Solutions

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

Each answer shows the steps, then the **result**.

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