A-LEVEL BUSINESS • EXERCISE SHEET

6.2 Business strategy

Name: ______________ Class: __________ Date: ____________ **Total: 29 marks**

Objective

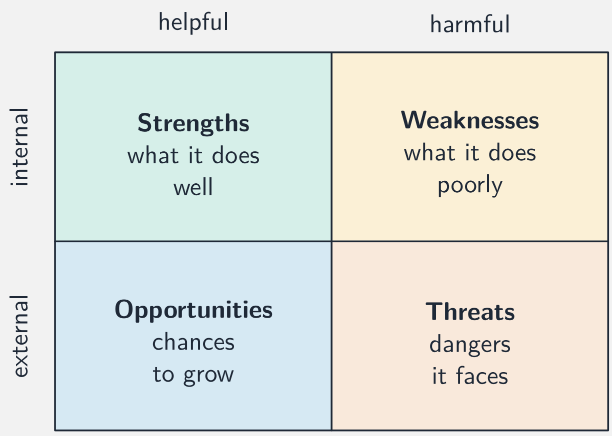
Build the skills to answer exam questions on **business strategy** 企业战略—what strategy and **strategic management** 战略管理 mean, **competitive advantage** 竞争优势, and the planning tool **SWOT analysis** SWOT 分析.

You must be able to:

- explain what a strategy is and how it builds competitive advantage
- carry out and read a **SWOT analysis**
- analyse and evaluate the usefulness of strategic planning tools

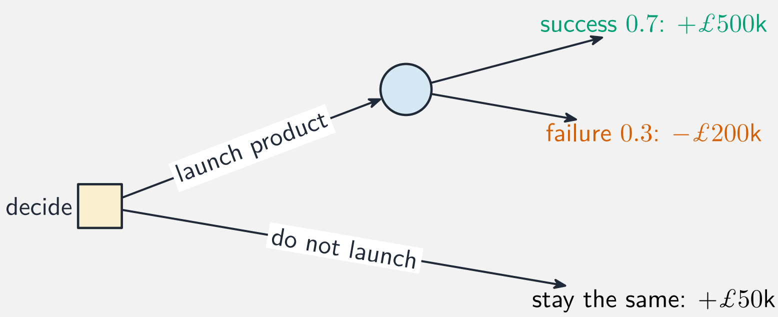
1 Worked examples

■ Strategy and SWOT



Use strengths to take opportunities; fix weaknesses and guard against threats

- **Strategy:** a long-term plan to reach the firm's main objectives.
- **Competitive advantage:** a reason customers choose you over rivals —lower cost or a better product.
- **SWOT:** **S**trengths and **W**eaknesses (internal) + **O**pportunities and **T**hreats (external).
- Other planning tools weigh choices by their likely outcomes —e.g. a **decision tree**.



A decision tree: another planning tool that values each option by its expected outcome

Answer shapes: AO1 + AO2 + AO3 (reasoning chain) + AO4 (a supported judgement *in context*).

2 Practice

2.1 Define the term *strategy*. [2]

2.2 State what the letters of **SWOT** stand for. [2]

2.3 State the difference between a *strength* and an *opportunity* in a SWOT analysis. [2]

3 Exam-style questions

3.1 Explain one benefit to a business of carrying out a SWOT analysis. [3]

3.2 Analyse two ways a business could build a **competitive advantage** over its rivals. [8]

3.3 Evaluate the usefulness of SWOT analysis to a business planning its future strategy. [12]

4 Go further

You are now ready for the real exam questions on this subtopic. Open the **6.2 Business strategy** past-paper sheet in the Library, or try this related Paper 3 case-study question in **Practice mode**:

- 9609/31 J25 —Q1 (environmental audit —a strategic-analysis tool)

Solutions

Business answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

2.1 a long-term plan of action designed to reach the firm's main objectives (2 for a clear definition; 1 for a partial idea).

2.2 Strengths, Weaknesses, Opportunities, Threats (2 for all four; 1 for a partial list).

2.3 a strength is an **internal** factor the firm does well; an opportunity is an **external** chance to grow (2 for a clear difference; 1 for a partial idea).

3.1 *[3]* **AO1** 1 —name a benefit (shows the firm's position; guides strategy; spots threats early). **AO2** up to 2 —develop it, e.g. SWOT highlights a strength the firm can use to take a market opportunity → a clearer, better-targeted strategy (2 developed / 1 limited).

3.2 *[8]* For **each** of two ways: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *lower cost*: invest in efficient machinery → lower cost per unit → can undercut rivals' prices and win share. *Differentiation*: a better-quality or unique product → customers prefer it → loyalty and a higher price. Maximum 4 per way, 8 total.

3.3 *[12]* **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. **Useful:** simple, gives a clear overview of internal and external position, supports strategy and spots threats. **Limited:** it is only a snapshot, can be subjective, lists factors without ranking them, and does not make decisions. Judgement: SWOT is a helpful starting tool but must be combined with deeper analysis and good judgement —its value depends on the quality and honesty of the information used.