

**Thursday 20 June 2013 – Morning**

**A2 GCE BUSINESS STUDIES**

**F296/01/RB** Business Production

**RESOURCE BOOKLET**

**To be given to candidates at the start of the examination**

**Duration: 2 hours**



**INSTRUCTIONS TO CANDIDATES**

- The information required to answer questions 1–6 is contained within this Resource Booklet.

**INFORMATION FOR CANDIDATES**

- The information contained within this Resource Booklet is based upon one or more real businesses.
- This document consists of 4 pages. Any blank pages are indicated.

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## Wersocki Construction Limited (WCL)

Michael Wersocki moved to the Midlands from Poland in 2008, bringing with him extensive experience as a construction project manager. Michael set up Wersocki Construction Limited (WCL) – an organisation which directly employs 22 staff, but also contracts in many more people for its increasing number of building projects. WCL initially specialised in relatively small projects with values up to £5 million, such as sports halls, leisure centre refurbishments, ‘one-off’ housing projects and the like. Michael prides himself on his adaptability, versatility and all-round expertise in bringing together all manner of construction ‘sub-contractors’ – be they bricklayers, electrical contractors, architects – getting the overall job done on time and to the agreed budget. In a very short space of time WCL has earned an outstanding reputation in the Midlands. 5

One of Michael’s key principles is that all staff are aware of the importance of logistics – the process of ensuring that specific sub-contractors and key items of machinery are in the right place at the right time. If, for example, a cement mixer is so much as a couple of hours late arriving on site it can delay an entire building schedule. The late completion of projects is very expensive as WCL suffers ‘penalty clauses’ which mean not being paid the full construction fee. To assist with scheduling, WCL makes extensive use of Gantt charts. There are many sub-contracting firms to choose from in the Midlands but their quality and time-keeping tends to vary in line with the prices they charge. Currently, WCL is undertaking a series of developments at Mulchester High School. WCL has completed the building of a sixth form centre, is soon to finish two science laboratories and now has a sports hall development just underway (see Fig. 1). 10 15

**Fig. 1 – Extract from Gantt chart for Mulchester High School’s sports hall development**

Week	1	2	3	4	5	6	7	8	9	10	11
Foundations	■	■									
Steelwork frame			■	■							
Blockwork					■	■					
Cladding						■	■				
Roofing								■	■		
Flooring									■	■	■
Internal fittings					■	■			■	■	■

The sixth form centre was completed on time, but, unusually for WCL, it had a number of issues with regard to quality which had to be rectified. For instance, a sub-contractor purchased infant size toilets rather than the adult size version, as well as sub-standard plasterboard. A weak cement mix was wrongly used in some of the external brickwork and clearly some of the decisions on where to locate fixed study desks were made without reference to the architect’s drawings. Michael feels that both his own site manager and the sub-contractors took ‘short cuts’ to avoid the project overrunning. This is not how Michael likes to operate. 20 25

More worryingly, WCL had sub-contracted the roof construction for the science laboratories to a firm called Flattops Ltd. Last week, one of Flattops’ employees accidentally dropped a drill – which he was not trained to use – over the safety screens and onto a student. A school teacher claimed that the employee was “clearly messing around”. Michael wondered if legal action would follow, and against whom? 30

As if this was not enough, Michael is trying to resolve another issue at Mulchester High School. The usually reliable firm, Groundcrew Ltd, which WCL had arranged to complete the sports hall flooring in weeks 9 to 11 of the schedule (see Fig. 1) has said it cannot complete on time. The project was already in week 2. Michael has three options.

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**Option 1** – Sub-contract the work to a flooring firm which WCL has not previously used. There are four firms which have suggested that they could probably complete the contract according to WCL's schedule (see Table 1).

**Table 1 – Flooring quotations for sports hall**

Firm	Cost to WCL	Notes
Floorcraft Ltd	£41 000	Brand new firm
Slabs Ltd	£36 000	Good reputation; Michael's preferred choice
Patil's Paving	£22 500	Recommended by a contact
Allbright Builders plc	£49 000	Big national building company

**Option 2** – Continue to use Groundcrew Ltd and thus delay the whole sports hall construction until sometime in the Autumn school term.

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**Option 3** – Do the job 'in-house'. WCL took the decision a year ago to start recruiting and training its own specialist staff in certain key skills. Michael felt that he knew a lot about fitting and laying flooring and reasoned that if he recruited a specialist supervisor and three young trainees, then WCL should be able to complete the job and at a considerably reduced cost (see Table 2). All four staff would be needed for three 40 hour weeks.

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**Table 2 – Costs of flooring sports hall 'in-house'**

Total indirect costs in 2013 at WCL*	£470 000
Flooring supervisor	£17 per hour
Flooring trainees	£9 per hour
Flooring materials	£3500

\* Michael has made the decision to apportion 4% of WCL's total indirect costs for 2013 to the sports hall floor project.

Michael feels that all of the problems at Mulchester High School can be successfully resolved. He certainly needs them to be as another school, 30 miles away, has contacted WCL for a quote to build new premises in the summer of 2014. The value of the contract is likely to be around £35 million – WCL has not operated on this scale before but Michael is ambitious and feels that WCL could complete the contract if it could secure the necessary resources, recruit additional staff with the necessary expertise and co-ordinate logistics. It would be a strategic shift for WCL and would need a review of the scale of all of its operations, finding new sub-contractors and reducing other commitments.

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