



Business management Higher level Paper 3

21 October 2024

Zone A afternoon | Zone B afternoon | Zone C afternoon

1 hour 15 minutes

Instructions to candidates

- Do not open this examination paper until instructed to do so.
- Read the stimulus material carefully.
- Answer all questions.
- You are permitted access to a calculator for this paper.
- The maximum mark for this examination paper is **[25 marks]**.



Springfield Panthers (SP)

Read the resources and answer the questions that follow.

Resource 1 – Summary of Fatima Amoah's TED talk* in 2024

Speaker profile

In 2021, using external finance to fund the purchase, a successful social entrepreneur, Fatima Amoah, purchased *Springfield Panthers (SP)*, a football (soccer) club whose future was uncertain. Ticket sales were falling, and the club faced insolvency because of late or missed payments to banks and creditors. Although it was an established football club with community support, *SP* was the worst performing club in the league.

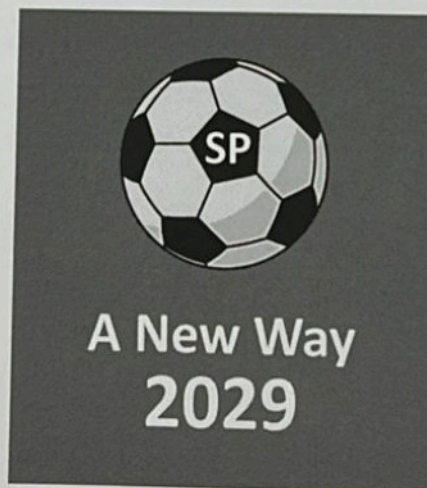
Fatima's initial aim for *SP* was to improve team and financial performance and prioritize corporate social responsibility (CSR). Since Fatima's arrival, team results and cash-flow management have improved slightly. Fatima made small steps toward making *SP* more ethical, such as offering fresh fruit to school children and free life coaching (mentoring).

During her TED talk, Fatima introduced *SP*'s new strategy, *A New Way 2029*, which aimed to make *SP* the most ethical football club in the world. As part of the strategy, *SP* would:

- increase sales revenue ^{MP}
- build a new stadium that uses renewable sources of energy from the sun and wind ^{PD}
- increase brand awareness worldwide as a club that promotes equity, access, and inclusion ^{MD}
- become a for-profit social enterprise, investing half of its profits in local community projects for families, including:
 - promoting exercise in schools
 - subsidizing healthy eating programmes
 - offering football training to people with mobility issues.

Fatima created a new vision statement for *SP*: "A New Way – we will take bold, innovative steps to make a lasting social impact."

Figure 1: Logo for A New Way 2029



* TED talk: A recorded public-speaking presentation

Resource 2 – Business article: “Fatima Amoah, the social entrepreneur continuing to make a difference.”

“I don’t know of another football club on the planet that is run as a social enterprise,” Fatima explains during our interview. *SP* supporters were initially incredibly enthusiastic about Fatima’s new strategy for the club, but *SP* is now 10 games without a win. Fatima is honest about her ambition for the club: “Of course we want to be successful, but the world faces far bigger issues than winning football games. The main reason for my purchase of *SP* is that I truly believe in the social impact the club can make.”

Fatima used force field analysis and Porter’s generic strategies to decide on a strategy for A New Way 2029. Fatima’s ambitious dream to be completed by 2029, includes building a new stadium designed by world-renowned architect Arlo Reyes. His creation is based on cradle-to-cradle designs to make *SP*’s stadium and grounds an eco-friendly park. “The next step for *SP* is to play in a stadium with the lowest carbon footprint in the world,” Fatima said. When asked how the stadium would be financed, Fatima said she was looking for potential investors but did not exclude crowdfunding or a bank loan.

Resource 3 – Selected financial data for *SP*

	<i>SP</i>			Industry average
	2023	2024	Forecast 2029	
Creditor days	30	53	65	35
Current ratio	1.3	1.5	0.8	1.2
Gearing ratio (%)	50	60	80	42
Gross profit margin (%)	18	20	25	16
Profit margin (%)	10	5	4	8
Return on capital employed (ROCE) (%)	8	3	1	5

Resource 4 – Excerpt from internal memorandum: *SP*’s tactics to achieve one of the intended outcomes of A New Way 2029

<p>Intended outcome</p> <ul style="list-style-type: none"> • Increase sales revenue by 40%. <p>Tactics</p> <ul style="list-style-type: none"> • Attract global online influencers to position <i>SP</i> as a socially responsible football club. • Expand distribution methods, such as broadcasting matches for a pay-per-view fee. • Introduce a product range of eco-friendly merchandise, such as plant-based burgers and football shirts made of bamboo fabric. • Increase diversity of people recruited to management roles.

Resource 5 – Selected social media posts about SP's A New Way 2029



A New Way 2029

Fatima_Amoah
 42 Posts 20,200 Followers 380 Following

Fatima_Amoah Delighted to see the United Green Nations supporting SP. We are all go for A New Way 2029! #SPANewWay2029
 2 days ago

1017 likes **Comments**

SP-forever
 Fatima must go!!
 1 day ago 250 likes **Reply**

Nevero x
 412 Posts
 45 Million Followers 100 Following

I love Fatima's new vision! I'm 100% behind the Panthers!!! #Fatima_Amoah

A New Way 2029

PantherBoy79 11hr. ago
 I've supported the Panthers for 20 years, but what is happening? Plant-based burgers, football shirts made of bamboo – when did we last win?? What matters, winning football games or saving the planet?

354 **Reply** **Share**

VeganIsBest 10hr. ago
 I understand your frustration, but remember when Fatima took over the club. One of the worst clubs in the league and possible insolvency – SUPPORT THE CLUB AND VISION!!

-54 **Reply** **Share**

1. Using an appropriate business management motivation theory, describe **one** human need that *SP* meets by offering fresh fruit to children and free life coaching (mentoring). [2]

 2. Using **Resource 3** and other relevant information from the stimulus, explain **two** possible financial challenges facing *SP*. [6]

 3. Using all the resources provided and your knowledge of business management tools and theories, recommend a possible plan of action to ensure *A New Way 2029* succeeds. [17]
-