



MARKSCHEME

November 2011

BUSINESS AND MANAGEMENT

Higher Level

Paper 1

23 pages

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The markbands on pages 3–6 should be used where indicated in the markscheme.

Section A			Level descriptors
(c) questions			
Q1 (c)	Q2 (c)	Q3 (c)	
Marks 0–7			
0			<ul style="list-style-type: none"> • No knowledge or understanding of relevant issues, concepts and theories. • No use of appropriate terminology.
1–2			<ul style="list-style-type: none"> • Little knowledge and understanding of relevant issues, concepts and theories. • Little use of appropriate terminology. • No reference is made to the information in the case study.
3–5			<ul style="list-style-type: none"> • A description or partial analysis/examination with relevant knowledge and/or understanding of relevant issues, concepts and theories. • Some use of appropriate terminology. • Some reference is made to the information in the case study, not just to the name of the organization. • At the lower end of the markband responses are mainly theoretical.
6–7			<ul style="list-style-type: none"> • A balanced analysis/examination with accurate, specific, well-detailed knowledge and understanding of relevant issues, concepts and theories. • An analysis/examination that uses appropriate terminology throughout the response. • Explicit references are made to the information in the case study.

Section B	Level descriptors
Q4 (d)	
Marks 0–8	
0	<ul style="list-style-type: none"> • No knowledge or understanding of relevant issues, concepts and theories. • No use of appropriate terminology.
1–2	<ul style="list-style-type: none"> • Little knowledge and understanding of relevant issues, concepts and theories. • Little use of appropriate terminology. • No evidence of judgments and/or conclusions. • No reference is made to the information in the case study.
3–4	<ul style="list-style-type: none"> • A description with some knowledge and/or understanding of relevant issues, concepts and theories. • Some use of appropriate terminology. • No evidence of judgments and/or conclusions. • Some reference is made to the information in the case study, not just to the name of the organization. • The response is mainly theoretical.
5–6	<ul style="list-style-type: none"> • A response with relevant knowledge and understanding of relevant issues, concepts and theories. • A response that uses relevant and appropriate terminology. • Evidence of judgments and/or conclusions that are little more than unsubstantiated statements that has balanced analysis and demonstrates understanding. • Explicit references to the information in the case study are made at places in the response.
7–8	<ul style="list-style-type: none"> • A response with accurate, specific, well-detailed knowledge and understanding of relevant issues, concepts and theories. • A response that uses appropriate terminology competently throughout the response. • A response that includes judgments and/or conclusions that is well supported and underpinned by a balanced analysis. • Explicit references to the information in the case study are made throughout the response.

Section C	Level descriptors
Q5 (c)	
Marks 0–9	
0	<ul style="list-style-type: none"> • No knowledge or understanding of relevant issues, concepts and theories. • No use of appropriate terminology.
1–3	<ul style="list-style-type: none"> • Little knowledge and understanding of relevant issues, concepts and theories. • Little use of appropriate terminology. • No reference is made to the information in the case study and/or the extension material within Section C.
4–6	<ul style="list-style-type: none"> • A description or partial analysis/examination with relevant knowledge and/or understanding of relevant issues, concepts and theories. • Some use of appropriate terminology. • Some reference is made to the information in the case study and/or the extension material within Section C, not just to the name of the organization. • At the lower end of the markband responses are mainly theoretical.
7–9	<ul style="list-style-type: none"> • A balanced analysis/examination with accurate, specific, well-detailed knowledge and understanding of relevant issues, concepts and theories. • An analysis/examination that uses appropriate terminology throughout the response. • Explicit references are made to the information in the case study and/or the extension material within Section C.

Section C	Level descriptors
Q5 (d)	
Marks 0–12	
0	<ul style="list-style-type: none"> • No knowledge or understanding of relevant issues, concepts and theories. • No use of appropriate terminology.
1–3	<ul style="list-style-type: none"> • Little knowledge and understanding of relevant issues, concepts and theories. • Little use of appropriate terminology. • No evidence of synthesis of information from the case study, the extension material in Section C and, where applicable, from other responses within Section C. Information is merely lifted and copied into the response. • No evidence of judgments and/or conclusions. • No reference is made to the information in the case study and the extension material within Section C.
4–6	<ul style="list-style-type: none"> • A description with some knowledge and/or understanding of relevant issues, concepts and theories. • Some use of appropriate terminology. • No evidence of synthesis of information from the case study, the extension material in Section C and, where applicable, from other responses within Section C. Information is merely lifted and copied into the response. • Evidence of judgments and/or conclusions that are no more than unsubstantiated statements. • Limited reference is made to the information in the case study and the extension material within Section C. • The response is mainly theoretical.
7–9	<ul style="list-style-type: none"> • A response with relevant knowledge and understanding of relevant issues, concepts and theories. • A response that uses appropriate terminology. • At places in the response information from the case study, the extension material in Section C and, where applicable, from other responses within Section C is (synthesised and) integrated to provide a basis for analysis and evaluation. • A response that includes judgments and/or conclusions that have limited support and are underpinned by a balanced analysis. • Explicit references to the information in the case study and the extension material within Section C are made at places in the response.
10–12	<ul style="list-style-type: none"> • A response with accurate, specific, well-detailed knowledge and understanding of relevant issues, concepts and theories. • A response that uses appropriate terminology competently throughout the response. • Information from the case study, the extension material in Section C and, where applicable, from other responses within Section C is proficiently (synthesised and) integrated to provide a basis for analysis and evaluation. • A response that includes judgments and/or conclusions that is well supported and underpinned by a thorough and balanced analysis. • Explicit references to the information in the case study and the extension material within Section C are made throughout the response.

SECTION A

1. (a) Describe Andrew Grandin's:

(i) chain of command at *Reach Out* [2 marks]

Chain of command is the formal line of authority through which orders and decisions are passed down from top to bottom of the hierarchy in a given organization. In the case of *Reach Out* and Andrew, the chain of command is very short as there are only three levels: Laura and Neil on top, Andrew in the middle of the chain and all the therapists at the bottom of the chain/hierarchy.

Award [1 mark] for a basic description, which shows some understanding of the concept of "chain of command".

Award [2 marks] for a clear description correctly applying the concept of "chain of command" to Andrew Grandin.

(ii) span of control at *Reach Out*. [2 marks]

Span of control is the number of people who report directly to one manager in a hierarchy – in this case: all the therapists report to Andrew as he is their manager. It is a wide span of control because there are many therapists.

Award [1 mark] for a basic description, which shows some understanding of the concept of "span of control".

Award [2 marks] for a clear description correctly applying the concept of "span of control" to Andrew Grandin.

- (b) Using the case study, comment on *two* sources of income (current or potential) for *Reach Out* other than the therapist scheme. [4 marks]

Besides the therapist scheme, *Reach Out* has several other sources of income (current ones and potential ones):

- as shown in Appendix 1: the sales of subsidized PECS cards – although the cash flow shows that this is not an actual source of income yet (as *Reach Out* has not started selling the PECS cards)
- as shown in Appendix 1: the charity contributions (donations) of \$200 every month (a very small amount but a regular one)
- as mentioned in the case study (**Option 2**): the possible sale of branded products such as clothes and accessories with the *Reach Out* name and logo
- as mentioned in the case study (**Option 3**): the possible sponsorship from *N-Pharma*.

Mark as 2+2.

Award [1 mark] for each appropriate source of income identified and [1 mark] for an appropriate comment that directly refers to *Reach Out* up to a maximum of [2 marks].

- (c) Analyse the social *and* economic impacts of the actions of the non-profit organization *Reach Out*. [7 marks]

The social and economic impacts of the actions of *Reach Out* include the following:

- *Reach Out* provides a social service without which many families could not afford treatment for their children with autism: *Reach Out* has a positive social impact on these families, especially on the children.
- Some private sector providers must be affected by the competition from *Reach Out*; they may lower their fees (currently up to four times higher); they are affected economically in a negative way as they run the risk of losing business.
- The popularity of the actions of *Reach Out* contributes to the awareness raising of autism and could make it a funding priority for policy makers (this would be a positive impact).
- The public sector (national or local government) may decide that they do not need to spend money on autism support, as organizations such as *Reach Out* now cater for it (this would be a negative impact for families).
- *Accept any other relevant impact.*
- *Accept any other relevant substantiated analysis. Theoretical comments from outside the case study are acceptable.*

Candidates are **not** expected to refer to all the above points for top marks, but their analysis must be balanced with regards to the positive and negative social and economic impacts, in order to reach the highest level of the markband.

Marks should be allocated according to the markbands on page 3.

2. (a) Describe Laura Chan’s desired pricing strategy for *Reach Out’s* PECS cards. [4 marks]

Laura’s pricing strategy may be described in several ways:

- Laura’s starting point (mentioned in *Reach Out’s* mission statement) is the fact that competitors’ PECS cards are very expensive: she wants her PECS cards to be much more affordable. Her pricing strategy is therefore competition-based strategy.
- As *Reach Out* is a new entrant, it needs to create and gain market share against its competitors; the pricing strategy could be described as penetration pricing (as Laura may later decide to put her prices up, once she has developed brand loyalty towards *Reach Out’s* PECS cards).
- It could be a loss leader as the PECS cards will be subsidized.
- Cheaper PECS cards affordable to all families can be classified as market-based strategy, which further supports the fact that she does not use cost-based pricing strategy.

Accept any other relevant answer.

Award [1 mark] for each valid point, statement or application to *Reach Out*, up to a maximum of [4 marks].

- (b) Explain *two* reasons why Neil Johnson prepared a STEEPLE analysis for *Reach Out* (line 31). [4 marks]

Neil prepared a STEEPLE analysis for several reasons:

- Preparing a STEEPLE is necessary in order to write a SWOT analysis (as the O and T refer to the external environment).
- As a businessman, Neil knows that the external environment must be analysed and taken into account when deciding on any strategic move, STEEPLE is a very important initial step for the development of any business plan.
- The use of a STEEPLE is vital for the identification of opportunities and threats which Neil can use to strategically match with *Reach Out's* internal strengths and weaknesses. (For example some candidates may answer by outlining some key findings from the STEEPLE model like political factors: in the absence of support from the public sector, there is a demand for affordable therapists such as the ones provided by *Reach Out*).
- The STEEPLE framework is comprehensive as it covers social/cultural technological, environmental, economic, political, legal and ethical factors.

Accept any other relevant explanation.

Candidates are **not** expected to write a STEEPLE analysis for *Reach Out*.

Mark as 2 + 2.

Award [1 mark] for each correct reason identified and [1 mark] for an appropriate explanation that directly refers to *Reach Out* up to a maximum of [2 marks].

- (c) Neil Johnson wanted to “outsource the therapist scheme management role to an independent freelancer” (line 110). Examine whether *Reach Out* will benefit from outsourcing this role. [7 marks]

Outsourcing this management role has several advantages, so *Reach Out* would benefit in the following ways:

- An independent freelancer could be paid according to their performance or according to the exact number of hours or days they work, as opposed to receiving a regular salary irrespective of the quantity of their work. This might increase motivation and improve the performance of the freelancer.
- An independent freelancer could be dismissed and replaced more easily than an internal member of staff. This allows more flexibility in staffing.
- An independent freelancer without personal/emotional interest in *Reach Out* may be in a better position to manage the therapists.

However, outsourcing this management role has disadvantages too:

- *Reach Out* may face an irregular and uncertain level of expenses, which may put some strain on the budget, or reduce its ability to budget.
- Laura and Neil may not be able to control the quality of the work in the same way as if the manager were an internal member of staff reporting directly to them.
- An independent freelancer is likely to have other commitments and other contracts, so they may not be able to prioritize their work as flexibly as *Reach Out* might sometimes require.
- An independent freelancer may prove more expensive than an internal member of staff.

Accept any other relevant substantiated examination.

Marks should be allocated according to the markbands on page 3.

3. (a) Define the following terms:

(i) *commission (line 40)*

[2 marks]

A commission is the payment an employee receives when he or she sells a good or service. Commissions are typically a percentage of the value of the good or service sold, which encourages employees to sell more products.

Organizations sometimes pay their employees a base salary plus commission; other organizations (where permitted by law) pay only commission.

Candidates are **not** expected to word their definition **exactly** as above.

Award [1 mark] for a basic definition that conveys partial knowledge and understanding.

Award [2 marks] for a full, clear definition that conveys knowledge and understanding similar to the answer above.

For **only** a relevant: example **or** application to the case study award [1 mark].

(ii) *dismissal (line 109).*

[2 marks]

Dismissal occurs when an employer terminates the contract of an employee; it is colloquially called “firing”. The employee must have been incompetent or breached the terms of their contract to be dismissed.

Candidates are **not** expected to word their definition **exactly** as above.

Award [1 mark] for a basic definition that conveys partial knowledge and understanding.

Award [2 marks] for a full, clear definition that conveys knowledge and understanding similar to the answer above.

For **only** a relevant: example **or** application to the case study award [1 mark].

(b) Using the additional information on page 3 about publishing company B, calculate (*show all your working*):

(i) the payback period (to the nearest month)

[2 marks]

Cost = \$100 000

Income streams to payback:

$$20\,000 + 30\,000 + 40\,000 + \left(\frac{10\,000}{60\,000} \times 12 \text{ months} \right)$$

Payback = 3 years and 2 months.

Award [1 mark] for the correct answer and [1 mark] for workings.

(ii) the average rate of return (ARR).

[2 marks]

Total net return over 4 years = 150 000 – 100 000 = \$50 000

$$\text{Average annual net return} = \frac{50\,000}{4} = \$12\,500 \text{ per year}$$

$$\text{ARR} = \frac{12\,500}{100\,000} \times 100 = 12.5 \%$$

Award [1 mark] for the correct answer and [1 mark] for workings.

- (c) Neil Johnson “eventually decided to donate the \$10 000 himself” (line 36). Analyse the consequences for *Reach Out* of Neil’s decision. [7 marks]

Neil’s decision has several consequences for *Reach Out*:

- *Reach Out* does not need to pay him back (even without interest), which is financially better for the charity, especially in its first months of operation.
- *Reach Out* is not dependent on any bank or any community grant scheme from the local public authorities; this gives *Reach Out* more autonomy.
- Neil may be more motivated to make *Reach Out* successful as he has invested some of his personal money.
- This decision shows Laura that Neil is really committed to *Reach Out*, giving her further confidence in the venture.
- Having donated towards the setup of *Reach Out* Neil may have a sense of ownership and may expect to have more decision-making power. This may cause tension between Laura and Neil, which in turn may affect the performance of the charity.

To be balanced the answer must consider both the positive and negative consequences.

Accept any other relevant substantiated analysis. Theoretical comments from outside the case study are acceptable.

Marks should be allocated according to the markbands on page 3.

SECTION B

- 4. (a) Describe *two* advantages of preparing a budget for *Reach Out* (line 32). [4 marks]**

Preparing a budget has several advantages for *Reach Out*:

- Laura and Neil can plan the money they have or are about to have (identifying streams of income, see Appendix 1 with the cash-flow forecast)
- *Reach Out* can use the budgeting process to plan the timing of their expenditure on PECS cards
- it can help *Reach Out* prioritize its activities
- it can help allocate resources (*e.g.* if the therapist scheme keeps increasing, they may need to spend more to manage it)
- it makes it possible to identify variances to understand possible financial problems and to analyse corrective action.

Accept any other relevant answer.

Mark as 2+2.

Award [**1 mark**] for each relevant and correct advantage of preparing a budget identified and [**1 mark**] for an appropriate description that directly refers to *Reach Out* up to a maximum of [**2 marks**].

- (b) Neil Johnson tried to convince Laura Chan that (*Option 2*) would be a worthwhile investment by using a break-even model (*lines 130–131*). Explain *two* limitations of using break-even analysis as a decision-making tool. [4 marks]

Using break-even analysis as a decision-making tool has the following limitations:

- break-even is best suited for the analysis of one product at a time; Neil is using break-even analysis for the entire hypothetical family brand, which may not be suitable
- break-even analysis requires estimated projections of expected sales; as Neil proposes a new type of venture for *Reach Out*, he cannot be sure of his forecasts (there is no suggestion that he has done any market research)
- it is sometimes difficult to classify a cost as being only variable or only fixed
- the break-even model assumes linear progression and ignores issues like economies of scale, price variation, *etc.*
- break-even assumes that a business will sell all of its output, which is unlikely to be the case
- break-even ignores qualitative issues such as stress and motivation at higher levels of output and the reaction of competitors
- break-even is a static model, which does not work effectively in dynamic markets.

Accept any other relevant explanation.

Mark as 2+2.

Award [1 mark] for each limitation to using a break-even model identified and [1 mark] for an appropriate explanation up to a maximum of [2 marks]. At least one limitation should directly refer to *Reach Out*. The other limitation can be generic.

- (c) **Explain *two* key functions of management, applying to *Reach Out* the theories of writers such as Fayol, Handy or Drucker.** [4 marks]

According to Fayol, management is about planning, organizing, commanding, coordinating and controlling. This is exactly what Laura and Neil do, managing both *Reach Out* as a whole and managing Andrew. Andrew too is a manager in Fayol's sense, as he coordinates the activities of the therapists.

According to Handy, management is about addressing and solving problems, as a doctor would do; identify the problems (symptoms); find out the causes of the problems; decide on the action and implement them. In the case of *Reach Out*, this is well illustrated by the problem with Andrew which Neil tried to sort out, although not successfully.

According to Drucker, management is about setting objectives, especially strategic objectives, which is what Laura and Neil try to do, although not successfully as they do not have a similar view about the future direction of *Reach Out*, so from Drucker's viewpoint, they are not good managers.

Accept any other relevant explanation or relevant theory.

Candidates may explain two key functions of management by referring to only one writer (going into depth and detail) or to two writers. Both approaches are acceptable.

Mark as 2+2.

Award [1 mark] for each relevant key function of management with reference to a theorist.

Award an additional [1 mark] for each appropriate explanation that directly refers to *Reach Out*.

Award [1 mark] overall, if only two key functions are explained with no reference to relevant theory or *Reach Out*.

- (d) Evaluate the value of Neil Johnson’s fishbone diagram (Appendix 2) as a decision-making tool. [8 marks]

As a decision-making tool, a fishbone diagram has several advantages:

- it shows a range of possible causes for a given problem; here, the increase in the number of complaints is not just directly due to therapists’ absenteeism and poor punctuality, but also to other indirect factors identified in Neil’s diagram (*e.g.* the fact that the therapists are not properly supervised)
- it is visually easy to follow and to understand the roots and ramifications of problems: it makes it easier to decide where action should be taken (*e.g.* here deciding what to do in order to prevent complaints)
- it is comprehensive and systematic; it organizes causes by themes (such as “communication systems” and “management systems”).

However, as a decision-making tool, a fishbone diagram also has disadvantages:

- causes and effects are sometimes interrelated, for example the breakdown of communication between families and *Reach Out’s* central office is due to the fact that Andrew Grandin is not properly trained and due to the fact that he has no computing skills; on the diagram, these issues are not linked together – so deciding to act on one without considering the other would be of little benefit (it could even create further problems!)
- the diagram does not include quantifiable data (it is a qualitative model, unlike a decision tree), it does not show how much each factor actually contributes to the problem (*e.g.* for families, the lack of communication from *Reach Out* could be of very little importance if therapists turned up on time)
- the diagram does not show what needs to be prioritized in terms of decisions and actions (*e.g.* how important is it for *Reach Out* to put some contingency planning in place?): it is only a tool to aid decision-making.

Accept any other relevant evaluation.

Marks should be allocated according to the markbands on page 4.

SECTION C

5. (a) **Identify *one* type of on-the-job training and *one* type of off-the-job training that Laura Chan could use with Andrew Grandin.** [2 marks]

On-the-job training could include:

- coaching
- mentoring
- shadowing
- *accept any other relevant form of on-the-job training.*

Off-the-job training could include:

- day release
- workshops
- seminars
- a training course
- *accept any other relevant form of off-the-job training.*

Award [1 mark] for each correct and relevant type of on-the-job and off-the-job training identified up to a maximum of [2 marks].

- (b) (i) **Using Item 2, calculate the quantity of merchandise that *Reach Out* must sell in order to meet Neil Johnson’s target (*show all your working*).** [2 marks]

$$\frac{\text{target} + \text{fixed costs}}{\text{price} - \text{variable costs}} = \frac{120\,000 + 100\,000}{10 - 5}$$

Then the required sales figure is 44 000 units of merchandise per year.

Alternative workings:

Target = total revenue – total cost

Which can be written as:

$$120\,000 = 10Q - 100\,000 - 5Q$$

$$220\,000 = 5Q$$

$$Q = 44\,000$$

Accept any other correct method other than the ones shown.

Award [1 mark] for the correct workings and [1 mark] for the correct calculation.

- (ii) Using the case study and Items 1.1 and 1.2, identify *two* areas of concern with the therapist scheme and explain how Laura Chan can make qualitative improvements to these concerns. *[5 marks]*

Areas of concern could include:

- communication – with *Reach Out* and the therapists
- frequency of the sessions
- punctuality/attendance of therapists
- materials to use at home
- merchandise
- knowledge of therapists
- *accept any other relevant area of concern.*

Laura could use a variety of methods to improve the quality of the service but she may wish to focus on the following areas:

- HR – motivation of the therapists
- training – of Andrew
- ICT – better booking systems
- communication – different forms
- quality circles – to identify improvements
- redeploy Andrew and appoint a secretary to coordinate bookings
- increase the number of therapists used/trained
- *accept any other relevant method of improvement.*

Accept any other relevant explanation.

[1 to 2 marks]

A limited response, but with some understanding of the areas of concern. Candidates have either only identified two areas of concern or have not referred to Items 1.1 and 1.2 for ***[2 marks]***.

[3 to 5 marks]

Two areas of concern have been identified and the explanation is relevant with some understanding of the concepts and an attempt to explain two ways of improving the areas of concern identified. At the top of the markband there is more detail and development of concepts. A maximum of ***[3 marks]*** should be awarded if the answer does not refer to *Reach Out*.

- (c) Analyse the value to *Reach Out* of organizing it into two distinct profit centres. [9 marks]

The move to create two profit centres may have the following positive effects:

- creates a healthier working environment – less friction
- allows Laura and Neil to focus on one area
- Laura and Neil will be accountable for specific responsibilities
- it can help to identify financial strengths and weaknesses
- improved cost control
- leads to more motivation – for all including Andrew
- *accept any other relevant positive effect.*

However, creating the two profit centres may also lead to the following negative effects:

- unhealthy competition between Laura and Neil – which could make things worse
- allocating the fixed costs attributable to which profit centre – could lead to arguments as to the correct apportion of the fixed costs – again divisive
- attributing the funds – how will the funds that are generated be apportioned? Who will decide and on what basis?
- focus on their own areas of concern – they may lose the big picture
- *accept any other relevant negative effect.*

Accept any other relevant analysis.

If the response is a one-sided relevant approach award a maximum of [5 marks].

Marks will be allocated according to the markbands on page 5.

- (d) Using Lewin’s force field analysis and the information contained in the case study and Items 1–4, evaluate Raj Gupta’s recommendation to pursue *Option 2* and to reorganize *Reach Out*. [12 marks]

It should be recognized that, given time constraints, answers are likely to include a **much** narrower range of issues and concepts than identified below. There is no “correct” answer.

Examiners **must** be prepared to award full marks to answers which synthesize and evaluate even if they do not examine all the stimulus materials.

The answer should be considered within a strategic framework using Lewin’s force field analysis.

It is to be expected that the answer will include relevant information from the case study, extension material and Items 1–4 and employ a range of business concepts, tools and terminology.

The proposed changes of Raj Gupta do seem to offer the possibility of improving matters with each manager being given a clearly defined area of responsibility and clear targets through separate profit centres. This should encourage a more responsible approach to the business by both parties, which could put it in a strong position as the market for the product develops.

Raj’s recommendation – developing a family brand and reorganizing the business into two profit centres.

Driving forces for the change could include:

- selling the merchandise will spread awareness of the charity
- the growing number of sufferers
- the fact that *Reach Out* seems to have identified a gap in the market
- the success of the business model so far
- the growing demands on the therapists
- the need for quality improvements
- the need to resolve the various issues – such as Andrew’s role
- Neil has a big incentive to increase revenues as his salary is “10 % of the total cash receipts”
- extra revenue can be used for developing the PECS cards
- *Reach Out* needs to meet the growing demand for its services – this requires resourcing
- separate profit centres allows the two managers to work on their own projects
- no agreements on strategic options 1 and 3
- *accept any other relevant factor.*

Restraining forces for the change could include:

- separate profit centres allows the two managers to work on their own projects without consultation/collaboration
- the difference in approaches by Laura and Neil
- the problems between Laura and Neil have not really been solved just postponed
- the lack of single purpose/leadership
- the effectiveness of branding – Item 4
- Andrew – his position/role is still uncertain
- the introduction of PECS cards – will need coordination
- the costs of the proposed changes
- the time necessary to implement the changes
- if the plan succeeds there will be a big difference in salaries for Laura and Neil
- is merchandising sustainable in the long term (Item 3)?
- **Option 1** may be easier to implement
- *accept any other relevant factor.*

Accept any other relevant recommendation.

Candidates would be expected to offer a substantiated judgment as to whether the businesses can improve. They might consider the fact that despite the proposed changes this still leaves the business without any consistent direction for future progress. If anything the proposed changes may actually just postpone the collapse of the relationship between Laura and Neil by a year.

Candidates that do not use Lewin's force field analysis model would not be able to reach the top markband.

Award a maximum of **[7–9 marks]** where both the case study **and** Items 1–4 have not been used, *i.e.* only one set of data.

Marks will be allocated according to the markbands on page 6.