

OxfordAQA

International A-level

Business (9725)

A2 Scheme of work

For teaching from September 2026 onwards
For International AS exams in June 2027 onwards
For International A2 exams in June 2028 onwards

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Introduction

The schemes of work provided for each unit are intended to assist teachers with the planning and teaching of lessons for the Oxford AQA International AS/A-level Business (9725) specification. The purpose of these schemes of work is to provide advice and guidance to teachers, not to prescribe and restrict their approach to the specification. Each scheme has been produced by a practicing subject expert. There are obviously many other ways of organising the work, and there is absolutely no requirement to use this scheme.

Assumed coverage

This scheme assumes approximately 135 taught hours for the A2 year (4.5 hours per week), with additional independent study expected. Activities are designed to be flexible and adaptable for different teaching models, including one-teacher and two-teacher delivery.

One/two teacher model

This scheme is set out as a potential model for one teacher, with a linear approach to the subject content (sections 3.3.1 to 3.4.6).

With two teachers, the model could be broken down as follows:

- Teacher 1: 3.3 Business analysis
- Teacher 2: 3.4 Business strategy

The allocation of functional areas could be changed according to teacher preference.

National focus

When studying the subject content, students may focus on businesses and the business environment in their own country but should be aware that there may be differences between countries and those changes in the business environment on one country can affect businesses in another.

3.3 Business analysis

3.3.1 Mission, objectives and SWOT analysis

Specification reference

- 3.3.1 Mission, objectives and SWOT analysis

Specification content

- Mission, objectives and business functions
- SWOT analysis
- Stakeholder needs in decision-making

Learning outcomes

- **Mission, objectives and business functions**

Students will be able to understand:

- The purpose and value of mission statements
- Different types of objectives:
 - shareholder value (including market capitalisation)
 - shareholder returns (dividend per share, dividend yield)
 - growth
 - social and environmental objectives
- How objectives influence functional areas
- Internal and external influences on business objectives

- **SWOT analysis**

Students will be able to understand:

- The purpose and value of SWOT analysis
- How to calculate and interpret data used in SWOT analysis, including:
 - financial ratios (profitability, liquidity, gearing, efficiency, shareholder ratios)
 - marketing data (market share, market size, growth, elasticity, correlation, break-even, margin of safety)
 - operations data (labour productivity, customer satisfaction, unit costs, capacity utilisation, environmental impact)
 - HR data (labour turnover, engagement, labour costs, representation, retention)

- **Stakeholder needs in decision-making**

Students will be able to understand:

- The purpose and value of stakeholder mapping
- Influences on stakeholder power and interest
- Stakeholder objectives and potential conflicts
- The value of considering stakeholder needs
- How to manage relationships with stakeholders
- Actions stakeholders may take and their impact

Suggested timing

11 hours

Possible teaching and learning activities

- **Mission statements, objectives and business functions**
 - Teacher presentation to introduce mission statements and their purpose ([tutor2u.net/business/reference/mission-statements](https://www.tutor2u.net/business/reference/mission-statements))
 - Guess the mission statement/match the mission statement to the business. This could allow for a group discussion as to the appropriateness/effectiveness of different mission statements. In pairs, students can rewrite mission statements they identified as ineffective to make them clearer/more meaningful.
 - Class discussion: Do businesses use mission statements guide strategy, or are they just PR? Extension: revisit the 'guess the mission statement' – which are PR and which are used effectively by the business?
 - Research task (could be used as a homework task): find examples of business actions that support/contradict their mission statement
 - Objectives – recap mission statements and write clear objectives to help achieve those mission statements.
 - Shareholder value: Market mayhem activity ([sims.tutor2u.net/business/alevel/aqa2026/marketmayhem](https://www.sims.tutor2u.net/business/alevel/aqa2026/marketmayhem))
 - Calculate market capitalisation and dividend yield using real market data (use the London Stock Exchange for up-to-date data, [londonstockexchange.com/](https://www.londonstockexchange.com/))
 - Case study: give students a case study and ask them to assess how a change in objectives could affect the different functional areas (eg shifting from growth to sustainability).
- **SWOT analysis**
 - Students complete a SWOT for a familiar business (this could be the school/college, a local business or a national business which students could research). Students could use this SWOT analysis to create recommendation for the business as to how to improve.
 - Provide students with a SWOT analysis for a well-known business. Students evaluate which elements of the SWOT are most significant.
 - Give students a range of quantitative information such as profitability ratios, liquidity ratios etc. This could be data for students to use to calculate or the completed calculations. Students use the data alone to produce a full SWOT with data-driven justification. Extension: what qualitative information are you missing?
- **Stakeholder needs in decision-making**
 - Students map stakeholders for a chosen business and justify their placement.
 - Students analyse scenarios where stakeholder objectives conflict (eg cost-cutting vs employee welfare)
 - Role-play: groups represent different stakeholders and negotiate a solution.
 - Case study: students evaluate how stakeholder actions (eg strikes, boycotts) affect business decisions.

3.3.2 Analysing the existing internal position of a business

Specification reference

- 3.3.2 Analysing the existing internal position

Specification content

- Product portfolio analysis
- Financial performance
- Ratio analysis
- Profit centres
- Business culture

Learning outcomes

- **Product portfolio analysis**
Students will be able to understand:
 - The purpose and value of the Boston Matrix
 - The categories: dogs, cash cows, question marks, stars
 - How portfolio analysis informs marketing planning
- **Assessing business performance**
Students will be able to understand:
 - How to interpret and amend statements of financial position and income statements
 - How to calculate and interpret:
 - profitability ratios (profit margins, ROCE)
 - liquidity ratios (current ratio, acid test)
 - gearing
 - efficiency ratios (payables days, receivables days, inventory turnover)
 - shareholder ratios (dividend per share, dividend yield)
 - The value of ratio analysis
 - The purpose and value of profit centres
 - The importance of trends, benchmarking and context
 - Limitations of financial reporting
- **Business culture**
Students will be able to understand:
 - The importance of business culture
 - Factors influencing culture (leadership, values, structure, rewards, expectations, size)
 - Impact of positive and negative culture
 - Strong vs weak cultures
 - Reasons for and problems with changing culture

Suggested timing

12 hours

Possible teaching and learning activities

- **Product portfolio analysis**
 - Give students a range of product cards for a business, for example if using Apple, give students card with Apple products such as the iPhone, air pods, iPad etc. Students work in groups to place the products onto the Boston Matrix (based on market share / growth).
 - Save or scrap? Give each group or pupil a “dog” product – these could be real or fictional. Real examples may include Filet O’ Fish (McDonalds), PlayStation Vita, Canon Powershot. Students must decide if the product should be saved or scrapped. If they choose to save the product, they could then look at strategies to move the product from a ‘dog’ to either a star or cash cow.
 - Class discussion: “*Why do some ‘dogs’ survive for years?*”
 - Students analyse a real company portfolio using the Boston Matrix (strengths and weaknesses of the portfolio). Students can then evaluate the limitations of the Boston Matrix for the business in question. This activity works best with a range of different businesses eg product based, service based, digital etc.
- **Assessing business performance**
 - Give students an incomplete income statement and statement of financial position for a fictional business. They work independently to identify missing figures. Extension: pair with another student who has data of a different business. Which business is performing better? Students could be asked to debate and defend their business.
 - Students analyse ratio data for a business across a period of three years. This could be provided as raw data requiring students to complete calculations, or as final ratios. Students identify trends and decide whether performance is improving or getting worse. Extension: write a paragraph justifying your decision.
 - Using the activity above, students could write questions to ask the ‘board’ about the data to add context to the numbers.
 - Give students (in pairs) profit centre data. Students must decide where to invest, cut costs or if a restructure should take place. Class discussion around accountability and motivation.
- **Business culture**
 - Students are given short descriptions, images or headlines from well-known businesses (these could be on the whiteboard). They could be negative (such as BrewDog) or positive (such as Netflix). Students can guess the business and discuss the pros and cons of culture for each business.
 - Culture diagnosis. Give students a case study with a fictional business with performance problems. They diagnose cultural issues and propose realistic changes.

3.3.3 Analysing the industry environment

Specification reference

- 3.3.3 Analysing the industry environment

Specification content

- Porter's Five Forces
- Influences on each force
- Impact of the forces on a business
- How businesses influence and respond to the forces

Learning outcomes

Students will be able to understand:

- The meaning and significance of Porter's Five Forces:
 - competitive rivalry
 - buyer power
 - supplier power
 - threat of new entrants
 - threat of substitutes
- How internal and external factors influence the strength of each force
- How the five forces affect business decisions, profitability and strategy
- How businesses can influence the forces (eg differentiation, integration, loyalty schemes)
- How businesses respond to changes in the forces

Suggested timing

6 hours

Possible teaching and learning activities

- **The meaning and significance of Porter's Five Forces**
 - Give students a blank template for Porter's Five Forces. For weaker groups/students, this could include a description or example for each section. Students work in groups to analyse a familiar industry (eg fast food, streaming services, airlines). Write a paragraph outlining the likely profitability of businesses in this industry.
 - Card-sort: students match real-world examples (eg price wars, brand loyalty, switching costs) to the correct force and explain their reasoning.
- **How internal and external factors influence the strength of each force**
 - Scenario cards describing a range of internal and external changes such as new technology, regulation, mergers or economic downturns. Students sort cards into internal/external influences and then rank the forces in terms of the

- impact they could have. Students could then be provided with an industry – does this change the order?
- Using a topical news story, students identify and analyse which forces are being influenced and why. This could be given as a homework activity or independent task requiring students to also find a story.
 - Group task: students compare the same force across two different industries and explain why its strength differs.
- **How the five forces affect business decisions, profitability and strategy**
 - Decision-making task: students act as managers for a business and choose a strategy based on the strongest forces in their industry. Students could all be given a different industry and share their findings with the rest of the class. Question students to ensure understanding of profitability.
 - **How businesses can influence the forces**
 - Provide students a completed Five Forces analysis for an industry (such as the cinema industry). How could a business in this industry attempt to use one of the forces to increase profitability? Class discussion to share ideas.
 - Group presentations explaining how a chosen business has successfully influenced one or more forces. This could be based on the task above or require students to complete research.
 - **How businesses respond to changes in the forces**
 - Students analyse a real business response to industry change and evaluate its effectiveness. Students recommend responses to shifts in force strength (short and long term) and justify their choices.

3.3.4 Analysing the external environment to assess opportunities and threats

Specification reference

- 3.3.4 Analysing the external environment to assess opportunities and threats

Specification content

- PESTLE analysis (Political, Economic, Social, Technological, Legal, Environment)
- Impact of the political and legal environment
- Impact of the economic environment
- Impact of the social, technological and environmental change

Learning outcomes

Students will be able to understand:

- The meaning and significance of PESTLE analysis (Political, Economic, Social, Technological, Legal, Environmental)
- The purpose and value of PESTLE analysis in assessing the external business environment
- How changes in the political and legal environment affect business strategy and functional areas, including:
 - competition
 - consumer protection
 - the labour market (including employee rights)
 - environmental issues
 - health and safety
- How government policy influences business activity, including:
 - support for businesses (eg grants and subsidies)
 - the ease of doing business
 - international trade agreements
 - protectionism (tariffs, quotas, trade regulations)
 - investment in and quality of infrastructure
- How changes in the economic environment affect business strategy and functional areas, including:
 - GDP growth and recession
 - taxation rates
 - exchange rates (including appreciation, depreciation and calculations of impact on costs and prices)
 - inflation and deflation (including interpretation of price index data)
 - unemployment rates
 - interest rates (including calculation of the impact on repayments)
- How businesses respond strategically to changes in the political, legal and economic environment
- The limitations of PESTLE analysis as a decision-making tool

Suggested timing

10 hours

Possible teaching and learning activities

- **PESTLE analysis**
 - Students work in pairs to conduct a PESTLE analysis for a familiar business. Each pair could be given a different business in a different country (or a multinational business with operations in many countries).
 - Group presentations to demonstrate findings of the PESTLE analysis including recommendations for this business.
 - Extension task – use the PESTLE analysis to create a SWOT analysis for the business (student guidance – the opportunities and threats will come from the PESTLE analysis).
 - Class discussion – do all businesses need to consider the external environment?
 - Set up stations around the classroom each containing short news articles or headlines representing each PESTLE factor. Students rotate and identify opportunities and threats from each one.
- **Impact of the political and legal environment**
 - Introduce government policy by showing students extracts from the most recent UK budget announcement ([gov.uk/government/speeches/budget-2025-speech](https://www.gov.uk/government/speeches/budget-2025-speech)). Choose 3/4 key policy changes (such as corporation tax changes, minimum wage increases, business subsidies, environmental levies). Students analyse the potential impact of one (or all) policy changes on businesses by answering questions:
 - Which types of businesses are most affected?
 - Who benefits and who may be disadvantaged?
 - Is the impact short-term or long-term?
 - Does it affect costs, demand, profitability, or competitiveness?
 - In pairs give students a different example of a new grant / subsidy / trade agreement / protectionist measure. Each pair to consider how this could affect different businesses (positives and negatives).
 - Case study: students read about Trump's tariffs being applied to Europe (theguardian.com/business/live/2026/jan/19/global-stock-markets-trump-tariff-threats-rachel-reeves-city-business-live-news). Write a news article / letter to Trump explaining the impact of these tariffs on international supply chains.
 - Extension: students act as a business in Europe and create a strategy plan to minimise the impact of these tariffs. Students should then set functional objectives for each strategy to help the strategy be achieved.
- **Impact of the economic environment**
 - Teacher to introduce key economic indicators (inflation, interest rates, unemployment, economic growth/GDP).
 - Provide students with recent economic data for a country that allows for a discussion point eg a rise in interest rates or high inflation. Give each pair a type of business eg a luxury product, an SME, a business in a dynamic market. Students to discuss how this type of business will be affected by this economic change.

- How does this affect business costs?
- How does this affect consumer demand?
- What is the likely impact on profitability?
- Which sectors are most vulnerable or most likely to benefit?
- Students given a fictional scenario of a business operating in a business experiencing an economic downturn. They must then complete the following tasks:
 - What characteristics will you see in this economy (using correct terminology such as GDP, inflation, employment)
 - Create a strategy for this business act as a business to maintain profitability, including functional objectives to support their chosen strategy.
- **Impact of the social, technological and environmental change**
 - Introduce key social trends (eg demographic changes, ageing population, migration, changing workforce composition, shifts in consumer lifestyles).
 - Working in pairs, students analyse how pressure for corporate social responsibility (CSR) could influence business behaviour. Guidance questions:
 - Why are businesses under pressure to act responsibly?
 - How might CSR affect costs and profitability?
 - Does CSR create competitive advantage?
 - What are the risks of ignoring social expectations?
 - Students analyse how technological developments (such as digital platforms, AI, automation, disruptive innovation) could affect productivity, costs, employment and competitive advantage.
 - Students research examples of climate change and sustainability pressures. In pairs, students assess the impact on supply chains, input costs, investment decisions and long-term strategy.
 - Students given a case study with a business experiencing a significant social, technological or environmental change. Individually, students set functional objectives to ensure the business survives in this market. Compare with another student.

3.3.5 Analysing future sales

Specification reference

- 3.3.5 Analysing future sales

Specification content

- Sales forecasting
- Moving averages
- Extrapolation
- Qualitative forecasting
- Value and limitations of forecasting

Learning outcomes

Students will be able to understand:

- How to calculate and use three period moving averages
- The value of extrapolation
- Advantages and disadvantages of qualitative forecasting
- The value and limitations of sales forecasting
- How forecasting influences business decisions

Suggested timing

8 hours

Possible teaching and learning activities

- **Sales forecasting**
 - Provide students a fictional scenario of a new café setting up in the local area. Ask students to predict sales for this café per day for the first month.
 - Discussion – was this difficult to do? Why? How could a business make this more accurate?
 - Teacher presentation explaining why businesses forecast sales ([tutor2u.net/business/reference/sales-forecasting](https://www.tutor2u.net/business/reference/sales-forecasting)) ask students to link to the café.
- **Moving averages**
 - Teacher models three-period moving average calculations.
 - Give students 'actual' data for the fictional café shown in the sales forecasting task. Ensure that the data set will show peaks and troughs in the data to allow for discussion points eg busier at weekends/the summer. Ask students to calculate the moving averages for the café.
 - Class discussion: how/why is calculation of moving averages useful for a business.

- **Extrapolation**
 - Students plot the raw data for the café onto a graph and extend a trend line to predict future sales for this business. Discussion: is this likely to be reliable or not? Come up with three scenarios for this café that could mean the extrapolated data doesn't reflect actual sales. Teacher guidance: encourage students to consider market saturation, a new café opening, changes in the economy.
- **Qualitative forecasting**
 - Teacher introduction to qualitative forecasting: [tutor2u.net/business/reference/qualitative-forecasting?srsId=AfmBOopnZ0pDKNiUrtZ77y7cLfkvi3yv4z0OVRlePOt55_U-ffLCJ316](https://www.tutor2u.net/business/reference/qualitative-forecasting?srsId=AfmBOopnZ0pDKNiUrtZ77y7cLfkvi3yv4z0OVRlePOt55_U-ffLCJ316) (detailed knowledge of the Delphi Method is not required).
 - Use a qualitative method to predict demand for the café. Discussion – why might this be preferable to the quantitative method.
- **Value and limitations of forecasting**
 - Students write a report for the café – consider the pros and cons of both methods of forecasting including a recommendation for the café as to which method they should use.

3.4 Business strategy

3.4.1 Strategic options: choosing which markets to compete in and what products to offer

Specification reference

- 3.4.1 Strategic options

Specification content

- Meaning and significance of strategy
- Features of strategic decisions
- Influence of SWOT on strategy
- Link between strategy and functional decisions
- Ansoff Matrix (market penetration, market development, product development, diversification)
- Implications of strategies for functional areas
- Reasons for and challenges of changing strategy

Learning Outcomes

Students will be able to understand:

- What strategy is and why it matters
- Features of strategic decisions:
 - difficult to reverse
 - high risk
 - significant resource commitment
 - long-term impact
- How SWOT analysis informs strategic choice
- How strategy links to decisions in marketing, operations, finance and HR
- The Ansoff Matrix and the value of each strategy
- Implications of each strategy for functional areas
- Reasons why businesses change strategy
- Challenges and risks of changing strategy

Suggested timing

8 hours

Possible teaching and learning activities

- **Meaning and significance of strategy**
 - Students shown a range of different decisions and sort them into strategic and tactical. Use the strategic decisions to write functional objectives to fulfil the strategy.
- **Features of strategic decisions**
 - Students use the strategic decisions from the previous activity or new ones (entering a new market, launching a new product, taking over a competitor, moving production overseas).
 - In pairs, identify characteristics of strategic decisions (long-term effect, high level of risk, significant resource commitment).
 - Class discussion: why is it difficult to reverse strategic decisions. Prompts to consider: financial cost, reputational impact and organisational disruption.
- **Influence of SWOT on strategy**
 - Give students an example of a SWOT analysis (a new example or one used in a previous lesson) to propose two strategic options for the business. Questions to consider:
 - Which strengths can be used to exploit opportunities?
 - How can weaknesses be minimised?
 - How should threats be managed?
 - Give each student a different case study. Students evaluate which strategy would best fits the business's internal position and external environment.
- **Link between strategy and functional decisions**
 - Students are given a strategic objective (market development or cost leadership) and outline the functional decisions needed to implement it.
 - Case study example highlighting a lack of strategic objective and clashing functional objectives. Task: write a strategic objective and explain the importance of communication between functional areas.
- **Ansoff Matrix**
 - Students given a range of businesses and their marketing decisions. Use the Ansoff Matrix to classify each example.
 - Students assess the risk of each strategy and explain why diversification is typically considered the highest risk.
 - Extension: give students three different real examples of diversification. Which is the riskiest and why?
- **Implications for functional areas**
 - Students use the Ansoff Matrix from the previous task. Select one example from each of the four sections. Analyse how each example will affect functional areas of the business. Consider:
 - Marketing (promotion, branding, market segmentation)
 - Operations (capacity, quality, innovation, supply chains)
 - Finance (budgeting, cash flow)
 - HR (skills, recruitment, training, organisational structure)
- **Reasons for and challenges of changing strategy**
 - Students given fictional scenarios (examples below). Suggest changes in strategy that might be needed for each one, including justification.
 - McDonalds launches a new soft drink on a global scale. How might PepsiCo/Coca-Cola need to change?

- Self-driving vehicles launched by Apple to the mass market. How might Tesla need to change?
- The CEO of Google steps down.
- In pairs, students use these examples to identify the challenges these businesses could face when making these changes.

3.4.2 Strategic positioning: Choosing how to compete

Specification reference

- 3.4.2 Strategic positioning

Specification content

- Market mapping
- Choosing a strategic position (benefits vs price)
- Low-cost vs differentiation strategies
- Influences on strategic positioning
- Implications for functional areas
- Competitive advantage

Learning outcomes

Students will be able to understand:

- The purpose and value of market mapping
- How businesses choose a strategic position
- Advantages and disadvantages of low-cost strategies
- Advantages and disadvantages of differentiation strategies
- Influences on strategic positioning (competition, resources, market conditions)
- Implications of positioning for functional areas
- Benefits of competitive advantage
- Difficulties of maintaining competitive advantage

Suggested timing

6 hours

Possible teaching and learning activities

- **Market mapping**
 - Give students a blank axis including price and quality (high and low) and some product/brand examples for a specific industry eg fashion, technology. Answer these questions: Where are most competitors positioned? Is the market crowded at the budget or premium end? Are there any gaps in the market?
 - In pairs, students create a market map for a different industry. Suggest which position a new entrant may adopt.
 - Class discussion: should a gap always be filled?

- **Choosing a strategic position (benefits vs price)**
 - Give all students a different business from a range of industries. Analyse the examples and identify whether the business competes on high benefits/high price, low benefits/low price, or a combination.
 - Case study: students recommend an appropriate position for a business in the case study.
- **Low-cost vs differentiation strategies**
 - Students compare the characteristics of each strategy. How does a business maintain a strategy of low-cost or differentiation?
 - In pairs, assess the advantages and disadvantages of each strategy. This could involve giving students real examples such as Ryanair v Emirates.
- **Influences on strategic positioning**
 - Students explore factors influencing strategic position, including internal capabilities, brand image, target market, competition and external environment.
 - Students analyse how changes in the external environment might require a change in position. Consider questions such as: how might rising costs affect a low-cost strategy? How could changing consumer preferences affect differentiation?
- **Implications for functional areas**
 - Students analyse how a chosen strategic position (low cost or differentiation) affects functional decisions.
 - Students explain why consistency between strategic position and functional decisions is essential for long-term success.
- **Competitive advantage**
 - Students identify sources of competitive advantage in different industries and discuss whether they are sustainable.
 - Is it easy to copy?
 - How might competitors respond?

3.4.3 Deciding on a strategic investment

Specification reference

- 3.4.3 Strategic investment decisions

Specification content

- Decision trees
- Expected values and net gain
- Limitations of decision trees
- Investment appraisal:
 - payback period
 - average rate of return (ARR)
 - net present value (NPV)
- Factors influencing investment decisions
- Risk, uncertainty and opportunity cost

Learning outcomes

Students will be able to understand:

- How to complete, amend and interpret decision trees
- How to calculate expected values and net gain
- Limitations of decision trees
- How to calculate and interpret:
 - payback period
 - ARR
 - NPV
- Financial and non-financial factors influencing investment decisions
- The role of risk, uncertainty and opportunity cost

Suggested timing

12 hours

Possible teaching and learning activities

- **Decision trees**
 - Give students a partially completed decision tree. Students complete the decision trees including calculation of expected values and net gain.
 - Discussion – which option should be chosen? Consider net gain, probability of success and failure, initial investment.
- **Payback period/Average rate of return (ARR)/Net present value (NPV)**
 - Give students a case study containing data. Students complete a full investment appraisal for these projects (payback, ARR and NPV).
 - Using a range of quantitative and qualitative information, justify which decision this business should take.
- **Comparing methods**
 - Revision poster for students: [tutor2u.net/business/reference/understanding-investment-appraisal-classroom-poster-student-handout](https://www.tutor2u.net/business/reference/understanding-investment-appraisal-classroom-poster-student-handout)
 - Students evaluate strengths and limitations of each appraisal method.
- **Factors influencing investment decisions**
 - Students are given pre-completed investment appraisal calculations for two different investment options (eg launching a new product v opening a new store).
 - Students explore different influences on which decision should be taken, including investment criteria, risk and uncertainty, business confidence, strategic fit, opportunity cost

3.4.4 Types of strategies

Specification reference

- 3.4.4 Types of strategies

Specification content

- Business growth
- Economies and diseconomies of scale
- Internal and external growth
- Methods of growth
- Forms of integration
- Retrenchment
- Innovation
- Globalisation
- Sustainability

Learning outcomes

Students will be able to understand:

- Business growth
 - Advantages and disadvantages of being an SME
 - Reasons why businesses grow
 - Economies of scale: purchasing, technical, financial
 - Diseconomies of scale: control, communication, coordination
 - Advantages and disadvantages of internal (organic) and external (inorganic) growth
 - Advantages and disadvantages of mergers, acquisitions, franchising and joint ventures
 - Advantages and disadvantages of vertical, horizontal and conglomerate integration
 - Reasons for and problems of retrenchment
 - How growth and retrenchment affect functional areas
 - How to calculate and interpret: total cost, unit cost, capacity utilisation
- Innovation
 - Purpose and value of innovation
 - Process vs product innovation
 - Pressures for innovation
 - Ways of becoming innovative (kaizen, R&D, intrapreneurship, benchmarking, cross-functional teams)
 - Value of intellectual property (patents, copyright, trademarks)
 - Impact of innovation strategy on functional areas
 - Barriers to innovation
- Globalisation
 - Reasons for and impact of operating globally
 - Reasons to become a multinational
 - Factors influencing:
 - which international markets to target

- whether to adapt products
 - where to produce (offshoring, reshoring)
 - international competitiveness
- Impact of trading blocs (ASEAN, EU, USMCA)
- Impact of protectionism (tariffs, quotas)
- How to calculate and interpret:
 - PED and YED in different markets
 - exchange rate impacts on prices and costs
 - four-firm concentration ratio
 - market share, market growth
 - GDP growth, inflation, unemployment, interest rates
- Advantages and disadvantages of entering international markets via:
 - exporting
 - licensing/franchising
 - joint ventures
 - foreign direct investment (FDI)
- Sustainability
 - Meaning and significance of sustainability
 - Environmental sustainability (waste reduction, renewable resources, energy efficiency)
 - Social sustainability (fair treatment, community support, ethical sourcing)
 - Economic sustainability (long-term profitability without exploitation)
 - Challenges of implementing sustainability
 - Purpose and value of Triple Bottom Line reporting
 - How to calculate and interpret:
 - gross margin
 - operating margin
 - net profit margin
 - ROCE
 - labour turnover

Suggested timing

18 hours

Possible teaching and learning activities

- **Business growth**
 - Give students two examples (real or fictional) of businesses in the same industry that vary in size (eg large v SME). Compare the advantages and disadvantages of being larger/smaller.
 - Students analyse why a successful SME might choose to remain small rather than grow. This could be a local or national example.
 - Teacher led presentation to explain economies of scale, including purchasing, technical and financial.
 - Give students a range of case studies where businesses are experiencing different types of economies of scale. (purchasing, technical and financial). Students identify which type the business is benefiting from.
 - Give students data for a business including output, fixed and variable costs. Students calculate unit cost at each level of output. Unit cost should rise after a certain point. Why might this occur? Link to diseconomies of scale.

- Teacher led presentation to explain the difference between organic and inorganic growth.
- Case study: students are given a business which is considering two different options for future growth, organic or inorganic (these could also incorporate data to recap a previous concept such as decision trees). Class debate: should the business grow via an organic or inorganic method?
- Acquisitions, franchising and joint ventures. Group task: students given different business examples of each one. They match the growth method to the scenarios. Examples could include acquisitions (Amazon and Whole Foods, Facebook and Instagram), franchising (Subway, McDonalds), joint ventures (Starbucks and Tata, BMW and Toyota).
- Provide a blank template with a smoothie company in the middle eg Naked smoothies. Students to complete the template with examples of vertical (forward/backward), horizontal and conglomerate integration.
- Extension: students analyse risks and benefits of each integration type for the smoothie company.
- Students discuss reasons for retrenchment (eg over-expansion, falling demand).
- Case study: students recommend retrenchment strategies for a struggling business.
- Extension: using the case study, create a table showing the different functional areas (marketing, finance, HR and operations). Explain how different strategies (growth or retrenchment) could impact the different functional areas of a business).
- **Innovation**
 - Put examples of typically innovative businesses on the board for different industries (for example Lego, Apple, Amazon, Tesla, Netflix). Student discussion: what do these businesses have in common? What does innovative mean?
 - Students identify pressures to be innovative such as competition, technology, customer expectations. Link to the businesses in the previous task. Why are they innovative?
 - Case study of a business lacking in innovation (real or fictional). Students design an innovation programme to help the business to become more innovative (including Kaizen, R&D, intrapreneurship, benchmarking and cross-functional teams).
 - Research task: students to research the strictest examples of patents, trademarks and copyright.
 - Class discussion. Apple holds over 100,000 patents. Why is this important to Apple's success? How does this impact the different functional areas of the business.
- **Globalisation**
 - Globalisation data provided to students. In pairs, students list why they think the rate of globalisation has increased over time.
 - Which market? Students given a business and a few different markets to choose from. Students could be given data for the market or given a research task to find the data. Evaluate which market would be the best choice for this business to enter. Students should be encouraged to consider factors such as market size, competition, cultural fit and economic stability.

- Extension: students should consider if the marketing mix of the business needs to be altered when entering the marketing they chose.
- Recap opportunity of different calculations – within the case study, students could be given data and required to calculate the PED, changes to the exchange rate, four firm concentration ratios etc.
- Reshoring case study: students given a case study of a business which has offshored but is considering reshoring its manufacturing function. Create a table containing pros and cons of reshoring.
- Students compare exporting, licensing, joint ventures and FDI as a method of entering an international market.
- Scenario activity: students recommend the best entry method for a business.
- **Sustainability**
 - Students given information about a business. Analyse the success of the business based on the Triple bottom line framework.
 - Students identify barriers such as cost, supply chain complexity and stakeholder conflict. Calculations of ROCE etc can be used.
 - Students evaluate the sustainability strategy of a real business (eg Patagonia, IKEA).

3.4.5 Implementing a strategy

Specification reference

- 3.4.5 Implementing a strategy

Specification content

- Strategy implementation
- Network analysis
- Strategic decision-making
- Strategic drift

Learning outcomes

Students will be able to understand:

- Factors affecting successful strategy implementation
- Importance of links between mission, objectives, strategy and functional decisions
- Purpose and value of project management
- Purpose and value of network analysis
- How to interpret, amend and complete network diagrams
- How to calculate: earliest start times (EST), latest finish times (LFT), total float
- How to identify the critical path
- Reasons why strategies fail
- Meaning and causes of strategic drift

Suggested timing

11 hours

Possible teaching and learning activities

- **Strategy implementation**
 - Students are given a range of business scenarios involving a failed strategy (failed expansion, unsuccessful rebrand, abandoned merger). In groups, identify possible reasons for failure.
 - Students discuss barriers to successful implementation (lack of resources, poor leadership, bad communication and external shocks).
 - What went wrong, the strategy or the implementation?
 - What warning signs were ignored?
 - Who was responsible for the failure?
 - Case study: give students a case study including an implementation problem (real or fictional business) and ask students to prioritise the three most significant issues.
 - Role-play: students act as managers for a business presenting a recovery plan to shareholders. They should explain how they will improve communication, resource allocation and monitoring.
- **The value of network analysis**
 - Provide students a simple list of activities required for an activity such as making a cup of coffee or revising for exams. Show these on a network diagram (discuss dependencies, durations etc.) Work as a class to complete the path. Discuss critical and non-critical activities. Introduce a delay on one activity and ask students to recalculate the estimated completion time.
 - Extension: students evaluate the strengths and limitations of the network analysis as a decision-making tool.
- **Strategic decision making**
 - Students explore reasons why strategic decisions fail using a range of business case study (these should include a lack of planning, inaccurate forecasting, overconfidence, lack of resources and employee resistance to change. Ask students to rank the factors in order of significance.
 - Real life case study: give students an example of a business that has experienced strategic drift (and failed as a result). Write a strategy that would have saved this business.

3.4.6 Change, risk and uncertainty

Specification reference

- 3.4.6 Change, risk and uncertainty

Specification content

- Internal and external reasons for change
- Advantages and disadvantages of change
- Barriers to change
- Managing change
- Risk and uncertainty
- Types of risk
- Methods of managing risk
- Methods of managing uncertainty
- Agile organisations

Learning outcomes

Students will be able to understand:

- Change
 - Internal and external reasons for change
 - Advantages and disadvantages of change for stakeholders
 - Barriers to change, including Kotter & Schlesinger's four reasons for resistance
 - Managing change using:
 - Lewin's Force Field Analysis
 - Kotter & Schlesinger's six methods of overcoming resistance
- Risk and uncertainty
 - Importance of assessing and planning for risk
 - Types of risk:
 - Financial
 - Strategic
 - Operational
 - Compliance
 - Reputational
 - Cybersecurity
 - Methods of managing risk:
 - market research
 - contingency planning
 - insurance
 - diversification
 - training
 - forecasting
 - cybersecurity measures
 - Methods of managing uncertainty:
 - scenario planning

- developing an agile business
- Features of agile organisations:
 - flat structures
 - empowerment
 - transformational leadership
 - cross-functional teams

Suggested timing

10 hours

Possible teaching and learning activities

- **Change**
 - Students create a mind map of recent real-life examples of business (this could be a homework activity prior to starting the topic). Changes could include restructuring, digital transformation, merger, relocation. In groups, students present their changes and separate them into internal and external changes.
 - Introduce students to common reasons for resistance to change. In pairs, give students a scenario such as retrenchment. Students work to identify why employees might resist (eg fear of job loss). Questions for consideration:
 - Who is most likely to resist?
 - How could management overcome this resistance?
 - Students complete a Force Field analysis for the proposed change they have been working on. Identify driving and restraining forces before deciding whether the change is likely to succeed. Which force is more powerful?
 - Role-play: one group of students acts as management proposing a significant change. Another group represents the employees. Students negotiate solutions using different methods of overcoming resistance.
- **Risk and uncertainty**
 - Starter: give students short business scenarios and classify the risks as financial, strategic, operational, compliance, reputational or cybersecurity. In groups, students rank the risks by impact and likelihood. Consider:
 - Which risks could be foreseen?
 - Which are the most uncertain?
 - Which could be the biggest risk to the survival of the business?
 - Case study: students use the case study recommend how the business should alter its structure to better cope with uncertainty. Students should consider agile structures, decentralised decision making and strong financial reserves.
 - Class debate: Should all businesses embrace risk?