

Examiners' Report/  
Principal Examiner Feedback

Summer 2012

Principal Learning

Manufacturing & Product Design  
MP301 Paper 01

Manufacturing Business Principles

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## **Unit MP301\_01**

### **Manufacturing Business Principles**

In this series, the majority of candidates were able to provide responses to all of the questions.

It is evident that individual candidates have a broad base of knowledge across the learning outcomes. However higher-level thinking and deeper understanding was missing from the some of the higher mark questions.

As previously noted two mark questions often require candidates to provide an outline, whereas one-mark questions often require them to identify a specific feature. An outline usually requires candidates to state or make a specific point then expand upon it. Some of this expansion was missing from candidate responses; consequently the second available mark was not always achieved. Centres might consider this and the mark schemes from previous papers, when preparing candidates for these externally assessed elements.

#### **Question 1**

This question required candidates to consider key business functions.

Most candidates provided responses, understanding the relationship between delivery of goods and logistics and/or distribution. Some candidates thought that asking customer opinions was an advertising role rather than sales and marketing however.

#### **Question 2**

This question required candidates to focus on a micro-enterprise.

Most candidates answered some part of this correctly; most being able to state the number of employees being less than 10 and many understanding this type of enterprise is often a family business.

#### **Question 3**

This question required candidates to focus on design/development.

This question proved to be appropriately challenging with the majority of candidates able to identify one or two characteristics of the design/development function. Responses generally focussed on the research aspects of the department and comparison with rival products, a closer link to materials, processes and new technologies would have been expected for this question.

#### **Question 4**

This question required candidates to discuss the key responsibilities of a logistics manager.

Most candidates were able to provide a substantial response to this question with many understanding the importance of managing the flow of goods into and out of manufacturing organisations and the importance of timely deliveries.

#### **Question 5**

This question required candidates to discuss the importance of entrepreneurship to a manufacturing enterprise.

Most candidates were able to provide responses that detailed the key attributes of an entrepreneur such as the innovative approach often taken, the self-motivation often displayed and the willingness to exploit gaps in the market and take risks.

#### **Question 6**

This question required candidates to explain how manufacturers could take advantage of fluctuating raw material costs and the difference between direct and indirect costs.

Some candidates confused the advantages of buying, when raw materials are cheap, with selling product when prices are low. Some detailed responses, linking the negotiation of long-term contracts and securing these at low prices, were also noted however, along with stockpiling these materials if prices are advantageous.

Direct and indirect costs should be familiar terms for candidates however the examples given by candidates, to help illustrate their responses, were often two direct cost examples or two indirect cost examples. One of each would be expected. Less able candidates seemed confused by some of the terminology in this question.

#### **Question 7**

This question requires candidates to describe the use of carbon offsetting techniques.

Candidates were often able to demonstrate limited understanding although response tended to be general responses regarding environmental issues, rather than the specific principles related to carbon credits and calculation of emissions, in order to manage the release of carbon dioxide. Some candidates confused carbon offsetting with carbon reduction.

### **Question 8**

This question required candidates to outline one way globalisation affects manufacturers and how exchange rates affect decision making for manufacturers.

The majority of candidates were able to comment on globalisation although some responses confused the free movement of goods and services with large-scale manufacturers who operate in global markets. The principle behind exchange rates was clearly understood by the majority of candidates, however some confused the advantages and disadvantages of high and low exchange rates.

### **Question 9**

This question required candidates to outline reasons why manufacturers relocate within the UK.

Responses often focussed on meeting skills requirements and the supply of local labour however some candidates appeared to misunderstand the question and focussed on why businesses relocate abroad.

### **Question 10**

This question focuses on a definition of a strategic plan and the reasons for investing in staff training.

Most candidates were able to achieve a mark or two for recognising companies have to look forward and make medium to long-term strategic decisions although some candidates focussed on short-term goals and talked about financial planning tools such as balance sheets. Most recognised staff training as a key part of ensuring the workforce are able to do their jobs, however the opportunities for progression and internal promotion were often missing from responses.

### **Question 11**

This question required candidates to describe Kanban techniques and Kaizan principles.

Both parts of this question proved somewhat challenging with general responses about lean manufacturing allowing some marks to be awarded but the precise understanding of how Kanban is used as part of a JIT system and the principles of continuous improvement and reduction of waste were not well articulated by many candidates.

## **Question 12**

This question required candidates to explain why marketing is key to sustainability.

Candidates were able to describe elements of the marketing function. In order to achieve full marks the link to ensuring business sustainability, through increasing sales of current products and predicting future markets and customer requirements, was required. This proved somewhat challenging for all but the most able candidates.

## **Question 13**

This question required candidates to explain the importance of cash flow and determine the payback period for a new production line.

Cash flow is an expression that is not fully understood with few candidates able to go beyond stating it refers to money coming in and going out of the business. The second part of this question proved to be either straightforward or challenging perhaps indicating whether this topic was included in preparation for the exam.

## **Question 14**

This question required learners to complete a straight-line depreciation problem and complete a straightforward balance sheet.

This type of question has proved very challenging in previous series and it is pleasing to see that most candidates are beginning to demonstrate knowledge and understanding of the required techniques, allowing significant marks to be achieved. There were still a number of candidates who found part (b) challenging however.

## **Question 15**

This question required candidates to complete a relatively complex balance sheet and hence determine the profit/loss for the manufacturing enterprise.

Although a similar problem to questions asked in previous series, many candidates appear to have found the layout somewhat confusing and lost marks for incorrect format, that being said virtually all candidates completed the question and were able to secure at least a few marks.

## **Conclusions**

The vast majority of the candidates attempted all questions on the paper, with most providing detailed responses to all questions. Although many of these responses were lengthy, the lack of focus on the precise requirements of the question often meant only a handful of marks were awardable, with

many candidates repeating the same point several times when detailing key principles or developing their discussions.

As in previous series it is evident that many of the questions, particularly when considering environmental issues, generated responses that would be considered general knowledge and consequently achieved few marks.

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