**CORRECTION**

**1/**

|  |  |
| --- | --- |
| **Strengths** | **Functions** |
| * **Innovation** * **Efficient supply chain** * **Quality of its products** * **Training quality** * **Relevant Marketing strategy** | * **R & D** * **Logistics** * **Operations** * **HRM** * **Marketing** |

10 elements X 1 = 10 marks

**2/ Marketing mix of Lego**

|  |  |  |  |
| --- | --- | --- | --- |
| **Product** | **Price** | **Place** | **Promotion** |
| * **Wide range of products(several product lines)**   **\***toys  **\*** video games  **\*** films and cartoons  \* clothes  \***High consistency**  **\* Universal system (all pieces are compatible)** | a mid-[premium pricing](https://www.marketing91.com/prestige-pricing/) policy for its high-end products so that it seems reasonable and affordable to its customers | * **Online** * Extensive distribution network that includes distribution [operations](https://www.marketing91.com/operational-decisions/) via one hundred and twenty-five retail outlets (**direct distribution)** * Strategic locations ( disney parks, important cities…..) | **\***Investment to be perceived as an educationaltool  **\*** **Pull strategy :**advertising via television, online mediums, print  magazines and in-store efforts   * **Sponsorship** * **Events** |

**3/** The quality is indeed a key success factor ;

High Quality products help to maintain customer satisfaction and loyalty and reduce the risk and cost of replacing faulty goods.  Quality products make an important contribution to long-term revenue and profitability. (4 marks)

Justification :

* « only the best is the best »
* « degree of precision »
* « tolerance : 10 micrometre »
* « strong and resilient plastic »
* « human inspectors »
* « Encourage employees never to skimp on quality as a value

3 elements X 2 = 6 marks

**4/** Process (3 marks)

\*Primary concept and development work takes place at the Billund headquarters, where the company employs approximately 120 designers. The company also has smaller design offices in the UK, Spain, Germany, and Japan which are tasked with developing products aimed specifically at these markets. The average development period for a new product is around twelve months, split into three stages:

1. The first stage is to identify market trends and developments, including contact by the designers directly with the market; some are stationed in toy shops close to holidays, while others interview children.

2.The second stage is the design and development of the product based upon the results of the first stage. The design teams use [3D modeling](https://en.wikipedia.org/wiki/3D_modeling) software to generate [CAD](https://en.wikipedia.org/wiki/Computer-aided_design) drawings from initial design sketches. The designs are then prototyped.

3.These prototypes are presented to the entire project team for comment and for testing by parents and children during the "validation" process. Designs may then be altered in accordance with the results from the [focus groups](https://en.wikipedia.org/wiki/Focus_groups). [Virtual models](https://en.wikipedia.org/wiki/Virtual_model) of completed Lego products are built concurrently with the writing of the user instructions. Completed CAD models are also used in the wider organization, for marketing and packaging.

R & D is strategic for the company

* To stay innovative
* To face the competition
* To be able to follow the new trends
* To satisfy the customers

**3 elements X 2 : 6 marks**

**5/** Main features of the hiring process:

-Soft skills-based hiring process: “creative, who like to have fun, and who are curious learners, proactive thinking, adaptability, flexibility”. **2 marks**

-Selection based on simulation. **2 marks**

Logo training program: Training of trainers according to high standards+ striving to ensure new behaviors on behalf of employees.

Usefulness of training for:

**-The company:** 1/ element

#### Greater Productivity

* Improving equipment handling practices

### Increased efficiencies in processes

**-The employee:**

#### It improves skills and knowledge

#### It prepares workers for advancement

#### It increases job satisfaction and morale among employees

**6/**

**6.1** Estimated sales of Lego : 100 000 x 40% = 40 000 units (1 Mark)

Break even point Q\* = FC / p-v = 550 000 / 45 -35 = 55 000 units (3 marks)

The company will not be profitable the first year since Estimated sales < Break even point (1 mark)

**6.2**

If the company outsources

FC : 20 % ( 550 000) = 110 000 $ (1 mark)

V : 37 + 1 : 38 $ (1 mark)

Result = Revenues - Total cost

= 45 x 40 000 – ( 110 000 + 38 x 40 000)= 170 000 $ (2 marks)

The company should outsource the production of this new product since this strategy is profitable. (1 mark)

**7.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Providers** | **Price ($)** | **Quality (ranking)**  **4** | **Risk of shortage**  **3** | **Quality stability**  **3** | **Provider’s flexibility**  **2** | **Total divider** | **Weighted average price** |
| **X** | 2.5 | 5 | 1 | 2 | 2 | 1.33 | 1.88 |
| **Y** | 2.4 | 4 | 2 | 1 | 3 | 1.31 | 1.83 |
| **Z** | 2.3 | 1 | 5 | 3 | 5 | 1.38 | 1.67 |
| **T** | 2.2 | 3 | 4 | 4 | 4 | 1.44 | 1.53 |
| **M** | 2.1 | 2 | 3 | 5 | 1 | 1.34 | 1.57 |

1. **x 10 : 10**

**marks**

**The best provider is provider T since it has the lowest weighted average price ; (3 MARKS)**

**8. D 1 G 2**

**H1**

**C 3 E1**

**A**

**1 B 2**

**F1**

**0.5 mark / Correct arrow x 10 = 5 marks**

**2 marks (chart)**

**A D G H : 5 weeks**

**A C E H: 6 weeks**

**A B C E H : 8 weeks : critical path (the most time consuming set of activities) : 2 marks**

**A B F H : 5 Weeks**

**MIN TIME REQUIRED : 8 weeks (1 mark)**