



Enterprise Pillar

Management Level

## E2 – Enterprise Management

22 May 2012 - Tuesday Afternoon Session

### ***Instructions to candidates***

You are allowed three hours to answer this question paper.
You are allowed 20 minutes reading time <b>before the examination begins</b> during which you should read the question paper and, if you wish, highlight and/or make notes on the question paper. However, you are <b>not</b> allowed, <b>under any circumstances</b> , 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/or sub-questions).
ALL answers must be written in the answer book. Answers or notes written on the question paper will <b>not</b> be submitted for marking.
ALL QUESTIONS ARE COMPULSORY.
Section A comprises 5 questions and is on pages 2 to 4.
Section B comprises 2 questions and is on pages 5 and 6.
The list of verbs as published in the syllabus is given for reference on page 7.
Write your candidate number, the 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.

# E2 – Enterprise Management

TURN OVER

## SECTION A – 50 MARKS

[You are advised to spend no longer than 18 minutes on each question in this section]

ANSWER ALL FIVE QUESTIONS IN THIS SECTION

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### Question One

When JF persuaded a leading retail supermarket chain to trial her 'home-made' chocolate dessert range she could not have anticipated how well it would sell. Now a year on she has formed her own company, CP Company, in association with YT, who has a long history in the food sector and was himself a former supermarket manager. The company is currently operating out of rented factory premises in order to cope with the increased demand for the company's products from other supermarket chains.

JF is now being put under pressure by the supermarkets to introduce more products at lower prices. This is in the face of competition from other suppliers of similar products. Seeing that JF is unsure of how to respond, YT, drawing on his experience in the sector, suggests that the company undertakes a competitor analysis before making any decision with regard to future strategy. He has suggested that they should collect information in order to have a better understanding of the nature of competition and determine the market size, CP Company's market share and also market growth.

*Required:*

**Discuss** why it would be helpful for CP Company to understand the key concepts of market size, market share and market growth.

*(Total for Question One = 10 marks)*

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*Section A continues on the opposite page*

## Question Two

At the last board meeting of X Company, the Finance Director showed concern for the lack of planning information available to the company. It was accepted that the company needed better quality information and the board agreed that the company should go ahead with a project to source and implement an integrated enterprise resource planning (ERP) system.

The new system will integrate internal and external information across the entire organisation embracing finance, manufacturing, sales and service and other functions of the business. The system will facilitate the flow of information between all business functions within the organisation and enable real-time connections to outside stakeholders like suppliers and customers. A software supplier is still to be chosen. P, as Project Manager, has been told that his first task is to identify the project stakeholders and to make sure that he is aware of the needs of each stakeholder in respect of the project.

*Required:*

**Explain** the role played by the main project stakeholders in the sourcing and implementation of the enterprise resource planning (ERP) system.

*(Total for Question Two = 10 marks)*

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## Question Three

AT Company is a specialist travel company which offers adventure holidays for the independently-minded traveller. AT Company was originally a subsidiary of a larger tour operator. The present owner-manager, K, was able to buy the business when it was sold off by its parent company five years ago. K has been able to make the business into a profit making concern by taking advantage of a growing trend amongst older clients who have the disposable income to seek adventure holidays. The company has also benefited from predicting the increase in the number of young people taking a gap-year prior to going to university, and who want to book adventure holidays as part of their gap-year experience.

There is no doubt that the company's success so far has been a result of its positioning approach to strategy and in particular its ability to differentiate itself from rival companies. However, K is aware that this market has become very competitive. He is concerned about the longer term sustainability of the competitive advantage the company has built up and he has also begun to question the positioning approach to strategy formulation.

*Required:*

(a) **Explain**, with reference to AT Company, the characteristics of the positioning approach to achieving competitive advantage.

*(6 marks)*

(b) **Explain** the potential problems AT Company could face in continuing to rely on the positioning approach.

*(4 marks)*

*(Total for Question Three = 10 marks)*

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*Section A continues over the page*

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#### Question Four

The Board of PCC Company, which operates in the investment and risk management industry, has determined that in order to 'take the company to the next stage of its growth' there will need to be significant changes in its internal operations and in the way staff work. The Managing Director feels that whilst the company has built a strong organisational culture, this is now becoming a barrier to realising the company's future aspirations, particularly since future developments may involve a merger with another company.

*Required:*

**Explain** how the organisational culture of PCC Company might influence, both positively and negatively, its performance.

*(Total for Question Four = 10 marks)*

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#### Question Five

J plc manufactures a range of cars. The company is structured on a divisional basis with each division having responsibility for a segment of the market. One of the divisions manufactures the most popular car in J plc's own country and, based on this success, J plc is now looking to expand into new markets. The Finance Director of J plc has made a statement that 'the company needs to consider its strategic growth possibilities and that the emerging economies of Brazil, Russia, India and China (BRIC) might be markets for future consideration and for establishing a manufacturing presence. Competing successfully and delivering effectively in these markets will be important to delivering the promise to shareholders of 5% profit growth over the next two years.'

*Required:*

**Explain**, with reference to the above statement, the different levels of strategy that will exist within J plc, with specific reference to the growth possibilities within the BRIC economies.

*(Total for Question Five = 10 marks)*

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*(Total for Section A = 50 marks)*

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*End of Section A*

*Section B starts on the opposite page*

## SECTION B – 50 MARKS

[You are advised to spend no longer than 45 minutes on each question in this section]

ANSWER *BOTH* QUESTIONS FROM THIS SECTION – 25 MARKS EACH

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### Question Six

TFX is a multinational company which manufactures and retails branded designer clothing with business units in a number of different countries globally. Up until now, each of the business units has had its own finance department.

The company recently appointed an external consultancy company to undertake an internal review of the organisational structures to establish if they are 'fit for purpose'. One of the outcomes of the review is the recommendation that the finance function should be transformed, moving to a shared service centre model.

In taking this recommendation forward a number of factors will need to be considered, for instance any possible difficulties of moving to a shared service centre model, and also in which country the shared service centre should be established. The implementation of a shared service centre will also require the formation of new teams of staff.

*Required:*

- (a) **Discuss** the rationale for TFX Company moving to a shared service centre model, including the benefits and any possible disadvantages.

*(13 marks)*

- (b) **Explain** how TFX Company should develop and build the new finance teams, if the move to a shared service centre goes ahead.

*(12 marks)*

*(Total for Question Six = 25 marks)*

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*Section B continues on the next page*

TURN OVER

### Question Seven

Z Company has had to close down its new entertainment attraction after only six months due to its inability to attract its forecast number of visitors. The company is keen to understand more about why this particular attraction failed in order to learn from its mistakes and improve on future projects. The chairman of Z Company has cited a number of problems that were experienced throughout the lifecycle of the new Entertainment Attraction Project. An extract from his report is given below:

- There was a lack of a detailed plan as to the exact content required by the attraction.
- The contract was given to a contractor recommended by the Finance Director and consequently no research was undertaken on its suitability.
- Throughout the project there had been an unsuitable management structure and a lack of understanding of the elements of work required to complete the project.
- The targets for the visitor numbers were highly ambitious.
- There had been a major failure to establish sufficiently robust financial management. The cost of the building and its content was 10% over the original budget. (Z Company believes that this is due to a combination of poor cost estimates originally and poor financial control throughout the project).
- Throughout the project there appeared to be an enormous amount of conflict between the various project stakeholders which made it difficult to manage the timeframe. The project manager spent so much time managing this conflict that project meetings were regularly cancelled.
- No one in Z Company appears to be committed to undertaking post-completion reviews.

The chairman understands that there are a number of project management frameworks that would help in identifying the different issues of project management that need to be considered in order to effectively manage a project and deliver the desired outcomes.

*Required:*

- (a) **Demonstrate**, with reference to the stages in the project lifecycle, *the steps that could have been taken* to avoid the problems being experienced in the new Entertainment Attraction Project, as highlighted in the scenario.

*(15 marks)*

- (b) **Explain** to Z Company the practices associated with continuous project improvement that could be used to help Z Company learn from the mistakes of the new Entertainment Attraction Project.

*(10 marks)*

*(Total for Question Seven = 25 marks)*

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*(Total for Section B = 50 marks)*

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*End of Question Paper*

## LIST OF VERBS USED IN THE QUESTION REQUIREMENTS

A list of the learning objectives and verbs that appear in the syllabus and in the question requirements for each question in this paper.

It is important that you answer the question according to the definition of the verb.

LEARNING OBJECTIVE	VERBS USED	DEFINITION
<b>Level 1- KNOWLEDGE</b> What you are expected to know.	List State Define	Make a list of Express, fully or clearly, the details of/facts of Give the exact meaning of
<b>Level 2 - COMPREHENSION</b> What you are expected to understand.	Describe Distinguish Explain Identify  Illustrate	Communicate the key features Highlight the differences between Make clear or intelligible/State the meaning or purpose of Recognise, establish or select after consideration Use an example to describe or explain something
<b>Level 3 - APPLICATION</b> How you are expected to apply your knowledge.	Apply Calculate Demonstrate  Prepare Reconcile Solve Tabulate	Put to practical use Ascertain or reckon mathematically Prove with certainty or to exhibit by practical means Make or get ready for use Make or prove consistent/compatible Find an answer to Arrange in a table
<b>Level 4 - ANALYSIS</b> How you are expected to analyse the detail of what you have learned.	Analyse Categorise Compare and contrast  Construct Discuss Interpret Prioritise Produce	Examine in detail the structure of Place into a defined class or division Show the similarities and/or differences between Build up or compile Examine in detail by argument Translate into intelligible or familiar terms Place in order of priority or sequence for action Create or bring into existence
<b>Level 5 - EVALUATION</b> How you are expected to use your learning to evaluate, make decisions or recommendations.	Advise Evaluate Recommend	Counsel, inform or notify Appraise or assess the value of Propose a course of action

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*May 2012*

*Tuesday Afternoon Session*