



Business Management Pillar

Managerial Level

## P5 – Integrated Management

25 May 2006 – Thursday Morning Session

### *Instructions to candidates*

You are allowed three hours to answer this question paper
You are allowed 20 minutes reading time <b>before the examination begins</b> during which you should read the question paper and, if you wish, make annotations on the question paper. However, you are not allowed, <b>under any circumstances</b> , 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 sub-questions). The question requirement for Sections B and C is contained in a dotted box.
Answer the ONE compulsory question in Section A. This has eight sub-questions on pages 2 and 3.
Answer ALL three compulsory questions in Section B on pages 4 to 6.
Answer TWO of the three questions in Section C on pages 7 to 9.
Write your full examination number, 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.

# P5 – Integrated Management

TURN OVER

SECTION A – 20 MARKS

[the indicative time for answering this section is 36 minutes]

ANSWER ALL EIGHT SUB-QUESTIONS

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*Instructions for answering Section A:*

The answers to the eight sub-questions in Section A should ALL be written in your answer book.

Your answers should be clearly numbered with the sub-question number and ruled off so that the markers know which sub-question you are answering. **For multiple choice questions you need only write the sub-question number and the letter of the answer option you have chosen.** You do not need to start a new page for each sub question.

**Question One**

1.1 Corporate appraisal involves

- A evaluating strategic options.
- B communicating the mission.
- C identifying strengths and weaknesses.
- D implementing strategy.

*(2 marks)*

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1.2 A project management maturity model is used to

- A control the project.
- B identify opportunities for continuous improvement.
- C determine project risk.
- D assess the feasibility of a project.

*(2 marks)*

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1.3 Which of the following can be used to describe the homogeneity of objectives and thinking in group work?

- A The Abilene Paradox
- B Risky shift
- C Group polarisation
- D Groupthink

*(2 marks)*

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1.4 Which of the following project stakeholders is the person who provides the resources for a project?

- A Project sponsor
- B Project manager
- C Project owner
- D Project customer

*(2 marks)*

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1.5 Identify **four** benefits of corporate governance.

*(4 marks)*

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1.6 In **one** sentence, explain the purpose of Work Breakdown Structure.

*(2 marks)*

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1.7 Draw the framework that can be used to classify the different ways of managing conflict, labelling the axes. Use the framework to show where the two approaches, collaborating and avoiding, should be located.

*(4 marks)*

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1.8 Identify **two** ways in which project risk can be classified.

*(2 marks)*

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*(Total for Section A = 20 marks)*

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*End of Section A*  
*Section B is on the next page*

TURN OVER

SECTION B – 30 MARKS

[the indicative time for answering this Section is 54 minutes]

ANSWER ALL THREE QUESTIONS - 10 MARKS EACH

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**Question Two**

M is a member of the Finance Department of L Company. She joined the company two years ago on its management development programme and is currently studying for the CIMA examinations.

A keen and enthusiastic member of staff, M likes to get involved in different aspects of work and is always volunteering to be involved on various committees. She is always ready to chat to her colleagues who pass by her desk and is known as the social events organiser for the department. M likes to be seen to be helping other people and is an expert on the internet, spending a significant amount of her time searching out different websites.

However, at her appraisal interview a few weeks ago, M was surprised that her manager, P, raised concerns over the fact that she often appeared to be rushing her work to meet deadlines, and that it had been noted that she often arrived at meetings late. P also made the observation that whilst M's reports are always carefully researched and very well presented, much of the information is not relevant to the tasks that she has been given. P suggested that M needs to improve on how she manages her time.

***Required:***

Explain how time management techniques could help M become more efficient and effective in her work.

*(Total for Question Two = 10 marks)*

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### Question Three

H Company designs and manufactures sports equipment and is currently positioned as the market leader in the industry. However, whilst operating in a growth market there are new competitors entering the market with innovative new product offerings. The Marketing Director is aware that to retain market leader position the company must improve its practices involved with New Product Development (NPD), and the time taken to get from the product idea to launch needs to be much quicker.

The company has a functional structure with the Marketing Director heading up the marketing function and the R&D Director heading up the function responsible for research and product development. In addition there are separate functions for Production, Human Resources, Finance, Sales and IT.

The Marketing Director feels that the functional structure is impeding the company's NPD. Having recently read an article on organising for NPD, he is proposing that the best way to manage the process is to adopt a project management approach. This will involve introducing a matrix structure and the use of cross functional teams. However, at a recent meeting of the functional heads, the Research and Development Director said that, in his experience, the potential difficulties in using a matrix structure for project management offset the benefits.

***Required:***

Describe the advantages and disadvantages for H Company of using a matrix structure in project management work for New Product Development (NPD).

*(Total for Question Three = 10 marks)*

TURN OVER

## Question Four

T is seeking investment funds for his new venture to open a chain of fast-food restaurants. Despite the competition in this sector, having undertaken market research amongst his target market, T is convinced that he can succeed with his fast-food concept.

He is currently in the process of putting together a business plan which will outline his strategy to enter the market place. Having recently attended a seminar on what to include in a business plan, T remembers that he will need to determine what the critical success factors (CSFs) for his business are, but he is confused about how these differ from core competences.

*Required:*

(a) Explain why T needs to determine the CSFs as part of the development of his strategy and how they differ from core competences.

*(6 marks)*

(b) Identify what the CSFs might be for T's chain of fast food restaurants.

*(4 marks)*

*(Total for Question Four = 10 marks)*

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*(Total for Section B = 30 marks)*

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*End of Section B*

*Section C is on the opposite page*

SECTION C – 50 MARKS

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

ANSWER ANY TWO QUESTIONS FROM THIS SECTION – 25 MARKS EACH

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**Question Five**

X Company is a manufacturer of non alcoholic soft drinks and has a well established position and brand recognition in country Z. The potential for future growth in country Z is, however, limited, with the market reaching saturation. One option for expansion is to move into new markets in other countries offering its existing product range.

The business development team is evaluating this option and is currently working on proposals to sell the company's range of drinks in country Y. One possible strategy to achieve market entry that the team is investigating is through a joint venture with a company that is already established in country Y, and is in the drinks distribution business.

The Board of X Company has given the business development team the task of undertaking a feasibility study to explore the viability of the proposed strategy. As part of the feasibility study there needs to be some assessment of industry competition and the attractiveness of the market in country Y. The feasibility study also needs to assess the cultural compatibility of the ways of doing business in country Y compared to how X Company currently operates in country Z.

*Required:*

- (a) Advise the business development team on how Porter's five forces model could be used to assess industry competition in country Y.

*(15 marks)*

- (b) Discuss how Hofstede's research could be used to assess the compatibility of X Company's strategy with the culture of country Y.

*(10 marks)*

*(Total for Question Five = 25 marks)*

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TURN OVER

## Question Six

The main agenda item at the meeting of the Executive Board of C Hospital is to discuss the new pay and reward system. The hospital needs to make changes to the existing pay systems to respond to government requirements to reform reward systems as part of its pay modernisation agenda. The aim is to harmonise the payments systems for different categories of workers in the hospital on to one pay scale. This will mean that there is one pay scale for all employees of the hospital including nurses, physiotherapists, radiographers, technicians and support staff (i.e. cleaners, porters, and kitchen staff). The rationale for the new system is to achieve greater flexibility, to assist in recruitment and retention of staff and to reward people for their contribution to the achievement of hospital targets,

The hospital has twelve months in which to design and implement the new system in order to meet the government target of May 2007. There is a huge amount of work that will need to be undertaken to deliver the new system, and a number of different stakeholders to satisfy.

At the meeting of the Board there was some discussion concerning who should be responsible for undertaking all tasks and activities associated with the development of the new system. The Human Resource (HR) director proposed that a project manager should be appointed and a project team set up. Whilst he would expect some members of his HR team to be part of the team, he is adamant that although his staff are responsible for administering the current payroll system and dealing with staff enquires about pay and rewards, designing a new pay system should not form part of the "business as usual" work for the HR department.

*Required:*

- (a) Describe the attributes of the proposed project in C Hospital that distinguish it from 'business as usual' work. *(10 marks)*
- (b) Produce an outline of the different stages in the project to design and implement a new pay and reward system for C Hospital. *(15 marks)*
- (Total for Question Six = 25 marks)*



## Question Seven

D Company is a manufacturer of electrical components, supplying the car industry. As a result of the downturn in the demand for its products and in response to difficult operating conditions in its existing market, the company is currently going through a major restructuring. It is anticipated that the restructuring plan will involve the consolidation of some business activities which will result in a number of staff having to move to different areas of the company. This could mean re-location to different sites, and other staff being made redundant.

While employee relations have in the past been good, the management of the company is aware that employees and their trade unions which represent their interests will be resistant to the changes that need to be made. The first stages of change will require skilful negotiation between the management and unions on a range of issues relating to the movement of staff jobs, the proposed job losses and, specifically, the criteria for redundancy and the redundancy package.

The company recognises the potential impact of the changes on staff morale and intends to implement a programme of research amongst staff to gain feedback on the way the change process is managed.

*Required:*

- (a) Discuss the role of negotiation in the management of change in D Company, making reference to the different stages involved in the negotiation process. *(13 marks)*
- (b) Identify the methods that could be used to collect information on staff attitudes towards the changes, explaining for each method the issues that need to be considered when planning the research. *(12 marks)*

*(Total for Question Seven = 25 marks)*

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*(Total for Section C = 50 marks)*

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*End of Question Paper*

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*Business Management Pillar*

*Managerial Level Paper*

*P5 – Integrated Management*

*May 2006*

*Thursday Morning Session*