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INSERT **1 hour 30 minutes**

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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.

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

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Food delivery enterprise

The background

Giacomo is studying at a catering college. To give the students work experience, the college has a restaurant. Meals are prepared and served by catering students. The college restaurant is a popular venue with many loyal customers from the local community. The profit from the restaurant is reinvested back into the college. The only other source of finance the college receives is a government grant. Local charities are able to use the college restaurant for fundraising events free of charge.

Recently, due to an issue with the building, the dining area was closed for repairs. The college has been informed that the dining area will be closed for six months. Customers will not be permitted to eat in the dining area for the entire period. However, the kitchen could remain open for students to prepare meals.

The idea

Giacomo was concerned he would lose valuable catering experience. He wanted to find a way to keep the restaurant operating even though the dining area was closed.

Giacomo had noticed that many local restaurants had started to offer delivery services. He thought that the college could copy this idea. This could be a way to keep the college restaurant earning revenue. He decided to discuss the idea with his lecturer, Mrs Tan.

The planning

Giacomo outlined his idea to Mrs Tan. She asked him some questions: How will they take the orders? How will the food be delivered to customers? Giacomo thought that they could take orders over the telephone or add a food ordering page to the college website. The students could deliver the food using their bicycles.

Although Mrs Tan was impressed with his enthusiasm, she thought that the idea would not be successful. There were three problems which Giacomo had ignored:

1. The service would involve some start-up costs which the college could not afford.
2. The standard of delivery would need to be high to avoid the risk of damaging the restaurant's reputation.
3. There would be laws and regulations which the food delivery enterprise would need to follow.

The research

After talking with Mrs Tan, Giacomo was determined to find solutions to the problems she had outlined. He knew that if the food delivery enterprise was to be successful, he needed to set it up quickly before their restaurant customers went to competitors. He decided to produce an action plan which he could use in any future negotiation.

Giacomo knew that he had the skills to create an order page for the college website. He could also arrange a team to produce leaflets to advertise the new food delivery enterprise. If he used the college computers, the cost of the leaflets would be low. The college has a list of loyal restaurant customers which he could use to ensure the leaflets are sent only to people who are likely to be interested.

Giacomo considered other possible costs. The restaurant receives its ingredients monthly. These would be used to cook the meals for the food delivery enterprise. Raw materials would therefore not be an extra cost for this potential enterprise. However, he would need to buy recyclable takeaway food containers and insulated bags to keep the food hot during delivery. Giacomo researched the items and prices on the internet. The results of this research are shown in Fig. 1.

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Item	Cost US$
180 recyclable food containers	36
180 non-recyclable food containers	28
1 reusable insulated delivery bag	21
Printing and delivery of advertising leaflets	10

Fig. 1

Giacomo estimates that he will need three food containers for each delivery. He expects four insulated delivery bags will be required to start the food delivery enterprise. Giacomo decides that a charge of US$2 for each delivery would be suitable.

Another idea

While he was completing the research, Giacomo noticed that a ‘prepare at home’ meal delivery service was becoming popular. With this delivery service, a package of ingredients is delivered to customers’ homes with instructions showing how to prepare the meals. Customers could then produce restaurant quality meals cooked at home. The ‘prepare at home’ meal delivery service might be an alternative way for the college restaurant to deliver meals to customers. This could combine two of the aims of the college restaurant: training catering students and making money for the college.

Giacomo decided to present both ideas to Mrs Tan. He intended to negotiate with her to be allowed to start one of the two delivery services.

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