



Business Management Pillar
Managerial Level Paper
P5 – Integrated Management

23 November 2006 – Thursday Morning 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, make annotations on the question paper. However, you will not be 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 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 nine objective test sub-questions on pages 2 to 4.
Answer ALL three compulsory questions in Section B on pages 5 and 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.

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TURN OVER

SECTION A – 20 MARKS

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

ANSWER ALL NINE SUB-QUESTIONS

Instructions for answering Section A:

The answers to the nine 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 Which ONE of the following are three elements of the 7S model proposed by McKinsey?

- A Staff, support, sponsor
- B Systems, style, support
- C Structure, style, status
- D Style, systems, structure

(2 marks)

1.2 At what level of control are staff performance appraisal systems used?

- A Operational
- B Tactical
- C Corporate
- D Strategic

(2 marks)

1.3 The Deal and Kennedy cultural typology that is characterised as having high risk, long decision cycles and slow feedback is:

- A** Work Hard/Play Hard
- B** Bet Your Company
- C** Tough Guy Macho
- D** Process

(2 marks)

1.4 Which ONE of Mintzberg's configurations emphasises standardised skills as the coordination mechanism, has the operating core as the dominant force and operates best in a complex but stable environment?

- A** Adhocracy
- B** Machine bureaucracy
- C** Professional bureaucracy
- D** Divisional form

(2 marks)

1.5 Identify the approach to strategy which proposes that competitive advantage is achieved from the organisation's unique assets or competences.

(2 marks)

1.6 Describe **two** of the situational factors Fiedler uses as the basis of his contingency model of leadership.

(4 marks)

Section A continues on the next page

TURN OVER

The following data are for sub-questions 1.7, 1.8 and 1.9.

R is the operations director of P paper mill. He is in the process of putting together a project plan for the introduction of a new mill that will enable the company to produce a high quality paper product demanded by customers. The sales director has asked for R to advise him on when he should start the sales campaign for the new paper product.

R has identified a number of activities that must be undertaken and intends to conduct a network analysis as part of the project plan. This will enable him to provide an answer for the sales director. The activities can be broken down as follows:

<i>Activity</i>	<i>Preceding Activity</i>	<i>Activity Duration In weeks</i>
A	-	8
B	-	10
C	-	6
D	A	8
E	B,C	9
F	C	14
*G	D,E	14
H	F,G	6

* G = Sales campaign

- 1.7** Using the information, identify the critical path for the introduction of the new mill.
(2 marks)
- 1.8** Calculate the overall expected duration of the project.
(2 marks)
- 1.9** Identify the earliest event time for the sales campaign activity.
(2 marks)

(Total for Section A = 20 marks)

End of Section A

Section B starts on the opposite page

SECTION B – 30 MARKS

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

ANSWER ALL THREE QUESTIONS - 10 MARKS EACH

Question Two

G, the senior partner of L, a medium sized accountancy firm, has worked for L for over twenty years and has a sound knowledge and understanding of the different activities of the firm's business. Over the years, G has become known for his fairness in how he manages staff. He is also well liked and respected for his enthusiastic approach. He always has time to encourage and mentor younger members of staff.

The firm has recently invested in new technology which will improve the effectiveness of its office systems, but will mean the roles and responsibilities of the support staff will change. G, has taken on the unenviable role of leading the project to introduce the technology and new working practices. He knows that the project will be met with resistance from some members of staff and he will need to draw on various sources of power to ensure the changes are successfully implemented.

Required:

Describe the different sources of power that G has and which will help him in introducing the changes.

(Total for Question Two = 10 marks)

Question Three

It is often claimed that all project management is risk management since risk is an inherent and inevitable characteristic of most projects. The aim of the project manager is to combat the various hazards to which a project may be exposed.

Required:

Explain the concept of risk and the ways in which risk can be managed in a project.

(Total for Question Three = 10 marks)

Section B continues on the next page

TURN OVER

Question Four

T is the CEO of S Company, a manufacturer of hair and body care products. Over the years the company has been market leader in its field, achieved through being at the forefront of product innovation. S Company has invested heavily in research and development, which has enabled it to be the first in the market to introduce new variants of the product range. However, this has meant that the cost of operations has spiralled leading to an increase in the price of the company's products.

Up until last year, the company had been very successful in increasing its market share. However, the most recent key performance indicators show that sales are down. It would seem that supermarket 'own brand products' are stealing market share and T is worried about the future ability of the company to meet its objectives for continued growth. T has decided to undertake a strategic review, the first stage of which will involve conducting a corporate appraisal.

Required:

Explain what would be involved in undertaking a corporate appraisal, demonstrating how the information could be used to help T in his review.

(Total for Question Four = 10 marks)

(Total for Section B = 30 marks)

End of Section B

Section C starts 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

Question Five

As part of M University's ambitious strategy for growth, investment is being made in the development of a student village.

The finance director of M University has been appointed as the project manager and is in the early stages of setting up the project. This will be a complex project involving the construction of new buildings to provide for the growth in student numbers, including living accommodation for students, teaching rooms, a state-of-the-art business and conference facility aimed at attracting corporate clients to work with the University, and sports and recreation facilities. The build will be a collaborative venture funded by the University and investments from two local businesses.

The regional authority currently owns the land that the University wants to acquire to build the student village. The authority, the members of which are directly elected by local residents, makes the decisions on whether to accept or reject planning proposals made. It was recently reported in the local paper that the local residents are unhappy about the proposal.

The development will mean that staff from two University departments will be relocated to the new site which is two miles away from the main campus. In the first open meeting held by the finance director to communicate the proposals, he was met with a hostile reaction from staff, with most of them being very unhappy about moving to the new site.

The finance director knows that this will be a complex project to manage and that project management software will be essential in making his job objectives achievable. He is also aware that the project has a number of different stakeholders that he must consider in putting together the project plan.

Required:

- (a) Discuss how project management software might help the finance director and his team successfully carry out the project.

(15 marks)

- (b) Using examples, explain why the finance director should consider the interests of the different stakeholders in the student village project.

(10 marks)

(Total for Question Five = 25 marks)

Section C continues on the next page

TURN OVER

Question Six

N Company is a manufacturer and retailer of electrical goods such as cameras, PCs, TVs and hi-fi equipment. The company has its head office, four manufacturing plants and a chain of 350 retail outlets in K country. It also has a call centre, which is on the same site as its head office, to deal with customer queries and provide service support for PCs. Following the appointment of a new CEO, the senior management of N Company is evaluating options for its future strategic development. The company faces a challenging time with the growth and increased strength of competition in the sector.

N Company has previously had excellent employee relations and staff have enjoyed superior reward and recognition packages. However, the arrival of D, the new CEO, has unsettled staff. They have heard that D is proposing a major restructure aimed at improving efficiency and controlling costs. They understand that this will mean some of the manufacturing plants will be closed and more emphasis placed on selling cheaper “bought-in” products. In addition, certain activities related to the facilities management of the company, such as catering, cleaning and store maintenance are likely to be outsourced. It also seems that the senior management is investigating the possibility of moving the call centre to another country where operating costs are lower.

D has been heard to say that to compete effectively the company needs to be more flexible, and that he will be using the ideas of the “flexible firm” model and the “shamrock organisation” as the basis to create greater flexibility and adaptability in N Company.

Required:

- (a) Use transaction cost theory to analyse the restructure strategy D is proposing in N Company. *(13 marks)*
- (b) With reference to **either** the “flexible firm” model **or** “shamrock organisation” discuss how N Company might achieve greater flexibility. *(12 marks)*

(Total for Question Six = 25 marks)

Section C continues on the opposite page

Question Seven

The Direct Sales and Customer Contact Centre (the Centre) of A Insurance Company deals with vehicle, home and contents insurance products. B, who has been the manager of the Centre for the last three years, has a participative leadership style, involving staff in key decisions about the Centre. Initially she was very successful in achieving high staff morale as evidenced in the results of annual staff surveys for the first two years of her appointment. The Centre scored consistently higher on dimensions such as job satisfaction, communication and co-operation when compared with other parts of the company.

However, twelve months ago B was responsible for introducing a sales target system which involved allocating staff to teams as part of a restructuring programme. Each team is set targets and the results are published on a monthly basis in a league table. The team that is top of the league receives a cash bonus.

B is concerned that the restructuring has had an adverse effect on the performance of the Centre. She is particularly concerned that the results of the most recent staff survey show that communication and co-operation between teams have fallen dramatically. She has also observed animosity between the team leaders. Absenteeism has increased significantly, particularly in team Y. As part of her review of the issues facing the Centre, she has noted the following:

- Team X is always at the top of the league and, as a result, receives the cash bonus. The team leader of X is highly motivated and team spirit is high. Team members are constantly coming up with ideas on how to increase sales. The team seems to be a very cohesive group and team members regularly organise social events for themselves.
- Team Y never succeeds in meeting its targets. The team leader does not seem bothered by this, and appears more interested in working out how much longer he needs to work before he can retire. Team members have complained to B about the team leader, and two members have resigned. There is a personality clash between the team leader and another member of the team who is viewed by the rest of the team as the 'unofficial' leader.
- Team Z, whilst achieving its targets, is always behind Team X. The team members are an extremely tight knit group, but have become very insular and are no longer responsive to the work needs of other members of staff in the Centre. They appear to have their own agenda.

The restructure of the Centre into teams and the sales target system was dictated by Head Office. Nevertheless, B is determined to take action to resolve the problems she currently faces.

Required:

- (a) Discuss the benefits and problems of introducing sales teams and the sales target system in "the Centre" of A Insurance Company. *(13 marks)*
- (b) Explain the strategies that could be used by B to minimise the problems caused by introducing sales teams and the sales target system in order to improve performance in "the Centre". *(12 marks)*

(Total for Question Seven = 25 marks)

(Total for Section C = 50 marks)

End of Question Paper

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