

Your task for this part of the coursework is to complete an in depth study of the activities, types of ownership and the main aims and objectives of ACV and Mint.

By the end of this Module you should be able to:

Level 1

- 1 Explain the activities of both businesses – what do they do.
- 2 Describe what type of ownership they both have? What are the main features of these types of ownership.
- 3 Fully explain the aims and objectives of each business.

Level 2

- 4 Explain why is it important for a business to set aims and objectives.
- 5 Demonstrate how each business has achieved its aims & objectives, you must provide evidence.
- 6 Explain why the type of ownership is suited to each business.

Level 3

- 7 Suggest why aims & objectives may need to change in response to changing activities.
- 8 Discuss why the type of ownership may need to change also.

Key words to use in this piece of work:

Holding company: Where a company has overall ownership and control of a number of different companies.

Partnership: is a type of business in which partners (owners) all contribute to the funding of the business and share the responsibility of running it. They also share any the profits or losses.

Limited Liability: Is where the owners (or shareholders) of a business are not personally liable for any of the debts of the company.

Diversification: Is where a business attempts to increase its profitability through greater sales volume obtained from new products and new markets.

PLC: Stands for Public Limited Company. A business that sells its shares on the stock market to the general public.

Progress Tracker Level One

TICK WHEN
COMPLETED

Tick when you have completed each task and monitor the progress that you are making through this part of your coursework. Once you have achieved all of these you have achieved a level one and can then move on to Level two work.

1 Explain the activities of both businesses – what do they do.

Describe exactly what forms of business activity both ACV and Mint are involved in.

For Mint this should be relatively easy as they are a retail business, but don't forget they have diversified into other areas too.

For ACV it's obvious that they operate in the tourism sector but you must fully explain the wide range of facilities and services they offer. Two sources of information that will help a lot are:

- Northumberland Estates - The Management of a great landed estate
- Alnwick Castle Press Pack

2. Describe what type of ownership they both have? What are the main features of these types of ownership.

Both Mint and ACV are partnerships. However, ACV is also part of Northumberland Estates, which may be described as a holding company.

Partnerships usually have unlimited liability. You need to explain what this means and what implications it has for the owners.

You also need to explain how partnerships are organized in terms of funding and responsibilities and what legal document is usually drawn up to formalize these relationships.

3. Fully explain the aims and objectives of each business.

There are many aims that a business may have, some of which include:

- Make a profit
- Provide goods or services
- Survival
- Expansion
- Maximise sales
- Improve quality
- Be competitive
- Provide charitable services
- Be environmentally friendly

Describe which ones apply to both Mint and ACV. Can you think of any others?

Note that the main aim of ACV is not listed above! The castle is still family home and may not have the same aims as a traditional business.

Progress Tracker Level Two

TICK WHEN COMPLETED

Tick when you have completed each task and monitor the progress that you are making through this part of your coursework. Once you have achieved all of these you have achieved a level two and can then move on to level three work.

4 Explain why is it important for a business to set aims and objectives.

We all know that nothing runs efficiently without a plan, and a plan cannot run without having its objectives set. Setting objectives is the right thing to do, for several reasons:

- it gives a target to aim for
- gives a sense of direction
- motivates leaders and their teams
- helps in evaluating success

Explain this in your own words and apply it to ACV and Mint.

5 Demonstrate how each business has achieved its aims & objectives, you must provide evidence.

Look at the aims that you described in Level 1 and analyse whether both businesses have been successful in meeting them. This is not as simple as saying “yes they have” or “no they haven’t”!

You need to provide as much factual evidence as possible e.g.

- sales figures
- visitor numbers
- % profit increases
- staffing levels
- awards won

Can you explain the reasons behind their success (or failures)?

6 Explain why the type of ownership is suited to each business. Firstly explain the advantages and disadvantages of being a partnership.

Example of an **advantage**...

Two people working together have complimentary skills, which can be vecost-effective as people specialise and become more efficient in certain aspects of their creative business. One partner might be good at selling work and presenting to clients, while another is better at bookkeeping.

Example of a **disadvantage**...

A partnership is for the long term, and expectations and situations can change, which can lead to dramatic split ups. You might spend more time with your business partner than with anybody else, so losing that very intimate and personal business relationship can lead to major problems when splitting up.

Don't forget to include the issue of “limited or unlimited liability” which you described in Level 1.

Now you must apply this work to ACV and Mint to help explain why a partnership is the most suitable type of ownership.

For ACV you may want to consider 2 important points:

It's also part of a larger holding company and this has its own advantages and disadvantages.

Its main aim is not necessarily to maximize profit. How does being an unlimited partnership help achieve its main aim?

Progress Tracker Level Three

TICK WHEN
COMPLETED

Tick when you have completed each task and monitor the progress that you are making through this part of your coursework. Once you have achieved all of these you have achieved a level three and your FINISHED!

7 Suggest why aims & objectives may need to change in response to changing activities.

Following on from your explanation of why its important for a business to set aims and objectives you must now explain why they will change over time.

A successful business must adapt to changes in the market i.e.. it must follow the trends in new products or customer demand. In other words businesses must review what they do and be prepared to diversify.

For both Mint and ACV you must explain how and why they have done this in the past, and, crucially, suggest how and why they may change what they do in the future.

How will this process of change affect their objectives? What will be their new priorities? For example:

increase sales in new markets

product development

defending market share in the face of increasing competition

monitoring costs during expansion ... Etc.

Example:

ACV should consider hosting more concerts, in July 2006 the castle hosted a large open air concert with Jools Holland being the major attraction. The tickets were easily sold out which indicates that there is a demand for this type of event locally. More concerts in future could establish the castle as a concert venue, enhancing its image with all age groups and attracting extra revenue.

8 Discuss why the type of ownership may need to change also.

Following on from above would/should either Mint or ACV consider changing their form of ownership in the future?

Would there be any benefits (or drawbacks) from becoming a Limited Company or even a PLC?

Example...

If the castle was to change ownership it would most likely change to a PLC

The main advantage of becoming a PLC is that it becomes relatively easy to raise capital to help the company expand as thousands of people can easily invest in it. However, as AVC's shares would then be available to buy from the stock exchange it may result in the Duke losing control over the company. This could mean that the castle may not stay in the family.