



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

Centre number

Candidate number

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.



A calculator may
be used for this
paper

2

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

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.....

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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

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2

..... [2]

3

- 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]

4

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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[4]

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

Table 1

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

- (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]

6

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

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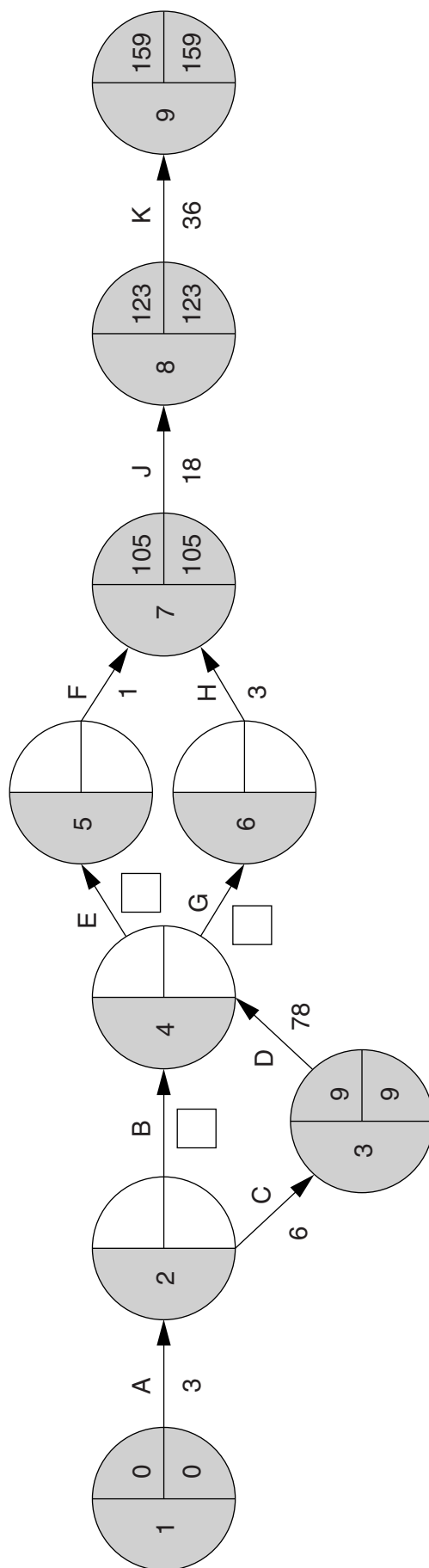
5 A production schedule for the construction of **Option 2 - Biodigestion** is given in **Table 2** below.

Table 2

Activity	Description	Duration (weeks)
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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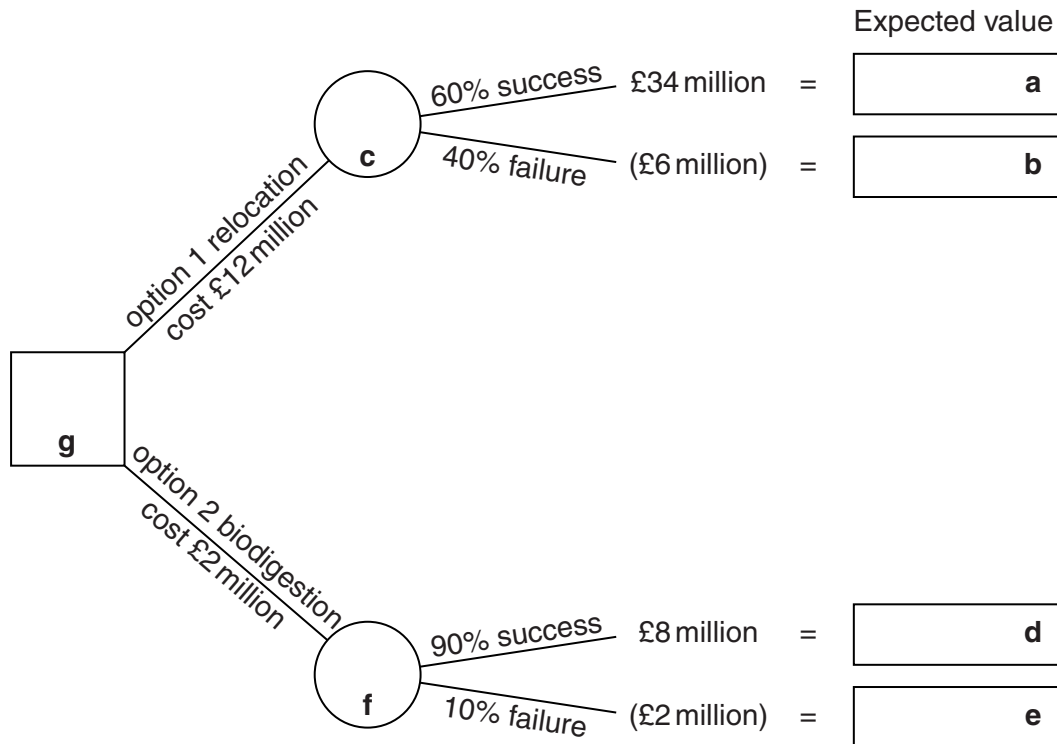
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[4]

12

- 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.

.....

[2]

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

[8]

[illegible]

[illegible]

Evaluate this decision using both quantitative and qualitative information.

[20]

[illegible]

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END OF QUESTION PAPER

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