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.

Answer to Question One

There are a number of different management styles and leadership theories which could be used to compare and contrast J’s approach and the approach senior management thinks she should adopt.

It would seem from the scenario information that J’s approach is more people centred than task centred. Adair’s action centred leadership model is based on the premise that effective leadership requires the bringing together of task, team and individual needs. In J’s case, senior management is suggesting that J has a focus on the needs of the individual and the group, but has not paid sufficient attention to the task achievement.

The Blake and Mouton managerial grid provides a useful framework for understanding and applying effective management. The grid was developed from the precept that management is essentially concerned with production and people. The grid suggests that any combination of concern for production and concern for people may be present in an organisation.

Using the Blake and Mouton grid, perhaps J could be viewed as adopting the country club approach to management where the emphasis is on people. People are encouraged and supported and any inadequacies are overlooked on the basis that they are doing their best and that coercion or a more authoritative/directive approach would not improve things.

It could be argued that senior management wants J to adopt a task oriented style where the emphasis is on achieving the task, without concern for people. J would be responsible for planning, directing and controlling the work of her subordinates, treating people as commodities or machines.

In fact the most effective approach would bring together both J’s current approach and the approach her senior management team suggests. This is a team style, and whilst it might be viewed as idealistic it advocates a high degree of concern for both production and people. It endeavours to discover the best and most effective solutions aimed at the highest attainable level of production to which all involved contribute and in which everyone finds a sense of achievement. In adopting this approach J would assume that employees are committed to the organisation, and that any conflict which occurs can be successfully managed.

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 Two

Porter's Diamond is based on four interacting determinants that assist the country, and hence individual organisations operating in that country, to be more competitive in international markets. These are factor conditions; home demand conditions; related and supporting industries; firm strategy, structure and rivalry.

Taking each determinant in turn:

- **Factor conditions** refer to the factors of production that go into making a product or service. Different nations have different stocks of factors which can be categorised as human resources; physical resources; knowledge; capital; infrastructure. It is not sufficient to have an abundance of the factors, rather it is the efficiency with which they are deployed that is important.

  Porter also distinguished between basic factors, which he claims are unsustainable as a source of competitive advantage, and advanced factors.

- **Home demand conditions** refer to the nature of the domestic customer becoming a source of competitive advantage. Dealing with sophisticated and demanding customers with high expectations in an organisation's home market will help drive innovation and quality, which in turn will help an organisation to be effective in other countries.

  Although economies of scale are relevant, it is not necessarily about the quantity of home demand but the information that the home market gives organisations and the impetus to innovate. If the customer needs are understood in the home market earlier than in the world market, the firms benefit from the experience.

- **Related and Supporting Industries.** Porter proposes that a nation's competitive industries are clustered, where a cluster is a linking of industries through relationships which are either vertical (buyer-supplier) or horizontal (common customers, technology, skills).

  Related and supporting industries of local clusters of related and mutually supportive industries can be a source of competitive advantage. In other words, competitive success in one industry is linked to the success in related industries. Having a domestic supplier industry can be preferable to a good foreign supplier as proximity to managerial and technical people along with cultural similarity can facilitate free and open information flows.

- **Firm strategy, industry structure and rivalry** are related to the fact that nations are likely to secure competitive advantage in industries that are more culturally suited to their normal management practices and industrial structures. For example, industries in different countries have different time horizons, funding needs and infrastructures. Fierce domestic rivalry and competition will drive innovation, force down costs and develop new methods of competing. This can enhance global competitive advantage.
Answer to Question Three

Requirement (a)

A matrix structure is based on a dual chain of command and is often used as a structure in project management. In the case of C Consultancy Company, it would involve establishing cross specialist teams, as necessary, to work on particular consultancy projects.

Since the consultancy projects will be time bound, a matrix structure provides a way of resourcing and organising work, bringing people together to work on a particular client project and then returning to their specialist area.

Consultants would have a dual role in terms of belonging to their specialist area as well as being a member of a project team. This would mean reporting to both the senior manager of the specialist area and the project manager for their work on a particular consultancy project.

Requirement (b)

The matrix structure could bring a number of advantages to consultancy project work. For instance, it would bring together a wide range of expertise cutting across specialisms to work on a client project. This would also enable the company to offer a broader portfolio of consultancy interventions. From an employee perspective, it can facilitate the development of new skills and adaptation to unexpected problems, broadening a specialist’s outlook by working with others.

Whilst there are benefits, there can be disadvantages to the matrix project structure. One of the main problems is associated with the lack of clear responsibilities and potential clashes and tensions between the different priorities of the project tasks and the specialist area.

Employees may end up being confused by having to report to two bosses and deciding whose work should take precedence. Conflicts may arise due to the differences in the backgrounds and interests of staff from different specialist areas working together, and some attention will be required to assist team development in the early stages of the project. The project manager may be reluctant to impose authority as they may be subordinates in later projects.
Answer to Question Four

Requirement (a)

In explaining why undertaking competitor analysis is important, the presentation should include points on the following:

- The overriding purpose of gathering competitor intelligence is to identify the specific competitive advantage of rival organisations. This would help the company in developing a better understanding of strengths and weaknesses of its potential competitors and to help predict competitor behaviour.
- It should also help management in understanding the competitive advantage (or indeed disadvantage) of the organisation relative to competitors.
- It can help in generating insights into the past, present and potential strategies of its competitors and how they have reacted. This in turn will provide an informed basis for developing future strategies to sustain and establish advantage over competitors and to assist with the forecasting of the returns on strategic investments when deciding between alternative strategies.

Requirement (b)

The second part of the presentation should include points to highlight the types of information that should be collected on competitors.

The first point would be to identify the competitors for which information should be collected. This could be based on which competitors it perceives as posing the greatest threat.

Other types of information that should be collected as part of competitor analysis include:

- The present strategies of key competitors, for example; how is the firm competing and where the firm is competing.
- Identifying competitors' current goals and objectives. For example, is a particular competitor seeking sales growth or market share growth in an aggressive manner? Is it investing in new premises?
- Information on competitors’ current products and services. Also their segmentation strategies, branding and image, and the customer segments targeted.
- Identifying the competitors' resources and capabilities. This will therefore involve gathering information on their management profiles, organisational structure, financial strength and technologies to understand not only what they are doing now, but also what they are capable of doing in the future. The scale and size of the company's resources are both important indicators of the competitor's threat.
Answer to Question Five

Competitive advantage refers to the significant advantages that an organisation has over its competitors. It can be gained on the basis of price or through some form of differentiation, such as quality of service, product design or branding which allows an organisation to charge higher prices for its products/services.

The resource based view (RBV) to achieving competitive advantage is a more recent paradigm of strategic management. This is an inside-out-view where competitive advantage is gained from the exploitation of an organisation's resources, competences and capabilities. In other words, it refers to the distinctive groups of skill that would allow an organisation to provide particular benefits and deliver competitor advantage and is not dictated by the constraints of the external environment.

The RBV approach emphasises the development of strategy based on internal capability, hence an organisation would need to use strategic management frameworks that would help it in understanding the internal aspects of the organisation. In other words, to determine what it is good at, what its strengths are and what its weaknesses are.

Adopting the RBV means that superior profitability would depend on its possession of unique resources or abilities that cannot be easily imitated by its rivals. The assumption here is that an organisation is a collection of resources, capabilities and competences that are relatively unique. These can provide the basis for an organisation's strategic development and its ability to compete better than those of competitors.

The RBV has developed from the work of Prahalad and Hamel's work on core competences which focuses on the strategic intent of an organisation to leverage its internal capabilities and core competences to confront competition. This is sometimes referred to as strategic stretch.

Resources can be tangible, such as plant and equipment, access to raw materials and finance, trained/skilled workforce or intangible such as brand and intellectual property. However, it is the way the resources are used which provides the capability to compete. For resources to be unique, Barney (1991) suggests that they must add value, be rare, difficult to imitate and cannot be easily substituted.

Intangible resources are often the most likely to create sources of competitive advantage, as it is argued that they are more difficult for competitors to understand and imitate. In addition, it is the way resources are integrated with each other to perform a task or activity that provides the capability or competence for an organisation to compete. Therefore, one of the most important resources for an organisation is the skill and knowledge possessed by the organisation's employees, which is acquired over time and embedded in its culture.
Answer to Question Six

Requirement (a)

PRINCE2 is an acronym for Projects In Controlled Environments and is a structured approach to project management. Essentially it provides a project framework with a set of project tools, guidelines and standards. It includes bureaucratic controls on the planning and execution so that any potential problems that may arise are identified and can be resolved early in the process. Whilst it could be argued that aspects of PRINCE2 could be considered to be just good project management, the difference is in the level of structure and documentation required.

The key processes of PRINCE2 methodology offer a number of features that would help the client management IT system project, including:

- A defined management structure of roles and responsibilities
- A system of plans
- A set of control procedures
- A focus on product based planning

The key processes and documentation of PRINCE2 would provide the project team with a clear structure of authority and responsibility between members in the project team, so that each party has clear objectives. As part of this, the control responsibilities of the various members of the project team would be determined.

The methodology can help in the future planning of the project, which R will need to do to get the project back on track. The PRINCE2 hierarchy of plans include:

- The overall project plan.
- Individual work plans for each project team member.
- Stage plans - which involves preparing plans for each stage. This assists in managing stage boundaries in terms of ensuring that all deliverables planned in a current stage have been completed as defined before authorising the next stage.
- The exception plan which is used when there are signs that the project is slipping behind schedule or deviating from budget or quality targets. If the project is going to exceed its tolerance, for example variances in time, cost or quality, this would be reported to the project board including B, the project sponsor. The implications on the whole project deliverables would then be discussed and plans amended to reflect any changes needed to ensure the project delivers its objectives.

PRINCE2 has a set of progressive documents for a project and control is achieved through the authorisation of work packages. These include controls on quality, time and costs and identify reports and handover requirements, all of which appear to be problems with regard to the client management IT system project.

The methodology also includes a series of ‘management products’, for example, project initiation documents, project budget, quality plan and various checkpoint and progress reports which would improve controls for the project.

PRINCE2 would divide the project into:

- Technical products, which are the things the project has been set up to provide to users.
- Quality products, which define the quality standards the technical product must achieve.
• Management products, which include project management structure planning documentation and reports.

**Requirement (b)**

B, as the project sponsor, is the person who will initiate the project and appoint the project manager. She will make the resources available for the project and would be responsible for approving the project plan. B will also expect to receive status reports as the project progresses to see that key milestones have been reached. If any changes are made to the plan during the project lifecycle, then the project sponsor will need to be informed.

The project sponsor will primarily take the role of watching over the project, she will not get involved in the day to day operational aspects of project management. However, she will provide support and senior management commitment to the project, acting when appropriate as a champion for the project. B 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 budget.

In contrast, R, as the project manager, will take responsibility for planning the various activities of the project. He will want to ensure the success of the project in terms of delivering its objectives on time and within budget. He will need to secure stakeholder approval, inform key stakeholders of progress and manage the different expectations of the various stakeholders including, for instance, the project sponsor and the project customer.

R's role will involve co-ordinating, controlling and communicating project activities on a day to day basis. This will involve securing and allocating project resources, monitoring project progress and controlling costs. He will need to keep B, the project sponsor, informed of progress and alert her to any serious problems which could impact on achieving the project objectives, should they occur.

As project manager, R will be responsible for leading and motivating the project team and fostering a collaborative working environment. He may need to manage any conflicts within the project team.

However well planned a project is, if problems do occur it will be the responsibility of the project manager to be the negotiator and to resolve problems.
Answer to Question Seven

Requirement (a)

Organisational conflict can occur on a number of different levels and can have a detrimental impact on the business. The conflict in Z Company is best characterised as horizontal conflict. This is where conflict occurs between groups or departments at the same level in the hierarchy. A number of factors play a part in creating the conflict:

*Goal incompatibility* is often the main cause, where the goals of one area block the achievement by other areas. In Z Company, the functional structure of the organisation could encourage employee loyalty to particular departments with employees wanting to concentrate on their own goals. The goals of different departments are often seen as mutually exclusive. This can result in conflict and lack of cooperation between different departments during the New Product Development (NPD) process.

*Goals of innovation* often can cause more conflict than other goals since the NPD process requires departments to co-operate. However, where there is an increase in task interdependence between different departments, then the potential for conflict increases. This is because the greater interdependence means that departments may exert pressure for fast response because the work in one department has to wait on other departments. Employees will need to spend time sharing information and communicating. As a result, differences in goals and attitudes can emerge leading to conflict. There appears to be a lack of understanding and appreciation of the pressures and needs of other departments during the NPD process.

For example whilst the Research & Development (R & D) Department wants to come up with the best possible product range from a technical perspective, in doing so it may not take account of the cost aspect, nor of the implications for the production of the new products, which will be of concern for the Production Department.

The marketing sales staff will want a new product range ready for the sales team. The Finance Department is viewed very much as a controller and an obstacle to the NPD process. The marketers and R&D staff may see finance as only taking a short term view rather than investing for the future of the company.

Another source that can lead to horizontal conflict are the differences in the personalities, attitudes and experience of managers in different functional departments. This is often apparent between the different values of those working in marketing, finance and R & D. This stems from the different skills, qualifications and time horizons of the people working in these different areas.

Requirement (b)

Meetings can take up a significant amount of time and should, ideally, be seen to benefit those who attend. However, as in the scenario, people often leave meetings feeling frustrated at the time spent without any useful outcomes for them.

As a first step, the Finance Director should prepare for the meeting, set clear objectives on the purpose of the meeting, and establish who from the project team needs to attend. This should ensure that the time is not wasted for people who do not need to be there and to ensure the objectives of the meeting can be achieved. A practical aspect is to make arrangements in terms of the location and time of the meeting to encourage attendance.

An agenda should be drawn up by the Finance Director in advance and circulated to those attending. The agenda should provide a focus for the discussion and allow people to prepare before coming to the meeting, ensuring that they have relevant information with them. In the scenario, it is likely this had not been done since the necessary information from finance was not brought along to the meeting.
Other common problems that can occur during the meeting stem from having an ineffective chairperson, which can then result in the domination of discussion by a few people, conflict between attendees and the agenda items being unrealistic or badly structured. These problems can be addressed by the Finance Director acting as an effective chairperson. Ideally there will also be a secretary or administrator who will be responsible for taking the minutes at the meetings.

The Finance Director should impose some order on the meeting and ask participants to contribute in accordance with meeting protocols, such as time constraints. His role is to facilitate discussion at the meeting. The Finance Director should also be able to manage conflict should it arise in a meeting and control any disruptive elements. Whilst encouraging constructive debate, the skill is in limiting the scope of the discussion to agenda items.

Throughout the meeting the Finance Director should summarise and clarify key points made, explaining any jargon used and check understanding by all attending the meeting. He should note the actions that need to be taken, by whom and when, so that it is clear who is responsible for what. At the end of the meeting, a summary of the results should be gone through so that all participants are clear on the action points and their commitment is gained.

The Finance Director needs to bear in mind that the level of attention of participants diminishes towards the end of a meeting, particularly when it goes on too long. People may agree to anything towards the end of the meeting simply to get away.

After the meeting, the main problem is that actions are not always carried out. Therefore, minutes should be distributed to the attendees and other interested parties so that the outcomes are not lost, and team members are reminded of their responsibilities, priorities and action points. This should be kept as brief as possible to improve the chances of the minutes being read and action points acted upon. The minutes should form the basis of the next meeting so that failure to carry out actions is identified.