

## **SBL Specimen Exam 2 Marking Guide:**

### **Task 1)**

For each project

1 mark for each financial issue identified relevant to project

(Up to a maximum of 7 marks)

1 mark for each non-financial issue identified relevant to project

(Up to a maximum of 7 marks)

Points can include:

### **Sailing dinghies**

#### *Financial benefits*

- Positive NPV, therefore financially acceptable
- Revenue earned soon and payback short
- Leaves surplus cash for other investments
- Bigger market
- Demand less vulnerable to economic conditions
- Demand less vulnerable to fashion changes
- Potential long-term steady earner
- Economies of scale
- Lower price than competition may help generate demand

#### *Financial drawbacks*

- Gross and operating profit margins lower than current and target
- Low starting price unlikely to encourage additional dinghy purchases
- May be seen as lower quality and possibly unsafe

#### *Non-financial benefits*

- Simple to develop
- Differentiation from competitors
- Clear cost / market leader strategy
- Learning curve
- Broader customer base
- Start of relationship with customers

#### *Non-financial drawbacks*

- Significant competition
- Difficult to differentiate design from competitors'
- Fails to solve market positioning in cruising yachts market

#### **Luxury yachts**

##### *Financial benefits*

- Positive NPV, therefore financially acceptable
- Gross and operating profit margins higher than current and target
- Appeal to rich customers not affected by adverse economic conditions
- High earning product generating surpluses for other investments

##### *Financial drawbacks*

- NPV figure hides considerable uncertainties
- Sensitivity to few, large sales
- High fixed costs
- Foreign exchange risk
- Utilisation of all the surplus and may need additional finance
- Revenue not for some time and lengthy payback period

##### *Non-financial benefits*

- Clear differentiation from competitors in Neoland
- International presence
- Star product attracting investors if listing takes place
- Use craftsmanship skills
- Incorporate some features into other yachts

##### *Non-financial drawbacks*

- Global competition from established manufacturers
- Limited number of customers
- Success uncertain and may involve considerable time resource
- Difficult to differentiate itself
- Customisation contrasts with standard models of cruising yachts

#### **Recommendation**

1 mark for clear and reasonable recommendation

1 mark for justification

(Up to a maximum of 2 marks)

(Up to a maximum of 26 marks in total)

**Professional skills may be additionally rewarded as in the following rubric:**

	<b>Not at all</b>	<b>Not so well</b>	<b>Quite well</b>	<b>Very well</b>
<p>1</p> <p><i>Evaluation skills</i></p> <p>Making justified recommendations which are based on a balanced assessment of both projects</p> <p><b>REPORT TO BOARD</b></p>	<p>The candidate has completely failed to discuss one of the project's financial or non-financial aspects, benefits or drawbacks.</p> <p>The answer contains no evidence of the use of professional judgement to evaluate the proposed investments in the light of the strategic positioning of, and the organisational implications for Yexmarine.</p> <p>The candidate has not made any recommendations of whether to proceed with either investment.</p>	<p>The answer is not well- balanced between the two projects, their financial and non-financial aspects, and benefits and drawbacks.</p> <p>The answer contains limited evidence of the use of professional judgement to evaluate the proposed investments in the light of the strategic positioning of, and the organisational implications for Yexmarine.</p> <p>Although there is a section on recommendations, what the recommendations are is not clear.</p> <p>The candidate has not given reasons for their recommendations, or the reasons given do not relate to the rest of the answer.</p>	<p>The answer is reasonably well- balanced between the two projects, their financial and non-financial aspects, and benefits and drawbacks.</p> <p>The answer contains reasonable evidence of the use of professional judgement to evaluate the proposed investments in the light of the strategic positioning of, and the organisational implications for Yexmarine.</p> <p>The candidate has supported their recommendations by reference to points made in the rest of the answer.</p> <p>The candidate has presented the answer in a report format.</p>	<p>The answer is very well- balanced between the two projects, their financial and non-financial aspects, and benefits and drawbacks.</p> <p>The answer contains strong evidence of the use of professional judgement to evaluate the proposed investments in the light of the strategic positioning of, and the organisational implications for Yexmarine.</p> <p>The candidate has made reasonable recommendations which are clearly justified by reference to points made in the rest of the answer.</p> <p>The candidate has presented the answer in a report format.</p>
	<b>0</b>	<b>1.33</b>	<b>2.66</b>	<b>4</b>

### **Task 2a)**

Up to 2 marks for each benefit of the proposal. These can include:

- Discussion of individual projects within strategic planning framework
- Active consideration of environment
- Active consideration of competitors
- Sufficient time to consider strategies
- Opportunity to review how well strategies are working and whether they need to be changed
- Better use of board time
- Can respond quickly to opportunities/threats
- Increasing investor confidence when Yexmarine becomes a listed company

(Up to a maximum of 8 marks for benefits)

Up to 2 marks for each problem with the proposal. These can include:

- Confusion between strategic committee's and board's responsibilities
- Lack of NED involvement to challenge strategies
- Membership not diverse
- No mention of employee representative – may be helpful as employees are concerned about direction of strategy
- No minimum for how frequently committee should meet – needs to meet regularly eg to assess business environment
- No mention of financial aspects of strategies
- No mention of links between higher-level corporate strategy and operational strategies
- No mention of capabilities and human resources
- No mention of consideration of customer requirements

(Up to a maximum of 10 marks for problems)

(Up to a maximum of 14 marks in total)

**Professional skills may be additionally rewarded as in the following rubric:**

How well has the candidate demonstrated professional skills as follows:	Not at all	Not so well	Quite well	Very well
<p>2a</p> <p><i>Communication skills</i></p> <p>In clarifying the benefits of, and problems with, the proposal.</p> <p><b>LETTER</b></p>	<p>The candidate has not clarified the proposals in the context of the corporate governance needs of Yexmarine. The candidate has not discussed significant aspects of the proposals.</p> <p>The candidate has not identified any omissions from the proposals.</p>	<p>The candidate has given limited clarification of the proposals in the context of the corporate governance needs of Yexmarine and has not linked the proposals clearly to these needs. The candidate has not identified any omissions from the proposals.</p>	<p>The candidate's clarification of the proposals is mostly linked to the corporate governance needs of Yexmarine. The candidate has identified omissions from the proposals.</p> <p>The candidate has presented the answer in a letter format.</p>	<p>The candidate's clarification of the proposals is linked to the corporate governance needs of Yexmarine. The candidate has identified omissions from the proposals.</p> <p>The candidate has presented the answer in a letter format.</p>
	<b>0</b>	<b>1.33</b>	<b>2.66</b>	<b>4</b>

**Task 2b)**

Up to 2 marks per impact of staff dissatisfaction on the change process.  
These can include:

- Loss of senior staff who could lead change
- Unwillingness to offer opinions
- Unwillingness to contribute extra when change occurs
- Active resistance when new processes introduced
- Return to old ways after changes introduced
- Increased staff turnover affecting operations
- Adverse impacts on efficiency and customer service

(Up to a maximum of 10 marks in total)

**Professional skills may be additionally rewarded as in the following rubric:**

How well has the candidate demonstrated professional skills as follows:	Not at all	Not so well	Quite well	Very well
<b>2b</b> <i>Analysis skills</i> By considering the impact of employee dissatisfaction on the change process. <b>BRIEFING NOTES</b>	The candidate has failed to link evidence of employee dissatisfaction to problems with the organisational change process.	The candidate has made a few links between evidence of employee dissatisfaction and problems with the organisational change process, but the linkage is not always clear.	The candidate has linked evidence of employee dissatisfaction to problems with the organisational change process.  The candidate has presented the answer in a briefing notes format.	The candidate has linked evidence of employee dissatisfaction to all the main problems with the organisational change process.  The candidate has presented the answer in a briefing notes format.
	<b>0</b>	<b>1.33</b>	<b>2.66</b>	<b>4</b>

### **Task 3a)**

For each risk:

- 1 mark for each relevant point made in relation to the associated risk mitigating activities
- 1 mark for each further mitigating activity suggested.

(Up to a maximum of 5 marks for each risk discussed)

(Up to a maximum of 16 marks in total)

Points can include:

#### **Flooding risk**

##### *Adequacy of risk mitigating activities*

- Need to assess probability and level of impact
- Insurance would transfer risk
- Keeping informed of flood warnings ok
- Local flood defences may not be enough

##### *Further mitigating activities*

- Need for flood precautions – its own defences and workplace organisation to limit impact
- Need for contingency plan
- Some physical damage inevitable if flooding is serious

#### **Product obsolescence risk**

##### *Adequacy of risk mitigating activities*

- Need to be aware of what competitors are doing but not just reacting to them
- Adding additional features may be seen as reactive strategy

##### *Further mitigating activities*

- Need for awareness of wider developments
- Need for innovation strategy, including conducting market research and way products are introduced into market
- IT, HR and production processes need to support innovation
- Need for new marketing approach

#### **Data risk**

##### *Adequacy of risk mitigating activities*

- Regular updates required
- Regular backups required

- Passwords provide protection but need for different levels and changes
- Physical barriers don't protect information taken offsite

*Further risk mitigating activities*

- Need for general controls which promote awareness and review risks
- Training
- Identification of unusual activity
- Information security officer

**Reputation risk relating to products and services**

*Adequacy of risk mitigating activities*

- Monitoring public profile starting point
- Benchmarking provides useful indications
- Quality management programme will address something that customers buying yachts assume will be fine

*Further risk mitigating activities*

- Need to monitor existing customer opinion as well
- Need for actions to differentiate products from competitors, supported by marketing campaigns



**Professional skills may be additionally rewarded as in the following rubric:**

How well has the candidate demonstrated professional skills as follows:	Not at all	Not so well	Quite well	Very well
<b>3a</b> <i>Scepticism skills</i> By questioning the adequacy of risk mitigation activities. <b>REPORT</b>	The candidate has failed to challenge the current risk mitigation activities. The answer is purely descriptive. No attempt has made to suggest improvements in risk mitigation activities	The candidate has made a limited attempt at challenging the adequacy of Yexmarine's current risk mitigation activities. There is limited evidence of evaluating the effectiveness of the operations director's risk mitigation activities, but the opinions given and the challenges made are mostly not justified.	The candidate has made a good attempt at challenging the current risk mitigation activities. Most of the answer attempts to evaluate the operations director's suggestions of risk mitigation activities. The opinions given and the challenges made are mostly justified. Most of the challenges relate to significant concerns. The candidate has presented the answer in a report format.	The candidate has made an excellent attempt at challenging the current risk mitigation activities. The whole answer is an evaluation of the operations director's suggestion for risk mitigation activities. All the opinions given and the challenges made have been justified. The challenges reflect significant concerns. The candidate has presented the answer in a report format.
	<b>0</b>	<b>1.33</b>	<b>2.66</b>	<b>4</b>

**Task 3b)**

Up to 2 marks per relevant benefits of e-marketing discussed. These can include:

**Community**

- Building on sense of community
- Community features allow active customer participation
- Two-way communication can feed into product development

**Individualisation**

- Systematic collection of information about individuals
- Allows customers to initiate contact and tailor approach
- Gives customers opportunities to ask questions and express opinions

**Social media**

- Wider geographical reach
- Wider generational reach
- Use of social media gives impression of being up-to-date

**Promotion of employee expertise**

- Blogs allowing demonstration of knowledge and address customer interests
- Promoting customer interest by videos showing employees at work
- Interaction and strengthened relations between employees and customers

**Promotion of major product launches**

- Mailshots tailored to interested parties
- Promotion of interest on social media
- Viral marketing creating interest
- Website providing wider audience and range of features for promotion of new products

(Up to a maximum of 14 marks in total)

**Professional skills may be additionally rewarded as in the following rubric:**

How well has the candidate demonstrated professional skills as follows:	Not at all	Not so well	Quite well	Very well
<p><b>3b</b></p> <p><i>Commercial acumen skills</i></p> <p>By linking e - marketing methods to the issues which the directors have raised.</p> <p><b>BRIEFING NOTES</b></p>	<p>The answer is a list of e-marketing techniques with no attempt made to link them to Yexmarine's competitive situation and address the issues discussed in the board meeting.</p>	<p>The candidate has made some attempt to discuss the benefits of e-marketing and address the issues raised in the board meeting. However, some of the benefits discussed are not realistic or clear in relation to Yexmarine and some of the issues discussed in the board meeting have not been addressed.</p>	<p>The candidate's answer is focused on the benefits of e-marketing to Yexmarine and the candidate has addressed the issues discussed in the board meeting. Most of the benefits would be relevant to Yexmarine's competitive position. The candidate has presented the answer in a briefing notes format.</p>	<p>The candidate's answer is focused on the most important benefits of e-marketing to Yexmarine and the candidate has fully addressed the issues discussed in the board meeting. All of the benefits would enhance Yexmarine's competitive position. The candidate has presented the answer in a briefing notes format.</p>
	<b>0</b>	<b>1.33</b>	<b>2.66</b>	<b>4</b>