

BUSINESS MANAGEMENT UNITS 3 AND 4

Business Management Units 3 and 4 practice exam and suggested answers

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The following practice exam for VCE Business Management Units 3 and 4 consists of two sections. Section A has short-answer and extended-answer questions, including questions with multiple parts. One of the extended-answer questions is worth 10 marks. This section is worth a total of 50 marks. Section B consists of short-answer and extended-answer questions based on a case study. This section is worth a total of 25 marks. Suggested answers to this practice exam follow the question and answer book.

All 10 questions are compulsory. The command/task words in each question, the corresponding number of marks allocated and the number of lines provided after each question give a guide to the appropriate length of responses. Additional space is provided at the end of the question and answer book.

Please note that the questions and answers have no official status. Teachers are advised to preview and evaluate all practice exam material before distributing it to students.

Name: _____ Teacher: _____

BUSINESS MANAGEMENT UNITS 3 AND 4

Practice written examination 2019

Reading time: 15 minutes

Writing time: 2 hours

QUESTION AND ANSWER BOOK

Structure of book

<i>Section</i>	<i>Number of questions</i>	<i>Number of questions to be answered</i>	<i>Number of marks</i>
A	5	5	50
B	5	5	25
			Total 75

- Students are to write in blue or black pen.
- Students are permitted to bring into the examination room: pens, pencils, highlighters, erasers, sharpeners and rulers.
- Students are NOT permitted to bring into the examination room: blank sheets of paper and/or white-out liquid/tape.
- No calculator is allowed in this examination.

Materials supplied

- Question and answer book.
- Additional space is available at the end of the book if you need extra paper to complete an answer. Clearly label all answers with the appropriate question number.

Instructions

- Write your name and your teacher's name in the spaces provided above on this page.
- All written responses must be in English.

Students are NOT permitted to bring mobile phones and/or any other unauthorised electronic devices into the examination room.

SECTION A

Instructions for Section A

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

Question 1 (10 marks)

All That Shines is a cleaning business owned by Kate and operates as a private limited company. It provides domestic and commercial cleaning services and currently employs 10 full-time staff and 18 part-time staff. One of the Team Leaders, Susan, has recently resigned from All That Shines and has opened her own cleaning business. She has undercut Kate's prices by 10% and has approached a number of Kate's employees to come and work for her. Kate is concerned that she will potentially lose clients and employees to Susan.

a. Define the term 'private limited company' as a type of business.

2 marks

b. Distinguish between the managers and competitors of All That Shines and outline how their interests might be in conflict.

4 marks

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- b.** Explain how **two** of Senge's principles could be used by a business. In your response, refer to a contemporary business case study. 5 marks

[illegible]

Question 3 (18 marks)

Hudson was recently on holiday in the Philippines, where he purchased a solar-powered charging port for a mobile device. His preliminary investigations reveal that a charging port like this is not currently available in Australia. He has found a manufacturer in the Philippines, DevCo, which is able to produce the charging port device to meet Australian Standards. He has done a tour of the factory and is pleased with the quality of the products and manufacturing processes, in particular, the use of robotics and a focus on innovation.

Hudson has been working as a team manager at a large telecommunications company but has little practical experience in operations, sales or finance. Before he takes the steps necessary to establish a business, Hudson is seeking clarification about some terms and issues he is unsure about.

a. Define the term 'computer-aided manufacturing techniques'.

2 marks

b. DevCo states that it uses a master production schedule strategy to manage materials.

Explain how this strategy is used to improve the efficiency and effectiveness of operations.

4 marks

When Hudson was touring the factory, the guide kept talking about two key performance indicators (KPIs) DevCo has been focusing on recently—rate of productivity growth and level of wastage. He said both have improved in the last three years since the new Head of Operations was appointed and introduced a number of strategies.

- c. Describe how DevCo might have improved its rate of productivity growth and decreased wastage through the use of the following management strategies:

- initiating lean production techniques
- staff training.

8 marks

[illegible]

- d.** The tour guide kept emphasising that DevCo's supply chain was a key competitive advantage. For example, it sources the highest quality solar panels from a Canadian company, which manufactures its solar panels in China.

Discuss DevCo's use of overseas manufacture within its supply chain.

4 marks

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Question 4 (6 marks)

'If all you're trying to do is essentially the same thing as your rivals, then it's unlikely that you'll be very successful.'

Source: Michael Porter, <https://www.toolshero.com/toolsheroes/michael-porter/>

Evaluate the use of differentiation as a key approach to strategic management.

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Question 5 (10 marks)

Clothes to Wear is a retailer that manufactures and sells clothing, shoes and accessories for women, men and children. The products are designed in Australia and manufactured in a large factory in Indonesia. The business has recently diversified and introduced a homewares line in an attempt to compete with larger, low-cost retailers, but business performance has steadily declined over the past five years.

The owner engaged the services of a consultant, Mr Green, to investigate the situation. Mr Green has identified the following problems.

- Customers are disappointed with the quality of products and believe the designs are outdated.
- Since 2016:
 - market share has decreased from 12% to 7%
 - net profit has decreased by 60%
 - rate of productivity growth has decreased by 2%
 - level of staff turnover has increased by 16%.
- Employee morale is very low following a change from an agreement to the award for pay and conditions. Employees feel that this change was managed poorly and they were not consulted enough during the process.
- There is no structured approach to performance management.

Other than staff training, propose and justify **two** strategies Clothes to Wear can implement to improve its business performance. For each strategy, analyse the potential effects the change will have on:

- employees
- customers.

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SECTION B: CASE STUDY

Instructions for Section B

Use the case study provided to answer the questions in this section. Answers must apply to the case study.

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

Read the following case study, including Table 1 on page 13, and answer the questions that follow.

THE POINT

The Point is a large licensed venue, located inside an industrial estate of a coastal town. The venue opened in January 2016. The venue was originally a factory; however, the three owners, David, Oscar and Sam, spent \$1 million transforming the main building into a restaurant, function centre and art gallery, with two outdoor seating areas and a conference room. They worked hard to minimise its environmental footprint when fitting out the venue, preferring to retain many of the original features of the building, using recycled materials where possible and investing in alternative energy sources. The owners installed the region's largest solar farm on the roof of the factory.

The Point's philosophy is grounded in the belief that if you support others in the local community and take care of the environment, then the business will grow and profits will be made. The business has grown quickly, as shown by a summary of the key performance indicators (KPIs) in Table 1, on page 13.

The Point is in high demand as a venue. However, despite it being large enough to accommodate 500 people, the current site license only allows for a maximum of 250 people in the venue at one time due to limited car park availability. A recent application to increase the site license has been denied. From Thursday to Sunday, the venue is very busy and usually booked to capacity. The owners have high expectations of their staff, including excellent levels of customer service at all times. However, for some employees this high-pressured environment is quite overwhelming.

The owners have realised that The Point's future growth is limited by the site license and are considering the following two expansion options:

- establishing a cheese-making factory onsite so they can manufacture their own gourmet cheese range using local dairy products. This would supply The Point's restaurant as well as selling the cheese wholesale to other retailers. David and Sam prefer this option.
- opening a second venue instead. Oscar is not convinced that there is sufficient demand for locally made cheese.

A large garage is attached to the venue and is currently used for storage. It would be the ideal space for manufacturing a new line of products. It was decided to move forward with the cheese-making factory, and plans are in place to commence the installation of equipment in February 2020.

Table 1: Summary of Key Performance Indicators			
Category	Indicator	Value	Unit
Financial	Revenue	120	Million USD
	Profit	30	Million USD
	Cost	90	Million USD
Operational	Production	5000	Units
	Efficiency	85	%
	Quality	92	%
Customer	Satisfaction	4.5	Score
	Retention	78	%
	Churn	22	%

Key performance indicators (KPIs)	2016	2017	2018
Net profit	\$10 000	\$80 000	\$150 000
Level of wastage	5%	4%	3%
Rates of staff absenteeism	5 days	6 days	8 days
Number of customer complaints	65	90	140

Question 1 (4 marks)

Describe the characteristics of the operations system for The Point.

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Question 2 (6 marks)

David, Oscar and Sam are concerned about recent employee performance.

Propose and justify an appropriate motivational theory the owners can use to manage their employees more effectively.

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Question 3 (6 marks)

Explain how The Point could apply the Three Step Change Model (Lewin) to plan the implementation of the expansion plans for the cheese-making factory.

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Question 4 (6 marks)

- a. Identify **one** relevant driving force and **one** relevant restraining force for change at The Point.
2 marks

- b.** With reference to the key performance indicators (KPIs) presented in Table 1 on page 13, analyse the impact that the driving force and restraining force identified in **part a.** could have on the expansion plans. 4 marks

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Question 5 (4 marks)

Describe the potential effect of The Point's plans to establish a cheese-making factory on:

- corporate culture
- the business objective of increasing net profit.

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END OF QUESTION AND ANSWER BOOK

Extra space for responses

Clearly number all responses in this space

[illegible]
