

Marrick Print: how should we grow?

Student workbook | Pearson Edexcel A level Business (9BS0), Theme 3, Year 13, exams in 2027 | Original TBS three-lesson case

Over three lessons you will advise the board of a small Yorkshire printer on how to grow, or whether to stay small. Lesson 1: why firms grow, what goes wrong when they do, and the different routes to growth. Lesson 2: put numbers on a takeover and on organic growth, then stress-test the answer. Lesson 3: judge whether staying small could be the better plan and write a recommendation of about 180 words.

Marrick Print Ltd, Brindle & Sons Litho Ltd, Tarn Packaging Group, Stannard Paper Mills and every person, figure and quote in this case are fictional. You need a calculator. This is original classroom practice, not an exam paper.

The business

Marrick Print Ltd prints cartons, labels and gift boxes in short runs (from 250 up to about 10,000) for about 180 small food, craft and gift producers in Yorkshire, Lancashire and Cumbria. Its one site is a unit in Skipton. It has 24 employees, yearly revenue of £2,400,000 and an operating profit of £216,000. Hannah Marrick, granddaughter of the founder, is Managing Director and owns the company.

Marrick promises delivery within two working days, and has £210,000 in the bank plus an unused overdraft facility of £30,000. The regional market for short-run printed packaging is worth £30,000,000 a year; assume this stays the same. The largest competitor is Tarn Packaging Group, with yearly revenue of £6,000,000. Tarn has started to offer lower prices to Marrick's larger customers.

The board has £450,000 to spend this year: £150,000 of Marrick's own cash and a £300,000 bank loan at 7% a year, interest only (the loan is not repaid during the five years in this case).

The options

Option	What it means	Money needed
A: Takeover	Buy all the shares in Brindle & Sons Litho Ltd, a Keighley printer with 15 staff whose owner, Peter Brindle, wants to retire. Move its two machines into Skipton and close the Keighley unit.	£450,000 purchase price
B: Organic growth	Buy a large-format digital press (£310,000), extend the Skipton unit to house it (£140,000), and hire three people to sell and run the new press.	£450,000
D: Stay small and sharpen	Keep one site and the same team, but add an online ordering portal where customers upload a design and see a preview.	£30,000 from cash
E: Do nothing new	Carry on as now.	£0

Free sample

Marrick Print: how should we grow?

Contents of the full pack

Lesson 1: Why grow, and what can go wrong?

Lesson 2: The numbers behind the choice

Lesson 3: Could staying small be the better plan?

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: Why grow, and what can go wrong?

Starter: internal or external?

Economies of scale make average cost fall as output rises. Internal ones come from inside the firm; external ones come from the industry or area the firm is in. For each, write internal or external and name the economy.

Case example	Internal or external? Which economy?
1. Marrick buys paper in bigger batches and gets a discount.	
2. A paper depot opens on the Skipton business park, cutting delivery costs for every printer there.	
3. The new digital press prints three times as many cartons per operator as an old machine.	
4. A local college starts a print-technology course, so all local printers can hire trained staff.	

Task 1: the objectives of growth

a. Four objectives of growth are: economies of scale; increased market power over customers and suppliers; increased market share and brand recognition; increased profitability. Match each statement to one objective.

Statement from the board papers	Which objective?
1. "Closing the Keighley unit and running both firms' machines from Skipton would cut our fixed costs per carton."	
2. "Stannard would give us 2% off paper because we would be a much bigger buyer."	
3. "Our slice of the £30 million regional market would rise."	
4. "Marrick's operating profit is 9% of revenue; new work should lift that."	

Task 1 (continued): market share

b. Complete the table. Market share = business revenue / £30,000,000 x 100. After the takeover, Marrick's revenue = Marrick today + Brindle's revenue minus the 6% that leaves. After organic growth, use the Year 3 extra sales of £730,000. Give percentages to one decimal place.

Business	Yearly revenue (£)	Share of the £30m market (%)
Marrick today	2,400,000	
Brindle today	1,500,000	
Marrick after Option A (takeover)		
Marrick after Option B (Year 3)		
Tarn Packaging Group	6,000,000	

Working space:

c. Which option gives the bigger rise in market share? Is a bigger share the same as more market power over Tarn? Use the shares in your table.
