



ADVANCED GCE
BUSINESS STUDIES
Business Production

F296/RB

RESOURCE BOOKLET

Friday 11 June 2010
Afternoon

Duration: 2 hours

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



INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1 – 6 is contained within this Resource Booklet.
- Do **not** hand this Resource Booklet in at the end of the examination. It is not needed by the examiner.

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The Edelweiss Mountain Restaurant (EMR)

The Edelweiss (EMR) is a restaurant, situated at 2,700m – high above the Austrian ski resort of Bad Hofstein. The Edelweiss Mountain Restaurant (EMR) boasts an extensive self-service restaurant with a sun terrace and oozes classical Austrian mountain charm.

EMR serves a variety of food, both traditional Austrian and ‘fast food’, and many of its customers like their food fresh and healthy. EMR has found that, over successive years, increasingly large quantities of soup, bread, pasta and salad are sold. The salad is brought in unprepared – that is whole lettuces and the like rather than salad which has been previously ‘manufactured’ into ‘pre-packed’ bags. This means that there is considerable preparation and ‘production’ involved in EMR’s kitchen and a number of stock related issues – given the perishable nature of fresh salad. Salad stock calculations, for accounting purposes, are done in individual ‘side plate’ portions (‘salad units’) based on average customer demand – even though customers choose their own salad selection. 5 10

EMR has two very reliable suppliers of food, each situated 20km down the valley in a large town. Between them they can usually meet EMR’s needs in terms of variety, quality, quantity and speed of delivery. Early every morning considerable quantities of drinks, salad, vegetables and so forth are delivered to the base of the mountain. The biggest logistical concern that EMR faces is getting the supplies up to 2,700m. There are two routes up to the Edelweiss. The first is via a very steep and narrow mountain road which is inaccessible in snowy conditions to anything without caterpillar tracks. Delivering supplies by this route is hugely expensive and very limited in terms of quantity, but useful in ‘emergencies’. The more frequently used alternative is a specially adapted ‘cage’ on the main ski-lift system. The lift system carries skiers in 220 four person cages suspended from steel cables. It takes approximately 25 minutes for a cage to travel from the base station to the Edelweiss at 2,700m where many of the area’s ski runs begin. Staff from the EMR meet the food and drink suppliers at the base station every morning at 07:30 and load up cages. These are then unloaded by other staff at the top. It takes about 10 cages to supply EMR for an average day, but this has to be done before skiers start using the lift system at 09:30 each morning. Hence, there is a two hour ‘window’ first thing in the morning to get stock sent up on the lift system. EMR uses Gantt charts for production scheduling and staffing (see Fig.1). 15 20 25

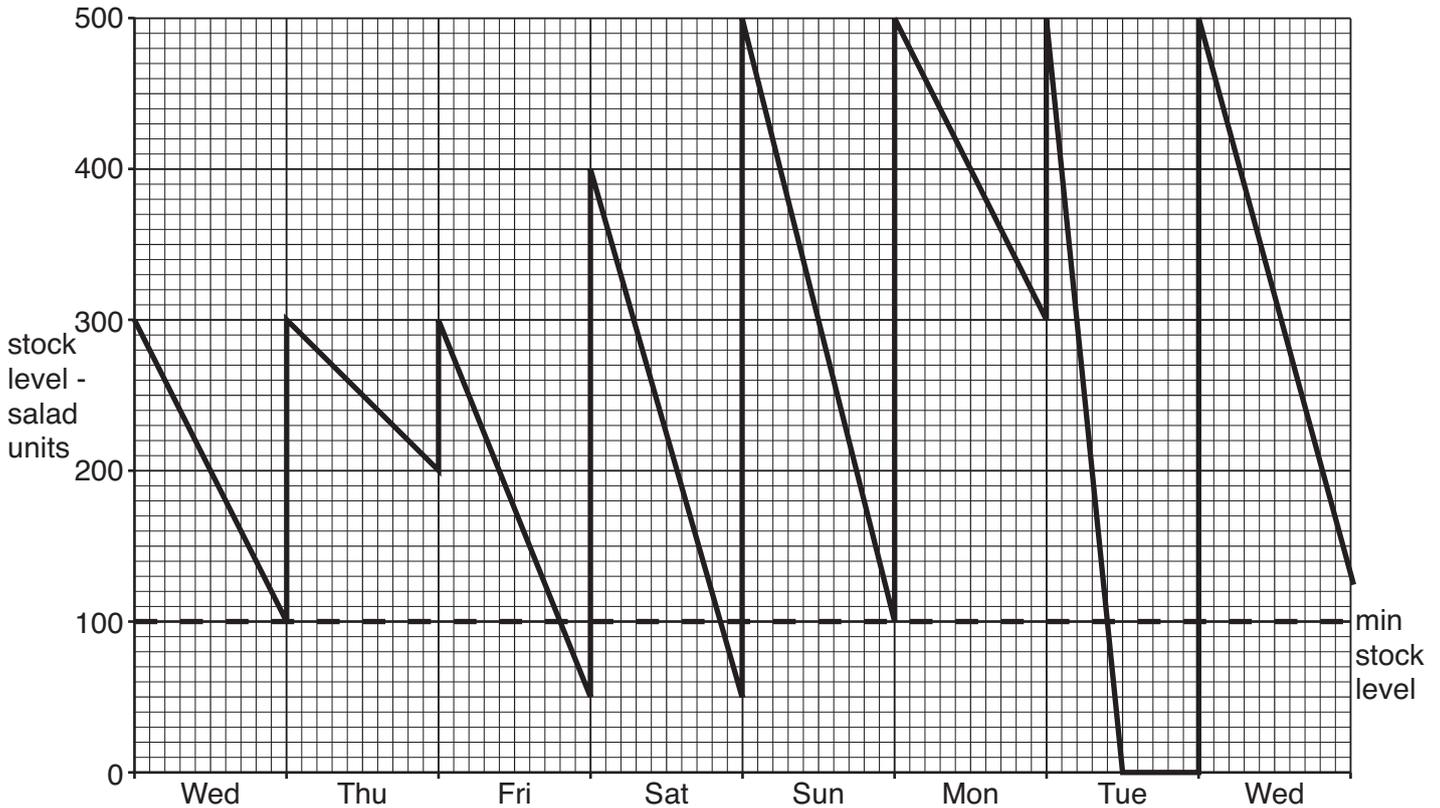
Fig. 1 – Gantt chart for salad production

	07:30 – 08:00	08:00 – 08:30	08:30 – 09:00	09:00 – 09:30	09:30 – 10:00	10:00 – 10:30	10:30 – 11:00
Loading at base station							
Cage travel time from base to top station							
Unload lift at top station							
Unpack, check order & store							
Salad bar servery preparation							
Salad preparation							

Demand is also an issue which creates difficulties at the Edelweiss. Due to a shortage of storage space in the kitchen areas, the quantity of stock which can be held is limited. The manager at the EMR, Gunter Schmidt, views 100% capacity utilisation as 'all seats in the restaurant being taken'. This means all the staff preparing and serving food are kept very busy – even stretched – and the catering equipment, such as hotplates and friers, used with maximum productive efficiency. At full capacity, however, there are issues of queuing, customers feeling pressured into eating quickly and no 'breathing space' if things go wrong. Gunter would, ideally, like food and drink sales to be consistent with about two thirds of tables being used at any one time. This is far from the case.

During any day's skiing, it is usually the case that demand is highest between 12:00 and 14:30. Indeed, the restaurant cannot always seat, or even feed, everyone who wants to eat and long queues are not unusual. This puts a huge strain on human and productive resources in the kitchen and servery areas, although there are scale economies. Demand also fluctuates from day to day (see Fig. 2), week to week and from month to month. Christmas, February half term and early Easter have large crowds. Outside of these times, the restaurant is often under-utilised in winter.

Fig. 2 – Stock Control chart



The ski lift system operates all year, with some planned maintenance in October. In recent years demand at EMR has been on the increase during the summer months from hikers and mountain bikers. Indeed, the number of customers on some summer days is higher than in January.

Over the last year EMR has been considering an offer from the district council (*kreis*) which invests in the ski lift infrastructure on a rolling programme of three year plans. The *kreis* has put forward a plan to build a new ski lift from the current base station near Bad Hofstein up to an adjacent mountain peak. If EMR is prepared to provide 20% of the investment, then it can have sole rights to build a restaurant at this new top lift station. There would be potential

economies of scale from such a development. The snow record of this new area is excellent and the number of outdoor sports enthusiasts using the whole region has increased year on year for 25 years. There are a number of issues to consider, not the least being that the *kreis* insists that, given the current nature of this beautiful mountain wilderness, waste, customer numbers and impact on the environment generally will need to be strictly managed. A second restaurant, however, is a very tempting and potentially profitable proposition for EMR.

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