

Additional Applied Business Questions Based on Units 2, 3 and 4 of the Leaving Certificate Examination 2020 – Solution

Replast Ltd.

- (a) Contrast the roles of George Casey entrepreneur and Ciara Lucas, Chief Executive Officer of Replast Ltd. Refer to the text in your answer. (30 marks)
- (b) Describe the planning process that Ciara should follow for the production project and identify the benefits of this planning to the business. (25 marks)
- (c) Evaluate the main, long-term sources of finance available for the new production line. (25 marks)

(a) Role of George Casey, entrepreneur:

- identifying new product ideas for the business.
- evaluating the risk involved in investing in the launch of new products.
- bringing together the four factors of production to enable a business to be successfully formed ie. land, labour, capital and enterprise.
- making major decisions about whether to start a new business or launch a new product.
- sourcing finance for projects from banks or shareholders.

Role of Ciara Lucas (CEO):

- to liaise with George Casey and to put his ideas into practice.
- to manage the day-to-day running of the business.

- to select management and staff members to work in the business and make it a success.
- to formulate short-term, medium-term and long-term plans for the development of the firm.
- to take a strong leadership role as chief executive.
- to ensure that the finances of the business are managed in an efficient way.

(b) Planning process for a new production line. Ciara Lucas, Chief Executive Officer, should:

- make a short term operational plan to cover a period of about one year.
Benefit — ensure the project does not take too long and that production is increased relatively quickly.
- analyse the present situation and the changes she wants to achieve. A SWOT analysis may be used for this analysis, identifying strengths, weaknesses, opportunities and threats.
Benefit — clarifies the task to be completed and identifies positive and negative issues that can be dealt with.
- write down a clear set of objectives that need to be achieved. These objectives should be specific, measurable, agreed, realistic and put in a timed sequence (SMART).
Benefit — clear objectives ensure that everyone knows what must be done and that there is no confusion.
- analyse the objectives — breaking each one down into a series of sub-goals/objectives.
Benefit — each sub-goal/objective can then be worked on in sequence to ensure it is completed on time.

- make tactical plans — a short-term tactical plan should then be made to put each sub-goal into effect. This entails listing the tasks to be completed and identifying the staff and resources required.
- make contingency plans — in some tasks a contingency plan may be needed in case the tactical plan cannot be completed.
Benefit — the tactical and contingency plans are a detailed schedule of what needs to be done and by whom. Everyone is then clear about what they need to do.
- review and adjust — as the plans are put into operation there is a need to have regular assessments of how the work is progressing. If the work done is behind target then the plan will be adjusted to ensure that the task will be completed on time.
Benefit — if there are problems they will be noticed and action will be taken to correct them.

(c) Long-term sources of finance:

- Sale of additional ordinary shares in the company
+’s — low-cost finance — new shareholders bring new expertise, employees can invest in the firm, no security is required.
-’s — ownership control is diluted — may increase pressure to pay dividends.
- Long-term loans from a bank
+’s — the repayment of the loan is spread over a long period — no change in ownership of the company, interest payments reduce tax liability.
-’s — bank will require security for the loan — a business plan will have to be drawn up, interest must be paid over the period of the loan.

Additional Applied Business Questions Based on Units 2,3 and 4 of the Leaving Certificate Examination 2020 – Solution

Finnegan Filing Systems Ltd.

- (a) Identify the enterprising characteristics shown by Joe Finnegan in his business dealings. (25 marks)
- (b) Discuss the strategies Joe can employ to successfully manage the process of change in the future. (25 marks)
- (c) Draft the report of the communications consultant to the board of directors. Make any relevant assumptions that you feel are necessary. Make up any details not supplied in the text. (30 marks)

(a) Enterprising characteristics

- confidence and determination — *... he had the confidence and determination to overcome the rapid changes that his business faced...*
- risk taker — *This calculated risk paid off*
- resilient — *...and never gave up when the going got tough*
- flexible — *...rather than wasting time on resisting change*
- decisive — *Because Joe is so decisive...*
- future focused — *...on whether the firm should invest €30,000 on up-to-date information and communications technology...*

(b) Strategies to manage change

- be informed on new laws and regulations that will affect the business.
- invest in new technologies.
- be future focused and anticipate change so that he can respond to it.
- change to being more proactive rather than reactive.
- he needs to change from being a controller manager to being more of a facilitator manager. This will make the whole organisation better able to adapt to change.
- Joe needs to develop employee empowerment enabling employees to welcome and deal with change.
- Joe should develop more teamwork among employees which will lead to more creative solutions to the challenges posed by change.

(c) Report

Title: Communications in Finnegan Filing Systems Ltd

To: Mr Joe Finnegan, Managing Director

From: Mr Henry Phillips, Pinnacle Management Consultants

Methodology: (i) Interviews with a selection of staff at all levels in the firm

(ii) Reviews of proposed document for investment in ICT equipment

(i) Findings:

Staff feel that they are not consulted with on a day-to-day basis on decisions that need to be made. They feel they have a lot to contribute and that their input would improve the overall performance of the business.

Recommendations:

The managing director should adopt a facilitator-manager style, taking input and feedback from staff into the decision-making process.

Communications should be developed into a two-way system, top down and bottom up. Regular meetings and feedback systems should be put in place to make this happen.

(ii) Findings:

The proposal to invest €30,000 in ICT equipment is a good one to ensure the firm can use the full range of technologies available.

The proposal does not include a budget for training staff in the use of the new communications equipment.

Recommendations:

The purchase of equipment should be put out to tender to at least three possible suppliers to ensure the best value for money spent.

A training programme for all staff needs to be planned over a period of time and money provided to fund this work. Staff training is as important as the new technology.

SIGNED: Henry Phillips, B. Comm., MBA.

Additional Applied Business Questions Based on Units 2, 3 and 4 of the Leaving Certificate Examination 2020 – Solution

George and Sean Fogarty

- (a) Compare the entrepreneurial role of the brothers in the start-up phase of their business with their role when the firm is established. (25 marks)
- (b) Analyse the potential benefits to the firm of using new technologies. (25 marks)
- (c) Describe management strategies that would ensure high quality standards. (30 marks)

(a) Entrepreneurial role at start-up compared to when firm is established

Start-up

They had to:

- do all the tasks of the business from steel fabrication to banking
- find investors and convince them to invest in the business
- find premises
- develop the product range
- do market research
- get assistance from state agencies
- decide on a production system
- purchase and set up production equipment

Established firm

They were involved in:

- new product development
- long-term planning for development of the firm
- building up a successful product portfolio
- planning for entry into new markets

(b) Benefits of using new technologies

Electronic Data Interchange

- Allows transactions to be completed more quickly and cheaper
- Less staff needed, thus reducing costs
- Electronic Data Interchange (EDI) link-ups make buyers more likely to order from the firm
- Quick order delivery times allows stock levels to be reduced

Internet

- the firm can communicate worldwide quickly and cheaply by email
- The firm can set up a website to promote and advertise its products and services
- The firm can do research worldwide by visiting the websites of organisations

Computerised production methods

- Using computer aided design will improve designs and reduce the cost of designing new metal products.
- Automated machines and robotics allow production costs to be reduced as less workers are needed.
- Quality control can be improved by the use of monitoring and control equipment on the production line.

(c) Strategies to ensure high quality standards

- Ensure that raw materials and finished products are regularly tested
- Pay attention to customer complaints and take action where necessary
- Apply for quality standard certification such as ISO 9000
- Set up staff quality circles to come up with ways of improving quality
- Spend money on research and development to continuously improve product quality
- Introduce total quality management systems to the whole firm to ensure quality standards

Additional Applied Business Questions Based on Units 2, 3 and 4 of the Leaving Certificate Examination 2020 – Solution

Kasanga Trading Ltd.

- (a) Identify the reasons why entrepreneurs like Joshua Kasanga start and expand their own businesses. Refer to the text in your answer. (25 marks)
- (b) Illustrate how the use of ICT could benefit the development of a business like Kasanga Trading Ltd. (25 marks)
- (c) Evaluate the importance of good management control systems in ensuring the success of the business. (30 marks)

(a) Reasons why entrepreneurs start and expand their businesses

- To earn profit — *not just in the form of profit*
- To create employment — *gave employment to six people, something he is proud of*
- To support their families — *to provide an income for his wife and five children*
- To do some good work — *export of medical products from Ireland for use in hospitals and clinics in African countries*
- To put their own idea into practice — *his business importing craft products*
- To meet a need — *create jobs*

(b) How ICT could benefit the development of a business

- Computer technology with word processing, database and spreadsheets makes running office functions faster and cheaper.
- New communications technology reduces the number of staff required.
- Internet allows the firm to communicate effectively to opposite sides of the world.
- The firm's products can be marketed and sold using the world wide web (websites).
- Mobile phone technology allows instant and continuous communications over great distances while people are on the move.
- Software computer packages are available to assist the operation of many parts of the business.
- Electronic Data Interchange (EDI) would facilitate most of the communication and documentation between the company's operations in Ireland and Africa.

(c) The Importance of good management control systems

Financial control

- Cash flow forecasting — ensures you will not run out of cash
- Budgetary control — avoids overspending
- Cost control — keeps costs at a low level

Quality control

- Product quality meets legal standards
- Minimises production of faulty goods
- Ensures competitive advantage in the market place

Credit control

- Avoids losses due to bad debts
- Cuts the cost of collecting debts
- Ensures cash at bank is maximised, saves interest payments

Stock control

- Keeps costs of maintaining stocks low
- Ensures goods are available when needed
- Minimises stock losses due to theft, wastage etc

Additional Applied Business Questions Based on Units 2,3 and 4 of the Leaving Certificate Examination 2020 – Solution

Tacky Souvenirs Ltd.

- (a) Outline the enterprising skills employed by Veronica in setting up her business. (25 marks)
- (b) Analyse the benefits of the management activities used by Veronica to the success of the business. (25 marks)
- (c) Using appropriate headings to guide your thinking, outline how the human resource department can maintain the good relationship between employer and employees. (30 marks)

(a) Enterprising skills employed by Veronica

- Identifying opportunities — *she realised there was a market for useless but funny gifts*
- Researching — *set about coming up with silly, funny and useless souvenirs*
- Planning — *she planned to outsource the products*
- Persuading — *she had no difficulty convincing her bank manager to lend her €80,000*

(b) Benefits of management activities

Planning

- Evaluating the current position using SWOT analysis
- Setting SMART objectives
- Drawing up tactical plans to achieve sub-goals
- Reviewing progress and adjusting the plan

Organising

- Identify the tasks to be completed
- Set up organisation structure to best suit completion of those tasks
- Identify the resources needed to complete the tasks — physical, human and financial
- Give clear roles and responsibilities to all employees

Controlling

- Ensures all aspects of finances are managed including cash flow, budgets and costs
- Ensures product quality is at a high level
- Makes sure that business debts are collected on time
- Ensures adequate stock levels maintained at lowest cost

(c) Maintaining good relations between employer and employees

- Recruitment policy — employ people suited and qualified for their job; provide written contract of employment
- Performance appraisal — regularly review performance of employees and take feedback on their concerns
- Reward employees — ensure the remuneration package motivates the employees to work hard for the firm
- Conditions of employment — offer staff good conditions of employment so that they know they are valued
- Encourage open communications within the business
- Have agreed disputes resolution procedures
- Facilitate flexibility e.g. job sharing, teleworking etc
- Offer promotional opportunities

Additional Applied Business Questions Based on Units 2,3 and 4 of the Leaving Certificate Examination 2020 – Solution

Enterprise in Drumboley.

- (a) Evaluate the importance of enterprise in the home, in the community and in business. Refer to the text above in your answer. (25 marks)
- (b) Outline two organisation structures that the new manager could put in place to ensure the efficient provision of services to the community. (Use diagrams to support your answer if appropriate.) (25 marks)
- (c) Describe how a proper recruitment and selection process can ensure the right person is appointed to the position of Manager of Voluntary Services.(30 marks)

(a) Enterprise in the home

- Ensures tasks are completed — *she ran the household*
- Makes life easier — *she shared school runs, shopping and child minding*

Enterprise in the community

- Provides needed services — *helped to set up a neighbourhood crèche*
- Raises finances for projects — *the committee that fundraised for the building of the community centre*
- Attracts government support — *the government agreed to provide the money to employ a permanent qualified manager*

Enterprise in business

- Provides income — *to start her own business to earn some additional income*
- Provides services — *doing work for local firms, schools and community organisations*

(b) Organisation structures

Functional structure

Set up a department structure based around specific functions, e.g. purchasing, service delivery, promotion of services, accounting and volunteers. Other department headings could be used.

Matrix structure

Organising teams of people who will work together to complete specific projects. On completion of each project, the members will continue in their own department.

Geographic structure

The delivery of services could be approached based on the geographic area (housing estate) that they are being provided for.

Product structure

The work could be divided between target groups, e.g. youth services, services to the elderly.

(c) Recruitment and selection process

- Preparation — job description and person specification ensure good match of person with the job
- Finding candidates — advertisements, agencies, job centres etc. Ensures good number of suitable candidates
- Screening applications — ensures unqualified or unsuitable candidates are not considered
- Selection — interviews, testing allows selection of the best qualified and most suitable applicants to be chosen
- Checking references — verifies the claims made by candidates

Additional Applied Business Questions Based on Units 2,3 and 4 of the Leaving Certificate Examination 2020 – Solution

Pastimes Ltd.

(a) Analyse the challenges faced by the company in managing the changes outlined in the text. (30 marks)

(b) Outline the recruitment and selection procedures that the human resources manager should follow to appoint new management personnel. (20 marks)

(c) Discuss whether a managing director with a democratic or an autocratic leadership style would benefit the firm most. (30 marks)

(a) Challenges

- Integration of the two company's operations
- Making some staff redundant where there is duplication
- Staff may react to a change in leadership style
- Hiring and integrating new staff may be difficult
- Conflict between staff of the merging firms
- Marketing to different industry sectors

(b) Recruitment and selection procedures

- Preparation — job description, person specification
- Find candidates — advertisements, agencies, job centres, internet
- Screen applications

- Selection — interviews, tests — choose best candidate
- Check references
- Contract of employment
- Inform unsuccessful candidates

(c) Democratic leadership

Benefits — more and better ideas; staff valued and more motivated; staff learn decision-making; staff development; increased initiative; increased innovation and entrepreneurship

Problems — slower decisions; compromise may lead to weak decisions

Autocratic leadership

Benefits — quick decisions; manager remains in charge; important information kept secure; staff are motivated by fear of censure

Problems — valuable opinions and ideas lost; manager may be overworked; good ambitious staff may leave; morale declines; decision-making skills not developed

Additional Applied Business Questions Based on Units 2, 3 and 4 of the Leaving Certificate Examination 2020 – Solution

Soft Designs Limited II

(a) Discuss the importance of enterprise characteristics combined with enterprising skills for an entrepreneur like Mark Higgins in successfully starting up new enterprises. (25 marks)

(b) (i) Outline three communications problems the firm was affected by in the past.

(ii) Outline three communications challenges this firm faces in the future (refer to the text in your answer). (25 marks)

(c) Analyse the management strategies Mark and his team can employ to deal with the various changes facing them. (30 marks)

(a) The importance of enterprise characteristics

- independent — able to work on his own when he needs to.
- ambitious — he has motivation to work hard to achieve his goals.
- hard-working — when needed he will work very long hours to ensure the success of his business projects.
- creative — the ability to come up with innovative new products and creative solutions to problems that arise.
- risk taker — is willing to take risks, however this is subject to realistic evaluation of the level of risk.
- resilient — the ability to recover from failures or difficulties and still be prepared to try again and overcome adversity.

- future focused — Mark is able to work on today's project but can also be working new projects for the future to create a pipeline of business ideas.

The importance of enterprise skills

- timing — acting at the right time can be critical to success ...*he decided to delay the launch of a new product only to find a competitor beat him to the market...*
- planning — analysing in detail what needs to be done to ensure a project can be fully and successfully implemented
- identifying opportunities — *Mark has no difficulty coming up with viable ideas but the execution of the business idea is not always good*
- decision-making — *Mark is decisive but makes errors at critical times. He could involve an advisor at the decision making stage to help him get decisions right*
- human relations — the ability to work well with others is very important for an entrepreneur to get people to work with him — *a disagreement with a key investor caused one project to be set aside...*

(b) (i) Communications problems that affected the firm

- inability to compromise and reach an agreement
- the business plan he prepared was not done well enough to convince the bank to give a loan
- failure to communicate to competitors that his design copyright was registered and could not be copied
- the need for a new marketing manager indicates that the communication with the market was not as effective as it needed to be

(ii) Communications challenges faced by the firm

- communicating effectively with foreign markets can be difficult due to cultural and language difficulties and especially in the Paris and New York markets.
- internal communications systems need to be more formalised to ensure staff are all working cohesively and that information is available when needed. This will move away a little from the informal management structure in place to date.
- to invest in state-of-the-art Information and Communications Technology (ICT) to enable communications in and by the firm are both efficient and effective in the future.

(c) Management strategies to deal with challenges facing Soft Designs

- the management needs to invest money in up-to-date ICT equipment, provided it can raise the finance.
- they need to take action, perhaps legal, to stop competitors copying their designs. If they don't they are likely to suffer more of these problems.
- they face a big challenge in bringing together the two production units in one location without having a serious break in output.
- the new marketing manager has to be integrated into the management team and the business will have to adapt to the changes introduced in the marketing area.

Additional Applied Business Questions Based on Units 2,3 and 4 of the Leaving Certificate Examination 2020 – Solution

Sandra and Brian Morgan II

(a) Contrast Sandra's role in managing a busy household with her role in managing her business. (30 marks)

(b) Identify the barriers to success faced by entrepreneurs like Sandra and the characteristics and skills needed to overcome these barriers. (20 marks)

(c) Identify and explain two forms of insurance Sandra Morgan should have for her business and two forms of insurance she should have for the household. Refer to the text in your answer. (30 marks)

(a) Sandra's role in managing the household

- organising that all household jobs are done either by herself or Brian or by the teenage children
- manage and keep records of all the finances of the household including bank accounts, budgets and household bills
- ensure that all insurance risks for the household are covered by suitable insurance policies
- to supervise the teenagers' schoolwork and to help to motivate them to work to the best of their ability

Sandra's role in managing the business

- keeping financial records and producing accounts at the end of each year. Paying taxes due to the government.
- making plans for the various tasks that need to be completed so that all staff know what they should be doing at any given time.

- identify risks that need to be insured. After action has been taken to eliminate or minimise the risk, take out adequate insurance cover for those risks.
- to control the business by regularly reviewing progress and taking corrective action if targets have not been achieved.
- to provide leadership for the management and employees of the firm.
- to find ways of motivating her employees to work hard for the benefit of the business.
- to ensure that effective communication takes place so that staff can work well together and have the information that they need to make decisions.

(b) Barriers to success and characteristics and skills to overcome them

- Barrier — a disagreement between the entrepreneur and the investors who will provide finance for the business.
- Characteristic — if the entrepreneur has ‘people person’ skills he/she will manage to avoid conflict and find a compromise situation.
- Barrier — failure to raise finance can hold up development of the business especially if it is for a major expansion.
- Skill — forward planning for capital spending projects will allow the firm to negotiate bank loan clearance well in advance and avoid last minute delays.
- Barrier — strong competition from other companies can cause great difficulties, especially for new firms or for firms launching new products on the market.

- Skills - doing market research on an ongoing basis and knowing what's changing in the market is very helpful in anticipating threats from competitors and dealing with them.
- Barrier — entrepreneurs sometimes give up when they experience a lot of difficulties in developing their business.
- Characteristic — if the entrepreneur is resilient he/she will find a way to overcome the problem or will adjust the plans to find a way around it or will come up with a new idea.

(c) Two forms of insurance for the business

- Product Liability insurance — this will cover any financial compensation the business might have to pay if a consumer suffered illness as a result of eating their products.
- Employers Liability insurance — this insurance will cover any compensation that has to be paid to an employee who suffered injury due to an accident at work.
- Public Liability insurance — if a member of the public is injured in an accident on the company's premises, any compensation due to be paid will be covered by the insurer.
- Fidelity Guarantee insurance — this insurance will compensate the business for any losses suffered as a result of fraud or theft by any of its employees.

Two forms of insurance for the household

- Buildings and contents insurance for the house — will cover financial losses that arise from accidents, fire or burglary.
- Motor insurance — by law the family must have third party insurance on their cars to cover liability for injury to a third party. Comprehensive insurance is preferable as it covers any losses through damage or injuries to all parties due to an accident.
- Health insurance — this provides for the cost of medical care to any member of the family including operations and hospital stays.

Additional Applied Business Questions Based on Units 2,3 and 4 of the Leaving Certificate Examination 2020 – Solution

Duncarrig Enterprise II.

(a) Discuss the importance of the enterprise of individuals, communities, business and government to the development of towns like Duncarrig. (30 marks)

(b) Evaluate the options open to the different organizations to raise the finance they need. (25 marks)

(c) Outline the steps Medtec Inc. should take in drawing up a plan for new production facilities. (30 marks)

(a) Importance of enterprise

Medtec Inc.

- Employment — *main employer in the area*
- Supplier opportunities — *some as suppliers to the healthcare multinational*

Government (Public Sector Bodies)

- Favourable tax environment to attract foreign investment
- Enterprise Boards assisting development of new business to benefit the local community
- Grants to companies who create employment

Community Council

- Multipurpose centre for the area — *fundraising committee raised €200,000*

Scouts

- Selling Christmas trees
- Paying rent by maintaining grounds of community centre

(b) Finance options

Medtec €2 million for production facilities

- Long-term loan
- Government grant
- Retained profit
- Share issue

Scout troop — €2,000 for new equipment

- Donation from Medtec
- Local fundraising, sponsored walk, bag packing
- Overdraft

Community Council — €15,000 for gym equipment

- Term loan
- Business donations
- More fundraising

(c) Steps in making a plan for new production facilities

- Draw up a tactical plan to complete the job within a two year period
- do a SWOT analysis in relation to the project identifying strengths, weaknesses opportunities and threats
- set out objectives which are SMART — specific, measurable, agreed, realistic and timed
- analyse each objective and identify sub-goals to achieve each objective
- develop an operational (short-term) plan to execute each sub goal
- set a series of review points (dates) to evaluate progress on each plan so that corrective action can be taken if necessary