

Examiner's report

P3 Business Analysis

December 2017

The ACCA logo consists of the letters 'ACCA' in a bold, white, sans-serif font, centered within a solid black square.

General Comments

The P3 Business Analysis examination is divided into two sections. The first section (section A) consists of one question worth 50 marks. In this examination, this question was in three parts. The first part (part a) was answered relatively well. Part b was adequately answered and part c (on budgeting) was poorly answered. The second section (section B) consists of three questions and the candidate has to answer two of these. In this examination, questions 2 (portfolio analysis) and 3 (process analysis) were slightly more popular than question 4, on organizational culture. In general, part 'a' of these optional questions was answered relatively well and part b was answered poorly. Candidates were better at applying a model than explaining more theoretical points.

Time management seemed to be relatively good although some candidates put themselves under pressure by over-answering question 1 (see below). Failure to complete the examination appeared to be due to lack of knowledge rather than lack of time.

Specific Comments

Question One

The scenario for this question described selected functions within a company called E-Box, which had patented a process for producing durable boxes.

The first part of this question asked candidates to analyse the strengths and weaknesses in selected elements of the value chain (operations, sales and marketing, procurement, human resources and infrastructure), using variance analysis to support the answer where appropriate. This was worth 24 marks.

Although this part question was well answered, there were three significant issues which need highlighting.

- Firstly, too many candidates did not undertake a variance analysis at all, or did so partially or incorrectly. As a result, they did not gain marks for relatively straightforward figure work and they were also unable to use these figures to support or counter the qualitative observations made in the scenario. Candidate who did correctly complete the variance analysis could offer valuable evidence about the problems at the company.
- Secondly, too many candidates began to offer solutions that exploited strengths or tackled weaknesses. This was not required as it is the focus of the second part of the question. This led to the over-answering issue mentioned in the introduction to this report. Candidates effectively repeated information in part b which they had incorrectly included in part 'a' of the question.
- Finally, some candidates did not make clear what they considered to be a strength or a weakness. They just reproduced a fact from the scenario, without analysis. For example; 'the production process is patented'. So, is this a strength or a weakness, or both?

The second part of the question asked how the company might address its weaknesses identified in the analysis, with reference to activities in the value chain where appropriate. This part was worth 12 marks. This was adequately answered. A wide range of possibilities could have been offered and credit would have been given. However, answers tended to be rather narrow and general. For example; 'production should be made more efficient'. Yes, but what is meant by efficiency and HOW could such efficiency be achieved?

The final part of the question asked candidates to discuss, in the context of the scenario company, the value and usefulness of budgeting. This was worth 10 marks. Generally, this was poorly answered with candidates seemingly unfamiliar with the purpose of budgeting.

Four professional marks were allocated to this question. Professional marks were awarded for the structure, tone, coherence and clarity of the report requested by question one. Overall, most answers were relatively easy to read and were well structured. However, colloquial language such as 'staff don't seem very clued up' and 'get orders out in the nick of time' is out of place in a formal report.

Question Two

This question focused on portfolio management. The first part of the question, worth 18 marks, asked candidates to analyse the position of the three companies identified in the scenario. It requested that the analysis should consider the position of the each company within the BCG and Ashridge matrices. The candidate was also asked to suggest an appropriate strategy for each company, based on their analysis.

Similar questions have appeared in previous examinations and candidates are clearly well prepared for this area of the syllabus. This part question was well answered, with a significant number of candidates gaining 15 marks or more. However, in many scripts, the analysis was better than the allocation of the company within the two models. Only the 'star company' (from the BCG) was reliably identified by most candidates.

The second part of this question, worth 7 marks, asked candidates to explain the corporate rationales of portfolio managers, synergy managers and parental developers and to suggest which of these best reflected the approach of the u organization in the scenario. This was adequately answered, but there were very few good answers. A significant number of candidates, who had scored relatively well in part a, omitted this part question altogether, suggesting that this part of the syllabus had not been studied.

Question Three

The scenario for this question identified three distinct process areas in a newspaper publishing enterprise. Candidates were asked to evaluate each of these areas in the context of Harmon's process-strategy grid. They were also asked to recommend an improvement strategy for each process area, explaining how this strategy addressed the problems faced. This was worth 15 marks. This part question was very well answered and many candidates scored 10 marks or more. They correctly identified the complexity and importance of each process and suggested appropriate improvement strategies.

The newspaper publishing enterprise had already decided to outsource a further process area, associated with the legal department. The second part of this question asked candidates to explain the disadvantages and risks associated with outsourcing the legal department and discuss how these risks could be managed. This was worth 10 marks. This part of the question was not answered particularly well. Candidates struggled to come up with enough distinct points to get the marks on offer. There were also two common mistakes:

- Firstly, some candidates gave the advantages of outsourcing. This was not required by the question and so no marks could be given.
- Secondly, some candidates questioned the fundamental logic behind the outsourcing decision, suggesting that it should remain in-house. The question makes clear that the decision to outsource has already been made and disadvantages and risks have to be presented within this context. The question was not about whether the legal process should be outsourced or not.

Question Four

The scenario for this question concerned a college that was moving from the public to the private sector. As part of this move, the current head is retiring, to be replaced by an external recruit who has 12 years of teaching experience and 18 years of service in the Army.

The first part of this question asked candidates to analyse the current culture of a college using the cultural web. Candidates were then expected to discuss how elements of the cultural web would change after transition to a private college. They were asked to identify any problems which might be expected. This part question was worth 15 marks. This was adequately answered by most candidates, although some candidates focused on culture in general and made no explicit reference to the cultural web at all. Although some credit could be given, such answers scored poorly.

The second part of this question, worth 10 marks, required candidates to suggest how competency frameworks might be used in the context of the college. Specifically, to enhance teacher performance and to improve recruitment and succession planning. This part question was worth 10 marks. This was poorly answered, despite the clues (improve recruitment and succession planning) given in the question. No answer at all was provided by a significant number of candidates, suggesting that this area of the syllabus had not been studied. Too many answers were generally about better recruitment procedures and made no explicit reference to competency frameworks.