Strategic Business Leader (SBL) September/ December 2025 Examiner's report

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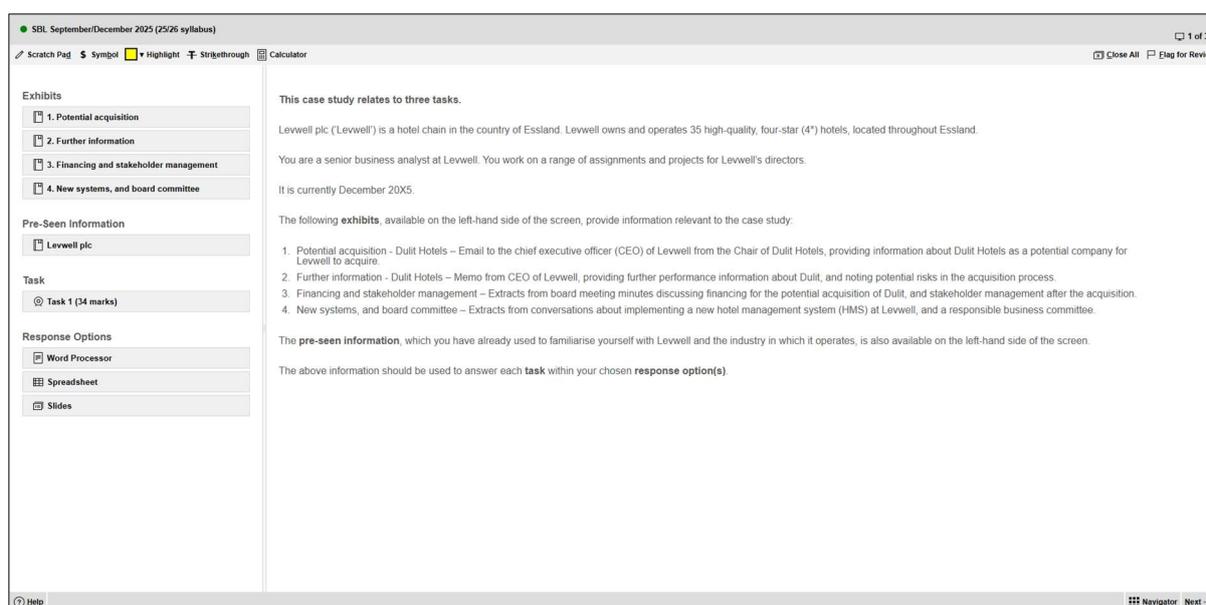
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General comments

This examiner's report should be used in conjunction with the published September/December 2025 sample exam which can be found on the [ACCA Practice Platform](#).

In this report, the examining team provides constructive guidance on how to answer the various tasks set in the September/December exam, whilst sharing their observations from the marking process, highlighting the strengths and weaknesses of candidates who attempted these tasks. Future candidates can use this examiner's report as part of their exam preparation, attempting the exam tasks on the [ACCA Practice Platform](#) and reviewing the published answers alongside this report.

Format of the exam

The exam consisted of a 3 hours and 15 minutes integrated case study exam, comprising three main tasks, about a fictitious hotel company called Levwell which operates in the country of Essland. The candidate's role throughout the exam was that of a senior business analyst, employed to provide advice on a range of project and assignments for Levwell's directors.

The marking scheme included 80 technical marks for the correct use and application of technical knowledge drawn from the Strategic Business Leader (SBL) syllabus. For every requirement, answers needed to be applied to the case context. Repetition of rote learned knowledge attracted few, if any, marks.

In addition, the marking scheme included 20 marks for five professional skills. The specific skill being examined in the requirement should have been evident in how candidates answered the task. Candidates should also have drawn on other relevant skills when answering. When awarding professional skills marks, markers looked primarily at the professional skill being tested in the task requirement, but also considered the general professionalism that candidates demonstrated (which included whether answers answered the task set, were logical and well-presented and avoided unnecessary repetition). Markers also considered whether the tone of answers was professional and appropriate for the recipient.

As candidates take the exam on computer, they are strongly recommended to take mocks on the [ACCA Practice Platform](#) first, to gain experience of dealing with different types of exhibits and to estimate how much they can write in the time allowed. Candidates are strongly advised to assimilate all the guidance published by ACCA for SBL, including the articles, as the guidance can provide invaluable assistance when sitting the exam.

Pre-seen information

This pre-seen was divided into two discrete but integrated sections. The first section provided candidates with an overview of the hotel industry in Essland. The second section provided further background information about Levwell, a listed company which owns and operates high-quality (4*) hotels.

The pre-seen is designed specifically to allow candidates to establish a sound understanding of the industry and organisational context in the exam they will be taking. This should help them analyse and understand the exhibit information that is presented to them on the exam day.

Candidates should set aside time for careful reading of the pre-seen, so that they have a thorough knowledge of its contents and do not need to keep referring back to it during the exam, which will waste valuable time. Candidates should actively engage with the material in order to gain an understanding of the context in which the organisation operates. Factors to establish could include the following:

- Whether the organisation is recently formed or long-established
- Whether the organisation is small or large
- If the organisation is a company, whether it is listed or unlisted
- Whether the organisation is currently doing well or struggling
- Its place in its sector, including how it is responding to developments in the sector
- Its business model, and key elements of its business strategy
- The resources available to the organisation and whether these appear to be sufficient
- The ethical and corporate social responsibility (CSR) issues the organisation faces, and what values it has.

Candidates must appreciate that the pre-seen information should not be used to 'question spot', however, as the tasks set in the exam are not based on information in the pre-seen. The pre-seen information is designed to assist candidates' overall understanding of the sector and the organisation, but it will not itself provide a full source for exam answers. The tasks on exam day will be focused primarily on the information contained in the exam exhibits. Candidates will be expected to use the exhibit information as the primary source for developing their answers.

Of course, some information within the pre-seen will be useful to support points made in answers, but candidates should not copy and paste sections of the pre-seen into their answers. Candidates are expected to develop the information within the pre-seen and explain, for example, its relevance to the task being attempted.

On the exam day, the following four exhibits were presented to candidates, which provided additional information relevant to the case study:

1. Potential acquisition – Dulit Hotels. An email to the chief executive officer (CEO) of Levwell from the Chair of Dulit Hotels, providing information about Dulit as a potential company for Levwell to acquire.
2. Further information – Dulit Hotels. A memo from the CEO of Levwell, providing further performance information about Dulit, and noting potential risks in the acquisition process.
3. Financing, and stakeholder management. Extracts from Levwell's board meeting minutes discussing financing for the potential acquisition of Dulit, and stakeholder management after the acquisition.
4. New systems, and board committee. Extracts from directors' conversations about implementing a new hotel management system (HMS) at Levwell, and a responsible business committee.

A number of issues which have been noted in previous examiner's reports occurred again in this sitting:

- Many candidates failed to answer the question as set. This was seen in various ways, particularly in Tasks 1(b) and 2(b). In Task 1(b) candidates were asked how risks relating to the integration of Dulit and Levwell hotels following an acquisition could be mitigated. However, many candidates focused on what these risks were, rather than how the risks could be mitigated. Task 2(b) asked candidates to evaluate the levels of power and interest of different stakeholder groups in relation to Levwell's potential acquisition of Dulit, so candidates should have focused on each group's power to influence the acquisition and their interest in the acquisition. However, many candidates assessed stakeholders' power and interest in the routine operations of the hotels.
- Some candidates failed to make use of all of the information given in the exhibits, particularly the financial performance information in Exhibit 2. Candidates often simply repeated figures, or percentage changes, from the Exhibit without considering the implications of these.
- Many answers also lacked sufficient application to Levwell's situation or the specific context of the requirement. For example, in Task 3(a) – where candidates were asked to advise how to manage the change process to support hotel staff during the implementation of a new hotel management system (HMS) – many answers offered generic advice which could apply to any change process, with little reference to the specific issues surrounding the implementation of Levwell's new HMS.
- Answers also often lacked depth of explanation. Although 2 marks were available throughout the exam for developed points, candidates often had few or no such points, meaning that they had to come up with more points earning single marks in order to pass. This was particularly noticeable on Task 1(a) where many candidates failed to go much beyond contrasting the characteristics of Levwell and Dulit, to consider the implications of this on the attractiveness of Dulit as a potential acquisition for Levwell. It was also noticeable on Task 2a where candidates failed to justify the levels of power or interest they ascribed to different stakeholder groups, or the responses they recommended.
- Copying and pasting pre-seen and exam exhibit information into answers with little or no attempt to add value was a problem on occasions. In Task 2(b), many candidates

reproduced information from Exhibit 3 about the concerns of different stakeholder groups, without applying this to assess the groups' level of power and interest in the potential acquisition.

Most candidates appeared to have read the pre-seen information. They seemed to have assimilated the important points in it, with the result that they could use detail given in the pre-seen to provide context for their answers. Having a good understanding about Levwell was particularly important in Task 1(a), in order to identify the differences between Levwell's and Dulit's business models and target markets.

The best answers demonstrated good understanding of the information available in the exhibits and pre-seen. They used it as the basis for producing well-developed answers that applied to Levwell's situation. They also demonstrated analysis, evaluation and commercial acumen skills across their scripts, showed scepticism where necessary, and produced answers that were clear and logically structured.

Some candidates did not appear to have read the SBL guidance, articles and other resources on the ACCA Global website. This included failing to consider the article on Financial analysis in SBL, which would have been helpful for Task 1(a), and Responsible Leadership which would have been helpful for Task 3(b). Making use of the resources is an important part of exam preparation.

Analysing the exhibits

The availability of the pre-seen information should mean that candidates are familiar with the context of the industry and organisation before the exam date. Nevertheless, they need to spend sufficient time reading and understanding the additional information given in the exhibits. At the start of the exam, candidates should note the requirements of each task and keep these requirements in mind whilst reading carefully all the information in the exhibits, as this will help them identify which tasks draw on which exhibit material. Candidates need to remember that material from more than one exhibit may be relevant when answering each individual task. In this exam, material from Exhibits 1 and 2 was needed to answer Task 1(a).

Candidates are recommended to spend the first 30 minutes of the exam reading and analysing the exhibit material.

The exhibits:

- Provide the material which underpins the applied points that candidates should be making
- Include necessary background information and explanation to provide context to candidates' answers
- Help candidates to decide how to structure their answers
- Highlight the most important issues that answers should cover.

As already suggested, some answers failed to make enough use of the material in the exhibits. However, candidates must do more than reproduce or restate material in the exhibits. To score marks, they must comment on the information or develop further the points raised.

Task requirements may refer directly to exhibits, meaning that the exhibits define what answers should cover, no more and no less. The requirements of Task 2b referred to "the five stakeholder groups identified by the CPO in relation to the success of the acquisition" which linked back to the stakeholder groups identified in Exhibit 3. However, many candidates did not evaluate the stakeholders' levels of power and interest in relation to the acquisition, choosing instead to evaluate their levels of power and interest in relation to the ongoing operations of the hotels. A minority of candidates also chose to evaluate the levels of power and interest of additional stakeholder groups (such as 'Visit Essland', or the government of Essland), but these answers wasted time, and gained no marks, because this evaluation had not been asked for in the requirement.

Planning

Candidates must spend sufficient time on planning, to ensure that their answers are:

- Structured logically, in line with the precise requirement of the task;
- Balanced in terms of the depth of discussion required with the breadth of different points to be made;
- Covering the most important points relevant to the task's requirements;
- Not padded out with material that does not address the task's requirements;
- Not making the same point two (or more) times.

When sitting the exam, candidates may find it useful to copy and paste the task requirements into the word processor answer area. They then do not need to keep looking at the task tabs. This may help them to remain more focused on the tasks as they answer them. Any copied requirements should be deleted after the task is answered or clearly separated from the answer.

Time management

Most candidates were able to answer all three tasks. While there was some indication that some candidates had run out of time or stamina during this exam, this does not appear to have been a significant problem in candidates' scripts overall. This suggests many candidates are managing their time carefully. Candidates are strongly recommended to attempt mock exams under full exam conditions before the actual exam, to get used to the demands on concentration, effective reading, planning, thinking, and writing that the SBL exam requires.

As a guide, if candidates use the first 30 minutes of the exam time to read and assimilate the exam exhibits and tasks and produce an outline plan, this leaves 165 minutes (2 ¾ hours) to produce answers to all three tasks. On this basis, the 2 ¾ hours should have been allocated in relation to the marks assigned to each task (including professional skills marks) as follows:

Task 1(a)	26 marks	43 minutes
Task 1(b)	8 marks	13 minutes
Task 2(a)	18 marks	30 minutes
Task 2(b)	18 marks	30 minutes
Task 3(a)	14 marks	23 minutes
Task 3(b)	16 marks	26 minutes

Adopting this approach ensures candidates have sufficient time to attempt every part of every task, thereby giving them the best chance of passing the exam.

Candidates should also be aware of how time can be poorly used in the SBL exam:

- Wasting time by including material not asked for the actual task requirements;
- Writing elaborate and lengthy plans, resulting in too little time to produce meaningful and complete answers;
- Making the same point more than once in slightly different ways. Markers will not give additional marks for points which are repeated or re-stated, even if they are slightly reworded.

Reasons for exam failure

In most cases, those candidates who failed this exam did so because of:

- Not answering the task that has been asked
- Wasting time by including irrelevant content
- Not applying the Levwell case scenario information to the points made
- Failing to develop points made (that is, not considering the implications of a point, or not explaining fully why the point was relevant/important in the context of the task requirements)
- Copying and pasting exhibit and pre-seen information into their answer, or paraphrasing it, but then failing to comment on this information or develop it to answer the task requirement
- Demonstrating poor analysis skills (that is, an inability to select, and then appropriately use, relevant information to answer task requirements)
- Demonstrating a poor level of technical knowledge. Candidates should appreciate that any area of the SBL syllabus could be examined
- Failing to respond to the requirements in a professional manner
- Demonstrating poor time allocation.

As has already been mentioned, the failure to answer the task that has been asked was a particular issue in Task 2(a), with many candidates failing to evaluate stakeholders' power and interest in the acquisition.

When candidates did address the requirements of a task, they generally answered the whole requirement. However, there were too many examples across the exam of candidates not focusing on answering the requirement which had been asked. This demonstrates poor exam technique and should not be expected of candidates at Strategic Professional level. In a professional workplace, candidates would be expected to perform the specific task required by their manager, and so would have to listen carefully to, or read thoroughly, any instructions given. The same attention should therefore be applied to task requirements in the SBL exam.

Technical marks

Demonstration of technical knowledge or explanation of theory does not score marks in the SBL exam. To gain each technical mark, candidates need to:

- Make points that directly address the requirement(s) of the task, considering the scope of answer required and what the task verb indicated should be provided

- Show the marker why the points being made are significant/relevant to Levwell and the context of tasks requirements
- Consider issues that were specific to the choices, decisions or requests for advice detailed in the task requirement.

Generally, up to two marks are available for a well-developed point made. However, candidates are reminded that two marks will only be awarded when the candidate successfully identifies/explains a relevant point and then develops this point by:

- Evaluating how significant the point is
- Using the information provided that relates the point directly to the organisation
- Explaining the consequences for the organisation
- Supporting the point made with relevant examples from the case material.

A failure to develop points was sometimes apparent in this exam. This particularly applied to Task 1(a) where too often candidates appeared just to compare the characteristics of Levwell and Dulit without assessing whether these made Dulit more, or less, attractive as a potential company for Levwell to acquire. Also in Task 1(a), candidates' comments on the performance information provided in Exhibit 2 were often superficial, and did not explain the implications, or the significance of, the figures provided.

Some candidates still copied and pasted exhibit information into answers with little or no attempt to add further value to the information this sitting. Copying and pasting was most evident on:

- Task 1(a), where candidates copied the characteristics of Dulit hotels from Exhibit 1, including the references to "our" and "we" which were inappropriate in the answer, because they related to Dulit rather than Levwell.
- Task 2(a), where candidates reproduced information about the interests of the different stakeholder groups, but did not then evaluate the groups' power and interest in the potential acquisition;

Candidates who presented purely generic answers were awarded limited marks. This sometimes occurred in answers to Task 2a, where candidates considered generic advantages of debt or equity financing. Candidates must avoid producing answers that merely repeat SBL syllabus knowledge or theory without making any attempt to apply this knowledge to the exam context. They must focus instead on answering the specific task set.

Professional skills marks

Many candidates had clearly thought about how to earn professional skills marks and attempted to present their answers in the appropriate format, as requested in each task requirement.

Whatever the format required by the task, the recipient will be helped by an answer that is presented and structured clearly, with headers throughout the answer. Candidates should remember that they are carrying out a professional task that has a particular purpose, and in this exam acting as a senior business analyst, serving the needs of Levwell's management.

Candidates must read the technical and professional requirements together, as this will assist them in producing their answers as asked, in the correct style and tone and with the correct level of professionalism. This was particularly important for Task 3(b), where candidates were communicating (to the board) the benefits and challenges of introducing the responsible business committee. Whilst there were valid concerns about the NEDs level of experience in ESG matters, phrasing these as "The NEDs are incompetent" (or similar phrases) is not an appropriate way to communicate these concerns... to the directors in question.

Candidates are also reminder that demonstrating professional scepticism does not simply mean phasing points as questions. Markers commented that on Task 1a (where the professional skill was scepticism) the proportion of candidates who phrased points as questions was higher than in previous exams. However, doing so weakens candidates' answers, and reduces their ability to score well in professional marks. To demonstrate their scepticism, candidates needed to provide the board with a critical assessment of whether or not Dulit was an attractive company for Levwell, rather presenting them with a series of questions (for the directors to then have to answer for themselves).

Task 1

The CEO has forwarded to you the summary information he received from Dulit's chair, along with performance information about Dulit which he has gathered himself.

He would like your views on how attractive Dulit is as a business for Levwell to acquire.

(a) Prepare a report for the CEO which assesses the attractiveness of Dulit as a potential acquisition for Levwell, taking into account both financial and non-financial factors.

(22 marks)

Professional skills marks are available for demonstrating *scepticism* skills in probing deeply into the information provided about Dulit to assess its attractiveness as a potential acquisition for Levwell.

(4 marks)

The CEO has highlighted that, if Levwell proceeds with the acquisition, one of the potential challenges resulting from it will be managing the integration of Dulit and Levwell.

He would like your help in looking into how the risks relating to the integration issues could be mitigated.

(b) Prepare a briefing note for the CEO which advises how the risks relating to the integration of Dulit and Levwell could be mitigated.

(8 marks)

Total Task 1 = 34 marks

Task 1(a)

Technical marks

The requirement asked candidates to assess the attractiveness of a potential acquisition, taking account both of financial and non-financial factors. As such, the underlying focus of candidates' answers should be assessing whether or not the potential acquisition is attractive.

Most candidates assessed the characteristics and/or performance of the target company (Dulit), making good use of the information from the Exhibits, as well as from the pre-seen in order to contrast aspects of Levwell's business model with Dulit's. However, few candidates then went on to consider the implications of this assessment in relation to the potential acquisition; that is, considering whether Dulit's characteristics or performance made it more – or less – attractive as a potential acquisition. Related to this, many candidates simply repeated sentences from Exhibit 1, describing characteristics of Dulit hotels, without considering the implications of these in terms of Dulit's attractiveness as an acquisition.

Markers commented on the large amounts of injudicious cutting and pasting of material about Dulit from Exhibit 1. Exhibit 1 was written by the chair of Dulit, so when it referred to "we", that reference related to Dulit. However, in the task, candidates were preparing a report for the CEO of Levwell, so in that context "we" should refer to Levwell. As such, material which had simply been cut and pasted without any changes incorrectly referenced points about Dulit as "we" rather than "they".

As a wider point, candidates are reminded that sections of text simply copied and pasted from the Exhibits do not earn any marks. Candidates need to use the material from the Exhibits to support their answers, but that does not simply mean copying and pasting material from the Exhibits.

In Task 1a, candidates were asked to take account of financial and non-financial factors in the answers when assessing Dulit's attractiveness. However, in general, the analysis of financial factors (financial performance) was weak, with many candidates simply noting that one figure was greater (or less) than another, or just 'writing out' the percentage changes in figures, but then failing to assess the implications of these in relation to Dulit's attractiveness as a potential company to acquire. For example, a number of candidates included statements such as: "Revenue has declined by 0.4%", or "Operating profit margin has declined from 10.2% to 8.4%, which is a 17.3% change". However, such statements simply repeat information which was provided in Exhibit 2 (and therefore which the CEO is already aware of). As such, such statements do not add any value to the CEO – the recipient of candidates' reports – and therefore score no marks. To score marks, the points candidates include in their reports need to add some value to the reader; for example, assessing the potential implications of declining revenues – or declining profitability – in relation to Dulit's attractiveness as a business to acquire.

A surprising number of candidates also appeared to think Dulit was loss-making. Although its revenue and profits had declined over the last two years, it was still profitable. The fact that candidates thought it was loss-making was concerning, though, because it suggested they had misinterpreted what should have been some relatively straightforward financial information in

Exhibit 2. A number of candidates also suggested that the lower operating profit margin could be due to high interest costs. However, operating profit is calculated "before interest and tax", so interest does not affect it; therefore, such suggestions demonstrated a lack of basic accounting knowledge.

Many candidates used the Suitability, Acceptability, Feasibility (SAF) model as a framework for their answers. Whilst this was not, in itself, a bad idea, this approach tended to work more successfully for 'suitability' than for 'acceptability' or 'feasibility'. In particular, in relation to 'feasibility' candidates tended to focus on Levwell's own capacity to manage an acquisition, rather than any specific issues relating to the feasibility of acquiring Dulit. As such, candidates were not assessing the attractiveness of acquiring Dulit, which was what the requirement asked. Similarly, in relation to 'suitability', some candidates discussed the advantages and disadvantages of acquisition as a method of growth compared to organic growth. Again, though, this type of generic discussion was not relevant, and scored no marks.

In some cases, using SAF resulted in the duplication of points, typically between suitability and acceptability. Candidates are reminded that, whilst models can be helpful to structure answers, they should only be used if they help to answer the question asked. Candidates should not become obliged to the model, meaning they add irrelevant points – or repeat points – simply to fill a category in a model, rather than answering the question requirement.

Some candidates also spent time discussing topics which were the subject of other requirements, the potential challenges of integrating the businesses post-acquisition (Task 1(b)) and financing of the potential acquisition (Task 2(a)). Before they start answering any requirements, candidates should be clear on what each requirement covers.

The main weaknesses in answers to Task 1(a) were:

- Simply stating facts from exhibits without any further analysis, or without considering the implications of them;
- Failing to consider both financial and non-financial factors; with the assessment of financial factors typically being weak;
- Simply describing the similarities or differences between the two companies without critically assessing the implications of these in terms of the attractiveness of the acquisition
- Phrasing points as questions (see Professional skills marks.)

Professional skills marks

The professional skill for this requirement was scepticism. Candidates are reminded that demonstrating scepticism does not simply mean phrasing their answers as questions though.

Although scepticism involves adopt questioning approach to a situation (in this case, the extent to which Dulit was attractive as a potential acquisition) that does NOT mean that points should be expressed in the form of questions; for example "Don't you think we need to know the reason for the decrease in revenue?" or "Don't you think that acquiring a company with a high gearing ratio is a risk?" Whilst the underlying issues here (e.g. declining revenue; high gearing) are valid concerns which could reduce the attractiveness of the acquisition, these should be expressed in the form of statements, not questions.

The failure to provide balanced answers addressing both financial and non-financial factors also had a negative impact on the number of professional skills marks which were earned. In order to score 2.66 or 4 on professional skills, candidates had to probe quite well – or very well – *both* financial *and* non-financial factors.

Most candidates produced answers in an appropriate report format.

Task 1(b)

Technical marks

The requirement was poorly answered overall, with a number of candidates making no attempt at all to answer part (b). Maybe candidates thought they could miss out this requirement without doing too much damage to their chances of passing the exam overall, as it was only for 8 marks; or possibly candidates simply did not think they could say much about the ways Levwell could mitigate the risks which had been identified in Exhibit 2.

The requirement asked how risks relating to the acquisition (which had been identified in Exhibit 2) could be mitigated. However, of the candidates who did answer the requirement, a high proportion got the balance of their answers wrong, and spent more time explaining what the risks were, rather than advising how the risks could be mitigated. As in Task 1(a), a number of candidates also simply copied and pasted in descriptions of the risks from the Exhibit.

A surprisingly high number of candidates also discussed the differences between the companies, and how these could create risks, rather than advising how the risks could be mitigated. The differences in business models between the two companies should have been discussed in part (a), as factors which could affect the attractiveness of the target company. However, a repetition of points made for part (b) scored no marks. This again highlights the importance of candidates being clear about what each requirement covers, before they start answering any requirements. Candidates should recognise that they will not be asked to do the same thing in two different parts of a task.

The better answers for this question considered a range of actions to mitigate risks at different stages, and in relation to different aspects, of integration:

- pre-acquisition (for example, through cultural due diligence);
- post-acquisition planning (for example, bringing in external expertise to compensate for Levwell's lack of experience)
- people management (for example, communication with staff; training programmes)
- technical integration (for example, involving IT systems from both companies)

The requirement was only worth 8 marks, so candidates who considered mitigation strategies across a range of areas like this typically scored very well.

However, the majority of candidates only made a very limited number of suggestions for mitigating the risks, which therefore limited the number of marks they could score. Moreover, many of these answers made only generic points (about communication, or training) without explaining how they would mitigate the specific risks identified in the scenario. A disappointingly small number of candidates addressed the specific challenges which Levwell could face in this situation due to it having no prior experience of making acquisitions.

A number of candidates also recommended that "cloud computing should be adopted" to help mitigate the risks around IT integration, without any justification of how or why cloud computing might be beneficial. Candidates should be advised that the answer to any question about IT systems does not necessarily have to contain a recommendation to introduce cloud computing.

A number of candidates also appeared to be looking for a model to apply to their answer, rather than trying to recommend practical actions Levwell could take to help mitigate risk. Some of the principles from the 'TARA' model could be relevant (for example, 'avoiding' risk by not proceeding with the acquisition if the risks identified by due diligence were perceived to be too great) but the requirement is looking for candidates to recommend practical ways to mitigate risks, not simply to recommend a model Levwell should look to use.

A number of candidates also appeared to think that employees from Dulit hotels would need to move to Levwell hotels following the acquisition (or vice versa). However, given that Dulit's hotels are in different locations to Levwell's, and cater to a different target market, it is not clear why this would need to be the case. This reinforces the importance of thinking about the practical context of situations, and recommending strategies which are appropriate to that specific context. Whilst some acquisitions might result in staff being relocated or redeployed, that is unlikely to be the case in this scenario, for the hotel staff in Dulit's hotels.

The main weaknesses in answers to Task 1(b) were:

- Focusing more on the underlying risks, rather than how to mitigate those risks
- Only including a very limited number of suggestions for how to mitigate risks
- Making generic recommendations, rather than relating them to the specific context of the scenario.

Task 2

In a recent board meeting, the chief financial officer (CFO) outlined three potential methods of financing the acquisition of Dulit, if it goes ahead.

The board would like to know the advantages and disadvantages of each of these methods for further discussion at the next board meeting, and has asked for your help.

(a) Prepare a briefing note for the board which assesses the advantages and disadvantages of each of the three financing methods suggested by the CFO as potential ways to finance the acquisition of Dulit.

(14 marks)

Professional skills marks are available for demonstrating *analysis* skills in considering the advantages and disadvantages of the three potential methods of financing the acquisition of Dulit.

(4 marks)

In the same board meeting, the chief people officer (CPO) highlighted that the way Levwell manages its relationships with its stakeholders could also affect the success of the acquisition. The board has asked you to consider the power and interest of the five stakeholder groups the CPO mentioned and how they should be managed.

(b) Prepare a briefing note for the board which evaluates the levels of power and interest of each of the five stakeholder groups identified by the CPO in relation to the success of the acquisition and recommends how Levwell should manage each group, if the acquisition happens.

(14 marks)

Professional skills marks are available for demonstrating *evaluation* skills in assessing the levels of power and interest of each stakeholder group, and making appropriate recommendations for how Levwell should manage each group, if the acquisition happens.

(4 marks)

Total Task 2 = 36 marks

Task 2(a)

Technical marks

Task 2(a) asked candidates to assess the advantages and disadvantages of three potential ways of financing the acquisition: bank loan; rights issue; sale and leaseback of hotel properties. ('Sale & leaseback' arrangements had been explained in the pre-seen material.)

In the main, candidates structured their answers in a logical way, considering each of the three methods of financing in turn, and then looking at advantages and disadvantages separately for each method of finance.

The assessment of 'loan' finance was also answered reasonably well, with better answers recognising the implications for interest payments and gearing, and recognising that interest payments are tax deductible. However, the sections about rights issues and sale and leaseback were typically answered less well, with the section on rights issues being the weakest overall. Candidates' assessments of rights issues, and sale and leaseback, were often very brief, suggesting candidates had limited knowledge about these potential methods of financing, and/or what their potential advantages or disadvantages to Levwell might be.

Syllabus area G2 requires candidates to be able to assess and advise on alternative sources of finance available to an organisation to support strategy, which is what the task asked candidates to do here.

Markers also highlighted the amount of repetition in candidates' answers; for example, with factors which were disadvantages of loans (for example, the need to make interest payments) then simply being 'flipped' and given as an advantage of equity issue (for example, no interest obligations). However, in situations like that where one point is simply the reverse of another, candidates only score a mark for the first reference, with any subsequent references being treated as a repetition of the same point.

Equally, and as already mentioned in relation to Task 1(a), candidates will not score marks for simply cutting and pasting sections of text from an Exhibit into their answers. A number of candidates noted (from the Exhibit) that Levwell's gearing rate will increase from 21.5% to 55-60% if it takes out the new loan, but they did not explain the significance or implications of this: why could the increased gearing be a problem for Levwell?

Although the Strategic Business Leader exam requires candidates to apply their knowledge to the exam scenarios, it nonetheless also requires them to demonstrate appropriate knowledge. Unfortunately, candidates' answers to this question often failed to demonstrate that knowledge. Three recurring examples of this related to: the impact of loan interest on operating profit; the impact of equity financing on gearing; and the dilutive impact of the right issues on shareholder control.

Loan interest – Many candidates starting that the increased interest charges resulting from taking out additional loans will reduce operating profit. Similar mistakes were also made in Task 1a, where candidates suggested high interest charges could be contributing to Dulit's declining operating profit. However, operating profit is calculated "before interest and tax", therefore interest charges do not affect operating profit but rather net profit.

Equity finance and gearing – A number of candidates also argued that the rights issue would not affect financial gearing, which had been defined in Exhibit 2 as "Debt / (Debt + Equity). However, the rights issue will increase Levwell's capital (equity), and so will decrease the gearing ratio. Whilst it would be true to say that, unlike loan finance, the rights issue will not increase the gearing ratio, it is not true to say that it will not affect gearing.

Rights issue and shareholder control – A number of candidates stated that a rights issue would not dilute control for shareholders. However, this will only be the case if all the shareholders take up the issue. Very few candidates included this caveat though. Conversely, a number of candidates stated that the rights issue would dilute control for shareholders. Again, though, it will only lead to a dilution of control for shareholders who do not take up their issue; but very few candidates made this point.

More generally, candidates are reminded that, when discussing advantages and disadvantages, it is important to relate these to the organisation in question. For example, a number of candidates cited the lack of dilution of control as an advantage of a rights issue, without giving any indication of how or why this is actually an advantage *for Levwell*.

Candidates also sometimes wasted time by including lengthy recommendations about which method of financing Levwell should choose, although the question had not asked for a recommendation.

The main weaknesses in answers to Task 2(a) were:

- An apparent lack of knowledge about what a rights issue is
- Stating points without any real analysis (for example, why something is significant, or what its implications are)
- Repeating the same issues, but as an 'advantage' of one method of financing, and a 'disadvantage' of another.

Professional skills marks

Professional skills marks were linked to technical marks and often depended on the depth of analysis shown. Many candidates provided brief, single-line points (or even bullet points) which were not developed. This limited marks which were earned.

Similarly, where candidates presented their answers in table format, the points included were typically only brief – in many cases, just single line bullet points – and so included little analysis. This therefore restricted the professional marks which were earned.

Nonetheless, overall, Task 2(a) was answered better than Task 2(b).

Task 2(b)

Technical marks

This task was answered very poorly, and there were a number of factors contributing to this:

First – The requirement asked for an 'evaluation', but candidates did not adequately evaluate the levels of power and interest of the stakeholder groups. Many candidates simply 'listed' the

levels, without any justification. This severely restricted the number of marks candidates could score. In the absence of any justification, if the level of power and interest a candidate claimed for a particular group did not agree to that in the suggested solution, then the candidate scored no marks for their evaluation of that group's power and interest.

Second – Candidates failed to assess each of the groups individually. Although the requirement specifically instructed candidates to evaluate "the levels of power and interest *of each of the five stakeholder groups*" ; many candidates looked at 'employees' and 'guests' as single groups, rather than differentiating them between the different hotels. However, the levels of interest were different between the two hotels, so a single classification was not appropriate. Moreover, by only evaluating three groups (employees; guests; shareholders), instead of five as instructed, candidates reduced the number of opportunities they had to score marks.

There were 14 technical marks for this requirement, and five stakeholder groups to assess. So, if candidates scored three marks per group, (one for a justified assessment of power; one for a justified assessment of interest; one for a justified recommendation) they could have achieved full marks for this question. Very few candidates did this though.

Third – Copying and pasting from the Exhibit. This has already been mentioned as an issue in Tasks 1a and 2a, but it was also an issue in this Task as well, with a number of candidates simply copying and pasting points from the Exhibit to support their assessment of stakeholders' levels of interest and power. However, this often meant that the discussion of both sets of employees (Levwell; Dulit) and guests was identical, when they should not have been.

Fourth – The requirement asks about power and interest in relation to the "success of the acquisition", but the majority of candidates appeared to ignore this instruction, and assessed levels of power and interest in relation to the ongoing operations of the hotels. For example, a number of candidates made claims such as "Guests have a high level of interest in the quality of services provided by the hotel" or "Employees are critical to delivering a high quality experience for guest". Similarly, many candidates spent time giving advice about how to improve the quality of service provided to guests, or to improve customer satisfaction. However, these are primarily operational issues, not factors which affect the success of the acquisition.

It is vital that candidates read the requirements carefully and then answer the requirement asked, a point that has been made many times in previous examiner reports.

Fifth – not making an appropriate recommendation. The majority of candidates linked their assessment of power and interest to one of Mendelow's stakeholder management strategies, which was an appropriate approach to take. However, a number of candidates recommended the wrong strategy; for example, recommending the stakeholders they had categorised as having high interest and low power should be kept satisfied (but the correct strategy should be 'keep informed').

Candidates also need to recognise that simply classifying a stakeholder group as "key players" does not adequately explain how the group should be managed. The requirement asked how Levwell should manage each group, if the acquisition took place, so candidates should look to

provide appropriate practical responses Levwell could take; for example – for shareholders (key players) Levwell should look to engage with them to ensure they support the proposed acquisition.

Although the majority of candidates based their answers around Mendelow's matrix, some ignored the matrix and just provided 'common sense' recommendations, and they received credit for relevant points. Again, however, the recommendations needed to relate to managing the stakeholder group in the context of the acquisition, not in relation to the routine operation of the hotels (for example, providing training for staff.)

The main weaknesses in answers to Task 2(b) were:

- Not justifying the levels of power and interest given
- Assessing levels of power and interest in relation to the routine operating of the hotel, not the acquisition
- Applying Mendelow's matrix incorrectly, and thereby providing inappropriate recommendations
- Bundling five sets of stakeholders into three, thereby restricting the number of marks which could be earned.

Professional skills marks

The fact that a number of candidates essentially just stated the levels of power and interest of different groups, rather than justifying them, limited professional skills marks as well as limiting technical marks. Similarly, the fact that recommendation often did not go much beyond "keep informed", also limited technical marks. Candidates should be advised that if they are asked to make a recommendation, they should provide a justification for the recommendation, rather than simply stating it.

Task 3

The CEO recently had a conversation with the CPO about a new hotel management system (HMS). The CEO wants to ensure staff are properly supported during the implementation of the new system, and has asked for your advice about ways Levwell can support its hotel staff throughout the change process.

(a) Prepare a briefing note for the CEO which advises Lewell how to manage the change process to support its hotel staff during the implementation of the new HMS.

(10 marks)

Professional skills marks are available for demonstrating *commercial acumen* skills in showing insight in advising Levwell how to manage the change process to support its hotel staff during the implementation of the new HMS.

(4 marks)

Levwell's Chair is considering whether to introduce a responsible business committee, following his conversation with the chief financial officer (CFO) about this. The Chair wants to discuss the idea at the next board meeting.

He has asked you to draft a presentation about the benefits of introducing a responsible business committee at Levwell, and the challenges facing the committee, both in terms of establishing it and also of its operation within Levwell.

(b) Prepare TWO presentation slides, with accompanying notes, for the Chair to use in his presentation to the board, which explain:
- **the benefits of introducing a responsible business committee at Levwell; and**
- **the challenges facing this committee.**

(12 marks)

Professional skills marks are available for demonstrating *communication* skills in informing the board about the benefits of introducing a responsible business committee at Levwell, and the challenges facing that committee.

(4 marks)

Total Task 3 = 30 marks

Task 3(a)

Technical marks

Task 3(a) asked candidates for advice about how to manage the process of implementing a new hotel management system at Levwell, in order to support its hotel staff during the change process.

Stronger candidates tended to use a change management framework to help structure their answers; the majority used Lewin's three-stage model, but some also used Kotter's eight-stage model. Many of the candidates who used a change management model to structure their answer subsequently identified some sensible points, for example, the importance of communication in identifying the need for change; training for staff in using the new system; and staff rewards for successfully implementing the new system. Some candidates also linked their answers backed to the company's values (taking care of staff), and scored marks for doing so.

However, a number of candidates' answers were rather generic overall; for example, discussing the importance of communication in change management, or the need for training, in general terms rather than linking their points specifically to the context of this scenario. For example, Exhibit 4 mentioned the difficulties which staff at another hotel chain had had in learning how to use the system; so this highlighted the need to provide Levwell's staff with adequate training. The better answers made use of the scenario information in this way, and also suggested other practical points; for example, bringing in external trainers (from the software company) to help train staff how to use the software.

However, a number of candidates failed to link their answers to the scenario in this way. Others – whilst they clearly knew the *headings* of Lewin's three stage model – struggled to translate these into practical suggestions for what Levwell should do at each stage of the model. For example, for 'Refreeze' candidates often made suggestions such as "Embed the new system as the way of working" without explaining what this might actually mean in practical terms.

Candidates are reminded that, whilst models can provide framework for their answers, these models then need to be applied to the exam scenarios in order to provide relevant, practical advice. Where candidates' answers were largely generic, this also restricted the number of professional skills marks they could earn.

Another issue which reduced the quality of candidates' answers was that some of them appeared to drift away from the focus of the question actually asked. Candidates are reminded of the importance of reading the question requirement carefully, and then to answer the requirement asked. The focus of the requirement in this task was how Levwell should manage the process of implementing the new system in order to support its hotel staff. However, a number of candidates appeared to ignore this, and focused on other issues: in particular, assessing the need for a new system, or explaining the benefits of implementing the new system, rather than advising how the implementation process should be managed.

Despite the reference in the question to 'supporting staff' during the change process, a number of candidates also recommended actions which appear designed to punish staff, rather than support them; for example, disciplining – or even sacking – staff who resisted the change to the new system. The introduction to the requirement reinforced the fact that the CEO "wants to

ensure staff are properly supported" so recommendations to dismiss staff are inappropriate in this context. Candidates should be reminded about the importance of thinking about the context of different requirements, and ensuring that the advice or recommendations they give in their answers are appropriate to the situation in question.

Overall, the main weaknesses in answers to Task 3 were:

- Being too generic
- Wasting time discussing issues which had not been asked about in the requirement (for example, the benefits of implementing the new system)

Professional skills marks

As has already been mentioned, professional skills marks were often limited by candidates' answers being too generic. There were 10 technical marks for this requirement, and many candidates included about five relevant technical points in their answers. Such candidates (making five relevant points, worth one mark each) would score 5/10 for technical marks: a marginal pass. However, if their answers are largely generic, this would mean they could only score 1.33/4 for professional skills, meaning they score 6.33/14 on the requirement overall: a marginal fail.

Task 3(b)

Technical marks

As this task was the last one in the exam, it is possible that some candidates were running out of time. However, overall, this task was answered very poorly; and the second slide (about the challenges facing the committee) was answered particularly poorly.

A number of candidates appeared not to understand what the scope of a responsible business committee is. Although there have not been any previous exam questions looking at responsible business in this specific context, social responsibility is an important theme in the SBL syllabus, and the supporting Exhibit (Exhibit 4) gave a clear indication of the focus of the proposed committee. However, a number of candidates appeared to overlook the word 'responsible' and looked at the benefits of having a 'business committee' - for example, a committee focusing on Levwell's business performance against operational KPIs, such as occupancy rate and RevPAR, and helping to develop strategies to improve performance against these. This was not the question asked, though, and candidates who took this approach scored very poorly.

A number of candidates also appear to disregard the word 'committee' and discussed the benefits to Levwell of being a responsible business, rather than explaining the benefits of introducing the committee. Levwell could still be a socially responsible business without specifically have a responsible business committee. The question asked about the benefits from introducing the committee – so candidates who ignored the word 'committee' scored poorly. As mentioned in relation to previous tasks in this report, it is vital that candidates answer the requirement actually asked.

In relation to explaining the benefits of introducing the committee, the better answers often used the responsibilities of Beston's committee (per Exhibit 4) as a starting point, and then considered how focusing on similar areas could be beneficial for Levwell; for example, how – or

why – it could be beneficial for Levwell to assess the ESG implications of the company's strategies.

However, whilst candidates are encouraged to use the Exhibits to support their answers, this does not mean simply copying and pasting points from the Exhibits into answers. A number of candidates basically just repeated list of points from the Exhibit (about Beston's committee) and presented these as the benefits from introducing a similar committee at Levwell. However, stating what the committee will *do* is not the same as explaining the benefits of introducing the committee. As mentioned previously, points simply copied from the Exhibit score no marks.

Copying and pasting material from the Exhibit was also an issue in relation to the 'challenges' part of the task. The majority of candidates recognised – and stated – that Levwell's existing directors have a lack of knowledge and experience around ESG issues. However, many candidates failed to explain the corresponding challenge arising from this; that is, finding appropriate NEDs to form the committee.

Overall, the 'challenges' section of the task was particularly poorly answered, with most candidates only including one or two points: typically relating to lack of experience, and to cost. This lack of content in answers may have been due to time pressure, but it also appears to have been at least partly due to candidates not being able to think of any challenges to include. Rather than focusing specifically on the committee, some candidates discussed the roles of NEDs in general terms (which was not required, and so scored no marks.)

The majority of candidates used the slide format, with supporting notes as requested. However, candidates need to remember who they are addressing in their answers. The slides in Task 3(b) were to be presented to the board, but the way points were presented by some candidates was rather derogatory to the board. For example, whilst it was valid to raise concerns about the levels of knowledge and expertise amongst Levwell's NEDs, it is not advisable – or appropriate – to suggest they are "incompetent", as some candidates did.

The main weaknesses in answers to Task 1(c) were:

- Not highlighting enough relevant points – particularly in relation to 'challenges'
- Simply repeating the information from the Exhibits, without building on it to explain 'benefits' and 'challenges'
- Focusing on the benefits of ESG or social responsibility, rather than specifically the benefits of introducing a responsible business committee
- An apparent lack of knowledge about what "responsible business" is; equating the committee with just being a "business committee"

Professional skills marks

Marks often followed technical marks, and were restricted by the limited coverage which candidates offered in relation to the challenges facing the committee.

The better candidates provided concise notes to support their slides, but weaker candidates' notes largely just repeated the contents of the slides, adding little explanation or insight.

As already noted, candidates are advised to remember who their audience is, and ensure that the tone of presentation slides/notes is appropriate for the people they are people presented to.