Outsourcing



Explain how outsourcing the tube bending might help *PPL* when making its multi-gyms.

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 *(6 marks)*

***1 (c)*** *Explain how outsourcing the tube bending might help PPL when making its multi-gyms. (6 marks*

**Relevant answers might include the following:**

• quality is improved so likely to sell more/gain a better reputation

• makes the multi-gyms safer to use and so injured customers will not sue *PPL*

• avoids wastage of tubing and labour

• specialist business produces tubing more cheaply/to a higher standard

• avoids demotivating employees by having to reject work

• avoids having to employ better skilled, more expensive staff.

**Examples of responses:**

• If *PPL* outsources it means its costs will go down because a specialist is doing the work so the costs fall. (**2 marks** – issues identified but not developed – no context)

• By outsourcing *PPL* will be able to produce better quality multi-gyms. This way the equipment won’t have to go back to be taken to pieces to have the faulty parts repaired. (**4 marks**).

• *PPL* will have to pay the other business to bend the tubing for it, but this will increase the quality of the gyms. The fact the quality improved will improve the reputation of the gyms leading to more sales. This will increase profits if the extra costs of outsourcing are less than the increase in revenue. (**6 marks**)

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| **Level**  | **Descriptor**  | **Marks**  | **Assessment Objective**  |
| 3  | Provides explanation of how outsourcing can help *PPL*.  | 6–5  | AO2  |
| 2  | Provides description of reasons for outsourcing in context.  | 4–3  |
| 1  | Identifies relevant issues concerning outsourcing.  | 2–1  | AO1  |
| 0  | No valid response.  | 0  |