



BUSINESS

BRIDGING WORK

1. Context: Current business in the news

- Read the article carefully and answer the questions appropriately.

Starling Bank chief Anne Boden to step down amid record profit



May 25th 2023 <https://www.bbc.co.uk/news/uk-wales-65697908>

Anne Boden is stepping down as chief executive of Starling Bank, nine years after founding the company. The Welsh businesswoman said it was the right time to step aside as it reported a record pre-tax profit of £195m, a six-fold increase on the previous year.

She will step down on 30 June, but will stay on the board and still part-own the company. Starling was one of a few so-called challenger banks which promised to revolutionise the UK sector. With no branches, it prides itself on its app and customer service.

Ms Boden announced her departure as the bank published its latest profits for 2022-23. Revealing her intention to leave in an exclusive interview with BBC Wales, Ms Boden said: "It's thrilling. When I look back at how I started Starling, I never thought we would get to this stage. "Starling is bigger than just one person, it is bigger than a founder-led organisation. It is a piece of infrastructure that is important to the UK. We provide a real role in society."

Ms Boden, 63, said it was "not really appropriate" for Starling to continue to have a shareholder as its chief executive. She still owns 4.9% of the company and keeps a seat on the board as a non-executive director.

Starling Bank said it has begun a global search for a new chief executive, with chief operating officer John Mountain becoming interim chief executive. It has grown steadily from its initial base of personal customers, adding business accounts and acquiring a mortgage book, partly due to its purchase of Fleet Mortgages. Ms Boden, decided to pursue her dream of launching a bank after becoming disenchanted with the banking world.



BRIDGING WORK CONTINUED

"People never believed that a 5ft tall Welsh woman in her mid-50s could do something that had never been done before," she said. "I had become ashamed to be a banker, I was ashamed to be part of that whole regime that had let the country down. I wanted to do something different, I wanted to found a bank that was really good for customers, that was fair. And people never believed I could do it and be profitable. So here we are, we have done it, proof positive."

Ms Boden said Starling Bank would continue to grow and believes it can take more customers from the older, more established banks. Starling will eventually list itself on the stock exchange, she said.

Listing a firm on a stock exchange takes it from being a private to a public company, with investors able to buy and sell shares on specific exchanges. Companies usually list on stock exchanges to gain access to a wider range of investors. "It's not going to be this year, but eventually Starling will list," she said. "It will be at the right time."

As a result of her success with Starling, she has become a role model for women in finance. She chairs a UK government task force that aims to boost the number of women launching fast-growing businesses. "When women get the investment, when women get the chance, they can lead great companies and lead those companies to success," she said. Asked for her advice for a woman from her home town of Neath who may want to start a business, she said perseverance was required. "However, unless you start, you never know."

Bridging tasks

- Other than for tasks 1 and 2, you should limit your answers to a short paragraph of no more than five or six sentences.
 1. Annotate the passage, highlight any Tier 2 (academic words found across multiple disciplines [subjects]) and Tier 3 (Subject specific words) vocabulary
 2. For Tier 3 vocabulary, look up the meanings/definitions and write/type them out
 3. Explain what you think are Anne Boden's main business objectives.
 4. Describe and analyse the level of competition in the UK retail banking sector.
 5. Analyse possible reasons for Starling Bank to "list on the stock exchange".
 6. Evaluate Anne Boden's comment that Starling Bank "is important to the UK. We [Starling Bank] provide a real role in society."

BRIDGING WORK CONTINUED

2. Business Case Study

Case Study: Real Smoothies plc

Real Smoothies was formed when Jack Brown and Samir Milner met at university and decided to start up a small partnership business cashing in on the growth in natural food products by ethically sourcing ingredients and making and selling smoothies from a kiosk in Wakefield shopping centre.

Unlike most soft drinks on the market Real Smoothies had no added preservatives or flavouring giving them a USP and adding value to the brand. As a result the founders were able to sell at a premium price and cash in on consumer “conscience spending” since a carton of each smoothie would contain 3 of the recommended 5 per day servings of fruit and vegetables. Unique flavours like Mango and Lemongrass added to the variety offered to consumers and very soon the plan was hatched to move production to a large industrial unit and start supplying supermarkets. Jack was determined to take the products to a national audience and they made a successful pitch to some retail buyers from the second largest UK supermarket chain. In order to raise finance for the venture the business was converted to a public limited company, selling shares to the public via the stock market.

With the success of their supermarket order, Jack and Samir closed their kiosk in Wakefield and moved on to supplying more supermarket chains, expanding their supplier network and producing new sizes of smoothies for children’s lunch boxes as well as their regular 0.5 and 1 litre cartons. The smoothies keep up to 5 days in a fridge due to their suppliers using the “flash pasteurisation” technique which stops the natural fruit ingredients from perishing. Taking on larger orders allowed for bulk purchases from suppliers and flow production techniques to be used, both of which lowered variable costs of production.

At this point Samir started becoming even more ambitious. “We could take this brand to a global audience” he said after it had gained a 7% market share in the UK drinks market and was making huge sales through the supermarket chains. Customers liked the brand for their ingredients, simple packaging and their charitable work – 10% of their profits had always been donated to charities in the countries from which the fruit ingredients were sourced. After much deliberation Jack and Samir sold a large amount of their shareholding in the firm to a global drinks brand, International Drinks Ltd who promised to take the smoothies to the global audience using their vast distribution channels around the world.

Real Smoothies PLC

	Last year	This year
Revenue	£81m	£144m
Costs	£46m	£79m

BRIDGING WORK CONTINUED

1. Read and annotate the text. Identify and define 5 difficult words (tier 2 language) that are not subject specific (see question 2 which ones to ignore)

Tier 2 difficult word	Definition

2. Find definitions for the following words (tier 3 language)

Key word	Definition
USP (unique selling point)	
Adding value	
Brand	
Premium price	
consumer	
Public limited company	
supplier	
Flow production	
Variable costs	
Distribution channel	

3. Calculate the amount of profit last year and this year (revenue – costs)

Profit Last year	Profit this year

4. Calculate the percent change in
 - a. Revenue
 - b. Costs
 - c. profit
5. Analyse two reasons why Jack and Samir sold Real Smoothies PLC to International Drinks Limited

Tip: use the evidence in the case study to help you.
Use specific words to show developed application

Words to develop application (students could do this themselves)

Generic word	Word to use instead
Business	Smoothie Business
Product	Smoothies/ soft drinks
Customer	Drinks buyers
Rivals	Innocent smoothies, Coca Cola, Pepsi, Florida Natural
Supplier	Fruit Supplier

6. It is better to be a small partnership business rather than a PLC (like Tesco). Do you agree? Justify your view

(You need to evaluate advantages and disadvantages of your view)