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AS GCE APPLIED BUSINESS

F243/01/CS The Impact of Customer Service

PRE-RELEASE CASE STUDY

JUNE 2018



INSTRUCTIONS TO TEACHERS

- This Case Study **must** be opened and given to candidates on receipt.

INFORMATION FOR CANDIDATES

- You **must** make yourself familiar with the Case Study before you sit the examination.
- You **must not** take notes into the examination.
- A clean copy of the Case Study will be given to you with the Question Paper.
- This document consists of **4** pages. Any blank pages are indicated.

Lower Valley Farm (LVF)

Harry has worked on the family farm since he was a boy. Initially he was working for his father, but five years ago Harry took over ownership and management of the farm. *Lower Valley Farm (LVF)* focuses mainly on dairy farming and it employs four farm workers on a permanent basis. These farm workers are very experienced, receive regular training and are provided with the correct equipment to carry out their tasks. *LVF* has contracts to supply milk to a number of customers. These customers include a national supermarket chain, Country Convenience Stores; a local manufacturer of cheese, Cheeseilicious; and a regional retailer of milk, Midsummer Dairy (which sells both organic and non-organic produce). 5

Harry has big ambitions for *LVF*. He wanted to secure more contracts for supplying milk; he wanted to expand the business to provide other income streams and he wanted to further enhance *LVF's* reputation as a quality producer of milk; maybe becoming an organic farm. In the summer of 2014, without conducting any market research, Harry decided to use some of the farmland to grow strawberries. Once the first crop, which was picked by his four farm workers, was ready, he sold the strawberries to Country Convenience Stores and also to local shops and restaurants. Harry also put up a stall at the entrance to the farm so that passers-by could buy the strawberries. 10
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Based on the success of his first crop of strawberries, Harry planted additional strawberry plants in the spring of 2015. As there was now too much work for his permanent staff, he needed to employ temporary workers to pick that summer's strawberry crop. These were mainly students who had very little training, especially in relation to quality control and health and safety. They were not provided with a contract of employment. These temporary workers were paid for each basket of strawberries they picked and they often worked very long hours; regularly working 12 to 15 hours a day, so that they earned a 'decent wage'. Harry was happy for them to do this as it increased profits. Harry thought that, as this is a manual job with no mechanical equipment being used, and as the workers were only temporary, he did not have to worry about them. 20
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Country Convenience Stores considers all of its suppliers to be 'internal customers' and, therefore, expects them to comply with its code of practice. Country Convenience Stores does this to help ensure that its reputation for selling good quality produce is maintained. Any supplier which does not comply with the code of practice or is found to be trading or operating unethically risks losing its contract. This requirement applies to other activities in which a supplier such as *LVF* might be involved. Harry was not worried about this as *LVF* has a good reputation in the local area for supplying good quality milk and strawberries. 30

While picking the summer 2016 strawberry crop, one of the temporary workers, Jasmin, injured her back. Although Harry was sympathetic to Jasmin's injury, he refused to pay compensation even though Jasmin would be unable to work for a few weeks and would not be paid. The other temporary workers were very angry with Harry and decided to 'get their own back'. 35

Quite soon after Jasmin's injury, many local shops started to return the strawberries which *LVF* had supplied to them. The shop owners complained that they were not getting value for money. The shop owners complained that the weight of strawberries in each basket was not what the label stated. The strawberries were also dirty, even though Harry had promised that they would be clean. In some instances the shop owners also reported that some strawberries had been partly eaten. Harry had never had this type of customer service problem to deal with before and was unsure how to react. He refused to give *LVF's* customers replacement strawberries stating that he could not be held responsible for the actions of the temporary workers. 40
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A couple of weeks later there was a report on the local news that Cheeseilicious was being investigated by the local Environmental Health Service for selling cheese which was allegedly

unfit for human consumption. A spokesperson from Cheeseilicious said that the fault lay with its milk supplier, *LVF*, and that Cheeseilicious would conduct an investigation as the company recognised that it has an ethical responsibility to its customers. The Dairy Buyer for Country Convenience Stores, Tim, heard the news and immediately rang Harry to arrange an urgent meeting to discuss the news report. Harry was now very concerned about the possible consequences and the negative impact this could have on *LVF*. 50

During his meeting with Tim, Harry had to discuss all aspects of *LVF*'s operations in order to keep the contract with Country Convenience Stores. Inadvertently, Harry made Tim aware of the problem with Jasmin's injury and the long hours which the temporary workers had to work. 55

In light of this conversation Tim informed Harry that Country Convenience Stores' main concerns were the quality of the products it bought from its suppliers and that there were no delays in delivery. Given all the issues *LVF* was having, Tim also informed Harry that, in the past, Country Convenience Stores had purchased one of its supplier's businesses in order to help ensure that a quality product was delivered on time. Country Convenience Stores had appointed the previous business owner as a senior manager. 60

At the end of the meeting Tim gave Harry a list of actions (see Appendix A) which *LVF* would have to complete before he returned in two months' time. Harry was worried Tim was putting him under pressure to cancel all of *LVF*'s other contracts and was concerned that all of his ambitions for *LVF* might be put in jeopardy. 65

Harry thought it was time for some outside support and decided to get in touch with his cousin, Frank, who used to be a farmer but is now a business development consultant. Harry particularly wanted to discuss whether the decision to expand the business had been the correct one. Harry thought that he should ask Frank's advice on whether to sell *LVF* to Country Convenience Stores or to change *LVF*'s approach and sell directly to consumers. 70

Appendix A

Tim's Action Plan for *LVF*

- 1 Produce a code of practice.
- 2 Ensure that all workers are appropriately trained.
- 3 Introduce higher levels of quality control.
- 4 Consider cancelling contracts with other customers, particularly the contract with Midsummer Dairy, to supply only Country Convenience Stores.
- 5 Consider how *LVF* would survive if Country Convenience Stores cancelled the contract for the purchase of milk.
- 6 Consider selling *LVF* to Country Convenience Stores with Harry staying on as the Customer Service Manager rather than focusing on both customer service and production.

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