

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

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**6 April 2005**

“如果儿子是无知的, 他的爸爸将责备”  
*If a son is uneducated, his dad is to blame*  
Chinese Proverb seen on the wall of the  
Jack Lisle restaurant

**Introduction**

This Case Study analysis is divided into SIX parts. Each section will be released over the next SIX days: with the first section being 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 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 Lelevant!*” (*Apologies to any Chinese readers...*)

**The approach**

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’ or ‘some things to be considered’ 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.

## Part C from tertiary to secondary

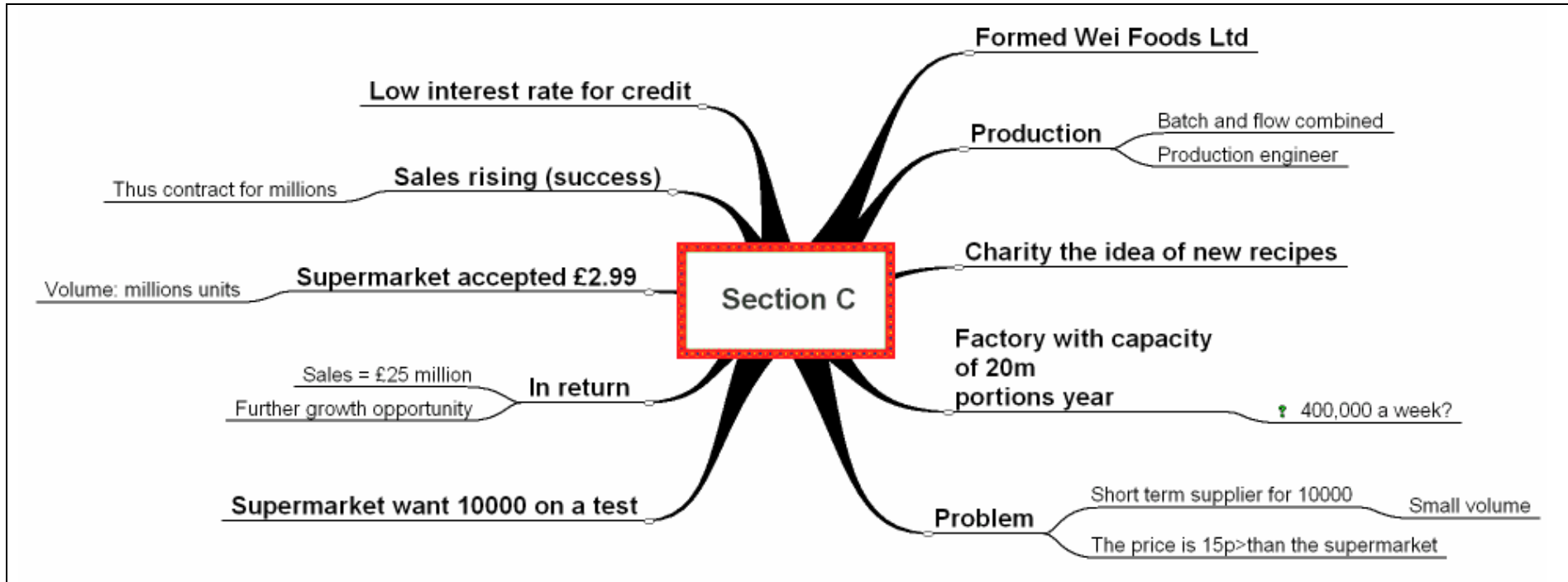
On 27<sup>th</sup> and 28<sup>th</sup> of April I am running a conference at Kirkham Grammar School:

The logo for Kirkham Grammar School, featuring the school's name in white, serif, all-caps font centered within a dark blue rectangular background.

Source: <http://www.kirkhamgrammar.co.uk>

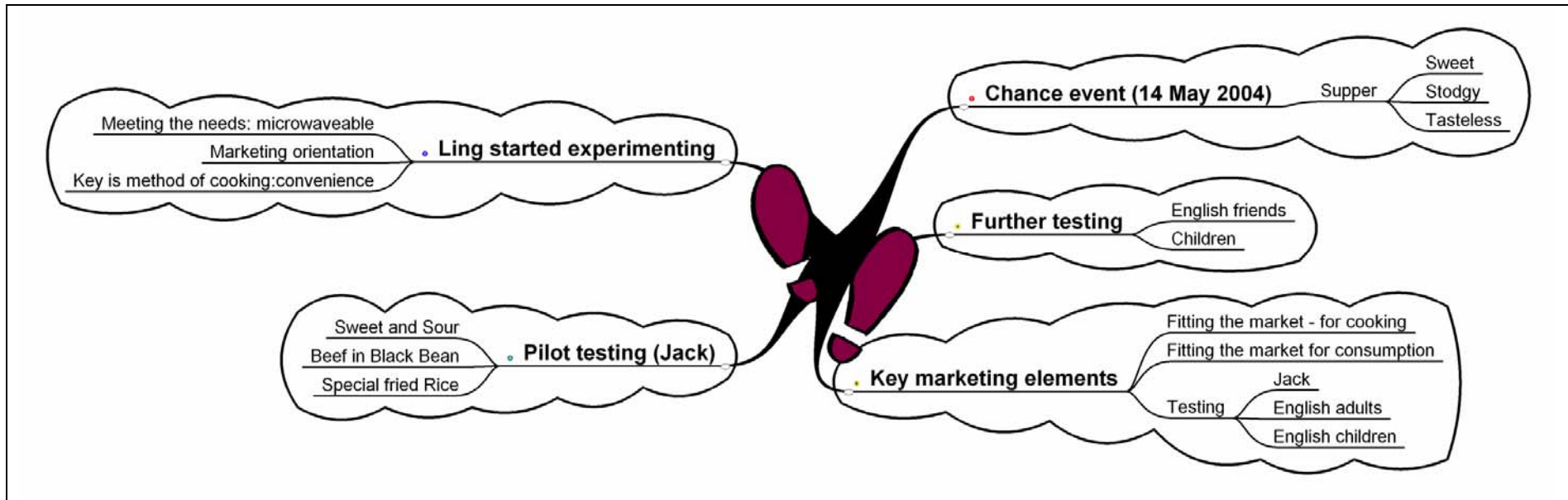
It is likely that among the many topics covered will be the creation of Wei Foods Ltd as this conference is specifically about the Case Study.

One of the things we will be doing will be to Mind Map various areas of the Case Study for discussion. At a conference at another school the following Mind Map was created by a group of five of the class. This is shown on the next page. (*You could use this space here to create your own Mind Map....*):



### Comments

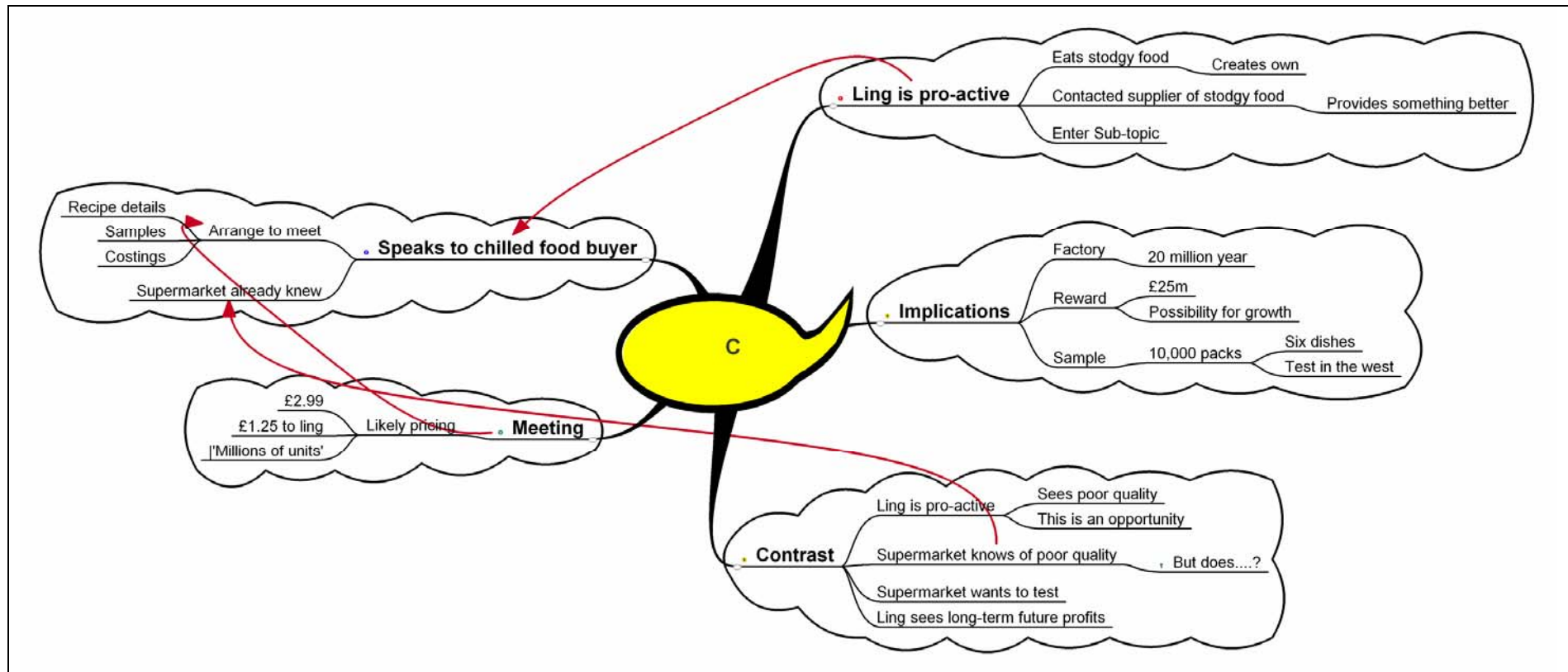
This is just a list of points coming off a central theme ie (imaginatively) 'Section C'. There has been no attempt to link ideas or to use the Mind Mapping technique in a creative way. Thus what is here is littler better than just listing the points on a page. Clearly some points need to be expanded on as shown in the Mind Maps below.



### Comment

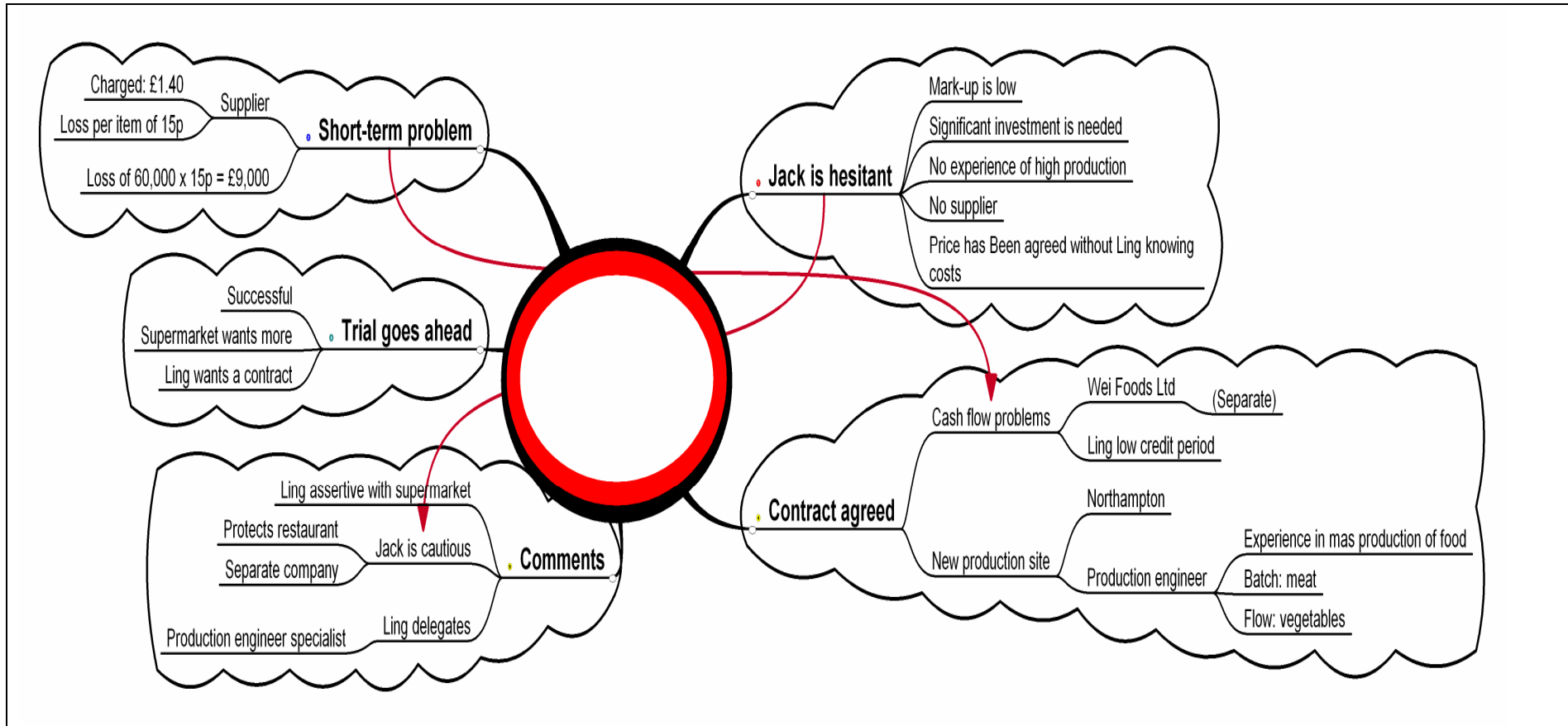
This shows an expansion on the preparation Ling did before telephoning the head office of a supermarket. The product was tested. Note how the aim was not to produce a high quality product but a high quality product that could be cooked in a microwave. In this respect she is putting the needs of the customer first ie convenience and speed of cooking.

## Further developments



## Comment

Here we can see different characteristics of Ling and the supermarket Chilled Food Buyer.. The supermarket knew there was a problem with the Chinese food but: as far as we know: had done nothing about it. Ling, pro actively comes along with a possible solution and they welcome her. She now has to produce samples: and that alone means a risk because the mark up is so small that the business will not be worthwhile unless there is high volume. This leads Ling to make a decision...



### Comment

Here again we see a contrast of management styles between Ling and Jack. Jack is cautious and takes steps to protect his own business by Wei Foods Ltd being a separate legal entity i.e. separate company. Ling is assertive and manages to negotiate with the supermarket: they want more tests and she wants a contract.

**Task:** create a mind map on a piece of A3 that summarises the ones above. Make sure you show all the various relationships...

Again, allowing pupils to do the work (and thus the learning!) they could be asked to relate each ‘branch’ to an area of the syllabus. Thus we could end up with:

1. Invited to a charity event

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Luck	Quality control	Identifying an opportunity

2. Ling started experimenting

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Market orientation	Management style	Identifies an opportunity

3. Pilot testing (Jack)

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Range of products: sweet and sour etc		Short term objectives

4. Further testing

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
English friends/children	Benchmarking?	Short term objectives

5. Key marketing elements

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Testing	Quality control, improvement	Short term objectives

6. Ling is pro active

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Contacts buyer	Centralised purchasing/quality control	stakeholders

7. Ling speaks to chilled food buyer

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Arrange to meet		Stakeholders/problems of small firms

8. There is a meeting

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Likely pricing	Production & marketing: costs	Problems of small firms

9. What are the implications of this situation?

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Factory	Economies of scale?	Practical problems of start ups: cash flow

10. Contrast

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Supermarket knows of quality	Quality control	Identifying an opportunity

11. Jack is hesitant

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Jack is hesitant	Management style; risk averse	Practical problems: cash flow; legal structure of business

12. Short term problems

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Supplier	Costs of production	Practical problems: cash flow; business planning

13. Trial goes ahead

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Trial goes ahead		Short v long term objectives

14. Contract is agreed

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
New production site	Location	Practical problems : location
	Economies of scale	

15. Comments

<b>Topic : branch</b>	<b>Module 2</b>	<b>Module 3</b>
Comments	Management styles	Stakeholders?

**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. This third instalment of the Case Study analysis has expanded on certain areas of Section C and allowed room for comments. This approach encourage pupils to be more analytical when reading the Case Study. Not only should they be thinking of the syllabus and how it relates to the Case Study but vice versa. By allowing ‘comments’ some evaluation will take place: it also allows for revision for some of the topics in Module 1 eg pricing policy. (£2.99 = psychological pricing)

**Now for some discussion!**

1. To what degree did 'luck' play a part in the move from tertiary to secondary?

**Your comments:**

2. The opening paragraph implies that the dishes were sweet, stodgy and tasteless in part because they were microwaved: or is that a false interpretation? Could it have been that the meals were fine, it's just they were not suitable for microwaving? Does that explain Ling's approach: to look for dishes that were to be microwaved?

**Your comments:**

3. After a couple of weeks Ling had three dishes: chicken, beef and Special fried Rice. Do you think these dishes appear in the case Study purely by chance or is there some method in Ling's actions?

**Your comments:**

4. The supermarket knew about its 'disappointing Chinese range'. What does this say about the supermarket? What does this say about Ling? Does this make her position stronger: or weaker?

**Your comments:**

5. The psychological pricing of £2.99: is that for each dish ie are all dishes priced the same?

**Your comments:**

6. The 'millions of units' suggests considerable economies of scale. In view of that was Ling's shock at the mark up a little naïve?

**Your comments:**

7. Ling and Jack knew they would need a factory capable of producing 400,000 a week. Is that a sensible move: to assume all the production would be directly under the control of Ling's firm?

**Your comments:**

8. 10,000 packs of six different dishes to be tested in the South West. Ling then managed to stop the testing. What does that suggest about a) Ling and b) the supermarket?

**Your comments:**

9. The supplier insisted on charging £1.40. The supplier 'insists'. What arguments could Ling put to encourage the supplier to drop the price?

**Your comments:**

10. The trial cost Ling £9,000. Was that risk unavoidable?

**Your comments:**

11. Why did Ling create Wei Foods Ltd?

**Your comments:**

12. Are there any advantages for Jack, as a restaurant owner, of Ling owning a separate company that supplies supermarkets with microwaveable Chinese food?

**Your comments:**

13. The production engineer has experience in mass production. His plan is for a combination of batch and flow production. What do all these terms mean?

**Your comments:**

14. Why was meat to be *batch* production and vegetables *flow* production?

**Your comments:**

### **Some things to consider**

- ✓ If the trial was unsuccessful, ling would have lost £9,000. Was her behaviour wise to agree to the trial? What steps could she have taken to minimise the risk of failure?

- ✓ Ling moans about 60,000 \* 15p. This seems to ignore the cash flow cycle: she'd have to pay the producer before she receives the money from the supermarket. Therefore it's not 60000 \* 15p but 60,000 \* £1.40. A considerable difference. Apparently Jack's financial prowess means he happily borrows money at 15% interest: where will Ling get the money from and how will she afford it? Will the 'entrepreneurial climate' be likely to support her?
- ✓ The supermarket asks a customer, who brings in a few samples to suddenly produce 10,000 ( times 6). No offer of help? No advice as to where it can be produced? What about its agreement with its existing supplier? Is this fantasy land? A weakness in the AQA Case Study.....or does it suggest there's going to be a question about strategy or business plans....? ' (Luck' has been asked about before in AQA Business Studies....)
- ✓ *Excellence is not an act but a habit. The things you do the most are the things you will do best.* (Marva Collins) The supermarket entrusted Ling to arrange production of 10 million units a year: what experience did she have? How did she select the Stevenage supplier/ what was the time from the 'charity event at a local school' to signing a contract worth £25m?
- ✓ The contract was drawn up within a month. Where was Ling's legal advice? This specialist production engineer: he was busy claiming Job Seeker's Allowance and Ling was luck to find him? These things take time! So foolhardy supermarket buyer (did he have authority to agree all this); extremely hyperactive and lucky Ling; an unrealistic Case Study from AQA.

**You choose!**

### **Conclusion**

The above merely provides some ideas as to how to approach this Case Study, Section C. 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. You are urged to 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) ?



**The chilled foods buyer was very happy....**