



Enterprise Pillar

Management Level

E2 – Enterprise Management

25 May 2010 - Tuesday Afternoon Session

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 5.
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.

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TURN OVER

SECTION A – 50 MARKS

[the indicative time for answering this section is 90 minutes]

ANSWER ALL FIVE QUESTIONS IN THIS SECTION

Question One

SM is a consultant who has been asked to work with FX Company, a family owned business, which produces 'home-made' ice cream. Her brief is to undertake an assessment of the company's competitive position. As part of her review she is gathering information from various areas of the business. She has asked the Sales and Marketing Director to provide her with: an overview of the company's competitors; information on whether market growth is high or low; and what FX's market share is. She is surprised by his response that the company does not undertake any competitor analysis and that he has no idea of its market share.

Required

- (a) Explain why FX Company should undertake competitor analysis. *(4 marks)*
- (b) Discuss why it is important for FX Company to understand the concepts of high/low market growth and market share when undertaking competitor analysis. *(6 marks)*

(Total for Question One = 10 marks)

Section A continues on the opposite page

Question Two

CT established her business, KCC, specialising in making handmade cakes, six years ago. Initially CT worked from her home, developing new recipes and cake designs. The business thrived on the creative talents of CT and her staff. In fact, the business became more successful than CT could have hoped for with a number of upmarket supermarkets now stocking her products.

Six years on, CT is reflecting on her success. She does feel that things have changed significantly since the early days when her business was run from her home kitchen. To satisfy increasing demand, three years ago she bought a factory for the production of her cakes, and in the last year she has opened five shops to sell the company's products.

KCC currently employs over 450 staff and the company has significantly changed compared to when it was first established. It now has a formal functional structure and the culture has more of the feel of a large bureaucratic organisation. CT feels that she has lost the passion and enthusiasm she once had for her business and feels that far too much of her time is spent on management issues rather than creating designs for cakes. She has a senior management team made up of the managers looking after different functional areas of the business. They make decisions about the running of the business, but seem to be focused on achieving efficiencies, control and bottom line performance, and have little interest in the creative side of the business. CT used to be on first name terms with her staff, but this is no longer the case. She was particularly saddened when she overheard an employee comment that he just felt he was a robot on a production line rather than a craft worker and that his ideas for new cake designs do not get heard.

Required:

Distinguish between the characteristics of KCC's culture when it was first set up and the culture the company is likely to have now.

(Total for Question Two = 10 marks)

Section A continues over the page

TURN OVER

Question Three

V has just left her job as a website designer for a large systems design company and is about to start up her own website design business. She will be renting an office which needs to be prepared, and also needs to procure all the necessary equipment before the business can commence operating. She intends to open her business in 12 weeks' time. In her previous role, she often encountered critical path analysis when she was involved in large design projects and she considers that this technique may also be useful to help her to plan the setting up of the new business.

V has devised a list of activities shown below that must be completed before the new business can commence. When drawing up this list she was aware that there was a degree of uncertainty in the timescales for some of the activities. She is concerned that if these uncertainties are not considered at this stage then she may not hit the deadline of opening her new business in 12 weeks' time. (Note: there is no slack shown).

	Activity	Dependency	Time (Weeks)	
	Find rental office	A	-	2
	Procure equipment	B	A	1
	Prepare office	C	A	3
	Recruit staff (2 people)	D	A	4
	Delivery and installation of equipment	E	B,C	2
	Train staff	F	D,E	2
	Design tests on web design system	G	F	1
	Test web design system	H	G	1

Required:

- (a) Using the above information, construct a network diagram, clearly identifying the critical path, for setting up V's business.

(4 marks)

- (b) Explain to V the difference between 'contingency/scenario plans' and 'buffering' in the context of helping V plan for the uncertainties in setting up the business.

(6 marks)

(Total for Question Three = 10 marks)

Section A continues on the opposite page

Question Four

PW has been asked by her local management accountants' forum to present a paper at the annual conference on the subject of social responsibility. She has been asked to do this as her company has recently won a national award for its socially responsible initiatives including its success in recycling methods, community based projects and reducing its carbon footprint.

PW has decided that her presentation should start by setting out what is meant by the concept of social responsibility since she feels there are often misconceptions surrounding the term. She also wants to emphasise through her presentation the key benefits that companies can gain from developing strategies which are socially responsible. PW is aware that there will be some cynics in the audience who view socially responsible business driven strategies as unrealistic, that they conflict with the achievement of healthy profits and detract from creating shareholder value.

Required:

Discuss the points that PW should include in her presentation on social responsibility.

(Total for Question Four = 10 marks)

Question Five

Required:

Explain why it is important that the strategies of a strategic business unit (SBU) link to both the overall corporate strategy of a company and to the company's functional strategies.

(Total for Question Five = 10 marks)

(Total for Section A = 50 marks)

End of Section A

Section B starts on the next page

TURN OVER

SECTION B – 50 MARKS

[the indicative time for answering this section is 90 minutes]

ANSWER *BOTH* QUESTIONS FROM THIS SECTION – 25 MARKS EACH

Question Six

COL is a private college offering online tuition and qualifications to candidates all over the world. The Board of Directors of COL has decided to upgrade its computer system in order to enable COL to offer faster, more flexible delivery of courses and examination materials. It feels that this is necessary due to increasing competition in the delivery of online tuition and qualifications from both private and public colleges throughout the world. The Board of Directors and senior managers of COL have spent several months identifying the objectives for the proposed new system and identifying and discussing a range of project proposals. They have identified a clear requirement for the new online system but recognise that they do not possess the internal expertise they need to undertake such a project.

COL has contracted a local systems development company, SYS, to carry out the project. A project manager, D, has been assigned from SYS to lead the COL project. He will be responsible for all of the key stages of the project management process, beginning with the project plan. He will also be responsible for leading the project team, which will be made up of mainly SYS designers and also a number of IT staff and users from COL. He is also responsible for communication of the project's progress and events to Mrs Y, the senior IT manager at COL.

COL has made it clear that no extra money will be available than that presented in the original budget of \$3 million and that any cost overruns will be borne by the contracting company. It has also set a deadline for final delivery of the system of 12 months. Again, there is no flexibility on this deadline.

One of the main enhancements to the updated system required by COL is the security of candidates' details. Unauthorised access to these details or candidates' results is the greatest outcome risk to the new system.

Mrs Y has insisted that staff from COL should play an active role in the systems development project and that communications between COL and SYS should be a key feature of the project management process.

Required:

- (a) Construct an outline project plan for the upgrade of COL's online system to be presented by D, the project manager, to the key stakeholders of the project.

(15 marks)

- (b) Describe the main skills required of the project manager, D, to lead the project team and create customer confidence.

(10 marks)

(Total for Question Six = 25 marks)

Section B continues on the opposite page

Question Seven

T4M is a mobile phone network provider, with its main headquarters based in B country. Whilst there has been significant industry growth in the last decade, more recently there are signs that this growth has begun to level off. At the same time, competition is intensifying.

The Board of T4M is preparing to take on the strategic challenges of the changing operating environment. As well as assessing the external environment, it has started a major review of its internal capability, with a particular focus on examining how efficiency gains can be achieved across the various business functions.

F, the Finance Director, is deliberating on how he can gain efficiency in his department. His initial assessment has identified a number of transaction activities that he feels could be outsourced, such as the work undertaken by the customer bill payment team, including some aspects of customer service on bill queries and payroll. F is very enthusiastic about this and his thinking has been informed by the fact that he was only recently approached by G2O, a company specialising in this type of service, based in H Country.

If the outsourcing strategy goes ahead, along with other efficiencies the Finance Director has planned, then this would mean a substantial reduction in headcount within the Finance Department, with predicted job losses of around 300 staff. The trade union has already heard about the proposal and the possibility of redundancies. It has made it clear that it will put up a fight against redundancies, on behalf of its members, to keep jobs in T4M.

F will need good negotiation skills since it is likely that he will be involved in a number of negotiation scenarios if the outsourcing strategy is implemented.

Required:

- (a) Explain the benefits and drawbacks associated with T4M's proposal to outsource some of the work currently undertaken in the Finance Department. *(12 marks)*
- (b) Discuss how F, the Finance Director, should approach negotiations so that they are effective if the outsourcing strategy goes ahead. *(13 marks)*

(Total for Question Seven = 25 marks)

(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.

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

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