



Cambridge Pre-U

BUSINESS AND MANAGEMENT

9771/01

Paper 1 Business Concepts

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INSERT

2 hours 45 minutes

INFORMATION

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.



This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 3 Pre-U Certificate.

This document has **4** pages.

Willowbrook Pizza House (WPH)

WPH is a private limited company that produces pizzas. The company has four outlets in Leicestershire. WPH was set up 10 years ago by two friends, Baz Willow and Sienna Brook.

Baz and Sienna met at catering college and share a passion for Italian food. They invested their own savings in the business as well as taking out a bank loan. They reinvested the profit and expanded the business, opening a new outlet every two years.

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Each outlet has a small seating area where customers can sit and eat their food. However, the majority of customers take away their food to be eaten elsewhere.

Distribution

WPH's customers can place an order in one of three ways:

- In person – customers come into an outlet and typically wait for 20 minutes for their pizza.
- By telephone – customers telephone an outlet and are given a time to pick up their pizza or can choose to have it delivered.
- Online – WPH uses an online service where customers can order using a webpage or App and have their pizza delivered. The online service adds a £0.50 charge to the customer and also charges a 14% commission to WPH.

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Fig. A shows the proportion of customers that used each distribution channel in 2021.

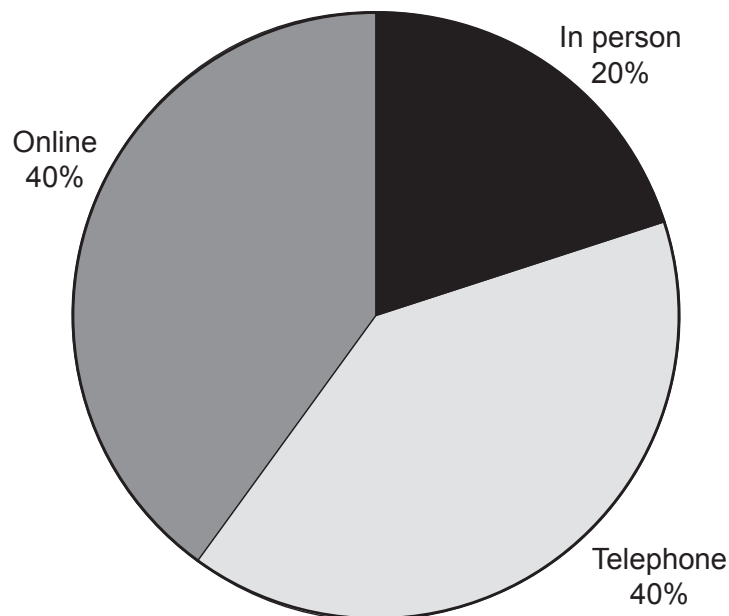


Fig. A: WPH distribution channels

Sienna thinks that WPH should stop using the online service and develop its own website and online ordering service.

Pizza production

Each WPH outlet currently produces pizzas using job production. A customer will place an order before the dough is shaped and toppings placed on the pizza base. Each outlet has two pizza ovens that can cook up to six pizzas at a time. 20

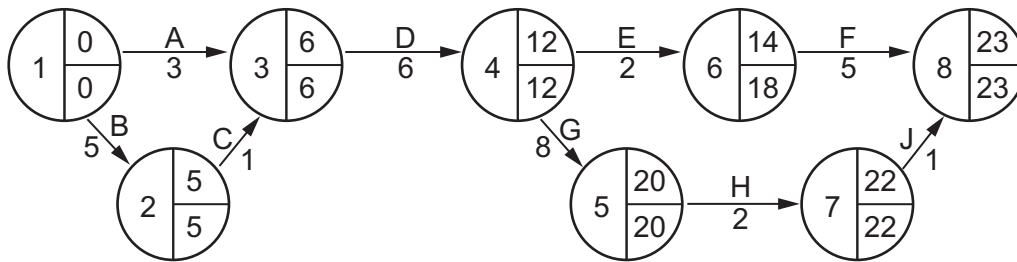
The production of the pizzas is very labour-intensive and the cooks are trained in health and safety and ways to maintain high levels of quality.

Baz believes that WPH should move to batch produced pizzas. He thinks that a central kitchen could produce the most popular pizzas in batches. These would then be frozen and supplied to each outlet. The outlets would cook each pizza when it has been ordered. Baz thinks that this will produce significant benefits that should allow the business to grow faster. 25

Baz has found the ideal location for the central kitchen, which would also be a new outlet for WPH. He would like to start batch production within the next three months.

Central kitchen project

Baz has decided to use critical path analysis and he started by constructing a network diagram to help plan the central kitchen project (see Fig. B). 30



Activity	Reference	Time (days)
A	Finalise menu	3
B	Finalise lease on new building	5
C	Check and sign lease	1
D	Install pizza oven and freezers	6
E	Print menus	2
F	Distribute menus and local promotion	5
G	Recruit staff	8
H	Staff training	2
J	Local Authority restaurant inspection	1

Fig. B: Network diagram for the central kitchen project

Cash flow problems

Sienna likes Baz's idea but she is concerned with the cash flow of WPH. Table A shows WPH's cash flow forecast for the next five months.

Table A: WPH's cash flow forecast for the next five months (£)

	Month 1	Month 2	Month 3	Month 4	Month 5
Opening balance	3000	2100	4600	(4320)	(3220)
Cash in					
Sales (net of commission)	16000	16500	16600	21000	21000
Total cash in	16000	16500	16600	21000	21000
Cash out					
Inventory	2400	2500	2520	2900	2920
Wages	6000	6000	6000	7000	7000
Insurance	2000	0	0	2000	0
Utilities	1000	0	0	1000	0
Rent	5500	5500	7000	7000	7000
Central kitchen set-up costs	0	0	10000	0	0
Total cash out	16900	14000	25520	19900	16920
Net cash flow	(900)	2500	(8920)	1100	4080
Closing balance	2100	4600	(4320)	(3220)	860

Sienna thinks that if the cash flow problem can be overcome, the expansion of WPH should be successful, especially if it can establish a much clearer online brand image.

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