

**ADVANCED GCE
APPLIED BUSINESS**

Unit 9: Strategic Decision-Making

F248

Candidates answer on the Question Paper

OCR Supplied Materials:

- Clean copy Case Study

Other Materials Required:

- Calculator

**Thursday 14 January 2010
Morning**

Duration: 2 hours



Candidate Forename		Candidate Surname	
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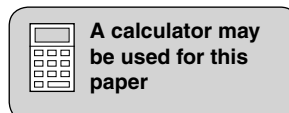
Centre Number						Candidate Number				
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INSTRUCTIONS TO CANDIDATES

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- Do **not** write in the bar codes.
- Write your answer to each question in the space provided.

INFORMATION FOR CANDIDATES

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



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1 (a) What is meant by the term 'business aim'?

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

(b) Other than the owners, identify **two** stakeholder groups of *Natracleanse*.

1.
.....
2.
..... [2]

(c) Explain **one** way in which Stewart and Mary's strong environmental and ethical beliefs may benefit stakeholders of *Natracleanse*.

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

[Total: 6]

2 Every year Stewart uses personnel performance data to calculate key workforce indicators.

(a) What is meant by the term 'rate of absenteeism'?

.....

.....

.....

..... [2]

Table 1

	Indicator	Formula
1	Rate of Labour Turnover	$\frac{\text{Number of staff leaving per annum}}{\text{Number of staff}} \times 100$
2	Rate of Absenteeism	$\frac{\text{Number of days of staff absence per annum}}{(\text{Total number of staff} \times 230 \text{ days}^\#)} \times 100$ <p># 230 days = average working year in UK manufacturing industries</p>

Table 2

Workforce Performance Data for Natracleanse 2009	
Number of staff	20
Staff leavers	1 employee
Staff absences	69 days

(b) Using the information given in **Tables 1 and 2**, calculate for *Natracleanse* in 2009:

(i) the rate of labour turnover; [2]

Show your workings:

Rate of labour turnover =

(ii) the rate of absenteeism. [2]

Show your workings:

Rate of absenteeism =

(c) Explain **one** reason why the labour turnover **or** absenteeism indicators at *Natracleanse* are likely to be **lower** than the national average.

Indicator chosen:

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.....

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..... [3]

[Total: 9]

3 (a) What is the purpose of contingency planning?

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..... [2]

(b) Explain **two** steps a business such as *Natracleanse* is likely to have taken in order to produce a comprehensive contingency plan.

1.
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..... [4]

[Total: 6]

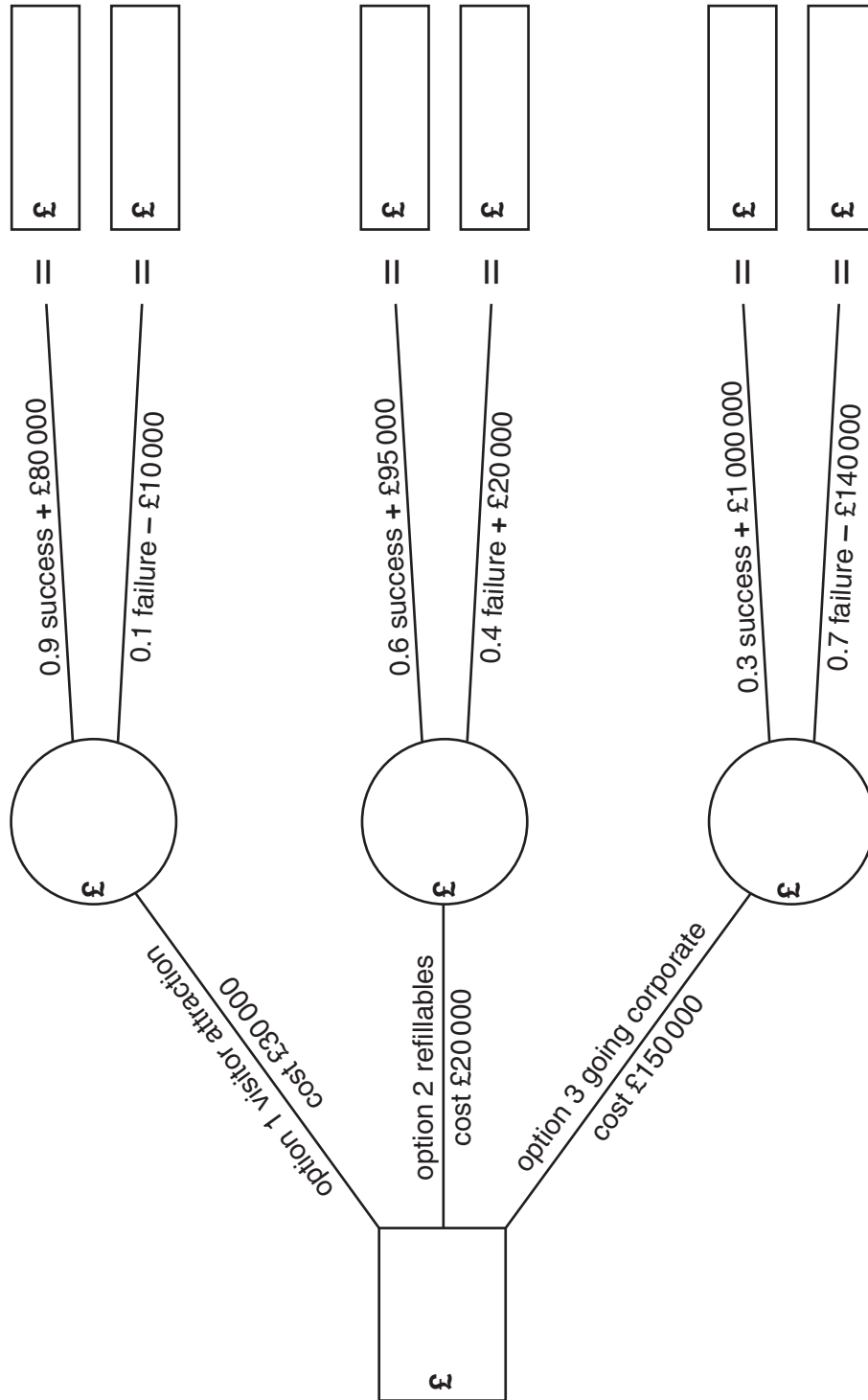
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TURN OVER FOR QUESTION 4

- 4 Stewart and Mary decided to use a decision tree to help them evaluate the three strategic options under consideration at *Natracleanse*.

(a) Complete the decision tree below. You are advised to show your working in the box on page 9 and to enter and clearly show each answer in the appropriate boxes and nodes on the decision tree. [10]



Show your working:

(b) State **two** limitations of using a decision tree as a strategic decision-making tool.

- 1.
.....
- 2.
.....

[2]

[Total: 12]

- 5 Zeeta usually uses a discount rate of 5% to judge the value of her investments. However, the current economic climate leads Zeeta to think that a discount rate of 10% may be more appropriate.

(a) Using the discount factors in **Table 3** below, calculate the net present value for **Option 3 – ‘Going corporate’** – for **each** of Zeeta’s chosen discount rates. Complete **Table 4** below, with your answers.

Table 3

Year	Discount factors at 5%	Discount factors at 10%
0	1.00	1.00
1	0.95	0.91
2	0.91	0.83
3	0.86	0.75
4	0.83	0.68
5	0.78	0.62

Table 4

Year	Estimated Net cash-flow	Present value at 5% discount rate	Present value at 10% discount rate
0	(£100 000)	(£100 000)	(£100 000)
1	£30 000		
2	£42 000		
3	£62 000		
	TOTAL		

[8]

Show your workings:

6 (a) Identify and explain **two** suitable promotional methods Stewart and Mary could use if they decide to take **Option 1 – ‘Visitor attraction’**.

1.
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2.
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..... [6]

(b) Explain **one** likely impact on *Natracleanse’s public image* if Stewart and Mary decide to take **Option 2 – ‘Refillables’**.

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

..... [14]

[Total: 22]

7 (a) Label the **four** quadrants in the Ansoff's Matrix grid below. [4]

(b) Insert each of the **three** options under consideration at *Natracleanse* into the correct quadrant. [3]

		PRODUCTS	
		EXISTING	NEW
MARKETS	EXISTING	1.	2.
	NEW	3.	4.

(c) Distinguish between **quantitative** and **qualitative** information.

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..... [2]

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..... [20]

[Total: 29]

19
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