



Examiners' report

P3 Business Analysis

December 2008

Introduction

Performance in this examination showed an improvement on the previous sitting. It is pleasing to report that, in general, answers were much more within the context of the scenarios than in previous sittings. Furthermore, financial and quantitative data figured more prominently in answers. Unusually, the three optional questions were equally popular, unlike the previous sitting where few candidates answered the question on strategic change. Two part questions (1c and 3a) were relatively poorly answered (although some candidates scored full marks on both of these part questions) suggesting that some candidates had not studied these areas of the syllabus. However, the biggest problem for candidates was question 1b, where candidates were asked to assess the underlying cultural issues in the scenario. Many answers did not address the question.

Question 1a (on PESTEL) was so popular that it led some candidates into over-answering it, leading to time problems. In such cases, answers to the final optional question often appeared to be rushed. The vast majority of papers were well written and well presented. However, hand writing still remains a problem for some. Please check with peers or lecturers that your handwriting is legible. It is no use having great ideas if no-one can read them!

Section A

Question One

Section A has only one question, in three parts, applied to an extended case study scenario. The scenario concerned a National Museum where a new Director General had been appointed to develop and implement a strategy to respond to important changes in the museum's macro-environment. However, the proposed strategy had been met with disapproval. The Director General faced with both internal and external criticism asked his Board of Trustees to publicly back him. They failed to do so and so he resigned. This has prompted an angry response from the government.

As many candidates noted, this is an increasingly common situation. Museums all over the world are increasingly being pressurised to be "self-funding" and many turn to private sector expertise to achieve this. However, proposed changes often leads to significant conflict between the new and old orders.

The first part of this question asked candidates to analyse the macro-environment of the National Museum. This was a straight forward question and, by specifically asking for a PESTEL analysis, it mimicked the same question part of the pilot paper. There were plenty of clues in the case study, most of which featured in candidate's answers. The only area that did not get much coverage was the legal responsibilities of the Board of Trustees. PESTEL is concerned with the external environment and so points made about internal budget allocations could not be given marks. Overall, straying on to internal issues (such as strengths and weaknesses) was the only mistake made by candidates answering this part question. In general, it was answered very well.

The second part of this question asked candidates to assess the underlying organisational cultural issues that would explain the failure of the Director General's proposed strategy at the National Museum. Unlike the previous part of the question, no specific model or framework was suggested for this part of the question. A quote from one of the trustees was given to help candidates understand what was meant by organisational culture. This guidance appeared to be successful as the vast majority of answers did focus on organisational culture and not cultural forces concerned with nationality, history, arts or religion.

The model answer to this question uses the cultural web as a way of exploring cultural influences at the National Museum and considering how they would be affected by the Director General's proposed strategy. The case study scenario is rich with material to support this approach. For example, there are clear symbols of status which the

Director General proposes to withdraw. There are important stories in the case study scenario which demonstrate how certain staff members view the public and management. There are well established financial controls which will be disturbed by the proposed new budgetary allocation method. There are important clues in the current and proposed organisation structure about how the Director General wished to redistribute power in the organisation.

Candidates could also have used the cultural web to reflect upon the acceptability of staff lobbying external organisations (television and press) and publically criticising the Director General. By failing to consider these factors (and indeed in some instances, failing to exploit divisions that a cultural web analysis would have exposed) the Director General's proposed strategy was doomed to failure. It is clear that the organisation's current culture is not compatible with the strategy that the Director General wishes to develop. Candidates who used the cultural web, if only in part, in their answers generally scored reasonably well in this part question.

However, despite the explicit reference to cultural issues, many candidates focussed their answers on the scope and nature of change, accusing the Director General of proposing big bang change when incremental change would be more appropriate and pursuing revolution to evolution. These answers did gain marks, but only significant marks if they were related to the focus of the question; *the underlying organisational cultural issues*. Without such references such answers were light on detail, because the case study did not have enough information to support such an approach to the analysis. Consequently, answers tended to focus solely on blaming the Director General for not consulting staff when formulating his proposed strategy. This may be a legitimate point, but was insufficient to gain the twenty marks on offer for this part question.

The final part of this question asked candidates to explain the three strategy lenses; design, experience and ideas and explain how each of these lenses could help our understanding of the process of strategy development at the National Museum. Understanding these lenses is not only a defined objective in the study guide, but also underpins the whole of the Business Analysis syllabus. Some candidates were very well prepared for this part question, showed great understanding and gained full marks. Others showed very little knowledge and so only scored two or three marks.

However, overall, many candidates provided good answers to question one. Reference to the case study context was much better than on previous papers.

Section B

Section B has three questions, from which the candidate must answer two.

Question Two

This question was concerned with the corporate-level strategy of an organisation called MMI. The first part of the question focussed particularly on two acquisitions, First Leisure and Boatland, asking candidates to explain the rationale for their acquisition and subsequent performance. Financial and market data was provided which allowed the candidates to calculate some key financial ratios and also (if they wished to) analyse the companies using appropriate portfolio analysis frameworks. This part of the question was relatively well answered, with many more candidates than before supporting their argument with financial analysis.

The second part of the question asked candidates to consider a potential acquisition, InfoTech. This part of the question was not answered so well. Interestingly, many candidates who had used financial data to assess performance in the first part of the question did not use it in part b, relying on more general points. The analysis of InfoTech in the model answer is not very positive, and would probably lead to a recommendation that MMI should not acquire the company. Many candidate answers were much more up-beat about the acquisition, taking the line that IT provided many companies with competitive advantage and that InfoTech could supply this to other companies in the MMI portfolio. Credit was given for this approach, illustrating again that candidates do not have to always agree with the examiner's analysis to gain the marks on offer!

Question Three

This question combined themes of project management, quality and the systems development life cycle. The scenario described a project to implement a software package and the first part of the question asked candidates to explain how three of the planned activities on the project plan contributed to the testing and quality of the software. This was a relatively straightforward question which candidates either knew or did not. Consequently, some candidates scored very few marks, whilst others gained the full nine marks for this part question.

The project described in the scenario was slipping and, at present, it seems unlikely that it will meet its target delivery date. The second part of the question asked candidates to evaluate alternative strategies available to the project manager to address the project slippage problem. This was answered relatively well, with many candidates giving a range of options.

Finally, the last part of the question asked candidates to recommend and justify a preferred solution to the project slippage problem. There was often some overlap in answers between this and the previous part question. The distinction was that part b was really looking for the range of options available to the project manager, while part c required the candidate to select from that range, probably suggesting a mixed strategy. Many candidates did not adequately justify their answer in the context of the scenario.

Question Four

The scenario for the final question described a company that employed engineers to repair electrical and electronic equipment under warranty. Problems concerned with retaining and motivating these engineers were described in the scenario. The scenario also compared the rewards offered to these engineers compared with two rival companies.

The first part of the question asked candidates to assess the deficiencies of the company's current rewards management system. This was answered fairly well by candidates, although in some cases not enough points were made to get the marks on offer. The second part of the question asked candidates to analyse the limitations of new performance measures proposed by the HR Director. It is relatively difficult to spot these deficiencies in the time-constrained pressurised environment of an examination. However, many candidates did, providing answers that scored eight or more of the ten marks on offer for this part question. This was very heartening.