E1 Enterprise Operations

Questions and answers from past ‘ask a tutor’ events – archived by syllabus area

[Please note that the responses given are the tutors’ own. They are not definitive nor do they necessarily reflect the views of CIMA.]

Syllabus area A – Global Business Environment

Business Government Relationship

Question:
Please explain about protectionism.

Response from tutor:
Protectionism is when a country introduces trade barriers [embargoes, quotas and so on] to protect its own industry[s]. In the global marketplace certain industries put pressure on Governments to prevent competition from overseas in their country which it is argued protects. It often props up uncompetitive industries and restricts the free movement of goods and trade.

Corporate Governance

Question:
What are the principles of corporate governance and the new changes made recently?

Response from tutor:
I am not aware of any changes to the E1 syllabus in terms of Corporate Governance. The basic principles of corporate governance are Fairness, Openness, Transparency, Independence, Probity & Honesty, Responsibility, Accountability, Reputation, Judgement, and Integrity.

Porter’s Diamond

Question:
Paper E1 - is Porter's Diamond examinable?

Response from Tutor:
Porter’s diamond is in the CIMA study text written by the examiner and is therefore examinable. Under the syllabus structure, everything is examinable in section A and to a large extent in section B. However given the structure of skill ranges under the microscope in this paper and at this level, you are relatively unlikely to get an in depth [application type] 10 mark section of a question in part C of the exam.

Syllabus area B - Information Systems

Information Technology
**Question:**
How can information technology help a company in planning its HR Activities?

**Response from tutor:**
Information Technology can help in any planning process whether HR or not. A plan is essentially a ‘how’. It refers to how the organisation will achieve its objectives. Examples would be forecast [or planned] work allocations. Management can produce more sophisticated models using IT and so is more able to forecast peaks and troughs in activity when more or less staff are required. For instance in service industries such as banking or in retailing at lunchtimes and weekends. HR is a resource like any other resource in an organisation and so demand and supply [availability of staff] must be matched effectively.

**Question:**
I am confused with General Controls and Application/Program Controls in terms of IT/IS controls. How are they different?

**Response from tutor:**
Application controls are specific to the particular piece of software, for instance a tolerance level built in to a digital scanning system. Each application will have potentially unique controls that would not necessarily be relevant in other systems.

General controls apply to all systems and include such as physical aspects in addition to operational security aspects. One example might be a limit on the number of system access attempts or a ‘time out’ control when a system is unused for a period.

**Question:**
In simple terms, what is sustainability and the impact on the global world?

**Response from tutor:**
Sustainability refers to ensuring that the current consumption of resources does not exceed that which can be replaced or replenished in the future. Additionally it is damage caused to the environment that cannot be repaired. For instance the disposal of nuclear waste at sea is not a sustainable activity in that eventually if the oceans become radioactive that affects the whole world’s population. The continual consumption of fossil fuels is not a sustainable activity, eventually the earth’s natural reserves will run out.

**Question:**
Please explain to me TQM and its relationship with JIT and lean management.
Response from tutor:

I adopt a simple approach to teaching TQM –

TOTAL – means everything and everybody in the organisation and extends to suppliers also. It puts the onus on each individual and group to take responsibility for quality.

QUALITY - has 5 basic tenets – Right first time; Zero defects, Customer satisfaction, Continuous improvement, Fit for purpose.

MANAGEMENT – is about Planning, Control & Decision Making

If an organisation adopts these principles and uses them as a basis for planning & control then it is ‘lean’ in the sense that it eradicates waste from all operations and systems.

Subsequently in applying this to JIT the eradication of inventory is a ‘waste saving’ lean aspect of manufacturing. Inventory costs money to store [warehousing, handling, etc] and ties up working capital that may be more effectively used elsewhere in the business. This applies at both input and output stage of the process as JIT is a pull through system triggered by a customer order. Everyone in that system [including suppliers] must take responsibility for fulfilling that customer order on time and at the specification required.

Question:

When a company is ISO 9000 certified, it is means that it is also adopting the TQM approach?

Response from tutor:

Whilst it would be unlikely that an organisation with a TQM approach would not have some sort of externally recognised quality award such as ISO it is not a pre-requisite. Even if an organisation does have an externally accredited quality award it does not necessarily follow that the organisation is adopting a TQM approach.

Queuing Theory

Question:

I find it difficult to understand the Queuing Theory and its advantages.

Response from tutor:

Queuing theory is simply a way of minimising the amount of time customers have to wait to be served [or items are stood idle waiting to get into a system].

The principle is to match service levels [number of staff serving say] with acceptable waiting times for customers. As services are a perishable item [you cannot recover time once it has passed] excess staff at low demand times is a wasteful. Queuing theory therefore attempts to determine the number of staff required to offer a high level service at peak and trough demand times. [There are no maths on queuing theory in this paper]

Analysis of expenses
**Question:**
Can you explain the analysis of expenses by function with a standard numerical example?

**Response from tutor:**
A business comprises various functions – Production, Warehousing, Finance, Sales and Marketing etc.

Expenses pertaining to these particular functions would be analysed accordingly, for instance rent and insurance. You will have studied overhead apportionment already in other papers.

You should also be aware that there will be no computations in E1.

**Syllabus area D - Marketing**

**Marketing Mix**

**Question:**
I do not understand areas of marketing mix and how this is sometimes hidden in exam questions.

**Response from tutor:**
A question might ask for a marketing plan in which case the 4 ‘P’s can be used. I would tend to steer clear of using all 7 ‘P’s as the mark allocation is unlikely to be sufficient for an in depth explanation covering all of the elements. Provide well explained arguments of 1 paragraph each for the main 4.

[Note from CIMA: The additional 3 Ps of the marketing mix: People, Process and Physical evidence may be appropriate for a service organisation and therefore relevant if a service organisation is involved in a question scenario.]

**Strategic Marketing Plan**

**Question:**
I am aware of the 4 Ps but not on how an organisation can construct a strategic marketing plan?

**Response from tutor:**
I would not use the marketing mix for a Strategic marketing plan. I always teach a simple six stage model for any ‘Strategic’ type of plan as follows –

1. Set objectives
2. External [environmental] analysis
3. Internal [position] analysis
4. Options
5. Implementation
6. Review & Control
I distinguish the two ideas on the basis that the 4Ps is a more tactical planning approach, although some may argue that it is a matter of interpretation. This approach has always been successful in the past.

**Syllabus area E - Managing Human Capital**

**Succession planning**

**Question:**

What are the advantages and disadvantages of HR succession planning?

**Response from tutor:**

The most important resource for many organisations is employees. Consider service industries for instance, accountants or lawyers or other industries where high levels of individual skill are one of the key sources of competitive advantage. Continuity in these types of organisations depends heavily on a pipeline of new individuals coming through either internally or externally to replace those who leave or retire. HR succession planning sets out how the organisation will attempt to address the objective of ensuring that sufficient numbers of individuals with appropriate skills will be on hand to fill any gaps as and when they arise.

It is widely accepted that the advantages of HR succession planning outweigh the disadvantages but there are instances where for instance an unsuitable successor adversely affects corporate performance. Also the organisation may fail to recruit a more effective person who then joins a competitor. There is no guarantee that an organisation has the skills to effectively plan HR succession, which can happen particularly in younger and start up businesses. A lack of commitment and resources to any business planning exercise can limit its chances of success.

**General Exam Questions**

**Question:**

I have failed only this paper 4 times. The answer what I have written is completely different when I checked the answers after the exam. For this kind of paper I believe there is no specific answer as this is a practical paper. This time I'm going to sit it again. Please advise what need to be done to pass this paper. I have done a lot of practice questions.

**Response from tutor:**

I suspect your main problem is in ‘Understanding what is required’ in terms of the skills being tested. Section A is purely about your ability to remember theory – you either know the answer or do not! Section B tests your understanding and uses verbs such as ‘explain’. You must understand the cause and effects underlying the theory to write appropriate answers in this section. Section C is about application and analysis. A proportion of the answer is in fact in the scenario – you just have to identify it and then discuss, or evaluate the situation or problem the organisation is facing. My overall guess is you are not considering the verbs used in the requirements carefully enough – look through some past questions and note the verbs used.
Question:
Can you advise any study tips for E1 this spring? This is going to be my third attempt for this exam and I really NEED to pass as I plan to have Strategic level studies from this summer. I have no idea how to tackle the right study techniques as this ‘narrative’ paper appears to be a real problem for me.

I successfully passed all papers from Managerial level, especially Management Accounting ones. Appreciate any advice.

Response from tutor:
I suspect your main problem is in ‘Understanding what is required’ in terms of the skills being tested. Section A is purely about your ability to remember theory – you either know the answer or do not! Section B tests your understanding and uses verbs such as ‘explain’. You must understand the cause and effects underlying the theory to write appropriate answers in this section. Section C is about application and analysis. A proportion of the answer is in fact in the scenario – you just have to identify it and then discuss, or evaluate the situation or problem the organisation is facing.

My overall guess is you are not considering the verbs used in the requirements carefully enough – look through some past questions and note the verbs used.

You may find it helpful in section B to think of yourself as explaining the theory at a practical level to a person that does not know.

In Section C adopt the role of a management consultant. The scenario sets out the situation in the organisation and from that you are advising [the owners / managers / whoevers] on how to solve the business problems. Remember there are invariably different options for solving problems so do not be afraid to provide these different angles.

Question:
I appeared two times in E1. I got 46 and then 48 marks. I tried second time but I could add only 2 marks. For MCQs and short question how I can prepare myself because I found some MCQs not covered in syllabus. Moreover I felt difficulty in questions relating to definitions and functions.

Response from tutor:
The examiner cannot set question that are outside the syllabus so I would have to question the material / texts you are using if this appears to be the case. I would suggest that you are probably focusing on the wrong area to improve your score. Historically in this style of paper Section C has been the weakest.

I suspect your main problem is in ‘Understanding what is required’ in terms of the skills being tested. Section A is purely about your ability to remember theory – you either know the answer or do not! Section B tests your understanding and uses verbs such as ‘explain’.

You must understand the cause and effects underlying the theory to write appropriate answers in this section. Section C is about application and analysis. A proportion of the answer is in fact in the scenario – you just have to identify it and then discuss, or evaluate the situation or problem the organisation is facing. My overall guess is you are not considering the verbs used in the requirements carefully enough – look through some past questions and note the verbs used.
You may find it helpful in section B to think of yourself as explaining the theory at a practical level to a person that does not know.

In Section C adopt the role of a management consultant. The scenario sets out the situation in the organisation and from that you are advising (the owners / managers / whoevers) on how to solve the business problems. Remember there are invariably different options for solving problems so do not be afraid to provide these different angles.

**Question:**
I have failed E1 3 times and each time I have fallen just short of the mark 46, 48, 49! I passed E2 first time and I just can't understand what I am doing wrong. Helpfully CIMA have added the marks to your result sheet which is helpful.

I received 6/25 on section C q3 and I just can't believe how I got a mark so poor given I know the HR plan like the back of my hand. I feel that I know the theory quite well but I am struggling to understand why I keep receiving marginal fails. Do you have any suggestions?

**Response from tutor:**
I suspect your main problem is in ‘Understanding what is required’ in terms of the skills being tested. Section A is purely about your ability to remember theory – you either know the answer or do not! Section B tests your understanding and uses verbs such as ‘explain’. You must understand the cause and effects underlying the theory to write appropriate answers in this section. Section C is about application and analysis. A proportion of the answer is in fact in the scenario – you just have to identify it and then discuss, or evaluate the situation or problem the organisation is facing.

My overall guess is you are not considering the verbs used in the requirements carefully enough – look through some past questions and note the verbs used.

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In Section C adopt the role of a management consultant. The scenario sets out the situation in the organisation and from that you are advising (the owners / managers / whoevers) on how to solve the business problems. Remember there are invariably different options for solving problems so do not be afraid to provide these different angles.

**Question:**
What are the likely topics for May 2011 CIMA Exams?

**Response from tutor:**
Tipping is a dangerous game that I do not play! Only the examiner knows what topics are on the May paper and I have no insider knowledge which I would not disclose even if I did.

**Question:**
Hi, Can I request for E1 that you guess the question and answer for May 2010 exam. It will really help for preparing for my upcoming exam. I need this due to the fact that I have less time to study because
I am working in a multinational FCMG company in KSA as accountant. Please help regarding my paper.

Response from tutor:

I can only assume from your question that you are asking for exam tips as a way of reducing your study time. I would never put myself in the position of guessing which topics would be examined, for two reasons. Firstly it is not ethical, no-one but the examiner knows what is on the paper, and secondly, it demotes study to the level of a gambling casino. There is no short cut to putting in the hours!

What I would suggest is that you review the past P4 papers to familiarise yourself with the style of questions, noting in particular the ‘university of life’ style of section C questions and how little actual theory and memory is involved in these. My opinion is that section C is where most students will fail and so my tip is practice lots of section C past questions as an effective way of preparing for the exam.

Question:

My question is to get an elaboration on how to get the facts together for questions in E1 SECTION C. I need to get clarity on how facts are organised. I do not want to repeat the same mistake.

Response from tutor:

You would benefit from preparing an answer plan. The method I use is a two column approach with the theory/description in the left hand column and the application to the scenario in the right hand column.

I suspect in keeping with many students you are focusing too much on the theory and providing general answers that would apply to any organisation rather than RELEVANT and SPECIFIC to the organisation in the scenario.

Also, if you only DESCRIBE something, when the question asks you to EXPLAIN, your answer will fall short of what the examiner requires. When you make a point, try following it with ‘this is important because........’ which will force you into an explanation, evaluation or discussion.

Question:

I’ll attend E1 test this November, my question is, should I write answers with as many words as textbook’s solutions to revision questions, or could I get full marks with shorter answers that include enough key points?

Response from tutor:

Different individuals have varying writing skills. Some individuals can give a clear and faultless explanation, showing their knowledge and understanding in a concise way. You will need to strike a balance between ensuring that you demonstrate your knowledge and understanding of the topic in question, without waffling on which will ultimately starve you of sufficient time to complete the paper. Effective communication is the only way to show the marker what you have learned and understood.
**Question:**

Hi, I was hoping that you would be able to help me! I am sitting E1 in May 2011.

Section C - I presume the marks here are awarded for knowledge and explanation in relation to the situation outlined in the exam paper. I also presume that marks are awarded for application? the layout of this question is it ‘university’ style questions, i.e. long essay style or can you use headings etc to break it out?

**Response from tutor:**

Whilst Section C answers are essay style, do not overdo the ‘long’. I always recommend marker friendly style layout of sub heading with paragraph on each point. Therefore if a question is 10 marks, give 5 subheadings with a well explained point under each [4-6 sentences as a rough guide].

In Section C adopt the role of a management consultant. The scenario sets out the situation in the organisation and from that you are advising [the owners / managers / whoevers] on how to solve the business problems. Remember there are invariably different options for solving problems so do not be afraid to provide these different angles.

**Question:**

Please I will like to know the best way to present my answers in the E1 exams to obtain maximum marks. Should I give short and straight to the point answers or should my answers by detailed and lengthy? What do u suggest to do with the little time at hand to improve my chances of passing the exams and if i can give my answers from my own understandings of the question?

**Response from tutor:**

I’ll quote you the examiners rationale for Section B questions

“Responses for each sub-question are expected in a form that might include a few headings, sentences and bullet points over a page or so per sub-question. Questions are direct and are not complicated by detailed scenarios. As such, accuracy, brevity and clarity are called for and hopefully candidates should not spend a disproportionately long time on each sub-question.”

You may find it helpful in section B to think of yourself as explaining the theory at a practical level to a person that does not know.

In Section C adopt the role of a management consultant. The scenario sets out the situation in the organisation and from that you are advising [the owners / managers / whoevers] on how to solve the business problems. Remember there are invariably different options for solving problems so do not be afraid to provide these different angles.

I always recommend marker friendly style layout of sub heading with paragraph on each point. Therefore if a question is 10 marks, give 5 subheadings with a well explained point under each [4-6 sentences as a rough guide]

**Question:**

Section B - How would you lay out a typical answer? Headings, bullet points? Paragraphs?
Response from tutor:

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Question:

E1, P1 and F1... I just want to ask u that how can I pass all these papers in my first attempt? And whether writing skills matter or not? And finally that can we give answers in our own wordings? Please answer my all queries....

Response from tutor:

I am not sure how you could give answers in anything other than your own wording but clearly that is the basis you should adopt for your answers.

Writing skills are an important aspect in passing written exams. Perhaps the following ideas will help you on layout and content.

I’ll quote you the E1 examiner's rationale for Section B questions:

“Responses for each sub-question are expected in a form that might include a few headings, sentences and bullet points over a page or so per sub-question. Questions are direct and are not complicated by detailed scenarios. As such, accuracy, brevity and clarity are called for and hopefully candidates should not spend a disproportionately long time on each sub-question.”

You may find it helpful in section B to think of yourself as explaining the theory at a practical level to a person that does not know.

In Section C adopt the role of a management consultant. The scenario sets out the situation in the organisation and from that you are advising [the owners / managers / whoevers] on how to solve the business problems. Remember there are invariably different options for solving problems so do not be afraid to provide these different angles.

I always recommend marker-friendly style layout of sub heading with paragraph on each point. Therefore if a question is 10 marks, give 5 subheadings with a well explained point under each [4-6 sentences as a rough guide].

Question:

E1- can we use flow charts, diagrams etc in our answers?

Response from tutor:

Unless specifically told to do so in the requirements, which is very unlikely, I would not. Diagrams take too long to produce and only serve to demonstrate your memory not your understanding, which is mainly what the examiner is trying to test, in most instances.
Question:

Hi... I am going to write E1, F1 and P1 this may.. I have seen many 'Write a report to...' questions in the revision question section of the textbook. Can you tell me the format of writing report? Can you also please give some guidelines on how to write a report?

Response from tutor:

The simple way to write a report in the exam is

Title: XXXXXXXX
To: XXXXXXXX
Date: XXXXXXXX
From: Management Accountant (NOT your name)
Sections:
Terms of reference {what you have been asked to cover in the report}
Introduction
  1. Sub heading and paragraph
  2. Sub heading and paragraph
  Etc .............
Conclusion and/or Recommendations
Signed: Management Accountant (NOT your name)

Each paragraph should cover a separate point / topic and I would try to keep to 4/5 sentences for each one.

Question:

Can you explain the generic format for a management report?

Response from tutor:

If the examiner asks for a report format use the following -

Title, date, to
Introduction
Body of report (number paragraphs and give each paragraph a heading)
Conclusion and Recommendations

Question:
Is it true that the answers for each of the section-B questions have to be within 50 words? If I write more than 50 words, will I be penalised?

**Response from tutor:**

I’ll quote you the examiners rationale for Section B questions

"Responses for each sub-question are expected in a form that might include a few headings, sentences and bullet points over a page or so per sub-question. Questions are direct and are not complicated by detailed scenarios. As such, accuracy, brevity and clarity are called for and hopefully candidates should not spend a disproportionately long time on each sub-question."

**Question:**

I am going to sit F1, P1 and E1 during this Nov 2010. Do we need to follow the same format / steps to answer our problem questions given in the CIMA study material or we can use some other format which we studied during our bachelors and masters. Thank you.

**Response from Tutor:**

I am not really sure what your question is asking in terms of format. Certainly in the exam there is no requirement for academic references as there would be in a university assignment. I would stick to the tried and tested format –

Clear main heading

Sub heading followed by -

Relevant essay style paragraph

The examiner occasionally asks for a report format which should contain –

Title, date, to

Introduction

Body of report

Conclusion

**Question:**

Paper E1 Part C format. I was just hoping for some clarity on what is expected from the part C question in Paper E1. Some texts seems to suggest bullet points followed by an explanation and recommendation if required. However, I note that on the examiner’s report "no more than 2 pages” is mentioned which would suggest an essay type answer..?

I know the more relevant material you write, the more opportunity for marks, but what would you suggest to be the best layout for the examiner, given that he has quite a task marking so many scripts?
Response from Tutor:

I would never resort to bullet points in Section C. What I would suggest is that you review the past P4 Section C questions and answers in a recognised published question bank / exam kit. The style of answer I would adopt is –

Main heading

Sub heading 1

Body text.............. [3 – 5 well explained sentences]

Sub heading 2

Body text.............. [1- 2 well explained sentences]

• Bullet [acceptable in this way]

• Bullet

Body text..................... explanation of bullet

Sub heading 3 - etc

Each of your sub heading sections should be worth 2 marks. Section C questions will largely be 2 x 10 plus 1 x 5 marks.

General Study Tips Questions

Question:

Re Operational & Managerial papers, what would you consider on average the number of hours for preparation per paper for both the operational & managerial levels?

Response from tutor:

The standard recommend study hours for each paper is 200 made up of 60 tutorial / face to face 100 self study reading etc plus 40 workplace / revision.

I always recommend lots of question practice – in terms of exam performance; it is more effective to have a reasonable knowledge and good explanatory and application skills than lots of knowledge that you are unable to communicate effectively on paper. I have found over the years that question ‘fitness’ [like match fitness for a sportsman] is a key attribute of successful candidates.

Question:

I'm finding some difficulties in understanding the concepts. How can I overcome this problem? I have the notes, but it's confusing me where to start and how and in which areas I need to go deeper? Looking forward to your kind guide.
Response from tutor:

Without engaging in a concept by concept explanation which clearly I cannot do in this type of response I can only recommend attending a further classroom based course so as to provide you with ongoing access to a tutor. Some training providers offer an email support service as part of their online/distance learning programmes so maybe this is an option you should consider.

As a general point I would review CIMA’s published learning outcomes and syllabus and ask yourself the question ‘What can I say about this in a business context’. This may help you to identify some of your weaker areas.