



# Pre-seen case study for Strategic level examinations – Papers E3, P3 and F3

For examinations in November 2013 and March 2014

Pre-seen case study for Strategic level examinations

<b>PRE-SEEN MATERIAL</b> , PROVIDED IN ADVANCE FOR PREPARATION AND STUDY FOR THE EXAMINATIONS IN NOVEMBER 2013 AND MARCH 2014.
INSTRUCTIONS FOR POTENTIAL CANDIDATES
This booklet contains the pre-seen material for the above examinations. It will provide you with the contextual information that will help you prepare yourself for the examinations.
<b>You may not take this copy of the pre-seen material into the examination hall.</b> A fresh copy will be provided on each of the examination days as part of the examination paper.
Section A of each of the three Strategic level papers (E3, P3 and F3) will be based on this material.
Unseen material will be provided on the examination day; this will comprise further context and the examination question requirements (a maximum of four compulsory questions, totalling 50 marks).
You will not be expected to have any knowledge of any other examination questions or unseen materials based on this pre-seen case study.
Section B of each of the three Strategic level papers (E3, P3 and F3) will NOT be based on this material.
The examination will last for three hours. You will be allowed 20 minutes reading time <b>before the examination begins</b> during which you should read the question paper and, if you wish, make annotations on the question paper. However, you will <b>not</b> be allowed, <b>under any circumstances</b> , to either begin writing or to use your calculator during the reading time.

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## **Pre-seen case study**

### **Introduction**

The Games is an international multi-sport event that is held within a region of the world every four years. It attracts competitors from 10 different countries within the region and is held at a different time from the Olympic Games. The Games are held in each of the countries within the region in turn. The next Games are scheduled to take place in Country C in October 2015. There are 25 sports included within the Games ranging from archery through to weightlifting. The Games were first held in 1979 and this is the first time that Country C has hosted them.

### **Games Co-ordinating Committee (GCC)**

The Games Co-ordinating Committee was established to set out the framework within which the individual country organisations should work in delivering the Games. Membership of the GCC is drawn from all the countries within the region which take part in the Games. Its aim is to promote the Games throughout the region of the world in which the Games take place. It is also responsible for setting out the mission under which the Games are established in each country.

### **Mission of the GCC**

The mission of the GCC is to:

- Encourage and promote ethical competition in sport;
- Encourage and co-operate with public and private organisations in the preparation for and staging of the Games;
- Achieve high levels of sustainability for the infrastructure of the Games and the environment in which they take place;
- Promote sport and healthy lifestyles amongst young people;
- Promote the Games' values of excellence, unity and achievement.

The mission of the GCC is untouchable in the sense that all who are involved in the Games, in whatever role, must adopt and promote it.

### **Organisation of the Games within Country C**

In 2010, the Parliament in Country C passed an Act creating GAMESCO, a company limited by guarantee to organise and deliver the Games on time and within budget. GAMESCO also has responsibility for disposal of assets after the Games and selling any surplus land which is not retained for sporting purposes.

The Minister of Sport in Country C and the elected Mayor of the city in which the Games are due to take place are the only two shareholders of GAMESCO. Governance of the Games is carried out entirely by GAMESCO. In carrying out this role, it co-ordinates the activities of all people and organisations engaged in preparing for and operating the Games and it is responsible for the subsequent liquidation of all the Games' assets.

The Government of Country C believes that the Games will provide a major boost to Country C by providing commercial opportunities for enterprises such as hotels and retail outlets and enabling the re-generation of the current dilapidated land on which the Games will take place. It is expected that the prosperity of Country C and, in particular, the whole area in which the Games will take place, will increase.

### **Mission, Vision and Values of GAMESCO**

The Board of GAMESCO is committed to meeting the mission of the GCC. It has established its own mission and values as follows:

#### *Mission:*

“To deliver the Games successfully on time and on budget in accordance with the expectations of our stakeholders and in accordance with the mission of the GCC.”

GAMESCO is responsible for preparing, operating and winding up the Games, all within its budget. Country C's Government provided capital to GAMESCO for building work to proceed. However, Country C's Government is clear that it does not intend to support the Games beyond the funding it

has already invested. This places a large responsibility on GAMESCO to ensure that its overall expenditure does not exceed the revenue it generates from its activities and the government grants it has received.

*Values:*

“GAMESCO will work tirelessly towards achieving the mission set out by the GCC. In striving to achieve the GCC’s mission, GAMESCO will act fairly and responsibly with all its stakeholders, in particular its employees and partners, in order to generate trust and transparency.”

**GAMESCO’s organisational structure**

GAMESCO has a Board of Directors comprising: Chairman, Chief Executive, Directors for Finance, Sponsorship, Operations, Marketing, Commercial Activities, Estates, Communications, Human Resources, Information Systems, Venues, Athletes’ Services, a representative from each of the Minister of Sport and the Mayor, a sports representative drawn from each of the sporting activities which will be competed in during the Games and a representative of the GCC.

**GAMESCO’s financial structure and budget**

Country C’s currency is C\$. GAMESCO’s financial structure is different from most commercial organisations. Under the Act of Parliament which set the company up, a provision was made that GAMESCO would not be subject to corporate tax.

Revenue is generated by a mixture of government grants, sponsorships, ticket sales for the Games, rental of accommodation and broadcasting and other commercial fees. All capital works relating to the Games themselves, such as the athletics stadium, the cycling velodrome, the gymnastics arena and the swimming pool, are funded by government grants. However, construction of buildings for commercial activities such as cafes and restaurants is funded by the commercial organisations themselves and is not the responsibility of GAMESCO. The budget for the expected final cost of the Games is shown at Appendix 1.

**Project management**

An overarching supervisory consortium of experts in project management has been engaged by GAMESCO as an outsourced service. The role of the consortium is to prepare and monitor construction work on the whole of the Games Park site. The Games Park site will accommodate such buildings as the athletics stadium, the cycling velodrome, the gymnastics arena and the swimming pool. In addition, the consortium will ensure that utilities are installed, plans for construction works are approved, construction work progresses according to schedule and that contractors are able to access the site when building work takes place.

GAMESCO employs independent project management teams with project managers responsible for each major building construction on-site. These project managers report directly to the consortium on the progress of the construction project for which they are responsible. An Information Systems Project Manager has been appointed by GAMESCO, whose role is to co-ordinate the provision of information systems on the site and to liaise with all the project managers on their information systems requirements for the construction projects for which they are responsible.

A project management team has also been established to market the Games. All GAMESCO’s marketing staff, with the exception of the Marketing Director, are attached to this project team.

**Service provision**

Professional architects, engineers and building companies are all engaged in developing the Games Park. In addition, land on which buildings will be erected must be clear of pollution. Utility services, such as water and electricity supplies to all venues involved with the Games are in the process of being provided.

On the Games Park site itself, there will be a number of fast-food outlets, cafes and restaurants as well as ice cream parlours, sweet stores and souvenir shops. Hygiene facilities, such as toilets, will need to be provided. All of these will remain on-site for the duration of the Games and will be demolished afterwards. Some parks and gardens will be constructed within the Games Park. The parks and gardens will not be demolished but remain as amenities for the local population after the Games have finished.

Security for the Games will be tight. It is proposed that GAMESCO will engage a highly reputable security services contractor to provide security at all the Games' venues, around the perimeter as well as within the grounds of the Games Park. It will be essential for the security contractor to engage sufficient staff to carry out this very large security service.

### **Staffing**

While GAMESCO does employ its own staff, the majority of people working on-site are contractors. At present most of the activity being undertaken on-site is construction work. GAMESCO does employ its own Human Resource Management, Information Technology support and accounting staff.

Senior staff and project managers are contracted for the duration of the Games and in some cases beyond. They are paid at a competitive rate. However, most staff are employed on temporary contracts on a month-to-month basis and generally receive relatively low pay compared with unskilled labour in Country C which has a high level of unemployment.

When the Games begin, it is expected that most ancillary staff on-site, who will direct spectators to venues and facilities, will be volunteers. Many of these volunteers will take annual leave from their places of work in order to carry out this task.

### **Sponsorship**

A major source of revenue for GAMESCO is sponsorship deals with major business organisations and this is therefore crucial to the successful staging of the Games. Sponsors are required to provide a guarantee of a minimum payment of C\$ 1 million to GAMESCO. For this, sponsors become official partners of the Games and acquire marketing rights. This enables sponsors to build their brands and customer relationships, increase their revenue and enhance their own commercial reputation. Sponsorship can be divided into two types, direct and indirect.

#### ***Direct sponsorship - gold sponsorship***

There are two levels of direct sponsorship, gold and silver. Gold is the highest level of sponsorship and gives sponsors major marketing rights. Gold sponsors are drawn from businesses such as electronic equipment suppliers, soft drink manufacturers and fast-food chains which can provide products and services to support the staging of the Games, in addition to providing a financial contribution. Gold sponsors are also expected to promote the Games by engaging in the development of sporting events across the region of the world in which the Games take place. For this, gold sponsors are entitled to use the Games logo on their products and services.

Gold sponsors are required to engage in a range of activities to support the mission of GCC at the Games. See page 2 for details of the mission of the Games.

#### ***Direct sponsorship - silver sponsorship***

Silver sponsors are only required to make a financial contribution to the staging of the Games. However, they too, are able to use the Games logo.

#### ***Indirect sponsorship***

A form of indirect sponsorship which takes place when the Games are in progress is hospitality. Hospitality sponsorship relates to large businesses hiring facilities on-site in the Games Park to entertain their own customers and clients while the Games are in progress. These facilities mainly consist of hospitality rooms and boxes. The hospitality rooms and boxes in prestige venues, such as the athletics stadium, the cycling velodrome, the gymnastics arena and the swimming pool, will command a higher price on days when popular Games events are being held and also when medals are being awarded.

### **Brand Leases**

One significant area of revenue generation is the opportunity for GAMESCO to lease its brand to all organisations engaged in supplying products and services to the Games. It is a condition for all goods and service suppliers that they must display the Games brand in all the venues in which they operate and in doing this, they incur a leasing charge which is directly payable to GAMESCO. In addition, any other organisation wishing to use the Games brand must also pay a leasing charge to GAMESCO for permission to do so.

## **Marketing**

GAMESCO has carried out considerable press and television advertising and intends to increase this as the Games draw closer in order to stimulate public enthusiasm and ticket sales. Television rights to broadcast the Games have been agreed and GAMESCO has invested in stocks of merchandise which it has distributed to retailers around Country C.

## **Games Village**

The athletes will be accommodated in the Games Village which is located in the Games Park. The Games Village will consist of several purpose built blocks of accommodation which provide hotel services in respect of individual bedrooms with en-suite toilet and shower facilities. The Games Village will also have its own catering and laundry facilities, using locally contracted staff. The daily cleaning of the rooms will also be contracted out to a local company.

The Games Village will provide a regular bus shuttle service for the use of athletes to and from the city centre in which the Games are being held and also to and from the airport.

After the Games, the Games Village will be converted into apartments to house local people.

## **Drug testing and medical facilities**

A specific building will be constructed to enable appropriately qualified experts to carry out internationally approved drugs tests on athletes. The drug testing facility will be located close to the medical centre which will be specifically built for treating the athletes. If any spectator requires medical attention beyond basic first-aid, he or she will be taken to the nearest hospital as will any athlete if he or she requires treatment which cannot be provided at the medical centre. After the Games have finished, it is expected that the medical centre will be converted into a health clinic which will provide services to local residents.

## **Business opportunities and legacy**

Much has been made in Country C about the huge opportunities for local businesses and the legacy of the Games. There is a range of contracts and work being done or still to be undertaken by businesses in Country C. These include construction, land regeneration, the provision of utility supplies and catering facilities before and during the Games. After the Games have finished, there will still be much work particularly for construction companies in reinstating land and undertaking buildings alteration work.

Construction works including hotels and shopping facilities are now planned to be built on derelict land and all will be within easy reach of the Games Park. The hotels and shopping facilities are particularly attractive to developers as it is expected that the regeneration of the land, parks, gardens and sports facilities which remain after the Games will attract visitors and tourists.

A major legacy is that many new homes and amenities will become available after the Games. For example, the athletes' accommodation in the Games Village will replace much sub-standard accommodation in which many local people are currently housed. The Government thinks that the Games, which will be televised across the region and in other parts of the world, will showcase the country in general, attracting visitors and businesses not just for the duration of the Games but afterwards as well.

In addition to the economic benefits, the Government hopes that the Games will inspire the public in Country C to take more physical exercise which it anticipates will bring health benefits to the population. Some of the facilities which will be constructed for the Games, such as the cycling velodrome, the gymnastics arena and the swimming pool, will become available for public use after the Games, enhancing the amenities for the local population.

### Budget for the delivery of the Games

	<i>C\$ million</i>
<i>Preparation of the Site and Infrastructure</i>	
Power and utilities	550
Preparatory construction work	370
Structural work including access roads	760
Landscaping	250
Other preparation and infrastructural works	185
<b>Total preparation of site and infrastructure</b>	<b>2,115</b>
<i>Venues</i>	
Athletics stadium	500
Swimming pool	260
Cycling velodrome	50
Gymnastics arena	45
Venues operations control centre	20
Other Games Park venues	100
<b>Total venues</b>	<b>975</b>
<i>Transport</i>	
Transport capital projects	300
Transport operating costs	350
<b>Total transport</b>	<b>650</b>
<i>Games Park Operations and Security</i>	
Games Park Operations	220
Security for Games Park construction	240
Security during Games	70
Insurance	80
<b>Total Games Park Operations and Security</b>	<b>610</b>
<i>Games Village and Media Centre</i>	
Games Village construction	750
Media Centre construction	300
<b>Total Games Village and Media Centre</b>	<b>1,050</b>
<b>Total expected final cost before contingency</b>	<b>5,400</b>
Contingency	540
<b>Total expected final cost</b>	<b>5,940</b>

*End of Pre-seen Material*