



Oxford Cambridge and RSA

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

**LEVEL 4 CERTIFICATE IN MANAGEMENT CONSULTING 10331**

**UNIT 4 BUSINESS ENVIRONMENT**

**WEDNESDAY 20 JANUARY 2016**

**CASE STUDY**

**INSTRUCTIONS TO CANDIDATES**

You should read this Case Study thoroughly and carefully in advance of the examination. You will have 30 minutes reading time. The examination will require you to refer to the content of the case study and your own knowledge.

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**This document consists of 4 pages. Any blank pages are indicated.**

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## OVERVIEW

### Tulip Ltd

Tulip Ltd is a small business located near Manchester in the North of England. Its core business is to renovate houses for both private individuals and landlords. Since entering this market eight years ago, Tulip Ltd has developed a reputation in the North of England as a reliable business. In the last three years this reputation has helped Tulip Ltd to win home improvement work from two housing associations. Tulip Ltd has managed to complete this work to the highest standards, on budget and within the required time constraints.

The two directors, Martin Tucker and Adrian Lipton, each own half of the shares in Tulip Ltd. In the past they both worked for one of the major construction firms but became disenchanted with the bureaucracy and lack of career prospects and so decided to 'go it alone'. Martin and Adrian are both members of professional bodies. Martin is a member of the Royal Institute of British Architects (RIBA) and Adrian is a member of the Royal Institute of Chartered Surveyors (RICS).

Tulip Ltd's culture is informal. Tulip Ltd engages 14 contractors, all of whom are highly skilled and proficient. Table 1 shows the average number of days per week worked by each trade for Tulip Ltd. The average number of days contracted each week is negotiated individually and can be expended flexibly by the tradespeople. While the contract negotiated with each tradesperson does not require them to work exclusively for Tulip Ltd, it nevertheless demands that they give first priority to work offered by Tulip Ltd. This contractual relationship is well-received by Tulip Ltd's tradespeople since it strikes the right balance between the risk to which they could be exposed, and the stability of their income.

**The average number of days worked each week per trade for Tulip Ltd**

Trade	Number of contractors	Average number of days worked each week per trade (per annum)
Interior design	1	1.5
Painting and decorating	2	8.0
Tiling	2	6.0
Plumbing	1	2.0
Roofing	1	4.0
Carpentry	2	7.0
Electrics	2	7.0
Plastering	2	7.0
Bricklaying	1	2.5

**Table 1**

Planning, operations and business support, including architectural and building surveying services, are provided by Tulip Ltd's management team comprising Martin, Adrian and a business support analyst, all of whom are employed on a full-time basis.

Despite the difficult economic climate of recent years, housing renovations in the North of England have remained buoyant. Additionally, home improvement work on houses, particularly loft extensions, conservatories and garden offices, has enabled Tulip Ltd to sustain healthy profits. Equally, Tulip Ltd's reputation and track record of delivering high-standard work on time and within budget means that it continues to have a full order book.

Adrian is passionate about his work and very proud of his contribution to making Tulip Ltd a success. As a leader, his style is more formal than that of Martin. In ensuring that all work is completed consistently to high standards, Adrian is renowned for his attention to detail and has fallen naturally into the role of leading on day-to-day issues arising from the contracted work. His training as a master plumber means that he has a 'hands-on' approach to the work and so is highly respected by the tradespeople. Adrian does possess sound business acumen, but perceives himself to be first a tradesman and then a businessman.

Martin oversees the Apprenticeship Scheme to which Tulip Ltd subscribes and sees it as a vital function in developing the specific skills which the business needs to secure its future. To embed this ethos of 'developing youth for business and the local community' all of Tulip Ltd's qualified tradespeople are contractually obliged to be involved in mentoring apprentices. The apprentices spend some time each week at work and the rest of the week at college studying for the relevant qualification. The government provides an Apprenticeship Grant for Employers (AGE) of £1,500 per annum for each apprentice Tulip Ltd employs.

Martin possesses a unique talent for visualising buildings in ways which maximise both the aesthetics and the living space. His creative ability to see the 'big picture' and his willingness to take risks seems to complement Adrian's tendency to be risk averse. Martin's style of leadership is far more 'laid back' than that of Adrian and he is keen to grow the business beyond its current client base in the North of England. Some of Tulip Ltd's tradespeople believe that it may be the contrast between the two personalities which lies at the heart of Tulip Ltd's recent success.

Martin is very clear that for Tulip Ltd to survive and expand in the highly competitive renovations sector of the housing market, he must ensure that the 'Tulip' brand becomes even more well-known and respected. Thus, as an active member of RIBA, Martin maintains regular contact with senior players in the large construction firms and also sits on a National Architects' Forum. Many of these people with whom he networks have a strong client base in the South East of England. Martin is convinced that, with the more buoyant housing market in the South East of England, together with the significantly higher house prices and economic growth rate, there may be opportunities for expanding Tulip Ltd in that part of the country. This would not only be in its core business of domestic housing renovations, but also in 'new builds'. Martin is an enthusiastic supporter of High Speed Two (HS2) - the planned high-speed railway linking London to the North-West of England in a journey time of about an hour. In addition to opening up new markets for Tulip Ltd in the next decade or so, he believes that this development will go a long way to solving the problem of the north-south divide. Martin hopes that the development of HS2 will provide more opportunities for Tulip Ltd to operate in the South East of England.

In a recent meeting between Martin and a senior director of a large housing association it was disclosed that tenders were soon to be invited to renovate a substantial number of houses on a former council estate in the London area. It was suggested that Tulip Ltd should seriously consider tendering for this work.

While being elated about the possibilities which could be presented by successfully tendering for this work, Martin was also concerned about discussing it with Adrian. They met to consider the options open to Tulip Ltd over the next two to three years.

“Yes,” said Adrian, “since our core business is renovations, I guess the possible commission for renovating the houses down south could be viable for us. However, we would need to think very carefully about the logistical, as well as the material sourcing and human resourcing, implications of this new work.”

“Umm,” replied Martin, “as you always say, the devil is in the detail. I think that as a business we’ll regret it if we decide not to grasp this opportunity with both hands.”

“Yes,” replied Adrian, “I’m inclined to agree, but there could be a real danger of overstretching ourselves with this new venture, especially as we already have a full order book.”

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