The HL toolkit and social-enterprise action planning

IB DP Business Management HL toolkit and Paper 3 full package

The HL toolkit and social-enterprise action planning

- analyse a business's position with SWOT, STEEPLE and **force field analysis**;
- choose a direction with the **Ansoff matrix**, **Porter's generic strategies** and Hofstede's cultural dimensions, and know what a business plan contains;
- use descriptive statistics, decision trees, Gantt charts, critical path analysis and simple linear regression;

The HL toolkit and social-enterprise action planning (2)

- explain circular business models;
- write a **plan of action** for a social enterprise in the way HL Paper 3 rewards.

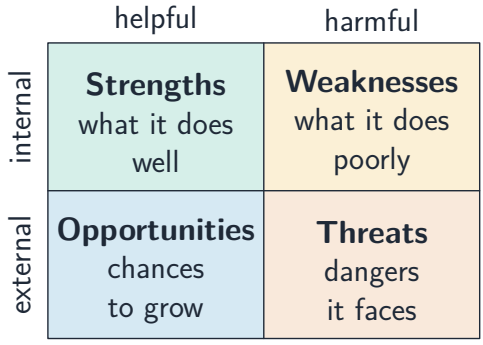
Analysing the position: SWOT, STEEPLE and force field analysis

- **SWOT analysis** SWOT sorts the factors behind a decision. **Strengths** and **weaknesses** are internal: they are about the business now. **Opportunities** and **threats** are external: they come from outside the business.
- A SWOT is most useful when you pair the boxes: use a strength to take an opportunity, and fix a weakness before a threat exploits it.

Analysing the position: SWOT, STEEPLE and force field analysis (2)

- **Worked example: a SWOT for the CIC.**
- The pairing gives the plan: use the spare weekday capacity for concession repairs (strength with opportunity), and hire someone who has written grant bids before (fixing a weakness).

Figure: Analysing the position: SWOT, STEEPLE and force field analysis



- SWOT: internal strengths and weaknesses, external opportunities and threats.
- Match each part of the diagram to the text.

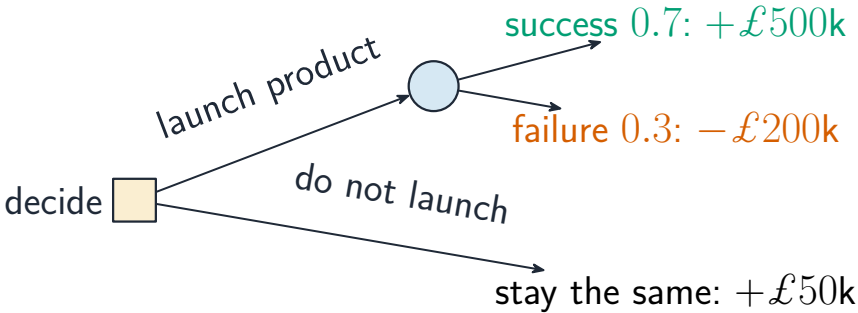
Choosing a direction: Ansoff, generic strategies and culture

- **market penetration**: sell more of the existing product to the existing market, for example with a loyalty card;
- **product development**: a new product for the existing market, for example servicing for electric cars;
- **market development**: the existing product in a new market, for example a workshop in the next city;
- **diversification**: a new product in a new market, the riskiest choice; the CIC is close to this, because it serves new customers in a new way.

Quantitative tools: statistics, decision trees and critical path

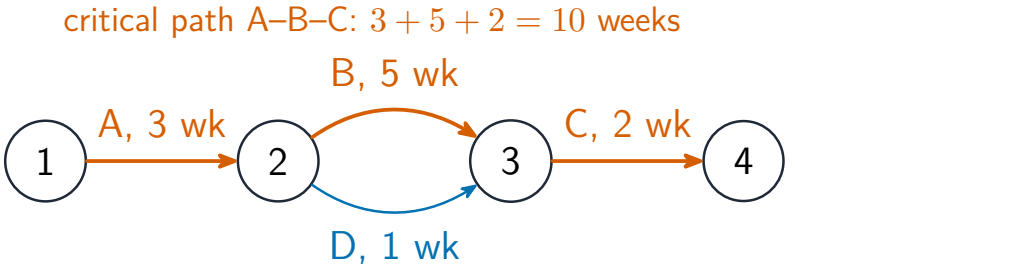
- **Descriptive statistics** summarise data.
- The CIC's pilot workshop records its daily repairs over eight days: 16, 18, 20, 22, 24, 24, 26, 30.
- 1.
- The **mean** is $184 \div 8 = 23$; the **median** is $(22 + 24) \div 2 = 23$; the **mode** is 24. 2.

Figure: Quantitative tools: statistics, decision trees and critical path



- Work from right to left: the **expected value** at each circle, minus the cost of that branch.
- Match each part of the diagram to the text.

Figure: Quantitative tools: statistics, decision trees and critical path ·



- The longer route sets the opening date; the shorter one has **float**.
- Match each part of the diagram to the text.

Paper 3: planning for a social enterprise (HL)

- *Human need.* Jobseekers in the city who need a car to reach work or interviews but cannot afford repairs.
- *Action.* Concession repairs on weekdays at a price of 18, for customers referred by the job centre, starting with the one-district pilot (option B above).
- *Finance.* Parts and direct labour cost 15 a repair, so each concession repair still earns a contribution of $18 - 15 = 3$. The workshops can do 2,500 repairs a month and do 2,000 at full price, so up to 500 concession repairs fit into spare capacity without new fixed costs. Full-price work already earns $2{,}000 \times 10 - 12{,}500 = 7{,}500$ profit a month, with a margin of safety of $750 \div 2{,}000 = 37.5\%$, so the business can carry the pilot.

Paper 3: planning for a social enterprise (HL) (2)

- *Marketing.* Referrals from the job centre rather than advertising, so that the low price does not pull full-price customers away.
- *Operations.* Concession slots only from Monday to Thursday, so Saturday work is not affected.
- *Human resources.* Two apprentices trained on concession work, supervised by one senior mechanic.

Paper 3: planning for a social enterprise (HL) (3)

- *Stakeholders and risks.* Jobseekers and the city gain; full-price customers may ask for the low price (contingency: eligibility checked by the job centre); staff may feel overloaded (contingency: a cap of 300 concession repairs a month at first).
- *Judgement.* The pilot meets a real need at almost no financial risk, because it uses spare capacity and still covers its variable costs; if referrals are strong and costs stay covered after six months, extend it city-wide.

Sources for this lesson

- International Baccalaureate, *Business Management guide* (first assessment 2024), the business management toolkit.
- M. Yunus, *Banker to the Poor* (1999); Norwegian Nobel Committee, Nobel Peace Prize 2006 announcement.
- M. E. Porter, *Competitive Strategy* (1980); G. Hofstede, *Culture's Consequences* (2nd edition, 2001).

Sources for this lesson (2)

- K. Lewin, *Field Theory in Social Science* (1951).
- Ellen MacArthur Foundation, *Towards the Circular Economy* (2013).
- UK Office of the Regulator of Community Interest Companies, guidance on CICs.

Common errors

- Writing a SWOT as four lists and stopping; the marks come from pairing the boxes and drawing a decision from them.
- Putting external factors in strengths or weaknesses; "a growing market" is an opportunity, not a strength.
- Inventing STEEPLE factors that are not in the case.

Common errors (2)

- Choosing the option with the higher **expected value** without asking about the risk, the worst outcome and how reliable the probabilities are.
- Adding up every activity to find a project's length; only the longest route through the network (the **critical path**) sets it.
- In Paper 3, writing a general essay about social enterprises instead of a costed plan for this one, led by its human need.
- Forgetting that a social enterprise must cover its costs; a plan that loses money cannot keep meeting the need.

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Key terms

- **SWOT analysis**: a summary of a business's internal strengths and weaknesses and its external opportunities and threats.
- **Force field analysis**: a tool that weighs the driving forces for a change against the restraining forces.
- **Expected value**: the average result of a decision if it could be repeated many times: each outcome times its probability, added up.

Key terms (2)

- **Critical path**: the longest route through a project network; it sets the shortest time in which the project can be finished.
- **Float**: the time an activity off the **critical path** can be delayed without delaying the whole project.
- **Social enterprise**: a business that trades to meet a human need and puts its surplus back into that aim.
- **Plan of action**: a costed, step-by-step recommendation for what a business should do next.

Check yourself

- 1.
- Is "a recession raises the number of jobseekers" a strength, a weakness, an opportunity or a threat for the CIC?
- Explain. 2.
- Daily repairs are 16, 18, 20, 22, 24, 24, 26 and 30.