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BUSINESS STUDIES **0450/22**

Paper 2 Case Study **February/March 2021**

INSERT **1 hour 30 minutes**

INFORMATION

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

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This document has **4** pages. Any blank pages are indicated.

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Specialist T-shirts (ST)

Saanvi started ST as a sole trader business 15 years ago in country Z. ST is a successful business. Sales have grown quickly as ST has a reputation for producing high quality products.

ST buys plain T-shirts and then adds a design onto the T-shirts for business customers. The design could be a logo, name or a picture provided by the customer. The design makes each batch of T-shirts different for each customer.

Three digital sewing machines were purchased by Saanvi at a cost of $12 000 each. They allow a design to be produced on the computer which is transferred straight onto the T-shirt. These machines speed up production and reduce labour costs.

When ST is very busy it cannot accept all orders. Appendix 2 shows two orders for T-shirts from different businesses. Saanvi has to decide which order to accept.

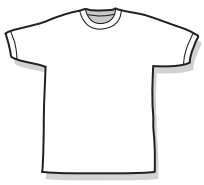
ST products are high priced and are aimed at niche markets. ST is always looking for ways to increase the added value of its products. Saanvi is considering producing T-shirts for the mass market instead of niche markets as she thinks it will allow ST to expand faster. T-shirts that do not have personalised designs could be produced using cheaper machines that are more efficient. However, Saanvi will need to invest in additional sewing machines to do this. Her main concern is that the mass market has many established businesses producing low priced standardised T-shirts.

ST require a new Operations Manager as the previous manager has just left. The previous manager did not motivate the 30 production workers.

Recently the economy in country Z has moved into a slump. Saanvi is concerned about the effect of this on ST's revenue, even though the government is introducing policies to try to reduce unemployment.

Appendix 1

Advertisement for ST products



ST is the only business to go to if you want high-quality T-shirts with your own design on them.

ST only use high-quality T-shirts for your own design. We offer a personal service that guarantees you will be 100% satisfied with your T-shirts. No other company does that.

Call us today to discuss your requirements and join our many happy customers.

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Appendix 2

Information on two orders for ST products

	Order A	Order B
Quantity ordered	5000	1000
Price	$20	$50
Variable cost per unit	$10	$20
Additional expenses	$25 000	$10 000
Number of times the customer has ordered T-shirts in the previous year	3	10

Appendix 3

Three applicants for the job of Operations Manager

	Aarav	Vivaan	Sai
Qualifications	Degree in management	No qualifications	Qualifications in using digital sewing machines
Skills	Good communicator with employees	Able to use computer programs when producing designs for T-shirts	Able to repair digital sewing machines
Experience	1 year working as an Assistant Operations Manager in a clothing factory	20 years working for the same clothing manufacturer: 10 years as a Production Supervisor and 10 years as Operations Manager.	2 years working as a Sewing Machine Operator in one clothing factory. 3 years as a Supervisor in another clothing factory. 2 years as an Assistant Operations Manager in a different clothing factory.

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