

Q1 a)

Superint

Year	Annual Cashflow	Cumulative Cashflow
0	- 200,000	- 200,000
1	20,000	- 180,000
2	40,000	- 140,000
3	60,000	- 80,000
4	60,000	- 20,000
5	60,000	40,000

$$60,000 / 12 = 5,000$$

$$20,000 / 5000 = 4 \text{ months}$$

Payback period = 4 years 4 months

Fuge 41

Year	Annual Cashflow	Cumulative Cashflow
0	- 200,000	- 200,000
1	80,000	- 120,000
2	60,000	- 60,000
3	60,000	0
4	40,000	40,000
5	40,000	80,000

Payback Period = 3 years

Centre 4

Year	Annual Cashflow	Cumulative Cashflow
0	-200,000	-200,000
1	60,000	-140,000
2	60,000	-80,000
3	60,000	-20,000
4	60,000	40,000
5	60,000	100,000

$$60,000 / 12 = 5,000$$

$$40,000 / 5,000 = 8 \text{ months}$$

Payback period = 3 years 8 months

6) Supernant

Year	Cash flow	Discount Factor	Present Value
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

$$\text{Total cash flow} = 174,556$$

$$\text{Net Present Value} = 174,556 - 200,000$$

$$= -25,444$$

Fuge 41

Year	Cashflow	Discount Factor	Present Value
0	-200,000	1	-200,000
1	80,000	0.9091	72,728
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

Total cashflow = £219,550

Net present value = $219,550 - 200,000$
= £19,550

Centre 4

Year	Cashflow	Discount Factor	Present Value
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	40,980
5	60,000	0.6210	37,260

Total cashflow = £227,448

Net present value = $227,448 - 200,000$
= £27,448

c) I believe the best option for the company would be Centre 4, as it has the highest net present value. The net present value is often the most important factor in terms of finance when justifying a project.

d) two factors that should be considered when making capital investment decisions are:

Plant Capacity - many capital investments are affected by the plant capacity or directly affect it. Investments may be able to improve capacity, while others may need to be conscious of limited capacity.

New technology - New technology can influence investment as it can open doors to new opportunities. Staying ahead of competitors in terms of technology can increase profits and bring in new customers.

Q2) Change in the business is needed in order to stay up to date with new technology to ensure the company can remain efficient and competitive. Modern computer technology being implemented ~~can~~ to help control stock and costs can help in many ways such as:

- Reduced time spent for operators to book in and book out stock.

- Better knowledge of inventory, making it more accountable.

- Increased control of stock levels.

- Better cost control via more automated systems

- Faster updating data verses a more manual approach.

Generally change in businesses is needed for many reasons. these include:

- Maintaining a competitive edge with customers
- Ensuring new products and services are available
- Demand from customers for specific products
- Changes in financial situation
- Changes in the market including shares and the economic state.
- To increase plant capacity
- To increase product efficiencies
- To comply with changes in regulations or legislation.
- To fix historic issues within the business
- To improve health, safety and welfare.

In order to ensure changes can be implemented smoothly, barriers to change need to be considered, this can also be referred to as resistance to change. Resistance to change is something that happens with every change in every business to some degree. Members of businesses such as their staff and employees resist change naturally to some degree, though this resistance is not always negative and can be constructive.

Resistance to change is often caused by a fear of the unknown or of being removed from a comfort zone. If change is not managed properly the change can be disrupted by a lack of willingness and motivation

from the people the change affects, and the change may become impossible to implement.

In order to avoid resistance to change it must first be understood why change is resisted. There are many strong theories that have models to help understand this. A popular theory is Lewin's Force Field Model, which works by listing the forces for change, the "Driving forces" against the forces resisting change, the "Restraining forces". For a change to occur the driving forces must exceed the restraining forces, otherwise the change won't be successful. Restraining forces are seen as;

- Habit
- Comfort
- Security
- Communication problems
- Disagreement over the need for change
- Fear of the unknown

These are some of the potential restraining forces but there can be any number depending of on the circumstance.

In order to overcome resistance a number of tactics can be used including:

- Communication
- Participation
- Negotiation
- Coercion
- Management support.

23) It is important as a leader to consider the positions the technicians and operators are in and how this may affect their motivation and willingness to go ahead with the change.

The technicians are worried about their specialisation as they are expected to do other jobs. This will affect their pride and motivation, and potentially their quality of work. The operators are expected to do extra work that is likely above their pay grade at the cost of their productivity bonus. Both of these situations are due to others not being in work so they will likely feel it is unjustified.

In order to motivate the technicians and operators to continue with this their individual needs need to be considered. Trust and respect in the company leadership are needed for the employees to be happy following the instructions.

A democratic style of leadership is best when dealing with multiple parties as they feel you are part of the team and only trying to help, however this is also dependant on the personalities of the people involved, and their personal situations. As such the forces in the

subordinate and situation need to be considered.

Using the Vroom and Yetton model five different styles can be identified and applied depending on the situation. These are:

- Autocratic 1 - Leader who solves problems alone.
- Autocratic 2 - Leader obtains information then decides alone.
- Consultative 1 - Sharing the problem, the decision reflects the influence of the subordinates
- Consultative 2 - The decision reflects the decision of the subordinates.
- Group - The problem is shared and the leader chairs a group decision-making process.

In this case an Autocratic 1 solution has been used as the subordinates have not been involved. If a group style is used a better solution may come about and the feeling of inclusion will help regardless.