



Paper 1 Case Study - Before One PLC (BON)

6. Links to the syllabus and the BMT toolkit **TEACHER'S VERSION**

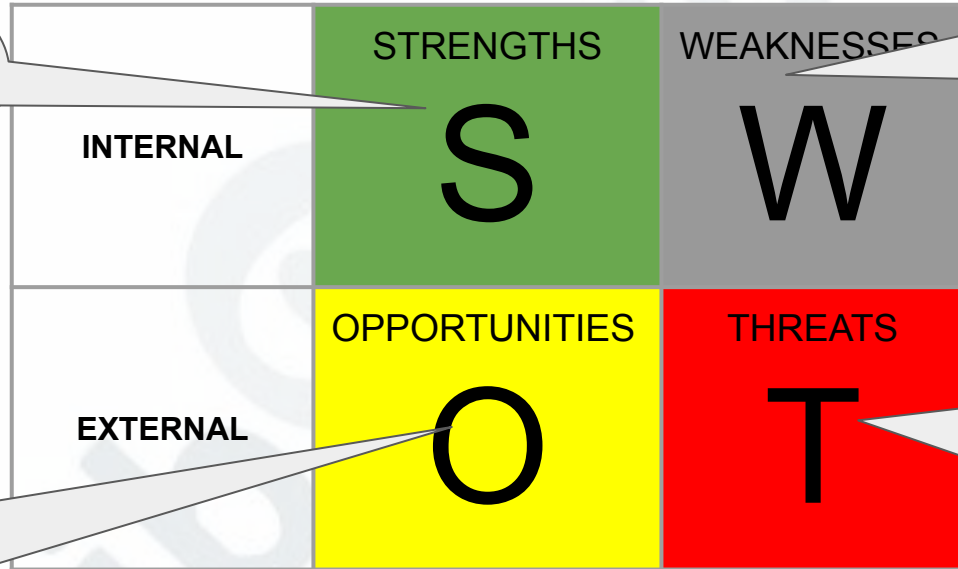
Based on the case study published by the IBO for May 2023 exams.

BMT Toolkit

What is a SWOT analysis?

	STRENGTHS S	WEAKNESSES W
INTERNAL		
	OPPORTUNITIES O	THREATS T
EXTERNAL		

Activity: Let's discuss about SVT!



What BON does well?

What BON needs to improve?

What external factors can BON take advantage of?

What external obstacles does BON face?



SWOT Analysis based on the case study

Activity: Can you identify in the case strengths, weaknesses opportunities and threats??

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS



SWOT Analysis based on the case study

Activity: Can you identify in the case strengths, weaknesses opportunities and threats??

STRENGTHS

- Experience and specialization as BON organizes music festivals since 2001
- Strong brand in the music industry
- Diversity as BON organizes 5 festivals per year
- Flexible workforce: permanent, temporary, freelancers
- Increased access to finance as a plc
- Contracts with farmers for the location of the festivals

WEAKNESSES

- Challenges with environmental sustainability
- High clean-up costs (250,000\$)
- Seasonality (only from May-August)
- Possible terms of the contracts with farmers
- Disadvantages of using temporary workers and freelancers
- Takes two weeks to set up a festival and a lot of resources (increased costs)

SWOT Analysis based on the case study



Activity: Can you identify in the case strengths, weaknesses opportunities and threats??

OPPORTUNITIES

- Increase in demand in outdoors activities after the pandemic

THREATS

- Competition
- Economic downturns have an impact on leisure activities
- Inflation increases costs
- Weather could be unpredictable
- Natural disasters in the areas where the festivals take place
- Health concerns due to the density of people during a festival
- Shortage in freelancers and temporary employees



Circular business models

BON: BON's directors regard environmental sustainability as a significant challenge.

Also in the additional terms provided the following ones could be linked with circular business models: bamboo plates and cutlery, landfill site, reservoir, solar power

Activity:

- Based on the information provided and the additional terms discuss possible ways BON could use circular business models

Circular business models



- **Circular supply models:** The circular supply chain is a model that encourages manufacturers and sellers of products to take discarded materials and remake them for resale
- **Resource recovery models:** Resource recovery is using wastes as an input material to create valuable products as new outputs.
- **Product life extension models:** The Product Life Extension business model focuses on lengthening the time period that a product can be used before disposing of it.
- **Sharing models:** Access instead of ownership, rather than buying an asset, the seeker rents it from someone else
- **Product service system models:** The Product Service System business models offer the function of the product, not the product itself.

UNIT 1: Introduction to business management

1. Economic sectors

In which economic sector BON operates in?

- A. Primary
- B. Secondary
- C. Tertiary
- D. Quaternary

Why?



1. Economic sectors - Answer



In which economic sector Before One (BON) mainly operates in?

- A. Primary
- B. Secondary (mainly)
- C. Tertiary**
- D. Quaternary

Why? Tertiary as it provides services by organizing music festivals and events.



2. Types of organizations

BON: In 2016, BON converted from a private limited company to a public limited company to raise finance for expansion.

Activity 1:

- Outline the main characteristics of a private limited company (privately held company)
- Outline the main characteristics of a public limited company (publicly held company)

Activity 2:

- Discuss the main advantages & disadvantages of a private limited company (privately held company) like BON
- Discuss the main advantages & disadvantages of a public limited company (publicly held company) like BON

2. Types of organizations



Activity 1:

- Outline the main characteristics of a private limited company

Private Limited Company (Privately held company): A type of company that offers limited liability, or legal protection for its shareholders but cannot sell shares to the public.

Characteristics:

- The owners are called shareholders
- Tend to be relatively small-medium companies, often family businesses owned by members of the family or close friends.
- Their business name ends in Limited or Ltd.
- Shares can only be transferred privately **and all shareholders must agree to the transfer.**
- The directors of these companies tend to be shareholders and are involved in the running of the business.

2. Types of organizations



Activity 1:

- Outline the main characteristics of a public limited company

Public limited company: A type of company that offers limited liability, or legal protection for its shareholders, with the legal right to sell shares to the public through the stock exchange market.

Characteristics:

- Often large businesses
- Their business name ends in Plc.
- The shares will be quoted on the Stock Exchange or the Alternative Investment Market (AIM). The Stock Exchange is a market where second hand shares are bought and sold. A full Stock Exchange listing means that the company must comply with the rules and regulations laid down by the Stock Exchange.

Private limited company (Privately held company)

Activity 2: Discuss the main advantages & disadvantages of a public limited company like BON

Advantages	Disadvantages
<ul style="list-style-type: none">● Limited liability to shareholders● Separate legal personality● Continuity if a shareholder dies● Original owner is still able to retain control● Easier to raise capital than sole traders and partnerships	<ul style="list-style-type: none">● Legal formalities involved in setup● Cannot sell shares to the public● Not easy to sell shares as all shareholders must agree● Can become a target for a takeover● Profits have to be shared out amongst a much larger number of members



2. Types of organizations



Activity 1:

- Outline the main characteristics of a public limited company

Public limited company: A type of company that offers limited liability, or legal protection for its shareholders, with the legal right to sell shares to the public through the stock exchange market.

Characteristics:

- Often large businesses
- Their business name ends in Plc.
- The shares will be quoted on the Stock Exchange or the Alternative Investment Market (AIM). The Stock Exchange is a market where second hand shares are bought and sold. A full Stock Exchange listing means that the company must comply with the rules and regulations laid down by the Stock Exchange.



2. Types of organizations

Activity 2: Discuss the main advantages & disadvantages of a public limited company like BON

Advantages	Disadvantages
<ul style="list-style-type: none">● Limited liability to shareholders● Separate legal personality● Continuity if a shareholder dies● Huge amounts of money can be raised from the sale of shares to the public.● Production costs may be lower as firms gain economies of scale.● Because of their size, plc can often dominate the market.● It becomes easier to raise finance	<ul style="list-style-type: none">● Legal formalities involved in setup● High costs when creating a plc.● Share prices can be subject to fluctuation● Final accounts must be shared with public● Risk of takeover● Directors influenced by short-term objectives of major investors



3. BON's Stakeholders

Activity:

1. Define stakeholders
2. Which are BON's internal and external stakeholders mentioned or implied in the first paragraphs of the case study?

3. BON's Stakeholders



Activity:

1. Define stakeholders

Stakeholders are groups or individuals that are affected by and/or have an interest in the operation and objectives of a business.

Exam tip! When analysing stakeholders take into consideration the following:

- Each stakeholder group will have its own expectations of the business.
- Every business has scarce resources
- A business cannot meet the needs of every stakeholder group

3. BON's Stakeholders



Activity:

1. Which are BON's internal and external stakeholders mentioned or implied in the first paragraphs of the case study?
 - Shareholders (as a plc)
 - Community
 - Government (public-owned parks)
 - Directors
 - Permanent employees
 - Temporary employees and freelancers
 - Farmers
 - Musicians
 - Customers

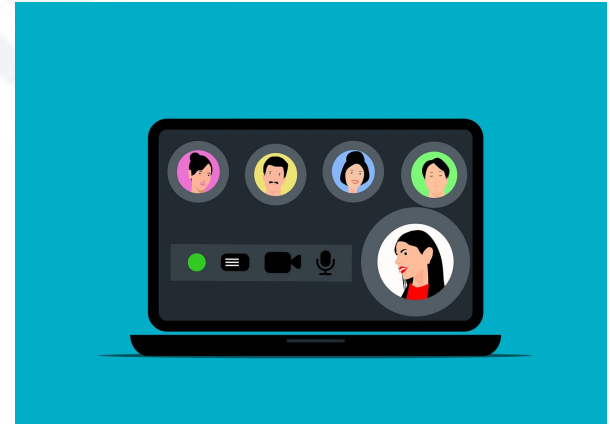
UNIT 2: Human Resources Management

4. Employment patterns and practices



Activity:

1. What working patterns are there in the case study?
2. Discuss the advantages and disadvantages of BON having temporary employees and freelancers



4. Employment patterns and practices



1. What working patterns are there in the case study?

BON has 60 permanent employees but also relies on temporary workers and freelancers.

4. Employment patterns and practices

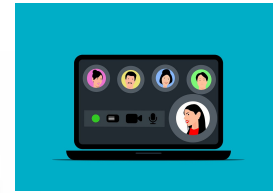
2. Discuss the advantages and disadvantages of flexible working contract

- For employees

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">- Workers organize their own working day- Ability to combine more than one jobs- Flexibility and work-life balance	<ul style="list-style-type: none">- Not always job security- Less social interaction- Possibly be paid at a lower rate than full-time workers

- For employers

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">- Reduced overhead costs- More employees are available depending on the needs of the business- Flexibility and increased competitiveness	<ul style="list-style-type: none">- Problems in communication- Difficulty in monitoring workers- Possibly not aligned with company's culture



5. Functions of a manager

Activity:

The case study mentions “directors”, who are managers.

1. Which are the functions of a manager?



5. Functions of a manager

Which are the functions of a manager?

- Sets objectives and plans
- Organizes the resources to meet the objectives
- Directs, delegates and motivates staff
- Coordinates activities
- Controls and measures performance against targets



UNIT 3: Finance and Accounts

6. Costs and Revenues



Activity 1:

- Which costs are mentioned in the case study?

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6. Costs and Revenues



Activity 1:

Which costs are mentioned in the case study?

- Permanent employees: salaries
- Temporary employees: salaries or wages
- Freelancers: Fee based on contract
- Contracts with five farmers: average \$100 000
- Clean-up expenses: average \$250 000 per festival.
- Costs of security fencing, construction of 60 stages, 3000 toilets, and 25 000 waste bins.

UNIT 4: Marketing

Marketing Mix



Activity: Evaluate the potential impact of BON's environmental sustainability initiatives on its marketing strategy [10 marks]

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Marketing Mix



Activity - Answer: Evaluate the potential impact of BON's environmental sustainability initiatives on its marketing strategy [10 marks]

The integration of environmental sustainability initiatives into BON's marketing strategy impacts how the brand positions itself in the competitive music festival landscape.

Product

BON's festivals are not just events; they are experiences shaped by a commitment to sustainability. This commitment influences the festival's lineup, with a focus on artists who share similar values, and extends to the choice of sustainable materials for stages and eco-friendly merchandise. Integrating sustainability into the product aspect means attendees are not just buying a ticket to a music festival but investing in an environmentally responsible experience.

Marketing Mix

Activity - Answer:



Price

Pricing strategies must reflect the added value of sustainability. While implementing sustainable practices might increase operational costs, BON can communicate the value of attendees' contributions to environmental efforts, justifying any potential premium pricing.

Place

The choice of festival location becomes a part of the sustainability narrative. Selecting venues that align with BON's environmental values, such as sites with natural beauty that are committed to preservation, emphasizes the brand's dedication to minimizing its ecological footprint. This also involves considering the logistical aspects of getting to the festival, promoting car-sharing, or partnering with eco-friendly transportation options.

Marketing Mix



Activity - Answer: Evaluate the potential impact of BON's environmental sustainability initiatives on its marketing strategy [10 marks]

Promotion

Promotional activities should highlight BON's sustainability initiatives, using platforms that align with the company's green ethos. Through the line promotions such as digital marketing, social media campaigns, and partnerships with environmentally conscious influencers can spread the word effectively. Promotion becomes a tool not just for selling tickets but for raising awareness about environmental sustainability in the entertainment industry.

Marketing Mix



Activity - Answer: Evaluate the potential impact of BON's environmental sustainability initiatives on its marketing strategy [10 marks]

People

Permanent employees, freelancers and temporary workers, are very important in delivering on BON's sustainability promise. Training programs and internal communications should instill a sense of responsibility and enthusiasm for green practices. Every employee involved in the festival should become an ambassador for BON's values.

Marketing Mix



Activity - Answer: Evaluate the potential impact of BON's environmental sustainability initiatives on its marketing strategy [10 marks]

Process

The process of purchasing tickets is a transaction between BON and its attendees. BON can make ticket purchasing easy and user-friendly but also integrate its environmental values into the experience. This could involve implementing a digital ticketing system that eliminates the need for physical tickets, thereby reducing paper waste. Additionally, BON could offer incentives for customers who choose eco-friendly transportation options to the festival, such as discounts or priority access.

Marketing Mix



Activity - Answer: Evaluate the potential impact of BON's environmental sustainability initiatives on its marketing strategy [10 marks]

Physical Evidence

The tangible aspects of the festival—such as eco-friendly wristbands, biodegradable food containers, and waste recycling stations—serve as physical evidence of BON's sustainability efforts. These elements reinforce the brand's message and give attendees a direct connection to the festival's environmental ethos.

Marketing Mix

The case study given to you the day of the exam could have links to Marketing in many aspects, so you will need to revise all chapters of Marketing!



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UNIT 5: Operations management

7. Sustainability



Activity:

- Define sustainability
- In what ways could BON achieve environmental sustainability (use the additional terms of the case study)

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7. Sustainability



Activity:

- Define sustainability

Sustainability is “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations 1987).

- In what ways could BON achieve environmental sustainability (use the additional terms of the case study)

Additional terms to be used: bamboo plates and cutlery, landfill site, reservoir, solar power

Exam tip: Sustainability can be combined with business circular models and CSR

8. Location factors

Activity:

- BON uses different locations for its music festivals. Discuss the factors that affect BON's choice of location.



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Location – Quantitative factors



	FACTORS
QUANTITATIVE	<ul style="list-style-type: none">● Fixed costs● Variable costs● Sales forecasts● Profitability of investment● Expected profitability● Economies of scale

Location – Qualitative factors - External



	FACTORS
QUALITATIVE EXTERNAL	<ul style="list-style-type: none">● Unemployment rate● Clusters● Labour supply● Infrastructure● Safety● Political stability● Government grants● Legislation● Taxes● Environmental regulations● External economies of scale● Exchange rates

Location – Qualitative factors - Internal



	FACTORS
QUALITATIVE INTERNAL	<ul style="list-style-type: none">● Opportunities for further expansion● Owner's / Manager's preferences● Ethical issues● Supply-chain concerns● Cultural differences● Language barriers

Activity: Discuss what tools would you use to assess the above internal qualitative factors?



Are you ready for the quizzes?

- Do the quiz “Links to the syllabus”
- You need 70% to pass!
- Then you are ready to move on to the next chapter of the case study

