

Student Name:



## 2024 BUSINESS MANAGEMENT UNIT 3 &4

### ***Trial Examination***

*Reading Time: 15 minutes*

*Writing Time: 2 hours*

### **SOLUTIONS & MARKING GUIDE**

#### **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              | 6                          | 6                                         | 50                     |
| B              | 6                          | 6                                         | 25                     |
|                |                            |                                           | Total: 75              |

- Students are permitted to bring into the examination room: pens, pencils, highlighters, erasers, sharpeners, 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 of 22 pages

#### **Instructions**

- Answer all questions in the answer book.
- All written responses must be in English.

**Students are not permitted to bring mobile phones and/or any other unauthorized electronic devices into the examination room.**

### Instructions

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

## SECTION A

### Question 1 (7 marks)

Vic's Carpets sells low-cost carpets and floor coverings. In 2023, they made the decision to source most of their supplies of carpet products from businesses based in India, China and Hong Kong.

- a. Define the term 'supplier' and explain how suppliers are stakeholders of Vic's Carpets. 3 marks

*Suppliers provide a business with the resources/raw materials used for the production of good or services. Suppliers of Vic's Carpets included businesses based in India, China and Hong Kong who provide carpet product to Vic's Carpets. Suppliers want to sell a large quantity of materials at the highest price and rely on Vic's Carpets to continue to order carpet products to benefit the supplier's wealth or profits. Suppliers want prompt payment and long-term relationships to ensure the suppliers' survival.*

2 marks for the Definition of the term 'supplier' and explanation of how suppliers are stakeholders  
1 mark for linking answer to Vic's Carpets relating to the supply of carpet products from India, China and Hong Kong

Vic, the owner of Vic's Carpets has been analysing competitors within the industry and has decided to use Porter's lower cost strategy.

- b. Explain how the use of Porter's lower cost strategy could improve the performance of Vic's business. 4 marks

*Porter's Lower Cost Strategy could be used by Vic's Carpets, helping Vic to gain a competitive advantage by increasing the gap between the selling and cost price (increasing the margin) by reducing the costs associated with Vic's carpet products. The Lower cost strategy could be achieved by Vic sourcing cheaper carpets from overseas as well as seeking to reduce delivery costs, wages and buying in bulk to achieve discounts. Lowering Vic's costs will help to increase performance by increasing the volume of sales and increasing profits relative to competitors by reducing costs while charging industry-average prices and appealing to price sensitive customers.*

2 marks for the description of Porter's lower cost strategy  
2 marks for showing how Porter's lower cost strategy could improve performance linked to Vic's Carpet business.

### Question 2 (8 marks)

Lenny's Lights has been highly profitable over the last 12 years, selling a wide range of light fittings and home décor products. The owner, Leonora Lewis, uses industry awards to determine the pay and conditions relating to the 15 employees in her business. She increased staffing levels due to the business's success in 2022, however, the economic climate has seen a downturn in sales and Leonora has decided to make 5 staff redundant and change suppliers to reduce operating costs.

- a. Evaluate the use of awards to determine the pay and conditions for Lenny's Lights. 5 marks

*Lenny's Lights could use awards administered by the Fair Work Commission that would act as legally binding minimum requirements for wages and conditions. Awards would be beneficial because this business is relatively small with 10-15 employees so the owner, Leonora Lewis can rely on existing awards rather than needing to negotiate an agreement with her employees that would take time and lower productivity during the bargaining process. Leonora might also feel that she doesn't have the necessary skills or knowledge of the law required to move away from awards and introduce more business specific pay and conditions related to her business.*

*A disadvantage of Leonora using awards is that there could be less flexibility for her business because awards are designed for an entire industry, which could disadvantage a small business such as Lenny's Lights who cannot afford large pay increases negotiated by powerful unions. Another disadvantage is that pay and conditions in awards are not linked to productivity but determined by the Fair Work Commission with submissions by peak unions, employer associations and other bodies so Lenny's Lights could be forced to offer improved pay or conditions without employees needing to improve their productivity in the workplace. When weighing up the strengths and weaknesses, I believe that Leonora would benefit from using awards as they are easy to implement and follow by both the employer and employee and offer consistency of pay and conditions across whole industries.*

2 marks for two benefits/advantages of sanctions as a motivation strategy

2 marks for two costs/disadvantages of sanctions as a motivation strategy

1 mark for an opinion

**b. Discuss redundancy as a termination method.**

4 marks

*A benefit of redundancy is that a business can reduce its labour force when a person's job is no longer required to be performed, saving a business such as Lenny's Lights from paying excess staff who may not be able to be provided with adequate work tasks. Redundancy, therefore, saves operating costs and should improve net profit figures in the long term. Redundancy also allows Leonora to quickly achieve reduced staffing levels by either nominating those employees whose positions are not required or asking for volunteers to leave without needing to go through a formal dismissal process.*

*However, a disadvantage of redundancy is that Lenny's Lights must make significant payments to employees who are being made redundant, based on years of service and these lump sum payouts must be provided as part of the employee's legal entitlements. Another disadvantage of redundancies is that Leonora could find that morale is damaged with the employees left behind feeling insecure that their jobs might be next to go. This could cause employees to look for new positions away from Lenny's Lights in the hope of gaining more job security, increasing resignations and staff turnover.*

2 marks for two benefits/advantages of redundancy

2 marks for two costs/disadvantages of redundancy

There is no need for students to link to the case study in this question.

**c. Describe one entitlement consideration for the employees who have been made redundant at Lenny's Lights.**

2 marks

*Employees at Lenny's Lights deserve compensation for losing their jobs due to no fault of their own. A redundancy lump sum payout is a legal requirement set out by the Fair Work Commission that Leonora must provide and is an amount calculated based on the years of service worked by an employee as compensation for losing their job.*

1 mark for a description of ONE entitlement consideration linked to case study

1 mark for depth

### **Question 3 (4 marks)**

Explain how the use of one of the following performance management strategies could achieve employee objectives.

- Self-evaluation **OR**
- Employee observation

*Self-evaluation is when an employee measures their own performance in the workplace in relation to their own goals or team-related goals. A benefit of self-evaluation is that employees have some control over the assessment as employees have an opportunity to identify their own strengths and weaknesses and identify training needs that specifically help to improve their own performance. Self-evaluation also helps employees to feel trusted instead of fearful when being assessed. Using self-evaluation, employees should develop a greater sense of loyalty to the business, building positive relationships with management and therefore improving their job security, which is an important employee objective. Using self-evaluation, employees will also more accurately identify training needs, improving speed, accuracy and quality of their work performance, allowing employees to better achieve a pay rise or promotion in the future.*

2 marks for an explanation of ONE of the performance management strategies

2 marks for a clear explanation of HOW the performance management strategy could achieve employee objectives (more than one objective needed)

#### **Question 4 (10 marks)**

Apple Inc. is an American multinational corporation and technology company headquartered in California. It designs, develops and sells consumer products including iPhones. The Smartphone industry is highly competitive, constantly being pressured to change by design and develop innovative features to capture market share. Telecommunications companies need to become Learning Organisations. Jeff Williams is Apple's Chief Operating officer, overseeing Apple's entire worldwide operations, as well as customer service and support. He leads the design team and the software and hardware engineering for Apple Watch.

Using Apple Inc. or another contemporary business case study, analyse:

- the concept of change
- the importance of leadership when applying the principles of the Learning Organisation (Senge) to transform a business.

*Change is inevitable in a highly competitive global environment and Apple Inc. must change by altering their operations and updating their manufacturing technologies to achieve their objectives or they will fall behind competitors, lose market share and sales and eventually fail. Apple Inc. must constantly innovate their iPhone products and management must respond to both customer and shareholder pressures to increase productivity and quality as well as external pressures such as growing competition from rival technology companies. In this case, change should benefit the operations of Apple Inc. and allow them to increase their sales of innovative iPhones therefore increasing profitability.*

*Jeff Williams, Apple's Chief Operating Officer, would need to use a participative management leadership style: with the Jeff open to empowering others, offering support, positive communication and interpersonal skills. As Apple's Chief Operating Officer in charge of worldwide operations, Jeff should be a 'teacher', a 'designer' and a 'steward' (roles that facilitate and support others rather than an instructional leader or director)*

*As a successful 'Learning Organisation' leader, Jeff Williams should encourage 'systems thinking' at Apple Inc. Jeff would inspire work teams to be able to take a broader view of the business and educate others to have a holistic view rather than an individualised view. Jeff would also encourage the 'personal mastery' of employees in every part of the business by using his decision-making skills to ensure the correct employees are identified/supported/encouraged to engage in training and development. Jeff would use interpersonal skills to inspire employees to see themselves as lifelong learners, encouraging organisation-wide innovation. Apple Inc. would further support risk taking and innovation by ensuring that the 'mental models' encouraged in work teams promote self-awareness and an ability to share learning and discover strengths and weaknesses so that change and innovation is 'the norm' rather than the exception.*

*As a learning organisation, Jeff Williams would have a lot of pressure to create a 'shared vision' for change by being open to, and value the input of others to contribute to the development of the vision and be good at communicating and responding to feedback to inspire others to change*

*Finally, the leadership team at Apple Inc. would need to encourage 'team learning' with Jeff Williams leading by example and sharing his knowledge. This could support change and innovation by constructing learning teams and inspiring employees to value team learning and feel confident to share what they have learned with others.*

This question should be marked globally based on the depth and detail provided.

## Mark globally

| Mark Range              | Descriptor: typical performance in each range                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Very High<br>9-10 marks | <p>The response demonstrated a detailed understanding of the concept of change</p> <p>The response was able to clearly explain the importance of leadership when applying the principles of the Learning Organisation (Senge) to transform a business.</p> <p>The response was able to clearly apply each element of the question to Apple Inc. or another contemporary business case study</p>           |
| High<br>7-8 marks       | <p>The response demonstrated a very good understanding of the concept of change</p> <p>The response was able to explain the importance of leadership and explain how it relates to most of the principles of the Learning Organisation (Senge) to transform a business.</p> <p>The response was able to apply most elements of the question to Apple Inc. or another contemporary business case study</p> |
| Medium<br>5-6 marks     | <p>The response demonstrated a basic understanding of the concept of change</p> <p>The response was able to briefly explain the importance of leadership to some of the principles of the Learning Organisation (Senge) to transform a business.</p> <p>The response was able to apply some elements of the question to Apple Inc. or another contemporary business case study</p>                        |
| Low<br>3-4 marks        | <p>The response demonstrates some understanding of the concept of change</p> <p>The response was able to outline the importance of leadership to some of the principles of the Learning Organisation (Senge) to transform a business.</p> <p>The response was able to apply at least one element of the question to Apple Inc. or another contemporary business case study</p>                            |
| Very Low<br>1-2 marks   | <p>Some of the key components of the question are briefly addressed:<br/>Concept of change, Leadership and Change, A Principle of the Learning Organisation</p> <p>The response was not able to apply any elements to Apple Inc. or another contemporary business case study</p>                                                                                                                          |
| 0                       | Response does not relate to any elements of the question                                                                                                                                                                                                                                                                                                                                                  |

### Question 5 (10 marks)

Truong and Hanh own two highly successful Vietnamese restaurants in Essendon and Northcote. They have been investigating opportunities to purchase a third restaurant in an inner-city area of Melbourne. Their accountant has researched three restaurants that are currently for sale that are excellent opportunities and very similar in location, customer base and size. The following KPI's have been provided to help Truong and Hanh make their decision.

| Table 1: Data relating to the month of May 2024 |          |          |          |
|-------------------------------------------------|----------|----------|----------|
|                                                 | Option 1 | Option 2 | Option 3 |
| Number of Sales                                 | 9 600    | 14 000   | 10 000   |
| Number of Customer Complaints                   | 3        | 46       | 11       |
| Level of Staff Turnover                         | 2%       | 10%      | 3%       |

|                                      |                |                |                |
|--------------------------------------|----------------|----------------|----------------|
| <b>Number of Workplace Accidents</b> | <b>1</b>       | <b>5</b>       | <b>2</b>       |
| <b>Net profit figures</b>            | <b>540 000</b> | <b>535 000</b> | <b>538 000</b> |

a. Interpret the KPIs provided in Table 1 to justify which restaurant Truong and Hanh should purchase. 6 marks

*Initially, it appears that Option 2 is preferable with the number of sales for the period at 14 000 for May. This was achieved, however, with a very high level of customer complaints indicating that more customers are reporting written complaints to management for Option 2, whereas Option 1 appears to have far fewer customer complaints relating to their restaurant food or services. Option 2 has the highest level of staff turnover, indicating that 10% of their staff are leaving and needing to be replaced during May. Option 1 has the best level of staff turnover result, possibly indicating improved employee satisfaction. Option 1 has the best performance for number of workplace accidents with only 1 recorded, meaning that the number of interruptions to workflow caused by injuries or property damage sustained during the production process during May was the lowest for Option 1. Despite having the lowest number of sales, Option 1 has the highest net profit figures with \$540 000 for May. This would indicate that Option 1 is able to earn more sales revenue relative to expenses for the period. It may be that Option 1 was able to minimise costs associated with workplace accidents and the staffing costs associated with high levels of staff turnover such as re-hiring and induction and training, relative to Options 2 and 3. Therefore, I believe that Truong and Hanh purchase Option 1 as it has higher net profit figures, and lower customer complaints and happier and safer staff as indicated by lower staff turnover and lower numbers of workplace accidents.*

Sample globally marking guide:

| Mark Range                  | Descriptor: Typical performance in each range                                                                                                                                                                                                                                                                                                     |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5-6 marks<br>High Range     | A detailed response that addresses all the elements of the question including: <ul style="list-style-type: none"> <li>• Interpreting the KPI data</li> <li>• Explaining each KPI</li> <li>• Outlining which option was preferable for the different KPI's</li> <li>• Justifying which Option should be purchased</li> </ul>                       |
| 3-4 marks<br>Moderate Range | A moderate response that addresses most elements of the question including: <ul style="list-style-type: none"> <li>• Interpreting some of the KPI data</li> <li>• Explaining some of the KPI's</li> <li>• Outlining which option was preferable for some of the different KPI's</li> <li>• Justifying which Option should be purchased</li> </ul> |
| 1-2 Marks<br>Low range      | A limited response that addresses 1- 2 elements of the question                                                                                                                                                                                                                                                                                   |
| 0                           | The response does not address the question or there is no answer provided                                                                                                                                                                                                                                                                         |

b. Analyse **two** management strategies to respond to **two** different key performance indicators for Option 2 in Table 6 marks

*To address the number of customer complaints (46) for Option 2, Truong and Hanh could implement a staff training program where a professional consultant could come into the restaurant to teach the staff the skills required. This would be appropriate if the complaints related to level of customer service (e.g. when taking orders or presenting food). By enhancing the skills and knowledge of employees, they should improve the level of service provided to customers, which should reduce the number of customer complaints. However, the investment in staff training would be costly and could therefore reduce the net profit figures for Option 2*

*Truong and Hanh could introduce lean production techniques to improve net profit figures (\$535 000). By applying techniques such as the reduction of wastage of restaurant food and empowering employees to use the Just In Time principle of inventory management, less food should be wasted and expenses should be reduced, thus increasing the net profit (assuming revenue does not fall). Lean production would be useful as Option 2 has a high level of sales, however, this business appears to have problems with their operating costs.*

2 marks for first management strategy identified and analysed

2 marks for second management strategy identified and analysed

2 marks for depth of response including linking to case study

#### Question 6 (6 marks)

Montgomery Financial Services (MFS) have just been informed that a media story will be run outlining their overcharging of clients. The media story, as outlined would do considerable damage to the reputation of Montgomery Financial Services. Jacob Peterson, Head of Operations, has been aware that several complaints have been received from clients and he has assumed that customer relations staff have dealt with the issues. Jacob's natural leadership style has been described as very 'laissez-faire' with the use of a lot of delegation allowing employees to be able to control their roles.

Jacob is holding an emergency meeting with the customer service team and is reflecting on the management style and skills needed to successfully manage this crisis.

Explain the relationship between management styles and management skills as they relate to Jacob Peterson and the situation at Montgomery Financial Services (MFS).

*Management styles and skills are closely related. The type of style used by a manager will be determined by the manager's natural preference for a certain style, (in this case Jacob Peterson's laissez-faire style), the urgency of the situation and the skills and experience of the employees relative to the manager. In the day-to-day management of employees at Montgomery Financial Services (MFS), the laissez-faire style may be appropriate with employees trusted to make their own decisions via strong delegation skills where Jacob Peterson is able to select the correct employees to undertake responsibility for certain tasks. The trust put into staff at MFS encourages employees to control their roles without the need for regular communication or supervision from Jacob Peterson.*

*As a laissez-faire manager, Jacob Peterson will have strong delegation skills showing faith in employees who are trusted to work autonomously. Jacob Peterson may have poor planning or decision-making skills and therefore rely on the knowledge and experience of the employees to undertake work tasks.*

*However, in a crisis where Jacob Peterson is 'reflecting on the management style and skills needed', it appears that the laissez-faire style would be too slow and could result in a range of different autonomous decisions made by individual employees rather than a single approach controlled by the manager. Therefore, a more consultative management style is needed. Jacob Peterson would need effective communication skills as consultative managers engage in two-way communication. Because consultative managers use negotiation and are prepared to spend extra time listening to the views of employees, they must have strong leadership and interpersonal skills. They will also need strong decision-making skills as they work with employees and listen to employee input as part of the decision-making process. By taking control of the final decision, Jacob Peterson can listen to the facts presented by his employees about the customer complaints, analyse the employee input and quickly make a decision about how to avoid or minimise damage to MFS's reputation.*

There can be a range of responses to respond to this question. The modelled answer suggests the use of a more consultative approach, however, any other style or multiple styles could be suggested by students.

Sample globally marking guide:

| Mark Range                  | Descriptor: Typical performance in each range                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5-6 marks<br>High Range     | A detailed response that addresses all the elements of the question including: <ul style="list-style-type: none"><li>• Explanation of the management style and skills needed by Jacob Peterson to address the crisis</li><li>• Explanation of why Jacob Peterson's current style and skills may not solve the crisis</li><li>• A clear distinction between the skills needed for different management styles that shows the relationship</li><li>• Strong application to the case study situation at MPS</li></ul> |
| 3-4 marks<br>Moderate Range | A moderate response that addresses some elements of the question including: <ul style="list-style-type: none"><li>• Brief explanation of the management style and skills needed by Jacob Peterson to address the crisis and/or</li></ul>                                                                                                                                                                                                                                                                           |

|                        |                                                                                                                                                                                                                |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                        | <ul style="list-style-type: none"> <li>• Brief explanation of why Jacob Peterson’s current style and skills may not solve the crisis</li> <li>• Some application to the case study situation at MPS</li> </ul> |
| 1-2 Marks<br>Low range | A limited response that addresses 1- 2 elements of the question                                                                                                                                                |
| 0                      | The response does not address the question or there is no answer provided                                                                                                                                      |

## 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.



Alpine Natural Foods is a national supplier of pre-cooked meals supplying major Australian supermarket chains, catering groups and airlines.  
 CEO: Alissa Jones  
 Stock price: \$12.45(ASX)  
 Headquarters: Melbourne, VICTORIA  
 Production facility: Doveton, VICTORIA  
 Founded: 31 October 1978  
 Number of employees: 2 300 (2024)

Daily Times: Alpine Natural Foods to expand their range  
 7 May 2024, Peter Sinclair, Daily Times article.

Alpine Natural Foods has launched more than 30 convenient new fresh meal solutions to help customers save food preparation time. The new product range has been incredibly successful with an 8% growth in market share for the company who were close to closing down post-Covid.

The following comment is from a spokesperson for Alpine Natural Foods, Paul Johnson, Operations Manager.

“We’ve listened to customer feedback relating to environmental concerns and have reviewed our entire operations process, looking for ways to minimise waste. During a series of ‘think tank’ meetings held in late 2023, employees were asked to have input into our Sustainability Policy where ALL processes and supply chains were investigated to identify waste and eliminate it.

We have also formed partnerships with agencies to provide crisis food relief, by providing food for those who are in need.

A key to our success is that we use the freshest ingredients for our recipes, use computer aided manufacturing to ensure consistency in quality and have eliminated plastic packaging to ensure that all the packaging of our products can be recycled. Our fleet of delivery vans used to deliver meals daily to major supermarket chains were upgraded in January 2024 and are now ‘all electric’, further reducing the carbon footprint of our operations.

**Source:** [https://DailyTimes.com.au/Business Management News](https://DailyTimes.com.au/Business%20Management%20News)

### Question 1 (4 marks)

Explain **two** driving forces that have pressured Alpine Natural Foods to introduce change.

*Societal attitudes is a driving force that has pressured Alpine Natural Foods to become more sustainable when producing their pre-cooked meals. In a rapidly changing, global society, Alpine Natural Foods must be aware of environmental trends and changes in the values of the broader community in which the business operates. Alpine Natural Foods must respond to Societal attitudes by reducing waste, and use of plastics in their packaging or risk damaging their reputation and losing community loyalty.*

*Competitors are businesses that offer rival products to Alpine Natural Foods in the pre-cooked meals industry. Competitors pressure Alpine Natural Foods to change by being more sustainable, improving processes or procedures or introducing better products or service options. Alpine Natural Foods has responded to competitive pressures by introducing more sustainable practices such as reducing their use of plastic packaging and introducing electric delivery vans to improve their sustainability and outperform their rivals.*

2 marks for first driving force explained and linked to case study

2 marks for first driving force explained and linked to case study

### Question 2 (5 marks)

Evaluate the use of the consultative management style used by Paul Johnson during the 'think tank' meetings at Alpine Natural Foods.

*'Think tank' meetings encourage the input of employees to improve the sustainability at Alpine Natural Foods. A benefit of Paul Johnson using a consultative management style is that he will be open to the ideas of his employees. By using two-way communication, Paul Johnson will receive input from employees who will have expertise/knowledge of waste from their day-to-day activities and ideas on how to eliminate the waste. Paul Johnson's decisions will be improved using the employee input, rather than Paul relying solely on his own opinions. A second benefit is that Paul Johnson's employees will feel valued because they have been consulted, improving their motivation, however, because Paul Johnson controls the final decision, he will be able to achieve the sustainability improvements much faster as he can select those ideas that are achievable and exclude input that is not relevant.*

*One difficulty in using the consultative style is that the decisions relating to the sustainability initiatives are delayed while Paul Johnson asks his employees their opinions during the series of 'Think Tank' meetings. These meetings will take time away from normal business activities, therefore lowering productivity. There is also the risk that when employees have had input, some of their ideas could be ignored, due to the Paul Johnson controlling the final decision, lowering employee morale.*

*When weighing up the advantages and disadvantages, I believe that using a consultative management will benefit Paul Johnson and he can meet with employees, build strong relationships and show that he values the expertise of his employees. This should help create strong ownership of the new sustainability initiatives.*

2 marks for advantage(s) of the consultative management style linked to case study

2 marks for disadvantage(s) of the consultative management style linked to case study

1 mark for opinion

### Question 3 (6 marks)

Explain how Alpine Natural Foods could have used the Three-step Change Model (Lewin) when designing their Sustainability Policy.

*Paul Johnson could use Lewin's 3 step change model to help him to design the Sustainability Policy. Firstly, he would UNFREEZE, meaning preparing the business, Alpine Natural Foods, for change and disrupting its current position. This involves Paul Johnson using two-way communication to explain clearly the reasons for the Sustainability Policy to encourage support for the change. Paul Johnson could provide evidence, research or statistics to prove that the reduction in plastic packaging and use of new electric cars could increase the net profit figures. He could also hold a*

meeting with his current staff and outline a plan and possible KPI's that could be used to measure the success of the Sustainability Policy.

Then Paul Johnson would introduce the *CHANGE* by moving the business. This involves introducing the Sustainability Policy where employee behaviour/activities are changed and the reduction in plastic packaging and use of new electric cars takes place. Paul Johnson would need to monitor the new policies/procedures to make sure that they are being correctly implemented to keep the change on track.

Finally, Paul Johnson would *REFREEZE* where reinforcement of the Sustainability Policy would become a part of the accepted routine of the business. Alpine Natural Foods could use KPI's to evaluate the success of the Sustainability Policy to anchor it into the culture of the business. Paul might reward those who accepted the Sustainability Policy and could celebrate the success of the environmental initiatives to encourage further acceptance of the change.

2 marks for each step of Lewin's change model linked to the case study x3

#### **Question 4 (3 marks)**

Analyse the use of computer-aided manufacturing techniques at Alpine Natural Foods to improve the efficiency of its processes.

Computer aided manufacturing would help Alpine Natural Foods as the entire production process is controlled by the computer. It is the software communicating with the equipment used to mix, cook and package the pre-cooked meals according to the instructions entered into the software program. Computer-aided manufacturing will help Alpine foods mass produce a standardised product and will eliminate human error or inconsistencies as the computer instructs machinery to perform highly accurate and repetitive actions. Alpine Natural Foods will increase efficiency because whilst some time is wasted programming the software to run the manufacturing process, huge volumes of outputs can be produced consistently with the touch of a button. There is less need for human labour as the computer controls most of the production, therefore reducing wages costs.

2 marks for an analysis of computer aided manufacturing applied to the case study

1 mark for explaining how it can improve efficiency.

#### **Question 5 (3 marks)**

Propose and justify **one** global consideration that could meet shareholder expectations at Alpine Natural Foods.

Alpine Natural Foods could use global sourcing of inputs where they source suppliers from an overseas location for their raw materials such as food, spices, packaging or equipment. By sourcing materials from overseas, Alpine Natural Foods could access cheaper prices for their inputs because lower wages costs overseas often result in cheaper product prices. Shareholders of Alpine Natural Foods will be highly satisfied with lower operating costs because an increase in net profit figures should increase their dividends/return on investment, increasing shareholder's personal wealth.

2 marks for identifying and justifying one global consideration linked to case study

1 mark for outlining how the strategy could meet shareholder expectations

#### **Question 6 (4 marks)**

Explain **two** corporate social responsibility considerations for the operations manager at Alpine Natural Foods.

Alpine Natural Foods could reclaim any waste from the packaging of their pre-cooked meal products. They could ask customers to return the packaging after consuming the food products and organise for the waste to be collected and transported to businesses that could re-use or process the waste into a new product. For example, any waste packaging could be cleaned and shredded to create an insulation product.

*Another way that Alpine Natural Foods could improve their environmental practices to meet the demands of society is by sourcing and investing in technology that reduces the use of electricity as part of operations. For example, they may make use of green technology such as solar panels. This would lower the amount of carbon emissions the business is producing, helping to improve the business's environmental footprint in their processes. The purchasing of electric vehicles is also a good example of how Alpine Natural Foods is meeting the values of society with sustainable practices.*

2 marks for explaining one CSR consideration linked to case study

2 marks for explaining second CSR consideration linked to case study