

CIMAPRO15-E03-X1-ENG^{Q&As}

E3 - Strategic Management Question Tutorial

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QUESTION 1

DRAG DROP

AB uses Johnson, Scholes and Whittington's criteria of 'Feasibility and Acceptability' to evaluate potential strategies. AB has begun a project to re-engineer its best selling product.

Apply the appropriate criterion to each of the questions below:

Select and Place:

Can AB procure an adequate amount of raw material for the project?		<div style="border: 1px solid gray; padding: 5px; text-align: center;">Feasible</div> <div style="border: 1px solid gray; padding: 5px; text-align: center;">Acceptable</div>
Can AB finance the project's working capital requirement?		
Can the project generate at least 9% internal rate of return?		
Can the project meet the requirements of AB's external stakeholders?		

Correct Answer:

Can AB procure an adequate amount of raw material for the project?	Feasible	<div style="border: 1px solid gray; padding: 5px; text-align: center;">Feasible</div> <div style="border: 1px solid gray; padding: 5px; text-align: center;">Acceptable</div>
Can AB finance the project's working capital requirement?	Feasible	
Can the project generate at least 9% internal rate of return?	Feasible	
Can the project meet the requirements of AB's external stakeholders?	Acceptable	

QUESTION 2

HHH is an international distribution company which operates a number of large distribution warehouses. HHH employs

over 10,000 staff who operate the warehouses 24 hours per day and process over 500,000 packages and parcels each day. HHH operates in a highly competitive market and the senior management team recognize the importance of focusing upon its Critical Success Factors (CSF's). However, some senior managers are confused as to the difference between CSF's and Key Performance Indicators (KPI's).

Which of the following are Critical Success Factors for HHH? (Choose all that apply.)

- A. Percentage of stock damaged.
- B. Market share percentage.
- C. Customer satisfaction.
- D. Continual maintenance of warehouse facilities.
- E. Time taken to load and unload deliveries.
- F. Efficient staff planning systems.

Correct Answer: BC

QUESTION 3

DDD is a business which sells entertainment products and now wants to move to a position where it uses e-business as a fundamental part of its business strategy. Which of the following benefits would result from DDD's use of e-business? (Choose all that apply.)

- A. Cost reductions because of lower overheads and cheaper procurement.
- B. Better control of information through monitoring website activity.
- C. Easier access to loan finance.
- D. An increased use of tacit knowledge.
- E. A reduction in labour turnover and higher morale.
- F. Increased online revenues.

Correct Answer: AF

QUESTION 4

You have been given responsibility, as a newly qualified management accountant, for delivering an ambitious project to centralize and computerize the accounts function within a medium-sized, geographically dispersed business. The timetable also requires the project to be delivered within a very short timescale with limited resources. You have built a team to deal with these proposed changes.

With regard to effective teams and change, which THREE of the following statements are correct? (Choose three.)

- A. Teams that cross departmental boundaries can destroy shared values.
- B. Teams play minor roles in institutional change.

C. Individuals must become more than they were when working alone and must develop new commitments and behaviors.

D. Teams should continue after their purpose has been served.

E. Teams that cross departmental boundaries can develop new performance criteria.

F. Teams enhance learning and address change directly through creating recommendations and new ideas.

Correct Answer: CEF

QUESTION 5

A Service Level Agreement (SLA) defines exactly what services a service provider will provide and the required level or standard for those services.

Which of the following statements regarding Service Level Agreements is NOT correct?

A. Service Level Agreements should include the expected response time to technical queries.

B. Service Level Agreements should include the targets and benchmarks to be used and the consequences for failing to meet them.

C. Service Level Agreements should include the procedures for cancelling the contract.

D. Service Level Agreements should include a guarantee to provide 100% availability for complaint resolution.

Correct Answer: A

QUESTION 6

Z is a medium-sized UK based accounting practice. Z operates a graduate training scheme. The trainees are given an induction and then placed on a three-year training programme designed to help develop professional skills and experience.

The training programme has been in existence for many years. However, there is no clear consensus amongst the partners of Z about what the trainees should be able to do on completion of the programme and therefore what the training

programme should emphasize. This lack of clarity is affecting the morale and commitment of the trainees and significant numbers are failing the programme or leaving to join a rival firm.

Z's HR Department recognizes the need for committed and well motivated accountants to meet the increased expectations of clients and the competition from rival firms. The HR Department has identified changes to the training programme that can be implemented gradually through a series of initiatives.

Which TWO of the following statements regarding the change required in Z are correct? (Choose two.)

A. Understanding which day-to-day behaviors to reinforce within the training programme, is about 'routines and rituals' according to the Cultural Web.

B. The change would be classified as a 'revolutionary change' according to Balogun and Hope Hailey.

- C. The need to manage the competitive position is an example of an 'external direct trigger' for change.
- D. The plans to combat competition would be considered as a 'structure' factor according to the McKinsey 7 S model.
- E. The skills, abilities and competences of the organization's employee's are a 'hard' factor according to the McKinsey 7 S model.

Correct Answer: CE

QUESTION 7

Information Systems (IS) strategy is correctly defined as:

- A. The planning, organizing, investment and control of information applications in the organization.
- B. Identifying the information needs of the organization and aligning development to them.
- C. Decisions on the hardware, software and communications solutions used in the organization.
- D. The roles and structure of information specialists in the organization and their relationship with users.

Correct Answer: B

Reference: http://www.cimaglobal.com/Documents/ImportedDocuments/cid_tg_information_strategy_jul08.pdf (4)

QUESTION 8

TTT recently appointed a new Chief Executive, R, to lead it through a period of major change. R immediately set up a change management team which consisted of several senior managers and directors from across the organization. Together, they formulated an overall goal for change and then spent several weeks presenting the need for change to all of the staff through a series of staff meetings. At these meetings R involved staff and built their ideas into the final change strategy.

R also set a series of interim goals to encourage ongoing performance throughout the change process. When the organization reached these goals, R widely publicized these achievements to help motivate staff.

However, after six months, TTT had failed to reach most of the interim goals that had been set. Most of the members of the change management team had not maintained a significant interest in the change process and many of the staff felt that there had been a lack of communication and reward following the initial few weeks of the change process.

Kotter suggested that there were eight steps required to successfully lead change.

Which TWO of the following did R fail to achieve? (Choose two.)

- A. Never letting up
- B. Incorporate change into the culture
- C. Develop a change vision
- D. Generate short term wins
- E. Empower broad based action

Correct Answer: CD

QUESTION 9

DF Company is undertaking a strategic review of its activities and has asked you to explain how a Force Field analysis would assist in the review process.

Which of the following statements would be most appropriate?

- A. As part of DF's strategic review, identify forces facilitating the need for proposed change.
- B. Identify forces facing DF's activities that may create barriers and resistance to change.
- C. Provide a framework for identifying forces for and against the proposed changes within DF.
- D. Identify influential senior managers who will drive through changes in DF's strategic direction.

Correct Answer: C

QUESTION 10

JJJ is a publically quoted advertising agency. JJJ's competitive advantage is based on the expertise of its staff and its reputation in digital media advertising. JJJ has robust systems to protect its intellectual property. These include patents and copyrights. JJJ has also restricted access for most of its staff to its most sensitive data, such as studies of its customers' profitability.

JJJ's new Managing Director, Z, is concerned that when staff leave JJJ, the company loses whatever tacit knowledge they possess. These losses also impact on JJJ's reported profits. In order to remedy the losses of knowledge and the reduced profits Z wants to introduce a knowledge management strategy.

Which of the following steps support the introduction of a knowledge management strategy? (Choose all that apply.)

- A. Z should set a target for reported profit.
- B. JJJ needs to acquire and install appropriate hardware and software.
- C. JJJ should unfreeze current habits and standard operating procedures.
- D. JJJ should convince staff of the benefits of sharing their tacit knowledge.
- E. Z should gain the support of the Board of Directors.
- F. JJJ should integrate knowledge management and management accounting.

Correct Answer: DEF

QUESTION 11

SDC is a medium sized IT systems development company. SDC employs highly qualified and experienced systems development experts. It invests heavily in staff training and development and as a result, staff are highly motivated and staff turnover is low. SDC has a strong culture of team work and innovation, which the senior managers believe is the

basis of SDC's success. The senior managers, who are also the founders of SDC, are highly experienced and have a strong vision for the business.

Which THREE of the following factors would be the main focus of a resource audit for SDC? (Choose three.)

- A. Make-up
- B. Markets
- C. Manpower
- D. Machinery
- E. Management
- F. Money

Correct Answer: ACE

QUESTION 12

ZYX is a global hotel chain, employing over 10,000 staff worldwide. ZYX operates a Code of Conduct for all of its staff, which states "Our staff are the most important assets of our business operations. We expect the highest standards of ethical and professional conduct from all staff, who must display the principles of trust, respect, equality, integrity and fairness at all times."

Which THREE of the following actions could ZYX take to positively influence its staff to work to the ethical and professional principles in its Code of Conduct? (Choose three.)

- A. Disciplinary actions, such as fines, for staff who do not display high ethical and professional standards.
- B. Publication on its website of ZYX's Code of Conduct and regular examples of staff displaying the highest standards of professional conduct.
- C. Induction and on-going staff training on ZYX's Code of Conduct and ethical and professional principles.
- D. Interview process for staff prior to employment, to assess their understanding of ethical and professional behavior.
- E. Set performance targets in diversity and equality for its hotel senior managers.
- F. Operate a system of reward incentives for staff who display high ethical and professional standards.

Correct Answer: CDF

QUESTION 13

A direct external change trigger is:

- A. A general increase in the use of the Internet by society.
- B. An economic recession in an organization's home country.
- C. A powerful competitor forcing an organization to cut its prices.

D. The introduction of new environmental protection policies by the government.

Correct Answer: D

Reference: https://books.google.com.pk/books?id=spVXv8BW-ycCandpg=PA496andlpg=PA496anddq=cima+direct+external+change+triggerandsource=blandots=W9s2vgo5wUandsig=ACfU3U0JmMjMgOyVyUudozCuLvKCNJKYgandhl=enandsa=Xandved=2ahUKEwidp_ajqODmAhVHx4UKHcWLCK8Q6AEwC3oECAkQAQ#v=onepageandq=cima%20direct%20external%20change%20triggerandf=false

QUESTION 14

DRAG DROP

In order to organize the value-adding activities to support a chosen strategy, Porter's Generic Strategies are often applied within an organization's value chain.

Against each of the activities listed below, select the Generic Strategy which best defines the strategic approach being taken.

Select and Place:

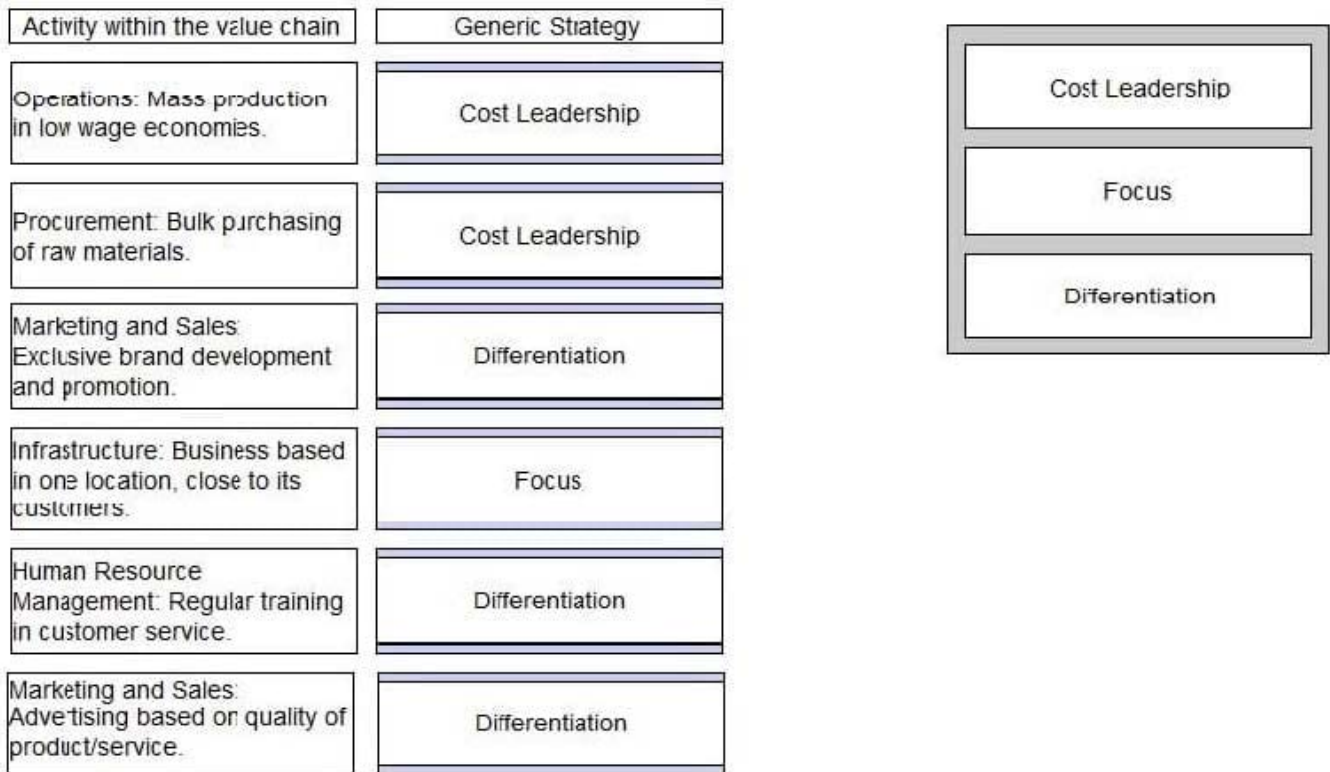
Activity within the value chain	Generic Strategy
Operations: Mass production in low wage economies.	
Procurement: Bulk purchasing of raw materials.	
Marketing and Sales: Exclusive brand development and promotion.	
Infrastructure: Business based in one location, close to its customers.	
Human Resource Management: Regular training in customer service.	
Marketing and Sales: Advertising based on quality of product/service.	

Cost Leadership

Focus

Differentiation

Correct Answer:



QUESTION 15

QWE is a private company belonging to a famous former sports professional. It operates gyms and fitness clubs across its home country. Each gym or fitness club is treated as a profit center and the manager of each center is paid bonuses based on its financial performance.

QWE introduced multidimensional performance measures into its management control systems 3 years ago. These measure competitiveness, financial performance, capacity utilization, innovation and the flexibility of its centers to cope with changing demands.

The managers of QWE's centers have been leaving at a very high rate over the last 2 years. They have claimed that the measures are too open to interpretation and when they think they are improving their center's performance they are told they are doing the wrong things. They also complain that the managers in the centers near big cities find it much easier to reach their targets than the managers of other centers.

According to Fitzgerald and Moon's Building Block model, where does the problem lie?

- A. Standards and Rewards
- B. Standards, Dimensions and Rewards
- C. Dimensions and Standards
- D. Dimensions and Rewards

Correct Answer: C

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