



**General Certificate of Education (A-level)
January 2013**

Business Studies

BUSS3

(Specification 2130)

Unit 3: Strategies for Success

Mark Scheme

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all examiners participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for standardisation each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, examiners encounter unusual answers which have not been raised they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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	Assessment Objectives
	The Assessment Objectives represent those qualities which can be demonstrated in students' work and which can be measured for the purposes of assessment.
AO1 Demonstrate knowledge and understanding of the specified content	Students give accurate definitions of relevant terms. Students can also gain credit for identifying a point relevant to the question.
AO2 Apply knowledge and understanding to problems and issues arising from both familiar and unfamiliar situations	Students should apply their knowledge to the business context in which the question is set, through recognition of some specific business aspect, the management of the business or the problems or issues faced by the business. Students will not be rewarded for simply dropping the company name or product category into their answer.
AO3 Analyse problems, issues and situations	Students use relevant business theory and select information from a range of sources, using appropriate methods, to analyse business problems and situations. For example, students may be asked to build up an argument that shows understanding of cause and effect.
AO4 Evaluate, distinguish between and assess appropriateness of fact and opinion, and judge information from a variety of sources	Students evaluate evidence to reach reasoned judgements. This can be shown within an answer, through the weighting of an argument or It can also be shown within a conclusion, perhaps by weighing up the strength of the candidate's own arguments for and against a proposition. Students will not gain credit by the simple use of drilled phrases such as "On the other hand" or "Business operates in an ever-changing environment".
Quality of Written Communication	The quality of written communication is assessed in all assessment units where students are required to produce extended written material. Students will be assessed according to their ability to: <ul style="list-style-type: none"> • ensure that text is legible, and that spelling, grammar and punctuation are accurate, so that meaning is clear. • select and use a form and style of writing appropriate to purpose and complex subject matter • organise information clearly and coherently, using specialist vocabulary when appropriate The assessment of the quality of written communication is included in Assessment Objective 4 .

ADDITIONAL GUIDANCE FOR MARKING SCHEME

The marking scheme requires decisions to be made on whether students' responses represent limited, reasonable or good application and limited, reasonable or good analysis. If a response demonstrates good analysis and application, award Level 5, full marks. Alternatively, if a response does not contain any relevant knowledge then a mark of zero would be appropriate.

In making a decision about whether a particular response is good, reasonable or limited, please use the following guidelines.

APPLICATION

Good application can be demonstrated in three ways.

- **By combining data.**
- **By manipulating data.**
- **By being consistently in context.** An answer may not demonstrate either of the above characteristics, but it may be in context throughout with each argument related to the scenario.

Reasonable application could typically be awarded by correctly calculating an appropriate financial ratio, ie for correctly selecting the right figures from the data and then using them in the correct way.

Limited application would be shown by correctly identifying a piece of data from the case study that supports the point being put forward.

For application to be creditworthy it must be used as part of a relevant argument. Some students simply copy out part of the case. This should **not** receive credit.

ANALYSIS

Good analysis is shown when a student develops a chain of argument with a clear focus on the question.

Reasonable analysis will be shown through less developed chains of argument or those with a less clear focus on the question.

Limited analysis would be displayed by a student offering a simple yet valid understanding of cause and/or effect within their answer.

Simple points or ideas expressed without any development should be rewarded with knowledge marks.

EVALUATION

The driving force behind the award of evaluation marks is the quality of evaluation included in the answer and not the Quality of Written Communication. The key is the extent of the support for a judgement. Evaluative comments may be offered throughout a response and may support a judgement fully. Level 3 marks should be awarded to students who make judgements clearly related to the original question which is supported by the arguments offered elsewhere in their answer.

The decision on the Quality of Written Communication should be used to adjust a mark within the level selected on the basis of the student's evaluation. For example, a student may have been awarded the lower mark in E3 for evaluation but the response may be particularly well structured with highly effective use of technical terms. In this case, the mark may be adjusted upward to the maximum for E3.

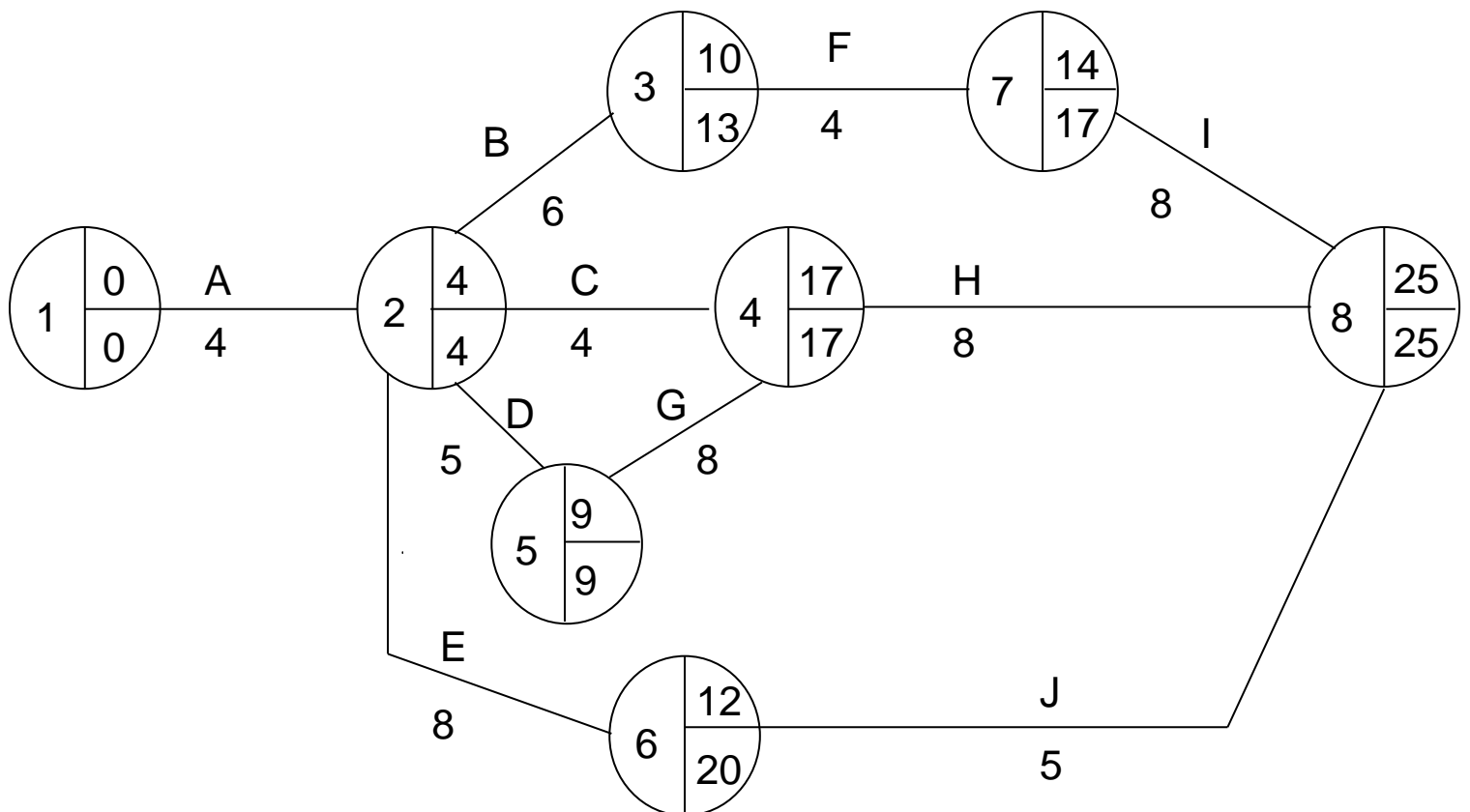
A well written answer without any evaluation can receive one mark for quality of language.

1

Total for this question: 10 marks

Using the data in **Appendix D**, analyse the possible consequences for Roberts Media plc if activity 'G' (equipment installed) and activity 'E' (design marketing campaign) are both delayed by four weeks. (10 marks)

Level	Descriptor	Marks
L5	Good application AND Good analysis	10–9
L4	Good application AND Reasonable analysis <i>or</i> Good analysis AND Reasonable application	8–7
L3	Reasonable application AND Reasonable analysis <i>or</i> Good application <i>or</i> Good analysis	6
L2	Reasonable application <i>or</i> Reasonable analysis	5–4
L1	Limited response primarily based on knowledge	3–1



Definition of critical path analysis – a scientific approach to managing a project by planning to complete a series of activities quickly and efficiently.

Possible themes for application could include:

- critical path changes from ABFI to ADGH
- a four week delay for activity 'G' will result in the launch taking 25 weeks, one week longer than the target set.

Possible example of Good application could be:

- correct recalculation of the critical path and the recognition that activity 'G' now becomes a critical activity combined with the fact that the launch will now take longer than the 24 week deadline.

Possible themes for analysis could include:

- this delay will mean that the intended launch to coincide with London fashion week will not be achieved
- negative reaction from fashion houses who placed annual contracts for advertisements as long as it meets the deadline
- loss of advertising revenue and reputation if the deadline is not met.

Possible example of Good analysis could be:

- a line of argument that explains that by not meeting the launch deadline will result in major fashion houses not placing annual contracts for advertisements. This could mean a significant loss of revenue which is crucial for the success of such a new venture
- the delay could have a negative effect upon the reputation of *Roberts Media* and make it difficult to persuade fashion houses to place adverts in the future, especially as rival digital magazines may have launched earlier and gained 'first mover advantage'.

2

Total for this question: 18 marks

Lisa, the Marketing Director, argues that a significant marketing budget would be the most important component of the new marketing plan. To what extent do you agree with this view? (18 marks)

Level	Descriptor	Marks
L5	Good application AND Good analysis	13–12
L4	Good application AND Reasonable analysis <i>or</i> Good analysis AND Reasonable application	11–9
L3	Reasonable application AND Reasonable analysis <i>or</i> Good application <i>or</i> Good analysis	8–6
L2	Reasonable application <i>or</i> Reasonable analysis	5–4
L1	Limited response primarily based on knowledge	3–1

Relevant answers might include the following:

A marketing plan is a statement of the organisation’s current marketing position and the strategy it will use to achieve its marketing objectives.

A marketing budget is the amount of money that a business allocates to spend on marketing activities.

Possible themes for application could include:

- marketing objective – 2 million subscribers by 2015, which represents 20% of the forecast total market
- the marketing director felt that the objective was overly ambitious
- marketing department concerned that new technology requires different, unfamiliar techniques
- Harry is reluctant to provide additional funds
- financial position – profits have fallen by 12%, ROCE from 10% to 2%, Current ratio from 1.5:1 to 0.5:1
- rival publishers are also launching their own digital magazines and have already started their marketing campaigns.

Possible examples of Good application could be:

- linking the facts that a significant marketing budget is required as Harry has set an ambitious objective of 2m subscribers by 2015, which based upon the data in Appendix A, represents a 20% market share
- a significant marketing budget is required to pay for market research, staff retraining and an extensive promotional campaign. But the business is struggling financially and Harry is reluctant to provide additional funds
- recognition that Harry's focus is on cost minimisation and achieving high levels of efficiency combined with the declining financial position of *Roberts Media*, indicated by worsening ROCE and current ratio.

Possible themes for analysis could include:

- the ambitious marketing objective may require greater funds in order to achieve it
- the declining financial situation of the business means that there are less funds available for the marketing budget
- a major project such as this needs a larger budget in order to conduct more detailed market research, staff retraining and an extensive promotional campaign
- the need for sufficient finance in order to develop a marketing plan that is better than rival publishers
- current marketing staff have raised concerns that the new technology would require a different approach, this could affect the production and the quality of the magazine.

Possible examples of Good analysis could be:

- without a significant marketing budget, there could be insufficient market research, staff retraining and insufficient funds for the promotional campaign. This could result in a magazine that is either targeted at the wrong market segment or does not include features that customers want. Furthermore the magazine could be of poor quality and the lack of promotion could result in a lack of awareness. Consequently the magazine will suffer from a poor reputation and lose both sales from subscribers and a loss of advertising revenue
- the current declining financial position of the business means that it could be considered risky to spend large amounts on the marketing budget. The fall in ROCE indicates that the business needs to be more efficient and the current ratio shows that there are potential liquidity problems, which could worsen if too much money is spent on marketing.

Points for evaluation could include:

- a major project such as this with ambitious objectives requires a significant marketing budget
- the objectives could be considered to be too ambitious
- it is not the amount of the funds available but how well it is spent
- the actual marketing strategy used will be a key element
- weighing up of the relative importance of other elements of the marketing plan.

Possible example of Good evaluation could be:

- a conclusion that is focused upon the question and that is based upon prior analysis. For example, Lisa's view is correct as without a significant marketing budget, the digital magazine could suffer from inadequate research, poor quality and lack of awareness. Consequently it would not be able to meet the ambitious sales targets set by Harry.

For Evaluation, you should award marks using the grid below.

Note: Evaluation also assesses students' quality of written communication. When deciding on the level to be awarded, consider the degree to which the student orders his/her ideas.

Level	Descriptor	Marks
E3	Good judgement. Answer has a logical structure throughout with effective use of technical terms.	5–4
E2	Reasonable judgement shown. Evidence of a logical structure and some use of technical terms.	3–2
E1	Limited judgement shown. Limited evidence of a logical structure and limited use of technical terms.	1

3

Total for this question: 18 marks

Harry Gardner wants to make radical changes to the way the business is run. Do you think it will be possible to maintain effective employer/employee relations during these proposed changes? Justify your view. (18 marks)

Level	Descriptor	Marks
L5	Good application AND Good analysis	13–12
L4	Good application AND Reasonable analysis <i>or</i> Good analysis AND Reasonable application	11–9
L3	Reasonable application AND Reasonable analysis <i>or</i> Good application <i>or</i> Good analysis	8–6
L2	Reasonable application <i>or</i> Reasonable analysis	5–4
L1	Limited response primarily based on knowledge	3–1

Employer/ Employee relations refers to the relationship between the managers of a business and the workforce and/or their representatives

Possible themes for application could include:

- 75% of the workforce belong to a trade union and days lost to industrial action are above the industry average
- many of the employees are nearing retirement age and have, on average, 25 years service which is well above the industry average
- Harry only wishes to inform the trade union of his decisions rather than consult
- generally, employer/employee relations have been effective through consultation with the works council
- the change to a more flexible workforce.

Possible examples of Good application could be:

- combining data, eg the high level of trade union membership and the fact that the trade union has been prepared to take industrial action
- the recognition that Harry prefers to bypass the Works Council and simply inform the trade union compared to the previous management who adopted a more consultative approach.

Possible themes for analysis could include:

- Harry's decision to inform rather than to consult could lead to a deterioration in relations
- the high level of union membership and willingness to take industrial action means that they need to be taken seriously through collective bargaining or the works council
- the length of service and average age of the workforce means that Harry could offer incentives for voluntary redundancies
- the move to Manchester and working from home could lead to better relations if Harry offers training and incentives as well as explaining the benefits to employees.

Possible examples of Good analysis could be:

- Harry's intention to inform rather than consult could lead to a deterioration in employer/employee relations. This could lead to industrial action and create bad publicity for *Roberts Media*
- through a process of collective bargaining it may be possible to negotiate the redundancy and relocation issues. If both sides offer concessions, these issues could be resolved quickly, enabling *Roberts Media* to implement the proposed strategy smoothly.

See next page for Evaluation

Points for evaluation could include:

- Harry is proposing radical changes in a short period of time – it is important that he communicates and consults with the workforce
- offering generous redundancy terms and incentives to relocate are attractive methods, but can the business afford them?
- Harry probably needs to consult using the Works Council but is he prepared to do this?
- as a result of Harry’s proposals, the workforce will become smaller and the trade union less powerful, consequently Harry will be in a stronger position
- the business still needs to maintain effective relations especially with its ‘core’ workers
- overall, it is still possible to maintain effective relations but both Harry and the Trade Union will probably have to make concessions.

Possible example of Good evaluation could be:

- It would be possible to maintain effective employer/employee relations as long as both sides are prepared to offer concessions through a process of collective bargaining. The Trade Union need to accept that the business needs to change if it is to survive, but also Harry has to appreciate that his proposed strategy will not work without the support of the workforce.

For Evaluation, you should award marks using the grid below.

Note: Evaluation also assesses students’ quality of written communication. When deciding on the level to be awarded, consider the degree to which the student orders his/her ideas.

Level	Descriptor	Marks
E3	Good judgement. Answer has a logical structure throughout with effective use of technical terms.	5–4
E2	Reasonable judgement shown. Evidence of a logical structure and some use of technical terms.	3–2
E1	Limited judgement shown. Limited evidence of a logical structure and limited use of technical terms.	1

4

Total for this question: 34 marks

Using all the information available to you, complete the following tasks.

- *Analyse the key arguments **for** and **against** Harry Gardner's proposal.*
- *Make a justified recommendation on whether you think that the Directors of Roberts Media plc should accept Harry Gardner's proposal. (34 marks)*

Level	Descriptor	Marks
L5	Good application AND Good analysis	24–21
L4	Good application AND Reasonable analysis <i>or</i> Good analysis AND Reasonable application	20–16
L3	Reasonable application AND Reasonable analysis <i>or</i> Good application AND Limited analysis <i>or</i> Good analysis AND Limited application	15–11
L2	Reasonable application AND Limited analysis <i>or</i> Reasonable analysis AND Limited application	10–6
L1	Limited response primarily based on knowledge	5–1

Arguments for the move from print to digital could include:

Possible themes for application could include:

- it has a USP of video clips, podcasts and discussion forums
- subscribers have to provide details regarding income, occupation and lifestyle
- forecast increase of digital subscribers to women's magazines from 3 million in 2013 to 10 million in 2015
- nearly 60% of the group sampled were prepared to pay at least £5 for a monthly subscription
- rising trends of visitors to news and information websites plus falling trends predicted for women's print magazines
- cost savings resulting from the relocation to Manchester, the move to a more flexible workforce and the closure of the printworks and distribution network
- ROCE of the print version is 2% compared to a forecast of 4.5% for digital.

Possible examples of Good application could be:

- correct calculation of the ROCE for either the print and digital magazines linked to the fact that there is a forecast rise in the number of digital subscribers
- the rise in ROCE is linked to the cost savings resulting from the closure of the printworks and distribution network
- linking data such as the rising trends of digital subscribers with the fact that sixty per cent of the sample would pay at least five pounds.

Possible themes for analysis could include:

- the USP enables the digital magazine to ‘add value’
- subscribers’ details would be of interest to potential advertisers
- growing target market provides opportunities to increase the number of subscribers
- opportunity to capitalise on the trend to digital from print due to increased ownership of technology products
- ‘first mover advantage’ could result
- the forecast ROCE of 4.5% in 2013 should increase in 2014, especially as the number of digital subscribers is predicted to rise.

Possible example of Good analysis could be:

- the successful launch of the digital magazine could enable *Roberts Media* to gain ‘first mover advantage’ in a growing market. By gaining a large market share, the magazine will benefit from rising revenues from subscribers and attract advertisers, especially due to the fact that *Roberts Media* will have a database on customers income, occupation and lifestyle. The increase in revenue combined with the cost savings resulting from the closure of the printworks and distribution network, should enable the company to achieve the objective of at least 8% by 2014.

Arguments against the move from print to digital could include:

Possible themes for application could include:

- the risk of alienating the 45–54 year old, affluent current market
- 40% of the sample would not be prepared to pay for a subscription
- ROCE has fallen from 10% to 2%
- forecast ROCE for the digital version (4.5%) is only slightly better than print (2%) and below the target of 8%
- current ratio has fallen from 1.5:1 to 0.5:1
- potential redundancies.

Possible examples of Good application could be:

- linking the current poor financial performance of the business to the cost of the proposed strategy, eg the need for a developing a new marketing plan, relocation to Manchester and closure of the printworks and distribution network
- linking the fact that 40% of the sample would not be prepared to pay for a subscription with the forecast 4.5% ROCE for the digital magazine.

Possible themes for analysis could include:

- loss of current market could have significant financial and marketing consequences
- online magazines are only a niche market
- declining ROCE will concern shareholders and fall in current ratio indicates liquidity problems
- forecast 4.5% ROCE may not impress shareholders and there is no guarantee that it will improve to at least 8% by 2014
- fall in morale plus possible industrial action resulting from proposed redundancies.

Possible example of Good analysis could be:

- the fall in the current ratio indicates that the business is facing potential liquidity problems. This could be significant as the proposed strategy initially will require large amounts of spending, eg the new marketing plan, relocation and costs of redundancies. These costs will only be recovered if the digital magazine is launched successfully and there is no guarantee that this will happen. Consequently *Roberts Media* could fail due to poor cash flow.

Points for evaluation could include:

- the trend appears to be from print to digital, but is the target market prepared to pay the £5 subscription in sufficient numbers
- the business is suffering from falling profitability and liquidity – it needs to improve its financial performance
- the proposed relocation plus redundancies will need careful handling if the new strategy is to succeed
- Harry appears to be impatient for this strategy to succeed – is he prepared to listen to the concerns raised by both the marketing and HR Directors?
- is it too radical to switch all the magazines to digital, why not test market one magazine first?

Possible example of Good evaluation could be:

- a conclusion and recommendation that answers the question and is based upon prior analysis, eg ‘The Directors should accept Harry’s proposal because although in the short term there could be significant costs and disruption, in the long term the trend appears to be from print to digital. As long as Harry can manage this transition well, the digital magazine has enormous potential and could be the best way to return *Roberts Media* to improved profitability.’

See next page for Evaluation Grid

Note: Evaluation also assesses students' quality of written communication. When deciding on the level to be awarded, consider the degree to which the student orders his/her ideas.

Level	Descriptor	Marks
E3	Good judgement. Ideas are communicated in a coherent structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	10–8
E2	Reasonable judgement shown. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	7–4
E1	Limited judgement shown. Ideas are communicated with some structure evident and with occasional use of technical terms. There are some errors in accepted conventions of written communication.	3–1