

MANAGEMENT

Professional 2 examination 7 June 2001

From 10.00 am to 1.00 pm,
plus 10 minutes reading time from 9.50 am to 10.00 am.

Instructions to candidates

Answer **four** questions in total: **two** questions from section **A** and **both** questions from section **B**. The marks available for each question are shown in italics in the right-hand margin.

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 examination room.

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

SECTION A (Answer two questions)**1**

You are a senior auditor for The Smith and Brown Partnership, a firm of auditors that has an expanding portfolio of public services clients. One of the areas the firm is increasingly becoming involved in is facilitating change. This area of work is considered by the senior partners to present opportunities for developing and diversifying the activities of the firm. However, they recognise that very few of the existing staff have any experience of change, particularly in the public services.

There are plans to recruit more staff as the firm expands, although this may not keep pace with the demand for staff with experience of facilitating change.

At the recent Senior Partners monthly meeting it was decided to undertake some basic in-house training and staff development.

As one of the auditors who has had some formal training of change management, you have been asked to undertake elements of the training concerning barriers to change.

- **Requirement for question 1**

- (a) Produce a checklist (with examples) of management attitudes and practices that inhibit the introduction of change. 10
 - (b) Outline (with examples) how the barriers to change you have identified in (a) above could be overcome. 10
- (20)

2

You have recently been appointed as a part qualified accountant within the Finance Directorate of Bedrock Housing Association. You are used to working in a task based environment rather than the more traditional hierarchical structure employed by Bedrock, an issue that you raised with the Finance Director at your interview.

Now that you are in post, the Finance Director seems interested in your previous experiences and asks you to write a paper that briefs her further on aspects of formal group working.

- **Requirement for question 2**

Write a paper to the Finance Director that

- (a) Defines the characteristics of a group in the work environment, stating those situations where group working would benefit the organisation. 6
- (b) Discusses the issues that can influence groups during their formation and the impact this can have on effective group working. Illustrate your answer with examples from group situations that you are familiar with. 14

(20)

3

In response to a growing awareness in Europe of developments in Total Quality Management (TQM), fourteen leading European businesses formed the European Foundation for Quality Management (EFQM). During 1990, a small group from the member organisations completed a review and developed the Business Excellence Model for Total Quality Management.

You are a newly qualified accountant working within the Finance Directorate of a large central government agency. All business units within the Agency have recently been instructed to adopt the Excellence Model as part of a new business regime in order to

“...demonstrate the Agency’s continuing commitment to quality and to our core values.”

Following the instruction, your Director has been researching the EFQM and has discovered that less than 10% of its UK membership is from public sector organisations. Concerned at this apparent lack of education regarding the benefits of TQM, he has asked you to prepare a report for circulation to all Directorate staff which aims to improve understanding of TQM and quality assessment.

- **Requirement for question 3**

Prepare a report to the Director of Finance which

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| (a) | Defines quality and examines its dimensions; | 5 |
| (b) | Describes a model for quality improvement and demonstrates the importance of assessment within that model; | 6 |
| (c) | Provides a checklist for designing and improving a quality assessment system; and | 4 |
| (d) | Outlines problems associated with, and the gains to be made from, the adoption of TQM within the public services. | 5 |

(20)

SECTION B (Answer both questions)**4**

Following the departure through ill health of the previous Director, Bradborne Leisure Services Department has recently commissioned an independent management consultant to review the management of the Department. The report has just been received by the Senior Management Team and makes interesting reading.

The key conclusions of the report are that the Department has suffered in the past from poor objective setting and strategic planning, resulting in less than satisfactory performance in recent years. The main reason for this, the report goes on to say, is an inadequate planning process which is the result of the previously top down approach to the management of the Department.

The report recommends the adoption of the Objective/Strategy Cycle to assist in the strategic planning of the department, and stresses that Service Managers (a generic term given by the Department to operational managers, eg Leisure Centre Managers) should become more involved in the process of setting the organisation's objectives.

- **Requirement for question 4**

As a recently qualified CIPFA accountant working for Bradborne Leisure Services Department you have been asked to produce a report to the Senior Management Team that:

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| (a) Explains why a bottom up approach to objective setting might benefit the organisation. | 4 |
| (b) Outlines the stages of the Objective/Strategy Cycle. | 6 |
| (c) Identifies the contribution of both the Senior Management Team and the Service Managers at each stage of the Objective/Strategy Cycle under such an approach. | 10 |
| (d) Considers the problems that the organisation might face if it were to implement the recommendations of the management consultants. | 10 |
| | (30) |

5

“Suppose as a management anti-Christ you wanted to wreck an industry for life. What would you do? Easy – you’d start by making the prices the highest in the world. Then you’d fragment the product lines and pricing structures, making them as hard to figure out as possible... You’d manage by arbitrary targets and competing incentives while making sure that no one knew where accountabilities lay. This would ensure quality problems and chronic product unavailability.

And when things went dramatically wrong (as how could they not?) you’d interfere at the drop of a hat while denying any responsibility for the outcome. What, me?

All UK management’s worst traits – short termism, penny-pinching and a dismal inability to think in systems terms are reflected in this shambles ... it’s as if 100 years of management practice and development never happened.”

The above is an extract from an article by Simon Caulkin titled “How to steer Britain on the wrong track” which appeared in the Observer newspaper on 10 December 2000. The article is about the British railway system but raises many concerns common to the public and private sector alike. Caulkin concludes his article as follows:

“...That’s not surprising; neither for Whitehall nor for UK industry generally is management a core competence. In April this year, the departments of transport and education jointly launched a Council for Excellence in Management and Leadership, whose first job will be “to identify gaps and barriers which inhibit the development of sufficient excellent managers and leaders.

Along with Rover and the England football team, the rail industry showcases them all. It should be the first case study. Ministers and Civil Servants should be in the front row of the class.”

• **Requirement for question 5**

(a) The Council for Excellence in Management and Leadership draws a distinction between management and leadership.

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| (i) Prepare a summary of the key functions of a manager and those of a leader. | 10 |
| (ii) Examine the characteristics of a good leader and explain what differences, if any, there are between a manager and a leader. | 8 |

(b) The first job of the Council will be “to identify gaps and barriers which inhibit the development of sufficient excellent managers and leaders”. Some have argued that the qualities required of managers and leaders cannot be developed as they are either present or not in an individual. Present and evaluate these arguments and produce a reasoned conclusion as to whether you feel the view is valid. 12

(30)