



Pillar E

## E2 – Enterprise Management

Specimen Examination Paper

### ***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). The requirements for all questions are contained in a dotted box.
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.
Answer the FIVE compulsory questions in Section A on pages 2 to 4.
Answer the TWO compulsory questions in Section B on pages 5 and 6.
The list of verbs as published in the syllabus is given for reference on the inside back cover of this question paper.
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 the questions you have answered.

**E2 – Enterprise Management**

TURN OVER

## SECTION A – 50 MARKS

[the indicative time for answering this section is 90 minutes]

ANSWER ALL FIVE QUESTIONS IN THIS SECTION – 10 MARKS EACH

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### Question One

CN Company is a manufacturer of confectionary products with a well established position and brand recognition in Country P. The potential for future growth in Country P is, however, limited, with the market reaching saturation. A proposal put forward is that to achieve growth CN Company should move into new markets in other countries, offering its existing product range. One possible method of achieving market entry that has been identified is through a joint venture with a company that is already established in Country K.

The business development team are undertaking a feasibility study to explore the viability of the proposed strategy to sell CN Company's confectionary product range in Country K. As part of the feasibility study there will need to be some assessment of industry competition and the attractiveness of the market in Country K.

*Required*

Explain how Porter's Five Forces model could be used by the business management team to assess the confectionery industry competition in Country K.

*(Total for Question One = 10 marks)*

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### Question Two

*Required:*

Explain how the work breakdown structure (WBS) technique and Gantt charts can assist in the project management process.

*(Total for Question Two = 10 marks)*

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*Section A continues on the opposite page*

### Question Three

OD Company is in the business of designing, manufacturing and retailing outdoor equipment including hiking boots, rucksacks, tents and other associated products. The company's headquarters, including its manufacturing function, is in LM town where it is one of the major employers. It also has a chain of 25 retail shops in Country A.

The company is still owned by its founder J, who has been hugely successful in building up the OD brand, which now has global recognition. J has recently received a takeover bid from ZZ Company, which is based in another country. ZZ Company is particularly interested in buying the brand and design capability of OD Company. If the bid was accepted, then ZZ Company would close down the manufacturing activity in LM town and would outsource this to other parts of the world where production and labour costs are significantly lower. This would mean the loss of over 800 jobs in LM town, and the trade union has already stated it will fight any job cuts.

J is contemplating whether or not he should accept the bid.

*Required:*

Discuss the power and interests of the different stakeholder groups who are likely to be affected by the takeover bid.

*(Total for Question Three = 10 marks)*

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### Question Four

MT is the entrepreneurial owner of S Software Development Company which he set up five years ago with his business partner ZF, who provided the financial backing. Since that time the company has grown. Despite MT not having any clear view on what should happen, strategies have tended to emerge without any formal approach. ZF feels that, whilst still a small business, the company has come to a point in its lifecycle where perhaps a more formal approach to establishing its future strategic direction would be beneficial. However, MT has a different view and argues that the company has been a success to date. He feels that ZF's suggestion to adopt a formal rational approach to strategy development would have more disadvantages than advantages.

*Required:*

Describe the potential advantages and disadvantages of the formal rational approach to strategy development for S Software Development Company.

*(Total for Question Four = 10 marks)*

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*Section A continues over the page*

TURN OVER

### Question Five

E is Chairman and Managing Director of SP Company which he started 10 years ago, specialising in the manufacture of kitchen cabinets. The company has been very successful and through a series of acquisitions has diversified into the manufacturing of a range of household furniture and currently employs around 2,000 people. SP is now a public quoted listed company, and whilst E is no longer the majority shareholder, he remains a major force in the company. He still acts as if he is the owner manager and his management style is very autocratic, illustrated by his unwillingness to involve other Board members in decisions concerning the future strategic direction of the company.

F, the Finance Director, has become increasingly concerned about the decisions being made by E and the fact that he has put pressure on her to participate in some illegal accounting practices. This included covering up the substantial remuneration package which E has awarded to himself. F is also aware that E has accepted bribes from foreign suppliers and of insider dealing relating to a number of the acquisitions.

F has discussed her concerns with other members of the Board including the Marketing Director, Production Director and HR Director. However, they seem willing to overlook the wrongdoings of E and never challenge the decisions made by him. The opportunity to do so is limited since the Board meets on an irregular and infrequent basis with no external representatives.

*Required:*

Discuss the corporate governance issues facing SP Company.

*(Total for Question Five = 10 marks)*

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*Total for Section A = 50 marks*

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*Section B starts on the opposite page*

## SECTION B – 50 MARKS

[the indicative time for answering this section is 90 minutes]

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

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### Question Six

P is the project manager responsible for the implementation of a new customer information database in G Company. This is the first time he has taken on the role of project manager and was selected for the position on the basis of his strong technical skills. His project team is made up of representatives from different parts of the company, including the Customer Services Department, Finance Department and IT Department.

The project represents an important development and financial investment for G Company. A number of different business areas in the company have strong interests in the success of the project and are dependent on the new customer information database going live. It is business critical that the project is delivered on time, which is in six months time.

Unfortunately, the project is not going well. P feels that he lacks the support of his project team, who keep complaining that they do not know what they are supposed to be doing. It would appear that some members of the project team are not completing tasks on time and are not providing the information needed to progress with the database development. However, members of the project team feel that P is the cause of the problems. They have criticised P for getting too involved in the detailed technical aspects of the design of the customer information database and, as a result, is ignoring his wider responsibilities as project manager.

*Required:*

- (a) Distinguish the attributes of the project work in G Company from 'business as usual' work. *(8 marks)*
- (b) Explain to P what his role and responsibilities should be as project manager for the customer information database project. *(17 marks)*

*(Total for Question Six = 25 marks)*

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*Section B continues on the opposite page*

### Question Seven

F is the Chief Executive of RM Company, a manufacturer of ready made meals. The company is facing difficult business conditions as a result of strong competition from supermarket own brand products and consumer demand for variety and new products.

F appreciates that the company needs to improve its performance in bringing new products to market. However, she is aware of the problems the company currently faces in its approach to new product development (NPD). Whilst collaboration is essential to successful NPD, in the past the NPD process in the company has resulted in disagreements and arguments between the various departments.

The marketers complain that the Research and Development (R&D) Department is very slow in responding to their proposals for new recipes and the whole process of R&D takes too long. The Production Department complains that R&D does not consider the implications for the production process when coming up with new recipes and product packaging. The sales team is frustrated with the length of time the whole NPD process takes. It says that the lack of new products puts it at a disadvantage when negotiating with retailers to sell RM Company's products.

The Finance Department is concerned that the investment in NPD does not provide adequate returns, and both the Marketing and R&D Departments are always over budget. However, the other departments see Finance as controlling and sanctioning spend rather than supporting new product development.

F knows that to remain competitive NPD is essential but that changes need to be made to the NPD process in the company. She has decided to establish a cross functional team to work on a new range of luxury ready made meals designed to appeal to the sophisticated end of the market. She has appointed T as head of NPD and given him the particular remit of leading and managing the NPD team.

*Required:*

(a) Identify the nature and sources of conflict between the different departments in RM Company. *(10 marks)*

(b) Discuss what T should do to be effective in leading and managing the NPD team. *(15 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/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

# *Enterprise Pillar*

## *Management Level Paper*

### *E2 – Enterprise Management*

#### *Specimen Paper*

#### *Tuesday Afternoon Session*