

CIMA FINAL ASSESSMENT

Enterprise Management

November 2011

Time allowed

Reading and planning: 20 minutes

Writing: 3 hours

All SEVEN questions are compulsory and MUST be attempted.

Do NOT open this paper until instructed by the supervisor.

During reading and planning time only the question paper may be annotated. You must NOT write in your answer booklet until instructed by the supervisor.

This question paper must not be removed from the examination hall.

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Paper E2

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SECTION A

ALL five questions to be answered

QUESTION 1

DRAGON plc runs a theme park offering a wide range of activities including rides, shows and parades. Visitors pay an entrance fee, which gives them unlimited access for one day to the park's activities. The park received 2.6 million visitors in 2010. It employs about 6,000 staff for about 9 months of the year: the park closes during a season of poor weather.

Market research undertaken by DRAGON plc indicates that families tend to avoid the park because there are few attractions for children below the age of 10. Many of the technologically advanced rides built by DRAGON plc have age and height restrictions, making them unsuitable for young children.

The objectives of DRAGON plc are to maintain a net profit margin of 10% and offer up to date rides. The company has met these objectives during its last seven years of operation. However, a number of other parks have opened in recent years, offering similar state-of-the-art attractions and rides. These parks have placed considerable competitive pressure on DRAGON plc. After a substantial review of the theme park market, the board of DRAGON plc are considering 2 options:

Option 1 involves building a modern hotel within the park offering accommodation for families with children, offering complete holiday packages. This investment would include the provision of more shows and rides suitable for younger children to encourage more families to visit the park. The cost of this investment would be in the region of £14 million, although the hotel would not be operational until the 2013 season.

Option 2 involves DRAGON plc continuing its present policy of investing in one major new ride each year. This would help it maintain its position of being the most technologically advanced park in the country. The ride currently under consideration is a virtual reality simulator of a spaceship crashing into one of Saturn's moons. It will cost £8.2 million to develop and build. So far, no other theme park has considered using Virtual Reality on such a large scale.

If the hotel investment is made, then no new ride would be produced in 2011. The policy of building one new ride per year would be re-introduced in 2013.

The Board must choose between these two investment decisions.

Required:

Identify possible sources of internal and external information that could be used to assist the directors of DRAGON plc in choosing between the two investment decisions.

Discuss why each source of information is relevant to the decision-making process.

(10 marks)

QUESTION 2

A new operations manager Joe Denton has recently been employed by Stapleton's brick manufacturing company. In your first meeting with him, Joe explains that he understands the need to motivate employees, but does not understand what is meant by discipline within the employment context. You are given the responsibility by your manager of explaining it to him.

Required:

(a) Explain what is meant by the term 'discipline' in the employment context. (4 marks)

(b) Provide examples of situations where disciplinary action may be required. (6 marks)

(Total: 10 marks)

QUESTION 3

The project manager in charge of implementing a new sales ordering system for an organisation selling toys and games on the Internet is preparing for the weekly project review meeting. Since the last meeting, three senior members of the project team have completed their work on the contract and have moved onto their next assignment. However, two training specialists have joined the project in preparation for user-acceptance testing and production of various training documentation before the system goes live in two months time.

Various complaints have been received from junior members of the team that they have not been informed about the progress of the project, even though they have attended the meetings. However, minutes of the previous meeting are always available at the start of the next meeting, so the analyst is not impressed with their complaint.

Two members of the team are on holiday.

Some temporary contract staff have queried whether there will be other employment opportunities when the current project finishes.

The Board of the organisation requires a full project report in eight days time.

Required:

(a) Explain the meeting lifecycle from opening the meeting until closure; categorising the above events into the appropriate sections of that lifecycle. (6 marks)

(b) Explain the activities that need to take place as part of the initial planning for the meeting. (4 marks)

(Total: 10 marks)

QUESTION 4

Required:

(a) Give five responsibilities of a project manager. (5 marks)

(b) Discuss the process and benefit of a post-completion audit. (5 marks)

(Total: 10 marks)

QUESTION 5

As the project manager you have received the following memorandum on a systems change project which you have been asked to run.

From: MD
To: Project Manager – SDS Ltd
Subject: Project expectations

Before the systems project begins, I write to set out the Board expectation of this project:

- The Board will expect twice weekly progress reports on project status along with comparisons of actual expenditure compared to budget.
- The main aim of the project has been changed to provide the Board with clearer information; all other objectives must be viewed in the light of this requirement.
- The project will be finished within 6 weeks to allow for peak workloads over the company's year-end.
- To assist you, I will make meeting time available each Wednesday evening at 7.00pm.

I look forward to the successful completion of the project.

P Perfect, MD

Required:

Reply to the memorandum, clearly identifying any potential areas for conflict in the project.

(10 marks)

SECTION B

Answer both questions

QUESTION 6

Jessie Williams works for JMT as a project manager. The Job that she has been allocated recently is to project manage the implementation of an on-line order processing system for a company which manufactures children's bikes.

Jessie is currently thinking about the issues that will face her in delivering the objectives of the project. She is confident that she has a good understanding of what needs to happen at the various stages of the project lifecycle and has strong technical skills which will help her in using some of the project management tools and techniques.

Jessie realises that this will not be enough to ensure successful project outcomes and knows that it will be important to have good project planning. Jessie already has the Project Initiation Document and the deadline is two months from now.

Jessie is concerned that the project team will be made up of people from different parts of the organisation, who have not worked together before and is also reviewing the potential risks of failure.

Required:

- (a) Describe the contents of the Project Initiation Document (PID) (8 marks)
- (b) Explain how computer software can be used to help the planning, estimating, monitoring and reporting of project progress. (8 marks)
- (c) Briefly explain the requirements of managing a project team? (3 marks)
- (d) Give three possible threats to completion of a project and discuss how these may be minimised (6 marks)

(Total: 25 marks)

QUESTION 7

'Asset specificity' is a term used within Transactions Cost Theory. It has been defined as the extent to which particular assets are only of use in one specific range of operations. It has further been suggested that asset specificity falls into six categories: site specificity, physical asset specificity, human asset specificity, dedicated asset specificity, brand name capital specificity and temporal specificity.

Supporters of resource-based views of strategy contend that a firm's sustainable competitive advantage is generated from its possession of unique assets that cannot be easily imitated by other firms.

Network organisations have been defined as those which are reliant on relationships with other organisations to carry out their work.

Required:

- (a) **Briefly explain what transaction costs are and how resource-based views of strategy can be used for competitive advantage. Interpret the six categories of asset specificity by explaining what they mean. (15 marks)**
- (b) **Discuss whether analysis of transactions cost has any influence on the increase in numbers of network organisations. (10 marks)**

(Total: 25 marks)

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