# 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 5 and 6.

The list of verbs as published in the syllabus is given for reference on page 7.

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
R Company produces a range of hair and beauty products. T, the Finance Director, and P, the Marketing Director, are reviewing the outcome of some product portfolio analysis which has recently been undertaken. They are keen to gain a better understanding of how the company's products are performing, specifically in terms of market share and market growth.

The analysis has revealed the following:
- Product A had a high market share but is in a market where there is low growth
- Product B has a low market share but is in a high growth industry
- Product C is a market leader with high market share in a high market growth industry
- Product D has a low market share and is in a low growth industry

**Required:**
Describe what the analysis shows about R Company's current product portfolio and the implications for the future development of its products.

*(Total for Question One = 10 marks)*

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Question Two
Strategy is developed at different levels in large organisations. The process starts with the corporate strategy which is then translated into the strategy for the business divisions and business functions.

**Required:**

(a) Explain what the corporate strategy of a multi-business organisation is typically concerned with.

*(6 marks)*

(b) Describe the important role that the corporate level strategy has in relation to the development of the business and functional strategy in a multi-business organisation.

*(4 marks)*

*(Total for Question Two = 10 marks)*
Question Three

DF Company, a relatively new company, is in the business of designing and building farm equipment and machinery. Whilst it has been successful in its first few years of operation, sales are now in decline as competition in the industry has intensified and there is greater rivalry between competitor organisations.

A review undertaken by consultants has recommended that, in order to gain sustained competitive advantage, the company needs to establish the basis on which it can compete more effectively against its rivals in the future.

Required:

(a) Describe the concept of competitive advantage and include reference to the different bases DF Company could use to achieve competitive advantage. (5 marks)

(b) Describe the factors that can create competitive rivalry between organisations. (5 marks)

(Total for Question Three = 10 marks)

Section A continues on page 4
Question Four
X Company, a private security firm, has signed a contract to fund the design, construction and running of a local police station. This arrangement is a public private partnership agreement whereby the local police authority will pay X Company revenue to run the support services of the local police station.

The local police authority has made a statement saying ‘this will mean the support services provided by the police will now be delivered externally by specialists who can deliver greater savings and improve efficiency and effectiveness’. X Company has a 10 year deal to provide a range of support services including human resources, finance and IT. X Company has set up a project board (effectively the project sponsor) to oversee the progress of the project and has appointed one of its senior management accountants as project manager.

Required:
(a) Distinguish between the role of the project owner and project sponsor, with reference to X Company's project. (4 marks)
(b) Explain, with a view to successfully completing X Company's project, the relationship required between the project manager and
   (i) the project owner;
   (ii) the project sponsor;
   (iii) the project team. (6 marks)
(Total for Question Four = 10 marks)

Question Five
Organisational culture is an important concept since it impacts on most aspects of organisational life and the way in which work is performed. Every organisation will have its own unique culture which will be determined by a wide range of factors and will develop over time.

Required:
Explain the factors which can influence the development of an organisation's culture. (Total for Question Five = 10 marks)

(Total for Section A = 50 marks)

End of Section A
Section B starts on the opposite page
Question Six

L Company, a manufacturer of family cars, has invested in a robotic painting system for its cars. Ensuring the right quality of paintwork on each car is a critical success factor for the company.

However, the project to deliver the robotic painting system has experienced a number of problems. At the end of the project, expenditure was over budget and the level of reliability specified in the project quality document has not been met. The company is now facing major quality issues with the robotic system not delivering the standard of paintwork required by the customer. This is resulting in cars being delivered late to the customer and this is creating reputational issues for L Company.

A meeting between the project manager and the project board has ended up with everyone blaming each other, saying it was not their responsibility. It is clear that the project board did not use a project management methodology and did not have control systems in place in order to identify the problems that have occurred. The need for a methodology and the importance of project reviews were recognised in the meeting as important for future projects.

Required:

(a) Explain how using the elements of a PRINCE2 methodology could have helped to prevent the failures of the robotic painting system project.

(b) Discuss the importance of undertaking a project completion review and provide examples of what would be involved in such a review for the robotic painting system project.

(Total for Question Six = 25 marks)
Question Seven

GBF Group is a leading food and beverage manufacturer with an international presence in over 50 countries worldwide. The group has seven strategic business units (SBUs) and each has responsibility for one of the group’s key business segments. The business segments comprise:

- Frozen foods
- Dairy products
- Pet food
- Biscuits
- Confectionery
- Breakfast cereals
- Soft drinks

Each of the strategic business units operates autonomously and currently each one has its own finance function. However GBF Group does require each SBU to have a multi-disciplinary management team, made up of representatives from all of the different functional specialisms. GBF Group’s Chief Executive believes that these management teams are crucial to the group’s success in developing strategy and improving the performance of individual SBUs.

A new Finance Director has recently been appointed to GBF Group and one of his key priorities is to review the effectiveness of the current structure in place for providing the finance function for each of the different SBUs. He has also made it known that he is considering alternative models for delivering the finance function across the group, based on his experience in other organisations where he has previously worked.

Required:

(a) (i) **Explain** the advantages and disadvantages of each of GBF Group’s strategic business units (SBUs) having its own finance function.

(ii) **Discuss** TWO alternative models that the GBF Group could use to deliver the finance function other than the one it currently uses.

(b) **Explain** the factors that will contribute to the effectiveness of a high performing multi-disciplinary management team for the GBF Group.

*(Total for Section B = 50 marks)*

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*End of Question Paper*
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.

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Enterprise Pillar

Management Level Paper

E2 – Enterprise Management

September 2012

Friday Session