# 6.2 Toolkit: quantitative tools and Paper 3 planning

Name: _____ Class: _____ Date: _____ **Total: 30 marks**

**KEY WORDS** decision tree • expected value • critical path • total float • Gantt chart • social enterprise

## Objective

Build the skills to use the **quantitative tools** of the toolkit (decision trees, **critical path analysis** , Gantt charts, simple linear regression) and to plan a Paper 3 answer for a **social enterprise** .

**You must be able to:**

- construct a decision tree and calculate expected values
- construct a network, find the critical path and calculate float; read a Gantt chart
- interpret simple linear regression: the line of best fit, correlation and its limits
- plan and write a Paper 3 answer: human need, problem, options, tools, stakeholders and a costed plan

## 1 Key knowledge and worked examples

### ■ Quantitative tools

**Decision tree:** a square is a decision; a circle is a chance node with probabilities that add to 1. **Expected value** = $\sum$(probability × outcome). Net gain = expected value − cost. Choose the option with the highest net gain, but remember that probabilities and outcomes are estimates.

**Critical path analysis (CPA):** shows the order and length of the activities in a project. The **critical path** is the longest path through the network: any delay to an activity on it delays the whole project. **Earliest start time (EST)** and **latest finish time (LFT)** are written in each node. **Total float** = LFT − duration − EST: how long an activity can be delayed without delaying the project (zero on the critical path).

**Gantt chart:** a bar for each activity against time; easy to read and to track progress, but it does not show dependencies as clearly as a network.

**Simple linear regression:** a line of best fit through data (e.g. advertising spend



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against sales) used to predict one variable from another. A strong correlation does not prove cause, and predictions outside the data range are unreliable.

### ■ Paper 3: planning for a social enterprise

Paper 3 gives resources about a **social enterprise** (for-profit or non-profit) and asks you to identify a **human need**, a **problem** the enterprise faces, and to recommend a **plan of action**.

1. state the **human need** it serves and the main **problem** (e.g. falling funding);
2. use **data** from every resource; use **two or more tools** (SWOT, STEEPLE, force field, decision tree, Gantt);
3. compare **options**, with costs and risks;
4. consider **stakeholders** and ethics;
5. give a clear, **realistic plan**: who does what, when, at what cost, and how it is funded;
6. finish with a **justified conclusion**.

**Answer shapes:** draw the tree or network neatly → show every calculation → state the decision → note the limits of the tool.

## 2 Practice

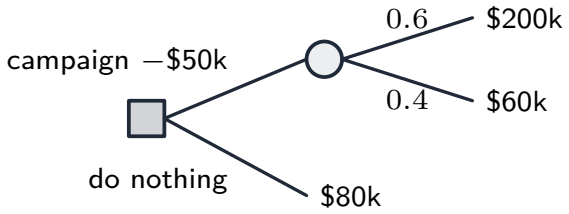
**2.1** In a decision tree, distinguish between a decision node and a chance node. [2]



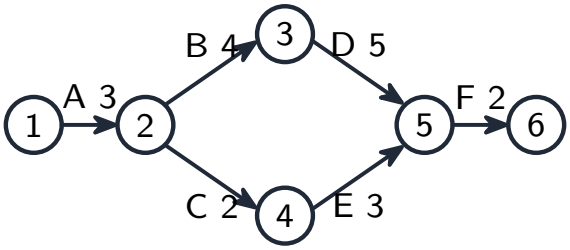



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**2.2** A firm can launch a campaign costing \$50,000: with probability 0.6 it brings revenue of \$200,000, and with probability 0.4 revenue of \$60,000. Or it can do nothing and earn \$80,000. Calculate the net expected value of the campaign and state the better option. [4]




**2.3** Using the network, identify the critical path and the minimum project duration. [4]




**2.4** Calculate the total float of activity E, and explain what it means. [3]






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## 3 Exam-style questions

**3.1 Bright Futures** is a non-profit social enterprise in a large city. It runs free after-school coding classes for 200 teenagers from low-income families each year. Its resources are summarized below. Government grants will fall, and the board must decide how to keep the classes running.

| item | now | next year |
|---|---|---|
| government grants | $120 000 | $80 000 |
| donations | $15 000 | $15 000 |
| staff costs | $90 000 | $90 000 |
| rent and laptops | $30 000 | $30 000 |
| students per year | 200 | 200 |
| volunteer mentors | 25 | 30 |
| classrooms used in evenings | 2 of 6 | 2 of 6 |

Using all the information and your knowledge of business management, recommend a plan of action to ensure the sustainability of Bright Futures for the next three years. [17]



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