

Solutions for Additional Applied Business Questions 2019

The Pet and Vet Centre

(a) Identify the enterprising skills and characteristics displayed by Orla and Arthur.

Enterprising skills

1. Realistic risk taking – *They worked out that the business should be profitable by the end of the first year...*
2. Identifying opportunities – *...agreed to purchase a new premises on the outskirts of Clonmel where they could each locate their businesses which complemented each other.*
3. Communication – *...to convince their bank to supply the loan finance needed to get the business started*
4. Planning – *...and a detailed business plan*

Enterprising characteristics

1. Confident – *...they decided to take the chance of setting up the business*
2. Hardworking – *...Orla and Arthur had to work very hard...*
3. Future focused – *....they can see great opportunities for expansion...*

(b) Evaluate the challenges and opportunities presented to the Pet and Vet Centre by the consumer legislation referred to in the text.

Challenges

Under Sale of Goods and Supply of Services Act – the retailer is responsible to the consumer, that goods are of merchantable quality, that goods are fit for their purpose, that goods are as described, that services are provided with due care, that the service provider has the necessary skills and qualifications, consumer has right to redress, right to a refund, illegal signs, guarantees cannot limit consumers' rights.

Under Consumer Information Act – number of offences identified, false or misleading product descriptions, prices, advertisements or signs, consumers can complain to Director of Consumer Affairs, DCA can investigate, can make an order against retailer or impose a fine.

Opportunities

Benefits retailer who offers quality goods and services, sets clear limits on rights of the consumer, eliminates unfair competition from retailers with low standards, makes the retailer take a positive consumer focus which will improve sales, improves customer confidence and willingness to spend.

(c) Analyse the importance of good planning to the successful development and future expansion of their business

Analysis of current situation using SWOT analysis identifies strengths, weakness, opportunities and threats. Set clear objectives that are SMART; tactical plans made to achieve each objective; can identify the resources needed i.e. personnel, machinery, materials, finance; can identify organisational needs, e.g. project teams or new departments; can anticipate change, make constant reviews of performance compared to plans and adjust; can build on strengths; can remedy or minimise weaknesses; can exploit opportunities; can overcome threats.

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AFA Ltd.

(a) Illustrate the enterprising characteristics displayed by Colin Colleary in the text above.

- innovative – *Colin Colleary was always looking for new ideas*
- confident – *if he worked hard enough he would be successful*
- hardworking – *Colin's approach is to work hard at doing what he thinks is best*
- leader – *he gave leadership to his schoolmates*
- decisive – *and was quick to make decisions*
- risk taker – *he set about building a factory*
- energetic – *the business grew and he extended the factory several times*

(b) What advice would you give Colin on how he might improve the quality of communication in his business?

He should give proper notice of changes to staff, he should consult and negotiate with staff where appropriate, he should meet with staff / unions regularly, he should have a proactive approach to communicating with local residents, he should be open and transparent in dealing with problems, he should employ a human resource person to deal with staff, should have email facilities and a website to facilitate good communication, could employ a public relations officer to deal with certain issues, he should go on a communications training course

(c) Analyse the benefits to be gained by Colin's business from more cooperative rather than conflicting relationships. Refer to the text above in your answer.

- he should consult about changes – builds trust and support from staff, helps to avoid damaging disputes e.g. change of annual holidays
- he should negotiate agreements rather than impose his decision – good staff morale and motivation will benefit the firm
- he should meet with staff regularly – he can get very useful feedback and advice from staff members, this also promotes intrapreneurship
- being open and transparent with local residents allays fears and encourages them to work with rather than against the business

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The Fusion Centre

- (a) Discuss the difficulties that may have arisen if Claire had a more autocratic approach to her role.
- lack of consultation would have prevented the various groups from working together
 - the new ideas of the various groups would not have been heard
 - the trust needed between the user groups would not have been promoted
 - autocratic decisions would not have the support of all groups
 - lack of delegation of tasks by Claire would have resulted in work overload and the project would have been damaged
 - autocratic approach discourages the development of new leaders for the future
 - autocratic management would have prevented cooperation between the user groups
 - each group also needs to be allowed a level of autonomy which an autocratic management style would not allow
- (b) Outline how the Fusion Centre illustrates the importance of enterprise in all aspects of society. Refer to the text above in your answer.
- community benefits – *combining a number of community services... a day care centre for old people and a drop-in / social centre for young people*
 - commercial benefits and employment – *two women who ran a local catering business set up a successful coffee shop cum café in the centre*
 - individual benefits – *they also exhibit and sell pictures produced by local artists*
 - touristic benefits – *a tourism information office has been added to the centre*
 - community enterprise – *most of the finance for the centre was raised by local residents associations*
 - personal enterprise – *the success of the Fusion Centre owes a great deal to the efforts of Claire Finnegan*
- (c) Analyse how conflict between the stakeholders in the Fusion Centre could affect the success of the enterprise.
- conflict may have prevented the project happening at all
 - some of the enterprises / projects would not have happened
 - organisations would not have been able to support each other
 - the different objectives of commercial and community enterprises may have damaged the project

- if each group had to operate separately there would be a great deal of duplication of resources e.g. office facilities
- the overhead costs of operating separately would have been much higher for all the groups
- if disputes between groups took place the overall operation would have suffered and possibly closed down
- conflict would have prevented new groups from joining in over time

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Streaked Lighting Ltd

- (a) Outline how cooperative and conflicting relationships between stakeholders can affect the performance of the business. Refer to the text above in your answer.
- entrepreneur and managers have a cooperative relationship – *Rory's relationship with the management team developed well as he did not interfere with day-to-day matters but was innovative in coming up with new design ideas*
 - entrepreneur and investors have a conflicting relationship – *they were not happy that the profits were always ploughed back into the business while no dividend was being paid to them* – firm may find it difficult to raise capital in future
 - entrepreneur and suppliers have a cooperative relationship – *the firm's suppliers were excellent, often working with Rory on design ideas and developing new materials when required* – benefits for both the suppliers and the firm – need to avoid conflict over late payment
 - management and customers have potential for conflict – customers are very happy but may object to having shorter credit period – may lose some customers
- (b) Contrast the role of Rory as entrepreneur with the role of the management team in the future of Streaked Lighting Ltd.
- entrepreneur – takes an overview of business – is future focused – new ideas – innovation – financing – new business opportunities – major decisions – finding investors and lenders
 - management – day-to-day operations – organising – leading – motivating – planning – controlling – communicating – executing company policy – delegating tasks
- (c) Evaluate the benefits of proper credit and stock control systems for the firm based on the text.
- credit control for debtors – payment is received by set payment dates – incentives for early payment and penalties (interest) for late payment ensure payment on time – tight credit control reduces incidence of bad debts – shorter payment periods improve cash balances in the bank and minimise interest costs – administrative overheads are reduced
 - credit control for creditors – paying on time improves credit worthiness with suppliers – may earn discounts for early payment – creditors will give priority for supply – avoid any interest payments – may be able to negotiate lower prices
 - stock control – holding adequate stocks of raw materials ensures no delays in production – adequate stocks ensures sales are not lost – stock control minimises stock levels carried and reduces stock carrying costs – lower stock levels mean capital is not tied up – controls minimise stock losses due to out of date, obsolescence or pilferage

Solutions for Additional Applied Business Questions 2019

Emerald Studios Ltd

- (a) Using appropriate headings identify the management skills and activities employed at Emerald Studios Ltd. Refer to the text in your answer.**

Management Skills

Leadership – with one or two of the management staff in charge of seeing that the project is completed on time

Motivation – a system of staff bonuses is in place to ensure the successful delivery of each project

Communicating – workers are given regular feedback on their performance – regular meetings take place between management and the unions.

Management Activities

Organising – overall the business has four departments, namely production, marketing, finance and administration – each film is produced by a team of workers

Planning – each week there is a management meeting to examine what needs to be done in the coming week and in the medium and long-term

Controlling – weekly quality checks are made on the output of each team

- (b) Discuss how entrepreneurial skills among staff can improve the future success of the firm.**

Improved motivation – new product ideas – cost savings – new processes – new materials – product improvements – environmental improvements – improved productivity

- (c) Contrast the benefits of non-legislative approaches to industrial relations conflicts with legislative ones for a firm like Emerald Studios Ltd.**

Non legislative – faster – cheaper – less damaging to industrial relations climate – can produce more lasting agreements – they build partnerships between workers and employers

Legislative – often provide the assistance of an expert third party – a formal process that must be followed – protects the rights of offended parties, e.g. Rights Commissioner – they produce a result/decision even if there is no agreement

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West Coast Fruit Juices

(a) Identify the stakeholders in West Coast Fruit Juices and explain how the firm can develop a cooperative relationship with each of them.

- employees – meetings, consultation, negotiation, motivation – *he hopes that the new manager will apply his knowledge of motivational theory to ensure the staff are happy and productive*
- government – meet the conditions attached to the government grant – collect, record and pay all taxes to the government on time – implement all laws affecting the operation of the business
- customers – know their requirements – consult with them regularly – offer good quality and price – respond to any complaints in a serious fashion
- investors – be open and transparent about operation of the firm – consult on major policy decisions – provide relevant information on time, e.g. accounts
- lenders – keep to all conditions of the loan agreement – inform the lender of any difficulties relating to the loan repayment as soon as they arise
- entrepreneur – working out a clear arrangement about the role of the entrepreneur and the role of the management to avoid duplication or conflict
- the local community – hold regular meetings – provide information and consult with the local community about issues that may concern them e.g. traffic

(b) Contrast the skills required of the new manager of the business with those of James as an entrepreneur.

- manager – planning, organising, leading, motivating, communicating, prioritising, delegating
- entrepreneur – identifying opportunities, innovation, risk assessment, communicating, decision making, human relations, timing

note – some skills are required by both but in varying degrees of importance

(c) Outline one motivational theory and how it could be used to ensure the continued commitment of the staff to the firm.

Maslow's Hierarchy of Needs

- five levels of needs – physiological, security, acceptance, esteem, and self-actualisation. Show diagram?
- manager should identify the relevant level of needs for each employee – then meet the employees' needs as way of motivating them e.g. physiological – increase pay etc. If physiological needs are not met, then meeting security needs will not motivate the employee. This approach may work for individuals or groups of workers

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Finnegan Filing Systems Ltd. (2)

(a) Identify the enterprising characteristics shown by Joe Finnegan in his business dealings.

- Realistic – Joe felt he lacked the ability...
- Confidence – he had the confidence and determination...
- Determination – ... and determination to overcome the rapid changes...
- Adaptable – invested in new automated CIM production systems
- Risk taker – this calculated risk paid off
- Hardworking – he would work hard at resolving it
- Decisive – he is accustomed to giving instructions

(b) List examples of conflict which arose in the company. Identify how the conflict was resolved or suggest a possible solution.

Conflict – with employees over work practices

Solution – negotiate a new agreement with the trade union

Conflict – members of the management team leaving as a result of his style of communication

Solution – a report from a communications consultant on how to improve communications in the firm.

Conflict – cancellation of the meeting of the board of directors

Solution – a secretary to the board of directors should be appointed to ensure that details of meetings are communicated weeks in advance

(c) Draft the report of the communications consultant to the board of directors. Make any relevant assumptions that you feel are necessary.

- The current approach to negotiating changes to avoid conflict should be continued
- Mr Finnegan should consult more and listen to others to avoid loss of good management staff
- Joe should adapt his management style to a more democratic one with more open communication
- The investment in new communications equipment should be made to give better communication and cost savings
- Formal channels of communications in the firm need to be improved and a set of guidelines to be given to all staff
- Specific procedures for organising and running of meetings need to be introduced
- An in-house training programme on communications to be carried out in the coming weeks

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Replast Ltd (2)

- (a) Contrast the roles of George Casey entrepreneur and Ciara Lucas, Chief Executive Officer, of Replast Ltd. Refer to the text in your answer.

Role of George Casey, entrepreneur

- New business ideas – does come up with new product ideas
- Innovation – networks with other innovators
- Research – travels to conferences, visits exhibitions
- Networking – networks with other innovators and entrepreneurs
- Raising finance – has always raised loan finance for expansion

Role of Ciara Lucas (CEO)

- Day-to-day management – routine management of the business
- Planning – planning the development of a new production line
- Meeting time deadlines – she had a deadline to meet
- Managing financial budgets – must work within a limited financial budget
- Project management – to ensure completion of the work

- (b) Describe the planning process that Ciara should follow for the production project and identify the benefits of this planning to the business.

An operational plan for short-term specific objective

- Evaluate the project, possibly using SWOT analysis
- Ensure sufficient finance is in place to fund the project
- Set clear objectives which are SMART – specific, measurable, agreed, realistic and timed
- Write tactical plans for the completion of each piece of work
- Anticipate problems that may arise and make contingency plans to deal with them
- Set out review points as the project is executed, so that the plan can be revised if necessary

Benefits of planning process

- Clear view of starting point
- Allows management to anticipate need for changes
- Identifies problems that must be overcome
- Identifies all the resources needed, whether human, physical or financial
- Everyone is clear about what needs to be done

- (c) Identify an industrial relations law (legislation) relevant to the company's problems. Outline the provisions of the legislation and explain how those provisions will affect the outcome of the problem.

Unfair Dismissals Act 1997–2007

- Applies to all employees working under a contract of employment and who have worked with the employer for at least one year
- The burden of proof is on the employer to prove the dismissal was fair
- Dismissal can be justified as fair on the following grounds... incompetence, inadequate qualifications, unacceptable behaviour, redundancy, incapability
- Claims can be made through a rights commissioner or direct to the Employment Appeals Tribunal
- A complaint can be made within a six month period from dismissal
- A successful complaint may give the employee redress of reinstatement, re-engagement or compensation

Effects of the legislation on the problem

- A detailed process must be followed to resolve the dispute
- Detailed records will be required to prove that the dismissal was fair
- The firm could negotiate a resolution with the employee without a legal process.
- Other employees may support the dismissed employee which may cause problems in relationships between employer and employees in future
- There may be a high level of cost incurred by both sides in pursuing a successful outcome

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Sandra and Brian Morgan (2)

(a) Outline the main elements of a legal contract. Explain how a contract can protect the interests of the business.

- **Offer and acceptance** – the details of the offer should be set down, preferably in writing and must be accepted in full by both parties.
Protection – there is clarity about what was agreed upon in the contract and there is a written record. This will avoid disputes at a later stage about what was intended.
- **Consideration** – something of value must be offered by each party as a basis for a legal contract.
Protection – the contract has legal standing.
- **Intention to contract** – this ensures that both parties intended to form a binding legal contract. Signed written agreements provide evidence of intention to contract.
Protection – this ensures that no party will try to disown the contract or set it aside.
- **Consent to contract** – this means that each party enters freely into the contract arrangement.
Protection – a freely signed agreement means that no party can try to escape the contract on the basis of lack of consent.
- **Capacity to contract** – both parties must be legally capable of entering into a contract. Someone who is drunk may not have the capacity to contract because they may not know what they are doing due to intoxication.
Protection – parties cannot set aside a contract on the basis of lack of capacity unless they can prove that that was the case.
- **Legality of purpose** – the content of a contract must be within the law, so an agreement to kill a person for money cannot be a legal contract.
Protection – the contract can be set aside on the basis that it was not within the law.

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

- competing demands on an entrepreneur's time – need to be hard working and determined
- regulations and controls under the law, eg. *stopped due to problems with hygiene regulations* – need to plan and research laws to avoid difficulties – need to be resilient and overcome difficulties
- failure to raise necessary finance – need to prepare a detailed business plan to show the bank – need communication skills to convince bank to lend money.
- slow payment of credit accounts – need to control credit by checking credit worthiness of customers and actively pursuing payment

- unprofitable prices due to customer purchasing power – *pressure to reduce prices* – need ability to negotiate better prices – need to find alternative customers
- competition from other firms offering similar products – need to control costs to keep prices down – need to develop better products with unique selling points.
- loss of production due to industrial disputes – need open communications with staff to ensure good relationships and avoid strikes

(c) Analyse how good planning would contribute to the future success of Sandra's business.

- a detailed business plan would assist her in seeking capital and loan finance from investors and banks
- the setting of short, medium and long-term objectives makes clear what the firm is trying to achieve
- clear plans allow all staff to focus their work on the same goals for the firm
- SWOT analysis ensures the firm takes into account its strengths and weaknesses and also the opportunities and threats facing them
- planning gives the firm a future focus and helps it to anticipate and deal with changes that are coming
- detailed plans allow the firm to put in place the human, physical and financial resources needed for its future activities

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Soft Designs Limited (2)

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

- **Assessing risks** – willing to take risks'
- **Identifying opportunities** – 'his soft furnishings business has grown very rapidly
- **Innovation** – ...specially designed curtains
- **Planning** – he plans to combine the production operations
- **Inner control** – a disagreement with a key investor...
- **Decision making** – decided to delay the launch...
- **Timing** – a competitor beat him to the market

Characteristics

- Independent, ambitious, hard-working, creative, risk taker, decisive, resilient, motivated.

(b) Contrast the likely benefits to Soft Design Ltd of any two organisation structures that are suited to the business. Refer to the text in your answer.

Geographic structure – '...in four distinct markets: Dublin, London, Paris, and New York'

Benefits

- Can target customer needs
- Can locate close to the customer
- Can respond to local changes
- Can develop language skills

Functional structure – Production – 'taken over a sofa manufacturer'

Marketing – 'a new marketing manager...'

Benefits

- Develop skills and expertise
- Focus on departmental goals
- Communication is easier
- Facilitates wider span of control
- Promotional opportunities for staff are clearer

Matrix structure – 'He can see a need for staff to work in teams on new design projects'

Benefits

- A range of skills can be brought together
- A creatively focussed environment
- Operate on a temporary or part-time basis for projects
- High level of learning
- Develops multiple skills

- (C) Identify conflicts or potential conflicts between stakeholders in Soft Design Ltd. In each case suggest a strategy that Mark can use to resolve or minimise the conflict.

Conflict – disagreement with investors over provision of finance

Strategy – enter discussions and negotiations with potential investors to maximise the possibility of receiving the finance required on favourable terms

Conflict – There is a risk of conflict with employees over payment levels in periods of high growth and expansion

Strategy – Negotiate remuneration packages for employees in advance and ensure that employees share in the financial success of the business

Conflict – Mark may have conflict with suppliers over quality or price of the products he purchases as he tries to compete in the marketplace

Strategy – Build strong relationships with key suppliers and ensure that they can benefit financially from supplying the business. Mark should make sure to have at least two suppliers for each material he purchases.

Conflict – customers may complain about products at times or may put on pressure for lower prices or may threaten to move to other suppliers.

Strategy – get to know the customer and their needs, work with them to build a good relationship and be ready to respond to the demands of the customer.