



GCE

Applied Business

Unit **F248**: Strategic Decision Making

Advanced GCE

Mark Scheme for June 2015

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All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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Annotations

	The response given is 'Unclear' to the marker.
	'Benefit of doubt' but credit given.
	To indicate the response is in 'Context' of the relevant case study.
	Response is incorrect, no credit can be given.
	Use for Level of response answers to indicate Level 1.
	Use for Level of response answers to indicate Level 2.
	Use for Level of response answers to indicate Level 3.
	Use for Level of response answers to indicate Level 4.
	The response is not incorrect but has 'Not answered the question'.
	Own figure rule. Use where indicated in the mark scheme.
	'Repeat' Response repeats the same marking point.
	'Noted but no credit given' or to indicate all or part blank answer pages have been seen by the marker.
	Correct point/answer. Credit can be given.

Subject-specific marking instructions**Testing of QWC**

In this external assessment the assessment of QWC will take place in Question 3c which is a levels of response question and carries 14 marks.

Marks are embedded within this question for assessing the quality of written communication. The following criteria are embedded within the levels of response for Question 3c.

Level 4:

Ability to present relevant material in a well planned and logical sequence. Material clearly structured using appropriate business terminology confidently and accurately. Sentences, consistently relevant are well structured in a way that directly answers question. There will be few, if any errors of grammar, punctuation and spelling.

[4 marks representing the appropriate level of written communication are embedded in this level of response].

Level 3:

Ability to present relevant material in a planned and logical sequence. Appropriate business terminology used. Sentences for the most part relevant presented in a balanced, logical and coherent manner which addresses the question. There will be occasional errors of grammar, punctuation and spelling.

[3 marks representing the appropriate level of written communication are embedded in this level of response]

Level 2:

Limited ability to organise relevant material. Some appropriate business terminology used. Sentences are not always relevant with material presented in a way that does not always address the question. There may be noticeable errors of grammar, punctuation and spelling.

[2 marks representing the appropriate level of written communication are embedded in this level of response]

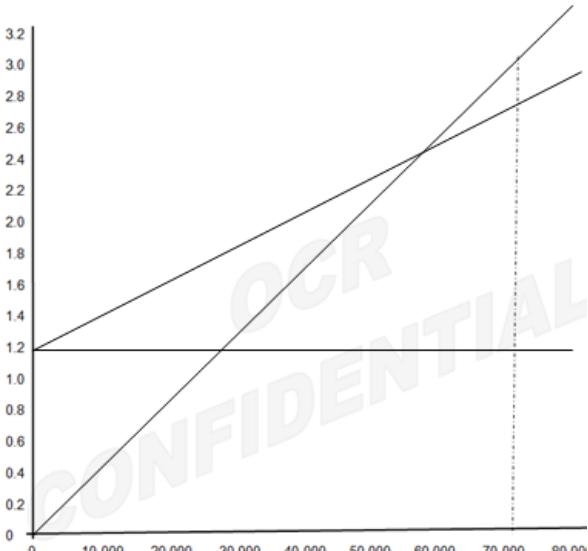
Level 1:

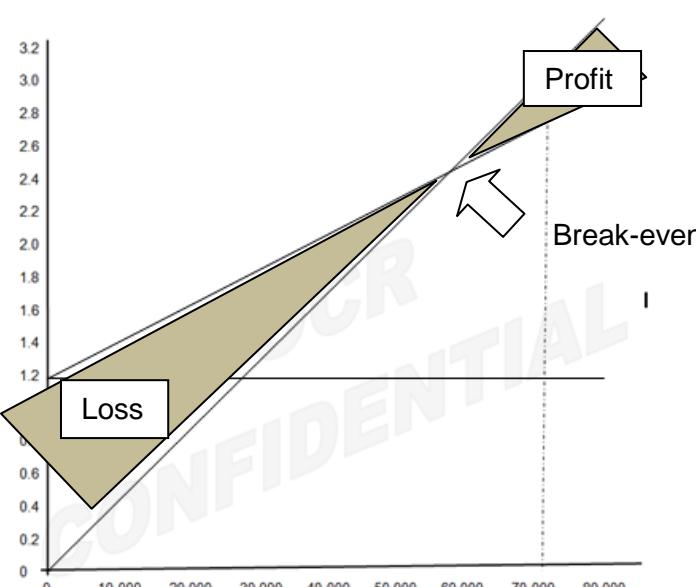
Ability to communicate at least one point using some appropriate business terminology. Sentences have limited coherence and structure, often being of doubtful relevance to the main focus of question. Errors of grammar, punctuation and spelling may be noticeable and intrusive.

[1 mark representing the appropriate level of written communication is embedded in this level of response]

Question		Answer	Mark	Guidance
1	(a)	<p>Use level of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • goals (L1) • targets (L1) • specific step (L2) • measurable target (L2) • time based targets (L2) • short term goals (L2) • small goals (L2) • stepping stones/steps to achieve overall aim (L2) • ways/how to achieve overall aim (L2) • SMART (L2). <p>Exemplar responses:</p> <p>Eg Objectives give the business a short-term target (L2) to work towards.</p> <p>Eg A business objective is a specific step (L2) a business wishes to take in order to help achieve its overall aim.</p> <p>Eg Goals (L1) set for the business to achieve.</p> <p>Eg Targets (L1) to work towards.</p> <p>Eg To help achieve the aims of the business (L1).</p>	2	<p>AO1: 2</p> <p>L2 – 2 marks – specific answer which applies to objectives (rather than aims).</p> <p>L1 – 1 mark – vague answer about goals which could apply to aims or objectives.</p> <p>NB the question as what is the meaning of the term 'business objective'. Do not award benefits, eg gives a clearer sense of direction. Do not award reasons for setting objectives 'to help meet the aims'.</p> <p>No context required.</p>

Question		Answer	Mark	Guidance
1	(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> example which is measurable example with time frame. <p>Exemplar responses:</p> <p>Eg To make £50,000 profit (1) in 2015 (1).</p> <p>Eg To increase profits by 5% (1) over the next three years (1).</p> <p>Eg To make more profit than last year (0).</p>	2	<p>AO2: 2</p> <p>Up to two marks.</p> <p>One mark for criterion which can be measured (numerical value required).</p> <p>One mark for time frame ('per annum' insufficient as time frame).</p> <p>Must be a profit objective (not revenue or costs).</p> <p>Must be appropriate to <i>155 Ltd</i>.</p>

Question		Answer	Mark	Guidance
2	(a) (i)	<p>Indicative content:</p> 	6	<p>AO1: 3 AO2: 3</p> <p>Up to six marks.</p> <p>1 marks for each label if seen - FC, TC, TR (sales/revenue/ SR)</p> <p>1 mark for each correctly drawn line.</p> <p>NB. Allow a tolerance of plus or minus one small square on the grid.</p> <p>FC 1.2m TC (0, 1.2m) to (80,000, 2.8m) TR (0,0) to (70,000, 2.8m) to (80,000, 3.2m)</p> <p>Drag down overlay for correct line positions (if required).</p>

Question		Answer	Mark	Guidance
2	(a) (ii)	<p>Indicative content:</p> 	3	<p>AO1: 2 AO2: 1</p> <p>Up to three marks.</p> <p>1 mark for correctly labelling each of the following:</p> <ul style="list-style-type: none"> • break-even point (OFR applies) • area of profit, shading/boundary required (OFR applies) • area of loss, shading/boundary required (OFR applies). <p>OFR applies to intersection of two upward sloping lines one commencing at the origin and one commencing at fixed costs.</p>

Question		Answer	Mark	Guidance
(b)		<p>Indicative content:</p> <ul style="list-style-type: none"> • lower fixed costs • lower variable cost • increase revenue • increase selling price • increase sales • decrease selling price to increase quantity sold (PED) • enter new markets • reduce the size of the workforce • increase advertising/marketing • improve production efficiency • reduce wastage • improve personnel effectiveness • keep tighter control of budget spend. <p>Exemplar responses:</p> <p>Eg Improve productivity (1).</p> <p>Eg Find cheaper sources of timber (1).</p> <p>Eg Reduce labour costs (1).</p> <p>Eg Seek out new markets (1).</p>	3	<p>AO1: 3</p> <p>One mark for each correct identification up to a maximum of three identifications.</p> <p>NB This question relates to profitability, not lowering the break-even point.</p> <p>Accept specific examples.</p> <p>No context required.</p> <p>Do not award increase capacity or increase output.</p>

Question		Answer	Mark	Guidance
3	(a)	<p>Indicative content:</p> <p><u>Labour productivity</u>: 8.47 cues per worker per day (2)</p> <p>Or if incorrect award workings: 61000/7200 (1)</p> <p><u>Wastage rate</u>: 5% (2)</p> <p>OR if incorrect award workings: 3050/61000 (1)</p> <p><u>Rate of labour turnover</u>: 16.67% (2)</p> <p>Or if incorrect award workings: 5/30 (1) x 100</p> <p><u>Rate of absenteeism</u>: 6.5% (2)</p> <p>Or if incorrect award workings: 468/7200 (1) x 100</p>	8	<p>AO1: 4 AO2: 4</p> <p>Up to eight marks (up to two marks for each of four calculations).</p> <p>No workings required. Workings should only be marked if an answer is incorrect, in which case award one mark for each correct use of formula.</p> <p>Award two marks for each of the following:</p> <p>Labour productivity \approx 8.47 (or 8) (Do not accept 9)</p> <p>Wastage rate = 5%</p> <p>Rate of labour turnover \approx 16.67% (or 17%) (Do not accept 16%)</p> <p>Rate of absenteeism = 6.5% (or 7%) (Do not accept 6%)</p>

Question		Answer	Mark	Guidance
3	(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> • greater co-operation • work harder • greater productivity • less waste • improve quality • improve customer service • fewer staff leaving • fewer days off • increased output • increased sales • more profits • reach break-even point faster • better working relationships. <p>Exemplar responses:</p> <p>Eg The workers are likely to work harder producing more cues per day (2).</p> <p>Eg Workers are likely to take less time off work because they enjoy working for the company (1).</p>	6	<p>AO1: 3 AO2: 3</p> <p>Up to two marks for each explanation to a maximum of three explanations.</p> <p>Award two marks for each contextual response.</p> <p>Award one mark for each generic response.</p> <p>Must relate to production staff.</p> <p>Must be benefits to the business (not to staff or customers).</p> <p>Do not award 'better morale' or 'improve motivation'.</p> <p>Do not award ways of improving motivation.</p> <p>Do not award 'job security'.</p> <p>Do not award promotion prospects.</p> <p>Accept explanations relating to cause or consequence.</p>

Question		Answer	Mark	Guidance
3	(c*)	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • better working conditions • better staff facilities • improved health and safety • motivation package • reward multi-skilled workers • reward long service • increase pay for supervisors • change of absence rules • use a bonus system • employee of the month scheme • pay rise • allay redundancy fears • job enrichment • greater training opportunities • remove the card machine • share ownership scheme • change of management style • allow more flexible working • involve workers in decision-making • set production targets • human resource management – hard/soft. <p>Exemplar response:</p> <p>Eg Motivation levels can usually be increased with a pay rise (L1). As 155 Ltd's production workers have not had a pay rise for five years (CONT) they are likely to respond well to a pay rise (L2). However, the increased motivation is likely to be short-lived once the workers take their new pay rate for granted (L3). Alec and Sue might be better dealing with the health and safety issues in the factory (L1), especially the dust (CONT) from the grinders (L2).</p>	14	<p>AO1: 2 AO2: 3 AO3: 4 AO4: 5</p> <p>QWC is assessed in this part of the question.</p> <p>Levels of response</p> <p>Level 4 (10 – 14 marks) Candidate evaluates ways of increasing the motivation levels of production staff at 155 Ltd.</p> <p>Level 3 (6 – 9 marks) Candidate analyses the benefits and drawbacks of the ways of increasing the motivation levels of production staff at 155 Ltd.</p> <p>Level 2 (3 – 5 marks) Candidate applies knowledge and understanding of ways to increase the motivation levels of production staff at 155 Ltd.</p> <p>Level 1 (1 – 2 marks) Candidate identifies ways of increasing the motivation levels with no context.</p> <p>Please indicate each time a candidate achieves a particular level as this will help you allocate marks within that level.</p> <p>Context should be annotated every time L2/L4 is awarded with the 'CONT' annotation.</p> <p>Non-contextual answer max Level 1.</p> <p>Do not award cause.</p>

Question		Answer	Mark	Guidance
		<p>This will increase motivation by making the employees feel valued and respected and have the added benefit of complying with current legislation (L3). Whilst providing the necessary breathing equipment (CONT) will cost money, it is likely to cost much less than paying 30 workers an increased pay rate week on week, and it is, therefore, a much more appropriate method for Alec and Sue to use (L4).</p>		

Question		Answer	Mark	Guidance
4	(a) (i)	<p>Indicative content: Activity F: Bonding time for butt.</p> <p>Exemplar responses:</p> <p>Eg Bonding time for butt (1).</p> <p>Eg F (1).</p>	1	<p>AO2: 1</p> <p>For one mark.</p>

Question			Answer	Mark	Guidance
4	(a)	(ii)	<p>Indicative content: Activity D: Make shaft AND) Both correct for one mark. Activity E: Build butt)</p> <p>Exemplar responses: Eg D and E (1). Eg Make shaft, build butt (1).</p>	1	<p>AO2: 1</p> <p>For one mark.</p> <p>Do not award if additional activities are suggested, eg D, E and F.</p>

Question			Answer	Mark	Guidance
4	(a)	(iii)	<p>Indicative content: 20 minutes.</p> <p>Exemplar responses: Eg 20 minutes (1). Eg 20 (1).</p>	1	<p>AO2: 1</p> <p>For one mark.</p> <p>Units not required.</p>

Question			Answer	Mark	Guidance
4	(a)	(iv)	<p>Indicative content: 76 minutes.</p> <p>Exemplar response: Eg 76 minutes (1)</p> <p>Eg 1 hour 16 minutes (1)</p>	1	<p>AO2: 1</p> <p>For one mark.</p> <p>Units required.</p>

Question			Answer	Mark	Guidance
4	(a)	(v)	<p>Indicative content: A - C - E - F - G - H - I - J - K</p> <p>Exemplar responses: Eg ACEFGHIJK (1).</p> <p>Eg Select timber, Cut ash, Build butt, Bonding time for butt, Assemble cue, Apply lacquer, Drying time for lacquer. Quality check, Label and package (1).</p>	1	<p>AO2: 1</p> <p>For one mark.</p> <p>Must be in correct order.</p>

Question		Answer	Mark	Guidance
4	(b)	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • can order timber and fittings at the correct time • minimise timber storage • avoid bottlenecks • avoid workers being idle • can calculate slack time • better usage of slack time • EST / LFTs calculated • motivation • monitoring • delays are costly • can deal with complex production process, especially if computer programmed • can order tasks effectively • work out the minimum time for completion of an order • more accurate monitoring of progress • identify the critical path in order to give it extra attention • can put additional resources on the critical path • maximise capacity utilisation • minimise costs and wastage • better schedule tasks/resources • minimise production time • save money • maximise profit • better scheduling leading to better morale • use for target setting/motivation • Sue previously worked in IT • Alec's lack of computer skills • Alec's dislike of computers • useful for planning • time consuming • visual aid 	8	<p>AO1: 2 AO2: 2 AO3: 2 AO4: 2</p> <p>Levels of response</p> <p>Level 4 (7 – 8 marks) Candidate evaluates the usefulness of critical path analysis to 155 Ltd.</p> <p>Level 3 (5 – 6 marks) Candidate analyses the usefulness of critical path analysis to 155 Ltd.</p> <p>Level 2 (3 – 4 marks) Candidate applies knowledge and understanding of critical path analysis to 155 Ltd.</p> <p>Level 1 (1 – 2 marks) Candidate identifies factor(s) relating to critical path analysis with no of context.</p> <p>Please indicate each time a candidate achieves a particular level as this will help you allocate marks within that level.</p> <p>Context should be annotated every time L2/L4 is awarded with the 'CONT' annotation.</p> <p>Non-contextual answer max Level 1.</p>

Question		Answer	Mark	Guidance
		<ul style="list-style-type: none"> • does not take into accounts external factors • simultaneous tasks. <p>Exemplar response:</p> <p>Eg Critical path analysis puts activities into their most efficient sequence (L1). It will, therefore, show <i>155 Ltd</i> the fastest way to make a snooker cue (CONT) (L2). This will allow the company to increase output and, much needed, profitability (L3). However, given that the production of snooker cues (CONT) is quite complex it is likely that the critical path analysis would need to be done using a computer. Since Alec, who knows the most about the production methods, shows no intention of using a computer, this production tool may not be as useful to <i>155 Ltd</i> as it would first appear (L4).</p>		

Question		Answer	Mark	Guidance
5	(a)	<p>Indicative content:</p> <ul style="list-style-type: none"> quantitative indicators – numerical/statistical/data based, capable of being proven/ disproven, objective, scientific qualitative indicators – non-numerical, based on opinion/feelings/perceptions, non-numerical, subjective, not-provable <p>Exemplar responses:</p> <p>Eg Qualitative data is based on opinion (1), whereas quantitative data is based on numbers/figures (1).</p> <p>Eg Quantitative is based on numbers/figures (1), whereas qualitative is non-numerical (1).</p> <p>Eg Quantitative is based on numbers/figures (1), whereas qualitative is not (0).</p> <p>Eg One is based on numbers and one is not (0).</p>	2	<p>AO1: 1 AO2: 1</p> <p>Up to two marks.</p> <p>Do not award examples.</p> <p>For any marks the response must indicate which is which. Award zero marks if the terms are confused or not stated.</p> <p>Do not award vague statements such as “qualitative is about quality” or inaccurate statements such as “qualitative is about written data”.</p> <p>Do not award ‘internal/external’.</p> <p>No context required.</p>

Question		Answer	Mark	Guidance
5	(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> political changes environmental changes social trends eg changes in customer buying patterns cultural change technological changes. legal changes ethical changes globalisation increased competition growth 	3	<p>AO1: 3</p> <p>One mark for each correct identification up to a maximum of three identifications.</p> <p>NB question asks for indicators rather than factors.</p> <p>Change required to award mark – look for change, new, stop, more, trend, tendency, increased, reduced, different, keep up etc</p>

		<p>Exemplar responses:</p> <p>Eg A change in government policy (1).</p> <p>Eg More people purchasing goods on the Internet (1).</p>		<p>Do not award quantitative or internal indicators. Must be a non-numerical external factor. All economic indicators are quantitative.</p> <p>External indicators are outside of a firm's control do not award arguments relating to location, suppliers, employees, owners etc.</p> <p>Accept specific examples.</p> <p>No context required.</p>
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Question		Answer	Mark	Guidance
5	(c)	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • ARR calculates the rate of return • ARR looks at profitability over time • ARR shows investment yield • PB only looks at speed of payback • PB ignores returns on investment after payback • PB assumes the shorter the payback period the better the investment. • <i>155 Ltd</i> – profitability issues • <i>155 Ltd</i> - cash-flow not a problem • 10 year variable rate mortgage • break-even/survival of company • Alec and Sue's retirement fund. <p>Exemplar responses:</p> <p>Eg Payback only looks at how long it takes to payback the original budget spend (L1). It does not take into account the investment yield which will be earned (L1).</p> <p>Eg Since <i>155 Ltd</i> does not appear to have cash-flow problems (CONT) the speed at which the investment is recouped is not too much of a problem for it (L2). What matters to <i>155 Ltd</i> is that it makes a decent return on its investment in order to fund Alec and Sue's retirement (CONT), making ARR more important to the business (L2).</p>	4	<p>AO1: 2 AO2: 2</p> <p>Levels of response</p> <p>Level 2 (3 – 4 marks) Candidate applies knowledge and understanding of ARR/payback to <i>155 Ltd</i> and its situation.</p> <p>Level 1 (1 – 2 marks) Candidate shows knowledge of ARR/payback with no use of context.</p> <p>Do not award answers referring to investment appraisal tools in general. Eg Do not award 'helps a firm judge whether an investment is worthwhile'.</p> <p>Non-contextual answer max level 1.</p> <p>No matter how detailed a candidate's knowledge of ARR/payback, if it is not applied to <i>155 Ltd</i> it must be awarded Level 1 and a maximum of two marks.</p> <p>A candidate who has given a simple but accurate response applied to <i>155 Ltd</i>'s situation must be awarded Level 2 and a minimum of three marks.</p> <p>Level annotation required.</p>

Question		Answer	Mark	Guidance
6	(a)	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> assesses risk market penetration, product development, market development and diversification (product/market) proposal – market development (same product, new market) or diversification (new product, new market). proposal level of risk – medium/high risk/greater than current level of risk/increased risk gauge/accept/avoid the risk. <p>Exemplar responses:</p> <p>Eg Ansoff's Matrix can be used to categorise a proposal by quadrant (L1). Diversification is the most risky (L1). Market penetration is the least risky (L1).</p> <p>Eg Selling snooker cues to China fits into the market development quadrant (CONT) of Ansoff's Matrix (L2). This has a higher level of risk than <i>155 Ltd</i>'s current operations (L2).</p> <p>Eg Selling maple snooker cues to China would be classified as selling a new product in a new market (CONT) (L2). This would be a high risk strategy (L2)</p>	4	<p>AO1: 2 AO2: 2</p> <p>Levels of response</p> <p>Level 2 (3 – 4 marks) Candidate applies knowledge and understanding of Ansoff's Matrix to <i>155 Ltd</i>'s proposal to mass produce snooker cues for export to China.</p> <p>Level 1 (1 – 2 marks) Candidate shows knowledge of Ansoff's Matrix with no use of context.</p> <p>Do not award answers referring to decision-making tools in general. Eg Do not award 'helps a firm make a decision'.</p> <p>Do not award limitations/drawbacks because the question asks how Ansoff's Matrix can help.</p> <p>Do not award reference to current position (market penetration) as this does not answer the question.</p> <p>Non-contextual answer max Level 1.</p> <p>No matter how detailed a candidate's knowledge Ansoff's Matrix if it is not applied to <i>155 Ltd</i> it must be awarded L1 and a maximum of two marks.</p> <p>A candidate who has given a simple but accurate response applied to <i>155 Ltd</i>'s proposal must be awarded Level 2 and a minimum of three marks.</p> <p>Level annotation required.</p>

Question		Answer	Mark	Guidance
6	(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> • only considers market positioning • only based on risk • risk is dependent on more variables than market positioning • complex projects are difficult to position within the matrix • qualitative/subjective/non-numerical • does not take into account the cost of the investment • does not take into account the expected yield • does not take into account external factors • does not consider time frame • no quantitative/financial analysis. <p>Exemplar responses:</p> <p>Eg A proposal which appears low risk on Ansoff's Matrix, eg market penetration (1), may be adversely affected by external factors, such as exchange rates, which Ansoff's Matrix does not consider (1).</p> <p>Eg Alec and Sue need to consider the cost of the proposal when deciding the level of risk (1). Ansoff's Matrix does not take financial factors into consideration (1).</p>	4	<p>AO1: 2 AO2: 2</p> <p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>Do not award answers referring to decision-making tools in general. Eg Do not award 'depends on the skills of the decision maker' or 'it is only a prediction' or 'it is time consuming' as this applies to all decision-making tools.</p> <p>No context required.</p>

Question		Answer	Mark	Guidance
7	(a)	<p>Indicative content:</p> <ul style="list-style-type: none"> • exchange rates • interest rates • inflation rates • unemployment rates • economic growth/GDP • disposable income • standard of living. <p>Exemplar response:</p> <p>Eg The rate of inflation (1). This measures the rate at which the general level of prices is rising (1).</p> <p>Eg Employment levels need to be taken into account (1). This is the number of people who are earning a wage by doing a job (1).</p>	6	<p>AO1: 6</p> <p>One mark for each correct identification up to a maximum of three identifications, plus a further one mark for each of three developments.</p> <p>Must be economic.</p> <p>Do not award 'state of the economy', 'recession', 'credit crunch' etc – the question asks for factors.</p> <p>Do not award 'tax' as this is a political factor.</p> <p>NB The question asks for a description of the factor not an explanation of impact or importance.</p> <p>Description required for second mark, not explanation.</p> <p>No context required.</p>

Question		Answer	Mark	Guidance
7	(b)	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • economic factors – exchange rate, interest rate(s), inflation rates, unemployment, recession, 'credit crunch' – UK • economic factors – exchange rate, interest rate(s), inflation rates, unemployment, economic growth – China • economic stability • government policy – taxation, investment incentives • social trends - increased popularity of snooker in China – popularity in UK? • market confidence • likelihood of success? • solution to current profitability problems? • finance – 10 year variable rate mortgage • ARR 28% • payback 12 years • strength of marketing campaign • revenue/pricing policy • sponsorship of top class Chinese snooker player – 1,000,000Y/£100,000 - cost/benefit • need to improve profitability • need to fund Alec and Sue's retirement • effects on cash-flow • returns on investment • new/unknown market • currency conversion – Chinese Yuan • language barriers - Chinese • export issues • degree of risk – Ansoff's Matrix – market development • aims/objectives of company • quality issues – use of inferior maple timber • impact on business reputation – good quality 	20	<p>AO1: 2 AO2: 4 AO3: 6 AO4: 8</p> <p>Levels of response</p> <p>Level 4b (17 – 20 marks) Candidate evaluates Sue's proposal to mass produce snooker cues for export to China with comprehensive contextual justification.</p> <p>Level 4a (13 – 16 marks) Candidate evaluates Sue's proposal to mass produce snooker cues for export to China with weak contextual justification.</p> <p>Level 3b (10 – 12 marks) Candidate analyses strength(s) and weakness(es) of Sue's proposal to mass produce snooker cues for export to China.</p> <p>Level 3a (7 – 9 marks) Candidate analyses strength(s) or weakness(es) of Sue's proposal to mass produce snooker cues for export to China.</p> <p>Level 2 (3 – 6 marks) Candidate applies knowledge and understanding of <i>155 Ltd's</i> proposed change in strategic direction.</p> <p>Level 1 (1 – 2 marks) Candidate identifies factor(s) involved in changing strategic direction with no context.</p> <p>Please indicate each time a candidate achieves a particular level as this will help you allocate marks within that level.</p> <p>Context should be annotated every time L2/L4 is awarded with the 'CONT' annotation.</p>

Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> • impact on <i>155 Ltd</i> brand image • current performance of production workers • impact of workforce/staffing issues • retention of skilled workforce • new management structure required • large undertaking • economies/diseconomies of scale • automation – disliked by Alec • computerisation – liked by Sue • competition • economic stability • government policy – taxation, investment incentives • availability of credit – domestic/commercial • market confidence • practical and operational matters. <p>Exemplar response:</p> <p>Eg Exchange rates are always unpredictable (L1). By entering the export market <i>155 Ltd</i> would have to deal with the (constantly) changing value of the Chinese Yuan (CONT) to the Pound Sterling (L2). This would make break-even and profit levels far more dependent on external variables than they are currently (L3). Furthermore, the company would be using inferior maple (CONT) instead of ash to make the cues (L2). Since <i>155 Ltd</i> has always traded on quality this may have a negative impact on the company's reputation (L3) and sales (L3). I think that <i>155 Ltd</i> should go ahead with Sue's proposal. The Chinese Yuan (CONT) to Pound Sterling has remained relatively stable over recent years and should not affect profitability too much (L4). Furthermore, since the majority of <i>155 Ltd</i>'s competitors already use maple (CONT) this might not have as detrimental an effect on the company's image as at first thought (L4).</p>		Non-contextual answer max Level 1.

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