

## Level 3 Cambridge Technicals in Business 05837/05878

### Unit 15: Change management

## Sample Assessment Material

Time Allowed: 1 hour 30 minutes

**You must have:**

- the Resource Booklet

**You may use:**

- a calculator



First Name		Last Name	
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Centre Number						Candidate Number				
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Date of Birth									
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#### INSTRUCTIONS

- Use black ink.
- Complete the boxes above with your name, centre number and candidate number.
- Answer **all** the questions.
- Write your answer to each question in the space provided.
- If additional space is required, use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the bar codes.
- Candidates are recommended to spend 15 minutes reading through the resources booklet before attempting to answer the questions.

#### INFORMATION

- The total mark for this paper is **60**.
- The marks for each question are shown in brackets [ ].
- This document consists of **12** pages.

Answer **all** questions.

Use the information provided in the **Resource Booklet** to answer the following questions.

**1** Refer to **Resource 1**.

**(a)** Outline **one** internal driver of change and **one** external driver of change at *Thursby Toys Ltd*.

**Internal driver of change**

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**[3]**

**External driver of change**

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**[3]**









2 Refer to **Resource 2**.

(a) Identify and explain **three** impacts on *Thursby Toys Ltd's* customers of its change of location.

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[2]

2

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[2]

3

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[2]

(b) Analyse the qualitative and quantitative data shown in **Resource 2**. Advise *Thursby Toys Ltd* of the most important issues it needs to address, in order to keep the change management process on track. Justify your answer.

[16]

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Turn over









**PLEASE DO NOT WRITE ON THIS PAGE**

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# SPECIMEN

**Sample Assessment Material**

## **Level 3 Cambridge Technicals in Business**

**Unit 15: Change management**

**MARK SCHEME**

**Duration:** 1 hour 30 minutes

**MAXIMUM MARK    60**

**SPECIMEN**

**Version: 1    Date: 15/02/2016**

**This document consists of 11 pages**

Question		Answer	Marks	Guidance
1	(a)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• Internal driver of change <ul style="list-style-type: none"> <li>○ budgetary <b>(1)</b> e.g. cost reduction</li> <li>○ change in aims/objectives <b>(1)</b> e.g. new profit target, shareholder return on investment</li> <li>○ change in channel of distribution <b>(1)</b> e.g. out-of-town development/retail park</li> </ul> </li> <li>• External driver of change* <ul style="list-style-type: none"> <li>○ market changes <b>(1)</b> e.g. spending habits, trend towards out-of-town shopping</li> <li>○ change in the economy <b>(1)</b> e.g. recession</li> </ul> </li> </ul> <p><b>Exemplar response:</b></p> <p>One internal driver of change is budgetary <b>(1)</b>. Costs need to be reduced <b>(1)</b> in order for the business to make sufficient profit <b>(1)</b>.</p> <p>One external driver of change is that shopping at retail parks is becoming increasingly popular <b>(1)</b>. This is a change in market behaviour <b>(1)</b>. <i>Thursby Toys Ltd</i> needs to respond to such changes in consumer shopping habits if it is to survive in a competitive market <b>(1)</b>.</p>	3 marks x 2	<p>One mark for each correct identification up to a maximum of two identifications, plus up to two further marks for each of two developments.</p> <p><b>*This part of the question includes one embedded mark for applying knowledge from Unit 1 LO6 Understand the external influences and constraints on business and how businesses could respond.</b></p> <p>Driver <b>must</b> be from the case study.</p>
1	(b)	<p>Use levels of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>• lack of employee engagement e.g. ineffective communication, lack of employee buy-in,</li> </ul>	16	<p><b>Levels of response</b></p> <p><b>Level 4 (13 - 16 marks)</b> Candidate evaluates which barrier to change is likely to have the greatest impact on <i>Thursby Toys Ltd</i> if not managed successfully.</p>

Question	Answer	Marks	Guidance
	<ul style="list-style-type: none"> <li>• lack of agreement between shareholders/directors/managers and staff</li> <li>• economic implications e.g. cost of travel for employees</li> <li>• stakeholder fear e.g. employee concern over longer working hours, lack of job security, new systems and processes, additional workload,</li> <li>• existing power structures e.g. personal objectives of major shareholders, balance of power</li> <li>• resistance from work groups e.g. trade unions</li> <li>• experience of previous change initiatives e.g. installation of electronic tills</li> <li>• manager/employee inertia e.g. resistance to change, doing alright as we are, perception that directors are only interested in profit and returns</li> <li>• poor leadership e.g. lack of clarity, process rushed or poorly planned</li> </ul> <p><b>Exemplar response:</b></p> <p>Some of the sales staff may not want to have to travel to the out-of-town location to work <b>(L1)</b> and may quit their jobs due to the extra travel time <b>(L2)</b>, increasing labour turnover <b>(L3)</b>. Others may be willing to travel but be fearful of the change <b>(L1)</b>. This may lead to more job related stress <b>(L2)</b> and higher levels of absenteeism, at least in the short term <b>(L3)</b>.</p> <p>Poor leadership <b>(L1)</b> is also likely to be a barrier to change. As far as is possible the 25 sales staff all need to be informed at the same time to avoid the spread of rumours <b>(L2)</b>. Without this the sales staff could feel</p>		<p><b>Level 3 (9 - 12 marks)</b> Candidate analyses barrier(s) to change likely to impact on <i>Thursby Toys Ltd</i> if not managed successfully.</p> <p><b>Level 2 (5 – 8 marks)</b> Candidate explains barrier(s) to change likely to impact on <i>Thursby Toys Ltd</i> if not managed successfully.</p> <p><b>Level 1 (1 – 4 marks)</b> Candidate identifies barrier(s) to change likely to impact on a business.</p>

Question	Answer	Marks	Guidance
	<p>alienated and withdraw their goodwill <b>(L3)</b>. Furthermore, if the relocation is rushed, like it was when the electronic tills were installed then not only sales staff but managers may be resistant to change <b>(L2)</b>. This would likely lead to motivation problems throughout the company, not just on the sales floor <b>(L3)</b>.</p> <p>Anxiety levels are likely to be high, especially amongst the sales staff. This barrier to change is likely to have the greatest impact on <i>Thursby Toys Ltd</i> if not managed correctly because the 25 sales employees are the staff whom customers come into contact with. If productivity and standards of service decline, company profits are likely to decline and major shareholders might be lost <b>(L4)</b>.</p>		
1	<p><b>(c)</b></p> <p>Use levels of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>• consult with key stakeholders e.g. shareholders, managers, employees, customers, suppliers, landlord of retail park</li> <li>• set clear aims and objectives for the change e.g. timing and stages, departmental targets</li> <li>• identify resource requirements e.g. IT, skills gaps</li> <li>• present plans to stakeholders e.g. two way communication</li> <li>• evaluate stakeholder feedback e.g. respond to fears and concerns</li> <li>• assign a project group</li> <li>• appoint project champions/change leaders e.g. among sales staff</li> <li>• pro-active versus reactive approach to change</li> </ul>	16	<p><b>Levels of response</b></p> <p><b>Level 4 (13 - 16 marks)</b> Candidate justifies an appropriate plan of action for <i>Thursby Toys Ltd</i> using appropriate change management theories.</p> <p><b>Level 3 (9 - 12 marks)</b> Candidate analyses an appropriate plan of action for <i>Thursby Toys Ltd</i>.</p> <p><b>Level 2 (5 – 8 marks)</b> Candidate produces an appropriate plan of action for <i>Thursby Toys Ltd</i>.</p> <p><b>Level 1 (1 – 4 marks)</b> Candidate identifies issues to be included in a change management plan of action for a business.</p> <p><b>This question includes one embedded mark for applying</b></p>

Question	Answer	Marks	Guidance
	<ul style="list-style-type: none"> <li>• communicate the plan, vision and urgency for change</li> <li>• engage in dialogue with stakeholders through discussions and formal meetings to ensure smooth delivery of change and gain stakeholder buy-in</li> <li>• effective leadership – ensure managers have the right skills and competencies to manage change</li> <li>• develop strategies to fill knowledge/skills gaps</li> <li>• monitor progress against the plan</li> <li>• sell the positive benefits of change e.g. to managers, to sales staff, to customers</li> <li>• manage employee expectations e.g. pay rise</li> <li>• invest in training initiatives e.g. sales staff</li> <li>• gain commitment from team members e.g. meeting attendees, managers, sales staff, marketing staff, human resource staff, business support services</li> <li>• manage resistance to change through initiatives and dialogue e.g. transitional travel allowance, working hours, flexibility</li> <li>• ensure departmental co-ordination e.g. a new marketing campaign requires co-ordination between marketing, finance and purchasing and the sales floor</li> <li>• show top down commitment to staff and customers, not just to profits and returns</li> <li>• mitigate negative publicity with proactive public relations</li> </ul>		<p><b>knowledge from Unit 1 LO5 Understand the relationship between businesses and stakeholders and one embedded mark for applying knowledge from Unit 1 LO7 Understand why businesses plan.</b></p>

Question	Answer	Marks	Guidance
	<p><b>Exemplar response:</b></p> <p><i>Thursby Toys Ltd</i> needs to communicate effectively with its key stakeholders, primarily its employees <b>(L1)</b>. The employees need to understand the need for and urgency of the change <b>(L2)</b> so that they work towards, rather than sabotage, the vision <b>(L3)</b>. The company needs to actively listen to the concerns of its employees <b>(L1)</b> in order to be able to respond to the feedback it receives <b>(L2)</b>. The better it can do this, the lower the level of resistance from employees is likely to be <b>(L3)</b>.</p> <p>In addition the directors need to set clear objectives with intermediate milestones <b>(L1)</b> so that progress can be evaluated against the plan <b>(L2)</b>. This will allow the company to take action quickly if progress falls behind schedule or goes off the plan <b>(L3)</b>. Finally it may be necessary to appoint change champions <b>(L1)</b> to help encourage teamwork across the sales team who may have more reason than other staff to resist the changes <b>(L2)</b>. This should ensure that all employees buy into the need for, and implementation of, the change <b>(L3)</b>.</p> <p>My action plan closely mirrors Kotter's change model. Kotter's model includes eight steps – increase the urgency, build the team, create a vision, communicate the vision, empower action, create short-term wins, keep up momentum and stick to the plan. This is deemed to be an effective way to manage change because it minimises the likelihood of resistance and, by identifying issues at an early stage, allows the process to get back on track more quickly <b>(L4)</b>.</p>		

Question		Answer	Marks	Guidance
2	(a)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• greater product range e.g. outdoor toys, ethically-sourced toys</li> <li>• more space</li> <li>• special promotions in local paper</li> <li>• can compare prices with local competitor e.g. discount store on retail park</li> <li>• poor customer service e.g. no customer service desk, incorrect information on phone</li> <li>• insufficient staff available to ask advice e.g. especially early morning, staff too busy</li> <li>• staffing issues e.g. staff how to find things or how to do things</li> <li>• no toilets or play area</li> <li>• potentially dangerous layout e.g. tents</li> <li>• untidy store e.g. fire engine</li> <li>• store looks dark and dirty</li> <li>• poor product information e.g. ethical toys, swing</li> <li>• slow response to customer complaints</li> <li>• convenience of location e.g. distance and travel</li> </ul> <p><b>Exemplar response:</b></p> <p>The customers may have to wait a long time for advice or to be served <b>(1)</b> because the store appears to be understaffed <b>(1)</b>.</p>	2 marks x 3	<p>One mark for each correct identification up to a maximum of three identifications, plus a further one mark for each of three explanations.</p> <p>Impacts can be positive or negative.</p> <p>Answer <b>must</b> relate to <i>Thursby Toys Ltd</i>.</p>
2	(b)	<p>Use levels of response criteria.</p> <p>Issues include:</p> <ul style="list-style-type: none"> <li>• sales below target</li> </ul>	16	<p><b>Levels of response</b></p> <p><b>Level 4 (13 - 16 marks)</b> Candidate evaluates issues that need to be addressed at</p>

Question	Answer	Marks	Guidance
	<ul style="list-style-type: none"> <li>• lower than expected average customer spend</li> <li>• low sales appears to be caused by lower customer spend rather than lack of customers</li> <li>• unachievable or unrealistic are the targets</li> <li>• gross profit margin on target</li> <li>• net profit margin extremely low</li> <li>• discrepancy between gross and net profit margin indicates that operating expenses are too high</li> <li>• return on capital employed only 50% of target</li> <li>• labour turnover of sales staff has significantly increased i.e. pre-change on average 4 staff leave, now 10 have left</li> <li>• absenteeism has doubled</li> <li>• punctuality levels have fallen</li> <li>• human resource indicators show motivation to be falling</li> <li>• effects of poor motivation e.g. poor customer service, less commitment, less goodwill</li> <li>• late shifts are causes workers problems e.g. transport, tiredness may be a reason for poor HR indicators</li> <li>• cost of travel appears to be affecting sales staff morale</li> <li>• staff appear to be insufficiently trained e.g. mixed messages from store manager and supervisors, new staff induction training, all staff product knowledge and location</li> <li>• poor internal communication e.g. between Sales Floor Manager and Supervisors</li> <li>• poor external communication e.g. message left</li> </ul>		<p><i>Thursby Toys Ltd.</i></p> <p><b>Level 3 (9 - 12 marks)</b> Candidate analyses issue(s) that need to be addressed at <i>Thursby Toys Ltd.</i></p> <p><b>Level 2 (5 – 8 marks)</b> Candidate explains issue(s) that need to be addressed at <i>Thursby Toys Ltd.</i></p> <p><b>Level 1 (1 – 4 marks)</b> Candidate identifies issue(s) that need to be addressed at <i>Thursby Toys Ltd.</i></p> <p><b>This question includes one embedded mark for applying knowledge from Unit 1 LO4 Be able to use financial information to check the health of businesses and two embedded marks for applying knowledge of Unit 1 LO8 Be able to assess the performance of businesses to inform future business activities.</b></p>

Question	Answer	Marks	Guidance
	<p>on Monday, no one has rung back</p> <ul style="list-style-type: none"> <li>• poor layout and store design i.e. insufficient skills of Sales Floor Manager or disobedient staff</li> <li>• problems with new uniforms e.g. too warm for staff, take a lot of ironing therefore less likely to present a smart corporate image</li> <li>• staffing issues e.g. short staffed – selection and recruitment, staff too busy to help customers</li> <li>• incorrect pricing e.g. mislabelling of dolls house price</li> <li>• cross –functional organisation e.g. customer service co-ordinated by marketing rather than by operations management i.e. Marketing Manager rather than Sales Floor Manager</li> <li>• pricing strategy – more expensive than local competitor</li> <li>• health and safety issues e.g. hazards and trip factors – fire engine, play tents</li> <li>• poor customer service e.g. incorrect information given regarding stock availability, no customer service desk</li> <li>• no customer retention schemes e.g. loyalty card</li> <li>• disillusioned and dissatisfied customers</li> </ul> <p>Consequences of not addressing communication, organisation, training, staffing, motivation, marketing, financial and resource issues include:</p> <ul style="list-style-type: none"> <li>• not meeting corporate objectives</li> <li>• inability to increase sales</li> <li>• lack of competitive advantage</li> <li>• reduction in customer loyalty</li> </ul>		

Question	Answer	Marks	Guidance
	<ul style="list-style-type: none"> <li>• de-motivated and inefficient workforce</li> <li>• loss of good reputation</li> <li>• poorer corporate image</li> <li>• further recruitment and retention issues</li> <li>• further staff motivation issues</li> <li>• loss of shareholders</li> <li>• closure of business</li> </ul> <p><b>Exemplar response:</b></p> <p>The data shows that returns for shareholders are way below target <b>(L1)</b>. With such poor returns major shareholders might leave the company <b>(L2)</b>. This may jeopardise the company's future or at the very least have a significant influence on the strategic direction of the company in future years <b>(L3)</b>.</p> <p>Furthermore, whilst customers appear to be happy with the extended product range <b>(L1)</b> they appear to be less happy with the service provided by staff <b>(L1)</b>. The staff seem to be struggling to help customers find the toys they are looking for or to advise on age suitability or provide information on the provenance of the toys <b>(L2)</b>. This is not just a matter of being short staffed. The staff need to be trained so that they have better knowledge of the customer journey around the store and are able to impart key details about individual toys to potential customers.</p> <p>Whilst this training will cost additional time and money <b>(L3)</b> which in the short term will increase costs and decrease profitability <b>(L3)</b>, I believe it to be the most pressing issues for <i>Thursby Toys Ltd</i>. By improving the service the sales floor team offers, the average customer</p>		

Question	Answer	Marks	Guidance
	spend is likely to increase and so too are monthly sales. The additional revenue should more than compensate for the additional training costs, therefore increasing net profit and consequently shareholder return on investment <b>(L4)</b> .		