

## 1.3: Organisational Objectives: Exam Practice Question



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### 1.3 TYPES OF ORGANISATION: EXAM PRACTICE QUESTION

Read the case study below and answer the questions that follow.

#### PEUGEOT CITROEN'S ROAD AHEAD LAID OUT



The chairwoman of the car maker Peugeot Citroen, Mrs. Courtney Lovell, has set the company the aim of becoming the 'most competitive car maker in Europe by 2018'. This overall aim is supported by more specific and measurable objectives. The profit margin for each car sold is targeted to increase from two to seven per cent by 2018. The overall sales objective is to reach four million car sales a year by 2018. In Europe, one of the most competitive car markets in the

world, the target is to increase sales by 300 000 cars a year by the same date.

Departmental operating targets have also been established. For example, the human resources department must prepare for up to 8000 job losses and operations must aim to cut fixed manufacturing costs by 30% and costs of purchasing car parts by four to six per cent a year. Marketing must plan to launch 12 new products in the Chinese market.

Mrs. Lovell also announced that it was her intention to take both car brands upmarket and establish them as premium car brands that increasing numbers of customers will want to own.

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**QUESTIONS: 25 MARKS, 45 MINUTES**

1. Analyse the importance of the chairwoman not only setting an overall aim for the company but also establishing departmental objectives. **[6 marks]**
2. To what extent do you believe Peugeot Citroen's shareholders would be pleased by Mrs Lovell's new objectives for the company? **[9 marks]**
3. To what extent might these objectives have to be changed before the 2018 target date is reached? **[10 marks]**