

# 1. The "Define" Template (2 Marks)

**Goal:** Provide a precise textbook definition and a brief clarifying characteristic.

## Structure:

- **Definition:** "[Term] refers to..."
- **Characteristic/Purpose:** "It is characterized by..." or "Its main purpose is to..."

### Example (Q2b): Define *economies of scale*.

**Economies of scale** refer to the cost advantages that a business obtains due to its scale of operation. They are typically measured by the amount of output and usually result in a decrease in the average unit cost as the scale of production increases.

# 2. The "Explain" Template (4 Marks)

**Goal:** Apply business theory to the specific case study using the **PEE** (Point, Explain, Evidence) structure.

## Structure (Repeat twice for "two" factors):

- **Point:** Identify the specific factor, source, or reason.
- **Explain:** Explain the theoretical mechanism (how it works in general).
- **Evidence/Application:** Connect directly to the case study (use names, data, or specific context).

### Example (Q1d): Explain two sources of finance for PI's capital expenditure.

1. **Bank Loans:** This is an external source of finance where a lender provides a set amount of funds to be repaid with interest over a fixed period.
  - **Application:** Since PI is a "highly profitable" private limited company, it likely has the creditworthiness to secure a loan for its major 2019 forecasting expenditure.
2. **Retained Profit:** This is an internal source of finance where the profit kept by the company after taxes and dividends is reinvested into the business.

- **Application:** PI is described as "highly profitable" with a forecast profit of \$3,440,000 for 2019, which could be used to fund their capital equipment directly without incurring interest costs.

### 3. The "Distinguish" Template (4 Marks)

**Goal:** Clearly show the difference between two concepts by applying them to the case.

#### Structure:

- **Concept A + Application:** Define Concept A and provide an example from the text.
- **Contrast Word:** Use "However," "In contrast," or "Unlike."
- **Concept B + Application:** Define Concept B and provide an example from the text.

#### Example (Q3c): Distinguish between *internal* and *external* growth for WE.

**Internal growth** occurs when a business expands using its own resources. For example, WE used its own "profits to increase production capacity" and expand its sales force. **In contrast,** **external growth** involves expansion through involvement with other organizations. This is seen in the text when WE decided to "diversify by taking over other regional businesses," such as a retail chain.

### 4. The "Discuss/Evaluate" Template (10 Marks)

**Goal:** Provide a balanced argument (Pros vs. Cons) ending in a reasoned judgment (Evaluation).

#### Structure:

Section	Content Requirements
<b>Introduction</b>	Define the main term and state its relevance to the specific business in the case.

Section	Content Requirements
Arguments FOR	2 Points. Explain the benefits. <b>Must link to Case:</b> e.g., WE's "brand identity".
Arguments AGAINST	2 Points. Explain the drawbacks/risks. <b>Must link to Case:</b> e.g., WE's "falling profit margins".
Conclusion	Use the <b>SLOT</b> method to provide a final recommendation.

## Evaluation Technique (SLOT):

- **Short vs. Long term:** How does the impact change over time?
- **Limitations:** Is the data provided in the case sufficient or reliable?
- **Opinions of Stakeholders:** How do different groups (owners vs. employees) feel?
- **Therefore:** What is your final, justified recommendation?

## Example (Q3d): Discuss whether WE should retain its programme of CSR.

**Introduction:** Corporate Social Responsibility (CSR) involves businesses acting ethically towards stakeholders and the environment. For WE, CSR has been a core part of its brand identity since 2008.

**Arguments For:** Retaining CSR maintains WE's "brand identity" and its appeal to "environmentally conscious customers." This loyalty allows them to remain a "regional market leader" despite competition.

**Arguments Against:** However, WE is facing "falling profit margins," and as Milton Friedman argues, the primary responsibility of a business is to "increase its profits." CSR activities increase "one-off expenses" and might be unsustainable if profitability continues to decline due to "diseconomies of scale."

**Conclusion:** In the **short term**, cutting CSR might improve margins. However, in the **long term**, WE's competitive advantage is built entirely on its ethical reputation. **Therefore**, WE should retain the programme but must optimize its operational costs to address the efficiency issues mentioned by the CEO.

In the actual exam, it should be written as a long paragraph.