

X234/11/11

NATIONAL
QUALIFICATIONS
2015

MONDAY, 11 MAY
1.00 PM – 2.45 PM

BUSINESS
MANAGEMENT
INTERMEDIATE 2

Candidates should attempt **all** questions in Section One and **two** questions from Section Two.

Read all the questions carefully.

75 marks are allocated to this paper.

25 marks for Section **One** and 50 marks for Section **Two**.

Answers are to be written in the answer book provided.

Section **One** is on pages two, three and four.

Section **Two** is on pages five, six and seven.



SECTION ONE

This section should take you approximately 45 minutes.

Read through the following information, then answer the questions which follow on *Page four*.

Stagecoach

Background

Stagecoach was set up in Perth, Scotland in 1980. From its small start with just 2 buses, Stagecoach now has a fleet of 10,000 buses and coaches. Stagecoach expanded into many major towns and cities across the UK and the world. This growth was aided by Stagecoach becoming a PLC in 1993.



As well as buses and coaches, Stagecoach has also been a leading player in other public transport services. These have included a 3-year period as owner of Glasgow Prestwick Airport. Other services, which it is still currently involved in, are trains and trams. This includes a 49% share in Virgin Rail Group whereby they work in partnership to operate train lines across the UK.

Over the last 10 years Stagecoach has put a lot of their time, effort and money into expanding its budget travel scheme—megabus.com.

The Objective

Stagecoach is now a leading international company that operates some of the most recognised brands. It has the main objective of growth based on quality service and innovation.

In order to manage the organisation effectively, Stagecoach is split into 3 core divisions—UK Bus, UK Rail and North America. To achieve its main objective of growth, Stagecoach uses a decentralised management structure with short chains of command.

A recent newspaper article indicated that there is a revival of public bus transport in the USA. This is due to rising fuel costs and more UK-owned discount operators in highly populated areas of the country. This makes taking the bus more cost-effective than driving. Also people's perception of bus travel has changed with the introduction of modern, air-conditioned coaches. Many have free Wi-Fi and charging points for mobile phones and laptops.

The Vision

As well as the objective of growth, Stagecoach has a main vision “to deliver greener, smarter travel” for its customers. This has been the focus for many developments within Stagecoach since it introduced an advertising campaign to get drivers out of their cars and into public transport in the year 2000.

Stagecoach has often led the field by testing and introducing different fuel types all based on saving energy and cutting emissions into the environment. As well as this, Stagecoach prides itself in keeping its fleet of buses and coaches up to date in order to comply with European Standards regarding emissions. This has involved a continual

programme of investment into new, greener buses.

As well as greener buses and coaches, Stagecoach has also looked to find ways of making other parts of its operation sustainable and invested heavily in renewable sources of electricity for its UK bases. All of this time and effort was rewarded in 2010 by the company gaining the prestigious Carbon Trust Standard. It was the first Scottish-based transport company to achieve this award.

Options for the Future . . .

In order to continue to grow and fulfill its vision, Stagecoach could:

- 1 invest in new buses and expand megabus.com in the UK and USA;
- 2 bid for more rail franchises as they come up for renewal to expand its rail operations;
- 3 look for new ways to reduce emissions and be greener.

Adapted from: www.stagecoach.com
www.bbc.co.uk/news—28 October 2012

[Turn over

SECTION ONE**QUESTIONS****Answer ALL the questions.**

1. Option 1 is for Stagecoach to invest in new buses.
Identify and describe **2** sources of finance that a company could use to achieve this objective. **4**

 2. Stagecoach prides itself on offering a quality service.
Describe **3** quality measures an organisation could use. **3**

 3. Stagecoach made the strategic decision to grow.
Distinguish between tactical and operational decisions. **2**

 4. Stagecoach has a decentralised decision making structure.
Describe advantages and disadvantages of decentralised decision making. **4**

 5. Stagecoach will carry out staff appraisal on a regular basis.
Outline **3** reasons for carrying out staff appraisal. **3**

 6. Stagecoach will carry out market research in order to find out what its customers want.
 - (a) Explain the benefits to an organisation of market research. **3**

 - (b) Identify **3** different types of ICT that could be used by a Marketing department. **3**

 - (c) Describe ways that the Marketing department could use each type of ICT identified in 6(b) above. (A different use must be given for each type.) **3**
- (25)**

[END OF SECTION ONE]

SECTION TWO**This section should take you approximately 1 hour.****Answer TWO questions**

- | | | |
|------------|--|-------------|
| 1. (a) (i) | Describe 4 ways an organisation can sell products directly to a consumer. | 4 |
| (ii) | Identify 2 other channels of distribution an organisation may use. | 2 |
| (b) | Outline the stages of a decision making model. | 5 |
| (c) (i) | Distinguish between batch and flow production. | 2 |
| (ii) | Describe advantages and disadvantages of using job production. | 4 |
| (d) | Explain the costs and benefits of training an employee. | 4 |
| (e) | Identify 4 ways an organisation could improve cash flow. | 4 |
| | | (25) |
| 2. (a) | Identify and describe 3 types of information. | 6 |
| (b) (i) | Describe 3 accounting ratios. | 3 |
| (ii) | Outline 3 limitations of ratio analysis. | 3 |
| (c) | Describe the features of a charity. | 3 |
| (d) | Identify and describe 3 stock levels that an organisation may set. | 6 |
| (e) | Explain the effects of external factors on an organisation. | 4 |
| | | (25) |

[Turn over

	<i>Marks</i>
3. (a) (i) Identify 4 stages of the product life cycle.	4
(ii) Outline ways an organisation could extend the life of a product.	4
(b) Describe the costs of using ICT.	4
(c) (i) Distinguish between the following types of integration:	
• Backwards Vertical and Forwards Vertical	
• Horizontal and Conglomerate.	2
(ii) Describe the benefits of growth to an organisation.	3
(d) Describe different reasons for each of the following using an organisation's financial information:	
• Government	
• Creditors	
• Managers	
• Financial Journalists.	4
(e) Describe the problems of overstocking to an organisation.	4
	(25)
4. (a) Identify 3 aims of a public sector organisation such as the NHS.	3
(b) Explain the influence that stakeholders may have on an organisation.	4
(c) Describe the advantages of downsizing to an organisation.	2
(d) (i) Identify 4 types of industrial action.	4
(ii) Describe the impact of industrial action on an organisation.	3
(e) (i) Describe 3 pricing methods an organisation may use.	3
(ii) Outline the factors that an organisation may consider when setting prices.	3
(f) Define the following financial terms:	
• Trading Account	
• Fixed Assets	
• Cash Budget.	3
	(25)

		<i>Marks</i>	
5.	(a)	(i) Describe 3 methods of selecting the right person for a job other than an interview.	3
		(ii) Describe one benefit of each of the methods described in 5(a)(i). (A different benefit must be given for each method.)	3
	(b)	Define the following terms:	
		<ul style="list-style-type: none"> • Informal Structure • Lateral Relationship • Span of Control. 	3
	(c)	Identify and describe 3 sectors of activity.	6
	(d)	Explain advantages and disadvantages of using primary information.	4
	(e)	Identify and describe 3 methods of promotion that an organisation could use to attract customers.	6
			(25)

[END OF SECTION TWO]

[END OF QUESTION PAPER]

ACKNOWLEDGEMENTS

Section One – Article is adapted from BBC News, 28 October 2012. Reproduced by kind permission of BBC News.

Section One – Logo and information are taken from **www.stagecoach.com**. Reproduced by kind permission of Stagecoach Scotland Ltd.