Management Level Paper

E2 - Enterprise Management

May 2012 Examination

Examiner's Answers

SECTION A

Some of the answers that follow in Sections A and B are fuller and more comprehensive than would be expected from a well-prepared candidate. They have been written in this way to aid teaching, study and revision for tutors and candidates alike.

These Examiner's answers should be reviewed alongside the question paper for this examination which is now available on the CIMA website at www.cimaglobal.com/e2papers

The Post Exam Guide for this examination, which includes the marking guide for each question, will be published on the CIMA website by early August at www.cimaglobal.com/e2PEGS

Answer to Question One

Rationale

This question tests candidates' understanding of the competitive environment. It examines learning outcome A1(b) *'distinguish between different types of competitive environment'.*

Suggested approach

The question requires candidates to explain what is meant by market size, market share and market growth,

Good answers will provide a comprehensive explanation of the concepts of market size, market share and market growth, with reference to the scenario information. Weak answers will give a confused account of the key concepts, without any contextualisation.

It is important for CP Company to understand and distinguish between the concepts of market growth, market share and market size when developing CP Company's competitive strategy.

Understanding market size will be helpful to JF since it will provide her with information of the total annual sales for CP Company's market. However, JF will first need to define what constitutes the market she is operating in. For instance, will she confine her analysis to chocolate desserts, or should she look at the total 'ready-made' dessert market.

Linked to market size is market share, which refers to the sales of CP Company's products within its market. This is usually expressed as a percentage of the total sales of that market. If CP Company has a larger share, this is usually regarded as being strategically beneficial since it may make it possible to influence prices and reduce costs through economies of scale.

Moving on to the concept of market growth, this involves estimating how much the market has grown over a particular period of time. This is important to JF in terms of being able to anticipate the demand for CP Company's products and therefore the amount of additional investment needed in terms of manufacturing capacity, distribution and marketing.

The rate of market growth can be high or low and will depend on the conditions of the market CP Company operates in. New markets may grow very quickly, whilst mature markets may hardly grow at all. High market growth rate would indicate potential good opportunities for CP Company. The importance of growth to developing competitive strategy is that if CP Company has a strategy which requires quick growth then it would be attracted to a market which is growing rapidly. However, it is important to consider competitor responses since intense competition in a high growth market can erode profit, whilst a slowly growing market with high barriers to entry can be very profitable. If there is low growth in the industry, then fewer potential rivals are likely to be attracted into the market.

JF could use the BCG matrix to help her establish if her products are stars (high market growth/high market share); cash cows (low market growth/high market share); question marks (high market growth/low market share) or dogs (low market growth/low market share).

Answer to Question Two

Rationale

This question tests candidates' appreciation of key players in projects. It examines learning outcome B2(c) *'explain the role of key players in project organisations'.*

Suggested approach

A good answer could start with an explanation of project stakeholders and then go on and explain the various project stakeholders in the context of the enterprise resource planning (ERP) project.

A weak answer will just be a knowledge dump of the project stakeholders with no reference to the enterprise resource planning project.

Project stakeholders are those involved in the project or those whose work or interest might be affected by the project. Stakeholders may have a varied level of interest, involvement and influence on the project. It is extremely important to identify all of the stakeholders as they can have a negative or a positive influence on the project and this will need to be identified and managed by P in order to ensure that there is minimum disruption to the project.

The main stakeholders in the enterprise resource planning system will include the following:

Project Sponsor
The sponsor is the person providing the resources for the project, that is, the person ensuring that the project is successful at the business level. It is the project sponsor who will take responsibility for the project budget and will be taking the role of ensuring that the project does not go over budget. The person will have formal authority and will oversee the project. The sponsor acts as a liaison between the Board of X Company and the Project Manager. The sponsor provides authority, guidance and maintains project priority.

Project Owner (Client)
The Finance Director could be considered the project owner. The owner is the stakeholder for whom the project is being carried out. The Finance Director has identified the lack of planning information available and will be interested in the end result being achieved and the company's needs met. The role will involve ensuring that the scope and functionality of the enterprise resource planning system are being achieved.

Functional Managers (End users)
The functional managers are the customers and are the group of stakeholders whose needs the project should satisfy. The role of this group is to identify their needs. The difficulty in completing their role will be that each functional manager might have different needs and will be trying to satisfy his/her own needs which might lead to conflict.

Software supplier
The project will require an input from the software supplier which is chosen to deliver the resource planning system. Its role will be to get the best deal for the software company by trying to seek to maximise the price of the supply.

Day to day suppliers
This system will enable Electronic Data Interchange (EDI) between suppliers and X Company. The suppliers will be important stakeholders as they will also be users of the system. The system needs to be easy for them to use otherwise they might not buy into its use and the overall benefits will be reduced.

Project Team
The project team will be those chosen to work on the project. The role of the project team is to deliver the overall project objectives of time, quality and cost. It needs to understand its specific project objectives and the role it needs to play in the delivery of these objectives. It is important that it is committed to the overall success of the project since it contribute a range of skills to the project in order to deliver the project outputs.

X Company Board of Directors
The Board is responsible for meeting the expectations of shareholders and making choices about allocating corporate resources. It will want to be kept informed about the delivery of the business objectives and assured that when the system is embedded it will be delivering better planning information for the whole organisation which should improve efficiency and effectiveness.

Answer to Question Three

Rationale

The question is designed to test candidates' understanding of the positioning approach to strategy formulation. It examines learning outcome A2(b) *'compare and contrast approaches to strategy formulation'.*

Suggested approach

The first part of the answer should explain how AT Company is currently achieving competitive advantage, with specific reference to the positioning approach.   It should then develop to explain the problems associated with the positioning approach.

Good answers will contextualise their answer with reference to the scenario information. Weak answers will explain competitive advantage at a general level with no contextualisation.

Requirement (a)

The positioning approach to strategy takes the view that competitive advantage stems from AT Company's position in relation to its competitors and markets. It is sometimes called an 'outside in' view because it is essentially concerned with the company adapting to fit its environment.

This view is based on AT Company looking ahead at the market and predicting changes to its environment which would enable it to control changes rather than having to react to them. It requires the company to constantly scan its environment in order to determine how it can continue to exploit any opportunities or have in place strategies to minimise any threats. This would involve undertaking environmental scanning, using the PESTEL framework, understanding its competitors using Porter's Five Forces model, and wider competitor analysis.

The positioning approach takes the view that supernormal profits which create competitive advantage can result from:

- High market share relative to its competitors
- Differentiated products/services
- Relatively low costs.

In the case of AT Company, it has built its competitive advantage by differentiating its offer from other travel firms by targeting specific groups with a specialised offer, e.g. tailor made adventure holidays.

Requirement (b)

There are potential problems associated with AT Company continuing to apply the positioning approach to strategy development. For example:

- The main problem with the positioning view is that it relies on predictions of future markets. Sometimes markets are volatile and making strategy based on predicting future trends can be misleading.

- Competitive advantage is not always sustainable since the advantages may eventually be copied in the long run by its competitors. So, for instance, other travel agents may start copying by offering tailor made adventure holidays, taking away AT Company's differential advantage.

- The external environment is too dynamic to enable positioning to be effective. Markets are continually changing due to consumer demand, impact of rapidly changing technologies and global competition.

- Supporters of the positioning view seem to suggest that an organisation can have its size and shape changed at will to fit the environment; however, this can be problematic.

Answer to Question Four

Rationale

This question tests candidates' ability to explain how organisational culture can influence an organisation's performance in terms of positive and negative influences. It examines learning outcome C1(b) *'demonstrate the importance of organisational culture'.*

Suggested approach

Answers should develop to distinguish between the positive and negative influences of organisational culture on organisational performance.

Good answers will provide wide-ranging positive and negative influences of organisational culture on organisational performance. Weak answer will only discuss positive or negative influences or provide a very narrow answer.

Organisational culture has a widespread influence on the behaviours and actions of employees and, as such, will be a powerful force on PCC Company's future strategies, structures, systems and ways of working. It affects the way employees respond to change and ultimately on how well an organisation performs. This is because culture involves the basic assumptions and beliefs that are shared by the members of the organisation. This is often referred to as the glue that binds the organisation together or more simply, as Charles Handy suggests, 'it is the way we do things around here'. Because culture is the taken for granted ways of doing things and routines that develop over time, it contributes significantly to how employees respond and behave in relation to the issues that they face.

The positive influences of PCC Company's strong culture on organisational performance are that it can:

- facilitate good communication, coordination and cooperation between different parts of PCC Company. This is because culture is the invisible bond which ties the people in the company together.

- provide a framework for social identity providing the employees of PCC Company with a sense of belonging to the company and in that sense helps in retaining talent within the company.

- strengthen the dominant values and attitudes of employees in PCC Company and can help in regulating the behaviour and norms among members of staff.

- help in minimising some of the perceptual differences among different groups and people within PCC Company, reducing differences amongst members of staff.

- shape the personality of PCC Company, giving it a unique identity and which could be the basis for differentiation leading to competitive advantage in the marketplace.

However, there are some negative influences associated with PCC Company having a strong organisational culture which could impact on performance, for instance:

- The problem with a strong culture is that the norms of behaviour underlying the culture may no longer fit with the changing needs of the organisation.

- A strong culture can be difficult to change since beliefs which underpin culture can be deep rooted.

- This may lead to PCC Company's staff having a rigid view which could reduce the company's ability to grow and for them to learn new skills.

- The culture may signal inappropriate values as things in the external environment change, which can lead to a negative impact on organisational performance.

- The strong culture may not adapt to PCC Company's changing environment, for instance, if the culture is quite rigid and rule-bound it may not facilitate the flexibility and innovation needed to adapt to a changing environment.

- In the case of a possible merger, having a strong culture could lead to cultural conflict between the two companies, and hence, limit the success of the merger.

Answer to Question Five

Rationale
This question tests candidates' appreciation of the different levels of strategy. It examines learning outcome A2(c) *'explain the relationship between different levels of strategy in an organisation'.*
Suggested approach
Answers could start with an explanation of the strategic management process being multi-layered and then go on and explain the various layers in the context of the scenario statement.

The strategy management process is multi-layered. Strategy will exist at three main levels in J plc. These can be classified as Corporate, Business and Functional. The different levels of strategy in J plc will be inter-related in order to achieve goal congruence. The activities at the lowest level are guided and constrained by decisions at the higher levels.

Corporate strategy is concerned with what type of business or businesses should the organisation be in. At this level, issues will include decisions on acquisitions, mergers and sell-offs or closure of business units. These strategies are to ensure there is a balanced portfolio of businesses. The corporate strategy usually involves development of corporate policies on issues such as public image and employment practices.

Corporate level strategy in J plc will be concerned with the overall purpose and scope of the organisation, meeting the expectations of shareholders and making choices about allocating corporate resources. Decisions at this level tend to be complex and non-routine.

This will involve decisions about entering new markets and it appears that the Finance Director is suggesting considering entering the markets of the emerging BRIC economies (Brazil, Russia, India and China). J plc will need to choose a market that will achieve the corporate objective of 5% profit growth over two years. This objective will provide the framework to inform the lower levels of the strategy for J plc that it needs to achieve.

Business strategy is concerned with how an operating unit or strategic business unit approaches a particular market. This is the level where competitive strategy is usually formulated in order to gain competitive advantage in the particular market that is chosen. These strategies need to ensure there is a balanced portfolio of products.

Business level strategy in J plc will be concerned with winning customers and beating rivals in the emerging markets. The Business strategy for J will determine the range of cars to be offered in the chosen market. This should include how the market could be segmented and how many segments J plc is going to target: i.e. family cars, sports cars, luxury cars. Business strategy for J plc should be formulated within the broad framework of the overall objectives laid down by the corporate centre in order to ensure that everyone is working towards the objective of 5% profit growth over the next two years.

Functional strategy for J plc will be concerned with how the component parts of the organisation can effectively deliver the corporate and business level strategy in terms of resources, processes and people. Strategies at this level are concerned with ensuring the various functions such as production, marketing, human resources etc. can contribute to the achievement of corporate objectives. These strategies are to ensure a balanced portfolio of resources for business and corporate strategy implementation.

For J plc the production requirement might include the factory location, manufacturing techniques and which activities should be outsourced to local companies. The human resources requirement will be to establish the skills and knowledge required and whether that can be obtained locally or whether some of the staff in J plc’s home country might be required to help with the set-up of the overseas location. Once the higher level strategy is developed, the functional units translate the strategy into discrete action plans that must be accomplished for the strategy to succeed. Without the appropriate resource the strategies could not successfully be undertaken.

This is the level at which the strategy needs to be implemented. If the implementation conflicts with the overall corporate strategy it will counter the direction of the overall organisation. It is important that J plc makes sure that the different levels of strategic decisions are interdependent so that one level is consistent with the strategies at the next level in order to reduce any conflict of interest.

SECTION B

Answer to Question Six

Rationale

Requirement *(a)* tests candidates' ability to discuss the concept of the shared service model. It examines learning outcome C2(c) *'discuss the effectiveness of relationships between the finance function and the other parts of the organisation and with external stakeholders'.* Requirement *(b)* is designed to test candidates' appreciation of what is involved in building effective teams. It examines learning outcome C2(d) *'identify tools for managing and controlling individuals, teams and networks and for managing group conflict'.*

Suggested approach

Answers to requirement *(a)* could start by explaining what is meant by the shared service centre (SSC) model and then go on to explain the rationale for moving to a SSC model. Answers should then develop to explain the benefits and possible disadvantages. Answers to requirement *(b)* should develop to explain the various steps in building new finance teams . Candidates could use Tuckman's framework to structure their answers.

Requirement (a)

The shared-service centre (SSC) concept refers to the provision of a service by one part of the organisation where that service has previously been found in more than one part of the organisation. The establishment of a SSC for TFX Company would essentially involve the bringing together of the various finance departments across the organisation into one central unit. It is sometimes referred to as internal outsourcing since it would allow TFX Company to take advantages of the benefits of consolidation whilst maintaining full internal control and thus minimising the control risks associated with outsourcing.

By consolidating the finance departments to a SSC, TFX could expect to enjoy substantial payback in terms of reduction of overhead costs and hence unit transaction costs.

One of the overarching benefits of establishing a SSC is that it can lead to economies of scale, since the finance staff are gathered together to form a centre of excellence rather than being spread across business units. This arrangement would usually lead to headcount reductions and hence cost savings since it will reduce duplication. In addition, since it would be located in one centre there would be a reduction in premises and associated costs.

There is also the potential of benefiting from favourable labour rates depending on the geographical location chosen to establish the SSC. In other words, TFX Company could carefully select the location of the SSC in order to ensure that it can take advantage of the lowest cost provision.

It is suggested that the SSC model would lead to an enhanced quality of service for TFX Company. This is because learning and sharing of knowledge between colleagues is better facilitated through the finance teams being located together.

The SSC model should also result in more consistent management of business data in that standard approaches can be developed across TFX Company, rather than each individual finance department developing its own methods.

There are however some potential disadvantages which TFX needs to consider if it decides to go ahead with the SSC model.

The finance departments are currently embedded within the various business units and it is likely that strong relationships have been built up between the finance team and the management of the business area. Moving to a SSC model may make it more difficult for such relationships and trust to be developed in the future.

In addition, it may be more challenging for staff in the SSC to gain local knowledge of a specific business unit and its particular information needs when operating at a distance.

As a dedicated finance team for a business unit, staff may have been able to play a stronger role acting as a business partner. This may be lost in the move to a SSC model.

Finally, there will be the practical management issues that could present challenges with the move to a SSC in terms of, for example, cultural difference between staff working together in the SSC and the various business units, along with problems associated with time differences and different languages when a centralised service operates at a geographical distance.

Requirement (b)

If the decision is made by TFX Company to go ahead and establish an SSC, this will result in groups of staff coming together to form new finance teams. As such, the managers of the various teams should not assume this happens automatically and need to be proactive in building the teams. Tuckman's team development theory would be a helpful framework to use in order to consider the stages the new teams will need to go through before they can be effective in the SSC. Indeed, staff may move from other countries to work in the SSC.

To help the development of teams it is important to consider the manner in which the team comes together, since it cannot be assumed that members of a team will work together effectively immediately. To build an effective team it is necessary that it is allowed to progress through the developmental stages.

Tuckman describes a model of team formation which suggests that to be effective a team must progress through a number of stages, which have a linear relationship. It is only when these stages have been successfully passed through that the group can concentrate on the attainment of its purpose, in this case as a finance team of the SSC.

The four stages identified are:

Forming: This is the initial period when the individual members of the new SSC come together, finding out about each others' attitudes, abilities and characters. The initial objectives and parameters of the team are established for the SSC. It is at this stage that individuals will work out initial roles and relationships, acceptable behaviours and codes of conduct.

Storming: This stage can be characterised as a period of disagreements, arguments and high emotion. As members of the team begin to work together and get to know each other, so they present their different views on the best way of achieving the SSC objectives and different approaches to working together. As this is a new model and staff may have joined from various finance departments or indeed be new to TFX Company, they may hold different views on how to operate and hence conflict and hostility can emerge. This will cause the effectiveness of the team to fall. It is during this stage that any cultural conflicts may surface.

Norming: It is important that conflicts at the storming stage are resolved and guidelines on procedures and standards of behaviour of the SSC teams are established. It is important that team members reach agreement over any issues through negotiation, compromise and finding areas of commonality. Team cohesion develops during this stage as do norms of what is acceptable behaviour, which in turn, will govern individual members' behaviour for work in the SSC. This stage is important in agreeing standards of performance.

Performing: This is when the team has successfully progressed through the three earlier stages and has created cohesiveness to operate effectively as a team in the SSC. At this stage the team will finally be able to concentrate on the achievement of SSC objectives and it will be at its most effective because all energies are focused on tasks, rather than resolving conflicts within the team.

As well as the team development stages discussed, there are other factors to consider when building teams. For example, appropriate group membership with individuals possessing the necessary skills and attitudes. It will be important that the members of the teams in the SSC understand their own and others' role requirements. Teams will also need a balance of team roles as proposed by Belbin.

Answer to Question Seven

Rationale

Requirement *(a)* tests candidates' appreciation of the various stages in the project lifecycle. It examines learning outcome B1(b) *'apply suitable structures/ frameworks to identify common project management issues'.* Requirement *(b)* is designed to test candidates' appreciation of the importance of continuous improvements to projects. It examines learning outcome B1(j) *'apply a process of continuous improvements to projects'.*

Suggested approach

Answers to requirement *(a)* could start with an explanation of the stages in the project lifecycle and correctly identify the various steps that could have been taken at each stage to avoid the problems being experienced in the Entertainment Project, drawing on relevant information from the scenario. Answers to requirement *(b)* could start with an explanation of continuous improvement and explain the importance of the process then go through the practices Z Company might put in place to achieve continuous improvement.

Requirement (a)

Large scale projects usually follow separate phases, which occur in sequence. These phases can be considered using the project lifecycle framework, and at each phase activities have to be managed in order to deliver the desired project outcomes. A number of tools and techniques can be utilised at each stage of the process which will help to overcome project management issues facing Z Company's new Entertainment Attraction Project.

Phase 1 - Identification of need

A number of activities should have been carried out during this phase, for example:

Feasibility study
Initially a feasibility study should have been undertaken by Z Company to check the potential benefits of the project and to evaluate in broad outline potential alternative solutions. Z Company should have asked a number of contractors with a proven history of success at similar projects to submit proposals on how they propose to satisfy the content required, together with schedules of time and cost estimates. This process would have provided additional detail to the Z Company's own fact finding exercise. Feasibility studies could then have been carried out on a number of potential strategies and contractors and the aim for Z Company would have been to decide which proposal to choose.

A SWOT analysis could have been undertaken at this stage to assist in project selection. This looks at the strengths, weaknesses, opportunities and threats of each project. Z Company could have established whether the project has sufficient strengths to fit with the overall organisational objectives and the specific project objectives of visitor numbers. If this process had been undertaken by Z Company it might have been able to identify that the targets for the visitor numbers were ambitious and contingency plans could have been put in place. This would have allowed Z Company to construct a series of action plans which could have been implemented when visitor numbers were down.

Z Company should have produced a comprehensive high level definition of what it wanted to achieve, how it would happen and the resources to be used. A project specification is essential in that it creates a measurable accountability for anyone wishing at anytime to assess how the project is going, or its success on completion.

Phase 2 - Development of a solution

Detailed Project Planning
A baseline budget should have been produced that presents a realistic assessment of the time and funding required, and the available resources to complete the entertainment project

objectives. This would have formed the outline plan for the project and would have guided the project manager and the project team.

An organisation plan should have been developed to overcome the issues with the management structure; the plan would have described the structure of the project team and each person's responsibility, this should also have included sub-contract staff. A work breakdown structure would break the project into individual work packages which would have clearly identified the individual responsible for all the elements of the entertainment attraction. For Z Company, the problems with structure and a lack of understanding would have been resolved.

Z Company could also use the work breakdown structure to calculate a total of how much the project would cost. Those responsible for each work package would have been asked to estimate the time and resources needed for their work package and the tasks and activities that comprise it. The local knowledge had it been used (and any knowledge of past projects had it been collected), might have resulted in more accurate costing predictions for the new entertainment attraction.

Phase 3 - Implementation

This phase of the project lifecycle is the implementation of the proposed solution and should have involved a number of activities in terms of project execution and monitoring and control.

Staffing is an important part of implementing the project. Z Company should have considered the right selection of staff to work on the project, along with motivation, team management and staffing levels. It is important that the project manager uses the correct leadership style throughout the project in order to lead and motivate the project team. The distinctive capabilities needed by staff working on the project will need to be established.

Communication plans and information distribution would have been important at the execution stage of the entertainment attraction. It also appears that Z Company experienced lots of conflict throughout the project. Even the simplest project is likely to have a large range of potential stakeholders with different levels of interest and power. Z Company needs to recognise that identifying stakeholders, assessing their interests in the project and then using this information to manage the relationships with such groups is a vital project management activity. The use of stakeholder mapping would have helped the project manager to understand where attention needed to be focused by identifying the key influential stakeholders. Z Company should have given consideration to the likely conflicts to be faced and how they should be managed.

As the project evolved Z Company needed to be aware that performance needed to be monitored regularly to ensure that the project was progressing towards the final objective. Check the progress of activities against the plan. Adjust the plan in light of performance, changing circumstances, and new information. Inform team members and sponsor about developments.

The lack of financial management should have been controlled by regular reporting on performance. Z Company should have measured actual resources committed to date and compared them against the plan of activities to assess progress and monitor any deviations. If, after comparison, a deviation was discovered, the project manager should have reported the deviation and, following authorisation if necessary, have taken corrective action to get the project back on target.

It seems that project meetings were scheduled but were cancelled. A regular project reporting period should be adhered to. The timeframe between meetings should depend on the complexity of the project. More complex projects are likely to require more frequent progress assessment. It would seem that if the meetings were cancelled then the reporting on performance to the sponsor and to the project team was ineffective.

Phase 4 - Completion

The final stage is the closure of the project once the project work is finished. The main purpose of closure is to enable Z Company to evaluate the overall project and to learn from the experiences gained. This could help Z Company to improve its performance on future projects.

Z Company should have compared the actual cost of the project with the budgeted expenditure and the reasons for over and under expenditure should have been identified in order to learn lessons for future projects. Z Company should have looked at the time taken for the project compared with the targeted date for completion and again understood the reasons for any variances.

The primary benefit derived from the post completion audit is to augment Z Company's experience and knowledge. For Z Company, it appears that the benefit of this process has been difficult to quantify. It may be necessary for it to justify the cost of a post-completion audit by carrying out a cost-benefit analysis.

Answers could also develop using the phases initiation, planning, execution and completion.

Requirement (b)

Continuous improvement is a long-term approach to achieve small, incremental changes in processes in order to achieve efficiency and quality.

Importance
Evaluation meetings should be carried out with the project team members and externally with the other key project stakeholders. The internal interview is an opportunity for Z Company to discuss the successes and failures of the project process and to establish what can be learned in future for the benefit of other projects. An evaluation of the project from the business perspective is essential. Are the benefits being delivered or is ongoing action required? This reflection should be at an appropriate time. Once the attraction has had adequate time to run its course and have an impact, then Z can reflect on what has worked and what has not worked.

Advantages of continuous improvement are that innovative leaps and breakthroughs can be delivered. Project results such as quality, cost and time are constrained continually and Z Company needs to understand what action it can take to mitigate these constraints in the future.

Process
Z will need to create a continuous improvement culture which will need to start with a commitment from senior management to the process. The right structure will be required to facilitate a learning organisation. A matrix structure will help facilitate the sharing of knowledge in order to generate ideas for improvement. Linking reward to performance and giving recognition to those that help improve the process should help to embed the new culture.

Z Company needs to recognise the importance of project management to the organisation and identify those employees who need to have a good understanding of the methodology of project management. Z Company would need to develop an education and training plan.

Z Company should define the processes and methodology it wants the company to follow. Policies and procedures should be drawn up for projects. Standard management processes should be developed. Step by step process descriptions and guidance should be created with clear identification of the tools and techniques to be used. It should include templates and documentation to be used throughout the process.

Z Company could use benchmarking, comparing its project processes to industry best practice in order to try and reach best practice itself. It could undertake this on a continuous basis and would need to identify who to benchmark and what to benchmark. The information obtained through benchmarking could then be used to enhance the use of the methodology chosen.

Z Company needs to ensure it has adequate feedback from future projects by having a clearly defined repeatable process for solving the problems. An example of a process could be a Plan-Do-Check-Act cycle:

- Plan - identify and analyse the problem
- Do - develop and test a potential solution
- Check - measure how effective the test solution was and analyse whether it could be improved in any way
- Act - implement the improved solution