Centre Number						Candidate Number				
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Other Names										
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For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	

General Certificate of Education
Advanced Level Examination
June 2010

Applied Business BS12

Unit 12 Managing People

Tuesday 22 June 2010 9.00 am to 10.30 am

You will need no other materials.

Time allowed
- 1 hour 30 minutes

Instructions
- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information
- The marks for questions are shown in brackets.
- The maximum mark for this paper is 80.
- Questions 1(c), 2(c) and 3(c) should be answered in continuous prose. In these questions you will be marked on your ability to:
  - use good English
  - organise information clearly
  - use specialist vocabulary where appropriate.

Answer **all** questions in the spaces provided.

1 Read **Item A** and then answer the questions that follow.

Item A

Endgrain Carpentry Services Ltd

Endgrain Carpentry Services Ltd (*ECS*) was founded in 1973 by Sam Jackson and is still owned by the Jackson family. The business expanded rapidly and now employs 32 long-serving staff. *ECS* concentrated on high quality carpentry and, largely due to Sam's reputation as a master craftsman, it secured contracts with a range of luxury house builders. In recent years, it has also carried out restoration work for the National Trust.

Sam was an inspirational, if autocratic, leader and a perfectionist. He had the respect and support of his staff and personally oversaw every job until his retirement in 2008 at the age of 78.

Sam's departure left the business without effective leadership. His son, James, took over as part-time Chairman but did not want to run the business day-to-day as it would have meant giving up his career as an artist. He only visited the business every six weeks for board meetings and made it clear that he did not want the staff to bother him with small problems between these meetings.

Instead, James appointed his friend, Rob Smart, as the new General Manager. Rob was an experienced manager, but had very limited experience of the building trade. Despite this, he impressed staff with his dedication and enthusiasm and formed an excellent working relationship with David Smith, the long-serving foreman, who is highly regarded by the Jackson family.

In 2008, the economic situation changed. The building trade declined rapidly and the competition for contracts became intense. Rob managed to secure a £$\frac{1}{4}$m contract for a building project in Leeds. Unfortunately, he rushed the quotation and underestimated the wood needed by 30% and labour by 25%.

Having agreed the contract with the client, Rob decided that *ECS* must complete the contract, even if it lost money, because he thought that the client would request more work. James found out about the mistake in a meeting with Rob and David. James told Rob he had better find ways to cut costs on the project or find a new job.

David became very annoyed at James's comments to Rob, and told James that Rob was doing his best in very difficult economic circumstances. He went on to say that if James had given more leadership and taken more interest in the business, the mistake probably would not have happened.

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1 (a) (i) Explain what is meant by an autocratic leadership style (line 7).

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1 (a) (ii) Describe **one** function which Rob has to fulfil as a manager at *ECS*.

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1 (b) Using **Item A**, explain why the staff respected Sam Jackson even though he had an autocratic leadership style before he retired.

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1 (c) Using **Item A**, discuss why James's leadership style is causing problems in the business.

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2 Read **Item B** and then answer the questions that follow.

Item B

ECS bids for an Olympic contract

By cutting costs and finding new contracts, *ECS* managed to survive. In April 2010, it was given the chance to bid for a project to design, supply and fit carpentry to the VIP and media suites at the London Olympics in 2012. Rob, the General Manager, knows the site well, and has worked with the main developer before, so he thinks that *ECS* has a very good chance of winning the contract. The contract would have an estimated value of £2.3m and would be the largest contract for *ECS* in over 10 years.

Rob has not forgotten the problems with the large contract in Leeds, and has decided that he must be more consultative when pricing the potential Olympic contract. He has decided to set up a small cross-functional team to prepare the bid. David, the foreman, and the purchasing manager at *ECS* have been asked to join him to form this team, as Rob both values their experience and needs their input. They will work together to produce an accurate quotation and project plan for the job.

Rob said that he wanted to use critical path analysis (CPA) to develop a project plan so that every aspect of the project could be tracked on computer. Whilst flattered and pleased to be asked to help, David had never used CPA or managed such a large project before. He said that he was happy to help to prepare the quotation for the contract but that he did not want to be the project manager. If the contract was won, he would love to help to deliver the Olympic project by working as a master craftsman rather than spending time sitting in front of a computer.

David would be happy to make routine decisions such as which member of his team made which wooden panel. This was part of his role as a craftsman but he wanted someone to deal with any big and unexpected problems which arose on the job.

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2 (a) If *ECS* won the Olympic contract, explain why it would need to make both routine and non-routine decisions to deliver the contract successfully.

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2 (b) Using **Item B**, explain the importance of a cross-functional team to plan the Olympic contract (lines 10–14).

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2 (c) Using **Item B**, assess the extent to which critical path analysis would be appropriate to the management of the Olympic contract.

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3 Read **Item C** and then answer the questions that follow.

Item C

Trend plc

Trend plc is a chain of clothes stores operating in England and Europe.

Fran Patel the Managing Director, has overseen the successful introduction of employee empowerment in the stores in Europe, under the 'Staff First' programme. 'Staff First' gives all full-time staff the chance to be responsible for an area of the store (eg jeans, shoes, etc.) either on their own or in small teams of two or three.

Fran believes that the introduction of the 'Staff First' programme would allow *Trend plc* to increase sales as it has in Europe. She has asked all store managers to work with shop-floor staff to get them more involved in managing the shop-floor displays.

Trend plc's Luton store is managed by Jack Wiggins, who has been manager for 14 years. Jack is a very traditional manager and thinks that Fran has failed to understand that many of their staff do not want responsibility.

Jack says, "People like to be told what to do. If they are all making their own decisions, how can I manage the store?" Jack held a meeting with his staff to explain the programme but made it clear that he was implementing the programme only because he had been told to do so, and that, as far as he was concerned, he was still in charge.

Sharon Morgan who has worked at the Luton store for nine years said:

"Jack started the meeting by saying that he didn't agree with the 'Staff First' programme. This really annoyed me because one of my friends, Sam, now works in a *Trend* store in Bradford and she is really pleased at how it is working there. Sam has been given responsibility for beachwear and has managed to increase sales by 20% in just six weeks by changing the layout of the display. Both the staff and manager in Bradford have gained big bonuses because sales have increased so much. I think that Jack is just scared that we will have better ideas than he has.

"I know that I could make a real difference to the jeans section of the store I work in, but it will be a real battle unless Jack supports us. He can be really unpleasant if he doesn't like you, but I want to show what I can do and intend to do so, whatever Jack thinks."

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3 (a) Describe the type of power which Jack is using to manage the Luton store of *Trend plc*.

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3 (b) Using **Item C**, explain how Fran could convince Jack that implementing the 'Staff First' programme could benefit the Luton store.

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3 (c) Jack says, “People like to be told what to do. If they are all making their own decisions, how can I manage the store?” (lines 13–14).

To what extent do you agree with Jack’s statement? Use **Item C** to justify your answer.

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END OF QUESTIONS

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