Cambridge Assessment International Education

Cambridge O Level

BUSINESS STUDIES **7115/21**

Paper 2 Case Study **October/November 2021**

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.

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Soapy Sudds Manufacturer (SSM)

SSM is a public limited company that was set up 25 years ago. SSM manufacture soap powder in country Y. The soap powder is used for washing clothes. SSM sells all its soap powder to large retailers in country Y. SSM's sales have been increasing for many years in country Y but sales in the last year have remained the same. The directors of SSM are considering ways to increase sales.

SSM has a total of 100 employees with 60 in the Operations Department. It uses flow production in the factory and has 10 production lines with 5 workers and 1 supervisor for each line. The Operations Manager is aware that production workers are unhappy and often complain about their jobs being boring. These workers have always been paid by an hourly rate. The Human Resources Manager has recommended changes to ensure fewer workers leave each year to work for other businesses.

The directors of SSM have decided to expand the factory. They will need $15m to do this. The directors have also considered taking over a competitor. SSM is likely to benefit from economies of scale as it grows.

The Marketing Director thinks SSM should start selling soap powder in markets in other countries. SSM will need to carry out either primary market research or secondary market research to forecast the potential total sales in these new markets. There are many existing manufacturers in these countries. SSM need to consider the problems when entering new markets in other countries such as tariffs or quotas.

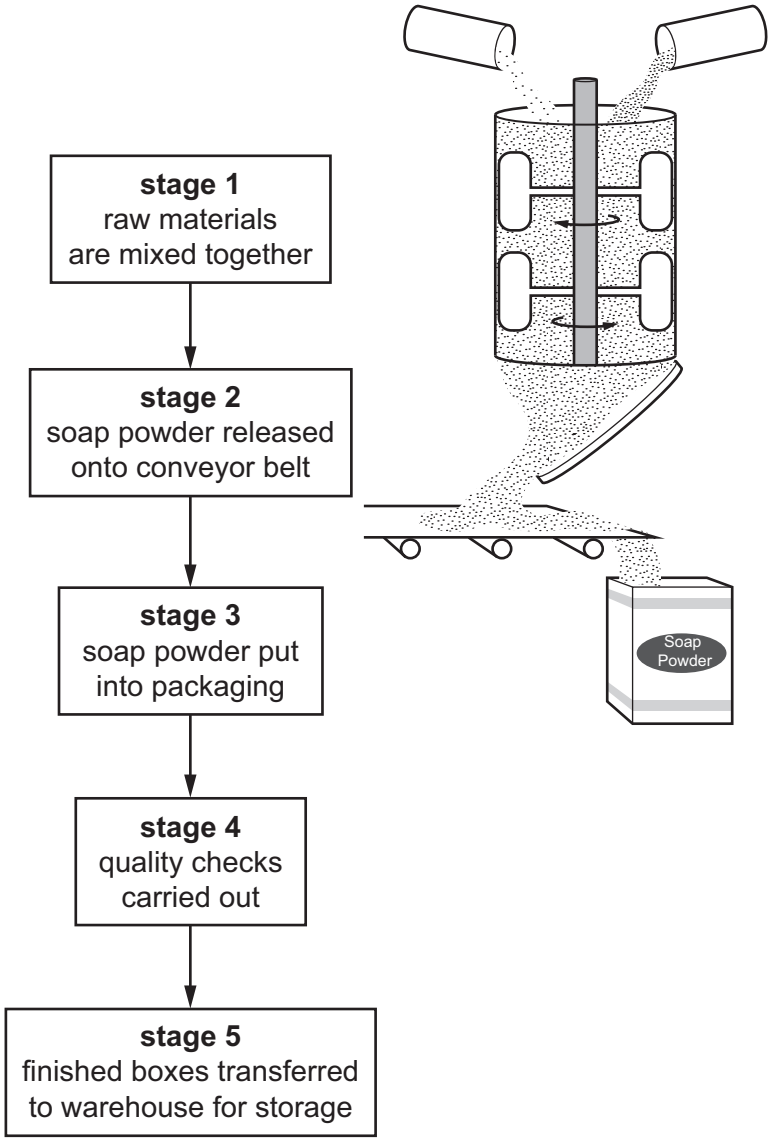
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Appendix 1

Manufacturing process to make soap powder

All the different types of soap powder are manufactured on production lines using flow production. SSM makes use of specialisation.

Each production line has the following stages:



Each of these stages uses machinery controlled by a production worker.

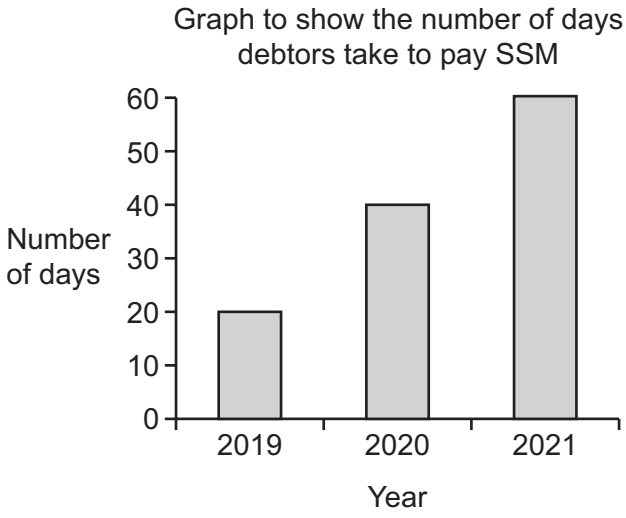
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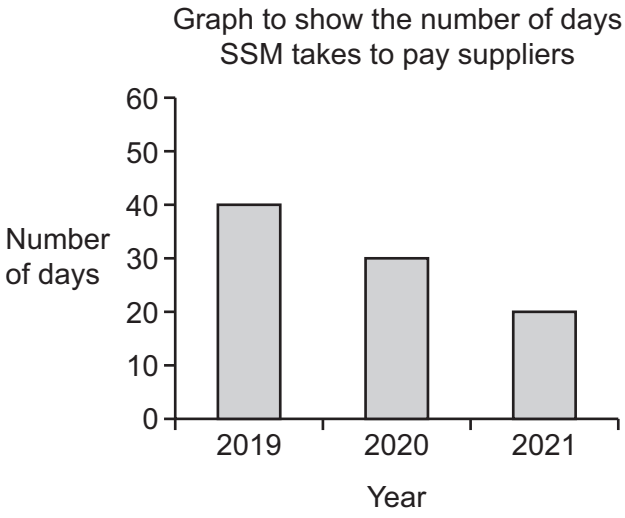
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Appendix 2

Email from the SSM Finance Director to the Managing Director

SSM has a cash-flow problem which may get worse. Please see charts below.





Appendix 3

Newspaper article from Main News 1 October 2021

Retailers have reported increased sales for most types of products such as sales of washing machines which have increased by 15%. Economic growth in country Y is predicted to increase.

Many businesses have been recruiting additional employees and there are now shortages of some skilled workers. The government in country Y has recorded an increase in inflation to 8% so far this year, which is a worry.

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