



CERTIFIED PUBLIC ACCOUNTANT ADVANCED LEVEL 1 EXAMINATIONS

A1.1: STRATEGY AND LEADERSHIP

DATE: MONDAY, 25 JULY 2022

MODEL ANSWERS AND MARKING GUIDE

SECTION A

QUESTION ONE: Rwemas Ltd

Marking Guide:

Qn	Description	Marks	Total Marks
a	<p>Rwema's factory strategic challenges:</p> <p>Challenges must be drawn from the case and explained analytically. The explanation must clearly identify the challenge and possibly their potential consequences</p> <p>Candidates may explain other points not indicated in the model answer or may explain points in a different manner.</p> <p>Alternative but correct points or explanations are acceptable in marking</p> <p>Poorly or unexplained points should earn 1 mark instead of 2</p>		
	Failure to use information in making decisions	2	
	Visible leadership deficits	2	
	Operations without a strategy and management plans	2	
	Resistance to change and refusal to adapt technology	2	
	Weak corporate governance practices	2	
	Poor stakeholder management	2	12
b	<p>Key strategic choices made by Semana:</p> <p>Choices must be drawn from the case and explained analytically. The explanation must clearly identify the strategic choice made and possibly its advantage</p> <p>Candidates may explain other points not indicated in the model answer or may explain points in a different manner.</p> <p>Alternative but correct points or explanations are acceptable in marking</p> <p>Poorly or unexplained points should earn 1 mark instead of 2</p>		
	Change in leadership	2	
	A shift from self to customer-centric services	2	
	Developing the company's business Strategy	2	
	Restored factory's reputation	2	
	Improved staff morale	2	
	Improved corporate governance practices	2	12
c	<p>Rwema's factory Resource Audit:</p> <p>The audit should include a short description of what resource audit is and a classification of different resources owned by Rwema's factory.</p> <p>Other examples not in the model answer but could potentially be in the case should be considered. Some</p>		

Qn	Description	Marks	Total Marks
	candidates may include organisational resources and they should be marked if correct		
	A short introduction/description of what the resource audit is and its purpose or how it works	2	
	Physical capital/resources (1 mark awarded for any 1 correctly identified example from the case study. Maximum of 2 examples are awarded marks = 2 Maximum marks awarded)	2	
	Financial capital/resource (1 mark awarded for any 1 correctly identified example from the case study. Maximum of 2 examples are awarded marks = 2 Maximum marks awarded)	2	
	Human capital/resources (1 mark awarded for any 1 correctly identified example from the case study. Maximum of 2 examples are awarded marks = 2 Maximum marks awarded)	2	
	Know-how capital/resources (1 mark awarded for any 1 correctly identified example from the case study. Maximum of 2 examples are awarded marks = 2 Maximum marks awarded)	2	
	Reputational capital/resource (1 mark awarded for any 1 correctly identified example from the case study. Maximum of 2 examples are awarded marks = 2 Maximum marks awarded)	2	
	A correct comment on the strength of resources	2	14
d	Applying the Hersey and Blanchard's Situational Model of Leadership: The answer should be discussed applying the Hersey and Blanchard's Situational Model of Leadership Each correctly discussed leadership style earns 2 marks. Consider possible explanations and assumptions not discussed in the model answer		
	A short and correct introduction to the Hersey and Blanchard's Situational Model of Leadership	2	
	The telling style (S1) (2 marks awarded in total. 1 mark is awarded on the correct description of this style of leadership and another 1 mark is awarded for a correct application to Semana's circumstances or case)	2	
	The selling style (S2) (2 marks awarded in total. 1 mark is awarded on the correct description of this style of leadership and another 1 mark is awarded for a correct application to Semana's circumstances or case)	2	

Qn	Description	Marks	Total Marks
	The participating style (S3) (2 marks awarded in total. 1 mark is awarded on the correct description of this style of leadership and another 1 mark is awarded for a correct application to Semana's circumstances or case)	2	
	The fourth style, the delegating style (S4) (2 marks awarded in total. 1 mark is awarded on the correct description of this style of leadership and another 1 mark is awarded for a correct application to Semana's circumstances or case)	2	
	A valid diagram/illustration of the Hersey and Blanchard's Situational Model of Leadership. No additional marks for a diagram with Rwema Ltd's data inside the diagram but no penalty as well	2	12
	Total Marks		<u>50</u>

Model Answers:

a) Examine strategic challenges the factory faced when it was under Rwema's leadership.

Rwema's factory faced several strategic challenges that are mostly linked to poor leadership and management. They are examined as follows:

Failure to use information in making decisions

One of the key strategic problems the factory faced under Rwema was failure to use data and information in making decisions, but overlying on instincts and feelings. Management is a systematic and fact-based science and art. From the story, it appears, Rwema lacked both leadership and managerial skills and mastery of key principles of making quality decisions. Following due process and principles is vital or else the decision maker is likely to make decisions with detrimental consequences to the factory and its surroundings.

Visible leadership deficits

Leadership is ability to set direction through actionable and measurable processes. From the analysis of the case, the factory under Rwema lacked clarity of the vision and mission. Employees did not have a strategic direction defined by a strategic plan; no mission statement and vision. Having such leadership instruments is not a luxury but critical elements that cause cohesive and unified team, organizational purpose and rationale for certain actions. Certain activities at functional and corporate levels are informed by the strategic intent declared by the leader and its absence may cause archaic and zigzagged organizational performances.

Operations without a strategy and management plans

Analysis of the story reveals that Rwema's operations were not based on a developed plan in form strategy and this culture cascaded down at managerial levels. Actions without a clear plan depict lack of leadership and managerial skills. Once it is not set as a plan, measuring performance is not systematic but based on feelings. Once it is not measurable, it is not manageable. Determination of what works and isn't working is not easy in such operating organizational environment. Strategy and plans wasteful investments.

Resistance to change and refusal to adapt technology

The factory under Rwema depicts an organization resisting change in technology. For instance, the story revealed, the shoe-soles had remained stiff yet a mere technological shift could have led to quality improvement and customer satisfaction. Refusal to embrace change and tap into opportunities therein depicts leadership deficiencies. Embracing changes in technology leads to organizational agility, realization of set objectives (effectiveness) and efficiencies (getting value for investments).

Weak corporate governance practices

It has been indicated in the case that the factory was Rwema runs the factory like his family. All decisions are either made by himself or his wife, Josianne Uwizeye. This is evidence of lack of proper corporate governance of the factory. The factory should be a registered company with a clear organisational structure clearly indicating lines of authority and powers. Rwema should not be vested with the power to make all decisions. In essence, Rwema's factory should be separate from his family. Fortunately, these weaknesses are being corrected under Semana's leadership.

Poor stakeholder management

The factory under Rwema was characterized by failure to manage factory's core stakeholders including the government (RDB and RRA), employees, suppliers, and customers. Infightings within the factory created tensions. Organizations with high incidents of infightings hardly perform. Failure to manage stakeholders could result in devastating consequences which could even affect a company's going concern or future.

b) Discuss key strategic choices made by Semana in his attempt to restore the factory's glory.

Semana, the new CEO and son of Rwema, has made key strategic choices in his attempt to restore the factory's glory. They are discussed below:

Change in leadership

Change of factory's leadership from Rwema to Semana as the new CEO ushered in freshness and a sense of relief – vertically and horizontally – within the factory. There is ample evidence showing how the factory is destined for greater performances to be occasioned by new leadership. While change of leadership came after a long exposure to multiple troubles caused by Rwema, it underpinned a strategic choice. Effective leadership equates to factory's great performances. Reactions from inside the factory (employees) and factory's stakeholders exemplify the above line of reasoning.

A shift from self to customer-centric services

The new CEO, Mr. Semana made quick and strategic changes within a short period. For instance, he departed from Rwema's self-centered style to customer-centered management style. He listened to customer challenges, specifically relating to what could be done to serve them better. He eventually transformed the shoes-soles from stiffness to softness, hence regaining customer trust and loyalty. Technological shifts and focus on customer evidenced a strategic choice with greater benefits to the factory.

Developing the company's business Strategy

The new CEO, Semana, according to the case study, has hired a consulting firm to develop the company's business strategy including the mission and vision statements. The decision to formulate the business strategy is an indicative strategic choice made by the new CEO compared to his predecessor's archaic and unplanned course of actions. When it gets in place, planning and performance will effectively be aligned.

Restored factory's reputation

The factory's reputation under Rwema was in tatters. Employees were not happy with how Rwema made decisions and his wife handled staff and how the factory related to other stakeholders such as suppliers. Semana seems to have restored these relationships. Staff were heard saying that they felt proud working for Rwemas Ltd, something never heard of before, which is an example of how the reputation is being gradually restored.

Improved staff morale

Staff are key resources or capital for any company. When they are poorly managed, it can have significant repercussions for the company in question. This appears to have been the case for Rwema's factory. However, it has been noted that staff now feel differently about the company. Staff were heard saying that they felt proud working for Rwemas Ltd, something never heard of before. This is likely to result in improved morale and hence performance.

Improved corporate governance practices

The establishment of a board as well as a new educated management are some of the new changes that were made. This shift could significantly improve the staff's accountability and performance avoiding costly mistakes while complying with laws and regulations.

c) Conduct a resource audit of Rwema's factory before Semana took over the factory's leadership and comment on the strength of the factory resources. Note: Tabulate your answer.

A resource audit is an attempt to assess the strength of the resources available to the organization. Resource audit is an internal strategic analysis technique used to understand the current state of an organisation's resources and competencies. It helps to identify what the organisation currently has that it can build on and what are the areas that it needs to improve upon. Broadly these resources are categorised into two groups - tangible or hard and intangible or soft. The tangible resources comprise physical, financial, and human capital, whereas the intangible competencies include the reputation and know-how.

Table 1.1 shows Rwema's factory resource audit:

Table 1.1: Rwema's factory Resource Audit

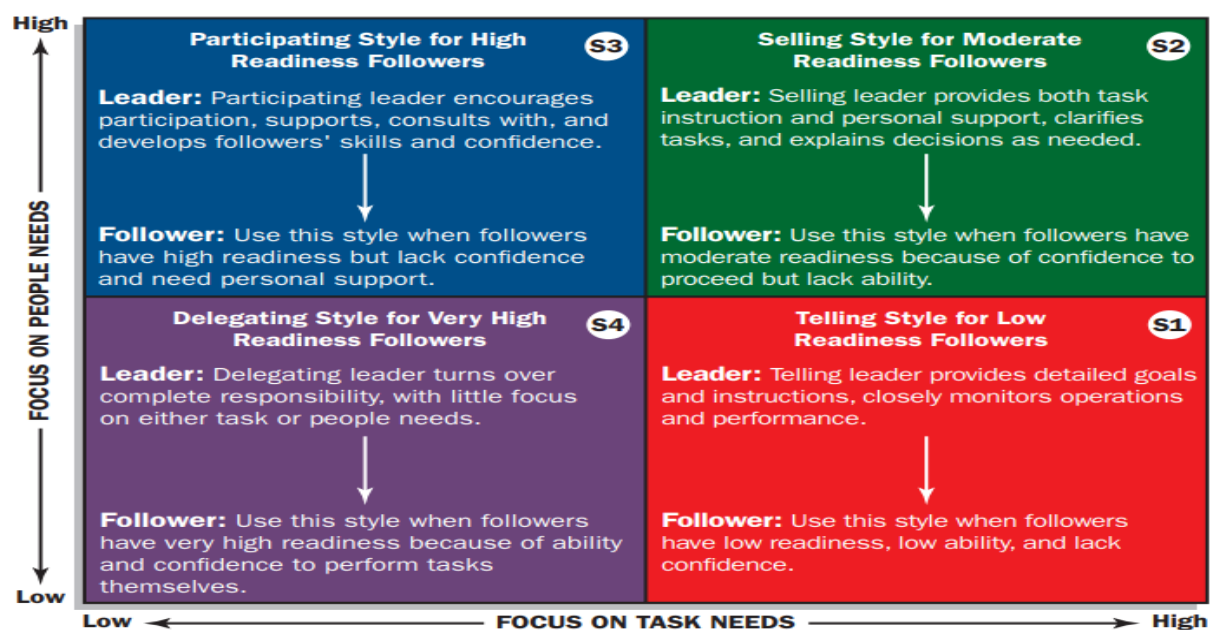
	Resource Type	Resource Heads
Tangible Resources	Physical capital	<ul style="list-style-type: none">• Factory machinery• Factory equipment• 10 acres of land on which the factory is built
	Financial capital	<ul style="list-style-type: none">• Accumulated huge cash reserves• Profitability in recent years had plummeted• The factory's capacity to borrow was questionable
	Human capital	<ul style="list-style-type: none">• Most staff had formal education in their respective roles• Most staff were experienced• Most staff had not received any training in recent years
Intangible Resources	Know-how	<ul style="list-style-type: none">• Rwema's high experience in shoe-making• Staff high experience
	Reputation	<ul style="list-style-type: none">• Poor reputation for different reasons including poor leadership and outdated shoes

Overall, Rwema's factory's resources appear to be generally weak with a few exceptions on staff experience and education.

d) Applying the Hersey and Blanchard's Situational Model of Leadership, **advise Semana on which appropriate leadership styles he should adopt at different stages of the company's transformation process based on staff's readiness.** *Note: You are encouraged to make reasonable assumptions about staff's readiness.*

The situational model of leadership, which originated with Hersey and Blanchard, is an interesting extension of the behavioural theories summarized in the leadership grid. This approach focuses a great deal of attention on the characteristics of followers in determining appropriate leadership behaviour. The point of the situational model is that subordinates vary in readiness, which is determined by the degree of willingness and ability that a subordinate demonstrates while performing a specific task. Willingness refers to a combination of confidence, commitment, and motivation, and a follower may be high or low on any of the three variables. Ability refers to the amount of knowledge, experience, and demonstrated skill that a subordinate brings to the task. Effective leaders adapt their style according to the readiness level of the people they are managing. People low in readiness—because of little ability or training or insecurity—need a different leadership style than those who are high in readiness and have good ability, skills, confidence, and willingness to work. Figure 1.1 below demonstrates various leadership styles under this leadership model.

Figure 1.1: Hersey and Blanchard's Situational Model of Leadership



According to the situational model, Semana can adopt one of four leadership styles, as shown in Figure 1.1.

The telling style (S1) is a highly dictating style and involves giving explicit directions about how tasks should be accomplished. The S1 telling style has the highest probability of successfully influencing low-readiness followers who are unable or unwilling—because of poor ability and skills, lack of experience, or insecurity—to take responsibility for their own task behaviour. This leadership would potentially be useful in early days of the transformation when staff are not yet as motivated and committed as they are now. Semana would be expected to be specific, telling people exactly what to do, how to do it, and when.

The selling style (S2) is one where the leader explains decisions and gives subordinates a chance to ask questions and gain clarity and understanding about work tasks. The S2 selling and S3 participating styles work for followers at moderate-to-high readiness levels. As shown in Figure 1.1, the S2 selling style will be effective only for a short period where staff would need initial help on understanding the company's strategy, mission, and vision, and new working processes and procedures. Because most staff are educated and experienced it would be helpful if Semana seeks input from staff and clarifying tasks rather than simply instructing that they be performed if he is to be successful at influencing his staff. As already suggested, this style would be effective for a shorter period and may prove to be ineffective since most staff are educated and experienced.

The participating style (S3) is one where the leader shares ideas with subordinates, gives them a chance to participate, and facilitates decision making. As suggested above, this style is similar to S2 but would possibly be more effective than the selling style (S2) because most staff in Rwema Ltd are educated and experienced. When followers/staff have the necessary skills and experience but are somewhat insecure in their abilities or lack high willingness, the S3 participating style enables the leader to guide followers' development and act as a resource for advice and assistance. This is exactly where Semana would come in but this would only work again in short-run.

The fourth style, the delegating style (S4), provides little direction and little support because the leader turns over responsibility for decisions and their implementation to subordinates. When followers demonstrate very high readiness (that is, they have high levels of education, experience, and readiness to accept responsibility for their own task behaviour), the S4 delegating style can effectively be used. This style would be most appropriate in the medium-to-long-term when staff have gained confidence, commitment, and over all readiness to work on their own towards the company's strategy. Because of the high readiness level of followers at this stage, Semana can delegate responsibility for decisions and their implementation to subordinates who have the skills, abilities, and positive attitudes to follow through. Semana would then provide a general goal and sufficient authority to do the task as followers see fit.

SECTION B

QUESTION TWO: Kamariza Company Limited (KCL)

Marking Guide:

Qn	Description	Marks	Total Marks
a	KCL's ethical issues: A good answer should have a short introduction of the business ethics followed by an appropriate discussion of ethical issues in the company extracted from the case study. Other ethical issues in the case but not in the model answer should be acceptable Poorly explained or unexplained answers are awarded 1 mark instead of 2 marks		
	A short introduction/description of what business ethics is and its aim/purpose	1	
	Employee exploitation	2	
	Environmental exploitation	2	
	Tax evasion	2	
	Abusive behaviour	2	
	Sexual harassment	2	11
	Bowman's Strategy Clock: A good answer should have a short introduction of the Strategy Clock followed by an appropriate discussion of which competitive strategy was applied by KCL (hybrid). A candidate should explain clearly their reasons for the identified competitive strategy Poorly explained or unexplained answers are awarded 1 mark instead of 2 marks where applicable		
	A short introduction/description of what the Strategy Clock is and its aim/purpose	1	
	Award 1 mark for a correctly identified competitive strategy (hybrid strategy). If a candidate did not say hybrid but said a combination of low price and differentiation, award a full mark too	1	
	Award 2 marks for the low-price justification or explanation	2	
	Award 2 marks for the differentiation justification or explanation	2	
	A valid diagram/illustration of the Strategy Clock. No additional marks for a diagram with KCL's data inside the diagram but no penalty as well	1	7

Qn	Description	Marks	Total Marks
c	Common reasons for Ms Ikibasumba Doriane's possible resistance to change: A good answer should have a short introduction of the organisational change and resistance to change followed by an appropriate discussion of common reasons for individual resistance to change. Other reasons not indicated in the model answer should be considered Points should be tailored to the case Poorly explained or unexplained answers should be awarded 1 mark instead of 2		
	Short introduction of the organisational change and resistance to change	1	
	Award 2 marks for any 3 valid reasons = maximum 6 marks	6	7
	Total Marks		25

Model Answers:

a) Explain ethical issues highlighted in the case study.

Ethics have been defined as the discipline dealing with what is good or bad, and with moral duty and obligation. An Ethic is a set of moral principles. And 'Business ethics involve corporate recognition of - and compliance with - a paradigm that provides common recognition of and the need to practice proper behaviour.' Where a company does not consider ethics to be part of its practices, it stands to pay a heavy price for consequences of inappropriate behaviour.

KCL appears to have neglected ethics. Below are some of the ethical issues reported in the company:

Employee exploitation

The factory has been notorious for employee exploitation, according to the case. Based on 'unfair treatment of employees' among other factors. The investigation report reveals that decision-making by Ms Doriane is not based on technical facts, but feelings; employees work based on threats rather than a defined plan; and no clear salary structure but undocumented rewards reducible or increasable as per Ms Doriane feelings. All these are inconsistent with business ethical behaviours.

Environmental exploitation

According to the case study, there is substantial evidence of the company's mismanagement of the environment, air pollution, and noisemaking by employees. Ethically mindful companies contribute to environmental management and sustainability rather than acting to the contrary.

Tax evasion

It has been suspected that the company evades taxes that should have been due to RRA. KCL's actions are adversely unethical and are potentially inconsistent with laws.

Abusive behaviour

Physical assault of staff are abuses of basic human rights. The report revealed that a Senior Security Guard was assaulted by Ms Doriane. Besides assaults, the victim was dismissed unlawfully. The act caused KCL to lose FRW20,000,000 in compensation and fines as ordered by the court. This another evidence of unethical behaviours by KCL.

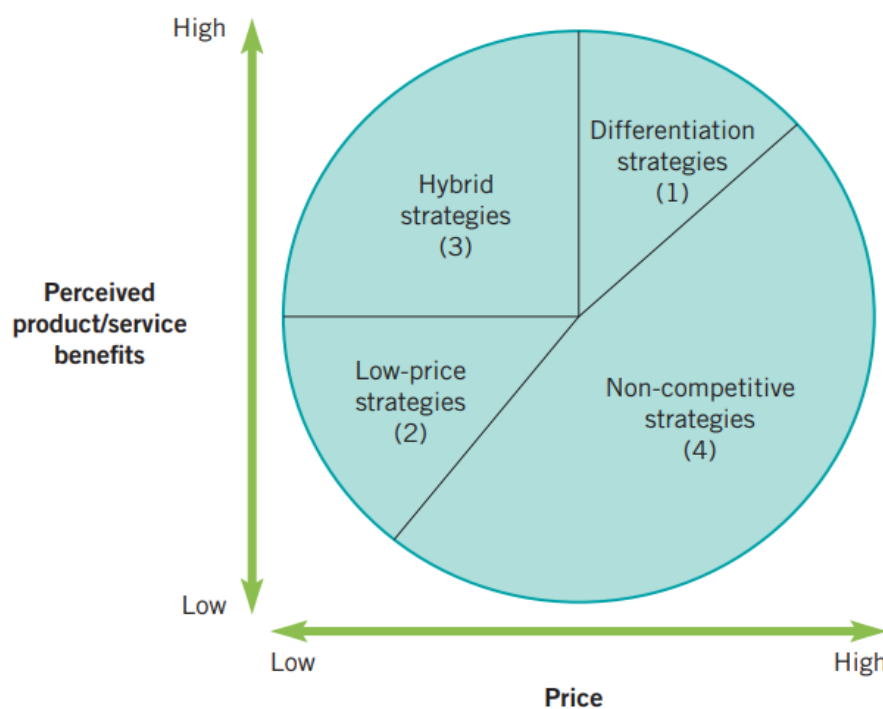
Sexual harassment

Predation and harassment based on sex is an unethical issue. The case study included allegations from Specioza Ntakundi relating to sexual harassment and she supported her claims with texts from her supervisor. Besides being illegal, such practices are unethical and they cause tensions and disharmony within a company.

b) Using the Bowman's Strategy Clock, **identify and analyse KCL's business competitive strategy.**

The Strategy Clock is a tool that allows for a dynamic approach for examining alternative generic strategies (see Figure 2.1) and gives more scope for hybrid strategies compared to Michael Porter's generic strategies. The Strategy Clock has two distinctive features. First, it is focused on prices to customers rather than costs to the organisation: because prices are more visible than costs, the Strategy Clock can be easier to use in comparing competitors. Second, the circular design of the clock allows for more continuous choices than a sharp contrast between cost leadership and differentiation: there is a full range of incremental adjustments that can be made between the 7 o'clock position at the bottom of the low-price strategy and the 2 o'clock position at the bottom of the differentiation strategy. Organisations may travel around the clock, as they explore different directions for development and adjust their pricing and benefits over time. The model is credited to Cliff Bowman.

Figure 2.1: Bowman's Strategy Clock



KCL's business competitive strategy is a hybrid strategy reflected in zone 3 of Figure 2.1 above. Hybrid strategies involve both lower prices than differentiation strategies, and higher benefits than low-price strategies. Hybrid strategies are often used to make aggressive bids for increased market share. Many of the features of the hybrid strategy are evident in KCL's case.

KCL has been mostly successful because it sells most of its products at competitive prices relative to other market players making its products affordable to many consumers. This is a low-price strategy. KCL has also applied a differentiation strategy reflected in producing products that offer multiple benefits such as samosas and cakes as well as offering premium cakes and samosas for premium prices for a set of premium customers.

These strategies have allowed KCL to amass market share which is a key reason for applying the hybrid strategy as explained earlier.

c) Discuss common reasons for Ms Ikibasumba Doriane's possible resistance to change.

Organizational change is defined as the adoption of a new idea or behaviour by an organization. Change is an inevitable and constant feature. It is an inescapable part of both social and organisational life, and we are all subject to continual change of one form or another. Organisations facing change will inevitably encounter a degree of resistance even with sufficient planning; however, some resistance to change is natural. Resistance to change can take the form of strikes, reductions in productivity or even sabotage. More covert examples of resistance to change include increased absenteeism, loss of employee motivation and a high rate of accidents and errors. Luckily, none of the above examples has been suggested in the case but it does not mean they can't happen.

There are two sources of resistance to change, (1) individual and (2) organisational. In this case, what is being examined was resistance to change as it specifically refers to Ms Ikibasumba Doriane. Some common reasons for individual resistance to change within organisations include the following:

Habit: As individuals become more familiar with the tasks assigned to them, they are able to cope with the work environment which in turn provides a degree of comfort. Changing this habit may result in resistance to change. This could be a reason for Ms Ikibasumba Doriane's resistance to change as she could be used to how things were done from her mother's era.

Selective Perception: Individuals only listen to things they agree with and deliberately ignore or forget other points. Individuals requested to make changes may not select those changes they are at odds with. Ms Ikibasumba Doriane could be listening to those appreciating her and not those criticising what is not going on well in KCL.

Economic Factors: While individuals are not solely motivated by money, economic factors will remain important, particularly where the change affects income. Ms Ikibasumba Doriane could be resistant to change because she thinks changing how things are done could be costly to her business and her income.

Security: There is a tendency for some people to find a sense of security in the past. In times of frustration or difficulty, or when faced with new or unfamiliar ideas or methods, people may

reflect on the past. There is a wish to retain old and comfortable ways. For example, in bureaucratic organisations officials often tend to place faith in well established ('tried and trusted') procedures and cling to these as giving a feeling of security. Similar to habit, Ms Ikibasumba Doriane's resistance to change could be a result of her sense of comfort in how things were done and passed on to her by her mother who left for Canada.

Social Factors: Individuals may resist change due to social factors and the fear of what others might think. The work group may exert peer pressure on the individual to resist change. Although this does not appear to be a possible reason for Ms Ikibasumba Doriane's resistance to change, it could be a reason for her fellow managers which could manifest in her.

Lack of Understanding: Individuals who do not understand the rationale for change will resist it. It is up to the organisation to make sure that individuals fully understand the change programme. Ms Ikibasumba Doriane could simply be unaware of the required changes or the rationale for those changes.

Inconvenience or loss of freedom: If the change is seen as likely to prove inconvenient, make life more difficult, reduce freedom of action or result in increased control, there will be resistance. It could be that Ms Ikibasumba Doriane sees change as a threat for her absolute power in KCL and therefore fights it.

Fear of the unknown: Changes that confront people with the unknown tend to cause anxiety or fear. Many major changes in a work organisation present a degree of uncertainty, for example the introduction of new technology or methods of working. This is another possible cause of Ms Ikibasumba Doriane's resistance to change.

QUESTION THREE: Ngenzi & Associates Ltd (NAL)

Marking Guide:

Qn	Description	Marks	Total Marks
a	Importance of a mission statement to NAL: A good answer should identify the importance of mission statements and explain them Candidates may provide other valid advantages not included in the answer model Poorly explained or unexplained answers earn 1 mark instead of 2		
	A short introduction/description to a mission statement. It's not compulsory to use Johnson & Scholes' definition. Any other valid definition or description is acceptable	1	
	Any 2 valid and explained importance of a mission statement to NAL	4	5
b	NAL's team roles and their allowable weaknesses: A good answer should comprise of a good introduction to teams and Dr R. Meredith Belbin's team model and followed by a tabular demonstration of NAL's team members with their corresponding team roles and allowable weaknesses Allowable weaknesses need not be written exactly the same way as in the model answer but they must be relevant according to Dr R. Meredith Belbin's model		
	A short introduction/description to a team as well as Dr R. Meredith Belbin's team model (1 mark team and 1 mark for Dr R. Meredith Belbin's model)	2	
	Correctly identified team roles against correct names:		
	Implementor (Kamagaju Farida)	1	
	Co-ordinator (Ntambara Isaac)	1	
	Resource investigator (Tambirimana Kelly)	1	
	Teamworker (Rudasingwa Ronaldo)	1	
	Specialist (Kankindi Kardashian)	1	
	Correctly identified Allowable weaknesses correct team roles (if weaknesses are written differently than those in model answer but are valid, they are acceptable and should score full marks):		
	Implementor: Somewhat inflexible. Slow to respond to new possibilities	1	
	Co-ordinator: Can be seen as manipulative. Offloads own share of the work	1	
	Resource investigator: Over-optimistic. Loses interest once initial enthusiasm has passed	1	

Qn	Description	Marks	Total Marks
	Teamworker: Indecisive in crunch situations. Avoids confrontations	1	
	Specialist: Contributes on only a narrow front. Dwells on technicalities	1	12
c	Communication Consultant's draft email: A good answer should be introduced by a short definition/description of communication and listening followed by advice on good listening habits against bad listening habits in the case in form of an email		
	A short introduction/description of what communication and listening are (Award 1 mark for communication and 1 mark for listening)	2	
	Award 2 marks for a good email format which should have a minimum of 'to/addressee, from/author, subject/re which could be any valid email subject line, date (any valid date)'. Any format missing the minimum requirements should be awarded 1 mark	2	
	Correctly identified good listening habits against bad habits in the case study (if good listening skills are written differently than those in model answer but are valid, they are acceptable and should score full marks):		
	Learn to keep quiet and let the other person do most of the talking	1	
	Fight distractions; tolerate bad habits; know how to concentrate	1	
	Listen to central themes	1	
	Show interest; nod; ask questions; paraphrase what is said	1	
	Look for opportunities and new learning	1	8
	Total Marks		<u>25</u>

Model Answers:

a) If Mr Ngenzi had given Mrs Kardashian a chance to explain their point, what would Mrs Kardashian have explained as the importance of a mission statement to NAL?

Johnson & Scholes define a mission statement as an organisation's most generalised statement of purpose and can be thought of as an expression of its *raison d'être*.

Had Mr Ngenzi given a chance to Mrs Kardashian to explain her point, Mrs Kardashian would have possibly have said that a mission statement is good for NAL because of the following reasons:

A sense of direction

A mission statement would give NAL and its staff a sense of direction. Staff would work knowing well where NAL wants to go and they would work towards achieving that purpose bringing ideas that feed into that sense of purpose.

Reason for existence

A mission statement would give NAL its *raison d'être*. It is often said that organisations are like people. If a person has a reason of existence, they are likely to be motivated because they would be working to fulfil that reason. The same can be said of NAL.

Aspiration and motivation

Staff would be motivated because they understand NAL's overall mission and it would possibly raise their aspiration to fulfil that mission and part of the journey.

Formalisation of culture

A mission statement would provide a guide for NAL's culture and workplace environment to develop positively. The values, norms, and beliefs of NAL create a unique cultural environment, and a mission statement provide an official method for expressing that culture.

Communication with stakeholders

A mission statement would help NAL and its employees connect with its stakeholders and establish a good reputation among customers, clients, and business partners. Working for a company that has a good mission statement can help NAL staff network with like-minded people who share a similar mission.

A framework for objectives

A mission statement would help NAL establish its objectives. Organizational objectives are short-term and medium-term goals that an organization seeks to accomplish. Many organisations base their objectives on their mission statement.

b) With reference to the Meredith Belbin's nine (9) Team Roles, identify team roles played by each team member in table 1 and their allowable weaknesses. Note: Tabulate your answer clearly indicating name, the role, team-role contribution, and allowable weaknesses.

A team is a unit of two or more people who interact and coordinate their work to accomplish a common goal to which they are committed and hold themselves mutually accountable.

One of the most popular analyses of individual roles within a work group or team is that developed by Dr R. Meredith Belbin, who concludes that groups composed entirely of clever people, or of people with similar personalities, display a number of negative results and lack creativity. The most consistently successful groups comprise a range of roles undertaken by various members. The constitution of the group itself is an important variable in its success.

Table 3.1 demonstrates each team member's role, team-role contribution, and allowable weaknesses with reference to the Meredith Belbin's nine (9) Team Roles:

Table 3.1: NAL's team roles and their allowable weaknesses

Name	Team Role	Allowable weaknesses
Kamagaju Farida	Implementor	Somewhat inflexible. Slow to respond to new possibilities
Ntambara Isaac	Co-ordinator	Can be seen as manipulative. Offloads own share of the work
Tambirimana Kelly	Resource investigator	Over-optimistic. Loses interest once initial enthusiasm has passed
Rudasingwa Ronaldo	Teamworker	Indecisive in crunch situations. Avoids confrontations
Kankindi Kardashian	Specialist	Contributes on only a narrow front. Dwells on technicalities

c) You are a Communication Consultant. Draft an official email to Mr Ngenzi advising him on how to turn each of the bad listening habits in the case study into good and effective listening. Note: Tabulate the main body of your e-mail.

Communication is the process by which information is exchanged and understood by two or more people, usually with the intent to influence or motivate behaviour.

Of all the competencies critical to successful managerial communication, listening is at the top of the list. Yet listening seems to be a rare skill among managers, and the inability to listen is one of the key reasons that managers fail. Listening involves the skill of grasping both facts and feelings to interpret a message's genuine meaning.

Below is a draft email to Mr Ngenzi advising him on how to turn each of the bad listening habits in the case study into good and effective listening:

To: Mr Ngenzi Richard

From: Communication Consultant

Date: 01 August 2022

Subject: Keys to effective listening

Dear Mr Ngenzi,

I was recently approached to offer advice to you regarding your listening skills. I am pleased to offer to you a couple of recommendations against some of the listening weaknesses identified. Please refer to table 3.2 below:

Table 3.2: Keys to effective listening

Key	Identified poor listening habit	Good listening habit
Show respect	Interrupt others when they are talking	Learn to keep quiet and let the other person do most of the talking
Resist distractions	Easily distracted	Fight distractions; tolerate bad habits; know how to concentrate
Listen for ideas	Listening for facts only	Listen to central themes
Listen actively	Usually unfocused when others are talking	Show interest; nod; ask questions; paraphrase what is said
Keep an open mind	Paying attention only to ideas that confirm to his own opinions	Look for opportunities and new learning

I hope that by adopting and implementing recommendations in table 3.2, you will significantly boost your listening skills.

I hope this helps.

Kind regards

Communication Consultant

QUESTION FOUR: Karekezi Sports Ltd (KSL) and Mwemeze Sports Ltd (MSL)

Marking Guide:

Qn	Description	Marks	Total Marks
a	<p>KMSL's Marketing Plan:</p> <p>A good answer should be based on information provided in the question and well explained well in a proper marketing plan format</p> <p>The order in which different parts are presented may vary and that is acceptable with the exception of the executive summary which should always be first</p> <p>Candidates may also present specific content differently than what is in the model answer. That is acceptable as long as it relates to the case study and it is factually correct</p>		
	Award 2 marks for a good marketing plan format which should have a minimum of 'to/addressee, from/author, subject/re which could be any valid subject line, date (any valid date), and headings'. Any format missing the minimum requirements should be awarded 1 mark	2	
	1 Executive Summary (should be any summary of the information in the marketing plan)	0.5	
	2 Situation Analysis (Note that information in the situation analysis may be presented by candidates in a zigzag manner and not under subheadings as it is in the answer model. That is acceptable too and should be awarded full marks):		
	Market Demographics (Award 0.5 marks for any 2 valid demographics)	1	
	Market Growth information	0.5	
	SWOT Analysis (Award 0.5 marks for any one valid answer for all four elements of the SWOT analysis. Other valid answers by candidates not in the model answer are acceptable)	2	
	Competition information	0.5	
	Product Offering information	0.5	
	3 Marketing Strategy (Note that information in this section may be presented by candidates in a zigzag manner and not under subheadings as it is in the answer model. That is acceptable too and should be awarded full marks):		
	Mission statement	0.5	
	Marketing Objectives (award 0.5 marks for any one valid objective)	0.5	
	Financial Objectives (award 0.5 marks for any one valid objective)	0.5	
	Target Markets information	0.5	

Qn	Description	Marks	Total Marks
	Positioning information	0.5	
	4 Marketing Tactics (Note that information in this section may be presented by candidates in a zigzag manner and not under subheadings as it is in the answer model. That is acceptable too and should be awarded full marks):		
	Product information	0.5	
	Pricing information	0.5	
	Distribution information	0.5	
	5 Financial Projections (Note that information in this section may be presented by candidates in a zigzag manner and not under subheadings as it is in the answer model. That is acceptable too and should be awarded full marks. For instance, if break-even information is not presented in a table but it is correct, it is awarded full marks):		
	Break-Even Analysis (award 0.5 marks for Monthly Sales Break-Even)	0.5	
	Sales Forecast:		
	Total Sales (Award 0.5 marks for correct total sales for 2024 and 2025)	1	
	Subtotal Cost of Sales (Award 0.5 marks for correct Subtotal Cost of Sales for 2024 and 2025)	1	
	Expense Forecast (Award 0.5 marks for correct Total Sales and Marketing Expenses for 2024 and 2025)	1	
	6 Implementation Controls (Note that information in this section may be presented by candidates in a zigzag manner and not under subheadings as it is in the answer model. That is acceptable too and should be awarded full marks. For instance, if break-even information is not presented in a table but it is correct, it is awarded full marks):		
	Award 0.5 marks for any one valid control mechanism eg monthly revenue, monthly expenses or customer satisfaction regardless of where it was presented in the marketing plan	0.5	15
b	KMSL's method of strategy development and its motives: A good answer should be clearly indicating the name of the method of strategy development used by the two companies followed by a discussion of its motives Note that candidates may present different motives which are correct and they are acceptable		
	A correct name of the used method of strategy development (Either strategic alliance or equity alliance are acceptable)	1	
	Strategic alliance motives for KSL and MSL (these may be explained differently by candidates or candidates may suggest other valid ones, which is acceptable). However,		

Qn	Description	Marks	Total Marks
	they must be properly discussed to earn 2 marks otherwise award 1 mark:		
	Scale alliances (Award 2 marks for a well discussed point and 1 mark for an unexplained or poorly explained point)	2	
	Access alliances (Award 2 marks for a well discussed point and 1 mark for an unexplained or poorly explained point)	2	
	Complementary alliances (Award 2 marks for a well discussed point and 1 mark for an unexplained or poorly explained point)	2	
	Collusive alliances (Award 2 marks for a well discussed point and 1 mark for an unexplained or poorly explained point)	2	
	A valid diagram/illustration of the explanation of strategic alliances motives. No additional marks for a diagram with KCL's data inside the diagram but no penalty as well	1	10
	Total Marks		<u>25</u>

Model Answers:

a) Assume you are Mrs Kayirebwa Sharon and draft a marketing plan for KMSL based on the information in the case study. Note: Round your calculations, if any, off to two decimals places.

A marketing plan is a written document that summarises what the marketer has learned about the marketplace and indicates how the firm plans to reach its marketing objectives. It contains tactical guidelines for the marketing programs and financial allocations over the planning period.

KMSL's Marketing Plan

To: Managing Director

From: Mrs Kayirebwa Sharon, Chief Marketing Manager

Date: 01 August 2022

Subject: KMSL's proposed Marketing Plan

Dear Managing Director, please find below the marketing plan for the company.

1. Executive Summary

Karekezi & Mwemeze Sports Ltd (KMSL) is a company established as a result of a joint venture between two companies namely: Karekezi Sports Ltd (KSL) and Mwemeze Sports Ltd (MSL), which are two rival sports start-ups selling sports clothes and equipment. KMSL intends to supply sports clothes for teams from five regional countries including Rwanda with a total demand of approximately 2,000,000 units. However, it is possible that other sports companies may form similar arrangements to compete for the golden opportunity.

2. Situation Analysis

KMSL is entering its first year of operation. Its products will be sports clothes, and marketing will be key to the development of brand and product awareness as well as the growth of the customer base. KMSL possesses good information about the market and knows a great deal about the common attributes of the most prized customers.

KMSL is targeting the following markets from five regional countries including Rwanda:

- Football
- Volleyball
- Basketball

Market Demographics

The profile for the typical KMSL customer consists of the following geographic and demographic:

- Geographics:
 - Five regional countries including Rwanda
 - The total targeted demand of approximately 2,000,000 units.

- **Demographics:**
 - The ratio of men to women is 1:1
 - All players range between 15-25 years old.

Market Growth

With the price of sports clothes going down due to competition by so many companies in the industry, the market has had steady growth throughout the region, although sales have slowed down in some markets.

SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses within the company and describes the opportunities and threats facing KMSL.

Strengths: <ul style="list-style-type: none"> • Combined efforts, skills and experience from two companies • In-depth industry experience and insight • Creative yet practical product designers 	Weaknesses: <ul style="list-style-type: none"> • The reliance on outside capital necessary to grow the business • The difficulty of developing brand awareness as a start-up company
Opportunities: <ul style="list-style-type: none"> • High regional demand in three different key sports • Participation within a growing industry • Decreased product costs through economies of scale as a result of the joint venture 	Threats: <ul style="list-style-type: none"> • Future/potential competition from an already-established market participant or another joint venture • A continued decline in the economy that could have a negative effect on sports spending • A pandemic that could result in the pause in sports tournaments

Competition

There seems to be a lot of competition either from local, regional individual firms or other potential alliances that could be formed as a result of this opportunity.

Product Offering

KMSL will be offering sports clothes in three main sports activities which include:

- Football
- Volleyball
- Basketball

3. Marketing Strategy

The key to the marketing strategy is focusing on price and quality of sports clothes. KMSL has the capacity to meet 100% of the demand and it is able to produce clothes that meet the taste of players from each category.

Mission

KMSL's mission is 'We exist to ensure that our customers look good on the pitch.'

Marketing Objectives

- To ensure that they win every sports clothing tender in the region and
- Grow on a quarterly basis in addition to decreasing customer acquisition costs by 2% per quarter

Financial Objectives

- Increasing e profit margin by 2% per quarter through efficiency and economy-of-scale gains

Target Markets

KMSL intends to supply sports clothes for teams from five regional countries including Rwanda with a total demand of approximately 2,000,000 units. With the price of sports clothes going down due to competition by so many companies in the industry, the market has had steady growth throughout the region, although sales have slowed down in some markets.

Positioning

KMSL will position itself as a cost leader in the region.

4. Marketing Tactics

The single objective of the marketing program is to position KMSL as a cost leader in the region, serving the domestic market as well as the regional market. The marketing program will seek to first create customer awareness concerning the offered products and services and then develop the customer base. Specifically, KMSL's marketing program is composed of the following approaches to product, pricing and distribution.

Product

Since KMSL is new, it heavily relies on the products and services offered by parent companies.

KMSL will offer only sports clothes for the three products.

Pricing

All clothes will be priced based on a per-product retail price.

Distribution

Clothes and will be delivered directly to team camps depending on where the tournament is taking place. KMSL will also be sold through the company's website.

5. Financial Projections

This section will offer the financial overview of KMSL related to marketing activities. KMSL will address break-even analysis, sales forecasts, and expense forecast and indicate how these activities link to the marketing strategy.

Break-Even Analysis

The break-even analysis (Table 4.1) indicates that FRW1,304,348 will be required in monthly sales revenue to reach the break-even point.

Table 4.1: Break-Even Analysis

Break-Even Analysis	FRW
Monthly Units Break-Even	52
Monthly Sales Break-Even	1,304,348
Assumptions:	
Average Per-Unit Revenue	25,000
Average Per-Unit Variable Cost	2,000
Estimated Monthly Fixed Cost	1,200,000

Sales Forecast

KMSL's sales forecast for three years is presented in table 4.2:

Table 4.2: KMSL's sales forecast for three years

	2023	2024	2025
Sales	FRW million	FRW million	FRW million
Football	455	477.75	501.64
Basketball	72	75.60	79.38
Volleyball	68	71.40	74.97
Total Sales	595	624.75	655.99
Direct Cost of Sales			
Football	82	86.10	90.41
Basketball	13	13.65	14.33
Volleyball	11	11.55	12.13
Subtotal Cost of Sales	106	111.30	116.87

Expense Forecast

The expense forecast will be used as a tool to keep KMSL on target and provide indicators when corrections/modifications are needed for the proper implementation of the marketing plan. KMSL's marketing budget is presented in table 4.3:

Table 4.3: KMSL's marketing budget

	2023	2024	2025
Expenses	FRW million	FRW million	FRW million
Web Site	25	25.75	26.52
Advertisements	8	8.24	8.49

Printed Material	1	1.03	1.06
Total Sales and Marketing Expenses	<u>34</u>	<u>35.02</u>	<u>36.07</u>

6. Implementation Controls

The purpose of KMSL's marketing plan is to serve as a guide for the organization. The following areas will be monitored to gauge performance:

- Revenue: monthly
- Expenses: monthly
- Customer satisfaction

Implementation

It is important to accomplish milestones on time and on budget (Table 4.3).

Please review this marketing plan and let me know what you think.

Kind regards

Kayirebwa Sharon

Chief Marketing Manager

b) Determine the method of strategy development being implemented through the KMSL joint venture and discuss possible motives for both KSL and MSL in pursuing this method of strategy development.

A strategic alliance is where two or more organisations share resources and activities to pursue a common strategy. This is a popular method among companies for pursuing strategy and can account for a significant portion of company revenues.

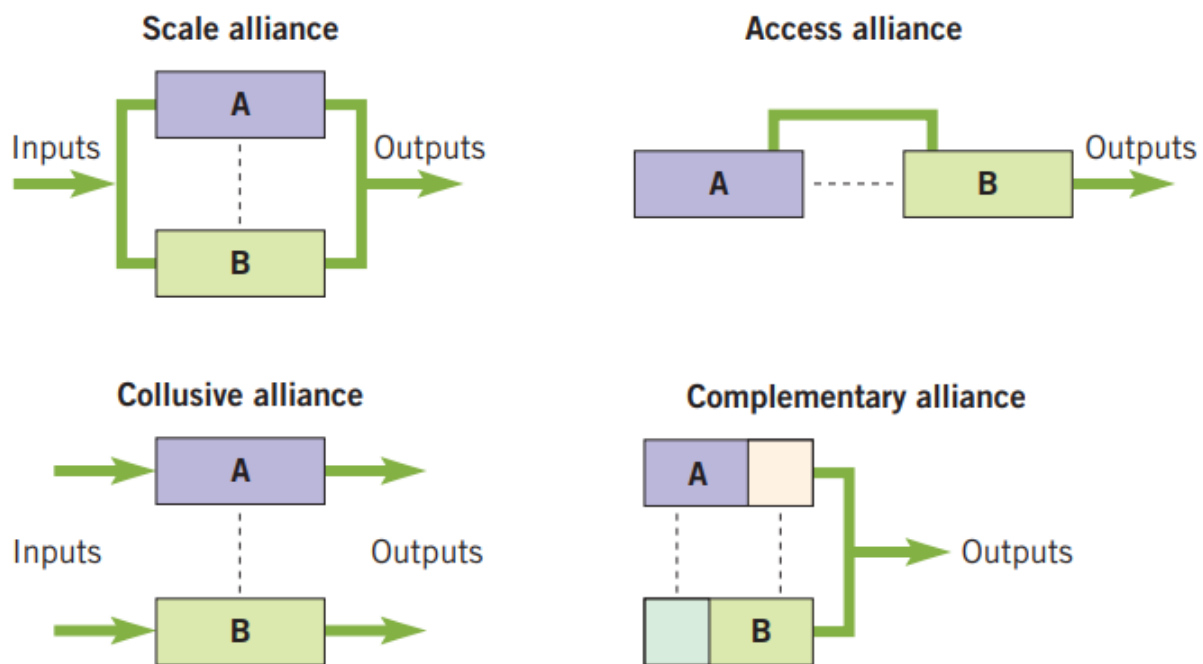
In terms of ownership, there are two main kinds of strategic alliance: Equity alliances and Non-equity alliances. The most common form of equity alliance is the joint venture, where two organisations remain independent but set up a new organisation jointly owned by the parents.

The method of strategy development being implemented through the KMSL joint venture and discuss motives for both KSL and MSL in pursuing this method of strategy development is an **equity alliance** because two organisations (KSL and MSL) remain independent but set up a new organisation (KMSL) jointly owned by the two parents.

Strategic alliances allow an organisation to rapidly extend its strategic advantage and generally require less commitment than other forms of expansion. A key motivator is sharing resources or activities, although there may be less obvious reasons as well.

Four broad rationales for both KSL and MSL to form an alliance through the KMSL joint venture can be identified, as summarised in Figure 4.1 and discussed thereafter:

Figure 4.1: Strategic alliance motives for KSL and MSL



In the next section of this answer, assume A is KSL and B is MSL.

Scale alliances: Here organisations combine in order to achieve necessary scale. The capabilities of each partner may be quite similar (as indicated by the similarity of KSL and MSL in Figure 4.1), but together they can achieve advantages that they could not easily manage on their own as indicated in the case study. Thus, combining together can provide economies of scale in the production of outputs (products or services). Combining might also provide economies of scale in terms of inputs, for example by reducing purchasing costs of raw materials or services. Finally, combining allows KSL and MSL to share risk as well. Instead of each of them stretching themselves to find enough resources on their own, partnering can help each partner avoid committing so many resources of its own that failure would jeopardise the existence of the whole organisation.

Access alliances: Organisations frequently ally in order to access the capabilities of another organisation that are required in order to produce or sell their products and services. For example, KSL might be partnering with MSL in order to access effectively the younger market for its products and services. Here MSL is critical to organisation KSL's ability to sell. Access alliances can work in the opposite direction. Thus, MSL might seek a licensing alliance in order to access inputs from KSL, for example technologies or brands. Here KSL is critical to MSL's ability to produce or market its products and services. Access can be about tangible resources such as distribution channels or products as well as intangible resources such as knowledge and social/political connections.

Complementary alliances: These can be seen as a form of access alliance, but involve organisations at similar points in the value network combining their distinctive resources so that they bolster each partner's particular gaps or weaknesses. Figure 4.1 shows an alliance where the strengths of KSL (indicated by the darker shading) match the weaknesses of MSL (indicated by the lighter shading); conversely, the strengths of MSL match the weaknesses of

KSL. By partnering, the two organisations can bring together complementary strengths in order to overcome their individual weaknesses.

Collusive alliances: Occasionally organisations secretly collude together in order to increase their market power. By combining together into cartels, they reduce competition in the marketplace, enabling them to extract higher prices from their customers or lower prices from suppliers. Such collusive cartels among for-profit businesses are generally illegal, so there is no public agreement between them (hence the absence of brackets joining the two collusive organisations in Figure 4.1) and regulators will act to discourage this activity. This means that Rwanda Utilities Regulatory Authority (RURA) could discourage this type alliance. Cooperation is often a good thing, but it is important to be aware of collusive motivations. These are likely to work against the interests of other competitors, customers, and suppliers.

END OF MARKING GUIDE AND MODEL ANSWERS