

# OCR

Oxford Cambridge and RSA

Friday 16 June 2017

Level 4 Certificate in Management Consulting 10331

Unit 1 Understanding industry sectors and the drivers which impact them

**MARK SCHEME**

**Duration:** 1 hour

**MAXIMUM MARK    50**

Mark Schemes have been issued on the basis of **one** copy per Assistant  
examiner and **two** copies per Team Leader

**This document consists of 11 pages**

Q	Answer	Marks	Guidance	Levels of Response
1	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• buy in large quantities and sell in smaller quantities</li> <li>• unit selling prices higher than purchase prices</li> <li>• revenue greater than costs.</li> </ul> <p><b>Exemplar response:</b></p> <p>A wholesaler buys large quantities of goods from manufacturers and sells them in smaller quantities to retailers <b>(1)</b> for higher unit prices <b>(1)</b>.</p>	2	<p>Up to <b>two</b> marks.</p> <p>Do <b>not</b> award 'breaking of bulk' – the question asks 'how'.</p>	
2	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• positive impact – reputation for quality of service, more custom, customer retention, positive reviews for quality of service.</li> <li>• negative impact – speed may suffer, reputation for slow service, lose customers, training needs, cost.</li> </ul> <p><b>Exemplar response:</b></p> <p>Positive impact – Parlour Express is likely to develop a reputation for the quality of its service <b>(1)</b>. This is likely to lead to more custom from those who are interested in service quality <b>(1)</b>. This should improve the cash flow of the business, especially during the evening when those ordering dinner may have the time to wait for high quality service.<b>(1)</b>.</p> <p>Negative impact – Concentrating on quality of service may lead to other business drivers being compromised, in particular speed of delivery <b>(1)</b>. This may lead to customers not wanting to order the pizzas <b>(1)</b>, reducing sales and overall profit <b>(1)</b>.</p>	6	<p><b>One</b> mark for a positive impact, plus a further <b>one</b> mark for explanation and a further <b>one</b> mark for analysis.</p> <p><b>Plus</b></p> <p><b>One</b> mark for a negative impact, plus a further <b>one</b> mark for explanation and a further <b>one</b> mark for analysis.</p>	

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3	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• lack of (managerial) control</li> <li>• quality of provision</li> <li>• risk of exposing confidential data</li> <li>• different priorities</li> <li>• lack of customer focus</li> <li>• hidden costs</li> <li>• tied to another business</li> <li>• reduced motivation of council employees</li> <li>• reduced goodwill of council employees</li> <li>• industrial unrest at the council</li> <li>• negative public perception</li> <li>• public protests</li> <li>• resistance to change</li> <li>• change in organisational culture</li> <li>• communication difficulties.</li> </ul> <p><b>Exemplar response:</b></p> <p>Outsourcing its IT function may lead to poor industrial relations among council workers <b>(1)</b> because they are worried about job security <b>(1)</b>.</p>	6	<p><b>One</b> mark for each correct identification up to a maximum of <b>three</b> identifications, plus a further <b>one</b> mark for each of <b>three</b> explanations.</p>	

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4	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• status/prestige eg royals, celebrities</li> <li>• improved public profile</li> <li>• lend credibility eg scientific</li> <li>• open doors eg political</li> <li>• increased public awareness</li> <li>• encourage donations</li> <li>• increased media attention</li> <li>• enhanced connections/networking</li> <li>• enhanced marketing</li> <li>• patron may choose to be a major financial contributor.</li> </ul>	2	<p><b>One</b> mark for each correct identification up to a maximum of <b>two</b> identifications.</p>	

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5	<p>Use levels of response criteria.</p> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• income maximisation - obtaining finance, donations and voluntary giving</li> <li>• other financial issues - cost reduction</li> <li>• image/reputation</li> <li>• positive publicity</li> <li>• environmental issues – climate change, waste, energy consumption</li> <li>• ethics - ethical living, fair trade, consumerism</li> <li>• technology - communication and mobile technologies, online communities</li> <li>• research and development</li> <li>• innovation</li> <li>• corporate social responsibility</li> <li>• the big society</li> <li>• public confidence/expectations</li> <li>• obtaining/retaining suitable trustees</li> <li>• obtaining a suitable patron</li> <li>• accountability.</li> </ul> <p><b>Exemplar response:</b></p> <p>Obtaining donations is a challenge which most charities face (L1). In order to maintain the work of the charity during periods of inflation it is necessary to secure more and more donations year on year (L2). This puts increasing pressure</p>	8		<p><b>Level 4 [7 - 8 marks]</b> Candidate evaluates the extent to which income maximisation is the most important challenge facing third sector organisations.</p> <p><b>Level 3 [5 - 6 marks]</b> Candidate analyses income maximisation and/or other important challenges facing third sector organisations</p> <p><b>Level 2 [3 - 4 marks]</b> Candidate explains income maximisation and/or other important challenges facing third sector organisations.</p> <p><b>Level 1 [1 - 2 marks]</b> Candidate identifies challenges facing third sector organisations.</p>

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	<p>on the charity to devote more of its time to fundraising and away from its core activities of social benefit <b>(L3)</b>.</p> <p>However, another challenge facing third sector organisations today is the need for transparency <b>(L1)</b>. The activities of a charity must be seen to be transparent if it is to secure the confidence and support of the general public <b>(L2)</b>. Maintaining such transparency inevitably increases the number of records the charity must keep increasing the workload and cost of the charity's operations <b>(L3)</b>.</p> <p>The increased cost that the charity incurs maintaining transparency leads to an even greater need to maximise income for its cause. Therefore, income maximisation is likely to be the greatest challenge currently facing third sector organisations not only because it affects the degree to which a charity can pursue its objectives, but because funds are needed to meet the additional costs of transparency enabling the survival of the charity in the long term <b>(L4)</b>.</p>			

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6	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• size of/number of people in senior management team</li> <li>• size of business</li> <li>• business strategy</li> <li>• monitoring procedure</li> <li>• balance of power</li> <li>• inertia/willingness to change</li> <li>• responsiveness</li> <li>• flexibility.</li> </ul> <p><b>Exemplar response:</b></p> <p>There are only three members of my client's senior management team <b>(1)</b>. For a large multinational organisation this is an extremely small number <b>(1)</b>. Such a small senior management team enables the organisation to react speedily to changes in competitor behaviour and make strategic decisions quickly <b>(1)</b>. For the most part, this has enabled the business to continue achieving a return for its shareholders well above the industrial average <b>(1)</b>. However in 2013 the small senior management team got the theme of the company's Christmas advertising campaign totally wrong, losing out to the competition in the lucrative Christmas market <b>(1)</b>, probably because none of the three members of the company's senior management team are marketing specialists <b>(1)</b>.</p>	6	<p><b>One</b> mark for each correct point of explanation up to a maximum of <b>six</b> such points, but allow development.</p> <p>Answer <b>must</b> be in the context of the learner's chosen client.</p> <p>Impacts can be positive or negative.</p>	

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7	<p>Use levels of response criteria.</p> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• short-term objectives</li> <li>• appropriate to business</li> <li>• appropriate to market dynamics</li> <li>• appropriate to increased competition</li> <li>• appropriate to future</li> <li>• time frame</li> <li>• direction</li> <li>• emphasis</li> <li>• need for change.</li> </ul> <p><b>Exemplar response:</b></p> <p>My client is a leading manufacturer of games consoles and associated accessories. Its short term objectives are all finance-driven and relate to revenue and profit targets for the company (<b>L1</b>). The most important short-term targets are for the Christmas market where the company aims to out-produce and out-sell its two closest rivals in each of the 25 countries to which it supplies (<b>L2</b>). Whilst this short-term emphasis on being the most popular and well known manufacturer of games consoles each year has its financial benefits, it has also led to some quality control issues. These have led to an increase in customer complaints and have had a detrimental effect on the brand's reputation, especially when it brought out its new generation of games console which overheated within two hours of continuous use (<b>L3</b>).</p>	6	Answer <b>must</b> be in the context of the learner's chosen client.	<p>Level 3[<b>5 - 6 marks</b>] Candidate analyses the short-term objectives of their client's business.</p> <p>Level 2[<b>3 - 4 marks</b>] Candidate explains the short-term objectives of their client's business.</p> <p>Level 1[<b>1 - 2 marks</b>] Candidate identifies the short-term objectives of their client's business.</p>



Q	Answer	Marks	Guidance	Levels of Response
8	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• development of transferable skills</li> <li>• knowledge of sector</li> <li>• increased experience</li> <li>• increased client portfolio</li> <li>• enhanced profile for consultant</li> <li>• improved curriculum vitae</li> <li>• professional development</li> <li>• effective networking.</li> </ul> <p>Exemplar response:</p> <p>Being hired by my client has allowed me to develop my expertise in market analysis <b>(1)</b>. This will, hopefully, improve my chances of being hired by other organisations that are facing market development issues <b>(1)</b>.</p>	6	<p><b>One</b> mark for each correct identification up to a maximum of three identifications, plus a further <b>one</b> mark for each of <b>three</b> developments.</p> <p>Answer <b>must</b> be in the context of the learner's chosen client.</p> <p>Do <b>not</b> award 'remuneration' unless clearly linked to future career e.g. can afford to do further training.</p>	

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9	<p>Use levels of response criteria.</p> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• added value</li> <li>• time benefits</li> <li>• maintain focus</li> <li>• manage workload</li> <li>• cost effective</li> <li>• perceived credibility</li> <li>• quality control</li> <li>• expertise</li> <li>• improved methodology</li> <li>• an external viewpoint</li> <li>• broader perspectives</li> <li>• objectivity, independence</li> <li>• pro-active thinking</li> <li>• free up in-house resources/time</li> <li>• provide an analytical framework</li> <li>• specialisation economies of scale - knowledge of best practice across industrial sectors worldwide.</li> </ul> <p><b>Exemplar response:</b></p> <p>Eg Hiring a management consultant allows the client to remove themselves from the heat of the internal wranglings which arise during a period of change (<b>L1</b>). This frees the</p>	8	<p><b>Levels of response criteria</b></p> <p>Answer <b>must</b> be in the context of the learner's chosen client.</p>	<p><b>Level 4[7 - 8 marks]</b> Candidate evaluates whether avoiding corporate politics is the greatest benefit to their client of hiring a management consultant.</p> <p><b>Level 3[5 - 6 marks]</b> Candidate analyses the benefit(s) of avoiding corporate politics/other benefit(s) of hiring a management consultant.</p> <p><b>Level 2[3 - 4 marks]</b> Candidate explains the benefit(s) of avoiding corporate politics/other benefit(s) of hiring a management consultant.</p> <p><b>Level 1[1 - 2 marks]</b> Candidate identifies the benefit(s) of avoiding corporate politics/other benefit(s) of hiring a management consultant.</p>

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	<p>three members of the senior management team from having to make potentially awkward political decisions <b>(L2)</b>, preserving their integrity with the workforce through the avoidance of bias or favouritism <b>(L3)</b>.</p> <p>Hiring a management consultant to analyse the market also frees up existing senior executives from such responsibilities <b>(L1)</b>, allowing them to concentrate on their normal activities <b>(L2)</b>, hopefully ensuring that the top executives do not lose their focus on current business operations <b>(L3)</b>.</p> <p>Avoiding corporate politics and getting an independent analysis of the market is likely to be a major benefit of hiring an external management consultant in the vast majority of organisations. However, in this particular company where the three senior executives are already overstretched, the freeing up of these senior executives to perform their usual job role may well be the biggest benefit to my client <b>(L4)</b>.</p>			
				[Total: 50]