

Name: _____ Teacher: _____

BUSINESS MANAGEMENT UNIT 3 AND 4

Written practice examination 2024

Total number of marks: 75 marks

Reading time: 15 minutes

Writing time: 2 hours

QUESTION & ANSWER BOOK

Structure of book

<i>Number of questions</i>	<i>Number of questions to be answered</i>	<i>Number of marks</i>
6	6	50
6	6	25

- Students are permitted to bring into the examination room: pens, pencils, highlighters, erasers, sharpeners, rulers and one scientific calculator.
- Students are NOT permitted to bring into the examination room: blank sheets of paper and/or white-out liquid/tape.

Materials supplied

- Question book
- Answer book

Instructions

- Write your name in the space provided on the front cover of the answer book.
- Answer all questions in the answer book.
- All written responses must be in English.

Students are NOT permitted to bring mobile phones and/or any other unauthorised electronic devices into the examination room.

SECTION A (50 marks)

Question 1 (2 marks)

Describe **one** management skill and provide an example of a business situation in which the skill might be used.

Question 2 (10 marks)

Better Knots is a rope supply business owned equally by four friends that met eight years ago in high school. It has a stock turnover of \$1.1 million per year and makes an average profit of \$400,000 per annum. The business donates 3% of all sales revenue to local sporting clubs.

a. Describe the type of business structure used at Better Knots.

2 marks

- b. Other than making a profit, describe **one** appropriate business objective for Better Knots and explain how that business objective might be measured against a key performance indicator.

4 marks

c. Compare **two** management styles that are appropriate at Better Knots.

4 marks

Question 3 (10 marks)

In recent years, the building industry in Victoria has seen a steady and significant increase in the cost of raw materials used to build houses. In some cases, there have been long delays in having raw materials delivered to a building site, either at the start of the build or during construction. In most cases, the raw materials are delivered in stages. There is a contingency of at least 10% extra raw material supplied in case errors are made during building. Often this results in high levels of wasted product that goes into rubbish when the additional raw materials are not used. In addition, the quality of the build is only checked at three points so, if there is faulty work, it may be some time before errors are discovered.

A basic house build consists of the following steps:

1. Source raw materials for house frame, roof and external walls.
2. Build the frame & roof.
3. Quality check steps 2 & 3, rectify errors, and dispose of materials not used.
4. Build the external walls.
5. Source raw materials for internal walls, plumbing and electrical work.
6. Build the plumbing & electrical wires.
7. Quality check steps 5 – 7, rectify errors and dispose of raw materials not used.
8. Build the internal walls.
9. Source kitchen and bathroom raw materials.
10. Build the kitchen and bathroom.
11. Quality check steps 9 – 11, rectify errors, dispose of raw materials not used, and hand over to homeowner when final approval is given for the finished build.

To minimise the impact of the rising costs and the long delays in sourcing raw materials, there have been calls amongst industry leaders to reform building practices. Proposed measures include reducing raw material waste to free up supply for others, employing better materials management strategies, and undertaking more frequent quality checks during a build. As well as this, some leading industry experts are encouraging building companies to use lean management practices wherever possible.

Propose and justify operations management strategies that will support the building industry in Victoria to become more efficient and effective in 2024.

10 marks

Question 4 (5 marks)

When managing terminations, such as the redundancy of an employee, management need to consider entitlement and transition issues.

a. Define redundancy.

1 mark

b. Explain the difference between entitlement and transition considerations and provide an example of each.

4 marks

Question 5 (10 marks)

Change is difficult, but to progress in our jobs we need to go through it.

- a. Without referring to Communication, outline the benefits of **one** low risk strategy to help employees overcome change.

2 marks

- b. Apply Lewin's Three Step Change Model to an organisation that you have studied this year.

6 marks

- c. Under what circumstances might the high-risk strategy of a threat to force someone to change, be effective?

2 marks

Question 6 (13 marks)

- a. Describe **two** motivation strategies and explain whether they impact short- or long-term employee motivation level in a typical business.

4 marks

SECTION B

Case Study (25 marks)

TT-Line Company Pty Ltd is a government business enterprise, wholly owned by the Tasmanian Government, that trades under the name “Spirit of Tasmania.” It currently operates a fleet of two ships – the *Spirit of Tasmania I* and the *Spirit of Tasmania II* – that ferry passengers, cars, and freight between Victoria and Tasmania on a daily basis. For decades, Spirit of Tasmania’s main route has been between Melbourne and Devonport.

However, in 2020, the management of Spirit of Tasmania was having issues with the price they needed to pay to access the Port of Melbourne. There were also long waiting queues of up to 2½ hours for passengers to board their vessels when other ships were also using the port. They decided to move their business to Geelong, where docking fees were cheaper and land was available to expand their operations.

As a result, Spirit of Tasmania constructed a new, purpose-built terminal in the Corio Quay precinct of Geelong Port, called Spirit of Tasmania Quay. It included a 600-space car park (an amenity not available at their old terminal at Station Pier in Melbourne) as well as freight and cargo holding facilities. It offered easier access for customers to board their ships, thereby eliminating the long queues seen at Station Pier. Rent of the new Spirit of Tasmania Quay was also cheaper than renting Station Pier, even though there were initial costs to set up the terminal and, in addition, some freight still needs to be sent on to Melbourne (at extra cost) after being offloaded at Geelong.

The business officially moved to Geelong on 23 October 2022 and their ships now sail from (and to) Spirit of Tasmania Quay each day.

Question 1 (4 marks)

Compare proactive and reactive approaches to change in the case of Spirit of Tasmania.

Question 6 (4 marks)

Explain **one** management strategy for each KPI you mentioned in the previous question, that can be used by the management at Spirit of Tasmania to monitor and respond to your suggested KPIs.

END OF SECTION B