IN COLLABORATION WITH IVTB

Diploma in Information Technology

Cohort DIP/03/FT

Resit Examinations for 2003 – 2004
Semester 2

MODULE: Organisation and Management

MODULE CODE: BISE131

Duration: 2 Hours

Reading Time: 15 Minutes

**Instructions to Candidates:**

1. This paper contains THREE questions.
2. Read all the questions carefully.
3. Answer all questions.

This question paper contains 4 questions and 4 pages.
CLARIDGES RESTAURANT

1. INTRODUCTION.

Claridges Restaurant will be run as a partnership between Carolyn Claridge and Susan Claridge. The 30-seat restaurant will offer a vegetarian menu and a non-vegetarian menu at lunchtimes and in the evenings. At lunchtime a special lunch menu will be provided offering snacks, vegetarian dishes, salads and non-vegetarian dishes for local business people, shop-workers and shoppers. The service at lunchtime will be quick, allowing for a high volume of customers.

In the evening, the vegetarian menu will still be offered but a menu including popular dishes such as steak, chicken and fish will be well presented and served with a selection of unusual sauces and dressings. The market aimed for in the evenings will be young professional people between the ages of 18 and 30 years.

All the foods used in Claridges Restaurant will be additive-free and natural based. The lunchtime service will enable customers with a limited lunch break to enjoy their meal within the time they have, the restaurant being only a short walk or drive from where they work or shop. Car parking facilities will also be available. A full section of bar drinks and wine list will also be offered.

The forecast average spend at lunchtime is £2.80: no more than a pub lunch but providing an alternative to the noisy crowded and limited menus of pubs. The forecast spend in the evening is £10.50 including wine, which is well within the range of the young age group. Also provided in the evenings will be some live jazz and blues music such as piano or saxophone to provide fairly sophisticated background music and atmosphere.

In the first year we forecast a loss of £3,962, this mainly due to initial start-up expenses and high advertising expenses in order to attract customers at an early stage. In years two and three, we predict a healthy profit due to a 10 per cent increase in sales each year and reduced loan interest in these periods. Because of the healthy cash position at the end of year three, we would expect to be able to repay the outstanding balance on the loan at the end of year four.

The overall objectives of the business are firstly to achieve and exceed sales forecasts to enable us to be operating at capacity, so that we can extend our opening hours to include morning coffee and afternoon teas. We would also aim to be able to employ several full-time members of staff and build up a team so that the partners can be clear of routine tasks and concentrate on day-to-day problems,
meeting customers, mounting promotions and supervise the general running of the restaurant in order to build up the business further. After five years we would hope to set up a similar operation in another area.

The business will require an initial loan of £20,000 repayable over 5 years to convert the premises, equip the restaurant and pay initial administration fees. An overdraft facility of £3,500 will also be required according to cash flow forecasts to finance working capital.

By achieving forecasted sales in the first year, we would be able to repay the overdraft by the end of the year, and also pay the interest on the loan, enabling us to start repaying the loan in the second year of trading.

2. BUSINESS MISSION.

To start up and run a restaurant in the Beaconsfield area providing a menu biased towards health eating, offering cheap lunches for local business people, shoppers and workers, and a varied interesting menu in a young, lively, sophisticated atmosphere for young professional people in the evenings.

3. SHORT-TERM OBJECTIVES.

To find and convert suitable freehold premises to a 30-seat restaurant with adequate kitchen, bar dining, storage and car parking facilities. To build up a regular clientele and achieve forecasted sales by advertising and promotion and by the product itself; that is, friendly, efficient service and well cooked and presented food, resulting in a meal that is reasonable by being good value for money.

4. LONG-TERM OBJECTIVES.

To be able to employ full-time members of staff to build up a reliable and conscientious team working in the restaurant, enabling the partners to concentrate on the day-to-day problems, to meet customers and suppliers, mounting promotions and supervising the general running of the restaurant in order to build and expand the business further. After five years we would hope to purchase a second premises in a different area and set up a similar operation.
5. PERSONNEL.

The personnel count of Claridges Restaurant will total seven full-time employees and two part-time who would work on week-end evenings only:

- Susan Claridge, holder of a Degree in Hotel, Catering and Tourism Management from the University of Surrey, will act as Restaurant Manager as well as Cashier and Hostess. Her practical experience gained from a variety of establishments including pubs, pub restaurants, à la carte and fast-food restaurants will be an important contribution to the Claridges Restaurant.

- Susan's team will comprise of 3 waiters who will be working on a full-time basis, with one or two casual staff for the week-end evenings.

- Carolyn Claridge, who holds City and Guilds Chef qualifications, has worked in several well-known establishments and has also run her own freelance catering business with a partner for the past two years. In addition, she has a good working experience of local suppliers. She will be in charge of the kitchen at Claridges Restaurant.

- Carolyn will be assisted by 1 Cook and 1 Dishwasher.

**Question 1.**

Explain how three different managerial skills come into play in Carolyn Claridge's and Susan Claridge's job at the restaurant. 

(18 Marks)

**Question 2.**

Using Maslow Hierarchy of Needs and Frederick Hertzberg's Motivation Hygiene Theory, explain how Carolyn and Susan would motivate the personnel of Claridges Restaurant.

(30 Marks)

**Question 3.**

Distinguish briefly between transactional and transformational leadership. Which type of leadership is more relevant in the case of Claridges Restaurant? 

(22 Marks)

***END OF QUESTION PAPER***