# Instructions to candidates

You are allowed three hours to answer this question paper.

You are allowed 20 minutes reading time **before the examination begins** during which you should read the question paper and, if you wish, highlight and/or make notes on the question paper. However, you are **not** allowed, **under any circumstances**, to open the answer book and start writing or use your calculator during this reading time.

You are strongly advised to carefully read all the question requirements before attempting the question concerned (that is all parts and/or sub-questions).

ALL answers must be written in the answer book. Answers or notes written on the question paper will **not** be submitted for marking.

ALL QUESTIONS ARE COMPULSORY.

Section A comprises 5 questions and is on pages 2 to 4.

Section B comprises 2 questions and is on pages 6 and 7.

The list of verbs as published in the syllabus is given for reference on page 11.

Write your candidate number, the paper number and the examination subject title in the spaces provided on the front of the examination answer book. Also write your contact ID and name in the space provided in the right hand margin and seal to close.

Tick the appropriate boxes on the front of the answer book to indicate which questions you have answered.
Question One

QT Company, to date, has operated its business through two call centres - Call Centre East (CCE) and Call Centre West (CCW). Both call centres are located in the same city. However, QT Company has recently decided to close CCE in the interests of cost efficiency. It will concentrate its resources on the development and expansion of CCW. The decision on which call centre to invest in was a marginal decision made by the Board, since both had performed equally well over the past year.

All employees of CCE will be offered the opportunity to transfer to CCW, which is just 30 minutes away in terms of travel distance. However, whilst there will be no compulsory redundancies, employees from both centres have been told that they will have to apply for specific roles at CCW. Employees will not be guaranteed that they will get their preferred role.

Senior management fully expects to have to deal with some conflict in a variety of forms and at different levels as the restructuring is implemented and employees from CCE take up their new roles alongside their co-workers at CCW. However, they feel that if they can anticipate possible causes of such conflict they will be better placed to deal with it when, and if, symptoms arise.

Required:

Explain the potential causes and forms of conflict which the senior management of QT Company may have to deal with as a result of the restructuring of the call centres.

(Total for Question One = 10 marks)
Question Two

N Company specialises in developing and building new homes. The company markets its new build homes to middle and upper income level customers. N Company has a reputation for imaginative design, quality of build and also excellent customer service.

The company has developed a Customer Charter to reflect its commitment to delivering a quality service. This includes providing the customer with full details and clear information on the selection of choices for the interior design and a commitment not to make any changes without the consent of the customer. The Customer Charter also includes a commitment to the agreed timescale for the build and the date a house will be available for the customer to move in.

One of N Company’s current large scale housing development projects has missed its second major milestone and this could result in penalty payments. The inspection of the plumbing, mechanical and electrical work has shown that it is not safe to move onto the next stage of the project. In addition, the specialist residential designer has left the project. The project manager is concerned that the project is behind schedule and to get the project back on schedule there will need to be a trade-off between time, cost and quality.

Required:

Discuss the trade-off strategies available to N Company to get the housing development project back on schedule.

(Total for Question Two = 10 marks)

Question Three

B4L Company is a long established family business manufacturing high quality leather goods including shoes. Although the company has always been proud of its local history and heritage, in recent years it has started to export its products, and has now established a growing market for its products abroad. This has meant that C, the owner manager of B4L Company, is finding that more and more of his time is spent abroad, prospecting for new customers. As a result he is considering whether he can realistically continue to control the day-to-day operations of the business personally, as he has done to date.

Required:

Explain the type of organisational control currently in place at B4L Company and the alternatives that C could consider using in order to ensure the company can continue to operate effectively in the future.

(10 marks)
Question Four
UMO Company's main business is its national chain of supermarkets. However, it is considering branching out into a new venture. This would involve it taking over an established chain of coffee shops which has outlets in a number of locations including city centres as well as train stations, airports and shopping malls.

Before it makes its decision on whether or not to invest in the coffee shop chain, the Board of UMO Company wants to understand the different levels and types of competitor its new venture may face and any associated competitor threats.

Required:
Describe the different levels and types of competitor, and the associated competitor threats that UMO Company will need to consider if it acquires the coffee shop chain.

(Total for Question Four = 10 marks)

Question Five
When the previous Head of the Finance Department of GSP Company moved on to his new position, none of the department's staff showed any interest in applying for the post. As a result the post was advertised externally and K was appointed. Although this would only be K's second managerial post since qualifying as a management accountant five years earlier, he impressed the interview panel with his excellent technical accountancy skills.

Unfortunately, after three months in post, K has become frustrated and disillusioned by the apparent lack of support he has received from his staff, who, he thinks, resent his appointment. At a recent meeting with his line manager, J, to discuss the situation, J suggested that the present situation has arisen due to K's communication problems rather than anything to do with hostility and jealousy.

Unknown to K, J has received numerous complaints from staff in the Finance Department about K's poor communication skills. These have included K's preference for sending long, complex and tedious emails, his use of lots of jargon and a lack of individual face-to-face communication. It seems that many of his emails are sent at the weekend or late at night and he often expects an immediate response. Staff also commented that the department meetings K chairs are disorganised and people have stopped attending since they do not see any actions resulting from the meetings.

Required:
Discuss what K could do to improve his communication within the Finance Department of GSP Company.

(Total for Question Five = 10 marks)

(Total for Section A = 50 marks)

End of Section A. Section B starts on page 6
RF Company has commissioned a project to refurbish its head office. The project will require refurbishment of two floors and completion of the project has been agreed within a very tight timescale. This new facility will incorporate a restaurant, offices for 240 staff and video conferencing facilities. RF Company wants to ensure that the work is carried out with the minimum disruption to staff.

The project is now underway and the project committee has recognised that the refurbishment is not in line with the brand identity of high quality and innovation. To fit RF Company's brand, the interior design needs to incorporate innovative and high quality concepts. The project sponsor has agreed additional funds and an increased timescale for the project so that the refurbishment can meet its objectives.

The project committee understands that the impact of these changes needs to be considered. There will be a number of factors that will need to be addressed to improve the chance of delivering a successful project. The committee is also aware of the need to produce a revised plan for the project in order to incorporate the additional resources.

The committee is also aware that the risk of project failure is much greater without detailed project planning and wants to incorporate Work Breakdown Structure, Project Milestones and Control Gates into the revised planning process in order to deliver greater control of the project and to enhance the chance of successful delivery of the project objectives.

**Required:**

(a) Using the McKinsey 7S model as a framework, discuss the factors that will need to be addressed in order to manage the impact of the proposed changes to RF Company's refurbishment project.

(b) Explain how the following project management techniques would help RF Company successfully deliver the refurbishment project:

(i) Work Breakdown Structure

(ii) Project Milestones and Control Gates

*(Total for Question Six = 25 marks)*

*Section B continues on the opposite page*
Question Seven

P Company operates in the fashion industry. Although its Head Office is based in Country F, it has a number of separate divisions worldwide, each operating as a strategic business unit (SBU). Whilst the company's corporate strategy is set by the Head Office, each SBU is responsible for developing and marketing a specific range of products. The current SBU's include:

- men's clothing SBU
- women's clothing SBU
- cosmetics SBU
- bags and luggage SBU
- footwear SBU
- jewellery SBU

Since P Company was established it has developed into one of the leading brands in the world of fashion and, just as many of its competitors have done, it continues to seek out opportunities to diversify its portfolio to include new products and services. However, decisions to enter new markets inevitably involve a high degree of uncertainty. Corporate appraisal, involving SWOT analysis, plays a key role for the company, assisting it with its future strategic planning decisions.

Required:

(a) (i) Describe what is meant by the term 'strategy'.

(ii) Discuss the importance and nature (characteristics) of P Company's Corporate level strategy.

(b) Explain the usefulness of, and what is involved in, carrying out a corporate appraisal (SWOT) to assist P Company's future strategic planning decisions.

(Total for Section B = 50 marks)

End of Question Paper
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**LIST OF VERBS USED IN THE QUESTION REQUIREMENTS**

A list of the learning objectives and verbs that appear in the syllabus and in the question requirements for each question in this paper.

It is important that you answer the question according to the definition of the verb.

<table>
<thead>
<tr>
<th>LEARNING OBJECTIVE</th>
<th>VERBS USED</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level 1 - KNOWLEDGE</strong></td>
<td>List</td>
<td>Make a list of</td>
</tr>
<tr>
<td>What you are expected to know.</td>
<td>State</td>
<td>Express, fully or clearly, the details or facts of</td>
</tr>
<tr>
<td></td>
<td>Define</td>
<td>Give the exact meaning of</td>
</tr>
<tr>
<td><strong>Level 2 - COMPREHENSION</strong></td>
<td>Describe</td>
<td>Communicate the key features</td>
</tr>
<tr>
<td>What you are expected to understand.</td>
<td>Distinguish</td>
<td>Highlight the differences between</td>
</tr>
<tr>
<td></td>
<td>Explain</td>
<td>Make clear or intelligible/State the meaning or purpose of</td>
</tr>
<tr>
<td></td>
<td>Identify</td>
<td>Recognise, establish or select after consideration</td>
</tr>
<tr>
<td></td>
<td>Illustrate</td>
<td>Use an example to describe or explain something</td>
</tr>
<tr>
<td><strong>Level 3 - APPLICATION</strong></td>
<td>Apply</td>
<td>Put to practical use</td>
</tr>
<tr>
<td>How you are expected to apply your knowledge.</td>
<td>Calculate</td>
<td>Ascertain or reckon mathematically</td>
</tr>
<tr>
<td></td>
<td>Demonstrate</td>
<td>Prove with certainty or to exhibit by practical means</td>
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<tr>
<td></td>
<td>Prepare</td>
<td>Make or get ready for use</td>
</tr>
<tr>
<td></td>
<td>Reconcile</td>
<td>Make or prove consistent/compatible</td>
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<tr>
<td></td>
<td>Solve</td>
<td>Find an answer to</td>
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<tr>
<td></td>
<td>Tabulate</td>
<td>Arrange in a table</td>
</tr>
<tr>
<td><strong>Level 4 - ANALYSIS</strong></td>
<td>Analyse</td>
<td>Examine in detail the structure of</td>
</tr>
<tr>
<td>How you are expected to analyse the detail of what you have learned.</td>
<td>Categorise</td>
<td>Place into a defined class or division</td>
</tr>
<tr>
<td></td>
<td>Compare and contrast</td>
<td>Show the similarities and/or differences between</td>
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<tr>
<td></td>
<td>Construct</td>
<td>Build up or compile</td>
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<td></td>
<td>Discuss</td>
<td>Examine in detail by argument</td>
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<tr>
<td></td>
<td>Interpret</td>
<td>Translate into intelligible or familiar terms</td>
</tr>
<tr>
<td></td>
<td>Prioritise</td>
<td>Place in order of priority or sequence for action</td>
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<tr>
<td></td>
<td>Produce</td>
<td>Create or bring into existence</td>
</tr>
<tr>
<td><strong>Level 5 - EVALUATION</strong></td>
<td>Advise</td>
<td>Counsel, inform or notify</td>
</tr>
<tr>
<td>How you are expected to use your learning to evaluate, make decisions or recommendations.</td>
<td>Evaluate</td>
<td>Appraise or assess the value of</td>
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<tr>
<td></td>
<td>Recommend</td>
<td>Propose a course of action</td>
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Enterprise Pillar

Management Level Paper

E2 – Enterprise Management

November 2013

Tuesday Afternoon Session