

Question 1 - Page 1

a) ~~Project A Supernatant~~

$$200,000 - 20,000 - 40,000 - 60,000 - 60,000 \\ = £20,000$$

$$60,000 / 12 = 5000$$

$$20,000 / 5000 = 4$$

$$\therefore \text{Payback} = 4 \text{ years } 4 \text{ months}$$

~~Project B Fuge 41~~

$$200,000 - 80,000 - 60,000 - 60,000 \\ = 0$$

$$\therefore \text{Payback} = 3 \text{ years}$$

Centre 4

$$200,000 - 60,000 - 60,000 - 60,000 \\ = £20,000$$

$$60,000 / 12 = 5000$$

$$20,000 / 5000 = 4$$

$$\therefore \text{Payback} = 3 \text{ years } 4 \text{ months}$$

Question 1 - Page 2
Superman

(b)

Year	Cashflow	PVF 10%	NPV
0	-200,000	1	-200,000
1	20,000	0.9091	18,182
2	40,000	0.8264	33,056
3	60,000	0.7513	45,078
4	60,000	0.6830	40,980
5	60,000	0.6210	37,260

$$NPV = \text{Total Cash Flow} - \text{Initial} = 174,556 - 200,000$$

$$= -£25,444$$

Fuge 41

Year	Cashflow	PVF 10%	NPV
0	-200,000	1	-200,000
1	80,000	0.9091	72,729
2	60,000	0.8264	49,584
3	60,000	0.7513	45,078
4	40,000	0.6830	27,320
5	40,000	0.6210	24,840

$$NPV = 219,550 - 200,000$$

$$= £19,550$$

Centre 4

Year	Cashflow	PVF 10%	NPV
0	-200,000	1	-200,000
1	60,000	0.9091	54,546
2	60,000	0.8264	49,584
3	60,000	0.7513	45,078
4	60,000	0.6830	~~27,40,980~~ 40,980
5	60,000	0.6210	37,260

$$NPV = 227,448 - 200,000$$

$$= £27,448$$

Question 1 - Page 3

- © Project A gives the fastest return on investment by paying back in 3 years but there is a higher overall profit to be made by Centre 4, who will return the initial investment only marginally slower so I would opt for Centre 4.

- d) One example of a consideration prior to investment is what is your motive. This may include needing to keep up with your competitors, updating old computer or manufacturing systems or just trying to grow the business to meet demand.

Another consideration to make is the business confidence, you must assess your existing abilities against what you aim to achieve, what the financial state of the business is currently along with the economy. Past investments and their success will also help to evaluate how an investment may go.

Question 2. - Page 1

There are both internal and external forces a which can cause an organisation to require a change. External forces can be the external environment, customers needs or competitors. The change required in this business is an internal need which according to 'Lawrence, 1964' comes into the category of a technology change, which covers new work is done and improving efficiencies of work.

The main reason for this change is that the new ERP system will make the business a much more efficient work place. This will be done by speeding up stock checks so management will have a clear idea of inventory levels. This in turn will allow for better cost control as there will not be excess stock sat in warehouses, which cost to rent. Money will also be saved in admin time as the ERP system will allow for each transaction to be carried out aut faster than if it were to be done manually.

If the new system allows to monitor stock levels then this will also make it easier to fulfil customer orders faster which will be a driving force for them to choose to keep us as their supplier rather than using a competitor which strengthens our position in the market.

Question 2. - Page 2.

Whenever a change is implemented in an organisation, there will always be opposition to this. 'Hamington, 2008' stated that there are five main reasons that people oppose change. One in this example there are two which are appropriate and they are Security and competence.

As mentioned above if people are not competent and so may be feeling they may get left behind which will lead to a lack of job security as they aren't contributing. In order to address this open communication is needed and an education for those who need it so they are able and will feel they are still an important part of the business.

A big reason for change failing is assuming people will follow in what you are doing but this is not always the case when people are stuck in their ways as will possibly be the case in this organisation. This is part of 'Lewin's model' of three steps to change which has the first step as unfreeze which means that you must make sure the employees are ready for the change and this is done by increasing driving forces away from the status quo and decreasing barriers that hinder movement. It claims that you need to change this 'frozen' mindset before implementing change or you will not be successful.

Question 2. - Page 3

Prior to a change you should also consult a force-field analysis chart. Lewin, 1951, as this will allow you to note you forces for change and your resistance to change and which you will have from the workers and adjusting different parts to make it a better proposition. For example in this case you may look at spending more on training which is a negative in terms of cost but then will make workers less fearful of the change, hence reducing the resisting forces.

In making any change it is essential to try and follow the 6 requirements of change and included in that is the need for a lot of openness and honesty to let everyone know why the change is happening, how it will impact them, what they will get out of it, including any negatives as well which could cause an issue if ~~found~~ discovered at a later time when it could be a lot more impactful.

Question 3. - Page 1.

Throughout the process of changing the way that these workers are operating there is going to be an impact on how they are feeling and thus will possibly then have an adverse impact on their motivation levels and productivity. The leadership style which should be adopted will depend on the situation.

In the situation mentioned where the workers are already not very happy I don't think that an autocratic approach to ~~work~~ leadership would work as the workers would feel left out of the decision making process which could further irritate the situation and cause even less motivation amongst the work force.

In this position I would use a paternalistic approach to management, in order to hear the ideas of the workers and allow them to feel like their opinions and concerns were being heard. With this approach the decision is ultimately still with the manager but can be made with a broader range of input and opinion from different people on the matter. This method is slightly slower but I feel is worthwhile in a situation such as this where workers are nervous about the matter and where they feel they could be let out.

After making a tough decision which the workers may feel ~~dis~~un-motivated by it is key to try and get that motivation back as soon as possible as this will have a knock on effect on productivity.

Question 3 - Page 2.

Herzberg claimed in his two factor theory that needs in work in order to motivate are either motivating factors, which increase job satisfaction and hygiene which will decrease job dissatisfaction. Following this model to motivate the workers we must aim to increase motivating factors without altering any hygiene factors which are seen as almost expected. Motivating factors include recognition, which is a variety of some of the workers as they feel they may not get performance awards. This can instead be recognition given for being accepting of the change and rewarding the workers for cross training. Another motivation need is advancement so workers could be encouraged by possibility of promotions now they are trained across all machines there may be options for roles in supervision ~~tasks~~ ^{tasks} communicated to the workers which will motivate them to perform to their highest ability in order to progress.

Another theory on a way to motivate is 'Maslow, 1951' and the hierarchy of needs in which people will strive to satisfy a specific set of needs in a systematic way starting with basic needs and moving up the hierarchy. In the work environment the basic needs have already been met and so it is the psychological needs which need to be addressed. As a manager you need to try and make all workers feel as though they belong and are part of the team. You must also show workers respect and recognise the work that is done by people and this will in turn save their own self-esteem. According to Maslow, if all of these needs

Question 3 - Page 3

Are fulfilled then this is where a person will reach self-actualisation and they will be striving to be the best that they can be and this is where their motivation will be highest and so will their productivity.