Some of the answers that follow in Sections A and B are fuller and more comprehensive than would be expected from a well-prepared candidate. They have been written in this way to aid teaching, study and revision for tutors and candidates alike.

These Examiner's answers should be reviewed alongside the question paper for this examination which is now available on the CIMA website at www.cimaglobal.com/e2papers

The Post Exam Guide for this examination, which includes the marking guide for each question, will be published on the CIMA website by early February at www.cimaglobal.com/e2PEGS

SECTION A

Answer to Question One

Rationale

This question tests candidates' appreciation of the concept of social responsibility in strategic decisions. It examines learning outcome A2(b) 'compare and contrast approaches to strategy formulation'.

Suggested approach

Answers should first explain the concept of social responsibility. They should then develop to compare and contrast the different viewpoints of the Chief Executive and the Finance Director. The main arguments for and against the social responsibility proposals should be explained.

Good answers will develop convincing arguments both for and against the social responsibility proposals, making explicit reference to the scenario context. Weak answers will be limited to a general explanation of social responsibility, with a description of benefits and drawbacks, not contextualised to the scenario.

Acting in a socially responsible manner essentially concerns the extent to which an organisation should move beyond the minimum obligation provided through regulation and corporate governance. It influences how an organisation should conduct itself within society recognising the need to deal with the impact of business decisions on different stakeholder groups. However, the debates about the extent to which an organisation should consider
issues under the heading ‘social responsibility’ when it is formulating and implementing business strategies continue to provoke conflict and tension between different stakeholders.

The difference in views between the Chief Executive and the Finance Director are essentially based on the alternative perspectives regarding what the fundamental purpose of a business should be. As such, FZP Pharmaceutical Company needs to weigh up the costs of socially responsible business decisions against the benefits.

The Chief Executive is adopting what is referred to as the stakeholder view, recognising that there are many groups in society which will have an interest in FZP’s strategies. Her position will be founded on the expectation that the company acts in a socially responsible way in its interactions with its different stakeholders.

The Finance Director’s view aligns more closely with the position proposed by Milton Friedman who advocated that the management of an organisation should only be concerned with strategies that maximise the wealth of its shareholders. This assumes that the primary purpose of a business is to make as much money as it can, maximising wealth for its owners. Organisations should leave it to legislators to make laws against socially irresponsible acts and to consumers to vote with their purses against socially irresponsible companies. Taking this further, it is the role of the state to represent public interest, by levying taxes to spend on socially desirable projects, or regulate organisational activities. So, the fundamental legitimate function of a business is economic performance not social activity.

An alternative argument concerning shareholder wealth proposed by Sternberg takes the perspective of natural justice. In other words if a business does other than maximise shareholder wealth this is taking the business outside its proper place in society, changing its purpose.

The Finance Director is concerned that implementing the proposals suggested by the Chief Executive will have an adverse impact because it will mean that FZP Pharmaceutical Company will incur additional costs. For example, the potential costs likely to be involved in becoming more energy efficient in the production of pharmaceutical products, recycling, reducing carbon emissions and waste to reduce environmental pollution and monitoring the initiatives as part of environmental auditing. He may also feel that employees’ efforts may be diverted towards achieving the environmental targets, at the expense of other activities.

The Finance Director may be concerned that the investment needed to implement the proposals could impact negatively on revenues and hence shareholder value. Shareholders may feel that management time is being wasted on socially worthwhile projects and that funds are being diverted to make charitable donations rather than being paid out as dividends.

The Chief Executive, on the other hand, will view her proposal as win-win, rather than being a drain on profits. She could make the counter argument that if FZP Pharmaceutical Company strategies or core business conflict with the needs and values of society it may not survive in the long term. Her proposal could also have commercial benefits. For instance, there is the potential to drive down costs by reducing waste and pollution and saving energy and recycling resources may lead to lower overheads, which in turn can help improve profits.

There are also the reputation benefits to be gained by FZP Pharmaceutical Company in presenting its social responsibility credentials. Adopting a more socially responsible stance should have a positive impact on the corporate image of the company, attracting favourable publicity. This could be used as a competitive advantage. Increasingly customers are becoming more concerned for the environment and may boycott companies that damage the environment, only doing business with those that demonstrate sustainable business practices.

It could also enable FZP Pharmaceutical Company to attract ethical investment funds which could have a positive effect on share prices and hence represent a direct increase in shareholder wealth. Charitable donations and sponsorship would also reflect well on FZP Pharmaceutical Company, be good for public relations and the motivation of its staff.
Answer to Question Two

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<th>Rationale</th>
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| This question requires candidates to be familiar with the concept of risk within the context of project management and to understand the different ways in which risk can be managed. It examines learning outcome B1(e) ‘apply key tools and techniques, including the evaluation of proposals’.

<table>
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<tr>
<th>Suggested approach</th>
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<tbody>
<tr>
<td>Answers should first provide an explanation of the concept of CPA, developing to explain the detail of CPA in the context of assisting project management during the project lifecycle. Good answers will provide a coherent explanation of CPA making reference to the project lifecycle in the context of assisting project management. Weak answers will simply identify what CPA is without developing on the how to assist project management.</td>
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Critical path analysis (CPA) is a helpful technique to assist in project planning, especially when a project has to be completed to a deadline/target date. It involves developing a network diagram to predict the total duration of a project. Conducting the analysis will help the project manager to determine whether the target date for completion is achievable. Associated with this, assuming the target date is achievable, it will help assess what is the latest time the project can commence.

The CPA shows all the activities which must be carried out in order to complete the project, the sequence in which they must take place and the budgeted time for each activity. In this regard it supports project scheduling in terms of what must be done first before a particular activity can start, what can be done next when an activity has finished and what activities can be done in parallel. In other words, it involves the determination of dependencies of activities and also their duration. Construction of the network diagram hence requires a good activity list based on work breakdown structure.

CPA will aid the identification of which activities are critical to completion on time and must therefore be started at the earliest possible time. The critical path can be identified from the CPA, this is the series of activities that determine the earliest time by which the project can be completed. It shows the longest pathway through the network diagram that has the least amount of slack and float.

If one or more activities on the critical path take longer than planned, then the whole project schedule will slip unless the project manager takes corrective action. It will also identify those activities which are non-critical. This will help in assessing how much slack particular activities have, and which activities can be started late or, alternatively, which can take longer than planned without affecting the overall project completion time.

During the execution of the project, CPA can support project control. By regularly monitoring the actual progress against the CPA chart, the project manager can assess if any action is needed if activities are not completed on time. For instance, the project manager may need to reallocate resources to activities on the critical path if problems occur.
Answer to Question Three

### Rationale

This question tests candidates' understanding of transaction cost theory in making decisions on outsourcing. The question examines learning outcome A2(a) 'discuss concepts in established and emergent thinking in strategic management'.

### Suggested approach

The first part of the answer should explain the fundamentals of transaction cost theory (TCT) and then apply these to the FD's recommendation. This could be achieved by first explaining hierarchy solutions and then market solutions to discuss the factors FD would have needed to consider.

Good answers will draw on the issues identified in the scenario to provide illustrations to support points made. Weak answers will provide a descriptive answer on TCT or will simply explain the benefits of outsourcing without reference to theory.

DY Company is facing increasing costs in its manufacturing activities. The decision on whether or not to continue to manufacture its high end fashion clothing can be assessed using transaction cost theory whereby the company's processes are examined to see if any can be performed at less cost by external contractors. Essentially, the analysis will involve examining the way in which DY Company's resources are organised for manufacturing high end fashion clothing, with a focus on how best economic efficiency can be gained. The theory suggests that whilst asset specificity may drive vertical integration, outsourcing activities that are not core should be considered by the company. DY Company will need to consider the extent to which manufacturing is a core activity.

The foundation of the theory is a development of the 'make or buy' decision. Proposed by Williamson, the theory suggests that an organisation such as DY can choose between two mechanisms to control and carry out its operations in the production or the delivery of service. The two mechanisms are hierarchy or market solutions.

Hierarchy solutions occur when management decides to own the assets or employ staff directly, in other words internalise transactions. The policies and procedures of the company are used to control resources and their performance. This is the way DY Company currently operates in that it is currently organised as a vertically integrated organisation, doing as much as possible in-house, for instance, the design manufacturing and retailing of its fashion items.

In contrast, market solutions are when management decides to buy in the use of assets or staff capability from outside under the terms of a contract. This involves an increased reliance on the market and as such the organisation will incur transaction costs. The recommendation to outsource the manufacture of the fashion items means that the Finance Director is considering a shift from a hierarchy solution to a market solution. The recommendation is based on the assumption that the downstream manufacturing activity can be provided at lower transaction costs by markets.

In making her decision the Finance Director must assess the costs beyond just the unit cost of manufacturing fashion items, including the cost of control. In other words she needs to factor in the transactions costs which are those costs associated with performing a transaction with the company that manufacturing is being outsourced to in T Country. These costs are not simply just the same as those associated with merely the price paid per unit.

The reliance on outsourcing manufacturing should take into consideration the costs connected with managing the transactions and operating under the terms of the contract. These include additional costs such as those associated with manufacture, specifying what is required, writing and managing the contract, co-ordination, enforcing the contract, and communication with the manufacturer in T Country.
Whilst the market solution should enable DY Company to benefit from having access to manufacturing at a lower production cost with a partner organisations there are some issues regarding outsourcing the Finance Director should consider. In making a decision the Finance Director must investigate whether there are likely to be any problems, for instance those associated with control, security and asset specificity.

She should also consider the extent to which the manufacturer, as its main supplier, could exploit the vulnerability of DY Company. She should bear in mind potential consequences of dealing with the manufacturer in T country. For instance, are there any issues associated with poor human rights and employment conditions in T country which could impact on DY Company's brand image. This is an important consideration since brand reputation enables the Company to charge high prices.

In addition are there any issues regarding the control over the production of the fashion items. For example the manufacturer producing counterfeit copies of the branded clothes once it has DY Company's designs.
Answer to Question Four

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<th>Rationale</th>
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<tr>
<td>This question tests candidates' understanding of action centred leadership and how this can help in identifying training needs. It examines learning outcome C1(a) ‘discuss the concepts of power, bureaucracy, authority, responsibility leadership and delegation’.</td>
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<th>Suggested approach</th>
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<tr>
<td>The answer should develop to first explain KS's current approach to leadership and then use the theory of action centred leadership to identify the training KS needs to become a more effective leader.</td>
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<tr>
<td>A good answer will use theory to explain KS's approach to leadership and the use of ACL to explain KS's training needs, drawing on information provided in the scenario. A weak answer will simply describe action centred leadership theory without reference to the scenario context.</td>
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Leadership is concerned with the process of influencing others to work willingly and to the best of their capability. As such effective leadership is a critical factor in the successful performance of teams. However, it would seem that this is not the case for KS who, it would seem from the information in the scenario, has an autocratic/tells leadership style and views his legitimate position as the source of power to get things done. According to Blake and Mouton KS has a task management orientation. That is, he has a high concern for getting the task done, but has a low concern for people in the team. This style of leadership is creating problems for his team, indicated by some staff wanting to leave the team, and others feeling unable to discuss their work related problems with KS.

Action centred leadership could be a useful framework for identifying KS's training needs. This model focuses on the function and content of leadership. In other words it views leadership in terms of how the leader's behaviour affects and is affected by the team.

It suggests that the skills of leadership can be learned and developed by concentrating on the functions that lead to effective work performance.

The model identifies the functions of a leader in relation to the basic needs that can be considered common to all leadership situations. The theory stresses that the effectiveness of a leader is dependent on meeting three areas of need within a work group. These are:

- the need to achieve the task
- the need to maintain morale and build team spirit
- the needs of the individual member of the group

The need to achieve the task involves skills to be able to set objectives, plan tasks, and allocate responsibilities, set performance standards and decision making. It would seem that KS has strong skills in this aspect of leadership.

The model also identifies the needs of the group, for example in terms of communication, team building, motivation and encouraging. It would seem from the scenario that KS needs training to develop his skills in these areas in order to improve his effectiveness as a leader.

The third component of the model refers to individual needs which covers subordinate training, coaching, counselling and development of individuals, goal setting, feedback and recognition, and motivation. Again it is in these areas that KS would benefit from training.

To conclude, KS needs training to help him in building team relationships and to understand how he can help individuals, so he becomes aware of the need to balance his approach as leader, and understand that managing the task is just one aspect of his role.
Note from examiner: Although this answer has been based on Adair’s action centred leadership, and Blake and Mouton Managerial Grid alternative management style and leadership theories could be used to develop the answer).
Answer to Question Five

Rationale

This question tests candidates' understanding of the contribution of the five forces framework in assessing industry attractiveness. It examines learning outcome A1(a) 'discuss the nature of competitive environments'.

Suggested approach

The answer could start with an overview of the purpose of undertaking analysis using the five forces framework. It could then develop using each of the five forces to explain the contribution to understanding of industry attractiveness for the scenario organisation.

Good answers will develop to explain the contribution of the five forces within the context of the fruit and cola drinks industry. A weak answer will simply identify the five forces labels without development in the context of the scenario.

Porter's five forces model is a useful framework that can be used in the feasibility study to help LJ Company assess the competitive forces at work in the fruit and cola drinks industry in Country B in terms of whether the industry is an attractive one to enter.

Porter's model brings together the following five competitive forces:

- Threat of new entrants/barriers to entry
- Bargaining power of suppliers
- Bargaining power of buyers
- Threat of substitute products/services
- Competitive rivalry

It is the collective strength of these forces that will determine the profit potential of the fruit and cola drinks industry in Country B. Essentially, it would only be a sensible strategic decision for LJ Company to enter Country B if the forces are relatively weak and the potential returns are high. The information from the analysis would also help in identifying the factors driving profitability and inform the competitive strategy that is needed.

Taking each force in turn:

LJ Company will be a new entrant so it needs to assess the potential barriers to entering the fruit and cola drinks industry in Country B. These might include issues associated with gaining access to appropriate distribution channels for its drinks products. However, the fact that it is seeking to enter the market via a joint venture with a company already established in Country B could help to minimise this barrier.

Another possible barrier to entry is product differentiation. If there are already well established firms in Country B with strong brands in the drinks market it may be hard for a new entrant to rival these. LJ Company will also have to assess government policy in Country B to determine whether there are any legal or bureaucratic factors to deter foreign businesses entering the marketplace. From this information it will be possible to assess whether entry barriers are high, moderate or low.

Bargaining power of suppliers is primarily related to the power of suppliers to raise their prices. Power will increase where the supply is dominated by a few firms, or suppliers have proprietary product differences. It is unlikely that the supply of raw materials and resources needed for the production of fruit and cola drinks will be concentrated in the hands of a few suppliers; therefore supplier power is likely to be moderate to low.

The bargaining power of buyers is gained through their ability to either gain products/services at lower prices or get improved product quality. It also depends on the size and number of buyers. Power will be greater when buyer power is concentrated in a few hands and when products are undifferentiated.
LJ Company will need to determine who its strategic buyers are, for instance, the end customer or the distribution channels. The end consumers, as individual buyers, will have relatively little bargaining power. Buyer power is increased when there are low switching costs, in other words where moving to a different supplier involves little risk. This would be the case in terms of the buying of fruit and cola drinks products, from the perspective of the end consumer, because they are relatively low value purchases.

If the buyers are the distribution channels for drinks, then buyer power will be high if there is a concentration of these buyers.

Pressure from substitutes is where there are other products that satisfy the same need. In the case of fruit and cola drinks products, it is probable that there will be a high threat of substitutes in the industry since there are alternative types of drinks available in most markets.

In the fruit and cola drinks industry the rivalry amongst existing competitors will be influenced by the number of firms operating in the industry, and industry growth rates. If there are numerous organisations, particularly with strong brand images already operating in Country B and there is low industry growth then this will not be an attractive market for LJ Company. If however, in contrast the rivals are relatively small domestic producers with a poor brand image the market could prove to be attractive.
**Answer to Question Six**

### Rationale

**Requirement (a)** tests candidates’ ability to discuss the benefits and problems associated with introducing sales teams and the sales target system in a sales and contact centre environment. It examines learning outcomes C2(d) ‘identify tools for managing and controlling individuals, teams and networks, and for managing group conflict’. Requirement (b) tests candidates’ understanding of managing conflict, in particular inter-group conflict. It examines learning outcome C1(c) ‘identify the nature and causes of conflict’ and C2(d) ‘identify tools for managing and controlling individuals, teams and networks and managing group conflict’.

### Suggested approach

(a) The suggested approach would be to firstly discuss the benefits of team work, specifically within the context of the question scenario and then go on to discuss the problems associated with introducing sales teams and the sales target system.

Good answers will draw on the characteristics of the different teams identified in the question to illustrate the advantages and disadvantages. Weak answers will simply identify some advantages and disadvantages in a general sense without elaboration or reference to scenario context.

(b) The answer should develop to provide examples of specific strategies/actions needed to resolve or minimise the problems ‘the Centre’ is facing through the introduction of sales teams and sales target system.

Good answers will make reference to the strategies needed for problems occurring for specific teams linked to the issues identified in the scenario. Weak answers will identify a limited number of actions, not contextualised.

### Requirement (a)

Whilst there are a number of benefits associated with introducing sales teams in the Credit Card Sales Department (CCSD) there are also a number of problems, as illustrated in the scenario.

Some of the advantages of team working are perhaps best illustrated mainly with reference to Team A. In this team it would appear that there is strong loyalty between team members. This means that individuals will work together well to achieve their common goal. Team working can help the motivation and commitment of individual members and also satisfy the social needs at work building friendship groups. Affiliation with team members can lead to job satisfaction. This in turn should lead to higher productivity and high quality of outputs with individual members having a strong desire to complete the team task, perhaps a key objective of the restructure of the CCSD. Other benefits are that communication and cooperation between team members will be positive and supportive.

A further benefit is that team working can lead to greater creativity and innovation through the sharing of knowledge, skills and ideas which in itself is motivational. This is evident in Team A where ideas on how to increase sales are shared. It can also be viewed as a way of self-control and discipline since individuals may feel obliged to comply with expectations of team norms.

However, there are disadvantages related to team working. For instance, problems can occur if individuals do not agree on group norms as appears to be the case for Team B. This can be referred to as intra-group conflict which leads to friction between members in Team B in terms of their relationships with each other.
Another issue is that whilst team work can encourage increased productivity, it can have the reverse effect where some team members do not fully contribute, particularly when it is difficult to identify individual contribution. This is a concept sometimes referred to as ‘social loafing’.

Conflicts can also arise because of personality clashes between members, as in the case of Team B. Associated with this is role conflict which is where two people are vying for the same role in the team. This is evident in Team B where the designated team leader appears to be disinterested in the achievement of the sales targets and the team members. As a result another team member has taken on the unofficial role of team leader.

Whilst it has already been noted that a cohesive team can have benefits, there are some possible downsides, as illustrated by the behaviours of Team C. Cohesive groups may develop a hostile attitude to other groups leading to a lack of effective communication and cooperation between groups. There appears perhaps to be too much harmony between the group’s members and they have become focused on the interests of the group rather than the CCSD. This has led to conflict with other groups, known as inter-group conflict, and is where members close ranks and the other teams were perceived as enemies. This is likely to be the case with Team A which is always the winner.

Another disadvantage of team work, evident in Team C, is that of group think which is where, within deeply cohesive groups, members try to minimise conflict and reach consensus without critically analysing or evaluating ideas. There is also evidence of group polarising (the opposite of risky shift), where the group is taking excessively cautious decisions.

Creating direct competition between teams can lead to inter-group conflict, which is conflict between groups. The introduction of the league table system whilst intended to encourage competition has resulted in a win lose situation between teams. The losing teams who do not get a bonus end up arguing rather than focusing on performance. This appears to be happening in Team B. Overall the problems have resulted in hostility and jealousy between groups and poor communications, all of which are having a detrimental impact on overall performance of the CCSD

[NB: The terms teams and groups are used interchangeably in the answer]

Requirement (b)

Both inter-group and intra-group conflicts are evident in the scenario. There are a number of actions which could be taken to minimise the conflict.

It may be that some individuals within the department need counselling or to be disciplined, for example the leader of Team B is not performing in his role and this needs to be resolved quickly since it is having a negative impact on the other members of the team. It could be that training is needed for the team leader. Training interventions could also be used to help staff to develop important interpersonal and team leadership skills.

Other methods of dealing with the conflicts could include inter-group training, so for example, bringing people together from the different teams to discuss best practices on how to improve sales performance.

Greater interaction between the different teams is needed. For example, perhaps departmental projects could be identified that would bring different team members to work together which would have benefits for all the teams and help build trust and cooperation. Linked to this some tasks could be identified which require joint problem solving by the teams, to try to introduce a more co-operative attitude.

As a result of the introduction of sales targets it would seem that too much emphasis is on results at the expense of team processes and dynamics. Whilst the team based bonus has been initiated by the Sales Director, perhaps the approach could be reviewed in terms of the way that this has been implemented. For example, setting a super-ordinate goal for the
CCSD, which all teams work towards, requiring cooperation between teams and which attracts a financial (or other reward) for the whole department. To be effective the superordinate goal needs to be significant and require energy and input of all of the teams.

Another alternative would be to introduce some element of rotation of team members so that individuals move between teams. It is acknowledged that whilst this can sometimes create difficulties in terms of team development and there will be the need to go through the process of forming, storming and norming, the benefits in this scenario might outweigh the drawbacks. If there are serious personality clashes between team members then this may need the movement of individuals to other teams, although this should be a last resort when other interventions to resolve problems have not succeeded.

Whilst Team A is having its own social events, there would be some benefit in introducing social events for the whole of the Department aimed at encouraging individuals from different teams to mix together outside of the workplace.

To conclude, whilst competition between teams can be productive, in the case of the CCSD it has led to problems and conflict which need to be controlled to help improve morale and performance.
Answer to Question Seven

Rationale

Requirement (a) requires candidates to be familiar with the initiation stage of a project and what should be included in a project initiation document. It examines learning outcome B1(d) ‘identify the characteristics of each phase in the project process’. Requirement (b) tests candidates’ ability to distinguish between the roles of the project sponsor and project manager. It examines learning outcome B2(c) ‘explain the roles of key players in a project organisation’.

Suggested approach

(a) Answers should first describe what is involved in the initiation stage of a project and then develop to describe what should be included in the project initiation document.

Good answers will include reference to aspects of the project outlined in the scenario. Weak answers will simply provide a listing of what should be included in the PID without elaboration.

(b) The answer should start with an explanation of the role of the project sponsor and then go on to distinguish the role of the project manager by articulating what the project manager does.

A weak answer will only explain the role of the project sponsor or the project manager. A good answer will provide a range of examples to distinguish between the roles of the project sponsor and the project manager.

Requirement (a)

Project initiation is usually classed as the first stage of the project planning process and is an important stage in project management since it involves the development of the initial project plans. The vision for the project and the establishment of goals and objectives will need to be defined and the project requirement articulated. Essentially this is a statement of what is expected of the project and the reason for what is being done, in this case the establishment of a shared service centre in new premises and the design and installation of a single unified IT finance support system.

It is at this stage that members of the project team will need to determine the scope of the project. Project feasibility will be undertaken. For instance this will include technical feasibility, social feasibility, ecological feasibility, and economic feasibility associated with the shared service centre project.

During the initiation phase, it will be important to identify any risk associated with the shared service centre project and determine how the risks can best be managed.

A Project Initiation Document (PID) should be created which will set out the shared service centre project success criteria. The (PID) is sometimes referred to as the project charter, project brief or project authorisation document. The purpose of the PID is to provide a base document against which progress and any changes through the life of the project can be assessed. It will help in the shared service centre project by setting out the initial project plans and defining the terms of reference for the project. Also, it will help to ensure coordination and control systems for the project are in place.

Another reason for having a PID is for authorisation by the project steering committee/project board.

The document will provide the background, for example, why the project is necessary, with some justification for the establishment of the shared service centre.

An overview of the project in the PID will provide information on the key dates, the project objectives, specifying exactly what the project should deliver. The objectives can be defined in
terms of the ‘triple constraints’ of the time they should take, what they should cost and the quality that should be delivered. In this case the desired outcomes are establishment of the shared service centre in new premises, and the single unified IT finance support system are ready in twelve months’ time.

Any constraints should also be acknowledged such as budget or available resources (i.e. people, money and equipment needed).

The PID will help the project team to convey the scope of the project in terms of what is to be included and can be achieved by defining the principal deliverables. The document can be used so that the project team is in general agreement about the nature of the project. To avoid confusion and argument between people during the life of the project it will also be worth determining anything that it not included.

The PID should set out the project organisation structure, chain of command and the roles, responsibilities and signatory powers of the different members during the project, along with other issues associated with control. The communications, types of meetings and reports should also be explained in the document.

A last point is that the PID will be used as part of project completion to assess project deliverables for the shared service centre project.

Requirement (b)

P, as the Project Sponsor is the person who will initiate the project and appoint the project manager. She makes resources available and would be responsible for approving the project definition and project plans. If any changes are made to the project plan she will need to be informed. P will also expect to see status reports as the project progresses to ensure priorities are maintained and milestones achieved.

P will primarily take the role of watching over project progress, she will not get involved in the operational aspects of the project. However, she will provide support and senior management commitment to the project and to D as Project Manager with P acting as a ‘champion’ for the project. She will also be responsible for overseeing the financial aspects of the project, and may need to approve any capital expenditure if it is over a certain limit.

P and D could both be involved in selecting the core project team although D will have the line management responsibility for project members.

D will take responsibility for defining and planning the various activities of the project. He will want to ensure the success of the project and will need to secure stakeholder approval and inform them of progress status.

He will have a complex task involving co-ordinating, controlling and communicating project activities. This will involve allocating and securing resource commitment, monitoring and tracking project progress and controlling costs. He will also need to keep P informed of progress and alert her to problems, especially if they could have an impact on the project achieving its objectives. D will also select and manage any subcontractors.

As Project Manager, D would be responsible for leading and motivating the project team and fostering a collaborative climate. He will also need to manage the different expectations of the other stakeholders involved, including P the project sponsor, and the project ‘customers’ which in this case are the employees who will move into the new premises and use the new IT system.

Inevitably, however well planned, problems will occur during the project and one of the key roles for D will be that of problem solver and negotiator.