

1. a Wide spans of control means that there is a lot of control throughout the structure of the business. Below is a diagram which explains.

Suppliers

Business - Stakeholders

b Delayering is when a business tries to cut out as many layers as possible in the structure of the business. ~~As a result of this, decisions get around the business faster.~~

The advantages of delayering are that, firstly, employees get know about decisions quicker with less layers, they don't have to wait for it to filter down. Secondly, it means that employees don't feel useless as they are new because there wouldn't be lots of layers so they know that they're not too far away from the boss. With this in mind, employees can be more motivated and feel appreciated.

The disadvantages of delayering are that, firstly, employees may be too relaxed and not work hard enough as there is no strict structure.

to the business. Secondly, they could lose respect for the people superior to them as they are not far from that position.

In conclusion, there are a number of advantages and disadvantages to delayering in a business. Employees could feel motivated, also they could see the boss regularly. However, employees could be too relaxed as there isn't a strict structure.

2 a) Capital expenditure is when you take some of capital you have (cash), and invest back into the business. This usually happens when a business expands.

ii) Drawings is how much the owner withdraws from the business to give them themselves a salary.

b) Debtors are people who owe the business cash. An example of this is could be if the business gave customers trade credit.

ii) Trade creditors are people who given the business trade credit. An example of this could be is if the suppliers gave the business trade credit for stock.

$$150,000 + 42,000 = 192,000$$
$$247,000 - 192,000 = 55,000$$

Tools + Machinery cost £55,000

ii) Working capital = total current assets = £57,370

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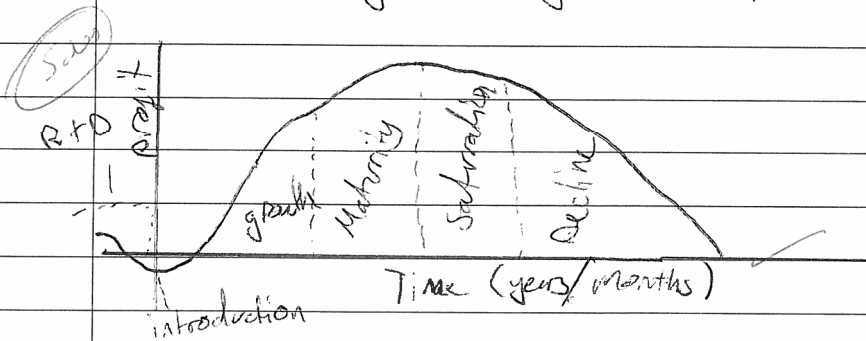
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d. Having enough working capital or net current assets is crucial for any business, especially Farrell's vegetables. This is because if there isn't enough, the business can't operate, it won't have enough to spend pay off liabilities and this will cause cashflow problems. It is a snowball effect and can put businesses into administration.

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a. The Product Lifecycle is used to measure the stages of which a product is at. It is an extremely useful tool for a business when managing its product portfolio. Below is a diagram of the product lifecycle.



Before the product is even introduced, it goes through the research and development it needs. This is when market research is carried out and tweaks are made to the final product. A business will usually make a loss at this stage. This is because they are spending a lot of money on R+D.

At the introduction stage, the product is just being introduced. A business will still be making a loss because it is now spending a lot of money on marketing (mainly promotions and advertising).

At the growth stage, the product is finally taking off, sales are increasing. However, the business is still spending a lot of money on marketing. But it does start to make a profit.

At the maturity stage, sales reach its peak. Not a lot of money is being spent on the product and it is very profitable.

At the saturation stage, sales are going into a decline, maybe fashions are changing. The business doesn't spend money on it but it is still profitable.

At the decline stage, sales are falling fast and the product starts to make the business lose money. The business can do two things, either put an resurrection strategy on or sell the product.

b It is important to the Mars Corporation to have cash cows, such as the Mars bar, in its product portfolio for a number of reasons. Firstly, with cash cows bringing in a lot of money, it gives the Mars Corporation flexibility to invest that money back into other products in its portfolio. For example, it could invest it into a star which would allow for extra promotion which will increase sales.

Secondly, if other products fail, it gives the Mars Corporation something to fall back on. It is something that they can always rely on.

c	<p>Mars uses Branding as part of its marketing strategy for a number of reasons. Firstly, with such success from its products like the Mars Bar, consumers will know it's a quality product if it has Mars branding. Secondly, Mars has earned customer loyalty. This will mean that consumers will buy it if they are loyal to Mars.</p>
d.	<p>Labour Productivity is how much a person produces. It can be measured with a formula:</p> $\frac{\text{total unit output}}{\text{total employees}}$ <p>for example, if in a Mars factory, there were 100 employees and they produced 1000,000 Mars bars, the labour productivity is $\frac{1,000,000}{100} = 10,000$</p> <p>This means each person produced 10,000 units</p>
e.	<p>Possible methods that businesses such as Mars might use to improve their productivity are:</p> <p>Invest in better Machinery. If businesses can invest in machinery that is quicker and easier to use then employees can make more units and therefore be more productive.</p> <p>Another way is to train employees better. If businesses can give better training to their employees then they will know how to do things quicker and to a higher standard which will increase productivity.</p> <p>Finally, businesses should motivate employees. This</p>

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23 will make them work harder and increase productivity

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- f. Internal recruitment is where someone who works for a company already, gets a different job within the same company.
External recruitment is when someone gets a job in a company that they don't already work for.

Internal recruitment for a business such as the Mars Corporation can always be preferable for a number of reasons.

Firstly, the candidates for the job already know about the business and how it works. This means that they do not have to learn about the business like external candidates.

Secondly, internal candidates have been trained and are probably good at what they do. This means that they will need a lot less training for a new job within the company. This will save a lot of time and money.

Thirdly, the business knows an internal candidate very well. They also know what they are capable of. This means that they can go to their best use straight away, unlike external candidates.

However, internal recruitment is not always the best. Sometimes it is good to recruit externally for a number of reasons.

Firstly external candidates can offer a different view on things & view from an outsider. Sometimes internal people can miss things out whereas a new person might pick up on those faults.

Secondly, people will always leave a business and you need people to replace them which is why you need recruit externally.

In conclusion, it is usually preferable to recruit internally rather than externally as it is cheaper, quicker and you know the candidate. However, it is also good to recruit externally as they can offer new views on the business and people need replacing.

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