

Modified Enlarged 24 pt
OXFORD CAMBRIDGE AND RSA
EXAMINATIONS

Thursday 12 January 2023 – Morning
Level 3 Cambridge Technical in Business
05834/05835/05836/05837/05878

Unit 3: Business decisions

**Time allowed: 1 hour 30 minutes plus your
additional time allowance**

You must have:

**a clean copy of the Pre-release
Loose Sheet for Question 6**

You can use:

a calculator

Please write clearly in black ink.

**Centre
number**

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**Candidate
number**

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First name(s) _____

Last name _____

**Date of
birth**

D	D	M	M	Y	Y	Y	Y
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READ INSTRUCTIONS OVERLEAF

INSTRUCTIONS

Use black ink.

Write your answer to each question in the space provided. If you need extra space use the lined page(s) at the end of this booklet. The question numbers must be clearly shown.

Use the Insert to answer ALL the questions.

INFORMATION

The total mark for this paper is 60.

The marks for each question are shown in brackets [].

ADVICE

Read each question carefully before you start your answer.

Answer ALL the questions.

- 1 (a) Managing Olive Tree Veterinary Clinic (OTVC) involves taking many business decisions. Some of these decisions are operational.**

Identify with a tick (✓) the TWO operational decisions in the table below.

You should only tick TWO boxes. [2]

Business Decision:	Tick (✓)
Deciding the staffing rota for the veterinary assistants	
Deciding when to service the clinic's equipment	
Deciding whether to introduce a new partner into the business	
Deciding whether to relocate to new premises	

- (b) (i) Heidi has used an external consultant to help her develop three options for the future of OTVC.**

State ONE drawback to OTVC of using an external consultant.

[1]

- (ii) The external consultant has conducted some research into customer opinions about OTVC. She has collected both qualitative and quantitative information.

Identify with a tick (✓) the TWO items of qualitative information in the table below.

You should only tick TWO boxes. [2]

Information:	Tick (✓)
A recording of an interview with a new customer	
A review of OTVC posted online by a recent customer	
The average score given by OTVC's customers on a ratings website	
The number of customers who visited OTVC in 2022	

- (c) The key personnel involved in choosing one of the three options are Amir and Heidi. Neither Amir nor Heidi have experience of managing an organisation through change.**

Explain ONE drawback to OTVC of the partners' lack of experience of managing a business through change.

[3]

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- 2 (a) The table below shows financial estimates for OPTION 2: Introduce equine care.**

Year	Net cash flow
0	-£80 000
1	£20 000
2	£25 000
3	£25 000
4	£25 000
5	£30 000

- (i) Using the information in the table opposite, calculate the payback period for **OPTION 2: Introduce equine care.** [2]

Show your workings

Payback period _____

- (ii) State ONE disadvantage to OTVC of using the payback period as a method of investment appraisal.

[1]

- (b) Heidi is worried that OTVC might face a skills mismatch if
OPTION 2: Introduce equine care is chosen.

Using a relevant example, explain how a skills audit could prevent OTVC from having a skills mismatch.

[3]

- 3 (a) If OPTION 3: Introduce care for exotic pets is chosen, OTVC would need to employ a new full-time vet. The vet would be paid a salary.**

Explain the impact on OTVC's break-even level of output of employing a new full-time vet.

[3]

- (b) If OPTION 3: Introduce care for exotic pets is chosen the number of vets will increase from two to three. The external consultant estimates that the number of customers seen in a year will increase from 1580 to 1950.

Calculate the reduction in productivity of OTVC's vets, if OPTION 3 is chosen. [3]

Show your workings

Reduction in productivity _____
customers per vet

- 4 (a) If OPTION 2: Introduce equine care is chosen, the external consultant has told Heidi that 'place' would be an important marketing consideration.

Explain ONE reason why 'place' would be an important marketing consideration for OTVC if OPTION 2 is chosen.

[3]

- (b) The external consultant is aware that if OPTION 2: Introduce equine care is chosen OTVC might gain a number of major customers. These customers could have high bargaining power.**

Explain how the high bargaining power of customers might affect OTVC.

[3]

- 5 Heidi would like to keep the local newspaper informed during OTVC's decision-making process.**

Evaluate the benefits and drawbacks to OTVC of keeping the local newspaper informed during the decision-making process. [12]

- 6 (a) The external consultant has prepared a Gantt chart to assist with the possible implementation of OPTION 1: Relocate to new premises.**

Refer to the Gantt chart on the Losse Sheet.

- (i) How many fewer weeks is the renovation of Clinic 2 expected to take in comparison with the renovation of Clinic 1?**

- (ii) Clinic 1 cannot open before the renovation of the reception area is complete.**

By how many weeks could the renovation of the reception area be delayed without delaying the opening of Clinic 1?

[1]

- (iii) How long would the entire project be expected to take if the renovation of Clinic 2 is delayed by two weeks?**

[1]

- (b) Explain ONE benefit to OTVC of using critical path analysis to help plan the implementation of OPTION 1: Relocate to new premises.**

[3]

- 7 Recommend which option OTVC should take.**

Justify your answer. [16]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

If additional answer space is required, you should use the following lined page(s). The question numbers must be clearly shown in the margins – for example, 1(c) or 2(b).

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