

Markscheme

November 2023

Business management

Higher level

Paper 1

© International Baccalaureate Organization 2023

All rights reserved. No part of this product may be reproduced in any form or by any electronic or mechanical means, including information storage and retrieval systems, without the prior written permission from the IB. Additionally, the license tied with this product prohibits use of any selected files or extracts from this product. Use by third parties, including but not limited to publishers, private teachers, tutoring or study services, preparatory schools, vendors operating curriculum mapping services or teacher resource digital platforms and app developers, whether fee-covered or not, is prohibited and is a criminal offense.

More information on how to request written permission in the form of a license can be obtained from <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

© Organisation du Baccalauréat International 2023

Tous droits réservés. Aucune partie de ce produit ne peut être reproduite sous quelque forme ni par quelque moyen que ce soit, électronique ou mécanique, y compris des systèmes de stockage et de récupération d'informations, sans l'autorisation écrite préalable de l'IB. De plus, la licence associée à ce produit interdit toute utilisation de tout fichier ou extrait sélectionné dans ce produit. L'utilisation par des tiers, y compris, sans toutefois s'y limiter, des éditeurs, des professeurs particuliers, des services de tutorat ou d'aide aux études, des établissements de préparation à l'enseignement supérieur, des fournisseurs de services de planification des programmes d'études, des gestionnaires de plateformes pédagogiques en ligne, et des développeurs d'applications, moyennant paiement ou non, est interdite et constitue une infraction pénale.

Pour plus d'informations sur la procédure à suivre pour obtenir une autorisation écrite sous la forme d'une licence, rendez-vous à l'adresse <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

© Organización del Bachillerato Internacional, 2023

Todos los derechos reservados. No se podrá reproducir ninguna parte de este producto de ninguna forma ni por ningún medio electrónico o mecánico, incluidos los sistemas de almacenamiento y recuperación de información, sin la previa autorización por escrito del IB. Además, la licencia vinculada a este producto prohíbe el uso de todo archivo o fragmento seleccionado de este producto. El uso por parte de terceros —lo que incluye, a título enunciativo, editoriales, profesores particulares, servicios de apoyo académico o ayuda para el estudio, colegios preparatorios, desarrolladores de aplicaciones y entidades que presten servicios de planificación curricular u ofrezcan recursos para docentes mediante plataformas digitales—, ya sea incluido en tasas o no, está prohibido y constituye un delito.

En este enlace encontrará más información sobre cómo solicitar una autorización por escrito en forma de licencia: <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

The markbands and assessment criteria on pages 3–4 should be used where indicated in the markscheme.

Section A			Level descriptor
Q1 (b)	Q2 (b)	Q3 (b)	
Marks			
0			The work does not reach a standard described by the descriptors below.
1–2			<ul style="list-style-type: none">• Little knowledge and understanding of relevant issues and business management tools (where applicable), techniques and theories.• Little use of business management terminology.• Little reference to the stimulus material.
3–4			<ul style="list-style-type: none">• A description or partial analysis of some relevant issues with some use of business management tools (where applicable), techniques and theories.• Some use of appropriate terminology.• Some reference to the stimulus material that goes beyond the name of a person(s) and/or the name of the organization.• At the lower end of the markband, responses are mainly theoretical.
5–6			<ul style="list-style-type: none">• An analysis of the relevant issues with good use of business management tools (where applicable), techniques and theories.• Use of appropriate terminology throughout the response.• Effective use of the stimulus material.

Section B Q4 (d)	Level descriptor
Marks	
0	The work does not reach a standard described by the descriptors below.
1–2	<ul style="list-style-type: none"> • Little understanding of the demands of the question. • Few business management tools (where applicable), techniques and theory are explained or applied and business management terminology is lacking. • Little reference to the stimulus material.
3–4	<ul style="list-style-type: none"> • Some understanding of the demands of the question. • Some relevant business management tools (where applicable), techniques and theories are explained or applied, and some appropriate terminology is used. • Some reference to the stimulus material but often not going beyond the name of a person(s) and/or the name of the organization.
5–6	<ul style="list-style-type: none"> • Understanding of most of the demands of the question. • Relevant business management tools (where applicable), techniques and theories are explained and applied, and appropriate terminology is used most of the time. • Some reference to the stimulus material that goes beyond the name of a person(s) and/or the name of the organization. • Some evidence of a balanced response. • Some judgments are relevant but not substantiated.
7–8	<ul style="list-style-type: none"> • Good understanding of the demands of the question. • Relevant business management tools (where applicable), techniques and theories are explained and applied well, and appropriate terminology is used. • Good reference to the stimulus material. • Good evidence of a balanced response. • The judgments are relevant but not always well substantiated.
9–10	<ul style="list-style-type: none"> • Good understanding of the demands of the question, including implications, where relevant. • Relevant business management tools (where applicable), techniques and theories are explained clearly and applied purposefully, and appropriate terminology is used throughout the response. • Effective use of the stimulus material in a way that significantly strengthens the response. • Evidence of balance is consistent throughout the response. • The judgments are relevant and well substantiated.

Section C, question 5

Criterion A: Knowledge and understanding of tools, techniques and theories

This criterion addresses the extent to which the candidate demonstrates knowledge and understanding of relevant business management tools, techniques and theories, as stated and/or implied by the question. This includes using appropriate business management terminology.

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1	Superficial knowledge of relevant tools, techniques and theory is demonstrated.
2	Satisfactory knowledge and understanding of relevant tools, techniques and theories is demonstrated.
3	Good knowledge and understanding of relevant tools, techniques and theories is generally demonstrated, though the explanation may lack some depth or breadth.
4	Good knowledge and understanding of relevant tools, techniques and theories is demonstrated.

Criterion B: Application

This criterion addresses the extent to which the candidate is able to apply the relevant business management tools, techniques and theories to the case study organization.

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1	The relevant business management tools, techniques and theories are connected to the case study organization, but this connection is inappropriate or superficial.
2	The relevant business management tools, techniques and theories are appropriately connected to the case study organization, but this connection is not developed.
3	The relevant business management tools, techniques and theories are generally well applied to explain the situation and issues of the case study organization, though the explanation may lack some depth or breadth. Examples are provided.
4	The relevant business management tools, techniques and theories are well applied to explain the situation and issues of the case study organization. Examples are appropriate and illustrative.

Criterion C: Reasoned arguments

This criterion assesses the extent to which the candidate makes reasoned arguments. This includes making relevant and balanced arguments by, for example, exploring different practices, weighing up their strengths and weaknesses, comparing and contrasting them or considering their implications, depending on the requirements of the question. It also includes justifying the arguments by presenting evidence for the claims made.

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1	Statements are made but these are superficial.
2	Relevant arguments are made but these are mostly unjustified.
3	Relevant arguments are made and these are mostly justified.
4	Relevant, balanced arguments are made and these are well justified.

Criterion D: Structure

This criterion assesses the extent to which the candidate organizes his or her ideas with clarity, and presents a structured piece of writing comprised of:

- an introduction
- a body
- a conclusion
- fit-for-purpose paragraphs.

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1	Two or fewer of the structural elements are present, and few ideas are clearly organized.
2	Three of the structural elements are present, or most ideas are clearly organized.
3	Three or four of the structural elements are present, and most ideas are clearly organized.
4	All of the structural elements are present, and ideas are clearly organized.

Criterion E: Individual and societies

This criterion assesses the extent to which the candidate is able to give balanced consideration to the perspectives of a range of relevant stakeholders, including individuals and groups internal and external to the organization.

Marks	Level descriptor
0	The work does not reach a standard described by the descriptors below.
1	One individual or group perspective is considered superficially or inappropriately.
2	One relevant individual or group perspective is considered appropriately, or two relevant individual or group perspectives are considered superficially or inappropriately.
3	At least two relevant individual or group perspectives are considered appropriately.
4	Balanced consideration is given to relevant individual and group perspectives.

Section A

1. (a) Outline **one** advantage **and one** disadvantage for *BRD* of converting to a public limited company (lines 27–28). **[4]**

Advantages include:

- BRD can **raise additional finance, such as the sale of shares**, to achieve the acquisitions of Matchfix PLC and Enam Ltd. and to broaden *BRD*'s product range;
- **higher interest rates** made the sale of **shares more attractive**;
- BRD can **place a market value** on the business;
- it would increase the profile of the **business** leading to it being **better known and possibly** leading to **increased sales and profits**;
- BRD can **widen the shareholder base**. Public shareholders can buy and sell shares. This may be better for BRD than having a small number of larger shareholders (like Geoff and Arnold);
- **access to other finance opportunities** taking into account that BRD's bank refused to extend its overdraft, which now stood at £8 million.

Disadvantages include:

- BRD can face **more regulatory requirements** e.g. they must have an Annual General Meeting;
- BRD's management and operations will require **higher levels of transparency**;
- BRD **could become vulnerable to takeovers**. As they increase the level of acquisitions, they may face a challenge to their ownership. The **situation with 4Change** is an example of this (35% ownership by 4Change). Arnold and Geoff will lose control;
- BRD's **share price may fluctuate** with their fortunes. It can rise and fall quickly leading to a lack of stability (share price fell by more than 50% in 2021);
- changes in board of directors and strategy.

Accept any other relevant advantage and disadvantage.

Mark as 2 + 2

*Award **[1]** for each appropriate advantage/disadvantage identified and an additional **[1]** for a description of how it impacts on BRD.*

*Award a maximum of **[2]** per advantage/disadvantage.*

*Award a maximum of **[4]** in total.*

(b) Explain the leadership styles used by Arnold with the different departments in *BRD's* Liverpool factory (lines 58–62 and lines 73–75). **[6]**

Several leadership styles could be employed by Arnold. These include autocratic; paternalistic; democratic; laissez-faire and situational.

It could be argued that the **style used by Arnold is mixed**. In the **factory** he is keen to learn what he can about each of his production employees. The definition of **paternalistic** leadership suggests that a dominant authority figure treats employees as if they are members of a large extended family.

In the **design department**, the allowance of the 'Design Team Freedom Month' suggests that designers are trusted to develop products and ideas with **minimal supervision**. This would assume a sort of **laissez-faire** or at least **democratic approach** to leadership. From the employees' perspective, it is likely that the employees in different departments will feel differently about the effectiveness of Arnold as a leader.

Accept any other relevant style and explanation.

Marks should be allocated according to the markbands on page 3.

*Award a maximum of **[3]** for a theoretical answer or for limiting answer to only one style.*

*For **[5-6]** at least two leadership styles are named and developed correctly in context.*

*Award a maximum of **[5]** if the explanation is mainly descriptive, but in context.*

*Award a maximum of **[6]** for a developed answer in context.*

2. (a) Outline **one** advantage **and one** disadvantage for *BRD* of having low labour turnover (lines 63–64). **[4]**

Advantages include:

- good quality staff remain. The staff at BRD's Liverpool factory work effectively and want to stay. Employees in the Liverpool factory have worked there for over 20 years;
- BRD **do not have to continually recruit and train** new staff;
- long serving members of staff are often **easier to motivate**. BRD's management have built **strong relations** with employees. Arnold Brondy, is proud of his relationship with the Liverpool factory employees. He speaks at least once every two weeks to each of the 107 production employees, knows them all by name and prides himself on knowing their family situations. He also keeps a record in his office of staff birthdays and makes a point of giving a card and small gift on an employee's birthday. This is likely to lead to them offering greater commitment in times of need.

Disadvantages include:

- **salary costs are high** for longer serving employees who **receive an automatic 3% salary increase** every three years;
- with low labour turnover there are **fewer opportunities for staff development and promotion**;
- employees could **lack drive and ambition**. BRD staff work well but the lack of desire can lead to lower quality output;
- **managers** can get **lazy** with a staff who have stagnated;
- less recruitment means **fewer outside influences**. A **lack of new ideas** can be an issue. Designers may lack inspiration after long periods in the same role. Outside recruitment can import new ideas and approaches. A change of culture may be good for BRD.

Accept any other relevant advantage and disadvantage.

Mark as 2 + 2.

*Award **[1]** for each appropriate advantage/disadvantage identified and an additional **[1]** for a description of how it impacts on BRD.*

*Award a maximum of **[2]** per advantage/disadvantage.*

*Award a maximum of **[4]** in total.*

(b) Using the Ansoff matrix, explain what alternatives to diversification *BRD* could have considered (lines 24–25). **[6]**

Ansoff matrix is a strategic planning tool to assist with future growth option planning.

Diversification, in Ansoff matrix terms **refers to the selling of new products in new markets**.

Alternative strategies include:

- **Market penetration** refers to a business selling more of its existing products to its existing customers (**selling more of its existing products in the same market**). Arnold felt that BRD could have focused on one product but realized the need to change if the business was to prosper. *BRD* has a loyal customer base, but this base is getting progressively older, and sales fell year after year from 2010;
- **market development** refers to a business trying to **enter new markets** (or new market segments in the existing market) **with its existing product range**. BRD was already selling in several countries worldwide like UK, Australia, New Zealand, USA and Canada. However, sales in the USA and Canada were very low. Was there an opportunity to expand this still further?;
- **product development** refers to a business trying to sell **new products to your existing customer base (market)**. Consumers now wanted more sophisticated toys. BRD could have widened their product base utilizing new design ideas (plastic models, new train, slot car designs, 2-rail system), etc. to target their current customers. Every year, each member of the design department is given responsibility for the design of one new model train, slot car or plastic model kit (This is known within the company as “Design Team Freedom Month”)

Accept any other relevant alternative strategy and explanation.

Marks should be allocated according to the markbands on page 3.

*Award **[1]** if a strategy or strategies is/are named but the explanation is incorrect or omitted.*

*Award a maximum of **[3]** for a theoretical answer or for limiting answer to only one alternative.*

*Award a maximum of **[4]** if one strategy is named and correctly developed but the second strategy is named correctly but developed incorrectly.*

*For **[5-6]** at least two strategies are named and developed correctly in context.*

*Award a maximum of **[5]** if the explanation is mainly descriptive, but in context.*

*Award a maximum of **[6]** for a developed answer in context.*

3. (a) Outline **one** advantage **and one** disadvantage that could arise from *BRD*'s decision to make its model train sets from plastic rather than metal from 2024 (lines 108–110). **[4]**

Advantages include:

- the trains will be more **price-competitive**. In recent times BRD has seen quite a price difference between their products and the competition. *"Prices charged for BRD's train sets were uncompetitive"*;
- **new technology** (3D printers etc) allows for a **very similar product** in terms of detail to be produced;
- **production is faster** than using metal further improving costs. *"This took less time than it would have taken to produce just one in metal, and it was less expensive"*;
- plastic is cheaper so BRD could lower prices which may result in an increase in sales;
- plastic is cheaper than metal resulting in increased profits.

Disadvantages include:

- customers may **view the changed product in a negative way**. Customers have valued the trains being made with metal (accurately made and well-designed models). This might impact on BRD's sales;
- it can have a **negative impact** on the whole **BRD brand**;
- **plastic cannot be recycled** so BRD could get a poor reputation on sustainability. Some directors had misgivings as the plastic used is not yet recyclable.

N.B. do not accept only "changing from metal to plastic" without further expansion on how this affects BRD.

Accept any other relevant advantage and disadvantage.

Mark as 2 + 2

*Award **[1]** for each appropriate advantage/disadvantage identified and an additional **[1]** for a description of how it impacts on BRD.*

*Award a maximum of **[2]** per advantage/disadvantage.*

*Award a maximum of **[4]** in total.*

(b) Explain strategies, **other than** the issuing of additional shares to the existing shareholders, that *BRD* could have used to improve its liquidity in 2022 (lines 124–138). **[6]**

Strategies include:

- **controlling the overheads** (this could include: finding less expensive ways to produce like 3D printing, reducing fringe benefits, etc);
- **selling off unnecessary assets** (older machinery or factories) considering that sales fell year after year from 2010. *BRD*'s share of the UK market had fallen from a peak of 60% in 2001 to 20%, while sales to consumer in New Zealand and Australia followed similar pattern. *BRD* is likely to have idle production capacity
- **increase sales** by reassessing pricing strategies. Prices are uncompetitive for the train sets (line 112). *BRD* could shift to increase production of slot cars;
- **improve the quality** of the Matchfix PLC plastic model kits to improve sales and customer satisfaction, taking into account that customer complaints about quality issues with Matchfix PLC plastic model kits have increased;
- **increase payment times for supplies**. This may only help short term. Suppliers were beginning to panic. One key supplier had already cancelled *BRD*'s 30-day trade credit period. Will *BRD* be able to renegotiate?
- **reduce** its level of unsold **stock** in its Liverpool factory valued at £6 million, by offering discounts or promotions to its customers;
- **reduce production** of train sets to lower expenses;
- **replace overdrafts by a medium/long term debt** taking into account that *BRD*'s bank refused to extend its overdraft, which now stood at £8 million. *BRD* may renegotiate new terms with the bank;
- **debt factoring**, *BRD* can maintain the same credit period, but the factoring will advance the receivables for a fee (no context);
- **decrease payment times for customers** (no context).

Accept any other relevant strategy and explanation.

N.B. *do not accept business angels, grants as BRD has liquidity issues and these are long-term strategies. Accept any other relevant strategy and explanation.*

Marks should be allocated according to the markbands on page 3.

Award a maximum of [3] for a theoretical answer for limiting answer to only one strategy.

For [5-6] at least two strategies are named and developed correctly in context.

Award a maximum of [5] if the explanation is mainly descriptive, but in context.

Award a maximum of [6] for a developed answer in context.

Section B

4. (a) Define the term *cost-plus (mark-up) pricing*.

[2]

Adding a fixed mark-up for profit to the unit cost of making a product.

Alternative definition: adding a fixed percentage or a fixed amount to the cost of production.

Alternative definition: **Cost-plus (mark-up) pricing** refers to **adding a mark-up** to the **average unit cost of producing a product**.

[1] cannot be awarded for saying cost-plus pricing is a “mark-up” only.

The definition has to be developed as above. Candidates need to refer to unit/production/full cost for [2].

Beware of circular definitions which cannot be rewarded.

N.B. no application required. Do not credit examples.

Candidates are **not** expected to word their definition **exactly** as above.

Award [1] for a basic definition that conveys partial knowledge and understanding.

Award [2] for a full definition that conveys knowledge and understanding similar to the answer above.

- (b) Explain **one** advantage **and one** disadvantage for *BRD* of using just-in-case (JIC) stock control for the manufacture of its model train sets.

[4]

Advantages:

- Should **help planning** for **peak sales** in December;
- can **plan for steady production** throughout the year as no need for overtime or hiring additional staff during peak demand periods e.g. Usually in December, train set sales equal three month's production.

Disadvantages:

- System is not working, **some stock left unsold** e.g. BRD has 300 limited-edition train sets, made in 1999 to mark the Millennium, in stock. Increases stock holding costs;
- **capital is tied up in stocks**;
- **financial implications**, for example the cash-flow problems BRD have experienced in the past;
- **unsold** stock may **decline in value** as no longer seen as relevant BRD has 300 limited-edition train sets, made in 1999 to mark the Millennium, in stock.

Accept any other relevant advantage/disadvantage.

N.B. award [0] if candidates explain the advantages and disadvantages of **just-in-time (JIT)** stock control.

Mark as 2+2.

Award [1] for each advantage and additional [1] for an explanation of how it relates to BRD.

Award [1] for each disadvantage and additional [1] for an explanation of how it relates to BRD.

[2] can not be awarded per advantage/disadvantage if the response lacks either

*explanation **and** / or application.*

For example:

*For an identification or a description of an advantage/disadvantage **with or without** application [1].*

*For explanation of an advantage/disadvantage with **no** application [1].*

*For explanation of an advantage/disadvantage **and** application [2]. Maximum award overall: [4].*

(c) (i) Calculate the difference between the cost for *BRD* to make its own packaging and the cost to buy the packaging from *GXG* (*show all your working*). **[3]**

$$\text{CTM} = 100\,000 \times £0.55 + £5\,000 = £60\,000$$

$$\text{CTB} = 100\,000 \times £0.56 = £56\,000$$

$$\text{Difference} = £60\,000 - £56\,000 = \text{£ } 4000$$

OR in terms of cost per unit

$$\text{CTM} = £60\,000 / 100\,000 = £0.60$$

$$\text{CTB} = £56\,000 / 100\,000 = £0.56$$

$$\text{Difference} = \text{£ } 0.04$$

Alternative method: volume-based pricing

$$\text{CTM} = 100\,000 \times £0.55 + £5\,000 = £60\,000$$

$$\begin{aligned} \text{CTB} &= (75\,000 \times 0.70) + (15\,000 \times 0.66) + (10\,000 \times 0.56) \\ &= 52\,500 + 9900 + 5600 = £68\,000 \end{aligned}$$

$$\text{Difference} = 68\,000 - 60\,000 = \text{£}8000$$

OR in terms of cost per unit

$$\text{CTM} = £60\,000 / 100\,000 = £0.60$$

$$\text{CTB} = £68\,000 / 100\,000 = £0.68$$

$$\text{Difference} = \text{£ } 0.08$$

N.B. allow BOD for the use of the \$ or € sign instead of £.

Award [3] for all correct calculations and the correct answer which must include the correct sign (£).

Award [2] for a reasonable attempt with two correct calculations with or without the sign, where the difference is not calculated. Or the correct answer without the correct sign (£).

Award [1] for an attempt to use the data, for example one correct calculation with or without the correct sign (£).

Do not reward formula only.

(ii) Suggest **one** factor, **other than** cost, that *BRD* should consider before deciding whether to make its own packaging or buy packaging from *GXG*. **[1]**

Factors could include:

- **Germany** a long way away – could be **delays**;
- quality – High quality **packaging** is a feature of *BRD* train sets;
- human resource considerations;
- production facilities creating the packaging;
- trust (infers quality);
- **coordination**;
- **exchange rate**;
- political and legal aspects to be considered.

Accept any other relevant factor.

Award [1] for an appropriate and relevant factor related to BRD. No development or context is needed as the question is only worth [1].

(d) Using information from the case study and the additional information above, recommend whether *BRD* should choose **Option 1** (install solar panels) or **Option 2** (outsource production). **[10]**

Option 1:

- Cost £2,572,763, total electricity **savings 75%** per year;
- Business has finance issues – **can it afford capital costs?**;
- **Electricity costs fall** by over £1.2m in first year of operation but only a **small proportion** of overall costs;
- **Electricity costs will increase 10% per annum** so further saving;
- **Environmentally** sound – could be used in marketing;
- Assumes **10% increase** each year – maybe **pessimistic**;
- **Electricity** only accounts for **10 % of variable costs** so impact on overall unit costs **not that significant**;
- **Payback period** is quite **short** – 2 years and 2 months approx. (£1 113 750 + £1 225 125 + £233 888)

Option 2:

- Chinese production. How about **reliability issues? Distance? Delivery issues? Quality?**;
- **no capital costs**;
- impact on **labour relations**, redundancy costs;
- *BRD* train sets will now have to **account for all factory fixed costs** – raises *BRD* train total costs.

N.B. *Candidates may suggest that it doesn't have to be either Option 1 or Option 2.*

Accept any other relevant evaluation.

Marks should be allocated according to the mark bands on page 4 with further guidance below.

Theoretical answer or context limited to naming the business or lack of development max [4].

Discussion of only one option marks limited to [5].

Discussion of Option 1 and 2 with limited reference to the business or no clear balance max [6].

Options considered, good use of evidence, particularly from section B, but no effective conclusion award a maximum of [8].

*For [10] the answer needs to be a fully supported conclusion/evaluation, clearly relevant to *BRD* with good use of context.*

Section C

5. Using the case study and the additional information on pages 5 and 6, recommend whether *BRD* should choose **Option 1** (location and product change) or **Option 2** (repurpose unused factory space).

Strategy 1

Arguments for:

- Highly **valuable** piece of land, **£28 million** release of that value would **open up many opportunities**;
- suitable **factory nearby**, **reasonable rent**, **low set up cost**;
- opportunity to **develop a new modern product**;
- **market** for **unused stock** (India);
- realizes **brand value**;
- keeps head office and design functions local;
- there should be **benefits from outsourcing**;

Arguments against:

- Contrary to what BRD has always done. Big **impact on BRD brand**?;
- **loss of jobs**, **redundancy** costs, impact on Liverpool;
- **ignores other stakeholders**;
- **is there demand for new product**? What happens to **support for existing products**?;
- it's a bit extreme. Could there be a more moderate, similar development?
- Indian retailer offered £3m to purchase BRD's stocks of train sets valued at £10m (70% off);
- **restraining forces are slightly higher than driving forces (FFA)**, but how reliable are the weights? Have all factors been considered? How about bias?

Strategy 2

Arguments for:

- Could be **synergy** with existing operations;
- with total setup costs of £900 000 and net incomes starting at £350 000 per year for entry there will be a **short payback period**;
- seems a **bigger relative advantage from FFA** but this seems rather a **weak analysis**.
- It might attract younger customers

Arguments against:

- How **reliable is the financial data**? The income from the shop/café seems very high;
- although the **existing business remains**, **this is a new venture**. **Lack of experience**?
- Might need highly trained staff

Accept any other relevant discussion.

N.B. if a candidate responds to this question without any reference to the additional stimulus material (the additional material that comes with question 5 in the examination paper), the maximum mark that the candidate can receive under criteria A, B, C, and E (all the criteria except structure) is **[2]** per criterion. Award a maximum of **[12]** overall.

Marks should be allocated according to the assessment criteria on pages 5–6 with further guidance below.

Criterion A: possible theories, management tools and techniques include: Accounting techniques and ratios, interpreting data, Ansoff, force field, importance of assumptions, also, possibly, Fishbone, Boston Consulting Group matrix, marketing issues, HRM/management issues, SWOT/force field/decision trees (if used with a sense of purpose).

For **[4]**: Tools, techniques and theory understood and developed well with some relevance to the additional stimulus material.

For **[2]**: some understanding of at least two tools, techniques or theories, but not developed.

Criterion B: Is about the use of tools, techniques, theories and stimulus applied to the decision. Application will be judged by the use of the stimulus material in particular the extra material.

Remember, understanding has been rewarded in Criterion A. So B is about USE.

For **[4]**: relevant tools, techniques and theories are applied well to the case study context and additional stimulus material, the application is convincing and relevant.

For **[4]**: Financial data from page 5 (Tables 3 and / or 4) **plus information** from the force field analysis (Table 5) is used.

No use of financial data from page 5 (Tables 3 and / or 4), **or** information from the force field analysis (Table 5), award a maximum of **[3]**.

If only one option considered, award a maximum of **[3]**.

For **[2]**: some limited context/application but not developed. Use of tools limits candidate's ability to make reasoned arguments.

Criterion C: Is about the process of making a decision and the strength of the recommendation. Options discussed in a balanced way, conclusions drawn as to whether they work. Remember, 'do nothing' can be a recommendation.

For **[4]**: There needs to be a clear recommendation supported by the data.

For **[2]**: Some limited arguments but not justified. Or limited analysis (e.g. one-sided argument) but candidate arrives/draws a reasoned conclusion.

Criterion D: Structure: This criterion assesses the extent to which the candidate organizes his or her ideas with clarity, and presents a structured piece of writing comprised of:

- an introduction
- a concluding paragraph. Please note this can be different from the concept of a conclusion/recommendation in Criterion C. D can be rewarded without a recommendation.
- fit-for-purpose paragraphs. This means: not too long, each focused on distinct issues,
- logical structure. This means whether there is a clear flow to guide the reader through the discussion, how the paragraphs are sequenced.

For **[4]**: all four elements present, clearly organized.

For **[2]**: no logical structure but other elements present or logical structure with other elements missing.

Criterion E: Is about the extent to which stakeholders (both groups and individuals) are considered.

- individuals: Arnold Brondy, an Indian retailer,
- groups: The various stakeholders especially board members –Board of directors (4change

and others), employees, customers/visitors.

N.B. *to award a mark there must be reference to the stakeholder(s)' **perspective(s)**. Naming the stakeholder(s) is not enough.*

*For [4] individual(s) **and** group(s) perspectives are considered in a balanced way. i.e. needs 1 or more of both individuals' and groups' perspectives developed.*

For [2]: one individual or one group perspective considered appropriately, or several individuals' and/or groups' perspectives considered superficially.
