

Write the two digit question number *inside* the boxes next to the first line of your answer

Answer

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1 1 To sell excess stock the sales & marketing manager could use extension strategies to try and sell the garden pots, they could do this by changing the packaging of the item, to make it more appealing to consumers. They could also reduce the price of the garden pots to make it more affordable to customers, they could also use a buy 1, get 1 free policy, so double the amount of pots will be sold each time & consumers will get more for their money. They could also use a marketing campaign, such as advertising the pots on a TV advertisement or on the internet & directly aim to advertise it towards a target audience, such as the elderly who have time for gardening. They could also give away the pots if the customers spend a certain amount in store. They could even change the appearance of the pots, to try and attract different customers.

11: 5

1 2 Holding stock is bad for the business, because it ties up money & does not allow the firm to spend more money on R&D or ~~more~~ developing the business, money is not liquid when it is tied up in stock, cash flow won't be positive if there is too much stock as, little is being sold to free up cash for other uses in the business. It also wastes space, because a stock room is needed and this reduces the amount of space the business has for other areas, if they had no stock room they could possibly expand the shop floor, so more products



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are on show for the consumer. Holding stock is also expensive, due to electricity bills for lighting of the stock room and maintaining out more space for stock, these reduces the amount of working capital the business has for marketing & R.D & production, so this could potentially hit the profits & put the firm into a negative cash flow even out of business.

2 1 Workforce planning is looking into the future ahead & assessing how the business will run and who needs to be doing what in the organisation. It looks at how many employees need to be employed, when they need to be employed & work, what kind of employees they need to make the firm successful & how they will go about employing managing the workers, to make the business efficient, productive & quality work done.

2 2 Workforce planning is important to pepsi co because they employ many employees across different locations which means they have many employees to manage & make sure they are working to a good standard. As pepsi co have many brands to think about, they need to think about what each brand requires as they are all different, so a level of organisation needs to be integrated into the business so that all areas of the company

12: 6



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Work with high levels of efficiency & communication is key as there are so many employees, their needs, need to be taken into account so that they have high levels of motivation, so this increases productivity & reduces absenteeism & staff turnover. As they have a wide range of products it is important that each product/brand is looked after by the workforce, so a skilled & reliable workforce is needed to increase the sales of each branded product and make sure it is successful and continuously improving. PepsiCo should also make sure they have control & communication over all employees so that efficiency levels remain high.

21: 2

22: 3

2 3

The Boston matrix will be useful to a large business such as PepsiCo as they can assess where each product is at in the product life cycle and if it is in decline they need to think whether to leave it or think of retention strategies. A product line Walkers is probably in the maturing stage so they can work out whether they want to invest more money in the product to develop it and make it appealing to consumers, it also probably helped them to decide to remove certain flavours from the Walkers brand as they could see these weren't successful. They can also manage their star products by



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Reinvesting and further developing the product so they keep in the limelight of consumers wants. They can see how many cash cows they have as products with a high market share provide pepsi-co with a reliable profitable product which will bring a positive cash flow into the business, they don't need to spend lots of money to develop this product as it is already at a high market share. However they could use TV advertisements to try to increase market growth & make customers want that product again. They can deal with problem children by deciding whether to remove them, or invest in a marketing campaign or add a USP to increase market share. They can assess if they have any dogs & whether they should get rid of them, or if they are slightly profitable or they don't need cash spent on improving product. However the Boston Matrix is not accurate & does not say for sure how successful a product is, it is just a generalisation & takes time to put each product into the grid, which would take a long time for pepsi-co. It also doesn't say whether products will be successful in the future & doesn't indicate what consumers want, it is based upon guessing where each product is at in the product life cycle, so it could be inaccurate.

In conclusion it is clear that the Boston matrix could be useful to pepsi-co, as it helps the firm determine where the strong & weak products are & if any development is needed, however, they should not spend



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Too much time organising products as it is based upon guessing & could be time wasting & inaccurate.

3 1

$$\text{Gross Profit} = \text{Sales turnover} - \text{Cost of sales}$$
$$1,106,540 - 449,500$$

$$= \boxed{657,040} = \text{Gross Profit}$$

$$\text{Marketing} = 7.5\% \text{ of } 3000 = 2250$$

$$3000 + 2250 = \boxed{5250}$$

$$\text{Marketing} = \boxed{5250}$$

$$\text{Total expenses} = \cancel{509000} + 16000 + 5250 + 1010 + 2200 + 10,000 + 4150 + 1700 + 3500 + 2900 = \boxed{555710}$$

$$\text{Net Profit} = \text{Gross Profit} - \text{Total Expenses} =$$
$$657,040 - 555,710$$

$$= \boxed{\text{Net Profit} = 101,330}$$

23: 5

31: 4

3 2

Cost of sales is how much expense it costs to make all of the sales it does, this includes the cost of tax and variable costs. It is found above gross profit on the profit & loss account. It will always be a positive number as it is something the business pays for. This number needs to be low for the firm though in order to get more gross profit.

Net profit is Gross Profit minus total expenses, it is the overall profit the firm makes after



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Total expenses have been accounted for. It is found at the bottom of the profit & loss account & should be a positive figure in order for the business to make a profit, if it is a negative figure it is a loss.

3 3

Bank managers might be interested in the profit & loss accounts of 'miles quitars', if they want to expand and need a loan, then the bank will look at the profit & loss accounts to see whether they are making a good enough profit to repay back a loan & if they are making a loss, will they be trust worthy to pay back a loan, this helps the bank to decide on repayment terms & how much of a loan should be lent. potential apprentices might be interested to see whether his firm is profitable & if they get a job there, will they be payed a good amount, if the firm is making a good profit. if they are making a loss the potential apprentices are likely to go and work for someone else, as they are not guaranteed good wages.

3 4

added value is the cost of purchasing raw materials & the difference between that and the selling price of the finished product. Added value can be achieved by using the raw materials and developing it into a product which appeals for customers, this could be packaging or a USP.

32: 1
33: 6
34: 2



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3 5

$$\begin{array}{r} \text{Added value} = \text{wood} + \text{strings} + \text{other materials} + \\ \text{case.} - a \qquad \qquad \qquad 20 \qquad \qquad 4 \qquad \qquad 10 \\ \text{selling price} - \text{raw materials} = \textcircled{87} \\ 130 \qquad \qquad - \qquad 43 \\ \hline \text{added value is } \underline{87} \end{array}$$

3 6

above the line promotion is the use of mass media to promote a product such as adverts in 2 of the world's leading music magazines, it is not as direct & personal as below the line & usually costs a lot of money.

Below the line promotion is more personally directed & is the use of contacting directly all existing customers on his data base & displaying ukuleles on their stalls at music trade exhibitions, it is cheaper & targeted more directly to target audience.

35: 2
36: 4

3 7

A team bonus scheme for the employees will help to motivate them to do a better job by extrinsic rewarding, it will encourage them to use their own & they will work at high levels of productivity and increased levels of efficiency which will help the firm reduce costs. it will also mean low absenteeism & low staff turnover which will really help the firm in the long run to become efficient. it will also ~~increase communication~~ increase communication between employees & their social & safety needs will be met and so this again improves productivity.

However if the team starts to rely on the



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Bonus this could lead to poor attitude & possibly demotivation if the bonus isn't given, which could lead to people leaving if they don't get their bonus ~~and~~ & then productivity will fall & absenteeism will increase, quality of product will be forgotten about and so the firm may lose customers.

In conclusion a team bonus scheme could be good occasionally to raise motivation & productivity, but employees should not rely on them & forget their love for the business as poor work could start & could lead to problems in the firm

3 8

A Democratic leadership style is always good as it allows for better communication within a firm & delegating or authorising can raise motivation and increase productivity which will help the firm run smoothly.

In a relatively slow moving business democratic is good as decisions do not need to be made fast & an element of discussion between employees can take place.

However in a fast moving business, decisions need to be made fast and decisive so a more authoritarian approach is appropriate as employees need to be told what to do in order to help the business run with efficiency, even though authoritarian style is dictatorship decisions are made & waste is reduced, however employees can become demotivated as they have no autonomy which can reduce efficiency

37: 5



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and productivity, but in a large business there is no time for democratic leadership as there are too many employees to delegate authoring too. However a small business is more likely to benefit from democratic leadership as they can communicate with a small number of people & communication is not lost through a wide span of control. Perhaps paternalistic is more appropriate for most businesses as it is the middle man, decisions are made in the best interest of the employees & there is still an element of discussion & communication between employees, this is a fair leadership style as there is still an element of control over employees, but they are working in favour of the employees & still allowing some authority to be delegated. If there is a sudden incident in a firm, like an exogenous shock, quick decisions need to be made, so democratic leadership would be no good, authoritarian leadership would bring about a quick decision & no hassle or miscommunication is made.

To conclude it is clear that for some small businesses democratic leadership is the best to improve productivity, but this is not the case for all businesses, large or rapid pace businesses need to have quick decisions made with control & order, so authoritarian or paternalistic is more appropriate.

