

Business Management by Portfolio

MNB2601

Semester 2

Department of Business Management

IMPORTANT INFORMATION

This tutorial letter contains comments on assignment 2, semester 2, for the module MNB 2601.

BAR CODE

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1 INTRODUCTION

This tutorial letter seeks to provide guidelines on how you were expected to answer the multiple choice questions set for this assignment as per tutorial letter 101 for semester two, 2018. There are twenty multiple-choice questions in this assignment. The purpose of these questions is to cover a wide range of the material that appears in the prescribed textbook and study guide. You are urged to study these guidelines together with the corresponding references in your textbook and study guide. Should you have any queries, please take the liberty of contacting your lecturers.

2 COMMENTS ON ASSIGNMENT 02

The answers provided in this tutorial letter confirm the correct answer for each question and point you to the relevant material in the textbook and study guide, which justifies the choice of the correct distractor in each in. You must, therefore, be comfortable with the respective answers and the corresponding motivation for the choice of the particular answer, per question.

3 SOLUTIONS TO ASSIGNMENT 02 : Questions 1 – 20**Question 1 :**

Study the following list of stakeholders to answer question 1.

- A end-users
- B economic buyers
- C technical buyers
- D project manager
- E project team members
- F project owners and sponsors
- G organisational management

The primary stakeholders of a specific project are _____.

Answer: Section 6.2.1 of the textbook differentiates between primary and secondary stakeholders. Therefore, distractor number **4** is correct – project managers, project team members, project owners and sponsors and organizational management are the primary stakeholders of a specific project.

Question 2 :

Business relationship management by portfolio requires project managers to identify the various types of customers of the organisation.

(i) _____ customers are frequent customers that are in the market for specific products based on their habits and/or needs, who can be retained by means of (ii) _____.

Answer: Section 6.2.2 provides details on the different types of customers. Therefore, distractor number **3** is correct – need based customers are frequent customers that are in the market for specific products based on their habits and/or needs, who are retained by means of positive interaction through personalized marketing efforts.

Question 3:

Study the following lists of factors that could be barriers to effective business communication.

- A The use of specialist terms in formulating a message by the sender
- B The management authority of the sender and the receiver
- C Attitude of the sender and receiver
- D The information overload experienced by the receiver
- E The emotional state of the sender and receiver
- F The urgency of the message
- G The status consciousness of the sender and receiver

Which of these factors are socio-psychological in nature?

Answer: Section 7.4.5. of the textbook discusses the socio-psychological factors that could act as barriers to effective business communication. Therefore, distractor number **3** is correct – socio-psychological factors include: the attitude of the sender and receiver; the emotional state of the sender and receiver and the status consciousness of the sender and receiver.

Question 4

In the context of Business Management by Portfolio, organisational conflict _____.

Answer: Section 7.8.3 of the textbook provides a discussion on organisational conflict. Therefore, distractor number **2** is correct - In the context of Business Management by Portfolio, organisational conflict should be managed to ensure functional conflict.

Question 5

The (i) _____ is a business portfolio decision-making model that compares each product portfolio of an organisation against its competitors in terms of (ii) _____ and (iii) _____ over a specific period.

Answer: Section 8.2.1 of the textbook provides an explanation of the Boston Consulting Group (BCG) growth-share matrix. Therefore, distractor number **2** is correct - the (i) Boston Consulting Group growth-share matrix is a business portfolio decision-making model that compares each product portfolio of an organisation against its competitors in terms of (ii) market growth and (iii) market share over a specific period.

Question 6

An organisation that buys a banner space on a very popular website and pay the website owner for this space to advertise is an example of _____.

Answer: Section 8.5.5 of the textbook provides a discussion on online advertising. Therefore, distractor number **4** is correct - an organisation that buys a banner space on a very popular website and pay the website owner for this space to advertise is an example of online advertising.

Question 7

Effective estimation in Business Management by Portfolio, requires acceptable levels of confidence.

(i) _____ estimates are prepared from completed project plans and specifications and the level of confidence is generally accepted with a (ii) _____ per cent variance.

Answer: Section 9.1.1 of the textbook provides a discussion on detailed estimates. Therefore, distractor number **3** is correct - *(i) detailed estimates are prepared from completed project plans and specifications and the level of confidence is generally accepted with a (ii) 10 percent variance.*

Questions 8, 9 and 10

Consider the following information to answer questions 8, 9 and 10.

ZZZ-Manufacturers is considering an investment in a project with the following probability and projected rate of return:

Demand for the product delivered by the project	Probability of this demand occurring	Projected rate of return if this demand occur
Strong	0.3	100%
Normal	0.4	15%
Weak	0.3	-70%
	1.0	

Question 8

The expected rate of return on this project is _____ percent.

Answer: Section 9.2.2. of the textbook provides an explanation of the expected rate of return on a project. Therefore, distractor number **2** is correct – the expected rate of return on this project is 15 percent.

Question 9

The variance of the return on this project is _____ percent.

Answer: Section 9.2.2. of the textbook provides an explanation of how the variance of the return on the project can be calculated. Therefore, distractor number **1** is correct - the variance of the return on this project is 4.335 percent. The answer is calculated as follows:

(1)	(2)	(3)	(4)
	$R - R_e$	$(R - R_e)^2$	(1) X (3) = (4)
Probability	Deviation	Deviation ²	Variance
0.3	$100 - 15 = 85$	7.225	$(0.3) \times (7.225) = 2.167$
0.4	$15 - 15 = 0$	0	$(0.4) \times (0) = 0$
0.3	$70 - 15 = -85$	7.225	$(0.3) \times (7.225) = 2.167$
1.0			Variance = 4.335

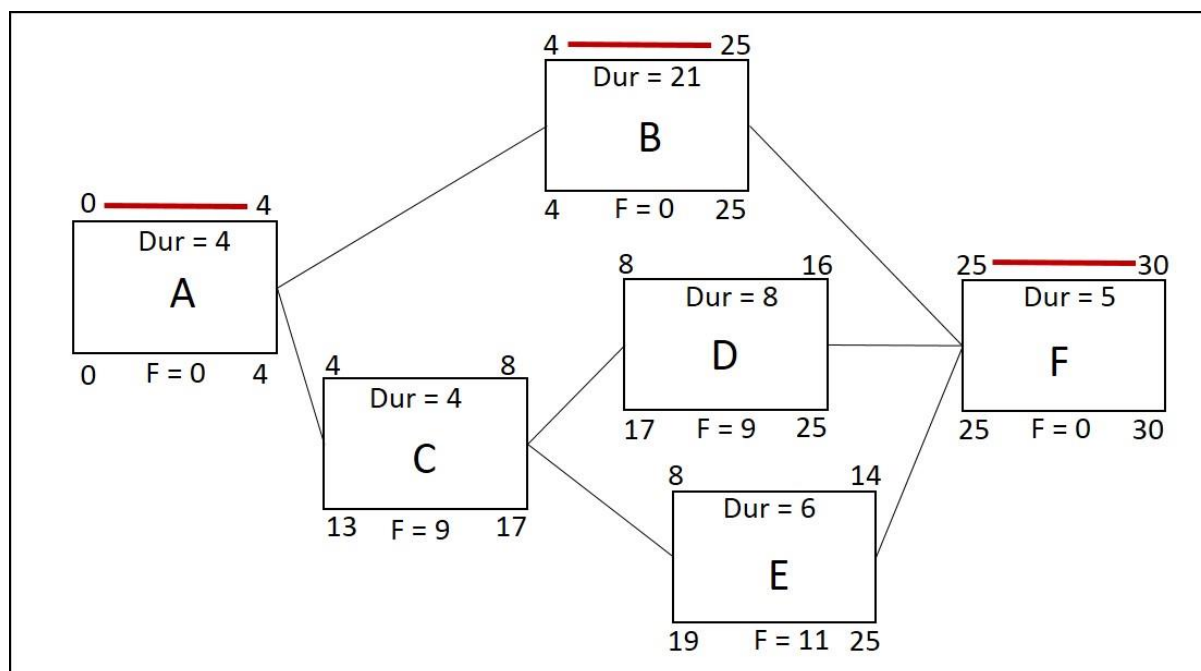
Question 10

The standard deviation of the return in this project is _____ percent.

Answer: Section 9.2.2. of the textbook illustrates how the standard deviation can be calculated. Therefore, distractor number **2** is correct - the standard deviation of the return in this project is calculated as $\sqrt{4.335} = 65.84\%$

Question 11, 12 and 13

Consider the following network diagram to answer questions 11, 12 and 13.



Question 11

The duration of the project depicted in the network diagram is _____ weeks.

Answer: Section 10.4.3 of the textbook illustrates the how the duration of the project can be calculated from a network diagram. Therefore, distractor number **3** is correct - the duration of the project depicted in the network diagram is 30 weeks.

Question 12

The critical path of the project depicted in the network diagram is _____.

Answer: Section 10.4.3 of the textbook illustrates the how the critical path can be calculated from a network diagram. Therefore, distractor number **1** is correct - The critical path of the project depicted in the network diagram is A-C-D-E-F.

Question 13

The path depicted in the network diagram that has the most float is _____.

Answer: Section 10.4.3 of the textbook illustrates the how the path with the most float can be calculated from a network diagram. Therefore, distractor number **2** is correct - The path depicted in the network diagram that has the most float is A-C-D-F.

Question 14

A project calendar is a graphical representation of the _____ on a timeline.

Answer: Section 10.4.4 of the textbook provides a definition of a project calendar. Therefore, distractor number **2** is correct - a project calendar is a graphical representation of the tasks, resources and stakeholder management on a timeline.

Question 15

Which one of the following can be described as a quantitative project risk analysis technique?

Answer: Section 9.5.4 of the textbook offers an in-depth discussion on the Monte Carlo simulation method. Therefore, distractor number **4** is correct – Monte Carlo Simulation - can be described as a quantitative project risk analysis technique.

Questions 16

Which of the following statements is correct in terms of ISO 9001?

Answer: Section 12.2.2 of the textbook discusses the ISO 9001 standard. Therefore, distractor number **4** is correct - the 2015 edition of ISO9001 documents various quality principles, such as a customer focus, leadership, engagement of people, process approach and improvement.

Question 17

There are many types of contracts that can be concluded between buyers and sellers of goods and services.

A (i) _____ contract is mostly used in plant and maintenance agreements when the suppliers cannot determine accurate costs before the repair service is rendered. The contract then stipulates (ii) _____.

Answer: Section 13.9.2 of the textbook describes a time and materials contract. Therefore, distractor number **3** is correct - a (i) time and materials contract is mostly used in plant and maintenance agreements when the suppliers cannot determine accurate costs before the repair service is rendered. The contract then stipulates (ii) the labour costs per hour plus overheads and a profit percentage, resulting in a maximum price that cannot be exceeded.

Question 18

The procurement function is responsible for the performance evaluation of suppliers.

Which of the following are quantitative variables that can be used in the evaluation of supplier performance?

Answer: Section 13.11.1 of the textbook illustrates how supplier performance can be measured through quantitative methods. Therefore, distractor number **3** is correct - delivery performance of the supplier are quantitative variables that can be used in the evaluation of supplier performance.

Questions 19 and 20

In the table below, Column A lists various phases in the procurement process, whereas Column B indicates various situations that may give rise to supply risks. Match the phase in the procurement process in Column A with the situations giving rise to supply risks in Column B.

Column A Phase in the procurement process	Column B Situation giving rise to risks
19 Selection of suppliers	1 Requisitions received late
20 Inventory management	2 Internal and/or external fraud, lack of suppliers, pricing and quality discrepancies between various suppliers
	3 Deviation from agreed procedures for inspections and returns to suppliers
	4 Problems with information systems and processes

Question 19:

Answer: Section 13.2 of the textbook discusses the phases of the procurement process and possible risk situations. Therefore, distractor number **2** is correct – with the selection of suppliers during the procurement phase, requisitions received late can cause risks for the business.

Question 20:

Answer: Section 13.2 of the textbook discusses the phases of the procurement process and possible risk situations. Therefore, distractor number **4** is correct – during the inventory management phase of procurement, problems with information systems and processes can cause risks for the business.

4 CONCLUSION

We do wish you well as you prepare for the forthcoming semester examination, trusting that the outcome will be successful.

Sincerely yours

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