

# LEADERSHIP AND MANAGEMENT/ FINANCIAL MANAGEMENT, SYSTEMS AND TECHNIQUES

**AAT Fast-Track**  
**15 June 2005**

From 10.00am to 12.00pm  
plus ten minutes reading time from 9.50am to 10.00am

## ***Instructions to candidates***

Answer all **three** questions

*All workings should be shown. Where calculations are required using formulae, calculators may be used but steps in the workings must be shown. Calculations with no evidence of this (for example, using the scientific functions of calculators) will receive no credit. Programmable calculators are not permitted in the examinations room.*

*Formula sheets, statistical tables, graph paper and cash analysis paper are available from the invigilator, where applicable.*

*Where a question asks for a specific format or style, such as a letter, report or layout of accounts, marks will be awarded for presentation and written communication.*



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At the headquarters of 'Save the Cats', a national charity dedicated to helping cats, the new chief executive, Bill Rogers, called a meeting of his department heads. "Our performance under the old functional structure hasn't been good enough. I've heard that moving towards a matrix structure can enhance organisational responsiveness and so I think we ought to give it a try."

Dr Alice Murray, the head of the veterinary division argued that Bill was being stupid. "We vets and our clinical staff are quite happy with the current structure. We like the idea that we specialists work together. As a group of twelve, we value the fact that we all work together and we wouldn't want anything to change on that score."

"No Alice," said Bill. "We've been too departmentalised for too long. A change in culture is needed if we want to maximize the effectiveness of our charitable work and the start of that is this change in structure. Our aim is to help as many cats as possible, right? Well we need to change the culture and structure to do that."

Alice became disgruntled. "I'm a qualified vet, Bill," she said, "and I think I know how to do my job. It's best when you leave me alone to organise things as I think best from a clinical perspective." Bill answered back, "You're also a manager in this organisation, Alice. That means you have to work with other people and implement the plans of the chief executive – ie me."

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• **Requirement for question 1**

- (a) Define and distinguish between functional and matrix structures. 10
- (b) Identify and describe the feature of functional structure that Alice Murray was referring to when she said, "We like the idea that we specialists work together"? 8
- (c) Alice seems to value the group cohesion of the people in her veterinary department. Explain the importance of groups in organisations. 4
- (d) Define 'culture' and explain how it can affect the effectiveness of an organisation as Bill Rogers implied. 8
- (e) Distinguish between Alice's role as a professional vet and also a manager in Save the Cats. How might tension arise between the two roles? 10

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# 2

Direct-serve is described as a 'partner' of Southshire local authority and has been the sole supplier of outsourced catering to Southshire since all such services were discontinued by the local authority direct labour organisation some years ago. It now provides all internal 'canteen' catering in the authority's buildings, all services to Southshire's social services and is also capable of providing 'special occasion' catering to outside private functions such as weddings, which usually attract a premium price and for which the Direct-serve staff are paid extra.

Most of the staff of 248 was previously employed of Southshire authority itself. The Direct-serve company was demerged to create a stand-alone entity to compete for local authority services under the compulsory competitive tendering regulations. Some newer employees say that it still 'feels' like a local authority in its systems and culture.

When Astrid Jones joined as operations manager last year she quickly realised that what she called, "an old-style municipal Unionised culture" was still much in evidence in Direct-serve. "There seems to be a lack of individual flair and entrepreneurship in the company," she said, and began to think about how she could change the organisation. Ros Stephens, the HR manager suggested that introducing individual appraisals for all staff could help. "You can agree individual targets with each employee", Ros explained, "and then assess performance a year later on the extent to which each person has met their agreed targets. You can link salary increases to it in theory – not so easy in practice though."

Astrid mentioned the possibility of introducing an appraisal-based pay reward scheme to Bernard Wales, a kitchen porter and the convenor of the Municipal Catering Union in Direct-serve. "It sounds like a departure from collective bargaining to me," he said. "I doubt the Union will agree to that and the longer-serving staff will not adapt well to any change of that sort."

The following morning, Ros Stephens came into Astrid's office with the standard employee contract in her hands. "I've been having a look at the terms and conditions on which our people are employed," she said. "There's no provision for appraisals in the standard terms and conditions. In theory, anybody who feels threatened by an appraisal can simply refuse to participate, and there's nothing we can contractually do about it – unless we change the standard contract." Astrid accepted Ros's advice but commented that since the two had last spoken, she had come to the view that appraisals were essential to the human resource planning process. "We can use appraisals to identify resource gaps and then use the information gained to work out how we should fill the gaps," said Astrid. "We will be introducing appraisals whatever the obstacles, I can assure you of that. I will put something together to present to the staff on the issue."

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- **Requirement for question 2**

- (a) Prepare a presentation for Astrid to present to the staff of Direct-serve that includes the following content.
  - (i) Define what an appraisal is and the areas for discussion an appraisal meeting typically contains.

- (ii) The importance, in principle, of appraisals to both the organisation and its staff. 10
  - (b) Explain the force field analysis model and how it can help to explain the process of introducing appraisals at Direct-serve. 10
  - (c) Explain what Astrid meant by 'resource gap' in respect to human resources and describe the benefits of human resource planning to an organisation such as Direct-serve? 12
- (40)**
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# 3

The CIPFA learning materials, in discussing project failure, quote the findings of the Standish consultancy group survey of 1997/98. The group found that only 26% of the projects they analysed could be judged as being successful. This survey is now seven years old and relates to computer projects in the U.S.A. but there is evidence in the U.K., in both public and private sectors, that the rate of project failure is alarmingly high although it is not always easy to determine whether projects have been successes or failures.

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- **Requirement for question 3**

(a) How would you judge the success or failure of projects? What do you understand by the terms hard and soft criteria? Give examples of each. Are organisations too concerned about establishing and meeting hard success criteria? Illustrate your answer with reference to two examples of projects known to you. 10

(b) What are the main sources of project failure? Choose two of these sources and explain how they might relate to a PFI project. What could you do to manage this? 10

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