

Centre Number						Candidate Number				
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For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



General Certificate of Education
Advanced Level Examination
June 2012

Applied Business

BS12

Unit 12 Managing People

Thursday 21 June 2012 9.00 am to 10.30 am

You will need no other materials.

Time allowed

- 1 hour 30 minutes

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 80.
- Questions 1(d), 2(d) and 3(c) should be answered in continuous prose. In these questions you will be marked on your ability to:
 - use good English
 - organise information clearly
 - use specialist vocabulary where appropriate.



J U N 1 2 B S 1 2 0 1

Answer **all** questions in the spaces provided.

1 Read **Item A** and then answer the questions that follow.

Item A

Lightman Products

Lightman Products is a manufacturer of expensive mining equipment. *Lightman Products* uses specialist staff to sell its products to mining companies and to provide ongoing support, eg in servicing the equipment.

Until 2011, these specialist staff had a manager with a laissez-faire leadership style who let staff make their own decisions. Whilst some staff had been very committed, others were lazy, and this had led to low sales. The best performing member of staff, Andy Wren, produced sales worth £320 000 per year, whereas some other staff managed sales worth only £130 000 per year.

Lightman Products was purchased by an American mining company in 2011 and Bert Tomey was appointed to run the business. Bert thinks *Lightman Products* needs to be much more focused on sales because it has been losing market share. He also thinks that cost control has been weak, eg the specialist staff expenses have been too high. Bert is determined to make sure all the staff perform well and has decided he needs to change the way the staff are managed to achieve this.

Bert took a hands-on approach to managing the 32 specialist staff and this was a big shock to them. He set each of them personal sales targets and told them that he was expecting to check all their expenditure costing more than £200. He also said that they should see him as being there to help.

Andy Wren complains that:

'I have been at *Lightman Products* for 21 years and our success is due to our dedication. We don't aggressively sell the equipment, but instead provide an expert service to customers, which is very successful. We have managed our own work and this means we have been responsive to customer needs. Mr Tomey's new policy means I can't even book a flight to see one of my customers without asking his permission, or order a spare part which he would not recognise even if I put it in front of him. I am old enough to be his father and it is insulting to suggest that I don't know how to keep our customers happy.'

When asked about his approach to managing the team, Bert explained that the reason he put the new targets and spending controls in place was because of the very large variation in staff performance. Bert had also discovered that it was often the staff with the lowest sales who were spending the most on flights, hotels and spare parts.



1 (a) Describe the type of leadership style that Bert Tomey uses to manage staff.

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1 (b) Explain **one** benefit of using a laissez-faire leadership style with highly skilled staff.

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2 Read **Item B** and then answer the questions that follow.

Item B

Restructuring at Lightman Products

After six months at *Lightman Products*, Bert has decided that the company structure is too informal and that this is what has allowed the staff performance to vary so much.

The current structure has no junior or middle managers, as the specialist staff have all worked in one large team reporting to the Managing Director. Because Bert has struggled to manage all 32 members of staff, he has proposed setting up three teams, each with a Team Manager.

Bert has proposed that separate teams would deal with each of the company's major markets in Africa, the Americas and Europe. Each team would have a Team Manager, to whom 8–10 members of staff would report. The Team Manager would have day-to-day management control of their team's work and each team would have sales targets to achieve.

Bert has also decided that, rather than basing everyone in the UK, only the European team would be based there, with a new base for the American team at the parent company in California and a new base for the African team in South Africa. He has set a timetable for the teams to be in place in three months and told all staff to move, if necessary, within six months.

Bert decided that, rather than advertise the Team Manager roles, he would select three of the most experienced staff to head up each team for a 12 month trial period. He would then review how the teams were working before making permanent Team Manager appointments.

When Bert announced who would lead each team, he was shocked when two of the three proposed managers said that they did not want to be promoted to Team Manager.

Andy Wren has been asked to manage the largest team in Africa and is delighted. His wife is from South Africa and this will allow them to move back to be close to her family. It is also an area that Andy knows well and where many of his best customers are.

Sarah Carr has been asked to manage the American team, but does not want to move because her husband works for an engineering company in London. She has also complained that Bert is asking her to move to the US for what may be only a 12 month period if Bert then decides to appoint a different Team Manager.

Carlos Gomez has been asked to manage the European team, but is concerned that he does not have the skills to manage the eight members of staff in his team. Carlos is a highly respected engineer, likes working on his own but hates paperwork. He is really concerned that his new job will mean more time in the office.



2 (a) Explain **one** benefit to Bert of introducing Team Managers into the organisational structure.

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2 (b) Explain **one** type of decision which the Team Managers will have to make in the new structure.

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3 Read **Item C** and then answer the questions that follow.

Item C

Samanda Catering

Samanda Catering is a sandwich business which has 13 shops across the Midlands and employs 54 staff. Sally Canham originally started the business with her friend Amanda. In 2003, Sally bought Amanda's shares and now manages the business on her own.

By early 2012, Sally realised that if the business was to continue to prosper she needed to spend more time on strategic management to reduce long-term costs and to increase efficiency.

Sally therefore recruited an old friend, Ben Forbes, as Operations Manager to concentrate on tactical decisions. Ben had not worked in the catering industry before, but was previously a manager in the car industry with responsibility for five outlets employing over 200 people.

Whilst Sally had been autocratic in the instructions she gave to staff, they, in practice, had quite a lot of day-to-day freedom because Sally managed to visit each shop, on average, only twice a month.

In his first fortnight at the business, Ben visited all the shops and told staff that he would now be visiting each shop at least once a week to review progress with sales targets. He produced new forms for staff to complete showing a breakdown of the shop's daily sales. He said that he wanted this information emailed to him on a weekly basis, so that decisions could be made on how to target resources. Ben has also drawn up plans on how the business could increase sales by selling more to each customer.

However, Ben has received a negative reaction to his request for more information from staff on sales figures. Staff said that the new forms he had produced took too much time to complete and reduced how many sales they could make.

Sally is pleased with Ben's ideas to collect more detailed data on sales, and has asked him to continue with this. She has told Ben to continue with his plan to visit each shop more regularly. She knew staff would find it a big step to have a new manager, but thought that staff would soon get used to more supervision and start to respect Ben's management.



3 (a) Describe **two** management functions which Ben will need to perform in his role as Operations Manager at *Samanda Catering*.

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3 (b) Using **Item C**, explain why some staff would be reluctant to take orders from Ben.

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