



TUXFORD
— ACADEMY —

Applied Business:

GCES to A-level transition booklet

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Assignment 1, Task 1: Assignment brief, Templates needed,
WAGOLL (What a good one looks like)

The Perfect L3 Applied Business Student?

List 10 skills or qualities that you will need to demonstrate to be 'the perfect vocational student'.

1
2
3
4
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The AQA Certificate in Applied Business course you are about to embark on will enable you to discover different ways of studying and learning. For example:

Teaching and Learning styles

- ❖ Research Projects
- ❖ Independent study/reading
- ❖ Extended writing

To get you in the habit, choose one of the above and come back in September with an example of how you have done it. For example, research something that you are interested in.

Below, explain in more than 100 words what you are going to do.

Organisation is the Key to Good Study Skills

How to be organised:

- Number and date all of your notes and handouts to keep them in order.
- Use a folder and file dividers to separate each unit for coursework.
- Take responsibility for catching up if you miss a lesson due to illness. Find the resources that you missed and also photocopy a friend's written notes.
- Check the relevant section in each topic and make extra concise notes if it improves your understanding. If you don't feel confident about a particular area, consult your teacher. Never be afraid to ask for help if you don't understand.
- Always come prepared to class, bringing course handbook, writing equipment, class notes from previous lessons, diaries etc.
- If at any point you feel overwhelmed by the work – call for help – wave – don't drown!



Watch this video:

<https://www.youtube.com/watch?v=Nk2MBb96RJo>

Over the summer, start thinking about how you will implement these Top 10 Tips and ensure that you have but everything you need in place for September.

Below write down the 3 you most need to focus on:

1.

2.

3.

<u>Assignment Action Plan Proforma</u>

Before starting each new assignment it is important that you think carefully about how you will complete your work to the highest standard you can, whilst always meeting the given deadlines. Answer the following questions – use the answers as a guide.

In summary, what do I need to do for each task? Talk about each individual task.	
When do you plan to start the tasks for this assignment?	
When do you plan to finish each of the tasks?	
Are there any words you don't understand from your assignment brief or from the lessons?	
How often will you review your work with your tutor?	
What is your final deadline?	
How will you check your work is written well and is accurate?	

Over the summer, fill in this action plan for Assignment 1, Task 1 Unit 2: Business Dynamics, as if this was the real thing. Good habits lead to success and getting used to planning this out will really help.

Key Words in Vocational Assignments!

Understanding the command words for different levels is vitally important for success. Below are sample words that may be used in assignments for the different levels. Fill in the definition of these words on the right-hand side on the table for Pass, Merit and Distinction.

Key Words for a Pass

Outline	
Identify	
Collect	
Produce	
Describe	

Key Words for a Merit

Analyse	
Explain	

Key Words for a Distinction

Evaluate	
Justify	
Judge	
Recommend	

UNIT 2: BUSINESS DYNAMICS, ASSIGNMENT 1, TASK 1

Scenario:

Merlin Entertainments (<http://www.merlinentertainments.biz/>) is a multinational business with an annual turnover of £1 249 million in 2014 (<http://www.merlinentertainments.biz/income-statement>). As a PLC, its shares are traded on the London stock exchange. In 2015, Merlin Entertainments was the largest European entertainments company and had 110 attractions in 23 countries (<http://www.merlinentertainments.biz/brands>):

- Theme parks including Alton Towers, Thorpe Park and Chessington World of Adventures
- 'Midway Attractions' including Madame Tussauds, Sea Life and The Dungeons
- Legoland resorts based around the world including the UK, Germany, USA and Malaysia

Merlin Entertainments is a large business and you will have to consider the area that you focus on when investigating its **business advantages** (PO2). You could, for example, focus on Thorpe Park for tasks 2 and 3, and Legoland for task 4.

Evidence required for assignment 1

- **Understand business organisation (PO1)**
 - Completed template on factors affecting Merlin Entertainment's form of ownership and organisation of functional activities (Task 1 – write up guide time of 1 hour)
- **Investigate business advantages (PO2)**
 - Completed template analysing the effectiveness of Merlin Entertainment's recruitment methods (Task 2 – write up guide time of 1 hour)
 - Completed organisational 'health check' template, evaluating the suitability of Merlin Entertainment's organisational type (Task 3 – write up guide time of 1 ½ hours)
 - Completed template evaluating the extent to which Merlin Entertainments holds a competitive advantage (Task 4 – write up guide time of 1 ½ hours)

Activities: Understand business organisation (PO1): Task 1

Your initial task requires you to investigate the vision, aims, form of ownership and organisation of Merlin Entertainments. You will need to carry out secondary research, for example using information from its annual reports and its careers website (<http://www.merlincareers.com/working-for-us>), in order to investigate these areas. For this task, you should consider Merlin Entertainments **as a whole**, rather than focus on individual brands (e.g. Alton Towers).

You're required to:

- Complete a business organisation template, which:
 - Outlines **two** market opportunities for Merlin Entertainments and the benefits to it of using vision statements and aims
 - Describes Merlin Entertainments' form of ownership, the interests of **four** of its stakeholder groups, and explains how **two** factors have determined its form of ownership
 - Outlines the organisation of Merlin Entertainment's functional activities and explains how **two** factors have affected this
- Use the information above, the enclosed templates and WAGOLLL (What a good one looks like), to complete task 1 as a real piece of Applied Business work to hand in and be marked in September.

Business Dynamics: Business organisation

Market opportunities for Merlin Entertainments	Outline of benefits to Merlin Entertainments of using visions statements and aims
Market opportunity 1	Vision statements
Market opportunity 2	Aims

Business Dynamics: Business organisation

Merlin Entertainments' form of ownership and interests of four stakeholders	Explanation of factors determining Merlin Entertainments' form of ownership
Form of ownership	Factor 1
Stakeholder 1 and interests	
Stakeholder 2 and interests	
Stakeholder 3 and interests	Factor 2
Stakeholder 4 and interests	

Business Dynamics: Business organisation

Outline of the organisation of Merlin Entertainments' functional activities	Explanation of factors affecting the organisation of Merlin Entertainments' functional activities
	Factor 1
	Factor 2

Business Dynamics: Business organisation

Business Dynamics: Business organisation	
Market opportunities for Merlin Entertainments	Outline of benefits to Merlin Entertainments of using visions statements and aims
<p>A market opportunity is to want or demand from a customer, which as a company they can exploit and benefit from this.</p> <p>Market opportunity 1</p> <p>Development- entails tasks and processes to develop and implement growth opportunities within and between organizations. It is a subset of the fields of business, commerce and organizational theory. Business development is the creation of long-term value for an organization from customers, markets, and relationships. (Business development - Wikipedia)</p> <p>Development is needed for Merlin Entertainment at its attractions; therefore more people will choose Merlin Entertainment over any other Entertainment parks. Having developments within the company will the allow sale growth to improve as the attractions will be more modern and allow the company to sell more tickets as then more people will want to visit to look at the new attractions.</p> <p>In attractions such as, Alton towers, Merlin will have branded restaurants like McDonalds and Burger King to increase visitor numbers and increase the amount of money spent with in the park. The restaurants Merlin chose to have in the parks are all well-known and usually franchise, as a result both Merlin and the fast food restaurant are promoted and hold a good reputation to help each other out. This is important as it ensures customers spend their money, and enhances ticket sales and the money earned from in the park. However there is more of a cost involved when using well known restaurants as remittances go back to the company therefore Merlin makes less of a profit.</p> <p>The chain restaurants will be taking the majority of the money and Merlin will only be getting a small proportion of the money. However if Merlin where to make their own restaurants they would then get to keep all the profits.</p>	<p>Vision statements:</p> <p>"Our vision is to become the worldwide leader in branded, location-based, family entertainment". (Merlin Entertainments About Us)</p> <p>This vision statement which Merlin Entertainment has is direct and indicates both what the company wants to become, therefore navigates, their company's way to success. By setting a defined direction for the company's growth.</p> <p>The overall vision statement of Merlin Entertainments is 'To create high return, family entertainment company base on strong brands and a global portfolio that is naturally balanced against the impact of external factors.'</p> <p>A vision statement is a way of showing all of your stakeholders what you expect and want to achieve. Their employees are stakeholders and they want them to be motivated and satisfied by the company. Also everyone will know what direction the business wants to go in. For example, they mention the word 'family' which shows Merlin is interested in satisfying their customers with their wants and needs giving them a competitive advantage over their competitors such as Flamingo Land.</p>

Business Dynamics: Business organisation

Market opportunity 2

Wide Spread Attractions

Most of the UK's attractions are based in the southerly parts of the country therefore most people won't be willing to travel all that way for just a day out with their friends or family. Therefore if Merlin were to expand their attractions and have a more 'wide spread of attractions' they would have get more store growth within the company as they will then have more customers be able to travel easier.

If they were to expand into the North and more attractions need to be built a result they will be more widely spread and caters for the needs as transport as they will not have to travel as far. The south is a popular place to build attractions as it's near to major tourist attractions like the capital city of England. Therefore international tourists can have easier access to the city as London has a higher footfall.

However there are cost implications as it's very expensive to build an attraction such as a theme park. Some attractions are also historical sites or points of interest, therefore they may be lacking in the North. Having convenience of the parks persuades people to go as new customers or repeat custom, due to it being nearer likely to go more often.

Reasoning behind there not being as many attractions in the north could be because of there being a lower average household income as it is a poorer area therefore either prices would have to be lower or if the high prices are sustained less people will visit. However things being a lower income in the North houses and land are also cheaper so therefore it will be cheaper to build an actual theme park in the north.



Aims:

"Our aim is to deliver unique, memorable and rewarding experiences to millions of visitors across our growing estate. We believe that we achieve this objective largely thanks to the commitment and passion of our team and the strength of our brands, which will never fail to be distinctive, challenging and innovative."

(<https://www.merlinentertainments.biz/about-us>)

An aim for a business is a long term goal or purpose to reach a desired outcome. In Merlin's case, they have a number of goals to make their company better such as 'Growth of existing estate'. This is regular planned investment in new rides, shows and themed areas at all attractions to maintain and enhance our product quality. Another aim is that Merlin want LEGOLAND park development. Merlin intends to open a new LEGOLAND Park on average every two to three years. A third aim is strategic acquisitions. This will support the development of the business and the other growth of their attraction. Then a fourth aim is to roll out of strategic midway attractions.

An advantage of having aims provides direction for the employees because they know where the company eventually wants to be in the future and it will help them know what they need to know to help the company get there. This also motivates the staff because if they don't know what they are working towards then they won't work as hard.

Merlin has six main aims.

1. Growth of Existing Estate Via Planned Investment Cycles
2. Strategic Synergies
3. Resort Destination Positioning
4. Roll-Out Of Midway Attractions
5. LEGOLAND Park Development
6. Strategic Acquisitions

Business Dynamics: Business organisation

Merlin Entertainments' form of ownership and interests of four stakeholders	Explanation of factors determining Merlin Entertainments' form of ownership
<p>Form of ownership</p> <p>Merlin is a Public Limited Company (PLC) which is a company that has limited liability and it means anyone can buy the shares can be sold to the public via a stock exchange; the size of the organisation is why it's a PLC. This organisational type means that Merlin can raise capital so that they can put money in to things like renovating rides, keeping their attractions looking tidy and clean, and introductions on new attraction.</p> <p>This is good because with shares, you don't have to pay back monthly loans. The company can pay back their shareholders with dividends whenever they want. Even though this is a big thing about being a PLC, Merlin also benefits from limited liability meaning if it was to go through liquidity, only the money that has been invested into the company and the assets of the company would be taken to pay off the debts. This means that personal possessions of owners and shareholders are safe. However, being a PLC means that Merlin must publish its financial data. This means that companies will be able to see all of their data.</p>	<p>Factor 1</p> <p>Limited liability</p> <p>A company with limited liability or a 'limited liability company' (LLC) is a corporate structure whereby the members of the company cannot be held personally liable for the company's debts or liabilities. Limited liability companies are essentially hybrid entities that combine the characteristics of a corporation and a partnership or sole proprietorship.</p> <p>As merlin is a public limited company (PLC) it means that shareholders are legally responsible for debts and they have limited liability. As a result if Merlin was to go into debt, the personal wealth of the shareholders would still be protected, therefore no personal assets are at risk and only the money they invested into Merlin will be lost.</p> <p><u>Advantages:</u></p> <p>This means that shareholders will not lose any of their personal belongings. This is good because the company will be taking out big loans since they build rides to a mass scale like roller coasters or even new attractions; therefore they will need large amounts of money and don't risk any assets being taken. If they were to do really badly and then they go bust, then they can only take assets from the company, not personal belongings.</p> <p>However, since they are a huge company, it's very unlikely they will go bust and since they are very well known, they will be trusted by every bank on the loans that they would like because it will also be a very big amount of money which they will profit off of. They can also have more potential investors.</p> <p><u>Disadvantages:</u></p> <p>Competitors such as Disney can see all of their statements and how much they are earning and their financial position. This is bad because Merlin's competitors will be able to see how well Merlin is doing. If Merlin is doing well, then their competitors like Disney can get some useful information on how much Merlin are spending and what they are spending it on. This means that Disney can either copy their pricing from them depending if they are doing well or they can learn from their mistakes from what Merlin has done wrong so they don't do it as well.</p>
<p>Stakeholder 1 and interests-</p> <p>Customers</p> <p>Customers have interests are in the rides, to have fun, the value for money, and to have choice between the attractions. This means they will go more often, raising the amount of revenue, Merlin's entertainment will get.</p> <p>If Merlin have bad customer service, the outcome of this will be that Merlin will start to get a bad reputation and they may see a decline in sales. The bad reputation could cause potential customers to be put off by this. If competitors of Merlin have better customer service then the customers may start to go to the competitors instead.</p> <p>The customers have a wide range of Attractions at Merlin Entertainment which then attracts a wide range of customers. For the thrill seeking people, merlin has attractions like Alton Towers and Thorpe Park, then for younger kids they have places like LEGOLAND or their Sea life Centres.</p> <p>Value for money is expected from Merlin, especially from families as they don't want to part with a large sum of money when having to pay for around 4 people. If</p>	

Business Dynamics: Business organisation

<p>Merlin does not offer value for money customers may visit a competitor's attraction e.g. Flamingo Land, decreasing Merlin's sales and reputation due to them being so expensive.</p>	<p>Factor 2</p> <p>Shares can be sold</p> <p>Definition of shares is- The capital of a company is divided into shares. Each share forms a unit of ownership of a company and is offered for sale so as to raise capital for the company. Shares can be broadly divided into two categories- equity and preference shares.</p> <p>Shares then allow anyone to invest their money into Merlin and therefore are efficient and is then an easy way for merlin to gain money and access capital. It means they will always have a constant finance source income on the stock market and can easily increase the value of the business. This money raised from the stock market is another method of finance that is coming into Merlin and can be used for things such as opening new rides and renovations. To increase potential investors and the amount of shareholders in Merlin it is easy to do this by putting it on the stock market.</p> <p><u>Advantages</u></p> <p>They can raise capital relatively quickly because they get to use the money that the shareholders give in the business. This means they can expand existing attractions, and make more. An example is the Smiler, which has cost £18,000,000 to make. So this is how they get most of their money. This would then make the money back pretty quickly because it's a new ride and people would want to go on them. Anyone can buy shares from Merlin. Anyone can go to a bank and they will tell them how much they would like to put in to shares and the bank will try and sort it out.</p> <p><u>Disadvantages</u></p> <p>They have a risk of losing control of the business. This can happen if somebody buys enough shares to own 51% of the company, therefore they own the majority of the business and have control at what goes on. This can mean that these people are not as experienced and they could mess up the company. But the original owners can't do anything about it since they don't own the majority of the business and can't influence their decisions. Then they could end up leaving because they are unhappy with the direction that the company is going.</p>
<p>Stakeholder 2 and interests-</p> <p>Staff</p> <p>The staff care about the attractions doing well so they then don't have to close and they can then keep their jobs, they want to have respect, have a good working environment, and getting training and developments, and get paid for what they do.</p> <p>The staff expect training to ensure the safety of them, colleagues and customers, this is important especially at Merlin as the majority of the attractions are to do with rides, therefore training ensures the safety of stakeholders it also keeps staff motivated and productive in the workplace, therefore benefits Merlin as there will be low staff turnover and an increased production.</p>	
<p>Stakeholder 3 and interests-</p> <p>Shareholder</p> <p>Shareholders are individuals who own shares in the business. They care about the attractions doing well so they get good dividends and make the most money possible. Dividends are a way of the business paying their shareholders back for investing in to their business. If the company's results are bad, then the price for the shares will go down which will annoy the shareholders and they may try to sell them before they lose any more money. This will lower the market value of the company. This will make them seem less attractive for people who are looking to invest shares in to a business since a lot more are going out on the stock market.</p> <p>Dividends go up by the company getting more profit because the amount of dividends you get depends on the percentage. Shareholders also get perks in the company, which in this case, Merlin offers a 40% discount off the full price of either 2 adults or 1 family annual pass.</p>	

Business Dynamics: Business organisation

<p>Stakeholder 4 and interests-</p> <p>Supplier</p> <p>The suppliers' then invest in Merlin they want to use Merlin as a business because Merlin will then invest a lot of money to help build a ride. One thing any supplier doesn't want to receive is a late payment because every business/ company/ supplier doesn't want to run out of money. Therefore if they aren't receiving any payments then they will likely to turn down the company when asking for trade credit as they are then not reliable and then not making payment on time.</p>	
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Business Dynamics: Business organisation

Outline of the organisation of Merlin Entertainments' functional activities	Explanation of factors affecting the organisation of Merlin Entertainments' functional activities
<p>The chief development officer at Merlin is responsible for the company's creative and development organisation, which is known as Merlin Magic Making (MMM). It works alongside Merlin's three Operating Groups – LEGOLAND Parks, Resort Theme Parks and Midway Attractions. Specialist managers control these. These specialist managers can react to change better than the CEO because they are trained to be able to work on day-to-day problems.</p> <p>A chief business development officer (CBDO) is a position within a company established beside the other executive positions like CEO or COO. The title is used to define a high-ranking position alongside the CEO.</p> <p>The chief financial officer (CFO) or chief financial and operating officer (CFOO) is a corporate officer primarily responsible for managing the financial risks of the corporation. This officer is also responsible for financial planning and record keeping, as well as financial reporting to higher management.</p> <p>An example for Merlin Entertainments is that the CFO will decide on what best for the company to make the most money like when they changed the food stores in Alton Towers from places like McDonalds to their own food chains. The CFO will also track cash flow and financial planning as well as analysing the company's financial strengths and weaknesses and proposing corrective actions. The CFO will be in charge of the cash flow forecast and will be able to see what goes in and out of the company.</p>	<p>Factor 1:</p> <p>Location: ✓ <u>M2</u> <u>Good</u></p> <p>A factor affecting the organisations functional areas would be the location of the attraction. This can have a negative effect on Merlin Entertainments because it means that they are potentially missing out on a big market of people who don't really want to travel for two or more hours to go to a theme park. So since they are missing out on this market, they may not be getting as much income that they could potentially get. Therefore they should locate the attractions where they are most likely to get the most money out of the theme parks. The functional areas on the location of the park will be affected, functional areas are teams of employees who have similar skills and expertise, for example, a company's sales department is a common functional area, and the staff in this area would all be focused on selling the park tickets and keeping it a fun and safe environment. The marketing team will have to have a real push on branding the move or new location of the park as they need to get as many customers as possible as soon as the park opens so they are able to make their money back as quick as they can.</p> <p>Factor 2:</p> <p>Equipment:</p> <p>Managing the equipment is a factor that the CFO faces. If they wish to build a new a theme park they will then need the machinery to help build the park, then they could lease equipment to keep the costs down. So once they have finished with the equipment it can go back to the lease company. This is better than buying the equipment in a lot of people's eyes as then as used equipment is never as worth as much as when you bought it and can only depreciate therefore leaving you out of pocket with the equipment sold. Since Merlin want to be as efficient as possible, they will lease it instead to save as much money as possible so that they can invest the money in to other things. The functional areas that will be affected are the accounting department as they will have to find the funds for the buying / renting equipment. Equipment rental, also called plant hire in some countries, is a service industry providing machinery, equipment and tools of all kinds and sizes (from earthmoving and power generation to hand-held tools, etc.)</p>

