

# Summer Independent Learning

---

UNIT 22 – SPORT BUSINESS





# Introduction

- Welcome to your SIL. You will be required to complete all tasks in each section.
- Your external assessment is in January, you will be required to carry out extensive research into 3 businesses in a specified sporting area.
- The assessment is 3 hours long, with a pre-release in December.
- You will be able to take 4 pages of A4 bullet pointed notes into your exam (like for unit 2), pre-prepared in college. You will have 6 hours to prepare your notes.



# Activity 1 – Private businesses

Business type	Definition	e.g of a business in sport
Sole trader		
Partnership		
Public limited company (plc)		
Private limited company (ltd)		
Co-operative		

Answer:

---

## Activity 1 – Private businesses

1. What is limited liability?
2. What is unlimited liability?
3. Which private businesses have unlimited liability?
4. Which private businesses have limited liability?
5. What is the overall aim of a private business?
6. What is net profit?
7. What is gross profit?



## Activity 2 – Public businesses

Business type	Definition	e.g. of a business in sport
Local authority		
Public bodies		

---

# Activity 2 – Public businesses

1. Who funds public businesses?
2. Why would value for money be important for these businesses?

Answer:

---

# Activity 3 – Voluntary

- What is a charitable trust?
- Can you give a sporting example?
- Do charitable trusts pay tax?

Answer:

There are 4 different sizes of businesses you need to be aware of. Can you give examples of sport businesses for each size? They can be a local business, or a global brand.

## Activity 4 – Size of business

Size	No. of staff	e.g of a sports business
Micro	Up to 9 full time staff	
Small	10-49 full time staff	
Medium	50-249 full time staff	
Large	More than 250 full time	

There are 4 different scopes of businesses you need to be aware of. Can you give examples of sport businesses for each scope?

## Activity 5 – Scope of business

Scope	Definition	e.g of a sports business
Local	Based in specific town or its surroundings.	
National	Operates throughout a particular country.	
International	Trades across International borders.	
Multinational	Has assets and activities in at least one other country other than its home country.	

# Assessment Practice: Case Study Breakdown

---

## Optipro

Optipro is a private limited company that sells protein supplements focusing specifically on building muscle and improving training performance.

The Managing Director holds a degree in nutrition and Optipro has been selling its product for just over 2 years. The business currently has a small business loan and is supplemented by the Managing Director's personal income as a full-time Personal Trainer.

## Business operations

### Staffing structure

#### Managing Director

#### Responsible for:

Product design/marketing/sales

Distribution of product (online and direct to gym)

Finances

## Demographics

There are 40,000 members in the 20 gyms where the products are sold. Optipro focuses its product sales on people aged between 16–45 years. 20,000 of the 40,000 gym members are aged between 16–45 years.

The online shop can distribute to the whole of the UK.

Pick out the following for Optipro:

- Type of business
- Sector of business
- Size of business
- Scope
- Demographic

Answer:

	2017/18	2018/19
<b>Income</b>		
Gym sales	£7,200	£17,100
Online sales	£18,454	£50,690
<b>Total</b>	<b>£25,654</b>	<b>£67,790</b>
<b>Operational costs</b>		
Product manufacturing	£6,800	£21,300
<i>Legal costs (fixed cost) e.g. insurances</i>	<i>£1,000</i>	<i>£1,000</i>
<i>Online account tracking tool</i>	<i>£300</i>	<i>£300</i>
<i>Personal loan repayment</i>	<i>£4,000</i>	<i>£4,000</i>
Transport costs (to gyms and sales pitches)	£1,400	£3,200
Distribution costs of online products	£2,950	£10,100
Special offer of a free water bottle (with logo)	£1,875	£3,750
<b>Total</b>	<b>£18,325</b>	<b>£43,650</b>
<b>Profit</b>	<b>£7,329</b>	<b>£24,140</b>

Pick out the following for Optipro:

- Gross profit in 2017/18
- Net profit in 2017/18
- Gross profit in 2018/19
- Net profit in 2018/ 19
- How much profit increased between 2017/18 and 2018/19
- Why did profit increase?
- What were the top three operational costs that increased?

Answer:

## Facilities

- The Managing Director receives products and packaging at home, then distributes them to customers.
- The Managing Director operates the online store from a laptop.
- An online account tracking tool monitors finances for tax purposes.

## Products and services

Optipro targets gym users, especially people interested in weightlifting and bodybuilding.

The product range includes:

- separate protein bars to use pre-training, post-training or at any time during the day
- whey protein drinks (ready to mix separate sachets)
- protein shaker – bottle to use for protein drink (with business logo)
- 'Total Recovery' pack – protein drink (x10 sachets), protein bar (x10) and a shaker bottle.
- An information pack explaining amounts required, training benefits and timing of intake.

All the products are sold in 20 large gyms within 25 miles of the Managing Director's home.

Optipro operates an online shop where all products can be bulk ordered. It has a small website that explains all its products and pricing.

The following can be purchased online.

Item	Cost (including delivery)
1 box (12 protein bars)	£22.00
1 large whey protein bag (2.2 kg)	£29.99 (special offer with free shaker)
Shaker bottle (with logo)	£5.99

Minimum spend on online orders is £60.00 (UK distribution only).

The company has no advertisement presence other than the online shop and website. It is reliant on word of mouth through regular customers. Product sales within the gyms advertise the online shop.

Pick out the following for Optipro:

- Facilities available
- Advertisement/ marketing
- Where are products available for purchase?
- How many different products are available?

Answer: