<b>Module 3</b>
Problems	Herzberg: working conditions	Law on Safety?
	Recruitment?	Stakeholders (staff, owner, customers)

7. Solved?

<b>Topic: branch</b>	<b>Module 2</b>	<b>Module 3</b>
Solved?	Consultation	Wages/inflation
Jack asks staff	Leadership (contrast with bully)	Safety
	Working conditions (extractor fan)	
	Financial incentives	
	Maslow, Taylor etc	
	Delegation (special crews)	
	Status (best paid in town)	
Low labour turnover	Advantages of	
	motivation	

**Notes:** The above boxes would clearly change if the mind Map is drawn differently. For example, if the branches had different ‘stems’ or key points. What, I hope, is being conveyed here, is a ‘method’ by which this section (and therefore the whole Case Study) can be taught.

Having identified the key areas of the syllabus (and perhaps with the same headings, your pupils may find more connections) these areas can be refreshed: in the context of the Case Study. Thus the syllabus is being revised but also being related to the Case Study (as opposed to learning the Case Study and then relating it to the syllabus).

So far one lesson may have been spent going over the Section A, drawing the Mind Map, changing and adapting it etc.

Another lesson spent relating it to the syllabus then refreshing these areas of the syllabus, using the case Study as a reference point.

The approach as always, is to provide a structure in which learning takes place thus it is the pupils who do the 'linking' to the syllabus NOT the teacher 'telling' the pupils the links. Each link made must of course be justified and explained and in this way key areas of the syllabus will be revised. When the whole case study is brought together (see 'day six') then the whole syllabus is studied 'in an integrated manner' which has long been the aim of Chief Examiners. *"Candidates are required to develop an understanding of the interrelationships between the various components and disciplines that make up the subject. This integration must come through an understanding of the basic unifying theme of the subject: the process of decision-making set against a dynamic external environment..."*

**Bruce Jewell** in *'An Integrated Approach to Business Studies'* 1996

**Now for some discussion!**

With an election just having been announced there should be plenty of areas to expand on in terms of the Political environment!

Ling Man came to Britain in 1994. What makes Britain an attractive place to emigrate to?

<p><b>Your initial comments:</b></p>
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What is a 'macho culture' and how does the culture of the workplace affect the motivation of staff?

**Your initial comments (think Herzberg):**

The head chef is a bully, he targets Jack. How does leadership style affect motivation of workers and how did Jack deal with it?

**Your initial comments:**

Jack is half way towards saving enough to start his own business. Why not borrow it all? How important is a business plan when raising finance?

**Your initial comments:**

Jack considered the fringes of Chinatown. How important is location for a business such as a restaurant? Is location more important than costs to a start up?

**Your initial comments:**

Jack Lisle is the trading name. How important is the 'name' of a restaurant to the success of the business?

**Your initial comments:**

The business will be operating as a sole trader. What types of business unit are there and what are the key considerations when deciding what form the business should take?

**Your initial comments:**

The business was busy from noon to midnight. Is this likely to have created any 'human resources' problems for Jack?

**Your initial comments:**

The kitchen was not designed for such rapid turnover. Evaluate possible options available to Jack to deal with these problems.

**Your initial comments:**

Jack talked to staff about how to improve things. Contrast this style of management with that of the Head Chef.

**Your initial comments:**

Jack and the Head Chef faced a similar problem: that of a crowded kitchen. Contrast the different approaches they took.

**Your initial comments:**

How important is motivation of staff to a business such as a restaurant?

**Your initial comments:**

Examine the impact short and long term of high wages on

- a) motivation of staff
- b) quality of service and
- c) success of the business.

To what extent does the external environment affect the motivational effect of an increase in wages?

**Your initial comments:**

Although the data about the economy is in Table 2 (page 9) of the case study it's as well to start incorporating it now. So.....the restaurant starts and does well. To what extent does the economy as shown in the figures, affect the success of a restaurant?

**Your initial comments:**

### **An area to think about**

The lease was £6,000. Building work, decoration and equipment cost a further £22,000  
Half the money was borrowed at 15% interest. Jack breaks even after one day of 300 customers.

*What must be the unit contribution?*

Several teachers were asked this: here are their answers. Can you pick the right one?

1.  $£150,000/£1 = 150,000$  units  
BE2 is fraught with difficulties as we don't know when the week starts: Sunday or Monday?  
I assumed that the borrowings related just to the decoration and so on, half of 22,000 = 11,000 therefore interest per year = £1,650.  
Add the interest to the lease payments (assumed he has the cash for that)  
Then the calculation is

$\pounds 7,650/x=120$  covers (assuming the week starts with Monday .... solve for  $x = \pounds 63.75 =$  contrib. per unit  
 $\pounds 7,650/x=120$  covers (assuming the week starts with Sunday) ... solve for  $x = \pounds 42.5 =$  contrib. per unit

2. He breaks even after 300 covers.  
(or 'becomes profitable')

Break even is achieved after one day: Tuesday thus restaurant closed on Monday ... I think. Sunday is seen as end of week, not beginning. If it's the beginning then it's closed for 2 days a week.

Anyway, that's by the by.

$FC = \pounds 7,650$

$\pounds 7,650/52$  ...let's say 50 =  $\pounds 153$  a week

$\pounds 153$  a week = FC

$\pounds 153/300 = 51p =$  contribution

3.  $FC = \pounds 22,000 + \pounds 7,650 = \pounds 29,650/50 = \pounds 593/300 = \pounds 1.97$

4.  $FC = \pounds 11,000$  (as he pays that) +  $\pounds 7,650 = \pounds 18,650/50 = \pounds 393/300 = \pounds 1.31$

5. Jack says the BE point is reached after 300 covers. In that case ...

$(\pounds 7,650/x=300 \text{ covers})/52 \text{ weeks } x = \pounds = \pounds 22.50/52$  contrib. per cover =  $\pounds 0.433$  per cover

6. Seeing as you only need to know fixed costs and number of customers to calculate break even ...

Depends how you allocate the fixed costs to determine how much of the fixed cost you want to cover each week ... weekly seems a strange way to do the thing with this information.

If you are going to take Jack's word for it that 300 customer would be break even ...

Fixed costs per week divided by 300

Lease is fixed  
Interest will be fixed

£6,000/52 assuming 52 weeks a year

£22,000 spread weekly however you decide

Interest depending on the type of rate quoted but assume flat = 15% of £11,000 plus 15% of £6,000 if full sum means including lease for first year

I would probably assume that the loan was being repaid over the same time period that you use for spreading the cost of the costs written off

Seeing as you have no idea how long each customer stays the 60 customers seems irrelevant without making assumptions

Noon tilll midnight also no use without assumptions

Contribution per unit required is simply fixed costs allocated to each week/number of customers ...

Jack says 300 and that this will be reached by midnight Tuesday therefore fixed costs/300.

Unless of course Jack is wrong you can't give an answer unless you pick a time period over which the fixed costs are to be recovered and that is nothing to do with turnover of tables from now until Tuesday.

Assuming the rate is flat and Monday is the first day of the week then

written off in 1 year 1 0.95p  
written off in 1 year 2 0.57p  
written off in 1 year 3 0.44p

written off in 1 year 4 0.38p

written off in 1 year 5 0.34p

I have only included whole years and from 1 to 5 years

**Note:** Break even is in Unit 1 but decision making permeates the whole syllabus!

### **Conclusion**

The above merely provides some ideas as to how to approach this Case Study, starting with Section A. In no way are the mind maps here supposed to be the ideal: the ideal is a mind map drawn by YOUR pupils and fully understood by them.

Why not visit [www.osl-ltd.co.uk](http://www.osl-ltd.co.uk) and <http://www.duncanwil.co.uk/> and browse through the extensive resources there. Also, why not book a conference at: [www.oxford-conferences.com](http://www.oxford-conferences.com) ?

What is the greatest sign of success for a teacher...?

It is to be able to say "the children are now working as if I did not exist".

**Maria Montessori**

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**Next ... Great leap Forward!**