Examiner's report
P3 Business Analysis
June 2017

ACCA

General Comments

The examination consisted of two sections. Section A contained one question (with three sub-requirements) for 50 marks and Section B contained three questions of 25 marks each, from which candidates had to answer two questions. Each question follows a scenario providing the context for the question requirements.

Candidates should recognise that the syllabus for P3 is very broad, and is unlikely to be covered in its entirety during a short, taught course. Lecturers should ensure they signpost the remaining content to candidates for their own learning, and candidates should ensure they study these areas in their own time. All syllabus areas are examinable, and it is apparent, in each P3 examination, that some of these have not been studied by candidates. Question four, part b, is a good example of this.

For some candidates, there remains a tendency to copy out the scenario content, without explaining it in the context of the question requirements. Candidates who add value to the information provided in the scenario will earn higher marks than those who simply repeat the information. If candidates consider why they believe that information to be relevant, it should help to add value to their response.

The majority of candidates do now appear to have recognised that rote learning of theory and theoretical models is unlikely to provide the depth required to achieve high marks in this subject. The majority are now focussed on applying the theories, thus providing better responses overall. Some candidates should recognise, however, that there isn't a theoretical model for every occasion, and should avoid applying one, just for the sake of it.

Specific Comments

Question One
This question required the candidates to read a scenario relating to a commercial organisation and the industry in which it operated. Candidates were then required to answer questions relating to its strategic position and the formulation of strategy. No prior knowledge of the type of organisation was required as all necessary information was included within the scenario. The industry should have been familiar to all candidates, but again, all necessary information was included.

Part (a) required candidates to analyse the external environment using specified elements of a PESTEL analysis. Candidates were expected to discuss this with the specific strengths and weaknesses of the organisation in mind. The majority of candidates scored well on this question if they adhered to the full question requirement. Some candidates would have benefitted from linking the opportunities and threats discussed to the strengths and weaknesses mentioned in the scenario.

Part (b) required further external environmental analysis, using the Porter's 5-Forces framework to analyse the industry. This was to be discussed taking into account the implications for the organisation in question.

Both parts a and b asked for an explanation of the purpose and value of the frameworks being used. Although there were some good responses, many candidates omitted to respond to this part of the requirement, which would have further added to their marks. Candidates should be careful to respond to all elements of the given requirements.

Part (c) received mixed responses. It covered syllabus areas less frequently examined. Although all elements had been covered in past papers, they had not necessarily been examined as a combination of elements.

Question Two

This question presented a not for profit organization which was planning the purchase and implementation of a software package solution. This type of question has been asked in the past for different organization types, facing a similar implementation choice.

Part (a) required candidates to analyse the accounts of the proposed software provider. It is important to look at the big picture and the connectivity of different measures rather than simply analyse each individually. For example, rather than looking at payable and receivable days and cash balances individually, consider thinking about the combination along with changes in debt balances.

Some candidates would benefit from enhancing their numerical skills. There are many past papers which require analysis of financial statements, in different contexts. Candidates should consider practicing these, and comparing their answers to those published. For example, the calculation of ROCE requires the use of Earnings (or profit) Before Interest and Tax but many candidates use the incorrect profit value for this. Another common issue is the calculation of a percentage increase or decrease, with the incorrect denominator being used.

Part (b) of the question required a discussion of factors (other than price of software) which should be considered when considering a software solution. Some candidates chose to treat this as a comparison of bespoke versus off the shelf solutions, but a broader viewpoint was needed for this requirement. Better solutions considered this within the context of the organisation in the scenario, considering their specific needs.

Question Three

Question three provided a scenario about a commercial organisation which was proposing a project, although the planning of the project was lacking organisation. The project itself was quite different to previous projects presented in past examinations, but sufficient detail was provided to answer the questions in the context of the specific project.

Part (a) was a short requirement relating to a straightforward area of project management. This was well done, on the whole, but could be improved by producing the answer in the context of the scenario presented.

Part (b) required the discussion of a number of different elements of project management, with specific reference to the documentation produced. The majority of candidates were able to provide details of the content of the documentation, but did not fully answer the requirement for a discussion of its contribution to the eventual success of the project.

Question Four

This question provided a scenario about a manufacturing organisation which was producing a new version for its product range and needed to consider its marketing strategy. There were three sub-requirements.

Part (a) required the consideration of three particular approaches to marketing strategies. The approaches were named in the question requirement. A reasonable proportion of candidates chose to answer a slightly different question to that presented, applying the strategy clock or Porter's generic strategies. Although elements of these fit the question requirement, they did not fully answer it. Candidates must respond to the given requirements; not simply apply models they have learned in their entirety.

Part (b) required the explanation of a strategic approach to price setting. A number of candidates simply repeated their answers to part a. This would have been a good question to plan, such that the responses would be structured and not deviate from the question requirement.

Part (c) required the discussion of three named elements of the 7 'P's model. This has been a common approach to the model in past papers, with the examiner determining exactly which elements should be discussed. The

majority of candidates followed the requirements and were able to produce reasonable responses. A common misunderstanding is of 'physical evidence', with candidates confusing it with 'product'.