OCR
RECOGNISING ACHIEVEMENT

ADVANCED GCE
APPLIED BUSINESS
Unit 9: Strategic Decision-Making

F248

Candidates answer on the question paper

OCR Supplied Materials:
*   Clean copy Case Study

Other Materials Required:
*   Calculator

Tuesday 13 January 2009
Afternoon

Duration: 2 hours

Candidate Forename		Candidate Surname	

Centre Number						Candidate Number				

INSTRUCTIONS TO CANDIDATES

*   Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
*   Use black ink. Pencil may be used for graphs and diagrams only.
*   Read each question carefully and make sure that you know what you have to do before starting your answer.
*   Answer **all** the questions.
*   Do **not** write in the bar codes.
*   Write your answer to each question in the space provided.

INFORMATION FOR CANDIDATES

*   The number of marks for each question is given in brackets **[ ]** at the end of each question or part question.
*   The total number of marks for this paper is **100**.
*   The quality of written communication will be taken into account in marking your answer to the question marked with an asterisk (*****).
*   This document consists of **16** pages. Any blank pages are indicated.

A calculator may be used for this paper
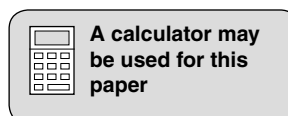
1 (a) What is meant by the term 'mission statement'?

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.... **[2]**

(b) Explain **one** strategic objective that *KM plc* might have in January 2009.

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.... **[3]**

(c) *KM plc* has put together a business plan for the expansion into the South West. Explain **two** reasons why it is important that *KM plc* includes **financial** planning as part of this document.

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2. ....

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.... **[6]**

[Total: 11]

2 (a) *KM plc* uses break-even analysis to help decide whether it is worthwhile setting up in a new region. Describe **three** reasons why firms might think break-even analysis is a useful decision-making tool.

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2. ....

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.... **[6]**

Simon was keen to take the contract for the move from Scotland to Guernsey. The resources *KM plc* would need are:

- one Removal Supervisor for 36 hours;

- three Removal Assistants for 36 hours **each**;

- two vehicles, **each** costed at £650 (including fuel, overnight accommodation and shipping costs).

Six containers would be used and the standard *KM plc* customer charges would apply, except for the Additional Distance Charge which would be raised to £235 per 100 miles to cover the overnight accommodation and shipping costs to Guernsey. Simon measured the distance at 800 miles in total.

(b) Calculate how much profit or loss *KM plc* would make on this one-off removal from Scotland.

[6]

Show your workings:

Profit or loss = ...

5

(c) Evaluate the decision to accept this removal contract.

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.... **[12]**

[Total: 24]

3 Simon studied the performance data for the South Wales region for August 2008 (see below).

South Wales region – August 2008 (22 possible working days)	
Total number of removal staff (Supervisors and Assistants)	18
Total number of storage staff (Supervisors and Assistants)	5
Total number of **direct** removal contracts completed	31
Total number of removal contracts completed **into storage**	8
Containers removed **direct** to new house	181
Containers moved **into storage**	52
Removal staff absences	7
Storage staff absences	16
Annual removal staff labour turnover	5%
Annual storage staff labour turnover	40%

(a) What is meant by the term 'labour productivity'?

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.... **[2]**

(b) (i) Simon measures labour productivity in terms of containers moved per **removal** staff. Calculate the labour productivity for **all** removals in South Wales in August 2008. **[3]**

Show your workings:

Labour productivity = ...

(ii) Calculate the rate of absenteeism among **storage** staff in South Wales in August 2008.
[3]

Show your workings:

Rate of absenteeism = ...

(c) Analyse possible reasons why there is a difference in absenteeism and labour turnover between the removal staff and storage staff in the South Wales region.

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.... **[6]**

[Total: 14]

4 **(a)** Complete the decision tree below. **[12]**

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                                              success 80%
                                                    +2.35 m
                                    (  )
                                              fail 20%
                                                    0 m
                              yes
                              –1 m
                         [buy
                          Taunton]
                              no
                              +0.8 m


   success 80%                                          success 70%            success 60%
   2.1 m                                                                        +1.3 m
         (  )                          (  )                    (  )
   fail 20%                                              fail 30%              fail 40%
   0.2 m                                                 0.3 m                 –0.1 m


         option 1 – Exeter            option 2 – Taunton    option 3 – Bristol
         –1.2 m                       –0.2 m                –0.5 m
                                      [  ]
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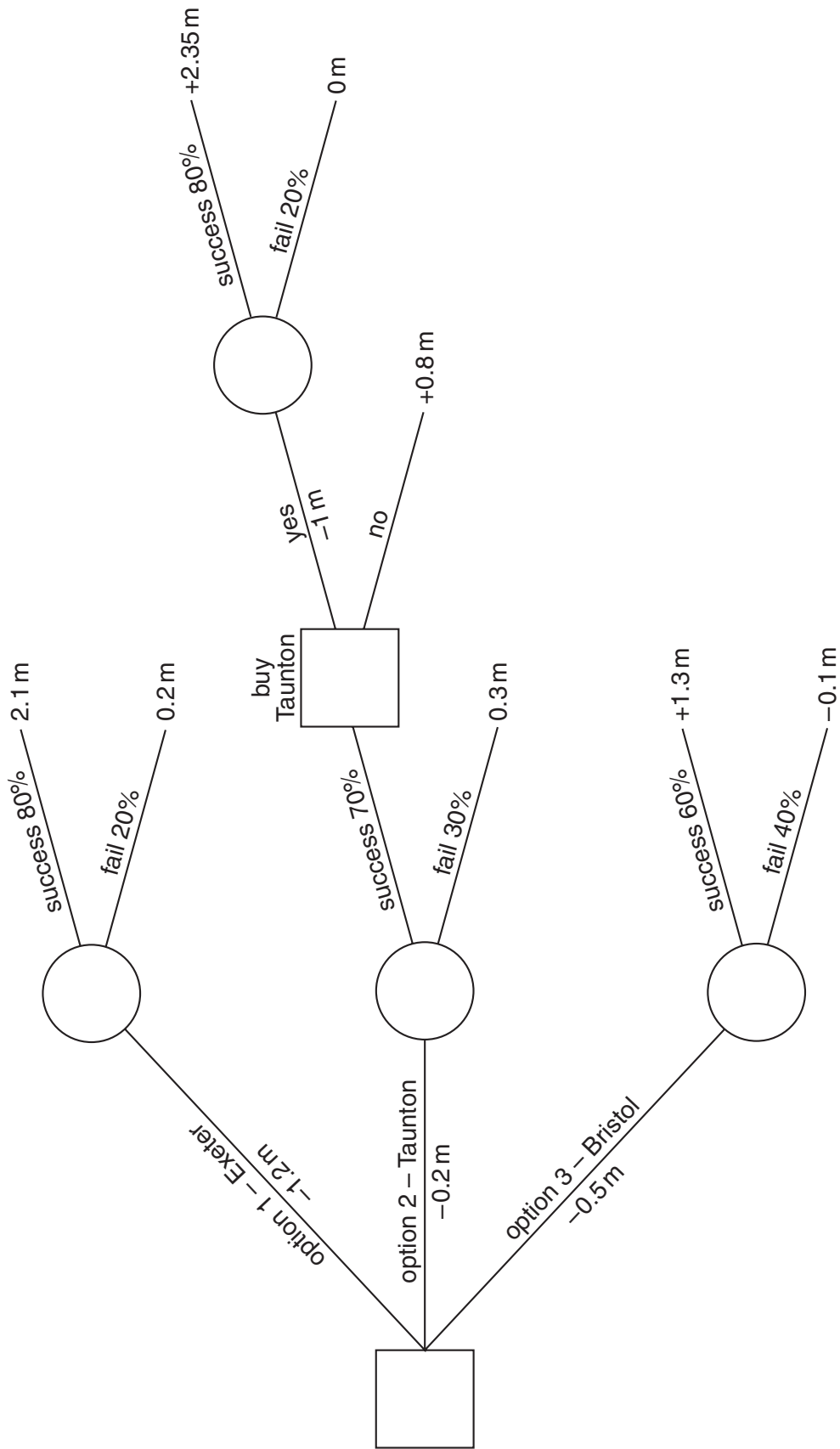
(b) Assess the extent to which a decision tree is useful to *KM plc* in its strategic decision-making.

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Turn over

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.... **[12]**

[Total: 24]

5 Simon was naturally cautious about the proposed expansion. He convinced the Directors of *KM plc* to spend time contingency planning.

(a) What is meant by the term 'contingency plan'?

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.... **[3]**

(b) Outline **one** possible contingency plan which *KM plc* could produce.

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[Total: 7]

Turn over

6* Using qualitative and/or quantitative information other than a decision tree, recommend and justify which of the **three** South West expansion options *KM plc* should select.

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Turn over

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