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AS GCE APPLIED BUSINESS

F242/01/CS Understanding the Business Environment

PRE-RELEASE CASE STUDY

JUNE 2018



INSTRUCTIONS TO TEACHERS

- This Case Study **must** be opened and given to candidates on receipt.

INFORMATION FOR CANDIDATES

- You **must** make yourself familiar with the Case Study before you sit the examination.
- You **must not** take notes into the examination.
- A clean copy of the Case Study will be given to you with the Question Paper.
- This document consists of **8** pages. Any blank pages are indicated.

Silent Voices

Background

Bridget and James Parry run *Silent Voices*, a registered charity, which aims to help parents and carers of children with communication disorders. There are many known causes of such communication disorders; some are genetic, whilst others are a result of brain trauma suffered through an accident. Communication disorders in children and young adults can, therefore, take many different forms. For example, some children have difficulty following directions, some find it hard to follow and hold a conversation, while others may struggle to pronounce words. 5

Pru, Bridget and James' daughter, suffered an illness when she was seven years old which resulted in a permanent communication disorder. Shortly afterwards Bridget and James began to notice a change in Pru's personality and behaviour. Pru started to exhibit an inability to express her ideas coherently. She also found it difficult to remember what she had just said or what had been said to her. In school her teachers reported that the pace of her reading had slowed down significantly since the accident. Pru, they reported, was also struggling to learn new vocabulary. Pru was no longer the happy, inquisitive girl who had always been asking questions. She was transformed into a withdrawn, uncommunicative little girl who was always hiding in a corner. 10 15

Bridget and James fully understood the implications of these difficulties for their daughter's future. There is a strong relationship between the ability to communicate and academic success. Whilst the family was treated with sympathy at school by all the teachers, nobody seemed to have the answer as to the kind of support or therapy which Pru needed. It appeared to Bridget and James that a lack of funding made it difficult to get professional advice and support (see **Appendix 1**). A speech and language therapist was desperately needed to work with Pru on a one-to-one basis, but getting one to work with her in the classroom proved to be impossible. Thus the Parrys began their long and arduous struggle to get professional help. 20

Information concerning where help might be available was almost non-existent. It was only through their determination and resourcefulness that, after three long years, Bridget and James finally succeeded in getting the support and therapy which Pru needed. It was then that the couple decided to form a charity, *Silent Voices*, to help other parents with children suffering from communication disorders. Bridget and James were determined that no one would have to go through what they went through again! 25

Silent Voices today

Bridget and James run *Silent Voices* from a room in the farmhouse which they own. This means that the fixed costs of the registered charity are minimal. Bridget, a computer engineer, has developed a website for the charity. It is a valuable resource for members who subscribe to *Silent Voices*. It contains extensive information about where help is available for parents and carers of children with communication disorders. For example, it includes information on the latest developments in treatments, as well as allowing members to share their own experiences. James, a farmer by profession, is in charge of the accounts. Together, they have worked on increasing the profile of *Silent Voices*. 30 35

Silent Voices' survival depends on donations, subscription fees and regular fund-raising activities in Bridget and James' local community. Most of the funds raised are used to provide information and support online, as well as organising an annual conference in order for families of sufferers to share their experiences, and to listen to professional advice. These annual conferences have grown in popularity in recent years and they are now an international event with regular participants from Europe and the Far East. 40

Music festival

Bridget and James are now planning a music festival on the farm to celebrate the 10th anniversary of *Silent Voices* at the end of October 2018. They have been to many music festivals and are aware of the recent surge in popularity of these events up and down the country (see **Appendix 2**). Bridget and James are determined that their music festival will be different to the huge corporate events which have become a means of promoting company image and branding. Such events are also very lucrative, as festival goers' purchases at the music festival are usually restricted to those provided by the organisers (see **Appendix 3**). 45 50

Sustainability will be the unique selling point of the *Silent Voices* music festival. The event will run mainly using renewable energy, including solar power already installed on the farm. Bridget and James also aim to recycle 90% of the waste. A number of wood-framed composting toilets will be built, some even with a view of the stage!

The field in front of the farmhouse is an ideal venue for the festival. As this venue would be free, it would significantly reduce the cost of the event. Bridget and James, however, realise that there are other costs to consider. By far the biggest cost would be the cost of hiring musicians. Fortunately, they have been able to book three newly formed rock bands who are keen to build on their respective images by supporting charitable events. The three groups of musicians have agreed to take only 15% each of the total revenue from ticket sales. 55 60

Quantitative analysis

The success of organising such an event depends on the skilled management of cash-flow. There are high costs involved which can only be funded by ticket sales if Bridget and James can sell enough tickets in advance of any costs incurred. However, in order to sell tickets, a marketing campaign will be necessary. Bridget intends to advertise the festival on *Silent Voices'* website. This is a very cost-effective way of promoting the festival; but in order to attract a wider range of potential customers, Bridget feels that registering with an Internet search engine is essential. In addition, leaflets and posters will be printed and distributed locally. Members of *Silent Voices* will also display posters and distribute leaflets in their own local areas. 65

James thinks that the tickets should be priced at £45 each in order to be competitive. With a target of attracting 1000 festival goers, Bridget and James need to know whether this is a realistic price. 70

Cost-benefit study

While financial costs can be easily quantified, social costs are more subtle and need to be taken into consideration. Even though it is only going to be a one-day music festival, Bridget and James are acutely aware of the disruption which the music festival might bring to the local community. *Silent Voices* has had strong support from the local community in the past in terms of donations and participation in the various fund-raising activities which Bridget and James have previously organised. The last thing they want to do is to upset the local community in any way. 75

Limited company

When Bridget and James started *Silent Voices* they decided that a registered charity would be a suitable form of ownership because of its many advantages. However, due to the large amount of outlay required for the music festival, they are considering forming a limited company, while retaining *Silent Voices'* charitable status. This is certainly an aspect which requires much more research. 80

Appendix 1

Spending cuts threaten £765m legacy of speech and language therapy

An evaluation report commissioned by the Royal College of Speech and Language Therapists (RCSLT) has found that the Royal College delivers a net benefit to the UK economy of £765m, through bringing people back into work and helping children into school. It is known that 70% of young offenders in England and Wales have an untreated communication disorder which costs an estimated £26bn in underperformance at school, lack of job opportunities, and risks of criminal behaviour and drug or mental health issues.

In a recent RCSLT survey 84.4% of therapists reported cuts in the provision of speech and language services. One team of speech therapists has already taken the extraordinary step of going on strike to protest on behalf of their patients who face restricted or no access to help, thanks to budget cuts.

If children do not enter school with the necessary communication skills, they will cost the UK much more in the long term, quite apart from the effect on their own lives. It is easy to reduce speech therapy services but rebuilding them is more difficult and would take years.

Appendix 2

Festivals thrive in concert boom

The popularity of festivals has helped fuel a rise in the fortunes of live music events, new figures show

The total direct and indirect spend by UK fans on live music in 2015 was 3.7bn, up 7% from 2014. 55% of that was generated by music festival attendees, compared to only 15% in 2009.

The PRS for Music attributes the increase to promoters appealing to all types of music fan by offering a wider variety of events, with innovations such as crèches for families.

But the music festival scene is not all rosy. Whilst the total revenues from UK music festivals rise, many smaller festivals are struggling. The peak number of festivals, over 670, was reached in 2010. In 2011, over 30 festivals were cancelled, largely due to ticket sales being well below expectations.

Appendix 3**Study asks: 'Have music festivals sold out?'**

From 2003 to 2010, there was a 71% increase in the number of UK music festivals. A study has investigated how corporate branding has changed the festival experience and what these extremely popular events mean for the large numbers of people who attend them.

As music festivals have become one of the most lucrative sectors within the live entertainment industry, most have come under the ownership or control of large corporations, such as Live Nation. Many of the UK's largest festivals are now commercially sponsored, restricting festival goers' consumption choices to certain products.

Researchers from the universities of Bath, Birmingham and Southampton have found that for many young people corporate branding and sponsorship of music festivals is not a major cause of concern. In fact many young people regard it as a 'necessary evil' which secures the future of the events that they cherish.

The research found that few young people noticed or were concerned about corporate sponsorship or how their consumption choices were being constrained. If anything the involvement of well-known companies and brands in music festivals had made these events seem less threatening and more accessible to a wide cross-section of people who identify with mainstream culture. People came to festivals partly for the music, but mostly for the whole experience.

The three-year study by researchers in the Psychology Department at the University of Bath and the Marketing Department at the University of Birmingham, looked at the different ways in which music festivals were corporately branded and consumption was regulated. Many sponsorship deals limit the range of products that can be sold and consumed on festival sites to products that are owned by the sponsoring company.

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