

General Certificate of Education
January 2008
Advanced Subsidiary Examination



APPLIED BUSINESS
Unit 3 Financial Planning and Monitoring

BS03/PM

Background Material and Pre-release Research Tasks

To be distributed to candidates no sooner than Wednesday 31 October 2007

NOTICE TO CANDIDATES

You will be given **one** copy of this Background Material and Pre-release Research Tasks for use during your preparation for the examination, which you may annotate as you wish, but which you will **not** be allowed to take into the examination.

The Background Material and Pre-release Research Tasks will be repeated within the question paper for use in the examination.

You are advised to carry out your own research using this Background Material and Pre-release Research Tasks. It is the business concepts and ideas raised by the Background Material and Pre-release Research Tasks which should be researched.

Your teacher is encouraged to give assistance and advice as required.

Cooking up something good

It started when Sophie read an article in a celebrity magazine about the popularity of personal chefs in the United States. The article explained that personal chefs cook for people in their own homes. They are hired for one-off events such as parties and anniversaries and can cook in the customer's kitchen or in a mobile kitchen parked nearby. Some very wealthy people have permanent personal chefs. Sophie was amazed to read that top personal chefs earn up to \$150 000 a year in the United States and that they are increasingly in demand in the UK.

After many years working as a chef in crowded kitchens in small restaurants and cafés in South London, the idea of a change appealed to Sophie. She knew that it would be a challenge as she had never managed a business before. Sophie had considered opening her own restaurant, but trading as a personal chef looked a much more exciting option – she saw herself cooking for the stars!

Sophie found a number of interesting websites giving information about personal chefs, www.personalchef.uk.com was particularly useful. Sophie quickly decided that she wanted to set up her own personal chef business. Research amongst friends and family supported her decision to become a personal chef – it seemed that many people would enjoy the occasional indulgence of having luxury meals prepared for them.

Sophie drew up a business plan for her new venture. She estimated that she could raise one third of the capital needed from her savings but would want a further £50 000 to start trading. Sophie wondered how to raise this capital.

Sophie knew that she needed to market the business effectively to attract customers. Although she was not good at using computers, part of her business plan was based on designing and operating a website. This would allow her to promote her services and to communicate with potential customers. She was happy to work anywhere in or near to London. Demand for personal chefs was growing in London as incomes rose and as people worked longer hours, leaving them less time to prepare for entertaining and for celebrating special occasions. Sophie knew many of her customers would be wealthy professional people and that some kitchens would be too small for her to cook in, especially if she was catering for large groups. This would have resource implications for her.

Setting up her business as a sole trader was an option. Sophie intended to use only casual labour to do jobs such as preparing vegetables and washing up. Only if the business expanded would she consider employing staff on a permanent basis. Sophie wanted to be in complete control so that she could offer a high quality service. She was unsure about what price to charge per 'event', but felt that a high price would reflect the quality image that she wanted for her business. Sophie's decision that customers would have to buy and supply their own ingredients for her to cook would make the planning for each event simpler.

Pre-examination Research Tasks

- (a) Research the human, material and information resources that Sophie would need to start up her personal chef business and contrast these with the resources that might be required to open a small restaurant.
- (b) Research the factors that an entrepreneur might consider before deciding whether or not to go ahead with a business idea.

END OF BACKGROUND MATERIAL AND PRE-RELEASE RESEARCH TASKS