
**CERTIFIED PUBLIC ACCOUNTANT
ADVANCED LEVEL 1 EXAMINATIONS
A1.1: STRATEGY AND LEADERSHIP
DATE: MONDAY 24, NOVEMBER 2025**

INSTRUCTIONS:

1. Time Allowed: **3 hours 45 minutes** (15 minutes reading and 3 hours 30 minutes writing).
2. This examination has **two** sections: **A & B**.
3. Section **A** has **one Compulsory Question** while section **B** has **three optional questions** to choose any **two**.
4. In summary attempt **three questions**.
5. Marks allocated to each question are shown at the end of the question.

SECTION A

QUESTION ONE

RICH SPICE LTD.

The restaurant industry is constantly challenged with increased levels of competition. Rich Spice is one of the restaurants that decided to accept change and innovative strategies for operational efficiency and cost effectiveness. It is a fully automated restaurant located in Musanze the northern part of Rwanda, which was newly introduced in 2015. The restaurant's founder, Olivier Joseph, insists that this adoption of technology is more than a food delivery system. It is a different concept from the normal restaurant model.

One of his major motivations to start this new concept stemmed from the rising salaries of workers in Rwanda. Additionally, it also emerged that a number of his customers were aged and could not make frequent movements in search of meals while others started complaining of being kept waiting long in the queue for the service. In 2014, Rwanda voters approved a proposition to increase the city's minimum wage to FRW 5000 by 2018 according to the Office of Labour. This Proposition came to full implementation in 2018. In the restaurant industry, employee salaries account for approximately 40% of the total cost of conducting business based on self-research conducted by Olivier Joseph. Minimizing labour costs results in much higher profit margins. Rich Spice has fully integrated this concept into its innovative service model. There are no servers taking orders. The service model depends on technology via the virtual kiosk and a section of "cubbies" for food delivery an idea which brought forth by Rich Spice IT manager. This system decreases the number of fronts of the house employees. Even with this kind of technology in place, Olivier Joseph was not fully convinced as he argued in one of the Board meetings that the technology may fail creating service inconveniencies. He then tasked the Logistic manager to devise a system back up. The Logistic manager proposed hiring of electric small cars and motorcycles for faster delivery in any case the system fails. This proposal pushed the Board to approve the allocation of emergency funds amounting to FRW 10 billion. Rich Spice currently employs a front of the house concierge to assist with guest questions and a full back of the house staff to prepare the food. As restaurants are sensitive to labour costs, the development of technology will be one of the solutions to ensure the chance of survival in the future.

In addition, although the front of house procedure is fully automated, the restaurant aims for customers' health. The eight menu items are high in protein, loaded with flavour, and prepared with environmental values in mind, providing customers with a good combination of convenience and health-conscious food. The Rich Spice business team also declared that they are targeting the busy workers in the financial district who do not pay much attention to healthy eating. Rich Spice is planning to open two more locations including the city of Kigali in the upcoming months.

Service Innovation

The modern hospitality industry climate imposes certain strategic operational imperatives. These include creative and quality services for competitive advantage and innovation to effectively manage resource constraints. Service innovation is a powerful tool for service operations ranging from multi-national corporations to small, private restaurants. The implementation of emerging

technology garnered attention worldwide and created a demand from customers to have more efficient, productive, and cost-effective restaurant delivery systems. The major motivation for Rich Spice to adopt new technology was cost reduction. The service industry is different than other goods-based industries due to the intangibility of the service product in addition to the simultaneous production and consumption of the service. Typically, service innovation focuses on the delivery process since it is paramount in creating value for customers. Selecting the right innovative strategy depends on the goals of the organization and the characteristics of the service operation. Radical, combinative, incremental, and improvement innovations could be considered, based on the concept of the service product. Rich Spice marketing team has come up with marketing options like benchmarking, engaging various suppliers for sustainable procurement. To achieve this, the marketing team has come up with social media platforms where suppliers can engage in a fair competitive bid for their supplies. This has seen many suppliers improve the quality of their raw materials to suit different restaurants like Rich spice. It was also the idea from the Marketing Manager that the restaurant applies for patents and trademarks for some of their idea's protection.

Rich Spice clearly shows that technological adaptation had brought a critical change to traditional service delivery systems. Using iPads for the Point-of-Sale (POS) system, automatic mail boxes for delivering food, and screen menus for informing customers of the menu options prove that hospitality operations have the capacity for innovation which shows the strength of the demands from customers for improvement within service operations.

Value Creation

While most innovative strategies focus on product innovation, pricing is an area that has received far less attention. Pricing can be equally powerful. Through the participative pricing strategy by the research team, the restaurant was able to reach price sensitive customers who might not have otherwise purchased the product during difficult economic times, but who may become loyal customers when their spending increases after economic improvement. Past research on pay-what -you -want models (PWYW) focuses on consumers' feelings of altruism, fairness towards the organization, self-signaling, social welfare and preferences, and reciprocity additionally attributing payment behaviors to social norms. By creating a culture of normative behavior and reciprocity between the organization and the customer, restaurants like Rich Spice can successfully run innovative pricing promotions like this one.

Ultimately, any strategy, innovative or standard, must provide value to both the organization and the consumer. Value is the trade-off between the quality and utilization of the product and the costs associated with its acquisition. During an economic downturn, the risks associated with spending money can be much higher than during economically good times. By decreasing the risks associated with the cost of dining out, coupled with the emotional appeal of building relationships through offering this promotion, the Little Bay Restaurant successfully built value for both the customers and the organization.

On the other side of organizations, Rich Spice decided to adopt technological innovation to maximize operational productivity and efficiency, setting all of its menu at affordable prices. Although slightly different from the pricing perspective, they share the same goal of providing value to customers. Innovation is expected to save costs and increase productivity. This will

directly affect customers by allowing them to spend their money and time on other important issues. Innovation cannot be viewed in isolation from technology, radical or incremental, especially during economic downturn. Comforting elastic customers with reasonable prices for their meals is essential, and the adoption of technology is regarded as one of the best solutions for adding value for both the consumer and the organization. As a result, delving into the ‘black box’ of technology and innovation could greatly benefit both food service operations and customers in the long-term.

Required:

a) With reference to the case of Rich Spice above, evaluate the attractiveness of Rich Spice using Porter’s Diamond Model. (15 Marks)

b) Analyze the possible strategic direction Rich Spice should adopt in its bid to successfully develop in the future. *Note: Use Ansoff’s Matrix Model.* (15 Marks)

c) Conduct Rich Spice’s resource audit using information provided in the above case
Note: Tabulate your answer (20 Marks)

(Total: 50 Marks)

SECTION B

QUESTION TWO

Glitters Gold Ltd (GGL) is a private limited company registered in 2014 under the Rwandan law, fully owned by Mr George Gael and his family. GGL is located in Nyanza District and has been created with a purpose of improving the mining service delivery basing on best internationally accepted practices. GGL task force is considering undertaking a project for the development of a software to transform its operations. This software will help the company move away from manual operations. Operating in a volatile market, GGL needs to ensure its mining operations perform as efficiently as possible. It is poised that the new software will empower GGL's customers to manage the entire asset lifecycle to maximize production, increase asset reliability, and improve workforce safety. It will also help the company unite, analyse, and manage its engineering data, processes, and supply chain in an intelligent and efficient way. The company has a large and diverse workforce, including engineers, designers, manufacturing staff, and sales representatives. They have high interest in job security, conducive working environment, fair compensation, and employee's career development. Labour unions represent some employees and have moderate influence.

The table below demonstrates the tasks, dependencies, and estimated times GGL's project manager has estimated for the software development.

Table: GGL's software development project information:

| Project start date: 12 January 2016 | | The task shall be | Implemented in all |
|-------------------------------------|--|-------------------|--------------------|
| Task | Task description | Predecessor Tasks | Time (Days) |
| A | Establish project | - | 2 |
| B | Establish customer requirements | A | 3 |
| C | Produce software specification documents | B | 4 |
| D | Write test plans | C | 1 |
| E | Write code | C | 2 |
| F | Developer testing | C | 3 |
| G | System testing | E | 2 |
| H | Write customer documentation | D,F | 4 |

A section of senior managers is excited about the project. They believe that the new software will help the company solve some of the challenges it has been facing which include: outdated process operations, declining staff morale, declining profitability, disruptive technologies, and customer dissatisfaction. An expert analysis reveals that the reasons for change score four, two, three, two, and one respectively along the Kurt Lewin Force Field. A score of four implies a strong reason while a score of one means the reason is weak. However, another section of management is opposed to this proposed change. This section of management argues that changing to a new software will take the company to the unknowns, change existing organizational structures, change how things are done, potentially interrupt existing commitments to customers, and potential incompatibility with existing systems. An expert analysis reveals that the reasons against the change score three, three, one, two, and two

respectively along the Kurt Lewin Force Field.

A score of four implies a strong reason while a score of one means the reason is weak. The board of GGL has been made aware of the debate. Mr George Gael was recently quoted saying ‘senior managers need to create a country-wide crusade to implement and execute the chosen strategy as fast and effectively as possible.

GGL has also formed a new cross-functional team of experts to develop an innovative strategy that aligns with the company's vision of sustainability and technological advancement. The team is composed of individuals from different departments, including R&D, marketing, and engineering. The team's objective is to create a market-leading sustainable mineral within a tight timeframe. This team will be led by Ms Marie Luise.

Required:

a) Using the provided project information:

i) **Illustrate the project tasks using an appropriate GANTT chart.** (12 Marks)

ii) **Advise the management on how long the project will take and the last project date.** (3 Marks)

b) Using Tuckman’s stages of team development, **discuss the different stages GGL’s recently formed team is likely to pass through and the strategies that must be applied by Ms Marie Luise to ensure the team’s success on each stage.** (10 Marks)

(Total: 25 Marks)

QUESTION THREE

Nyabugogo Motel stands as a prominent social amenity located in Kigali Down Town, dedicated to building strong, healthy, and resilient communities through the means of recreation. The Motel endeavours to realize this vision by investing in and championing the work of the motel and recreation professionals as a catalyst for positive change in the pursuit of equity, climate readiness, and overall health and well-being. In addition to outdoor recreational facilities, the motel also offers low-cost accommodation, gym facilities, recreational equipment for children, and a theatre for local and international tourists.

The owner, Mr TUYISHIME, firmly believes that there is a need for low-cost family accommodation amid the luxury and beauty of the surrounding areas. Nyabugogo Motel’s rooms are large, family-style rooms with no television. Since the Motel is relatively new, the grounds are fairly bear with a bit of landscaping, but mostly grass.

Mr TUYISHIME has plans of expanding the site in the near future. The theatre is used to host classic movies using a modern live-streaming software. The Motel financed these facilities with a FRW 400 million loan from a bank. Nyabugogo Motel’s skilled staff serve breakfast in the rooms, snacks for outdoor customers, and provide tea-making facilities for those who wish to help themselves on-the-go. Nyabugogo town has many good restaurants and fast-food points where by-passers can grab take-away.

Nyabugogo Motel charges almost 50% of what similar motels charge and a bargain of what the big hotels in the area are charging. What is surprising is that Nyabugogo Motel is located near

many museums, shops, and other attractions. The Motel has a reputation for low-cost and quick services. However, Nyabugogo Motel faces a challenge of occupancy. The Motel has some regular customers who visit every holiday period and are quite loyal to the motel ever since it was established five years ago. Nyabugogo Motel occupancy is generally about 50% year-round yet other properties that offer comparable services in Nyabugogo average around 68% occupancy year-round.

Further, there has been development of newer and modern hotels, motels, and recreational facilities in and around Nyabugogo area in the recent past in anticipation for the COMESA Heads of Government Meeting and other events and conferences that have picked up in Rwanda in the last few years. This lack of occupancy can be quite frustrating for Mr TUYISHIME. Cars sometimes pull in, drive around the parking areas, and then drive away.

Currently Nyabugogo Motel does very little advertising on radios, social media, and walls. Mr TUYISHIME believes that word-of-mouth is the best form of advertising. Although is a member of Nyabugogo Tourism Committee, a committee that promotes an integrated and responsible tourism in Nyabugogo, but he is too busy to go for meetings. However, Mr TUYISHIME does receive local tourism statistics and knows the average stay in the area is 3 nights, and that local families and couples and increasingly overseas visitors are Nyabugogo Motel's potential customers. Mr TUYISHIME knows Nyabugogo Motel is not a market leader, but he is interested in devising strategies to challenge those facilities leading the industry.

Required:

- a) As a strategic and leadership consultant, **advise the management of Nyabugogo Motel on three key elements of Operations Management that should be incorporated.** (5 Marks)
- b) Using Michael Porter's generic strategies, **discuss possible competitive options for Nyabugogo Motel.** (10 Marks)
- c) **Discuss different strategies available for Nyabugogo Motel to attack market leaders for the achievement of a competitive advantage.** (10 Marks)

(Total: 25 Marks)

QUESTION FOUR

Sweet Waters Company is among the most performing and growing manufacturing companies in Rwanda soft drinks market. It opened its first shop in Sweet Waters district in 2015 and expanded business in other districts of Eastern Province and city of Kigali. Currently Sweet Waters has subsidiary companies in Tanzania and Kenya. Sweet Waters produce and sells fruit juices and sport drinks which are among drinks markets that are growing faster.

Sweet Waters started business by only producing soft drinks and sell them to Wholesalers for distribution. Currently, the business has different shops in different areas for retail. For the potential business growth, the company factory plant, shops and subsidiaries are located in areas which give the best chance of beating the odds and keeping the business on track for future success. It is located in Northern Province and City of Kigali areas which bring significant government and local incentives like land at premium price, quantity and quality available basic

materials among others. It is also operating in Tanzania and Kenya due to their markets emerging speediness and to availability of resources, buying culture and critical suppliers.

As Sweet Waters is a business which relies on frequent deliveries, raw materials and finished products, local transport links and costs have been considered. To satisfy different customers with different needs and interests, the business is located in areas where it is easy to access a healthy bank of talents. Besides that, Sweet Waters makes it easy for customers to find its products and services. To achieve customer satisfaction, the quality of the products and services are the business number one priority. Sweet Waters does every work with customers in mind, and by providing better products and services than competitors. To effectively communicate with different customers in different segments, the company has developed an automating system which provides all needed information considering the different needs and interests of the users of the business products and services. Automating systems are also used by customers to provide their feedback. The systems are linked directly to getting staff at all levels for quick reaction. In addition to that, the company considers also those customers who are at ease with the use of face-to-face interaction. As result, employees always have updated information on customers, market and competitors. The company has a significant competitive position at the market as it is one which provides a benchmark for others to follow or imitate.

The business strives for excellence in everything it does; in products, in their safety and value, and its services, its human relations, its competitiveness, and its profitability. The company maintains mutually beneficial relationships with dealers, suppliers and its other business associates by developing automating strong and reliable communication channels.

To keep this position, Sweet Waters is targeting both groups that currently are no-users and existing customers. The company emphasizes on promoting innovative company culture. Employees spend up to 20 per cent of their total time developing their own ideas which leads to new uses of existing products, new products and processes development, and increased ability of cope up with environmental changes. The company gives them extensive support, especially from their superiors, who act as coaches and mentors, rather than judges and leaders. Failure is accepted without criticism as part of the process.

Advertisement strategies and different improved distribution channels are used to increase number of users and thus increased business market share. Everywhere business is located; it is always focusing on research and development to meet changing needs of customers in products and services. Sweet Waters Company uses basic, core and peripheral technologies to remain a leader company at the market and build competitive advantage. The information systems used by the business allows it to focus on organizational learning, knowledge creation and acquisition, and knowledge transfer; which leads to increase in production at low cost. The company continues to improve and optimize its information system to deal with its established and conservative customers set, suppliers, distributors, and to fit business model.

Also, business focuses on optimizing new technology into new market segments. At this time, Sweet Waters due to its established resources and capabilities, it is focusing on international diversification culture by increasing global competitive advantage using strategic leadership. With strategic leadership, the organization management team identify and deliver the purpose of the organization to the rest of the organization workforce and other stakeholders. Organization

leaders are involved in continuous environmental scanning activities to identify a number of factors relating to strategy. The company copes with strategies' pressures and changes in the environment outside the organization. It also manages human resources inside the organization by inspiring and enthusing those inside organizations.

Organization leaders communicate with and listen to those inside the organization with the aim of spreading the knowledge, creating conducive environment by designing a good organizational structure and processes to implement a chosen strategy. Among others also organization requires organizational culture and develop code of ethics to guide all stakeholders on what is required for proper implementation of organizational strategy. Leaders put in place strategy evaluation procedures and techniques to measure progress and performance. Sweet Waters leaders do not undertake these tasks themselves; they involve others in the organization at many levels. Sweet Waters is expanding business globally by exporting and opening new subsidiaries for new users of the products or unsatisfied users. Apart from exporting products to take advantage of international opportunities for the countries where customization is not a key factor for success, Sweet Waters Company to position itself at global market, it opens subsidiaries to produce the products that meet local market customers' tastes and preference. It tailors its product selection, payment methods, and marketing to the values and regulations in each country where it operates. The company overall management is centralized in the home country, but country managers are given latitude to make adaptations.

Required:

- a) Using detailed examples from the case study, **elaborate on the leaders' responsibilities in effectively implementing strategies.** (10 Marks)
- b) **Evaluate and discuss the potential of Sweet Waters Ltd to support the efficient development and fulfilment of future business requirements.**

(15 Marks)

(Total: 25 Marks)

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