

# Tutors' marking guide for Business Strategy December 2017

## Marking documents

The marking information set out below was used to mark the questions at this sitting. Markers are encouraged to use discretion and to award partial marks where a point was either not explained fully or made by implication. More skills marks are available than can be awarded for each requirement, where indicated.

Business Strategy has one of the highest skills content of all the application stage papers as it leads on to the Advanced Level and Case Study papers. This is reflected in the marking process where the available marks for each requirement are divided into two pools: Knowledge marks (K) and Skills marks (S), with more marks awarded for skills than knowledge.

For any particular exam there are three separate marking documents:

- A detailed mark plan for the paper (a full answer, containing all the likely points that candidates may make, as published for students);
- A marking grid which breaks the paper down into the K and S mark pools available for each requirement;
- A separate marking guidance document issued to markers, giving an overview of the typical K and S points for each requirement, to be used in conjunction with the detailed mark plan.

This approach was explained at the tutor conference and is covered in detail in the Learning Materials.

Broadly speaking, the K marks are for demonstration of appropriate and accurate knowledge and understanding from the Learning Materials, explicit or implied (eg where the answer is developed using recognised models, tools and frameworks, not just common sense).

The S marks are for:

- Assimilating and using information
- Structuring problems and solutions
- Applying judgement
- Conclusions and recommendations
- Communication

For example, if the requirement was to 'analyse the competitive forces within an industry' then K marks would be for selecting the right model and knowing the key headings, in this case that 'competitive forces' suggests Porter's Five Forces model should be applied.

S marks would be gained for example by

- Applying a model to the context in the question, eg identifying information from the scenario
- Analysing the information, eg identifying causal factors that explain changes in data
- Reasoning and judgement, eg providing reasoned advice relating to the specific terms of the scenario

**Business Strategy December 2017 marking grid**

|                            | <b>ACTUAL</b> |           |              | <b>HEADROOM</b> |           |              |
|----------------------------|---------------|-----------|--------------|-----------------|-----------|--------------|
|                            | <b>K</b>      | <b>S</b>  | <b>TOTAL</b> | <b>K</b>        | <b>S</b>  | <b>TOTAL</b> |
| <b>Q1: Fullerton</b>       |               |           |              |                 |           |              |
| 1.1 Data analysis          | 1             | 21        | 22           | 1               | 24        | 25           |
| 1.2 Premises choice        | 4             | 6         | 10           | 4               | 7         | 11           |
| 1.3 New technology         | 2             | 5         | 7            | 2               | 5         | 7            |
| 1.4 Ethics                 | 3             | 5         | 8            | 3               | 5         | 8            |
| <b>Total</b>               | <b>10</b>     | <b>37</b> | <b>47</b>    | <b>10</b>       | <b>41</b> | <b>51</b>    |
|                            |               |           |              |                 |           |              |
| <b>Q2: Berlina</b>         |               |           |              |                 |           |              |
| 2.1 Benchmarks             | 2             | 7         | 9            | 2               | 8         | 10           |
| 2.2 Performance management | 3             | 8         | 11           | 3               | 9         | 12           |
| 2.3                        |               |           |              |                 |           |              |
| (a) Implementation         | 3             | 8         | 11           | 3               | 9         | 12           |
| (b) Barriers to change     |               |           |              |                 |           |              |
| <b>Total</b>               | <b>8</b>      | <b>23</b> | <b>31</b>    | <b>8</b>        | <b>26</b> | <b>34</b>    |
|                            |               |           |              |                 |           |              |
| <b>Q3: Cancer Concern</b>  |               |           |              |                 |           |              |
| 3.1 Report                 | 5             | 9         | 14           | 5               | 11        | 16           |
| (a) Stakeholder impact     |               |           |              |                 |           |              |
| (b) Funds allocation       |               |           |              |                 |           |              |
| 3.2 Mission statement      | 3             | 5         | 8            | 3               | 5         | 8            |
| <b>Total</b>               | <b>8</b>      | <b>14</b> | <b>22</b>    | <b>8</b>        | <b>16</b> | <b>24</b>    |
|                            |               |           |              |                 |           |              |
| <b>Overall total</b>       | <b>26</b>     | <b>74</b> | <b>100</b>   | <b>26</b>       | <b>83</b> | <b>109</b>   |

## Marking guidance notes for Business Strategy December 2017

| <b>Q1: Fullerton Office</b><br><br><i>Headroom skills marks</i> | <b>KNOWLEDGE</b><br><b>Demonstration of LM knowledge, explicit or implied (e.g. used tools not just common sense)</b>  | <b>SKILLS</b><br><b>(e.g. Application of knowledge. Analysis of issues. Linking of key facts. Argument and reasoning. Judgement and conclusions)</b>  |
|---|--|---|
| <b>1.1 Data Analysis</b>  | Structured presentation - table with columns and headings  | <b>Business segment</b><br><u>Quantitative data analysis</u> <ul style="list-style-type: none"> <li>• 2015 v 2016 % changes</li> <li>• cost ratios</li> <li>• per item or per customer ratios</li> <li>• discounts and/or commissions</li> <li>• profit ratios or %</li> </ul> <u>Discussion</u> <ul style="list-style-type: none"> <li>• Use of data</li> <li>• Use of working assumption as benchmark</li> <li>• Impact of commissions</li> <li>• Impact of discounts</li> <li>• Volume changes</li> <li>• FC cost changes</li> <li>• VC changes</li> <li>• Identify and quantify key drivers</li> </ul> <u>Conclusion</u><br><b>Schools segment</b><br><u>Quantitative data analysis</u> <ul style="list-style-type: none"> <li>• 2015 v 2016 % changes</li> <li>• Per school and per item</li> <li>• cost ratios</li> <li>• profit ratios or %</li> </ul> <u>Discussion</u> <ul style="list-style-type: none"> <li>• Use of data</li> <li>• Competition and market share changes</li> <li>• Impact of quality reduction</li> <li>• Sales returns</li> <li>• Volumes</li> <li>• Returns inward</li> <li>• Identify and quantify key drivers</li> </ul> <u>Conclusion</u> |
| <b>1.2 Birmingham relocation</b>                                | Knowledge of factors relevant to location: <ul style="list-style-type: none"> <li>• Incremental cost (or relative cost)</li> <li>• Short term v long term (lease term)</li> <li>• Supply chain management – logistics; inward/outward distribution</li> <li>• Capacity or increased production capability</li> </ul> | Explanations of key factors: <ul style="list-style-type: none"> <li>• Incremental cost comparison and calculations</li> <li>• Lease term 5yr v 10yr commitment</li> <li>• Location – distribution logistics inwards and outwards</li> <li>• Size -capacity and space use</li> <li>• Transition costs, disruption, employees</li> <li>• Strategic/operational impact of relocation</li> </ul>  |
| <b>1.3 Design &amp; production tech</b>                         | <ul style="list-style-type: none"> <li>• Contribution and break-even – awareness</li> <li>• Data analytics for forecasting and marketing</li> </ul>  | Calculations <ul style="list-style-type: none"> <li>• Break even (3,996 units)</li> <li>• Additional cost (£61,200)</li> </ul> Discussion <ul style="list-style-type: none"> <li>• Impact on variable cost</li> </ul>   |

|                   |  |   |
|-------------------|--|---|
|                   |  | <ul style="list-style-type: none"> <li>• Management information for marketing</li> <li>• Customer service</li> <li>• Calculations of costs, benefits and break-even</li> </ul>  |
| <b>1.4 Ethics</b> | <ul style="list-style-type: none"> <li>• Ethical language and relevant principles: (transparency, honesty, integrity)</li> <li>• Conflict of interest (or self-interest) (for Jayne)</li> <li>• Legality – Bribery Act (inducement)</li> </ul> | <ul style="list-style-type: none"> <li>• Establish the facts – extent, nature, impact (rumour only)</li> <li>• Evaluate ethical issues separately for Trevor and Jayne</li> <li>• Potential legal issues Bribery (ie inducement)</li> <li>• Challenge the assertion of 'intimidation'. Is it intimidation of Jayne, or is it by Jayne?</li> <li>• Specific issues for Jayne of conflict of interest, transparency, public interest</li> <li>• Specific issue for Trevor – has own self-interest issues.</li> <li>• Set out actions for Trevor based on evidence.</li> </ul> |

|                                      |   |  |
|--------------------------------------|---|--|
| <b>Q2 Berlina Kitchen Appliances</b> |   |  |
| <b>2.1 Benchmarks</b>                | Knowledge of types of benchmarks  | Explanation and examples of: <ul style="list-style-type: none"> <li>• Internal benchmarks</li> <li>• Competitive or external benchmarks</li> <li>• Activity (or best in class) benchmarks</li> <li>• Generic benchmarks</li> </ul> |
| <b>2.2 Performance management</b>    | <ul style="list-style-type: none"> <li>• Knowledge of KPIs</li> <li>• Knowledge of CSFs</li> <li>• Understanding targets</li> <li>• Profit centre and divisional performance</li> </ul> | Critique of divisional performance system, targets and alternative KPIs: <ul style="list-style-type: none"> <li>• Customer satisfaction</li> <li>• Production quality</li> <li>• Penetrate export markets</li> </ul>               |
| <b>2.3(a) Implementation</b>         | <ul style="list-style-type: none"> <li>• Pace or type of change - staged v rapid implementation</li> </ul>  | <ul style="list-style-type: none"> <li>• Constraints on rapid change</li> <li>• Risks of rapid change</li> <li>• Benefits of rapid change</li> </ul>   |
| <b>2.3(b) Barriers to change</b>     | <ul style="list-style-type: none"> <li>• Cultural barriers and personnel barriers</li> <li>• Mitigation models (eg Lewin, Gemini)</li> </ul>  | <ul style="list-style-type: none"> <li>• Transformational change</li> <li>• Barriers to change in scenario (cultural and personnel)</li> <li>• Mitigation actions</li> </ul>   |

| <b>Q3 Cancer Concern</b>       |  |  |
|--------------------------------|--|--|
| <b>3.1a Stakeholder impact</b> | <ul style="list-style-type: none"> <li>• Report format</li> <li>• Identification of relevant stakeholders</li> <li>• Identifying conflicting objectives</li> </ul>   | <ul style="list-style-type: none"> <li>• A range of stakeholders identified</li> <li>• Issues for each stakeholder group</li> <li>• Impact upon each stakeholder group</li> <li>• Impact of decisions</li> <li>• Uncertainty of outcomes</li> <li>• Direct and indirect consequences</li> </ul>  |
| <b>3.1b Funds allocation</b>   | <ul style="list-style-type: none"> <li>• Understanding of legal/regulatory/trust deed criteria for funds allocation by trustees</li> <li>• Reduced funding available</li> </ul>  | <ul style="list-style-type: none"> <li>• Balance between restricted and unrestricted funds.</li> <li>• Intertemporal factors (reserves or current spending) sustainability</li> <li>• Alignment of decisions with mission</li> <li>• Criteria for prioritisation (currently equal)</li> <li>• Cost-benefit analysis (subjectivity of benefits)</li> <li>• Qualitative v quantitative</li> <li>• Reputational impact</li> <li>• Operating and marketing costs</li> <li>• 3Es – critical approach</li> </ul> |
| <b>3.2 Mission statement</b>   | <ul style="list-style-type: none"> <li>• Language and presentation of mission statement (not a short vision statement)</li> <li>• Key purposes/values (eg Ashridge)</li> <li>• Constraints within mission statement</li> </ul> | <p>Mission statement:</p> <ul style="list-style-type: none"> <li>• Appropriate detail - purpose and values</li> <li>• Funding issues (sources of funds)</li> <li>• Financial constraints recognised</li> <li>• Suitable to guide priorities</li> <li>• Stakeholders</li> <li>• Justification of revisions</li> </ul>   |