

CHESSINGTON AS A BUSINESS



TEACHER SHEET 2

Question 5a-b Answers

(Costs and figures detailed for these questions are fictitious.)

Turnover: £1,815,750

Cost of sales

Opening stock £110,000

Purchases £135,250

Closing stock £20,000

Gross Profit: £1,550,500

Net Profit: £970,500

Expenses

Wages £240,000

Insurance £100,000

Heating and lighting £30,000

Equipment fittings £150,000

Marketing costs £60,000



Question 5c-d Answers

Gross Profit Margin: 85.39%

Net Profit Margin: 53.45%

Question 6a Notes

Pupils can be encouraged to speak to one of the following members of the Chessington staff on the day of their visit in order to complete this question:

- ★ **Queue Line Attendant**
- ★ **Guest Services Helper**
- ★ **Waiter/Waitress at one of the restaurants.**

Question 8 Answers

210,526 tickets need to be sold before Chessington break even on their £4 million investment in Vampire.

CHESSINGTON AS A BUSINESS



PUPIL SHEET 1

WHAT IS A BUSINESS?

A business is an organisation which has been established to offer services and goods to supply to individuals and other organisations that want them. A definition of both goods and services is:

Goods: are things you can touch (for example clothing)

Services: are things that other people do for you or offer to you (for example swimming lessons)

Whatever their scale, all businesses have aims and objectives they need to meet. Aims are overall goals that the business was set up to fulfil. Objectives are targets that must be met if the business is to meet its aims.

As part of the Merlin Group, Chessington shares the following visions and values:

“Merlin Entertainments Group is a leading name in location based, family entertainment. Its aim is to deliver unique, memorable and rewarding experiences to millions of visitors across its growing estate, and it achieves this objective largely thanks to the commitment and passion of its managers and employees. Merlin’s brands, while being household names, will never fail to be distinctive, challenging and innovative. They will, in short, have attitude! They will deliver the best financial returns in the sector and demonstrate a record of growth in market share that will be unrivalled. In every respect and to every group of stakeholders Merlin will always be an exciting company to be involved with.”

MAKING A PROFIT

Costs a business might have to pay out for include; staff wages, raw materials and phone and electricity bills. To cover these outgoing costs, a business will sell the goods or services it provides. The money received as payment for goods and services is known as income or revenue.

INCREASING SALES

The more sales a business makes, the greater its revenue. In order to increase sales a business must try to constantly improve the quality of its goods and services. If this does not happen, customers will go elsewhere. To ensure our level of service is good, we implement market research which provides necessary feedback from customers on the attraction.

FUN FACTS

- ★ The number of guests at Chessington can range from anywhere between 400 to 15,000 depending on the time of year.
- ★ Chessington contains twenty catering units, nine shops, and nearly thirty rides and attractions.

CHESSINGTON AS A BUSINESS



PUPIL SHEET 2

AREAS WITHIN BUSINESS

Chessington has over twenty different departments, including: Human Resources, Marketing, Information Technology, Rides, Finance, Warehouse, Engineering and Maintenance, Medical Services, Guest Experiences (including Security), Park Cleaning, Admissions, Education, Sales Team, Retail and Zoo Staff. These are split into “Front of House” functions and “Support’ functions.

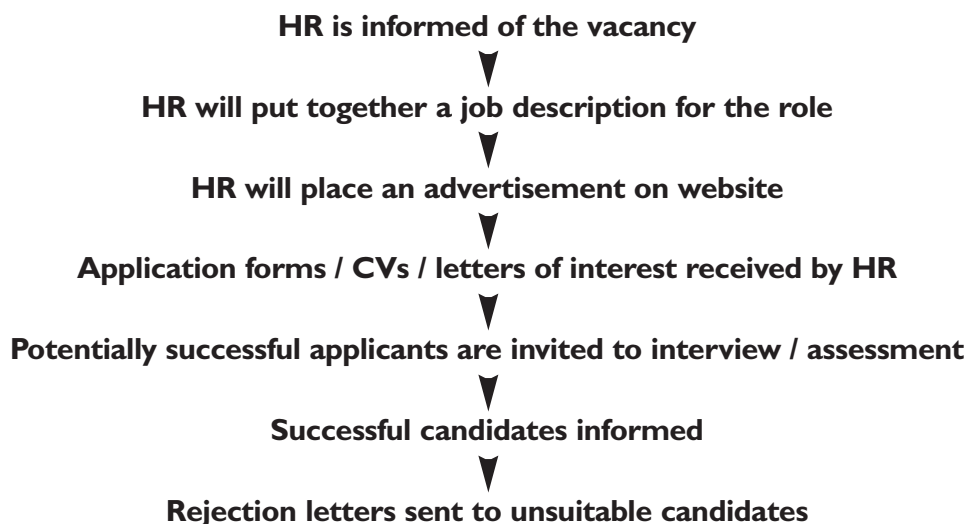
HUMAN RESOURCES

Human Resources covers some of the most important factors in any business, including:

- ★ Recruitment - employment and dismissal of employees
- ★ Working conditions for employees
- ★ Health and safety of employees
- ★ Training, development and promotion

RECRUITMENT

The Human Resources department at Chessington handles the recruitment of any new employees. Staff recruitment at Chessington generally follows this procedure:



QUESTION 1

Visit the Chessington website www.chessington.com and find the recruitment page. Draft an application letter for one of the positions advertised on the site. Explain what qualities and experience you have which you think would make you suitable for the role.

CHESSINGTON AS A BUSINESS



PUPIL SHEET 3

MARKETING

The main function of a Marketing department is to recognise potential customers and to make sure those customers know about the goods and services provided. Two ways this is achieved are by market research and promotion.

MARKET RESEARCH

This is a device used by companies to find out exactly what customers want and can be gathered in several ways including ; questionnaires, focus groups and telephone interviews. Market research is undertaken to find out what a company can offer customers to meet their needs and requirements. Chessington uses this process in many forms including our customer satisfaction questionnaire (right).



QUESTION 2

Suggest some of the benefits of market research for increasing sales.

PROMOTION

By promoting its goods or services a business can create demand for its products or services and a successful level or awareness with its potential customers of what's on offer. Two of the main types of promotion that businesses use to market their goods and services are advertising and sponsorship.



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PUPIL SHEET 4

FINANCE

It is the role of a Finance department to handle all the money coming into an organisation and manage all the payments going out. It is also the role of the Finance department to make sure that staff wages are processed and paid (as agreed) at a set time of the month/week.

ORGANISATIONAL STRUCTURE

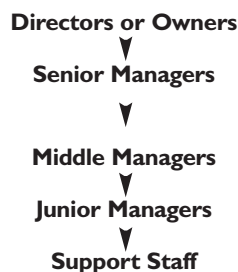
Human Resources covers some of the most important factors in any business, including:

- ★ **Job roles** - so that all employees know what they are supposed to be doing
- ★ **Levels of authority** - so that employees know who they are responsible to
- ★ **Channels of communication** - so that all employees know what the business is trying to achieve

Typically, businesses have been given what's known as hierarchical structures. This is based on levels of authority and responsibility (see below).

Organisations can either be centralised or decentralised. A centralised organisation keeps the control in the hands of a few senior managers or directors. In a decentralised organisation, authority and control is delegated to the individual managers.

Hierarchical structure



Chessington marketing structure



QUESTION 3

Create an organisational structure for your school/college or place of work. Illustrate whether it is a centralised or decentralised organisation.

QUESTION 4a

During your visit to Chessington identify five secondary sale items on display at the Park. For each example you have given, list whether they can be categorised as 'goods' or 'services'.

QUESTION 4b

Why do you think it is important that Chessington offers a range of goods and services in addition to the price paid for entry?

QUESTION 4c

During your visit, list any examples of ways in which Chessington encourages guests to purchase additional secondary sale items (e.g. advertising A-boards).

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PUPIL SHEET 5

QUESTION 5a

Chessington have decided to stage a five night fireworks event at the Park. The event can hold 15,000 guests per night and tickets are being sold for £17.00 per person.

Once at the Park, research has told us that the average person spends a further £7.21 on food, drinks and merchandise. Assuming the event is at full capacity each night, calculate the turnover for the event and write it in the space provided below.

QUESTION 5b

Calculate the overall Gross and Net Profit for the event and write your answer in the spaces provided.

QUESTION 5c

Using the following equation, calculate the gross profit margin for the Fireworks event and write it in the space below.

Gross Profit Margin = Gross Profit / Turnover x 100

QUESTION 5d

Using the following equation, calculate the Net Profit Margin for the event. **Net Profit Margin = Net Profit / Turnover x 100**

(Costs and figures detailed for these questions are fictitious.)

FIREWORKS EVENT AT CHESSINGTON – PROFIT AND LOSS:

Turnover: _____

Cost of Sales:

Opening stock £110,000

Purchases £135,250

Closing stock £20,000

Gross Profit: _____

Net Profit: _____

Expenses:

Wages £240,000

Insurance £100,000

Heating and Lighting £30,000

Equipment fittings £150,000

Marketing costs £60,000

Gross Profit Margin: _____

Net Profit Margin: _____



QUESTION 5e

Would you say that the Gross Profit Margin and Net Profit Margins are healthy? If not, can you suggest any ways in which costs might be cut?

CHESSINGTON AS A BUSINESS



PUPIL SHEET 6

QUESTION 6a

You are the Human Resources Manager at Chessington. As summer at the Park is the busiest period, you need to recruit temporary staff during this time to help out. Select one of the following job roles and write a job description for it. Consider the skills, experience and personality of the type of person you think would best suit the role.

- ★ Queue Line Attendant
- ★ Guest Services Helper
- ★ Waiter / Waitress at one of the restaurants

QUESTION 6b

Where would you advertise this job to ensure a maximum turnout of suitable candidates?

In order to maintain and increase their market share, it is important for Chessington to continue increasing the sale of their tickets against competitors. It is also vital that visitors have a good time on the day of their visit so that they choose to return to the Park again. In addition to providing visitors with a fun day out and good customer service, we need to make sure that some profits are invested in new rides and attractions (so there is always something new for visitors to see). This can either be achieved by introducing new rides and attractions or by re-theming and updating existing rides.



QUESTION 7

You are the General Manager of Chessington currently overseeing the re-theming of an existing ride or attraction. Draft a company memo to dispatch to all relevant departments informing them of the changes at the Park and instructing them as to how the change will affect their responsibilities.

QUESTION 8

Investment in new rides and attractions are costly but vital to the ongoing success at Chessington. The Vampire rollercoaster cost £4 million when it was introduced to the Park. Assuming an average price of £19.00 per person, how many tickets do Chessington need to sell before they break even on their investment?