BUS.AL9 Corporate Objectives, Mission and Ansoff's Matrix

AQA 7132 · Calculators not allowed · about 90 minutes

Total Marks

Name: ______________________________ Date: ____ / ____ / ______

Answer ALL questions in the spaces provided. Give full sentences for questions worth 3 marks or more. Show any working. The fictional business GroveTech is used in the Ansoff questions.

1 Define a 'mission statement' as it is used at corporate level in a business.

(Total for Question 1 is 1 mark)

2 Identify two components commonly found in a corporate mission statement.

(Total for Question 2 is 2 marks)

3 State briefly how corporate objectives differ from functional objectives within a large business.

(Total for Question 3 is 2 marks)

4 Explain one reason why a business might publish a mission statement, referring to stakeholder perceptions.

(Total for Question 4 is 3 marks)

5 State two characteristics that make an effective corporate objective at strategic level.

(Total for Question 5 is 2 marks)

6 Explain one reason why corporate objectives at board level might conflict with functional objectives in a business.

(Total for Question 6 is 3 marks)

7 Which one of the following actions is an example of a corporate objective rather than a functional objective?

- ☐ A) Increase website conversion rate by 5% this quarter
- ☐ B) Reduce overall company overheads by 10% this year
- ☐ C) Hire two new social media specialists for the marketing team
- ☐ D) Improve customer service response time in the support team

(Total for Question 7 is 1 mark)

8 State two examples of corporate objectives a large multinational might set at board level (not functional targets).

(Total for Question 8 is 2 marks)

---

9 Explain one advantage to senior managers of using Ansoff's Matrix when choosing a corporate growth strategy.

(Total for Question 9 is 3 marks)

---

10 Define Ansoff's Matrix and name its four quadrants used to classify growth strategies.

(Total for Question 10 is 2 marks)

---

11 GroveTech is a UK-based small technology firm that makes smart home hubs. It currently sells its single hub model to independent retailers in the UK. Management believes there is potential to grow. Using the GroveTech context given here, analyse an appropriate strategy from Ansoff's Matrix for GroveTech to pursue if the board wants relatively low risk short-term revenue growth. Refer to the case facts in your answer.

(Total for Question 11 is 8 marks)

---

12 GroveTech's board is also considering selling the existing hub into European markets via online retailers. Using GroveTech's context, analyse the suitability and risks of using market development as GroveTech's growth strategy. Refer to the case facts in your answer.

(Total for Question 12 is 8 marks)

---

13 State which quadrant of Ansoff's Matrix is generally considered the highest risk for a business and give one brief reason why.

(Total for Question 13 is 2 marks)

---

14 Explain one reason why product development is generally considered riskier than market penetration in Ansoff's Matrix.

(Total for Question 14 is 3 marks)

---

15 GroveTech's board proposes the corporate objective 'Achieve 30% growth in group revenue within two years' as the company's main strategic aim. Evaluate whether this corporate objective is appropriate for GroveTech, given the firm's current position selling a single hub model to UK independent retailers. In your answer assess benefits, limitations, and risks, make use of Ansoff's Matrix where relevant, and reach a supported judgement.

(Total for Question 15 is 16 marks)

Mark scheme · BUS.AL9 Corporate Objectives, Mission and Ansoff's Matrix

Question 1

- **B1** a short statement of the business's overall purpose and core values, cao
- **Answer: A short statement of the business's overall purpose and core values.**

Question 2

- **B1** a defined purpose or reason for existing
- **B1** a statement of values or intended contribution to stakeholders
- **Answer: Any two, e.g. purpose/vision and core values or stakeholder commitment.**

Question 3

- **B1** corporate objectives are overall goals for the whole business
- **B1** functional objectives are specific to a department, e.g. marketing or HR
- **Answer: Corporate objectives set overall goals for the whole business, while functional objectives are department level targets such as those for marketing or operations.**

Question 4

- **B1** identifies a reason, e.g. to communicate the firm's purpose to stakeholders
- **B1** develops the point, e.g. stakeholders can understand what the business stands for and expects
- **B1** links to an outcome, e.g. this can improve trust, attract customers or motivate employees
- **Answer: To communicate the firm's purpose to stakeholders, so they understand what the business stands for and what it aims to achieve, which can improve trust, attract customers and motivate employees.**

Question 5

- **B1** clear and measurable
- **B1** time-bound or linked to a deadline
- **Answer: Any two, e.g. clear and measurable; time-bound or linked to a deadline; aligned with mission.**

Question 6

- **B1** identifies a cause of conflict, e.g. cost-cutting corporate objective versus marketing's objective to increase promotion spend
- **B1** develops the point, e.g. departments require resources to meet their own targets
- **B1** links to outcome, e.g. this can lead to interdepartmental tension and require senior-level trade offs
- **Answer: For example, a corporate objective to reduce costs may conflict with marketing's objective to increase promotion spend because departments need resources to meet their own targets, causing interdepartmental tension and requiring senior-level trade offs.**

Question 7

- **B1** B cao
- **Answer: B**

Question 8

- **B1** examples such as increasing annual revenue by a percentage or achieving market growth in a region
- **B1** examples such as improving corporate social responsibility performance or achieving a target return on investment for shareholders
- **Answer: Any two, e.g. increase annual revenue by X% or expand into a new region; improve CSR performance or achieve a target ROI for shareholders.**

Question 9

- **B1** identifies an advantage, e.g. provides a clear framework to compare growth options
- **B1** develops the point, e.g. links types of growth to levels of risk and resource change
- **B1** links to outcome, e.g. helps managers choose a strategy consistent with risk appetite and resources
- **Answer: It provides a clear framework to compare growth options by linking each route to different levels of risk and resource change, helping managers choose a strategy consistent with the firm's risk appetite and available resources.**

Question 10

- **B1** definition: a grid showing options for growth based on existing or new products and markets
- **B1** names four quadrants: market penetration, market development, product development, diversification
- **Answer: A grid that shows growth options based on whether products and markets are existing or new. The four quadrants are market penetration, market development, product development and diversification.**

Question 11

- **Level 1** (1-2): Identifies or states a basic Ansoff option for GroveTech with little or no application to the case and limited reasoning.
- **Level 2** (3-5): Applies an appropriate Ansoff option to GroveTech and gives developed reasons why it is relatively low risk, with some use of case facts.
- **Level 3** (6-8): Provides a well developed analysis applying the chosen Ansoff option to GroveTech, integrates case facts, explains why it is lower risk compared with alternatives and considers likely outcomes for revenue in the short term.
- **Indicative content:**
  - Market penetration is likely the most appropriate for relatively low risk short-term revenue growth as it focuses on selling more of the existing hub to existing UK retailers.
  - Application to GroveTech: it already sells to independent retailers in the UK so tactics could include increasing promotional activity, volume discounts for retailers, improved shelf presence, or limited-time deals to increase sales through current channels.
  - Reason why lower risk: no need for new product development or entry into unfamiliar markets, so less upfront investment and quicker revenue response.
  - Consideration of limits: market penetration relies on demand elasticity and retailer willingness to stock more, so growth may be constrained by market saturation; however in short term promotional pushes can boost sales.
  - Conclude with likely short-term outcome: a well executed market penetration strategy could raise monthly orders and revenue relatively quickly compared with product development or diversification.

Question 12

- **Level 1** (1-2): Identifies market development as an option with little application to GroveTech and limited reasoning about risks or suitability.
- **Level 2** (3-5): Applies market development to GroveTech, outlines benefits and risks with some development and use of case facts.
- **Level 3** (6-8): Provides a clear and developed analysis of market development for GroveTech, shows how it could increase revenue, assesses costs and risks such as regulation, distribution and cultural differences, and judges overall suitability.
- **Indicative content:**
  - Market development means selling existing products into new geographic markets; GroveTech would use online retailers to reach European customers.
  - Application to GroveTech: uses existing product so lower production risk, potential for higher sales volume by opening new markets, use of online channels reduces need for physical retail presence.
  - Risks and costs: entering Europe involves regulatory compliance, possible language and support costs, additional shipping costs and returns handling, and potential competition from established European smart hub brands.
  - Suitability: moderate risk compared with diversification, possibly higher than market penetration because it requires adapting to new markets; could offer significant revenue uplift if GroveTech can manage logistics and compliance.

Question 13

- **B1** diversification identified as highest risk
- **B1** reason such as both product and market are new, increasing uncertainty and investment requirement
- **Answer: Diversification: because both the product and the market are new, creating high uncertainty and requiring**

Question 14

- **B1** identifies a reason, e.g. product development requires creating or modifying products
- **B1** develops the point, e.g. development involves R and D, design and testing costs
- **B1** links to outcome, e.g. this increases uncertainty about customer acceptance and raises investment and time before revenue is earned
- **Answer: Product development requires creating or modifying products which involves R and D, design and testing costs; this increases uncertainty about customer acceptance and raises investment and time before revenue is earned, making it riskier than market penetration.**

Question 15

- **Level 1** (1-4): Demonstrates limited knowledge of corporate objectives or Ansoff's Matrix, with little application to GroveTech and no clear judgement.
- **Level 2** (5-8): Shows some knowledge and applies relevant ideas to GroveTech, outlines benefits and risks of the 30% revenue objective but with limited analysis and an unbalanced judgement.
- **Level 3** (9-12): Developed application and analysis: evaluates the benefits and drawbacks of the objective for GroveTech, links to Ansoff options and resource implications, and provides a reasoned conclusion that weighs pros and cons.
- **Level 4** (13-16): Thorough analysis and evaluation, integrates detailed knowledge of corporate objectives and Ansoff strategies, assesses likelihood and risks, considers implementation constraints and stakeholder impact, and reaches a well supported, balanced judgement.
- **Indicative content:**
  - Benefits of the objective: clear target can focus management and staff, measurable 30% gives a concrete performance benchmark, can drive strategic choices such as market penetration or market development to achieve growth.
  - Apply to GroveTech: with a single product and a UK independent retailer channel, 30% growth may be achievable via intensive market penetration tactics such as stronger promotions, retailer incentives and improved distribution, but scope may be limited by market size and channel capacity.
  - Consider Ansoff options: market penetration is lowest risk and may provide some short-term uplift but may not be sufficient for 30%; market development into Europe via online channels could provide larger revenue increases but brings regulatory and logistical risks; product development or diversification would be higher risk and require more time and investment.
  - Resource and capability considerations: GroveTech may lack marketing, distribution and regulatory expertise for rapid international expansion or new product launches, implying additional investment and time is needed which could make the two year timescale unrealistic.
  - Stakeholder and risk issues: aggressive growth targets can strain cash flow, production capacity and after-sales support, risking reputation if service quality falls; shareholders may welcome rapid growth but employees may be stretched.
  - Conclusion approaches: a balanced judgement might argue the objective is ambitious but potentially appropriate if the board pairs it with a realistic combination of market penetration and selective market development, sufficient resource commitment and contingency planning; alternatively the objective is inappropriate if the firm lacks resources, experience in new markets or the two year timescale is too tight, suggesting a phased target would be better.