Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/43**

Paper 4 Business Strategy **May/June 2025**

1 hour 15 minutes

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You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages. Any blank pages are indicated.

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City-top Honey (CH)

Emilio started CH as a hobby in 2012. He started by having two beehives on the roof of his apartment building in the city. Emilio collected the honey his bees made in the beehives from flowers in the city's gardens and parks. He then sold the honey in jars to local stores and at markets.

In 2014 Emilio decided that he wanted to turn CH into a full-time honey producing business. He started to increase the scale of operations with a key aim to grow the business.

Timeline of CH

2014	Emilio converts CH to a private limited company and he is the Managing Director. Emilio puts more beehives on city buildings and CH takes out a lease on a small factory to process the honey. CH's main customers are independent food shops.
2015–2018	CH relocates the beehives to a rural location and increases the number of beehives. CH gains an organic quality standard for its honey. CH now also sells its honey to national retailers and supermarket chains.
2019	CH buys and moves to a bigger factory which is five times the size of the old one. Emilio implements an Enterprise Resource Planning (ERP) software system (see **Appendix 1**).
2020–2022	CH increases its range of products to include maple syrup, Manuka honey and New Zealand honey. These are all imported and distributed through CH's supply chain. Inventory management of these products through ERP has not always been reliable (see **Appendix 2**).
2023	CH leases a warehouse for its inventory. Sales increase by 50%. Factory and warehouse employees are increasingly demotivated by scheduling carried out through ERP. The employees have contacted their trade union (see **Appendix 3**).
2024	CH works with a university to develop natural energy gels for athletes to eat during exercise, using its honey as an alternative to processed energy gels (see **Appendix 4**).

Developing a new business strategy

Emilio wants to grow the business further. He wants to expand operations into other honey products. However, the Marketing Director wants to focus only on increasing sales of existing products.

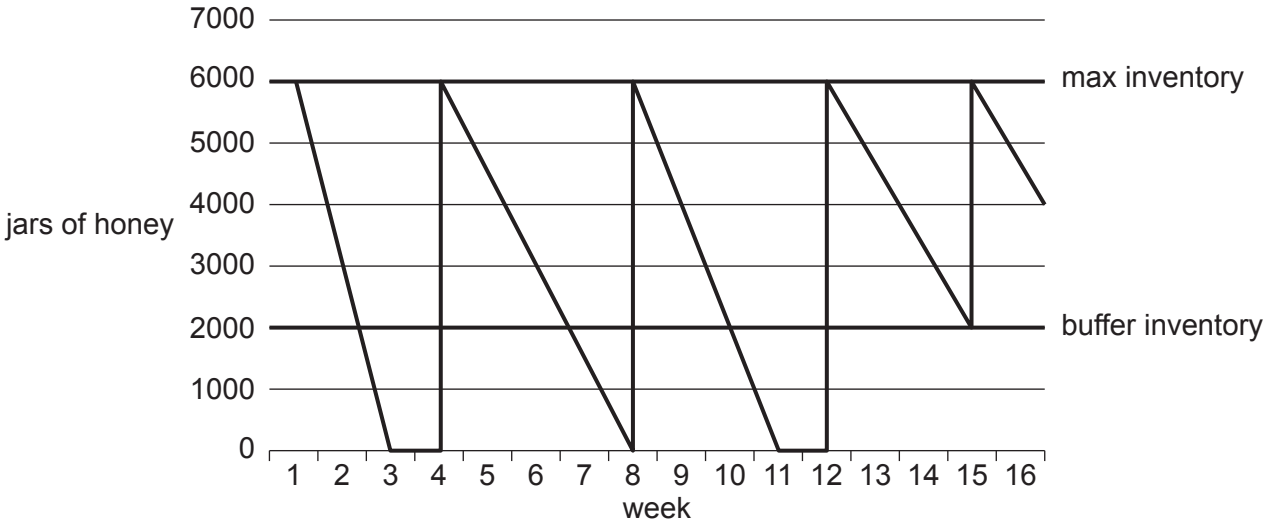
Before making a final decision, CH needs to use different approaches to analyse both the business and the market to develop a future business strategy.

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Appendix 1: Extract from CH Board meeting regarding ERP implementation (2019)

- Capacity utilisation has increased from 80% in January to 90% in March.
- The proportion of orders incorrectly delivered to supermarket chains has decreased.
- CH Production Managers are provided with daily cost data.
- There is an adverse variance on ERP software training costs.

Appendix 2: Inventory control chart for Manuka honey (16-week period, 2021)



Appendix 3: Extract from trade union letter to management at CH (2023)

Since CH leased the warehouse our members have been directed to work in areas where they do not feel they are fully trained. This is because ERP software is scheduling employees randomly across departments and product lines. This is affecting employee motivation. The trade union requests an urgent meeting with management to resolve these problems.

Appendix 4: Extract from operations report on the costing and pricing of the natural energy gels (2024)

- ERP software allows real-time tracking of manufacturing costs.
- CH has been able to introduce dynamic pricing.
- CH has taken advantage of economies of scale in areas identified by ERP software.

Answer **both** questions.

1 Evaluate how significant Enterprise Resource Planning (ERP) was to CH's operations strategy between 2019 and 2024. [20]

2 Advise CH on the best approach to develop a future business strategy. [20]

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