

Examiner's report

Strategic Business Leader (SBL)

September 2019



The examining team share their observations from the marking process to highlight strengths and weaknesses in candidates' performance, and to offer constructive advice for future candidates

General Comments

Format of exam

The examination consisted of a 4-hour exam with a single compulsory section, comprising three main tasks, about a chocolate manufacturing company, Dulce.

The marking scheme included 80 Technical marks for the correct use and application of technical knowledge. For every element of technical content, answers needed to be applied to the case. Repetition of rote learned knowledge attracted few, if any marks.

In addition, the marking scheme included 20 marks for Professional skills and competencies. The particular skill being examined in the requirement should have been evident in how candidates answered the task, although candidates may have drawn on other skills as well when answering. When awarding Professional skills marks, markers looked primarily at the professional skill being tested in the task requirement, but also looked at the general professionalism that candidates demonstrated (which includes consideration of logical, well presented answers which avoid unnecessary repetition and answer the question that is set).

Exam performance

Overall the standard of answers was similar to the June sitting, although demonstration of professional skills seemed to have improved.

Stronger candidates integrated and used the case study materials throughout their answers, selecting relevant technical knowledge to support the applied points they were making. They demonstrated professional skills through analysis, discussion and sound commercial awareness, and through how they structured and presented their answers. Weaker candidates used pre-learned knowledge as the basis for their answers and did not integrate or apply the case material adequately.

It was apparent that some candidates had not used and assimilated the guidance produced by ACCA for Strategic Business Leader, including

- The examiners approach article
- The importance of effective communication article
- Past examination papers and specimen exam papers

It is most important that candidates spend sufficient time reading and assimilating the case study materials. Often answers failed to make sufficient reference to the exhibits or failed to make use of

the full range of material in the exhibits. The exhibits:

- Provided the material which underpinned the applied points that candidates should be making
- Included necessary background information and explanation to provide context to candidates' answers
- Helped candidates to decide how to structure their answers
- Highlighted the most important issues that answers should cover

Candidates should read the exhibits whilst keeping the requirements of each question in mind, as this will help them identify which tasks will be drawing on the material in each exhibit. In this exam, for example, the extracts from the annual report (Exhibit 1) provided information that was relevant throughout the exam.

Candidates should also be alert for links between different exhibits reinforcing or contrasting significant issues. For example, the ethical sourcing policy referred to in Exhibit 1 was linked to a risk identified in the risk register (Exhibit 4) and the newspaper article (Exhibit 5).

Candidates should also spend sufficient time on planning, to ensure that their answers are

- Structured logically
- Balanced in terms of the depth of discussion required with the breadth of points to be made
- Covering the most important points
- Not padded out with material that does not address the task requirements, as this scores no marks
- Not making the same point two (or more) times
- Not overlapping

Generally, candidates answered all three tasks, though there was some evidence of shortage of time when answering their final question, most often Question 3. It was noticeable, however, that the quality of some candidates' answers tailed off towards the end of the exam, with indications that they had run out of time or stamina. Candidates are strongly recommended to take mock exams before the actual exam under full exam conditions, to get used to the demands on concentration, thinking and writing that a four-hour exam requires.

Mostly candidates answered the questions in order. Where they did not, they appeared to be leaving one question, which they liked least, until the end. Although this examination did not follow a timeline and therefore candidates should not have been disadvantaged by answering questions out of sequence, it is recommended that candidates answer the requirements in order. Future exams may follow a timeline or have question requirements that progress in other ways.

In most cases, those candidates who failed the exam did so because of a lack of comprehension of the task, not explaining why the points made were important, lack of commercial skills, failure to respond to the requirements in a professional/commercial manner and failure to provide everything that the requirements specified. It was evident on many scripts that candidates had simply not read the question requirement carefully enough and therefore failed to actually answer the question that

had been set. As discussed earlier, careful planning should help to reduce this.

Technical marks

To gain each Technical mark, candidates needed to make points that:

- Addressed the requirements of the task, considering the scope of answer required and what the question verb indicated should be provided
- Applied to the organisation and its environment, featured in the case study
- Were specific to the decision or situation covered in the task requirement
- Showed why the point being made was significant in the circumstances described

Up to two marks were often available for a well-developed point made. This might include:

- Evaluating how significant points are
- Using information provided that related the point directly to Dulce
- Explaining the consequences for Dulce
- Supporting the points made with relevant examples from the case material

Demonstration of technical knowledge or explanation of theory did not score marks in this exam. Weaker candidates reproduced information from the exhibits without explaining WHY the information was important to Dulce in the context of the task requirement. Similarly, leveraging in a technical framework unnecessarily as the basis for organising an answer led many candidates into forcing their answer to fit the framework and, crucially, providing an answer that was not in a form helpful to the recipient. For example, in Question 1(a) some candidates used the SAF framework to structure their answer, which was not a particularly useful framework and as such, presented information which was not useful to the recipient of the slide notes. Candidates also often just repeated case material, in particular in Question 3, and did not explain clearly **how** the factors identified from exhibit 6 helped to achieve performance excellence. For example, merely re-stating that Dulce had strong leaders was insufficient to explain the extent to which this had impacted on its achievement of performance excellence.

Professional skills marks

Many candidates had clearly thought about Professional skills marks and attempted to present their answers in an appropriate format, as requested in each task requirement. However, there were many instances where candidates paid no attention to the format required. Whatever the format requested, the recipient will be helped by an answer that is presented and structured clearly, with headers throughout the answer and which avoids long paragraphs or repetitive information.

Candidates should remember that they are carrying out a professional task that has a particular purpose(s) for a defined user or stakeholder. It is vital that candidates read the technical and professional requirements together, as this will assist candidates to formulate their answers in the correct style, tone and level of professionalism. An example of where candidates failed to do this was in Question 2(a). Candidates were asked to analyse how the risks in the risk register could

impact on the achievement of the strategic aims of Dulce within the Technical aspect of the question, with the answer being framed within the context of demonstrating the Professional skill of analysis. Most candidates completely ignored the fact that the technical requirement specifically asked for analysis of the impact of the risks on the achievement of the strategic objectives and therefore, those that did this, also failed to present a sufficiently professional answer. Therefore, although they may have presented the answer in an appropriate tabular format, if they failed to demonstrate analysis skills by clearly considering the impact of the risks on Dulce's strategic aims, then they were awarded few professional marks.

Further comments on specific professional skills are given below.

Specific comments

Question 1(a)

This first task asked candidates to produce a set of notes for a presentation being prepared by the Sales director which discussed how the sales development strategies he proposed would assist Dulce achieving its strategic aim of developing its products and markets. It required the demonstration of commercial acumen skills.

Generally, this task was reasonably well done in terms of Technical skills. Some students answered this question very well, with clear and well-structured presentation notes, focused clearly on the impact of the three sales development strategies proposed on Dulce's strategic aims. Stronger candidates correctly linked these strategies to the need for Dulce to produce products that customers demand in the locations they demand them. Key issues for those candidates that performed less well included:

- failure to link the sales development strategies with the overall strategic aim of developing its product range and markets
- repetition of the information presented in the relevant exhibit, with limited consideration of how these points would/ would not assist the achievement of the strategic aim. This was especially true in respect of website sales, where many simply repeated that "international sales will grow in the next 5 years", and did not discuss how this could be achieved, given the competitiveness of the online business.
- Some candidates did not read the question requirement carefully, as they strayed into consideration of the second strategic aim (delivering performance excellence) which the requirement clearly did not ask for.
- inappropriately using techniques such as Porters Five Forces and SAF analysis to structure the answer which then meant that the candidate failed to address what was actually being asked.

To score high Professional skills marks, candidates needed to demonstrate commercial acumen in linking Dulce's sales development strategies to the achievement of the strategic aim. Most importantly, candidates were expected to recognise the external and internal factors affecting the ability for Dulce to achieve its strategic aim. Many candidates did score pass marks for

professional skills on this task, as most presented answers in a suitable notes format and also demonstrated sound commercial awareness of the internal and external factors affecting the success of the sales development strategies in achieving the strategic aim. Weaker candidates were those that showed limited commercial awareness and understanding of the impact of Dulce's proposed sales development strategies.

Question 1(b)

This task required candidates to evaluate the financial and non-financial implications of prioritising an order for a new range of luxury chocolate products for either Excelsior department store or BB supermarkets, based upon optimising the limited skilled labour hours available. Candidates were also asked to make a recommendation as to which order should be prioritised. Professional skills marks were available for communication, in using logical arguments to clarify the most relevant information for the Finance director to make a decision.

The overall standard of answers to this question was extremely disappointing, in particular the financial analysis. The requirement clearly stated that one order was to be completed in full and the other was to be partially completed. Very many candidates completely ignored this instruction and simply compared the completion of one order against the completion of the other order. Weaker candidates also considered the prioritisation of the individual products rather than the customer orders. Most candidates also seemed to miss the key aspect of this task relating to the need to consider the contribution of the limiting factor i.e. the skilled labour hours. Instead, most candidates only calculated the contribution per unit. Therefore, marks awarded for the financial analysis aspect of this task were often limited. Future candidates of SBL are reminded that they may well be asked to undertake calculations within the examination and must ensure that they are familiar with the financial techniques and methodologies referred to in the SBL syllabus.

However, many candidates were able to gain good credit for the non-financial analysis. Most candidates did well in identifying the positive and negative aspects of providing either partner with the new order of luxury chocolates, although only relatively few candidates did go on to correctly discuss the need for further investment and training required if orders were continued into the future. Part b(ii) was answered well by most candidates, as many made a good attempt at summarising their financial and non-financial analysis to identify the optimum order. The better students were those that recommended BB, even though Excelsior was better in financial terms but only by a small margin. Weaker candidates were those that merely stated a recommendation without further justification or made their judgement based wholly on the financial analysis i.e. maximisation of contribution only.

Significant weaknesses included:

- Calculating the contribution of each order in total with no recognition of the relevance of the limiting factor or recognition of the optimisation of the limited skilled labour hours available (contribution per unit of limiting factor)
- Merely restating the same positive or negative point for each order. For example, many candidates merely stated that BB offered the products as Dulce's own brand and Excelsior

did not, with little or no further evaluation of why this was a factor in the decision

- Making recommendations which merely repeated the information already presented in the analysis, without recognising the importance of this information to the decision being made by the Finance director.

To score high Professional skills marks candidates needed to present a balanced and objective report, using a range of both financial and non-financial data. Most candidates did present in a suitable report format but stronger candidates (those scoring 'Quite well' or 'Very well'), were those that presented reports which communicated the most appropriate information in the most suitable manner for the Finance Director to gather sufficient and balanced information to make a sound and objective decision. Those candidates that scored 'not so well', were those that failed to present a sufficiently balanced evaluation to assist the Finance Director in the decision or those who either merely repeated the material from the case or provided poorly evaluated information, thus not demonstrating sufficient communication skills.

Question 2(a)

This task required candidates to analyse how the risks in the risk register could impact on the achievement of both strategic aims and to recommend mitigating activities for each risk. Professional skills marks were available for analysis, in considering appropriately the risks identified. The format required was a table for the Chairman of the audit and risk committee.

Many candidates answered this requirement very well. Most answers were well structured in an appropriate tabular format, although some answers had clearly not been well planned and were therefore very messy and difficult to read. Weaker candidates failed to read the requirement carefully and did not present their answer in a table at all, and instead presented an essay style answer. Candidates must pay careful attention to the requirement to make sure they are answering in the format requested. Format plays an important role in presenting general professionalism in SBL.

Good candidates were able to demonstrate an understanding of the impact of the risks identified on one or both of Dulce's strategic aims and were also able to identify at least one appropriate mitigating activity for each risk discussed. Weaker candidates often simply repeated the risk given to them in the case, without explaining the actual impact on the strategic aims. However, reasonable marks were achieved by most candidates on this task.

Other significant weaknesses included:

- Answers presented in bullet point style with little or no explanation of the impact of the risk or the relevance of the mitigating activity. Bullet point answers gain very little credit in SBL.
- Poorly explained or justified mitigating activities which were not commercially realistic. For example, backward integration by purchasing a supplier to solve increasing input prices was not a commercially sound or viable option for Dulce. Also, some mitigating activities were vague, such as suggestions to employ a HR Director to solve the risk of low staff enthusiasm.

Candidates who scored high Professional skills marks ('quite well' or 'very well') did so by clearly analysing the risks in relation to their potential impact on the achievement of Dulce's strategic aims. Most candidates scored well on professional skills in this task as firstly, most did present their answer in the requested tabular format and secondly, most also did make a reasonable attempt to consider how the risks could impact on the achievement of Dulce's strategic aims. Candidates who failed the professional skills largely did so because of insufficient analysis of the risks, because they either presented thin, poorly developed answers or they failed to recognise the impact on the strategic aims (or both).

Question 2(b)

This task was split into three separate parts and required candidates to consider the responses of three of Dulce's directors to a recent newspaper article relating to the use of child labour in the chocolate manufacturing industry. The first part of the task required candidates to classify the responses using an appropriate framework and the second and third parts of the task required candidates to evaluate the responses proposed by the three directors and to make recommendations for control activities. Professional skills marks were available for demonstrating scepticism in challenging the opinions of the three directors.

Firstly, most candidates did attempt to present their answers in slides and accompanying notes format. However, there was a huge degree of variability in the standard of presentation of answers, with some candidates providing appropriately structured slides with adequate explanatory notes, to others who provided either slides only or notes only and some who presented in no recognisable format at all. Candidates are again reminded that presentation in the requested format is an important aspect in being awarded pass marks for professional skills.

The majority of candidates answered part (i) well, with many gaining full marks for appropriate and correct application of the TARA framework to classify the responses of the directors to the risk. Weaker candidates were those that used an incorrect framework, such as ethical stances or made no attempt to actually classify the responses and instead merely described the risk response. Also, some candidates stated the Operations director was saying the risk should be 'ignored'. This was incorrect - ignoring a risk is NOT the same as accepting it.

Part (ii) of the task was reasonably well answered by many candidates. Most candidates recognised the inappropriateness of the Operations director's response and went on to attempt to explain its ethical consequences for Dulce. Also, most candidates also recognised that although the HR director's response was highly ethical, it was also likely to be not commercially sound, as it could have adverse consequences on Dulce's production. Weaker candidates mostly failed to actually recognise whether the responses were or were not appropriate and therefore only described the possible consequences of the risk responses. A worrying aspect of a small minority of answers to this task, was the lack of understanding of the ethical consequences of the Operations director's response to the use of child labour. The response offered by some candidates that it was acceptable because everyone else was doing it, was clearly not appropriate.

Part (iii) of the task was not well answered at all. Very few candidates considered whether the Finance director's response was or was not more appropriate than the other two directors. Instead,

most answers went straight into offering advice on two potential control measures. The control measures offered by many candidates were disappointing and many missed the most important issues of paying a living wage and adhering to and indeed exceeding industry standards to improve Dulce's reputation. Most answers went little further than making suggestions for undertaking regular supplier site visits or paying an appropriate and fair price to farmers and few recognised wider control actions such as further investment in international initiatives.

Other weakness of answers to task 2b included:

- Answering all three sections together, rather than following the suggested presentation layout in the actual requirement. Candidates who took this approach often presented unclear and confused answers and therefore did not score well on Professionalism
- In part (i), describing TARA, rather than applying it.
- In part (ii) some candidates failed to consider the commercial practicalities of switching supplier and few candidates questioned whether customers would stop buying Dulce's chocolate if they knew about child labour.
- In part (iii) many candidates did not comment at all on the Finance director's approach or explain why it was realistic. Therefore, they did not fully answer the requirement

Candidates who achieved high Professional skills marks demonstrated good scepticism in challenging the opinions expressed by the three directors. In fact, most candidates actually demonstrated good levels of scepticism, particularly in relation to the opinions expressed by the Operations director and the HR director. Those that gained the highest marks for demonstration of scepticism were those that also considered the opinions of the Finance director. Weaker answers were those that failed to challenge the appropriateness of the opinions expressed by the directors.

Question 3

This question required candidates to evaluate the extent to which Dulce was meeting the criteria to achieve performance excellence, based on an exhibit which was the outcome of a recent brainstorming meeting, in which the directors had highlighted all of the actions they are currently carrying out. Professional skills marks were available for demonstrating evaluation skills in appraising the findings of the brainstorming meeting.

This task was the section of the exam paper where candidates performed worst. This was very disappointing, as it should have been very straightforward. Many candidates did not demonstrate a sound knowledge of performance excellence or the Baldrige model, upon which the findings of the brainstorming meeting were based. Many candidates clearly did not read the exhibit nor the requirement clearly, as they interpreted the information in the exhibit as a 'wish list' for Dulce, rather than a statement of what they are actually already doing. Some candidates merely described and or rewrote the information from the exhibit with no attempt to consider whether the actions described met the performance excellence criteria.

Having said that, there were some excellent answers to this question, with some candidates clearly demonstrating a sound knowledge of the Baldrige model and an ability to identify the areas which

were being achieved by Dulce and those which were missing from the Baldrige model (such as 'Results').

Other significant weaknesses of answers to this task included:

- Repetition of the content of the exhibit with little or no attempt to relate it to the achievement of the performance excellence criteria
- An evident lack of knowledge of the Baldrige model and the performance excellence aspect of the syllabus.
- Stating what Dulce should do, without actually considering effectively what they are doing.

Many candidates achieved no or low Professional skills marks on this question, as most demonstrated limited evaluation skills. As stated above, most answers were either descriptive or merely re-writing of the information they had already been given. Only those candidates who clearly attempted to evaluate the information in the exhibit against the criteria set out for the successful achievement of performance excellence scored well on professional marks on this task.