

Using ALARM in Business Studies

In Business Studies, ALARM can be used to write your business report for Section III and extended response for Section IV of the HSC Examination. A discriminating feature of a strong response is to ***applies theory to business situations and draw out implications***. In addition, a sustained extended response in Business Studies also requires actual or hypothetical business case studies, logically explained arguments and clear judgements if required by the key term. The ALARM matrix below enables you to do this.

Identify	Description	Explanation	Relate Other Implications / Perspectives	Evaluation
Write a TOPIC SENTENCE, which includes the <u>cause</u> , <u>effect/s</u> and <u>judgement</u> (if required)	Describe the business situation – <i>who, what, where, when, why?</i>	Explain <i>how/why</i> the cause leads to the effect.	Explain <u>other</u> effect/s (e.g. positive / negative, short run / long run, other implications)	Write a LINKING SENTENCE, providing an overall <u>judgement</u> with a link back to the question.
	Business Report – use the sentence stems to describe information from the stimulus. Extended Response – describe an actual OR hypothetical case study.	- Relate <u>cause</u> and <u>effect</u> by: • applying business theory to produce a logical explanation – i.e. provide a sequential <i>step-by-step</i> process. • using active verbs to draw out implications • using language for an explanation - Include any evidence of impact (data/statistics), if appropriate.		
		<i>...results in...</i> <i>...leads to...</i> <i>...because...</i> <i>...due to...</i> <i>...as / so ...</i> <i>...since...</i>	<i>Also...</i> <i>Additionally...</i> <i>Furthermore...</i> <i>However...</i> <i>On the other hand,...</i> <i>Nevertheless...</i>	<i>Effective / Effective to a <u>large</u> extent</i> <i>Moderately effective / Effective to <u>some</u> extent</i> <i>Ineffective / Effective to a <u>limited</u> extent</i>

Active Verbs to Show Effect / Impacts / Implications

Active verbs can be used to show the effect, impact or implication of an issue, influence, strategy or process – i.e. the cause/concept described in your paragraphs. The active verbs can be used to develop a cause-and-effect sequence. Relevant active verbs in Business Studies include:

Active Verbs to Show Impact – Explanation Writing			
achieves	enforces	lessens	prevents
addresses	establishes	limits	promotes
assists	expands	lowers	reduces
contributes	exposes	maintains	represents
compels	facilitates	mandates	resolves
creates	generates	maximises	restricts
decreases	hedges	minimises	segments
develops	incentivises	motivates	strengthens
diminishes	imposes	offsets	sustains
disincentivises	improves	permits	transitions
diverts	increases	positions	weakens
encourages	influences	protects	worsens
Previous / Historical Impacts – i.e. CAN be supported with evidence of impact Add the suffix <u>-ed</u> to the active verb, for example, increased, decreased, improved, prevented. The working capital management strategy of sale-and-lease back <u>increased</u> the business' current ratio and <u>improved</u> its liquidity.			
Current Impacts – i.e. MAY be supported with evidence of impact SO FAR The active verb remains the same – no changes made. The increase in the National Minimum Wage under the Fair Work Act 2009 (Cwth) <u>compels</u> businesses to increase remuneration paid to workers, however, <u>worsens</u> business expenses. Hedging using derivatives forward exchange contracts <u>reduces</u> the risk of an exchange rate depreciation and <u>maximises</u> business profitability.			
Future Impacts – i.e. CANNOT be supported with evidence of impact Add ONE of the following words below (each representing varying degrees of modality) and remove the 'S' from the end of the active verb. <u>This is often used to respond to a 'recommend' key directive.</u> • <u>will</u> – highly likely to happen, for example will divert... • <u>should</u> – likely to happen, for example, should achieve... • <u>could / may</u> – possibility of happening, for example, could / may stimulate... • <u>will not / won't</u> – unlikely to happen, for example, won't strengthen... The place/distribution strategy of exclusive distribution will <u>position</u> the product as high quality and should <u>achieve</u> a greater brand awareness for the business. The Operations process of high volume and low variety will <u>achieve</u> economies of scale for business and should <u>sustain</u> the competitive advantage of cost leadership. This should be used for issues, influences, strategies or processes <u>which have not yet had any impact.</u>			

BUSINESS REPORT WRITING – STRUCTURE AND SENTENCE STEMS / STARTERS

In Business Studies, the Section III section of the HSC Examination will require you to write a business report. You will write the business report from the point of view of a business consultant, who has been hired by a business to provide key findings, advice and recommendations. You will be provided with:

- a business situation, which will include various problems/issues a hypothetical business is facing.
- 2 – 3 questions you will need to respond to.

For each question, the ALARM scaffold can be used to answer the question. The following **sentence stems / starters** can be used to support your description, which will allow you to **effectively use the information provided**, as well as write your response **using features of a business report**.

By introducing relevant information from the business scenario, you are then able to answer the set question and explain the implications – i.e. address the discriminating feature of a Band 5 /6 response in Business Studies – ***applies theory to business situations and draw out implications***.

SENTENCE STEMS / STARTERS FOR A BUSINESS REPORT

Based on the information provided to our consultancy firm by [business name] we are aware that... *restate problem/issue and its features*

Issues identified by our consultancy firm, based on the information provided by [business name] are... *restate problem/issue and its features*

Due to *restate problem/issue* at [business name], as identified by our consultancy firm, one option available / options available are... *briefly describe option/s and its features*

In response to the issue of *restate problem/issue* at [business name], our consultancy firm recommends that... *briefly describe recommendation and its features*

WRITING AN EXECUTIVE SUMMARY

A business report must begin with an Executive Summary. Unlike an introduction, an Executive Summary is a summary of your main arguments, addressing the most important points for each question. An executive summary should include:

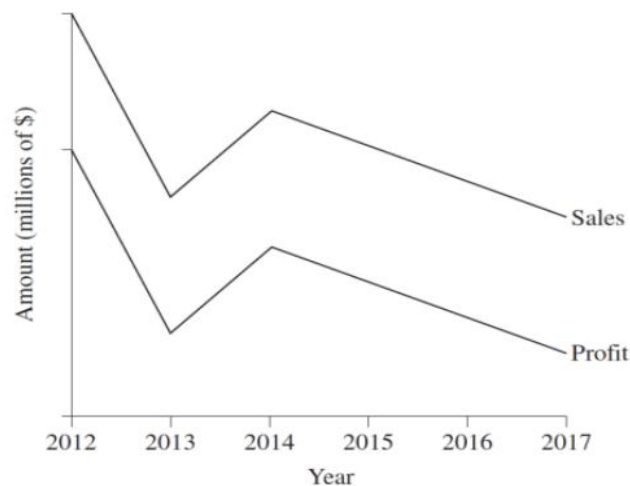
- A title 'Business Report for...'
- A heading 'Executive Summary'
- A brief overview of the business (1 sentence)
- The purpose of the report using the following sentence - *This business report will provide advice, key findings and recommendations that will improve the performance of [business name]*
- For each question, provide ONE sentence which answers the question – (i.e. you can restate your topic sentences for each question).

Question 25 (20 marks)

Sportyz Goodz Ltd is a retailer that has been operating for the past 20 years in Australia. The directors have provided the following information:

- In 2013 the business issued new shares on the Australian Securities Exchange and expanded its retail activities internationally.
- The business is facing increasing competition.
- The directors are concerned about the positioning of their product in the market.
- The directors want the business to operate for the benefit of shareholders in the long term.

Financial data for Sportyz Goodz are shown on the graph.



The directors have asked you to write a business report in which you:

- outline ONE strategic role of financial management
- recommend TWO strategies to improve financial performance
- explain the importance of monitoring and controlling the business's marketing strategy.

Question 25

Criteria	Marks
• Sketches in general terms one strategic role of financial management • Provides detailed reasons in favour of two appropriate strategies to improve financial performance • Provides detailed reasons showing why and/or how monitoring and controlling the business's marketing strategy is important • Makes effective use of the information provided, demonstrating extensive knowledge and understanding relevant to the question • Presents a sustained, logical and cohesive business report integrating relevant business terminology and concepts	17–20
• Sketches in general terms one strategic role of financial management • Provides reasons in favour of two strategies to improve financial performance • Provides reasons showing why and/or how monitoring and controlling the business's marketing strategy is important • Makes some use of the information provided, demonstrating some knowledge and understanding relevant to the question • Presents a logical and cohesive business report using relevant business terminology and concepts	13–16
• Sketches in general terms one strategic role of financial management • Provides characteristics and features of strategy/ies to improve financial performance • Provides characteristics and features of the importance of monitoring and controlling the business's marketing strategy • Includes features of a business report and uses some business terminology and concepts	9–12
• Identifies one strategic role of financial management • Sketches in general terms financial strategy/ies • Sketches in general terms the business's marketing strategy • May include some features of a business report and uses basic business terminology	5–8
• Refers to finance and/or marketing strategy/ies • Uses basic business terminology	1–4

Identify	Description	Explanation	Relate Other Implications / Perspectives	Evaluation
Write a TOPIC SENTENCE , which includes the <u>cause</u> , <u>effect/s</u> and <u>judgement</u> (if required)	Describe the business situation from the information provided – <i>who, what, where, when, why?</i>	Explain <i>how/why</i> the cause leads to the effect.	Explain <u>other</u> effect/s (e.g. positive / negative, short run / long run, other implications)	Write a LINKING SENTENCE , providing an overall <u>judgement</u> with a link back to the question.
	Use the sentence stems provided for a business report.	Relate <u>cause</u> and <u>effect</u> by: • applying business theory to produce a logical explanation – i.e. provide a sequential <i>step-by-step</i> process • use active verbs to draw out implications • using language for an explanation		
The strategi role of financial management for Sportyz Goodz Ltd is to achieve its financial objectives of growth and profitability.	<u>Based on the information provided to our consultancy firm by Sportyz Goodz Ltd, we are aware that</u> Sportyz Goodz Ltd intended to achieve the objective of growth by entering the international market to expand the business issuing shares to the public through initial public offering (IPO) in order to obtain more funds in 2013. Sportyz Goodz Ltd also wants to achieve profitability to provide sufficient dividends to meet the benefit of shareholders in the long term.			

The strategy of revenue control to achieve marketing objective will improve the profitability of Sportyz Goodz Ltd. <i>Note: The active verbs have been written in future tense, as the response requires you to draw out future implications.</i>	<u>In response to Sportyz Goodz Ltd's issue of declining in sales from 2014 to 2017 due to the increasing competition in the market as well as the difficulty of positioning their product in the market, our consultancy firm recommends that Sportyz Goodz Ltd uses competitive positioning</u> through operational excellence to reduce cost, to achieve the marketing objective of increasing market share.	Achieving operational excellence by using low quality inputs <u>will lower</u> the product price, which help Sportyz Goodz Ltd to position them in a low-quality, low-price market. This should <u>increase</u> their market share as Sportyz Goodz' distinct positioning of their product would <u>incentivise</u> more customers who have the needs for cheaper price to purchase their products, which would <u>increase</u> their sales revenue and <u>improve</u> profitability.	Also, the low-quality inputs <u>will reduce</u> Sportyz Goodz's cost of goods sold due to the cheaper materials cost, which <u>should improve</u> Sportyz Goodz's gross profit and overall profitability.	
The strategy of cost control will improve Sportyz Goodz Ltd's profitability. <i>Note: The active verbs have been written in future tense, as the response requires you to draw out future implications.</i>	<u>In response to the issue of increasing cost since 2013 when Sportyz Goodz become public, our consultancy firm recommends that Sportyz Goodz Ltd uses cost centre strategy.</u>	Considering the increasing cost spent on expansion since 2013 did not help Sportyz Goodz to improve their sales revenue, using cost centre <u>should reduce</u> their cost since it helps the business to identify which key business function should they prioritise to allocate funds to, therefore <u>maximising</u> the efficiency of funds allocation and <u>decrease</u> unnecessary cost, <u>improving</u> its profitability.	However, this <u>might restrict</u> the potential growth of Sportyz Goodz because cutting funds from key business functions, such as operations, <u>will limit</u> the quality of the product they provide and lose competitive advantage to their competitors, <u>hindering</u> sales and <u>decrease</u> profitability.	

Response Re-written in Paragraph Form

Business Report for Qantas

Executive Summary:

Sportyz Goodz Ltd is retail company operating in both domestic and international markets. This business report will provide advice, key findings and recommendations that will improve the performance of Sportyz Goodz. Sportyz Goodz has the strategic role of financial management to achieve profitability and growth. Also, the strategies of cost control and revenue control should assist Sportyz Goodz to improve

Strategic role of financial management

The **strategi role** of financial management for Sportyz Goodz Ltd is to achieve its **financial objectives** of growth and profitability. In response to Sportyz Goodz Ltd' s issue of declining in sales from 2014 to 2017 due to the increasing competition in the market as well as the difficulty of positioning their product in the market, our consultancy firm recommends that Sportyz Goodz Ltd uses **competitive positioning** through operational excellence to reduce cost, to achieve the marketing objective of increasing market share.

Strategy – Revenue Control

The **strategy of revenue control to achieve marketing objective** will improve the **profitability** of Sportyz Goodz Ltd. In response to Sportyz Goodz Ltd' s issue of declining in sales from 2014 to 2017 due to the increasing competition in the market as well as the difficulty of positioning their product in the market, our consultancy firm recommends that Sportyz Goodz Ltd uses **competitive positioning** through operational excellence to reduce cost, to achieve the marketing objective of increasing market share. Achieving operational excellence by using low quality inputs will **lower** the product price, which help Sportyz Goodz Ltd to position them in a low-quality, low-price market. This should **increase** their market share **as** Sportyz Goodz' distinct positioning of their product would **incentivise** more customers who have the needs for cheaper product to purchase their products, which would **increase** their sales revenue and **improve** profitability. **Also**, the low-quality inputs will **reduce** Sportyz Goodz's cost of goods sold **due to** the cheaper materials cost, which should **improve** Sportyz Goodz's gross profit and overall profitability.

Strategy – Cost Control

The **strategy of cost control** will improve Sportyz Goodz Ltd's **profitability**. In response to the issue of increasing cost since 2013 when Sportyz Goodz become public, our consultancy firm recommends that Sportyz Goodz Ltd uses **cost centre** strategy. Considering the increasing cost spent on expansion since 2013 did not help Sportyz Goodz to improve their sales revenue, using cost centre should **reduce** their cost **since** it helps the business to identify which key business function should they prioritise to allocate funds to, therefore **maximising** the efficiency of funds allocation and **decrease** unnecessary cost, **improving** its profitability. **However**, this might **restrict** the potential growth of Sportyz Goodz **because** cutting funds from key business functions, such as operations, will **limit** the quality of the product they provide and lose competitive advantage to their competitors, **hindering** sales and **decrease** profitability.