



LEADERSHIP AND MANAGEMENT/FINANCIAL MANAGEMENT, SYSTEMS AND TECHNIQUES

AAT Fast-Track examination

8 June 2007

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

Instructions to candidates

There are **three** questions on this question paper

Answer all **three** questions

Question 1 carries, in total, 40 marks

Question 2 carries, in total, 40 marks

Question 3 carries, in total, 20 marks

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, 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.

1

In 2006, the Secretary of State, for Health gave a speech to the NHS Confederation in which she talked about a “change in culture” and sought to “underline why reforms are so important” in the National Health Service. She continued to point out that, “too many people have talked to me about a macho culture, bullying, not being able to give bad news [to managers and politicians]... That has got to change. So our discussions here are part of creating a new culture: [we want] leaders who listen – to bad news as well as good - a culture of openness, honesty and respect.”

Two NHS Trust chief executives from neighbouring regions met afterwards to discuss how any culture change would affect their own organisations. Sharmishta Brown, from North Counties NHS Trust said that she had looked at how organisational development ideas might be put into place to help to effect change but that culture was, in her view, so embedded that anything would take years rather than months to change. Susan Evans, the CEO of neighbouring Midshires NHS Trust agreed and said she might look into the option of asking an external person to come in and help to co-ordinate change as a change agent. Both agreed that with such a large organisation as the NHS there would be a number of forces driving change, such as politicians and others, whilst many other stakeholders would be reluctant to change.

Sharmishta had recently been involved in a number of systems changes at North Counties. A new computer system had been introduced that had brought about some changes in working practice and had also changed the way in which patient records were managed. “Changing the computer system was easy,” she said, “compared to changing people’s working practices.” She went on to describe how the Trust Board, the technical people and the medical staff had been in favour of the change in computer system but that some other groups, notably some patient groups, trade unions and some “stubborn nurses” had made their objections known – not to the new system but to the changes in working practice that the new system entailed. Susan said she had similar experiences at Midshires and observed that culture was much harder to change than any system, procedure or structure. “If the Secretary of State wants to change the culture of the NHS, it will be a big task,” she said.

• **Requirement for question 1**

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| (a) Explain the stages in the organisational development (OD) cycle. | 12 |
| (b) Susan Evans mentioned the possibility of asking an external change agent to help co-ordinate change at Midshires NHS Trust. Explain the attributes or qualities of a suitable change agent. | 6 |
| (c) Explain the force field analysis model and how it can help to explain the process of culture change in the NHS Trusts represented by Sharmishta and Susan. | 10 |
| (d) Define ‘culture’ as the Secretary of State used the term and explain the three levels of culture. | 8 |
| (e) Explain why, as Susan observed, changing organisational culture is usually considered to be more difficult than changing structure, systems or procedures. | 4 |

(40)

2

Helen McGuire, the human resources manager at Vento Systems Ltd was undergoing the annual review of her departmental objectives with managing director Tom Stump. Tom explained that any budgets and plans for new appointments would have to wait as the company was undergoing a thorough analysis of its environment and strategic position. "We need to get better people in to this company," he said. "I think we've struggled to appoint good people in the past and we need to make sure we get the appointments process tightened." Helen asked if Tom thought there was anything wrong with the existing systems that Vento operated and Tom replied that he thought that they sometimes lost potentially good people because of failures in the appointments process. In what Helen took to be a negative comment on her performance as HR manager, Tom said that he had heard of people who had become frustrated with parts of the process at Vento and had lost interest in working for them. Helen conceded that although that was true, many companies like Vento were currently struggling to fill vacancies. Tom drew attention to the size of Helen's team (she had 15 people reporting directly to her) and suggested that perhaps she could consider restructuring her team so that she could better manage them. "Maybe it's because you want to control everything yourself," he said, "that you sometimes lose control of things in your department."

Helen was able to report that her department was currently reviewing some of its procedures and that she would report back to Tom once she had finished with that. In the light of what Tom saw as failures with the HR department in the past he said that he might ask Helen to discuss some objectives for the HR department that she could then report back on later on.

- **Requirement for question 2**

- (a) In the context of the case, explain the meaning of the SMART framework for understanding objectives. 10
- (b) In the context of the case, define 'span of control' and explain the factors that can determine the most appropriate span for Helen. 8
- (c) Advise Helen of the correct sequence of stages involved in making a new appointment to an organisation such as Vento. 12
- (d) Explain what a person specification is and how it differs from a job description. 10

(40)

3

Southtown Council is planning a pedestrianisation scheme for part of its town centre. Consultations have taken place and the work is now planned to go ahead. There has been a lot of opposition to the project from people who live in the town and from local tradespeople and retailers. The retailers fear that their trade could be hit by the work and this would be particularly worrying for them if it continued over the Christmas shopping period. The Council has given them reassurances that the work will be completed well in advance of Christmas 2007 and has persuaded them that the pedestrianisation will be to their benefit.

The issues surrounding the project mean that the Council is determined to deliver on time and on budget. It is felt that there would be a major political crisis if that were not achieved. The Council is also very keen to stick with the agreed design brief as there have been great difficulties involved in meeting the concerns of influential heritage and environmental pressure groups.

Initial work has been carried out to identify the main activities and the dependencies which exist between them. Information on activity times is now available and this is summarised in the table below.

Activity	Preceding activity	Duration of activity (days)	Additional information
A	-	10	-
B	A	25	Can be reduced by 10 days by using additional staff at a cost of £20,000
C	B	10	An alternative sub-contractor could be used who would complete this in 8 days but at an extra cost of £15,000
D	-	8	-
E	C	6	-
F	E	20	-
G	F	15	-
H	C	10	-
I	E	35	A change in the specification could reduce the time taken by 7 days but this would not meet the design brief and might add 3 days to activity E
J	H	8	-
K	I	7	2 days can be saved at a cost of £10,000
L	D	60	This could be reduced to 44 days but would add £45,000 of extra costs
M	GJK	8	-
N	L	5	-
O	M	11	Could be reduced by 3 days at a cost of £7,500
P	ON	5	-

The project has a budget of £1,200,000 and initial estimates based upon the normal duration are that it should come in £50,000 below budget. The requirement to complete in time for Christmas allows for 100 working days until completion. Both of these constraints are regarded as extremely important.

Most of the work is being carried out by the main contractor but the Council has control over some of the activities. The duration of some of these activities may be reduced but there would be a cost involved as indicated in the final column of the table.

• **Requirement for question 3**

- (a) Draw a network diagram which shows the critical path of the project. Calculate the normal duration of the project based on the data provided. 7
- (b) Compare the normal duration with the time allowed for completion and suggest what changes in the project plan should be made to ensure that the time constraint is met. Take into account the budget available, and comment on all of the options available. 10
- (c) In relation to the requirements of this project describe the main benefits of using network analysis techniques. 3

(20)
