



# Examiners' report

## P3 Business Analysis December 2007

### Introduction

This was the first paper in the new scheme for the new Business Analysis syllabus. The paper was constructed in such a way to ease the transition from paper 3.5 (and to some extent from paper 3.4) and it also reflected the approach and contents of the pilot paper. Preparing for the first paper in a new scheme is quite daunting and so the examiner was keen to make elements of this first examination paper familiar to well-prepared candidates.

Overall, candidate performance was quite pleasing. However, it was also clear that many candidates were not prepared for certain areas of the syllabus. Project management (the topic of question two) appears to be a particularly weak area and so candidates had to elect to answer the optional question on quality and Six Sigma. Unfortunately many candidates did not have sufficient knowledge in this area to gain pass marks, with a significant number of candidates not answering either part a (on quality, quality control and quality assurance) or part b (on Six Sigma).

There was also evidence that some candidates put themselves under unnecessary time pressure by answering questions 1a and 2a too comprehensively. Candidates are reminded that the marks on offer should guide how long the candidate should spend on each question.

Three further aspects also need stressing;

1. Financial and quantitative information is provided in scenarios for a reason. Please use it appropriately. Many candidates ignored this information completely.
2. The information in the scenario is very important. Many answers were too general and lacked appropriate context. Candidates must also make sure that they answer the question set, not the question they would like to have been set. For example, many candidates answered question two as if the question was "describe the structure and contents of a business case and a project initiation document".
3. Do not use theories inappropriately in a scatter-gun approach. Trying to reference too many theories led to some answers becoming too complicated, too long and too irrelevant. Candidates must make sure that answers are focussed and contain enough relevant points to get the marks on offer. .

### Question One

The first part of the compulsory case study question asked candidates to evaluate the strengths and weaknesses of ONA and to explore how these impacted on the company's performance. Many of these strengths and weaknesses were signposted in the text and others were readily discernable from the tabular and financial data. Most candidates answered this part of the question reasonably well. However, three points need to be made;

1. Not enough use was made of the financial data. Relatively easy marks were available for calculating and interpreting standard financial ratios. One marker commented that the "analysis of the financial information was often weak. Use of this information often went no further than extracting superficial data that was immediately obvious from the tables, for example that net profit after tax had fallen".
2. Some candidates adopted over-elaborate frameworks and models to answer the question. On one hand this was good to see, but on the other it did mean that many of the answers were very long. Valuable time was taken up in explaining the model, rather than the strengths and weaknesses of ONA. This was a particular problem when inappropriate models were used (such as PESTEL), leading candidates to discuss opportunities and threats which were explicitly excluded from the question.

3. One marker commented that “candidates frequently started this question with a paragraph describing SWOT analysis and then noting that only strengths and weaknesses were required for the answer. This was a complete waste of time”.

The second part of the compulsory question asked candidates to explain the key features of a ‘no-frills’ low-cost strategy. Credit was given for both generic answers and for answers which specifically referenced the airline industry. This was answered relatively well.

The question then asked candidates to explain why moving to a ‘no-frills’ low-cost strategy would be inappropriate for ONA. This part of the question was not answered particularly well. The question asked candidates to adopt and support a particular position. Overall, candidates did not give sufficient ideas to get the marks on offer. The better answers actually adopted the suitability, acceptability and feasibility success criteria suggested by Johnson, Scholes and Whittingham. Not only did this give plenty of scope for a good answer, it also allowed candidates to score well on the professional marks available for this question. Professional marks were given to answers that strongly supported the specified position – the inappropriateness of a move to a ‘no-frills’ low cost airline. Too many answers were neutral in tone and did not carry sufficient conviction. Answers were diluted by offering alternatives (the focus of the next part of the question) or by suggestions about how a ‘no-frills’ approach might be made to work. Although some of these ideas were interesting, they were not the intended focus of the question.

Finally, candidates were asked to evaluate other strategic options ONA could consider to address the airline’s current financial and operational weaknesses. There are two key parts of this requirement. The word ‘other’, meaning other than ‘no frills’ and so marks could not be awarded for an option which had been specifically rejected by the organisation. Secondly, the question was particularly looking for strategic options, encouraging candidates to explore the strategy clock or any other appropriate framework. Indeed the better answers adopted the strategy clock, Ansoff’s matrix or further applied the suitability, acceptability and feasibility success criteria. Answers that used these approaches tended to score well and gained the professional marks on offer. Unfortunately, some candidates did not pitch their answers at a strategic level, focusing more on piecemeal operational improvements. Credit was given for such suggestions, but such answers tended to be quite limited and were not awarded the professional marks, as they did not address strategic options in an appropriate framework.

### **Question Two**

This question consisted of a long storyboard scenario detailing the meetings held during a project to re-design a website. A number of mistakes were made by the project team and the first part of the question asked candidates to identify these in the context of how a business case and a project initiation document would have helped prevent some of these mistakes.

This question was the least popular of the optional questions and it was also very poorly answered. Some candidates did appear to have a theoretical understanding of this part of the syllabus, but they failed to apply such knowledge to the circumstances described in the scenario. Most answers were general descriptions of the contents of a business case and a project initiation document. Such answers gained few marks, because this was not the focus of the question. The question concerned how such things *would have helped prevent some of the problems* documented in the scenario.

The second part of the question asked candidates to analyse how effective project management could have *further* improved both the process and outcomes of the web re-design project. This was an opportunity to discuss issues of the conduct and conclusion of a project. The scenario gave plenty of opportunity for the basis of a good answer, but most candidates again opted for a restricted, theoretical answer which did not use the context of the scenario. Some candidates also repeated some points from the first part of the question (concerning project initiation), failing to note that this part of the question specifically asked for *further* improvements.

**Question Three**

This question concerned an organisation called *Perfect Shopper*. It began by asking the candidate to identify the primary activities of the company's value chain. This was generally well answered by candidates. The next two parts of the question asked candidates to explain how the company might re-structure its upstream and downstream supply chain to address the problems identified in the case study scenario.

This question was the most popular of the optional questions and it was answered well by most candidates. In contrast to question two, most candidates explicitly referenced the case study scenario and some excellent answers were produced. The only criticism that could be made was that too many candidates wrote too much about the primary activities of the value chain. Some candidates wrote two or three pages on this, to gain the five marks on offer, when perhaps ten lines might have been sufficient. Such lengthy answers may have caused candidates time problems and meant that they did not complete the paper.

**Question Four**

The first part of question four focused on the current and potential role of quality, quality control and quality assurance at UPC, the supplier of pottery souvenir items. Many candidates were unclear about the distinction between the three concepts and (like question two) too many answers did not use the comprehensive information provided in the scenario. Many answers were too theoretical and, in fact, a significant number of answers failed to explicitly reference UPC at all.

The second part of the question asked candidates to examine how adopting a Six Sigma approach would help address the quality problems at UPC. Clearly some candidates had not prepared themselves for this area of the syllabus at all as no answer was provided. Other candidates knew some of the key concepts, such as DMAIC, but failed to apply them to the scenario. One marker commented that "often candidates looked no further than the packaging process as being the problem, but quite a few did recognise that other factors such as raw materials and handling by the courier company might contribute to the problem. Students need to appreciate that putting a sticking plaster on the obvious problem does not necessarily constitute total quality management". However, it must also be recognised that some candidates were very well prepared for this question, applied the concepts specifically to UPC, and as a result scored full marks on this part of the question.