3.8 Setting Functional Objectives: Marketing, Operations, Finance, HR: 30-minute Pack

AQA 7132 · Calculators not allowed · about 30 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions. Write full sentences for questions worth 3 marks or more. Use the case contexts given in prompts where provided. Show working for any numerical reasoning.

1 Identify which functional area is most likely to set a cash-flow target such as 'maintain monthly net cash inflows of at least £10,000'.

- ☐ A) Human resources
- ☐ B) Marketing
- ☐ C) Finance
- ☐ D) Operations

(Total for Question 1 is 1 mark)

2 State two typical functional objectives that the marketing department might set to support a corporate growth strategy.

(Total for Question 2 is 2 marks)

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3 Analyse how a corporate objective to 'improve net profit margin by 8% within 12 months' should influence a finance department objective such as 'improve return on capital employed (ROCE) by 5 percentage points'.

(Total for Question 3 is 6 marks)

4 Evaluate how a business should resolve the conflict between marketing wanting to increase advertising spend to gain market share and finance insisting on strict cost control to protect profit margins. Make a justified conclusion and show the trade offs you consider.

(Total for Question 4 is 16 marks)

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Mark scheme · 3.8 Setting Functional Objectives: Marketing, Operations, Finance, HR: 30-minute Pack

Question 1

C cao **B1**

Answer: C

Question 2

increase market share by a stated percentage or points **B1**

grow sales revenue by a target amount or percentage, or increase brand awareness metrics **B1**

Answer: Any two, for example: increase market share by a specified percentage; increase sales revenue or brand awareness by a stated target.

Question 3

identifies link between corporate profitability target and finance objective to improve ROCE **B1**

explains contributions to ROCE such as increasing profit or reducing capital employed **B1**

analyses possible measures, e.g. cost control, asset disposal or pricing changes to raise profit margin and ROCE **B1**

analyses constraints or risks, e.g. cutting investment or assets may harm long-term capacity or competitiveness **B1**

applies to the case by specifying how a 5 point ROCE target supports the 8% margin improvement, with examples **B1**

concludes with cross-functional implications, e.g. need to coordinate with operations and marketing to avoid harming revenue while improving margins **B1**

Question 4

Level 1 Provides simple or one-sided points about the conflict with little application, no evaluation and no clear conclusion. **1-4**

Level 2 Demonstrates some application and analysis of the conflict, outlines options to resolve it, but evaluations are underdeveloped and the conclusion is weak or unsupported. **5-8**

Level 3 Analyses multiple ways to resolve the conflict, weighs benefits and drawbacks with application to the scenario, and reaches a reasoned conclusion though the judgement may lack full justification. **9-12**

Level 4 Thorough evaluation that balances costs and benefits of realistic options, integrates cross-functional implications, considers short and long term effects, and arrives at a clear, justified recommendation. **13-16**

Indicative content:

- Set out the conflict: marketing argues extra advertising will increase market share and long-term revenue, while finance warns increased spend reduces short-term profit and may harm cash flow.
- Options to resolve: phased advertising increase with measurable milestones; reallocate budget from lower-return activities; use lower-cost digital campaigns; seek temporary external finance for targeted campaigns; or set conditional spend tied to sales performance.
- Costs and benefits: higher ad spend may raise customer acquisition and lifetime value, justifying the cost, but risks include poor ROI, cash-flow pressure and possible need to cut other functions.
- Cross-functional implications: operations may need to raise capacity utilisation if campaigns succeed; HR may need to recruit or train staff; finance must model cash-flow and ROI scenarios to set acceptable spend limits.
- Short term versus long term: short-term cost control protects margins and liquidity, long-term investment can build market share and pricing power; the business must balance timing and risk tolerance.
- Measurement and control: propose SMART metrics, A/B testing of campaigns, agreed review points, and a contingency to pause spend if key performance indicators are not met.
- Equity of trade offs: when aligned metrics show acceptable payback or customer lifetime value, limited and monitored ad investment is justified; otherwise finance-led restraint is appropriate.
- Judgement example: recommend a phased, measurable marketing pilot funded by a small dedicated marketing budget or short-term finance, with clear ROI targets and monthly reviews, so marketing and finance share responsibility and risk.

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