

**Friday 13 June 2014 – Morning**

**A2 GCE APPLIED BUSINESS**

**F248/01 Strategic Decision-Making**

Candidates answer on the Question Paper.

**OCR supplied materials:**

- Clean copy Case Study

**Other materials required:**

- A calculator may be used

**Duration: 2 hours**



Candidate forename		Candidate surname	
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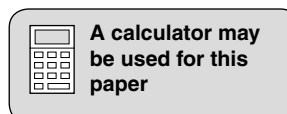
Centre number						Candidate number				
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## INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer **all** the questions.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the bar codes.

## INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [ ] at the end of each question or part question.
- Your quality of written communication will be assessed in the question marked with an asterisk (\*).
- The total number of marks for this paper is **100**.
- This document consists of **20** pages. Any blank pages are indicated.



1 (a) What is the purpose of a mission statement?

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.....  
.....  
..... [2]

(b) Identify **two** groups of stakeholders who are likely to directly benefit from Maria and Gino's strong ethical and environmental beliefs.

1 .....

2 ..... [2]

(c) State **two** benefits to a business of setting business goals.

1 .....

.....

2 .....

..... [2]

- 2 (a) Explain **one** benefit to a business of ensuring that the different elements of a marketing strategy are integrated with each other.

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..... [2]

- (b) *Flavoursome Foods Ltd (FFL)* needs to develop a suitable marketing strategy for the launch of its new variety of Purple Prince tomato.

Using the grid below suggest a suitable marketing mix for the launch of the Purple Prince tomato. Give a reason for each of your suggestions.

	Suggestion	Reason
Product		
Place		
Price		
Promotion		

[8]

3 *FFL* is experiencing difficulties with both its cash-flow and profit.

(a) State what is meant by:

- cash-flow

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- profit

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[2]

(b) Explain why net profit is a more suitable measure of business success than gross profit.

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[2]

(c) Describe **two** external factors which may affect the accuracy of *FFL*'s financial forecasts.

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2 .....

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[4]

4 Workforce data for *FFL*, together with current industrial averages, is given in **Table 1** below.

**Table 1**

<b>Workforce data</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Rate of absenteeism:</b>					
<b>Flavoursome Foods Ltd</b>	<b>4.2%</b>	<b>3.9%</b>	<b>3.7%</b>	<b>3.2%</b>	<b>2.8%</b>
<b>Industrial average</b>	<b>3.7%</b>	<b>3.6%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>3.6%</b>
<b>Rate of labour turnover:</b>					
<b>Flavoursome Foods Ltd</b>	<b>16%</b>	<b>20%</b>	<b>20%</b>	<b>12%</b>	<b>16%</b>
<b>Industrial average</b>	<b>37%</b>	<b>36%</b>	<b>35%</b>	<b>35%</b>	<b>34%</b>

(a) (i) What does the data show about the absenteeism rate of staff at *FFL* during its last five years of trading?

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..... [2]

(ii) What does the data show about the labour turnover rate of staff at *FFL* during its last five years of trading?

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..... [2]

(b) Explain **three** leadership skills required to manage a workforce effectively.

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2 .....

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[6]

(c)\* Evaluate likely staffing issues for *FFL* if Maria and Gino choose **Option 1- Relocation**. [14]

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**Question 5 begins on page 10**

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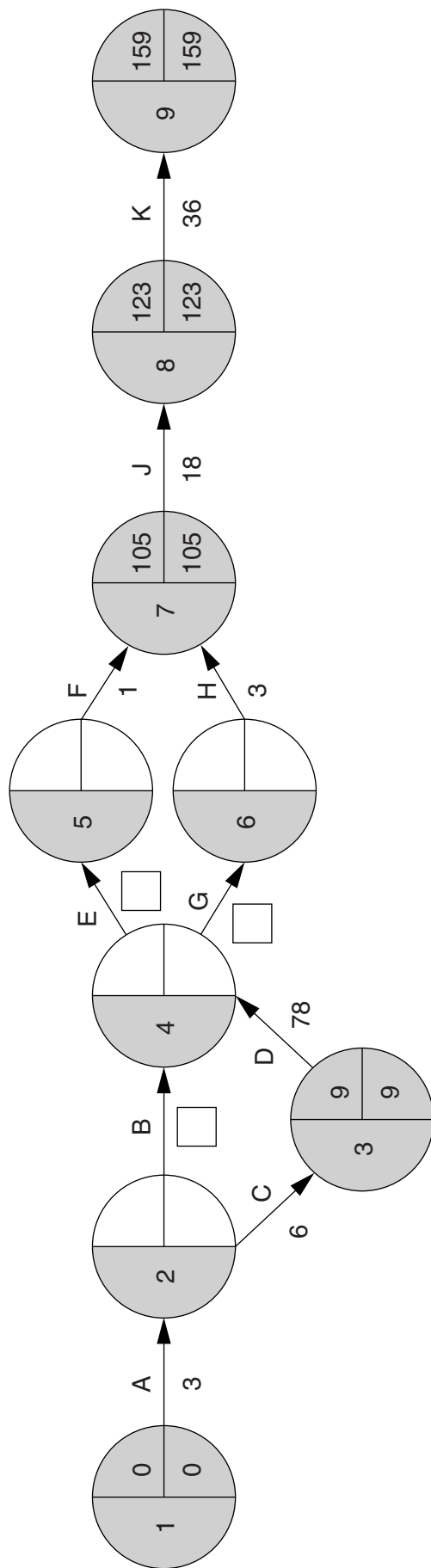
5 A production schedule for the construction of **Option 2 - Biodigestion** is given in **Table 2** below.

**Table 2**

<b>Activity</b>	<b>Description</b>	<b>Duration (weeks)</b>
A	Initial plans agreed with contractor	3
B	Detailed site survey	4
C	Architectural plans drawn up	6
D	Obtain planning permission	78
E	Off-site biodigester manufacture	17
F	Shipping of biodigester	1
G	Groundworks and foundations	6
H	Electrical work	3
J	Installation and commissioning of biodigester	18
K	Testing	36
	To avoid confusion, there is no activity I	

(a) Using the information in **Table 2** opposite, complete the critical path diagram below, by inserting the durations of activities B, E and G and the EST (earliest start times) and LFT (latest finish times) for nodes 2, 4, 5 and 6. Insert your answers in the unshaded nodes and boxes in the diagram below. [11]

**Critical path diagram for the construction of Option 2 – Biodigestion**



(b) Use the critical path diagram to work out the minimum completion time for **Option 2 – Biodigestion** if:

- the electrical work takes three weeks longer than expected.

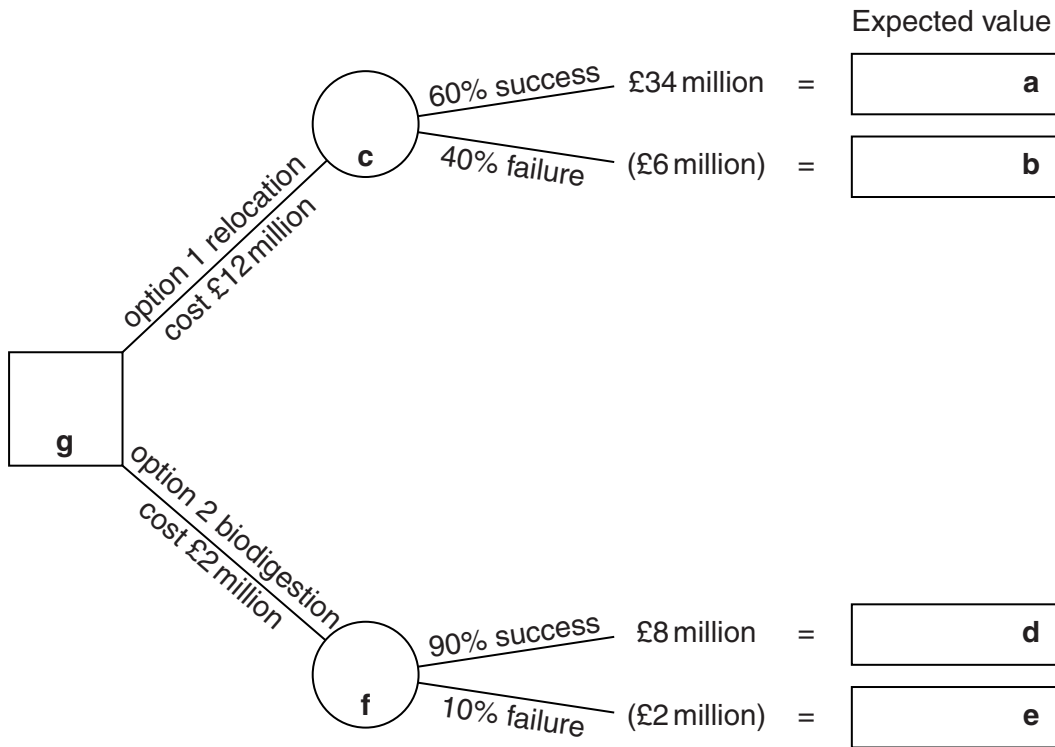
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- obtaining planning permission takes twelve weeks longer than expected.

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6 Maria has drawn up a decision tree to help evaluate the two strategic options under consideration at FFL.

(a) Complete the decision tree by entering the appropriate value into each of the nodes and boxes labelled a – g. A box for your workings is provided below. [7]



Workings:

(b) Refer to the decision tree shown opposite.

Identify:

- which option has the lower cost.

.....

- which option has the greater return if successful.

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[2]

(c) Evaluate the usefulness of **this** decision tree to *FFL*'s strategic decision-making.

[8]

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