

Kernow Kitchenware: which way to grow?

Student workbook | Pearson Edexcel A level Business (9BS0), Year 13, exams in 2027 | Original TBS three-lesson decision case

Over three lessons you will advise the board of a small Cornish manufacturer on its next growth step.

Lesson 1: judge Germany as a market and Poland as a production location, and work out how exchange rates change the numbers. Lesson 2: compare the three options with a decision tree and expected values, then test the answer. Lesson 3: weigh stakeholders and ethics, write a final recommendation of about 200 words and review a partner's work.

Kernow Kitchenware Ltd and every person, figure and quote in this case are fictional. The notes about Germany and Poland are simplified for teaching and are not current official statistics. You need a calculator. This is original classroom practice, not an exam paper.

The business

Kernow Kitchenware Ltd makes enamel cookware in Redruth, Cornwall: casserole dishes, roasting tins, mugs and jugs, finished by hand in bright colours. It employs 38 people and sold £4.2 million of goods last year to UK department stores, independent kitchen shops and customers on its own website. Its best seller is the Harbour casserole dish. Tamsin Pascoe, whose family owns the company, is Managing Director.

Mission statement: "To make beautiful, long-lasting cookware in Cornwall and to be a good employer in our community."

UK sales have grown by only 1% a year for three years, and cheaper enamel pans from large overseas producers are now sold in UK supermarkets. The board will invest in ONE growth project this year and has up to £350,000 available from retained profit and a bank loan.

The three options

Option	What it means	Set-up cost
A: Export to Germany	A five-year deal with Nordtopf Handel, a German kitchenware distributor. Nordtopf buys Harbour casseroles at a price fixed in euros and sells them to shops across Germany. Redruth makes the extra casseroles; staff work more hours.	£150,000
B: Factory in Poland	Rent a small unit in south-west Poland and move all production of the Harbour casserole there to cut the cost per unit. 12 jobs in Redruth would go; the Polish unit would employ 15 people.	£350,000
C: Grow UK online sales	A new website, digital advertising and a bigger packing area in Redruth to sell more Harbour casseroles direct to UK customers. Two new jobs in Redruth.	£120,000

Free sample

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Contents of the full pack

Lesson 1: Two countries, two questions

Lesson 2: The numbers

Lesson 3: Who wins, who loses, and what is right?

Student workbook and teacher guide, as PDF and as editable Word files.

The teacher guide has lesson plans, full worked answers and indicative guidance.

This sample is the cover and the first two pages of Lesson 1 of the student workbook. It contains no answers. The pages that follow are exactly as in the full pack.

Lesson 1: Two countries, two questions

In Option A, Germany would be a market: a place to sell. In Option B, Poland would be a production location: a place to make. The questions are different. Read the board's research notes.

Note	Germany: research notes for Option A
G1	Average incomes are high, but growth in consumer spending has been slow in recent years. Nordtopf says sales of premium kitchenware still rise a little each year.
G2	Nordtopf handles German-language labels, product-safety paperwork and returns, so Kernow deals with one customer, not 600 shops.
G3	Since the UK left the EU, every shipment needs customs declarations. Kernow's adviser says the casseroles qualify for zero tariffs under the UK-EU trade agreement, but the paperwork adds cost and can delay deliveries.
G4	Lorries from Cornwall reach Nordtopf's warehouse near Hamburg in about three days through the Channel ports. Roads and ports are good.
G5	Government and business rules are stable and predictable.
G6	Nordtopf pays in euros at a price fixed for five years.
G7	Germany already has well-known kitchenware brands, and some of them sell enamel cookware.

Note	Poland: research notes for Option B
P1	Wages for skilled factory workers in south-west Poland are well below Cornish wages, but they have risen quickly in recent years.
P2	Rent for a small industrial unit is about half the Redruth cost.
P3	The area has many metalworking firms, so trained workers are available, but hand-finishing enamel would need six months of training from Redruth staff.
P4	Good motorways link the area to Germany and to ports for the UK. Goods sent to the UK need customs declarations.
P5	Poland is in the EU, so goods could go to Germany and other EU countries without customs declarations.
P6	A regional investment scheme gives tax relief on profits to firms that create jobs in some areas. The adviser thinks a project this small may not qualify.
P7	Kernow would need local permits, a Polish-registered company and a Polish-speaking manager. The adviser expects set-up to take four to six months.
P8	Poland is a stable democracy and EU member; the adviser expects no major political problems for a project like this.
P9	Kernow would keep buying the same steel and enamel from the same European suppliers.

Starter: push or pull?

Firms are pushed into trading abroad by problems at home and pulled by opportunities. For each reason, write push or pull and name the factor. One reason is neither: name what it is instead.

Reason given at Kernow's board meeting	Push, pull or other? Which factor?
1. "UK sales of the Harbour casserole grew by only 1% last year."	
2. "Cheaper enamel pans from big overseas makers are now in UK supermarkets."	
3. "Making 12,000 more casseroles would let us buy steel in bigger, cheaper batches."	
4. "If UK spending falls, orders from Germany could keep us busy."	
5. "Making the casseroles in Poland could cut our cost per unit."	

Task 1: Germany as a market (pairs)

a. Use the Germany notes (G1 to G7). For each factor, write the note number(s) and whether the evidence helps, hinders or is mixed for Option A.

Factor in assessing a country as a market	Note(s)	Helps, hinders or mixed?
Levels and growth of disposable income		
Ease of doing business		
Infrastructure		
Political stability		
Exchange rate		

b. Note G7 is not one of the five factors in the table. Explain why it still matters for Option A.

c. Which factor is the biggest risk for Option A? Explain, using a note.
