



ICAEW Partner in Learning

ACA TUTOR CONFERENCE 2018



Business Strategy and Technology (BST)

PROFESSIONAL LEVEL

Agenda

- Business Strategy AND TECHNOLOGY syllabus and learning materials 2018
- Technology in BST exam
- BST and CBE
- BST answers
- Evolving BST style
- BS December 2017 exam – comparison of very good and marginal scripts

Business Strategy AND TECHNOLOGY syllabus 2018

Name change principally reflects existing contents

Big data, data analytics and cyber security already in 2017 syllabus

In 2018 syllabus explicitly added, to all three areas :

- Effect of developing technologies on strategy, objectives, products and services
- Use of data

BST learning materials 2018

- Study manual: new sections in some chapters to reflect technology topics
 - Chapter 6 - Crowd funding and cloud computing re strategic capability
 - Chapter 14 - Cyber security in boundaryless organisations and block chain re strategies for IT
 - Some updated exam context and worked examples
- Question banks: 2010 and 2011 removed, 2017 added
 - Emphasis on technology elements in some rewritten questions: DA plc, e-Parts Ltd and Marcham plc

Technology in BST exam

- How will technology appear in the exam?
 - Digital business as an industry scenario eg DA plc/ e-Parts
 - Strategic digital issues faced by a business eg Marcham/Mayhews
 - Capture and analysis of Big Data to support strategic and operational decisions e.g from social media, website hits etc
 - Data analysis questions may incorporate some Big Data
e.g. summary figures/statistics/graphs derived from Big Data or data analytics or analysis on a micro level e.g. detailed data for a week's production to assess efficiency of processes

BST and CBE 2018

- All CBE exams from March 2018
- Style/structure of exam not affected
- Follow advice in most recent ICAEW CBE Guide on website
- **STUDENTS SHOULD PRACTISE PRODUCING ANSWERS USING ICAEW RESOURCES**

BST and CBE 2018

- All narrative must be visible – examiner cannot interrogate cells
- Typing/proofing: text must be understandable
- If using formulae in cells for eg breakeven, include workings because formulae cannot be seen by examiner
- Formatting of numbers (2dp better)
- Clarity of tables – rows should be labelled

BST answers

Examiners expect:

- Well-structured and well-informed answers, including use of relevant models
- Application to scenario, not knowledge-dumping
- Justified conclusions, even if the conclusion/recommendation is not the optimum
- Professional style in answers:
 - Explained and linked points, based on numerical as well as written data
 - Clear, separate and structured tables for data analysis
 - Relevant format (eg to, from, subject, date for a report) where required
 - A degree of professional scepticism

BST answers

Marginal candidates:

- Produce generic answers
- Mix up models
- Just restate facts from the scenario without analysis or development
- Just restate their own calculations in words
- Don't use a report format or produce a structured table for data analysis
- Don't provide calculations even when specifically asked for
- Don't show appropriate knowledge in relation to scenarios
- Don't conclude/recommend even when required to do so

Evolving BST style: use of models

- Three styles of requirement:
 - 1. Told which specific model to use** eg Porter's five forces
 - specific elements OR
 - select a specified number of **key** elements: roughly equal marks OR
 - use whole model: not necessarily equal marks for each part
 - 2. Told to use 'appropriate' or 'relevant' models**
 - Up to candidate to select relevant model
 - Should consider selecting more than one model - different perspectives enrich answer
 - 3. Models expected though not specifically mentioned**
eg change management, structure, organisational growth
- More emphasis on 2 and 3 because it shows higher skills

Evolving BST style: numerical skills

- Two types of 'numbers' requirements in exam
 - Data analysis and interpretation: generally well done
 - Specific calculations or requirement to show supporting calculations: generally poorly done
- Total mark allocation for requirements involving some form of data analysis or calculations is usually between 20 and 30 marks

Evolving BST style: data analysis

- Different types of data presented
 - Not necessarily annual eg 6 monthly/quarterly
 - May include operating or market data (not just financial)
 - Micro-data, big data eg detailed production stats for a week
 - Presented in different formats eg charts/graphs
- Need agility/flexibility to spot what is happening in scenario and therefore what calculations/analysis are helpful
- Ratios may be calculated from:
 - Two financial figures e.g. operating margin
 - Two operating figures e.g. number of employees per shop
 - One financial/one operating figure e.g. revenue per shop
- Spend time deciding which calculations are most useful - **not just changes in numbers**
- Provide these as an up-front table

Evolving BST style: calculations

- Required calculations may be specified
 - e.g. breakeven volume/price, margin of safety, expected values, budgeted amounts, differences from budget, particular ratios, divisional performance calculations
- May be given numbers in scenario and just asked for a decision/recommendation with 'supporting calculations'
- May be asked to "evaluate" the impact of a decision e.g.
 - a price reduction
 - a new contract
- Need to balance calculation and discussion parts of such requirements

Evolution of BST style: calculations

- Performance in calculations relatively weak in 2017:
 - M17 Q1.3 (target sales/profit)
 - J17 Q3.1 (maximum profit under three scenarios)
 - J17 Q3.2 (whether to incur step change in fixed costs)
 - D17 Q1.3 (breakeven)

BS December 2017 exam

Question 1

Furniture for businesses and schools

- 1.1 Data analysis for two separate segments facing different issues
- 1.2 Consider factors re moving factory
- 1.3 Evaluate whether to invest in technology – supporting calculations required
- 1.4 Ethical issue

BS December 2017 exam

Question 2

Manufacturer of electrical appliances coming into free market conditions

- 2.1 Types and benefits of benchmarks
- 2.2 Critical appraisal of suggested performance measurement system
- 2.3a Staged or rapid implementation of new strategy
- 2.3b Change management

BS December 2017 exam

Question 3

Not-for-profit, UK charity suffering fall in income and facing need to ration its allocation of funds

- 3.1a Impact on stakeholders
- 3.1b How to decide on allocation of funds
- 3.2 Revised mission statement

BS December 2017 exam: specific weaknesses

Question 1

- Layout out of data in 1.1 (failing to produce an initial table of quantitative data analysis)
- Not addressing two segments in 1.1 separately
- Not applying knowledge in 1.2 eg re supply chain
- Failing to make calculations in 1.3 OR failing to discuss results of calculations or other issues
- Weak analysis of ethics in 1.4 – over-reliance on TEF (transparency, effect, fairness); failure to use ethical language/principles eg integrity, conflict of interest

BS December 2017 exam: specific weaknesses

Question 2

- Lack of basic knowledge about benchmarks in 2.1
- Trying to force BSC onto 2.2, so failing to answer the requirement
- Focusing on change management rather than strategic issues in 2.3a
- Change management answer in 2.3b good
- Candidates who merged 2.3a and 2.3b into a single answer normally performed poorly.

BS December 2017 exam: specific weaknesses

Question 3

- Failing to consider stakeholder conflicts and trying to force Mendelow onto 3.1a
- Producing partial answers to 3.1b eg not considering restrictions on funds
- Producing a mission statement that was too brief and did not address required issues in 3.2
- Candidates who merged 3.1a and 3.1b into a single answer normally performed poorly.

BS December 2017 exam – live scripts

Compare two live student scripts from December 2017

