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**BUSINESS**

**9609/33**

Paper 3 Case Study

**May/June 2017**

MARK SCHEME

Maximum Mark: 100

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**Published**

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This document consists of **12** printed pages.

Question	Answer			Marks
1	<b>Analyse the benefits to PV of outsourcing the manufacture of components for its shoes.</b>			<b>10</b>
	<b>Level</b>	<b>Knowledge 3 marks</b>	<b>Application 2 marks</b>	<b>Analysis 5 marks</b>
	<b>2</b>	3 marks: Two or more relevant points made about outsourcing and/or benefits	2 marks: Points made are applied to PV	4–5 marks: Good use of theory to explain benefits of outsourcing
	<b>1</b>	1–2 marks: One or two relevant points made about outsourcing and/or benefits	1 mark: Some application to PV	1–3 marks: Some use of theory to explain benefits of outsourcing
	<b>0</b>	No creditable content		
	<p><i>Note to examiners:</i> Disadvantages should not be rewarded <b>Benefits should relate to PV as a company</b>, not e.g. to employees or other stakeholders</p>			
	<p>Answers could include:</p>			
	<ul style="list-style-type: none"> <li>• Outsourcing is transferring functions or tasks to another organisation</li> <li>• PV could increase flexibility of operation and concentrate on the manufacture of shoes, achieving higher quality.</li> <li>• Lower operating costs might be achieved by drawing on specialists, enabling PV to shed higher cost elements of production and gain the economies of scale that specialists might have.</li> <li>• Lower inventory levels could be held.</li> <li>• Higher quality may result as specialists supply.</li> <li>• Savings from less capital needed.</li> <li>• Expertise from other businesses with more experience becomes available for PV to draw on.</li> </ul>			
	<p>Application</p>			
	<ul style="list-style-type: none"> <li>• Ref to shoes / components only, without linking to other production point – 1 app mark as in stem of question</li> <li>• PV might outsource supplies of eyelets, laces, dyeing leather, packaging</li> <li>• Readily accessible network of component suppliers / efficient supply chain for shoe materials and components</li> <li>• Implications for shoe production, including mention of specifics, such as laces, leather</li> <li>• Reference to how outsourcing might help Pedro's high inventory problems and also 95% capacity utilisation</li> <li>• Might further outsourcing help with shoe defect problems?</li> <li>• Expertise from other businesses with more experience of the shoe market becomes available for PV to draw on.</li> </ul>			

Question	Answer	Marks
2(a)(i)	<p><b>Refer to the table in Appendix 1. Calculate:</b></p> <p><b>seasonal variation in 2015 Quarter 1.</b></p> <p style="text-align: center;"><math>\\$30\text{m} - 21.375 = \\$+8.625\text{m}</math></p> <p>\$m not required</p>	<b>1</b>
2(a)(ii)	<p><b>average seasonal variation in Quarter 4.</b></p> <p><math>\\$( -1.375 - 1.125 - 1.875) / 3 = \\$-1.458</math> ( <math>\\$-1.46\text{m}</math> 2 decimal places or <math>- 1.5</math>)</p> <p>\$m not required</p>	<b>1</b>
2(b)	<p><b>Refer to the table <u>and</u> graph in Appendix 1. Calculate PV's forecast sales for Quarter 3 in 2017.</b></p> <p>Predicted trend from inspection of graph:      <math>\\$23.8\text{m}</math>      (1 mark) (error margin 23.75 – 23.85)</p> <p>Add average seasonal variation:      <math>\\$-6.125\text{m}</math>      (1 marks)</p> <p style="text-align: right;"><math>= \\$17.675\text{m}</math>      (3 marks)</p> <p>Accept 17.68 or 17.7 (3 marks) ( error margin 17.625 – 17.725)</p> <p>\$m not required OFR</p> <p>Up to 2 marks can be awarded for:</p> <ul style="list-style-type: none"> <li>• Logical attempt to predict trend using the <b>table</b> (e.g. by considering the average of the Quarter 3s)      (1 mark)</li> <li>• Correct use of seasonal variation      (1 mark)</li> </ul>	<b>3</b>

Question	Answer				Marks
2(c)	<b>Discuss the usefulness of sales forecasts to PV when making marketing decisions. Refer to your result from 2(b).</b>				<b>12</b>
	<b>Level</b>	<b>Knowledge 2 marks</b>	<b>Application 2 marks</b>	<b>Analysis 4 marks</b>	<b>Evaluation 4 marks</b>
	<b>2</b>	2 marks Two or more relevant points made	2 marks Application of two or more points to PV	3-4 marks Good use of theory to answer question	3-4 marks Good judgement shown
	<b>1</b>	1 mark One relevant point made	1 mark Some application to PV	1-2 marks Some use of theory to answer question	1-2 marks Some judgement shown
	<b>0</b>	No creditable content			
<i>Note to examiners:</i> No reference to result from 2(b) limits AN and EVAL to L1					
Answers could include:					
<ul style="list-style-type: none"> <li>• Methods of forecasting sales</li> <li>• Sales forecasting using Time Series Analysis takes account of seasonal variations and gives a realistic prediction.</li> <li>• Forecasting enables planning, this method fits sales pattern well i.e.</li> <li>• PV faces clear seasonal variation and consistent past trends so it is reasonable to assume that the future will be similar, making forecasting valuable for planning.</li> <li>• Case indicates possible changes to the market – buyer’s comments, change in buyers’ requirements, increasingly fragmented relationships with buyers, possibility of direct selling, thus decreasing value of forecasting.</li> <li>• May be advisable to introduce an element of probability to the forecasts – what if analysis.</li> <li>• How forecasts contribute to market planning and production planning</li> <li>• If Pedro is certain the forecast indicates future success PV may not make the changes that other evidence indicates are necessary.</li> </ul>					
<b>Application</b>					
<ul style="list-style-type: none"> <li>• Forecast only refers to export market, not 20% domestic sales</li> <li>• Multinational shoe retailer buyers, takeovers by larger shoe manufacturers</li> <li>• Possible more efficient working methods may lower costs</li> <li>• Possible effects of investment in new machinery</li> <li>• Use of graph to indicate changes in pattern (lower growth rate in 2016)</li> <li>• Forecast shows increased sales</li> <li>• PV faces clear seasonal variation and consistent past</li> </ul>					
<b>Evaluation</b>					
<ul style="list-style-type: none"> <li>• More reliable than simple forecasting or just projecting a trend</li> <li>• Relies on future events behaving as in past patterns so may not be reliable</li> <li>• Other evidence needs to be taken into account e.g. prediction of competitors’ behaviour, likely future government actions, and / or economic changes</li> <li>• Forecast only refers to exports, information on domestic market needed.</li> </ul>					

Question	Answer				Marks
3	<b>Discuss how PV might change the way it organises production to achieve its objectives.</b>				16
<b>Level</b>	<b>Knowledge 2 marks</b>	<b>Application 2 marks</b>	<b>Analysis 6 marks</b>	<b>Evaluation 6 marks</b>	
2	2 marks At least two relevant points made	2 marks Good application	4-6 marks Good use of theory to answer question	4-6 marks Good judgement shown with supporting analysis	
1	1 mark One relevant point made	1 -2 marks Some application to PV	1-3 marks Some use of theory to answer question	1-3 marks Some judgement shown	
0	No creditable content				
<p><i>Note to examiners:</i> This question is about the organisation of production. Answers that focus on improving motivation must be linked to <b>production objectives</b>.</p>					
<p>Answers could include:</p>					
<ul style="list-style-type: none"> <li>• Objectives are higher quality (currently high defect rate), less delays (currently 60% delivery time met), lower operating costs, reduce wastage to 5%, reduce inventory costs.</li> <li>• Suggestions might focus on leaner production and shift from quality control to quality assurance/TQM or similar plus:</li> <li>• Faster order led production following closer liaison with buyers (JIT)</li> <li>• Lower inventory (leather) held, linked to orders and clear quality requirements on suppliers.</li> <li>• Cell production.</li> <li>• Benchmarking.</li> <li>• Increased training for employees.</li> <li>• Quality circles.</li> <li>• New machinery.</li> <li>• Accept reference to flow as alternative</li> </ul>					
<p><b>Application</b></p>					
<ul style="list-style-type: none"> <li>• Reference to current problems or possible objectives (currently high defect rate, 60% delivery time met, wastage at 5%).</li> <li>• Present methods are assembly line, single task workers, final stage quality checks, high inventory.</li> </ul>					
<p><b>Evaluation</b></p>					
<ul style="list-style-type: none"> <li>• Changes will take time money and resources of expertise to plan. Are these available? Will they achieve the required improvements?</li> <li>• Will the changes be in time to prevent loss of orders?</li> <li>• Does Pedro have the commitment to change what he has been his successful business?</li> <li>• What steps are the increasing competition taking?</li> <li>• Will the cost of the changes be covered by any improvements?</li> <li>• A supported recommendation.</li> </ul>					

Question	Answer	Marks
4(a)(i)	<p><b>Refer to Appendix 2. Calculate:</b></p> <p><b>payback period.</b></p> <p>4.25 years or 4 years 3 months (2 marks) Some attempt e.g. cumulative net cash flows (1 mark)</p>	<b>2</b>
4(a)(ii)	<p><b>accounting rate of return over the 5 year life of the investment.</b></p> <p>Net cash flows / years as % = <math>\frac{2.3 - 2}{5} \times 100 = \frac{0.3 \times 100}{5} = 6\%</math> (or 0.06)</p> <p><b>or</b></p> <p>Average annual net cash flow – annual depreciation/initial cost as % = <math>0.46 - 0.4 = 0.06 / 2 \times 100 = 3\%</math> (or 0.03)</p> <p><b>or</b></p> <p>Sum of Net cash flow each year – average depreciation/initial cost as % = <math>0.1 + 0.1 + 0.1 + 0 + 0 = 0.3 / 2 \times 100 = 15\%</math> (or 0.15)</p> <p>Some attempt with partially complete correct working (2 marks) Some attempt / correct formula (1 mark)</p>	<b>3</b>
4(a)(iii)	<p><b>net present value over the 5 year life of the investment.</b></p> <p>NPV = <math>-\\$0.235\text{m}</math> (accept <math>-\\$0.24\text{m}</math> or <math>-\\$0.23\text{m}</math>) (2 marks)</p> <p>Sum DCF over 5 years = <math>\\$1.765\text{m}</math> (accept <math>\\$1.77\text{m}</math> or <math>\\$1.76\text{m}</math>) (1 mark)</p> <p>Some reasonable attempt e.g. mistake in calculation (1 mark)</p> <p><b>\$m not required</b></p>	<b>2</b>
4(b)	<p><b>Refer to Appendices 2 and 3. Calculate the discounted payback period if the annual net cash flows of \$0.4m continue after year 5.</b></p> <p>Just over 6 years / 6.054 years (accept 6 years) (2 marks)</p> <p>Use of DCF or some reasonable attempt e.g. 6.647yrs (1 mark)</p> <p><i>Examiner Note:</i> Example of Full Calculation (details not required for 2 marks):</p> <p>NPV over 5 years + DCF in year 6 = <math>-\\$0.235 + (0.56 \times \\$0.4\text{m}) = -\\$0.011\text{m}</math> Therefore NPV reaches zero in just over 6 years</p> <p>Year 7 DCF for whole year: <math>0.51 \times \\$0.4\text{m} = \\$0.204\text{m}</math> So, Year 7 DCF per day: <math>\\$0.204\text{m} / 365 = 0.00056</math></p> <p>Therefore, answer is 6 years + <math>(0.011 / 0.00056) = 6</math> years 20 days. (6yrs 0.647mths)</p>	<b>2</b>

Question	Answer				Marks																																				
4(c)	<b>Refer to your answers to 4(a), 4(b) and other relevant information. Recommend whether PV should invest in new machinery. Justify your answer.</b>				<b>12</b>																																				
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<p><i>Note to examiners:</i> Own figure rule from 4(a) and 4(b) applies L1 AN and EVAL if only use results or only use other information.</p>																																									
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<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Initial investment cost</th> <th style="text-align: center;">Net cash flow \$m</th> <th style="text-align: center;">Discount factor at 10%</th> <th style="text-align: center;">Net cash flow discounted at 10% \$m</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Yr 0</td> <td style="text-align: center;">(2)</td> <td style="text-align: center;">1</td> <td style="text-align: center;">(-2)</td> </tr> <tr> <td style="text-align: center;">Yr 1</td> <td style="text-align: center;">0.5</td> <td style="text-align: center;">0.91</td> <td style="text-align: center;">0.455</td> </tr> <tr> <td style="text-align: center;">Yr 2</td> <td style="text-align: center;">0.5</td> <td style="text-align: center;">0.83</td> <td style="text-align: center;">0.415</td> </tr> <tr> <td style="text-align: center;">Yr 3</td> <td style="text-align: center;">0.5</td> <td style="text-align: center;">0.75</td> <td style="text-align: center;">0.375</td> </tr> <tr> <td style="text-align: center;">Yr 4</td> <td style="text-align: center;">0.4</td> <td style="text-align: center;">0.68</td> <td style="text-align: center;">0.272</td> </tr> <tr> <td style="text-align: center;">Yr 5</td> <td style="text-align: center;">0.4</td> <td style="text-align: center;">0.62</td> <td style="text-align: center;">0.248</td> </tr> <tr> <td style="text-align: center;">Yr 6</td> <td style="text-align: center;">0.4</td> <td style="text-align: center;">0.56</td> <td style="text-align: center;">0.226</td> </tr> <tr> <td style="text-align: center;">Yr 7</td> <td style="text-align: center;">0.4</td> <td style="text-align: center;">0.51</td> <td style="text-align: center;">0.205</td> </tr> </tbody> </table>						Initial investment cost	Net cash flow \$m	Discount factor at 10%	Net cash flow discounted at 10% \$m	Yr 0	(2)	1	(-2)	Yr 1	0.5	0.91	0.455	Yr 2	0.5	0.83	0.415	Yr 3	0.5	0.75	0.375	Yr 4	0.4	0.68	0.272	Yr 5	0.4	0.62	0.248	Yr 6	0.4	0.56	0.226	Yr 7	0.4	0.51	0.205
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Yr 7	0.4	0.51	0.205																																						
<p>Use of results from (a). Assume lifetime of investment accurate and the forecast cash flows are reliable and the choice of discount factor is reliable:</p> <ul style="list-style-type: none"> <li>• Payback indicates go ahead as money recovered in lifetime.</li> <li>• Discounted payback should not go ahead as money recovered outside lifetime.</li> <li>• ARR – less than discount factor so not go ahead.</li> <li>• NPV – not go ahead as NPV is minus.</li> </ul>																																									

Question	Answer	Marks
	<p><b>BUT</b></p> <ul style="list-style-type: none"> <li>• All figures are forecast and may be better than expected.</li> <li>• Discounted payback and NPV show that 6 years is the time when investment is repaid – only one year longer than expected lifetime.</li> <li>• Expected lifetime is a very conservative estimate – current machinery is 14 years old and expected life in the industry is ten years.</li> </ul> <p>These point to going ahead with investment.</p> <p>Other things to consider are:</p> <ul style="list-style-type: none"> <li>• The risks associated with the forecasting of the cash flows.</li> <li>• the speed with which the existing machinery will deteriorate.</li> <li>• the importance of new machinery in the strategy to reduce costs and increase quality.</li> <li>• the availability of finance – there is money for the marketing options so this may not be a problem but Pedro does have to obtain finance.</li> </ul> <p><b>Application</b></p> <ul style="list-style-type: none"> <li>• Use made of answers from <b>4(a)</b></li> <li>• Reference to 10 year expected life</li> </ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"> <li>• A supported recommendation should follow consideration of pros and cons of making the investment.</li> <li>• Points made re adequacy / inadequacy / reliability of methods from 2 (a) Assessment of importance of other information e.g. possible future market conditions, economic factors, government actions, availability and cost of finance, other planned changes by PV.</li> </ul>	



Question	Answer				Marks																				
5	<p><b>Evaluate how PV should respond to the threat of employees leaving the business (lines 65–71).</b></p> <table border="1" data-bbox="268 349 1361 819"> <thead> <tr> <th data-bbox="268 349 389 432">Level</th> <th data-bbox="392 349 632 432">Knowledge 2 marks</th> <th data-bbox="635 349 874 432">Application 2 marks</th> <th data-bbox="877 349 1117 432">Analysis 6 marks</th> <th data-bbox="1120 349 1361 432">Evaluation 6 marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="268 436 389 618">2</td> <td data-bbox="392 436 632 618">2 marks Good knowledge of relevant factors</td> <td data-bbox="635 436 874 618">2 marks Application of two or more points to PV</td> <td data-bbox="877 436 1117 618">4–6 marks Good use of theory to answer question</td> <td data-bbox="1120 436 1361 618">4–6 marks Good judgement shown in weighing up the factors</td> </tr> <tr> <td data-bbox="268 622 389 768">1</td> <td data-bbox="392 622 632 768">1 mark Some knowledge of relevant factors</td> <td data-bbox="635 622 874 768">1 mark Some application to PV</td> <td data-bbox="877 622 1117 768">1–3 marks Some use of theory to answer question</td> <td data-bbox="1120 622 1361 768">1–3 marks Some judgement shown</td> </tr> <tr> <td data-bbox="268 772 389 815">0</td> <td colspan="4" data-bbox="392 772 1361 815">No creditable content</td> </tr> </tbody> </table> <p data-bbox="268 853 1326 954"><i>Note to examiners:</i> Answer should focus on the threat of leaving, not general points re: motivation, leadership or other HRM issues. (but these may be relevant if linked).</p> <p data-bbox="268 987 572 1021">Answers could include:</p> <p data-bbox="268 1055 703 1088">Reasons for leaving may include:</p> <ul data-bbox="268 1122 1326 1402" style="list-style-type: none"> <li>• Only average wages paid and little chance for additional earnings cf. to other similar businesses</li> <li>• Job tasks very specific, possible boredom and lack of wider training</li> <li>• Poor promotion opportunities cf. to elsewhere</li> <li>• Autocratic decision making and lack of participation</li> </ul> <p data-bbox="268 1301 328 1335">BUT</p> <ul data-bbox="268 1339 1230 1402" style="list-style-type: none"> <li>• Caring attitude and currently average wages</li> <li>• Little uncertainty in job tasks means stability and limited responsibility</li> </ul> <p data-bbox="268 1435 1243 1469">Possible changes about to happen and their impact on employees include:</p> <ul data-bbox="268 1473 1281 1648" style="list-style-type: none"> <li>• Greater delegation with quality assurance not control</li> <li>• New machines and potential for change in production methods leading to greater involvement / change</li> <li>• Lower costs may enable higher wages</li> <li>• Possible new designer shoe production requiring more skills</li> </ul> <p data-bbox="268 1682 676 1715">Possible actions PV might take</p> <ul data-bbox="268 1720 1382 1895" style="list-style-type: none"> <li>• Research into employee attitudes to importance of factors influencing decision to leave and satisfaction at work.</li> <li>• Can PV afford to increase payments to employees in higher wages or bonuses? May depend on successful marketing / production changes</li> <li>• Can promotion opportunities be provided?</li> </ul> <p data-bbox="268 1921 812 1955">Factors in the labour market may include:</p> <ul data-bbox="268 1960 963 2022" style="list-style-type: none"> <li>• Ease and cost of finding replacement employees</li> <li>• Skill levels in labour market</li> </ul>				Level	Knowledge 2 marks	Application 2 marks	Analysis 6 marks	Evaluation 6 marks	2	2 marks Good knowledge of relevant factors	2 marks Application of two or more points to PV	4–6 marks Good use of theory to answer question	4–6 marks Good judgement shown in weighing up the factors	1	1 mark Some knowledge of relevant factors	1 mark Some application to PV	1–3 marks Some use of theory to answer question	1–3 marks Some judgement shown	0	No creditable content				16
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Question	Answer				Marks
	<p><b>Application</b></p> <ul style="list-style-type: none"> <li>• Payment is average basic wage, opportunities in other local firms, current low labour turnover, supportive senior manager</li> <li>• 117 employees</li> </ul> <p><b>Evaluation</b></p> <p>Discussion of factors should enable evaluative comments re: e.g.</p> <ul style="list-style-type: none"> <li>• Most important factor or ranking of importance of factors</li> <li>• Weighing up the impact of factors on the business if employees leave or not</li> <li>• Relating factors and any decision to overall / functional area objectives and plans</li> <li>• Supported recommendation of actions PV might take</li> <li>• A degree of labour turnover can be good thing</li> </ul>				
	<b>Questions 6 and 7 use this marking grid:</b>				
<b>Level</b>	<b>Knowledge 3 marks</b>	<b>Application 3 marks</b>	<b>Analysis 4 marks</b>	<b>Evaluation 10 marks</b>	
<b>3</b>				7–10 marks: Good judgement shown throughout with well supported conclusion/recommendation, focused on	
<b>2</b>	3 marks: Good understanding shown	3 marks: Good application to PV	4–6 marks: Good use of reasoned argument or use of theory to explain points made to explain points made	4–6 marks: Some judgement shown in the main body of the answer and an attempt to support conclusion/recommendation, focused on with some focus on PV	
<b>1</b>	1–2 marks: Some understanding shown	1–2 mark: Some application to PV	1–3 marks: Limited use of reasoned argument or use of theory to support points made	1–3 marks: Limited attempt to show judgement either within the answer OR a weakly supported conclusion/recommendation with some focus on PV	
<b>0</b>	No creditable content				

Question	Answer	Marks
6	<p><b>Evaluate the importance of strategic analysis for PV when considering options A and B.</b></p> <p><i>Note to examiners:</i> A recommendation for Option A or B will NOT fully answer the question.</p> <p>Answers could include:</p> <ul style="list-style-type: none"> <li>• Explanation of strategic analysis and its techniques – SWOT, PEST, Boston Matrix, Porters 5 Forces, core competencies.</li> <li>• Place of strategic techniques in strategic management</li> <li>• Critical comments on the techniques</li> <li>• Recognition that Option A and B are marketing options and that marketing planning concepts may be used</li> <li>• Application of these techniques to Option A or B</li> </ul> <p>Example: Option A – designer shoes</p> <ul style="list-style-type: none"> <li>• SWOT – strengths and opportunities but note weaknesses</li> <li>• PEST – increasing interest in designer shoes, increasing middle class incomes, advanced machinery and new materials</li> <li>• Boston Matrix – only “cash cows” in current product range</li> <li>• Porters 5 Forces – faces threat on new competition, high bargaining power of customers and suppliers but little threat of substitutes means high degree of rivalry in current markets</li> <li>• Core competencies – variety of shoes made in response to demand</li> </ul> <p>Possible conclusion</p> <ul style="list-style-type: none"> <li>• All techniques indicate a change of emphasis could be highly beneficial and Option A strongly worth considering</li> </ul> <p>Option B – alter target markets and distribution methods</p> <ul style="list-style-type: none"> <li>• SWOT – strengths, especially existing sales networks but note weaknesses</li> <li>• PEST – export market shows little sign of change except exchange rate and possible increasing interest in expensive exclusive shoes, domestic market increasing,</li> <li>• Boston Matrix – only ‘cash cows’ in current product range</li> <li>• Porters 5 Forces – faces threat of new competition, high bargaining power of customers and suppliers but little threat of substitutes means high degree of rivalry in current markets</li> <li>• Core competencies - variety of shoes made in response to demand</li> </ul> <p>Possible conclusion</p> <ul style="list-style-type: none"> <li>• All techniques indicate a change of emphasis could be highly beneficial and Option B strongly worth considering, if additional distribution networks set up.</li> </ul> <p>Application</p> <ul style="list-style-type: none"> <li>• Information from case used in strategic analysis techniques</li> </ul>	20

Question	Answer	Marks
	<p><b>Evaluation</b> Clear conclusion as to the importance of strategic analysis and/or techniques including:</p> <ul style="list-style-type: none"> <li>• Importance of understanding where the business is now in order to generate ideas and / or support for options A and B</li> <li>• Comments that strategic analysis on its own is not enough to fully support a decision</li> <li>• Weighing up importance of other stages in strategic management especially objectives and choice techniques in relation to strategic analysis</li> <li>• Ranking the usefulness of the techniques in relation to Option A or B</li> <li>• An assessment of the relative importance of marketing planning in relation to strategic analysis</li> </ul> <p>An assessment of the importance of timing and a timescale in carrying out analysis.</p>	
7	<p><b>Discuss the importance of strategic management to the future success of PV.</b></p> <p><i>Note to examiners:</i> Strategic management covers two main topics – business planning and the process of setting objectives, analysis, choice implementation and review to achieve these. Either approach is to be credited.</p> <p>Answers could include:</p> <ul style="list-style-type: none"> <li>• Definition / explanation of strategic planning and management, possibly including:</li> <li>• Business plans and their contents</li> <li>• Components of strategic management – vision statements / objectives, analysis, choices, implementation and evaluation</li> <li>• Problems / issues faced by PV, possibly including decisions centred on: <ul style="list-style-type: none"> <li>• Possible production and sourcing changes</li> <li>• Future marketing options</li> <li>• HRM policy</li> <li>• Possible investment plans</li> <li>• Pedro as main decision maker</li> </ul> </li> <li>• Relating strategic planning and management to the position of PV in the market overall and with regard to these topics</li> </ul> <p><b>Application:</b></p> <ul style="list-style-type: none"> <li>• Current problems faced by PV</li> <li>• Future possibilities being considered in the case</li> <li>• The economic and market conditions faced by PV</li> </ul> <p><b>Evaluation:</b></p> <ul style="list-style-type: none"> <li>• Assessing the importance of the processes for PV in the situation it is facing</li> <li>• Highlighting the possible order of priorities and how the processes could assist in setting and achieving objectives</li> <li>• The extent to which Pedro needs to address these processes.</li> </ul>	20