

# Instructional Scenario

## Analyzing and Managing Critical Success Factors



*Pivoting to respond to disruption in the external environment*

Course: IB Business Management

**Scenario:** A global disruption (e.g., COVID-19) has occurred throughout the business world. To maintain continuity, businesses must respond quickly, adapt, and be flexible amid uncertainty in the market.

Consider the following:

- Human resource implications (e.g., hiring, onboarding, internships, teleworking)
- Financial planning (e.g., loss of revenue, sources of finance, infrastructure implications)
- Marketing (e.g., new/revised promotions, repositioning strategies, changes to distribution channels and e-commerce, compliance costs, three Ps of service [HL only])
- Production (e.g., changing production methods for new or altered products, stock control [HL only], contingency planning and crisis management [HL only])

Choose one of the following types of business and propose solutions and strategies to manage a prolonged disruption such as COVID-19:

- Sole trader
- Public limited company (and which country's laws govern)
- Nonprofit social enterprise

*Teachers may opt to provide students with examples of businesses for this section.*

Research an example of an organization within the chosen business type and address the questions below.

**Big Question:** How can business effectively adapt during a major disruption?

**Focused Questions:**

- How has the business addressed human resources in response to the disruption or change?
- How has the business addressed finance in response to the disruption or change?
- How has the business addressed marketing in response to the disruption or change?
- How has the business addressed production in response to the disruption or change?

**Project-Based Assessment:** Evaluate possible solutions and strategies, applying business concepts, tools, techniques, and theories.

Create a presentation outlining your recommendation(s).

*Instructional scenario created by the IB Business Management curriculum review team, 2020.*

# Instructional Scenario

## Analyzing Financials

*An in-depth look at real-world business finances*



Course: IB Business Management

**Scenario:** You've been asked to analyze a business's financial ratios with the goal of analyzing the company's overall financial standing.

After teaching (SL) Profitability & Liquidity Ratios or (HL) Efficiency Ratios, break the students into groups and assign each student group a public limited company. Each group should do the following:

1. Find financial information on the assigned company.
2. Calculate the five ratios learned in class (SL and HL) and the four additional ratios learned (HL only).
3. Calculate each ratio for at least two consecutive years for better analysis.

**Big Question:** What can be learned by analyzing business financials?

**Focused Questions:**

- What are the ratios learned in class? Why are these important?
- Why is it important to look at ratios over at least two consecutive years?

Teachers may opt to provide students with examples of public limited companies, such as

- Amazon
- Apple
- Disney
- Google
- Target
- Tesla
- Walmart.

*Teachers may first use a different company to walk students through how to find financial statements on a company's website and to discuss vocabulary.*

**Project-Based Assessment:**

Create a slideshow that includes the following:

1. Title slide with group members' names, company name, link to financial information accessed
2. Ratios calculated for two consecutive years (showing the work)
3. Explanation and analysis of the meaning of each ratio

*Instructional scenario submitted by Rebekah Glasbrenner, Robinson Secondary School, Fairfax County Public Schools, 2020.*

# Instructional Scenario

## Entrepreneurship Infusion

*Beyond the profit*



Course: IB Business Management

**Scenario:** You have decided to open your own business but now realize that making a profit requires a deep understanding of the revenue and expenses needed to build, grow, and expand any business. Decide which type of business venture you will pursue, and calculate the cost of all items needed to start your business. Include lease or purchase cost of a building or office space, if applicable.

Choose one of the following types of businesses to pursue and add at least one paragraph about why you chose that type of startup business:

- Sole proprietor
- Limited liability company
- Corporation

**Big Question:** What are the pros and cons of entrepreneurship?

**Focused Questions:**

- How is the startup cost of a business calculated?
- How should one research business types and examples?

**Project-Based Assessment:**

Evaluate possible solutions and strategies using business concepts and theories. Create a presentation that showcases your newest business venture. Include at least the following items in your business plan and presentation:

- Name and location of company
- Business card
- Your logo, mission statement, company address, and contact info
- Product or service your company offers
- Items needed to start your company, along with cost information

**Resources:**

"Need a Business Idea? Here Are 55.," *Entrepreneur*, at <https://www.entrepreneur.com/article/201588>

*Instructional scenario submitted by Courtney Kimball, Petersburg High School, Petersburg City Public Schools, 2020.*

# Instructional Scenario

## Factors from the External Environment that Determine Business Strategy



*Exploring the external environment and its effects on management decisions*

Course: IB Business Management

**Scenario:** Your private consulting group has been contracted by IKEA to help establish plans to initially invest €600 million, followed by an additional €900 million, to create a wholly owned subsidiary in Ireland.

IKEA has long sought to break into Ireland's fast-growing retail market, but concerns about Ireland's stringent regulation of foreign retailers has kept it away. Recently, Ireland changed its investment rules for foreign retailers, allowing single-brand companies like IKEA to open wholly owned subsidiaries, rather than just own 51 percent of joint ventures.

The government failed to push through a more controversial measure that would allow supermarkets like Wal-Mart to open stores there. IKEA has expressed reservations about the requirement that foreign companies source at least 30 percent of their products from small Irish industries and artisans, a move by the government intended to stimulate local production.

Other issues that have concerned IKEA have been difficulty getting planning permits for new stores, water issues, legal red tape, and the status of transport infrastructure on the island.

**Big Question:** How can a STEEPLE (social, technological, economic, environmental, political, legal, ethical) analysis help IKEA consider a potential expansion into Ireland?

**Focused Questions:**

- What **social** factors influence the decision?
- What **technological** factors influence the decision?
- What **economic** factors influence the decision?
- What **environmental** factors influence the decision?
- What **political** factors influence the decision?
- What **legal** factors influence the decision?
- What **ethical** factors influence the decision?

**Project-Based Assessment:**

Prepare a STEEPLE analysis for IKEA as they consider an expansion into Ireland. Be sure to explain how each of the STEEPLE components can represent either opportunities or threats for IKEA.

*Instructional scenario submitted by Pat Hogan, Gar-Field High School, Prince William County Schools, 2020.*

# Instructional Scenario

## Leadership, Ethics, and the Legal Environment



*Assuring that directors, officers, and employees further organizational goals*

Course: IB Business Management

**Scenario:** A financial institution seeks earning opportunities in a competitive and low interest-rate environment. The chairman arranges to sell the institution loan pools at discounts to their face values. When the loan pools mature, the institution earns substantial returns. However, the chairman does not disclose that he is purchasing the loans at an even higher discount and selling them to the institution for substantially more than he paid.

Choose one of the following types of business organizations:

- Sole owner (note that with financial institutions and other regulated business, a sole owner may not be shielded from certain fiduciary obligations and duties, depending on the organization charter [e.g., a national or state bank charter or state business formation requirements])
- Public limited company
- Private limited company

Address the following:

- Possible obligations (depending on the organizational form)
- How to recoup the gain the chairman earned or whether to consider recoupment at all
- Changes to assure that such earning opportunities are available to the organization in the future
- Expectations or duties that apply to employees, directors, and officers to avoid conflicts of interest and/or the requirement to report suspected violations to the board or outside regulators

**Big Question:** How might the events described in this scenario pose a conflict of interest?

**Focused Questions:**

- How does the institution address missed corporate opportunities?
- How does the institution ensure regulatory compliance and reduce legal risks?
- What policies does the institution need, if any, to ensure positive outcomes?

**IB areas to consider:**

- Human resource implications (e.g., internal ethics policies)
- Financial planning (e.g., loss of revenue, sources of capital, disclosures to shareholders and regulators)
- Organizational and corporate culture (e.g., reports needed for submission to the board, expectations for managers and insiders with respect to their duty and obligation to the institution)

**Project-Based Assessment:**

Student teams will draft a written analysis and recommendation to the board about the questions raised and actions recommended. Presentations should be made to the board. The teacher and other students may play the roles of board members, federal and state regulators, and shareholders.

**Resources:**

For IB resources, students can be directed to book sections on Organizational Structure, Functions of HR, Leadership and Management, Organization Culture, Financial Accounts – their purpose and CUEGIS.

Additional resources may include business and legal journals and articles on corporate fiduciary duty, business ethics, corporate opportunities, and state and federal laws regarding corporate fiduciary duty.

*Instructional scenario submitted by Timothy Pemberton, Lewis High School, Fairfax County Public Schools, 2020.*

# Instructional Scenario

## Marketing for Services

*Planning for the extended marketing mix*



Course: IB Business Management

**Scenario:** As the marketing manager for a company in the service industry, it is important to recognize the difference between marketing for services as opposed to marketing for goods. In this role, a new service has been introduced to the market for which the extended marketing mix (three Ps of service) must be developed to appeal to the target market.

Using secondary market research, identify a service that is new to the market. Current trends can be found on sites such as the following:

- Mintel ([www.mintel.com](http://www.mintel.com))
- National Retail Federation ([www.nrf.com](http://www.nrf.com))

Choose a service and identify the target market based on the secondary research. Include information such as the following:

- Market segmentation
  - Demographic data
  - Geographic data
  - Psychographic data
- Size of the market
- Competitors offering a similar service

Develop a marketing mix detailing the three Ps of service:

- People
- Processes
- Physical environment

**Big Question:** How can we use the marketing mix to reach our target market?

**Focused Questions:**

- How can market research inform our decisions?
- How is marketing for services different from marketing for products?
- Who is the target market?
- How can we ensure our marketing plans are effective?

**Project-Based Assessment:** Create a presentation to share your research and the marketing mix developed to reach your target market.

*Teachers may opt to have students create primary research in the form of surveys or interviews to determine the efficacy of the marketing plans developed.*

*Instructional scenario submitted by Susan Brownsword, South Lakes High School, Fairfax County Public Schools, 2020.*