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A2 GCE BUSINESS STUDIES

F296/01/RB Business Production

RESOURCE BOOKLET

To be given to candidates at the start of the examination

Duration: 2 hours



INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1–6 is contained within this Resource Booklet.

INFORMATION FOR CANDIDATES

- The information contained within this Resource Booklet is based on one or more real businesses.
- This document consists of 4 pages. Any blank pages are indicated.

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Fris-Bagel (FB)

Anders van Outram took over as Production Manager at Fris-Bagel's (FB) factory, just outside Eindhoven in The Netherlands, exactly one year ago. He had previously worked in production for a large multi-national soft drinks manufacturer and was intent on bringing his organisational 'know-how' to this small but very profitable producer of bagels. Bagels are a ring shaped bread popular in the USA. They are different from 'normal' bread in that the yeasted wheat dough is boiled in water for a short time before baking. FB supplies bagels to over 300 cafés in the principal towns and cities of The Netherlands, as well as across the border in nearby Belgium. 5

FB began producing on a relatively small scale 12 years ago, baking approximately 10000 bagels a day in two different varieties (plain and wholegrain), both in the traditional 'Montreal' style. FB's bagels begin their life as the raw ingredients of flour, salt, water, yeast, sugar and eggs, sourced from a number of different local and regional suppliers. Over the past three years, the volume of production has increased by 400% and FB has followed consumer trends by supplying a wider variety of bagels. There are now 24 different varieties produced, including walnut, olive or low salt. This has broadened FB's appeal but created logistical production issues. One such issue is that changing the bagel means changing the dough mix which, in turn, means temporarily shutting down a production line. The employees do not like this. They find the associated cleaning hard work and would rather FB had kept to the original couple of varieties. Morale has, as a result, suffered. 10 15

Production has always been carried out on two production lines. Each line produces set quantities of one type of bagel – a system which Anders refers to as 'flowing batch'. Both production lines are in operation for 16 hours a day, six days a week and Anders feels that this is pretty much near FB's current capacity. At the beginning of the process the ingredients are mixed by hand, in very specific quantities, into a dough. The dough is then sent down the line for automated cutting and shaping before boiling for the precise number of seconds in an automatic boiling vat. From there the boiled bagel is sprayed with a gelling agent before passing into an oven. It is here that the huge increase in production has created a bottleneck as bagels 'queue' to be baked in an oven which is too small. From the oven the bagels are channelled towards the 'bagging' section at the end of the line, cooling as they go. Bagels are bagged in quantities of six and then boxed in quantities of five bags per box, for, hopefully, immediate transportation. 20 25

The current production process results in a lot of downtime between batches of different types of bagel and a lot of waste, in terms of both time and stock. Some dough mixes are made with the wrong quantities of ingredients and are discarded. Replacing them is not always straightforward as suppliers have recently found it difficult to meet the need for a wider range of ingredients and have been slow in re-supplying. Mostly the dough is correctly mixed, but too often it is not shaped correctly at the next stage so that the bagels are irregular and not fit for sale. Fewer problems occur in the latter stages of production, although under-baking has occasionally been a problem. There is very little scope for re-working and re-cycling of the bagels. The biggest waste, however, occurs somewhere between the Sales and Production Departments. The Sales Department takes monthly or weekly orders by telephone from the cafés to which FB sells bagels. Cafés, reacting to local demand patterns, have a habit of wanting to change their orders at the last minute. Often they cannot get through by phone and, even if they do, the sheer volume of changes means that some of the information does not get passed to the Production Department. Therefore, what is ordered and what is delivered may be different. 30 35 40

Anders' second major concern is one of productivity. He regularly measures inputs of labour time and ingredients and compares them to output. In his time at FB, productivity has fallen month by month and he suspects that this was also the case before he arrived. Anders is not certain whether this is due to employees deliberately working slowly ('disruptively', his Assistant says), because of too many varieties, poor organisation and logistics, or something else. But he means to find out. Recently he has commissioned his Assistant to research other factories involved in 45

similar production processes to see how and what technology they deploy. Meanwhile, Anders is considering what he might gain from carrying out a work study, although he is aware the employees might find it intrusive. 50

With these issues on Anders' mind, it was nice for him to have a new opportunity to investigate. Anders has just received a proposal by email from the Managing Director of FB who has been contacted by the Highland Hotel (HH) chain. HH has nearly 200 hotels across western and central Europe and wants FB to supply it with bagels. HH's customers would like different varieties of bagel; for example the hotels in Germany prefer varieties of the 'Chicago' style bagel. This is a style which would require the purchase of a particular type of steam oven. HH has offered to pay only £5 per box of 30 bagels. FB usually sells bagels at £8 per box and does not negotiate on price. HH would, initially, need a daily quantity of 200 boxes (6000 bagels). This quantity might rise further, but already represents a considerable increase in daily production, currently at 1400 boxes. Anders' immediate reaction was to think of the huge human resource, production and logistical issues which the HH order would cause. He knew, however, that there was much more than that to consider. 55
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