CERTIFIED PUBLIC ACCOUNTANT
ADVANCED LEVEL 1 EXAMINATIONS
A1.1: STRATEGY AND LEADERSHIP
DATE: MONDAY 24, NOVEMBER 2025
MARKING GUIDE AND MODEL ANSWERS

SECTION A

QUESTION ONE

Marking guide

a) Porter's diamond model.

	Marks
Introduction	1
Well labelled diagram	2
Factor conditions	3
Demand conditions	3
Firms strategies, structure, and rivalry	3
Related industries	3
Maximum marks	**15**

*(Justification - Award 1 mark for the valid introduction, 2 marks for a well-labelled diagram, and 3 marks for each well-explained point, which must be related to the case study information (4 marks * 3 = 12 marks).*

b) Analyse the possible strategic direction Rich Spice should adopt in its bid to develop successfully in future. *Note: Use Ansoff's Matrix Model*

	Marks
Introduction	1
Well labelled diagram	2
Market penetration	3
Product development	3
Market development	3
Diversification	3
Maximum marks	**15**

*(Justification - Award 1 mark for the valid introduction, 2 marks for a well-labelled diagram, and 3 marks for each well-explained point, which must be related to the case study information (4 marks * 3 = 12 marks).*

(c) Conduct Rich Spice's resource audit using information provided in the above case
Note: Tabulate your answer

	Marks
Human Resources	2
Technology	2
Financial Resources	2
Physical Resources	2

Intellectual Property	2
Supply Chain	2
Customer Base	2
Logistics	2
Marketing	2
Management Team	2
Maximum marks	**20**

(*Justification - Award 2 marks for any good explained point which must be related to the case study information (2 marks * 10 = 20 marks. If the justification is insufficient, award 1 mark)*

(Total 50 Marks)

Model answers

a) Evaluation of Rich Spice's Attractiveness Using Porter's Diamond
Porter's Diamond model examines four broad attributes of a nation or industry that shape the environment in which local firms compete. These attributes are: Factor Conditions, Demand Conditions, Related and Supporting Industries, and Firm Strategy, Structure, and Rivalry.

Figure: Porter's Diamond Model
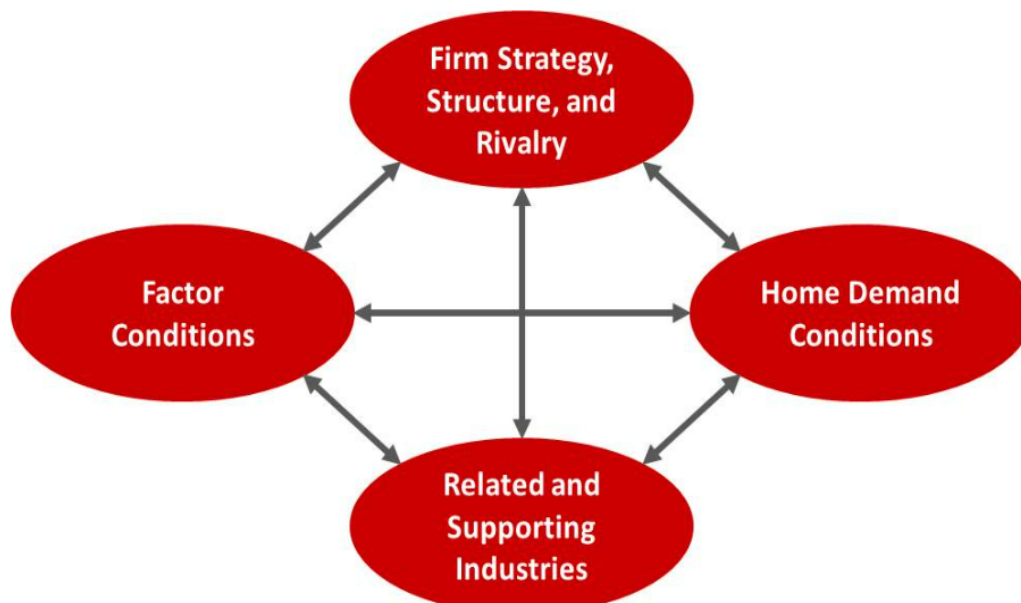
Factor Conditions
Rising labor costs in Rwanda, particularly due to the minimum wage increase, motivated Rich Spice to adopt automation to minimize these costs. This highlights a factor disadvantage that the company turned into an advantage through innovation. The restaurant leverages advanced

technology (virtual kiosks, cubbies for food delivery, iPads for POS systems) to improve operational efficiency and reduce labor costs. The logistics manager proposed using electric small cars and motorcycles as a backup system for food delivery, indicating a focus on infrastructure to support operational needs.

Demand Conditions

The restaurant targets the busy workers in the financial district and older customers who prefer convenience, demonstrating an understanding of specific customer's needs. The menu focuses on high-protein, flavorful, and environmentally friendly items, aligning with growing health and sustainability trends among consumers.

Related and Supporting Industries

By engaging various suppliers through social media platforms and fair competitive bids, Rich Spice ensures a high-quality supply chain, crucial for maintaining the quality of its offerings. Collaboration with technology providers for the POS systems, virtual kiosks, and automated food delivery mechanisms supports the restaurant's operational model.

Firm Strategy, Structure, and Rivalry

Rich Spice's adoption of a fully automated service model is a radical innovation in the Rwandan restaurant industry, giving it a competitive edge. By reducing labor costs and maintaining affordable prices, the restaurant positions itself as a cost leader. Plans to open two more locations, including in Kigali, indicate a growth-oriented strategy.

b) Strategic Direction for Rich Spice's Future Development

To develop successfully in the future, Rich Spice should consider the following strategic directions using the Ansoff's Matrix:

<u>**Figure: Ansoff's Matrix Model**</u>

Products

	Existing	New
Existing (Markets)	Market penetration	Product extension
New	Market development	Diversification

Markets

Market Penetration

This involves efforts to penetrate existing market with existing products. Rich Spice should intensify marketing efforts especially in the financial district to attract more customers. It should also utilize social media and targeted advertising to increase brand awareness. It should implement loyalty programs which aims to retain existing customers and encourage repeat visits.

Market Development

This involves trying to get into new markets with existing products. Proceed with the planned expansion to Kigali and potentially other cities. This aligns with the current growth strategy. Rich Spice should target new customer segments such as tourists and business travelers by offering special packages and partnerships with local hotels.

Product Development/Extension

Product development involves introducing a new product in an existing market. The restaurant needs to expand the menu to include more health-conscious options and cater to dietary restrictions e.g., vegan, and gluten-free. It should also in line with that introduce new services like meal subscriptions or customized meal plans to enhance customer experience and convenience.

Diversification

In diversification, efforts shift to introduction of new products into a new market. Rich Spice should explore opportunities in related areas such as catering services for corporate events or

collaborations with fitness centers to provide healthy meal options. It can also try to consider entering into the food retail market with pre-packaged healthy meals.

(C) Conduct Rich Spice's resource audit using information provided in the above case
Note: Tabulate your answer

Table: Rich Spice Resource Audit

Resource	Description	Evaluation
Human Resource	Minimal front of the house staff, full back of the house staff, concierge service	Efficiently managed, but dependent on technology
Technology	Virtual kiosks, cubbies for food delivery, iPads for POS systems	High level of innovation and automation
Financial Resources	Emergency funds amounting to FRW 10 billion	Strong financial backup for contingencies
Physical Resources	Locations in Musanze and plans for Kigali	Adequate physical infrastructure growing
Intellectual Property	Potential patents and trademarks for innovative ideas	Provides competitive edge and protection
Supply Chain	Engagement with various suppliers for sustainable procurement	Strong and quality-focused supply chain
Customer Base	Busy financial district workers, health-conscious individuals	Targeted and growing customer segments
Logistics	Proposed backup system with electric cars and motorcycles	Prepared for operational contingencies
Marketing	Use of social media platforms, benchmarking	Modern and proactive marketing approach
Management Team	Founder Olivier Joseph, IT Manager, Logistic Manager, Marketing Manager	Experienced and strategic leadership team

SECTION B

QUESTION TWO

Marking guide

a) Gantt Chat	Marks
A well labelled Gant Chart diagram	4
Correct duration/time allocation for the tasks	
A	1
B	1
C	1
D	1
E	1
F	1
G	1
H	1
Correct advice	3
Maximum Marks	**15**

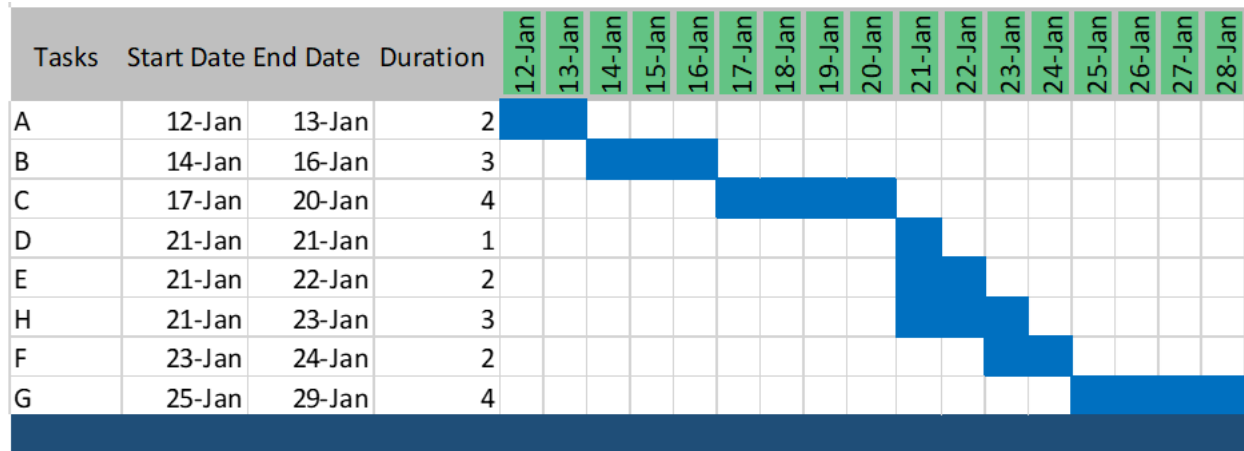| b) Tuckman's stages of team development	Marks
Forming	2
Storming	2
Norming	2
Performing	2
Adjourning	2
Award 1 mark for explanation of stage and 1 mark for strategies	
Maximum Marks	**10**
	(Total Marks 25)

Detailed Model Answers

Award marks for any of the Gant Chart drawn

Figure: Gant Chart

a) i) Gantt Chart for Project Tasks

SOFTWARE DEVELOPMENT PROJECT GLITTERS GOLD LIMITED(GGL)

Tasks	Start Date	End Date	Duration	12-Jan	13-Jan	14-Jan	15-Jan	16-Jan	17-Jan	18-Jan	19-Jan	20-Jan	21-Jan	22-Jan	23-Jan	24-Jan	25-Jan	26-Jan	27-Jan	28-Jan
A	12-Jan	13-Jan	2	█	█															
B	14-Jan	16-Jan	3			█	█	█												
C	17-Jan	20-Jan	4						█	█	█	█								
D	21-Jan	21-Jan	1										█							
E	21-Jan	22-Jan	2										█	█						
H	21-Jan	23-Jan	3										█	█	█					
F	23-Jan	24-Jan	2												█	█				
G	25-Jan	29-Jan	4														█	█	█	█

SOFTWARE DEVELOPMENT PROJECT GLITTERS GOLD LIMITED(GGL)

Task	Description	Predecessor Tasks	Duration (Days)	Start Date	End Date
A	Establish project	-	2	12-Jan-2016	13-Jan-2016
B	Establish customer requirements	A	3	14-Jan-2016	16-Jan-2016
C	Produce software specification docs	B	4	17-Jan-2016	20-Jan-2016
D	Write test plans	C	1	21-Jan-2016	21-Jan-2016
E	Write code	C	2	21-Jan-2016	22-Jan-2016
H	Write customer documentation	C	3	21-Jan-2016	23-Jan-2016
F	Developer testing	E	2	23-Jan-2016	24-Jan-2016
G	System testing	D,F	4	25-Jan-2016	28-Jan-2016

ii) From the Gant chart above the project start date is 12 January 2016 and the project end date is 28 January 2016. The project will last for 17 days obtained by subtracting the end date from the start date. The project will end on 2-January-2016. However, System testing will require much of the project's time for the project to be completed and will have to start after completion of projects D (projects test plans) and F (developer testing).

b) Tuckman's stages of team development and strategies for success

Tuckman's Stages of Team Development consist of five stages: Forming, Storming, Norming, Performing, and Adjourning.

Forming
Team members are introduced, roles and responsibilities are unclear, and team members are polite and excited. At this stage, clear goals and objectives should be provided, team rules and

expectations should be clear. Introductions and team building activities should also be given priority.

Storming
In storming, conflicts arise, team members challenge each other, and there is a struggle for power and position. To curb this, encourage open communication and active listening among team members. Members should embrace conflicts' mediation and prompt address of issues.

Norming
At this stage team member start to resolve differences, establish norms and standards, and develop stronger relationships among themselves. The stage requires members to foster trust and respect. Constructive feedback and acknowledgement of team achievements should be embraced.

Performing
After differences have been resolved, the team works effectively towards goals, demonstrates high level of performance, and adapts to changes smoothly. The spirit of tasks ownership and innovation rises which should also be accompanied with reward of individual's successes.

Adjourning
The project is completed and the team disbanded. Results evaluated and post evaluation to assess the project begins to check if the project goal was achieved or not. Feedback is very essential as post evaluation results are based on the feedback from the team.

QUESTION THREE

Marking guide

a) Key elements of Operations Management.   **Marks**

Definition of operations management	0.5
Designing	1.5
Planning	1.5
Control decisions	1.5
Maximum marks	**5**

(Any other valid element award 1.5 for each. Maximum marks 3*1.5=4.5Marks)

b) Using Michael Porter's generic strategies, discuss possible competitive options for Nyabugogo Motel

	Marks
Well labeled diagram	2
Cost leadership	2
Differentiation	2

Focus: Cost focus	2
Differentiation focus	2
Maximum marks	**10**

c) Discuss different strategies available for Nyabugogo Motel to attack market leaders for the achievement of a competitive advantage.

	Marks
Well labelled diagram	2
Flank attack.	2
Encirclement attack.	2
Bypass attack.	2
Guerrilla attack.	2
Maximum marks	**10**
	(Total 25 Marks)

Detailed Model answers

a) As a strategic and leadership student, propose to the management of Nyabugogo Motel three key elements of Operations Management it should incorporate.

Designing
Nyabugogo Motel operations manager is the one to design all the layout of the buildings under their management. He will need to ensure that each property contracted is followed up from the inception till completion.

Planning
The operations managers should ensure that suppliers of raw materials are well selected in advance, inventory level are well managed to avoid stock outs or huge lead times, check the quality of construction materials being used, and the rate at which builders are doing their work.

Control decisions
Quality of work is important in construction, and since the operations manager follows up a project from start till completion, quality management remains paramount, even if the operations manager has several projects, they all must be sequenced.

b)Using Michael Porter's generic strategies, discuss possible competitive options for Nyabugogo Motel

Michael Porter's Generic Strategies is a strategy that outline three primary strategic options businesses should employ to achieve a competitive advantage namely: Cost Leadership, Differentiation, and Focus (Cost focus, differentiation focus).

Figure: Michael Porter's Generic Model
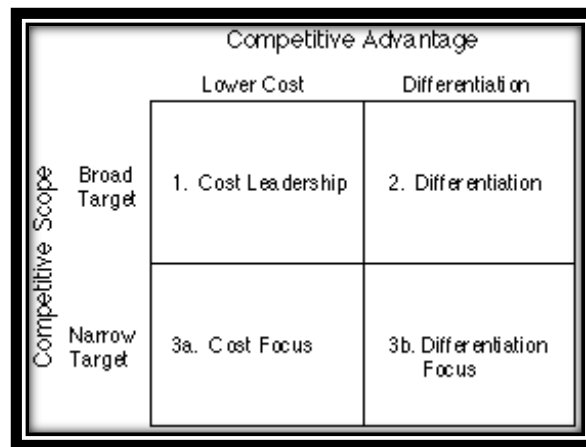
Cost Leadership

Nyabugogo Motel already charges significantly less than similar motels and big hotels in the area. This strategy focuses on being the low-cost provider in the industry.

Optimize operational efficiency to further reduce costs without compromising quality. Nyabugogo can negotiate better rates with suppliers to lower costs and also invest in energy-efficient solutions to reduce utility costs.

Differentiation

Nyabugogo Motel can differentiate itself by emphasizing unique aspects of its services and facilities. Emphasize the family-style rooms and child-friendly recreational equipment. Promote the new gym facilities and the park's contribution to overall health and well-being.

Leverage the theatre for classic movie screenings and live-streamed events to attract both local and international tourists.

Focus

Nyabugogo Motel can concentrate on specific market segments within its current segment domain and shifts cost efficiency to the selected segment.

Cost focus: Tailor marketing and services to appeal to these groups, providing packages that include local tours and activities and unique experiences that cater to international tourists, such as guided tours of nearby museums and cultural attractions.

Differentiation focus: Mr. TUYISHIME can shift focus on improving and making the available accommodative rooms which are family designed to be more attractive, gym facilities and children recreational facilities.

c) Discuss different strategies available for Nyabugogo Motel to attack market leaders for the achievement of a competitive advantage.

<u>Figure: Attack strategies in marketing</u>
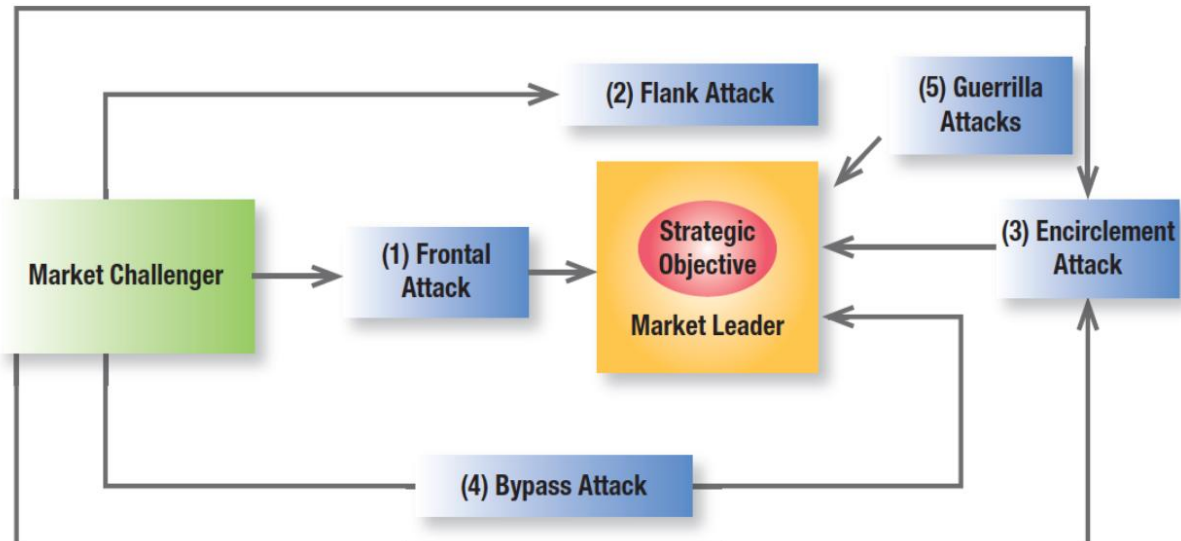
Frontal attack- Frontal attack is one of the marketing strategies inspired by war tactics. Frontal attack involves a head on attack on the competitor by matching the competitor in all aspects – product, price, place promotion. For a frontal attack to be successful it is believed that the player should have more than three times the fire power of the opponent. Nyabugogo Motel could apply this strategy by identifying the segments its competitors have not captured.

Flank attack.
A flanking strategy is another name for identifying shifts that cause gaps to develop in the market, then rushing to fill the gaps. Flanking is particularly attractive to a challenger with fewer resources. Another flanking strategy is to serve uncovered market needs. With a geographic attack, the challenger spots areas where the opponent is underperforming. Nyabugogo Motel could apply this strategy by identifying and developing new services and/or facilities such as playgrounds, a pool or tennis courts among to make the motel a preferred destination with a complete set of facilities compared to other motels.

Encirclement attack:
Encirclement attempts to capture a wide slice of territory by launching a grand offensive on several fronts. It makes sense when the challenger commands superior resources. It is difficult to defend a position with enough concentrated force and effect when faced with an all-out attack on all sides. Although the challenger may experience short-term losses, the outcome might be significant advances in market share. Although it seems hard for Nyabugogo Motel to apply this attack

strategy, it could try it by improving services, developing more facilities, and keeping prices low. All these fronts could prove efficient in attacking the bigger fish in the market.

Bypass attack.
Bypassing the enemy altogether to attack easier markets instead offers three lines of approach: diversifying into unrelated products, diversifying into new geographical markets, and leapfrogging into new technologies. In technological leapfrogging, the challenger patiently researches and develops the next technology, shifting the battleground to its own territory where it has an advantage. Since Nyabugogo Motel 's major competitors are likely to be larger hotels, it could consider applying bypassing technique by investing in different unrelated services altogether and avoiding taking on the hotels directly. These could include any non-tourism and non-recreational related services.

Guerrilla attack.
Guerrilla attacks consist of small, intermittent attacks, conventional and unconventional, including selective price cuts, intense promotional blitzes, and occasional legal action, to harass the opponent and eventually secure permanent footholds. A guerrilla campaign can be expensive, though less so than a frontal, encirclement, or flank attack, but it typically must be backed by a stronger attack to beat the opponent. Given the position Nyabugogo Motel, this attack strategy would be last resort one. With limited resources and most of its equity being held up in debt, it would probably be hard and unnecessarily expensive for Nyabugogo Motel to launch Guerrilla attacks against hotels.
No diagram and 2marks are allocated to it

QUESTION FOUR
Marking guide

(a) Leader responsibilities in strategy implementation   **Marks**

Instructions to the markers:
(Award 2 marks each for any 5 points from below)

	Marks
Visualizing and communication of strategies	2
Environmental analysis/scanning	2
Creating effective Structure	2
Motivating and inspiring the Employees	2
Facilitating capacity building	2
Enhancing Innovation	2
Enhancing Strong Organizational Culture	2
Performance and Strategy Evaluation	2
Assessing Local Markets responsiveness	2
Understanding and engaging Stakeholder	2
Maximum marks	**10**

(b)Potential for efficient future development and service delivery   **Marks**

Instructions to the markers:
(Award 3 marks each for any 5 points from below)

Strategic Locations	3
Product and market development	3
Stable and conducive business environment	3
Efficient Logistics	3
Customer oriented	3
Effective information system	3
Good organization culture	3
Marketing Approach	3
Good leadership culture	3
Maximum marks	**15**

Detailed Model Answers

(a) Using detailed examples from the case study, elaborate leaders' responsibilities in effectively implementing strategies

Visualizing and communication of strategies
Sweet Waters leaders communicate the company's vision and strategy clearly to employees and stakeholders. This includes outlining the purpose of the organization and how the strategy aligns with long-term goals. The management team identifies and delivers the organization's purpose to the rest of the workforce and stakeholders, ensuring everyone understands the strategic direction.

Environmental analysis/scanning
Leaders are responsible for ongoing analysis of external and internal environments to identify forces that influence strategies. They are involved in continuous environmental scanning to cope with strategic pressures and changes in the external environment.

Creating effective Structure
Sweet Waters leaders design an organizational structure and processes that support strategy implementation by creating a conducive environment by designing a good organizational structure and processes to implement chosen strategies.

Motivating and inspiring the Employees

Sweet Waters leaders inspire and motivate employees, ensuring they are motivated to achieve strategic goals by inspiring and listening to employees, creating an environment that supports strategic goals.

Facilitating capacity building
Leaders in Sweet Waters company promote a culture of organizational learning, knowledge creation, acquisition, and transfer. They use information systems to focus on organizational learning and knowledge transfer, leading to increased production at low cost.

Enhancing innovation
Sweet Waters leaders have supported and encouraged innovation by allowing employees to spend time in developing their own ideas where employees spend up to 20% of their time developing their ideas, which leads to new product and process development.

Enhancing strong organizational culture
They have developed and upheld a strong organizational culture and ethical guidelines to guide all stakeholders by coming up with code of ethics to ensure proper implementation of organizational strategy and maintain a strong organizational culture

Performance and strategy evaluation
They have implemented and put in place strategy evaluation procedures and techniques to measure strategic progress and performance on a continuous basis.

Assessing local markets' responsiveness
Sweet Waters' leaders ensure that the company's strategies are adapted to fit local market conditions when expanding globally. They have managed to tailor the company's product selection, payment methods, and marketing strategies to the values and regulations in each country where it operates.

Understanding and engaging Stakeholder
Sweet Waters leaders engage with various stakeholders, including employees, customers, suppliers, and distributors, to ensure alignment and support for strategic initiatives. They have enhanced mutually beneficial relationships with dealers, suppliers, and other business associates by developing reliable communication channels.

(b) Assessing Sweet Waters' potential for efficient future development and service delivery

Strategic locations
Sweet Waters' first shop is located in Bugesera district. Its subsequent expansion to other districts and City of Kigali enabled it to establish a strong local presence. It has also established subsidiaries

in Tanzania, Kenya, and probably other parts of the region which has helped tap into emerging markets with growing demand and available resources.

Product and market development

Sweet Waters produces and sells fruit juices and sport drinks, which are believed to be fast-growing segments in the drinks market. It initially started with wholesale distribution and expanded to retail, increasing its market share and customer base in other countries.

Stable and conducive business environment

Northern Province and City of Kigali have become conducive and provide significant incentives like premium land prices and quality basic materials. These regions are believed to have been endowed with rich resources, a strong buying culture, and critical suppliers supports efficient production and distribution.

Efficient logistics

Sweet Waters company has considered local transport links and costs to ensure frequent deliveries and efficient movement of raw materials and finished products. This positions it at a good level to improve on delivery efficiencies.

Customer oriented

Sweet Waters has prioritized product and service quality to meet customer needs to enhance its customer's satisfactions. This will ensure that products and services are easy for customers to find.

Effective information systems

These systems provide necessary information to customers and facilitate quick staff response to feedback. Reliable communication with dealers, suppliers, and other associates enhances business operations. Sweet Waters has been very keen on them.

Good organization culture

Encouraging employees to spend up to 20% of their time on their own ideas fosters innovation and motivation. This builds a good work ethics among employees. Superiors act as coaches and mentors, and failure is accepted as part of the innovation process.

Marketing approach

Sweet Waters has managed to form an effective marketing and improved distribution channels has increased user numbers and market share. It also has a continuous focus on R&D to adapt to changing customer needs.

Good leadership culture

It has a leadership culture in which both external and internal environmental factors which affects strategies are identified and addressed. It also incorporates a culture of inspiring and engaging employees to implement organizational strategies effectively.

End of Marking Guide and Model Answers