

ACCA



# STUDY PLATFORM

## Advanced Performance Management

Steve Chen  
Author, Examiner, Marker



**Our course will ensure you a quick pass in the APM exam!**



# Platform Overview

Advanced Performance Management (APM)

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# Tuition Course

Advanced Performance Management (APM)

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Tuition Course / 7 Managing risks and uncertainty in strategic planning and risk appetities

Session 5: Managing Risk and Uncertainty in Strategic Planning, and Risk Appetites

Introduction:

The business landscape is fraught with uncertainties. However, the best organizations don't just navigate these uncertainties; they anticipate, prepare, and often leverage them for strategic advantage.

5.1 Practical steps of dealing with risks and uncertainties


- Scenario Planning:** If planning to expand to a new region, consider best-case (rapid acceptance), worst-case (market rejection), and most likely scenarios. Plan resources accordingly.
- Stakeholder Engagement:** Before a major product pivot, engage with key investors to understand their risk appetite and get buy-in.
- Regular Risk Audits:** If in the logistics business, conduct quarterly risk audits to assess potential disruptions (like geopolitical issues, strikes) and have contingency plans.

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# Revision Course



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- </> APM Syllabus Revision 7
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## Q4: ARKAIG MANUFACTURING (SEPT/DEC 19)

### Exhibit 1 – Company Information

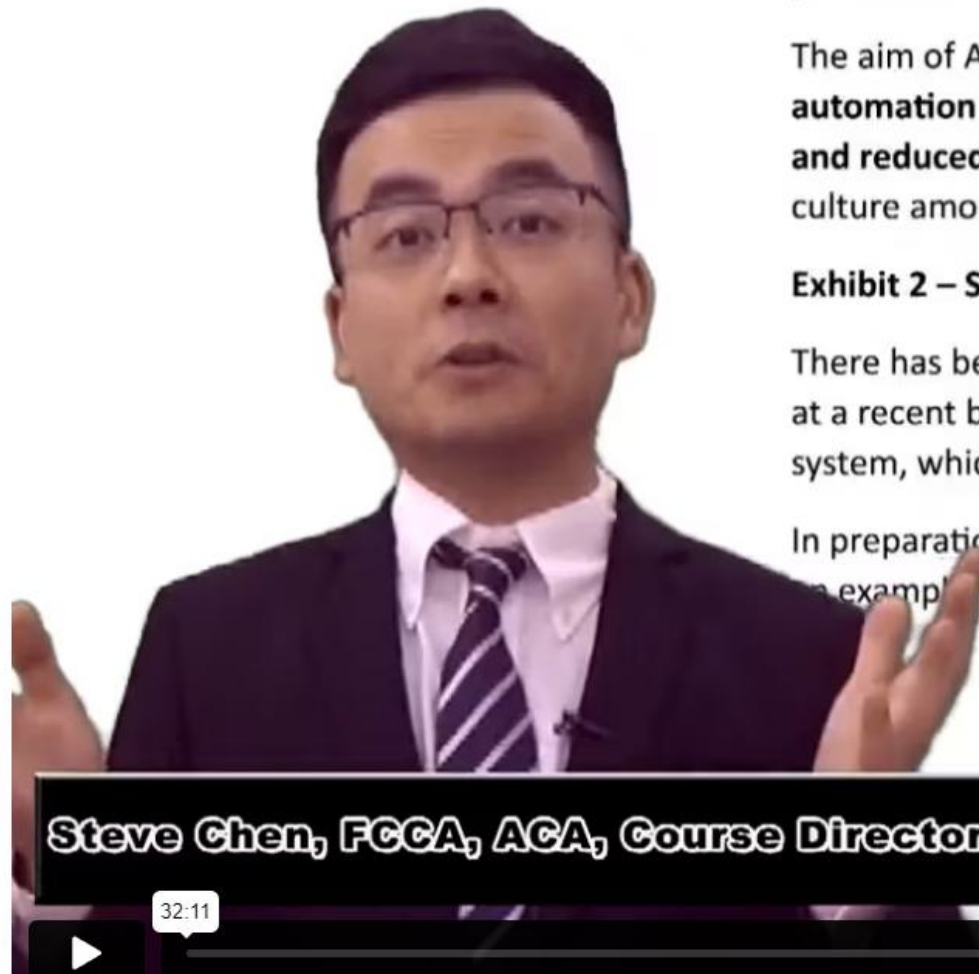
Arkaig Manufacturing (Arkaig) is a world-leading, listed manufacturer of production machinery for other industries. It has customers in the mining, cement, and chemicals sectors and seeks to provide them with the equipment, software, and service for their products.

The aim of Arkaig is **'to maximize shareholder wealth by providing world-class, tailored automation solutions, which use technology innovatively, show improved machine downtime, and reduced energy consumption for our customers.'** This is supported by an entrepreneurial culture among all employees who should **'treat the business as if they owned it'**.

### Exhibit 2 – Strategic Internal Performance Reporting

There has been criticism of the business' current performance reporting by one of the directors at a recent board meeting. However, the chief executive officer (CEO) believes that the reporting system, which he put in place two years ago, is an excellent one.

In preparation for the next board meeting, the CEO needs an evaluation of the current report. As an example, a recent report used by the board for its strategic review is given in **Appendix 1**. The



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Revision Course

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- </> Super Q4: Arkaig
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- </> Super Q6: GU university
- </> Super Q7: Daldorn
- </> Super Q8: SGOLTAIRE
- ↓ Super Q9 and 10 from Full Pas...
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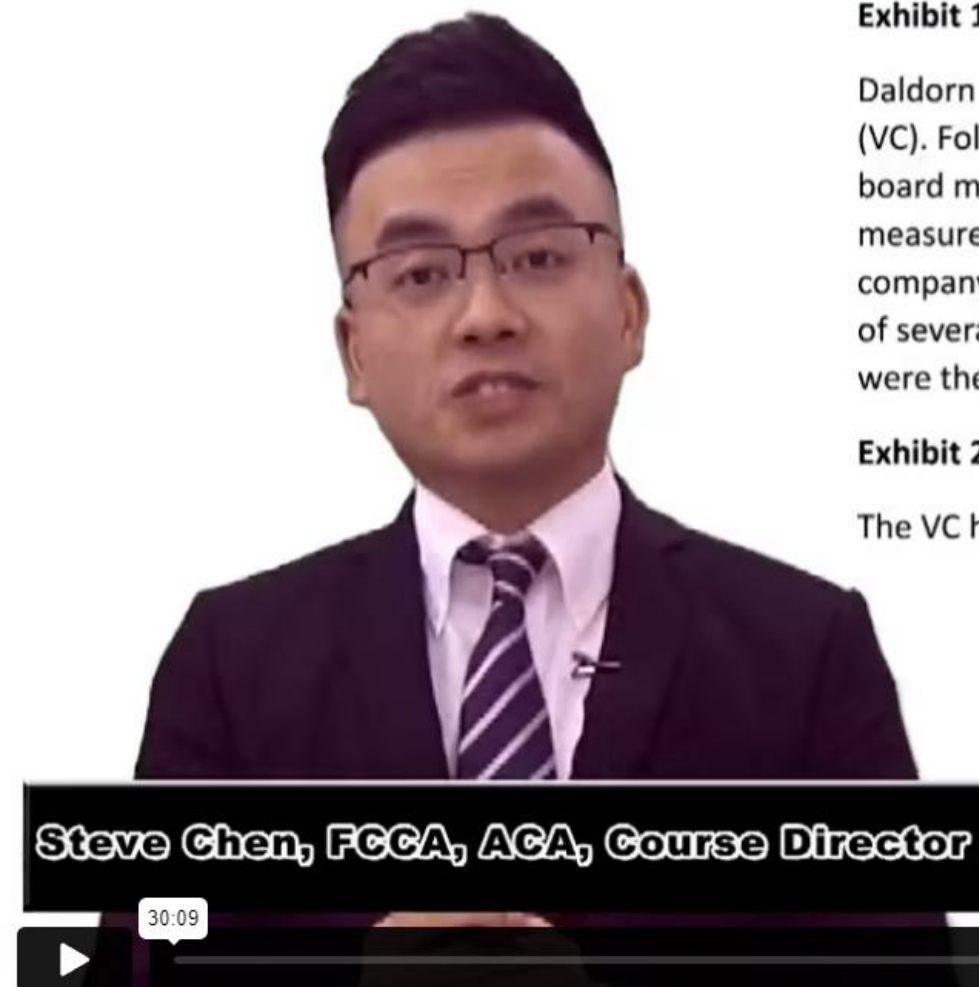
## Q2: DALDORN (SEPT/DEC 19) Managing Risk and Uncertainty in Strategic Planning, and Risk Appetites

### Exhibit 1 – Company information

Daldorn is a manufacturer of heavy steel items. It is funded by a venture capitalist organization (VC). Following a period of poor performance, the VC has expressed concern that Daldorn's board members are focusing too much on their own interests, while neglecting to adequately measure and manage company performance in respect of other stakeholder groups. The company has experienced severe cash flow difficulties due to financial losses made on the sale of several new products. These difficulties have been attributed to poor pricing decisions, which were the responsibility of the board and have resulted in many employees losing their jobs.

### Exhibit 2 – Key stakeholder groups

The VC has identified three key stakeholder groups at Daldorn:



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# Demo of Tuition Note

3 / 236 | - 100% + | [ ] [ ]

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## Professional marks:

- Communication skills
- Analysis and Evaluation skills
- Scepticism
- Commercial Acumen

## First Professional Mark: Communication:

- **Report format and structure - use of headings/sub-headings and introduction.**
- **Style – formal style, such as To, From, Date, Subject, with the report format correctly.** This report recommends and justifies critical success factors (CSFs) and key performance indicators (KPIs) for DP based on the four critical areas of performance." This sentence maintains a formal tone by clearly stating the purpose and content of the report.
- **Language – always use active voice.** For example, This report recommends and justifies critical success factors (CSFs) and key performance indicators (KPIs) for DP (The report is doing the recommending and justifying). Passive voice could be 'Critical success factors (CSFs) and key performance indicators (KPIs) for DP are recommended and justified by this report.' (In the passive voice, the focus shifts to the CSFs and KPIs being the recipients of the action, rather than the report being the one actively doing the recommending and justifying).
- **Clarity – use simple language,** such as 'The 3Es above link to the CSFs and KPIs in the area of effectiveness.' Here, the language is clear, referencing previously introduced concepts.
- **Effectiveness of communication:**
  - **Relevance to Scenario:** The content you provided is deeply intertwined with the scenario presented in the question, showing a strong grasp of context.
  - **Addressing Key Points:** The answer touches on all the critical areas mentioned, such as CSFs, KPIs, VFM, and the implications of league tables. This ensures the reader gets a comprehensive understanding of the issues at hand.

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## Session 2: ESG (Environmental, Social, and Governance)

### Introduction:

ESG (Environmental, Social, and Governance) is a business framework that integrates environmental and social considerations within the context of corporate governance. It aims to align an organization's strategy with the needs of all stakeholders and generate value for them, including employees, customers, suppliers, and financiers.

### 2.1 Environmental Concerns (CARE BMW):

#### 2.1.1. Climate Change:

- **KPI:** Reduction in carbon emissions per unit of production (Carbon Emission Intensity).
  - **Calculation:**  $\left[ \frac{\text{This year carbon emissions}}{\text{This year production units}} - \frac{\text{Last year carbon emissions}}{\text{Last year production units}} \right]$  and then convert this into a percentage  $\left( \frac{\text{This year} - \text{Last year}}{\text{Last year}} \right)$
- **KPI:** Percentage of electric vehicles out of total vehicles sold (Electric Vehicle Market Penetration).
  - **Calculation:**  $\left( \frac{\text{Number of electric vehicles sold}}{\text{Total vehicles sold in the year}} \right) \times 100$
- **KPI:** Share of renewable energy in total energy consumption (.Shift to Renewable Energy Consumption).
  - **Calculation:**  $\left( \frac{\text{Renewable energy consumed}}{\text{Total energy consumed}} \right) \times 100$

# #1

The APM course  
note is with  
practical focus  
on  
implementation  
of strategy.







# Demo of Revision Note

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## Block 1: Exam Tips

### Introduction to APM Exam

#### Format of the Exam:

- **Duration:** 3 hours 15 minutes computer-based examination (CBE) with Word Processor (narrative answers) and Spreadsheet (Calculations) | the response options.
- **Pass Mark:** 50% for all ACCA Qualification examinations.

#### Marks Distribution:

##### Overall Exam:

- Total Marks: 100
- Technical Marks: 80
- Professional Skills Marks: 20

##### Section A:

- One Compulsory Question:
  - Total Marks: 50
  - Technical Marks: 40
  - Professional Skills Marks: 10
- Examines technical syllabus sections A, B, and C. This means except for:
  - The Balanced Scorecard
  - Performance pyramid
  - Fitzgerald and Moon – Building Block Model
  - Activity based management

### Extra Exam Tips

#### Sentence Structure:

1. **Conciseness:** Aim for sentences that are around 15-20 words. This ensures clarity and avoids unnecessary elaboration.
2. **Complex Sentences:** It's okay to use compound or complex sentences, but they should still be clear and concise.

#### Approach for a 10-mark Question:

1. **Ideas vs. Marks:** Generally, for a 10-mark question, you should aim to provide between 5 and 10 distinct points. This can vary depending on the depth required by the question.
2. **Depth:** If you provide 5 ideas, expand on each with two sentences:
  - **First Sentence:** State the point clearly.
  - **Second Sentence:** Provide an explanation or example related to the company in the case study, using words like
    - 'Currently...(linking with the case)';
    - Follow on marks: 'This is good/bad (good/bad for what, such as good for management...because...';
    - Follow on marks: 'Therefore...'

• If data is provided, use it to back up your points. For instance, if you see revenue growth, cite the exact growth rate from the data given.

## Session 5: Business Process Re-engineering (BPR)

### A useful framework to apply BPR in the actual exam:

#### Introduction to BPR:

- BPR is a strategic approach that focuses on redesigning and rethinking the way business processes are carried out to achieve significant improvements in performance, such as cost, quality, service, and speed.
- The main goal is to break away from old ways of working and to implement new methods that bring about radical changes.

#### Identification of Current Issues:

- Describe existing business processes and inefficiencies.
- Highlight external pressures or challenges faced by the organization.

For example,

**Current State:** Jolt operates with traditional functional departments like procurement, finance, and sales. Most of these departments rely on inconsistent and unreliable spreadsheet-based systems, leading to inaccurate and untimely data. This inefficiency contributes to Jolt's inability to meet the performance targets set by its retail customers.

**Market Pressure:** Jolt's competitors have shifted their manufacturing to overseas suppliers, leveraging larger factories and lower costs. They've also invested in sophisticated software for efficient order consolidation and automated invoice processing.

# #3

Our Revision Note  
summarises the proforma  
exam answer steps in the way  
that the APM examining team  
requires.



# Demo Mock Exams

Performance report (Maddy) \$'000	Year to date 20X5	Q3 20X5	Q2 20X5	Q1 20X5
<b>Maddy owned restaurants:</b>				
Revenue	4,095	1,455	1,365	1,275
<b>Cost of sales:</b>				
Staff costs	988	375	350	26300%
Ingredients	980	368	349	26300%
Consumables	489	206	152	131
Cleaning products	3	1	1	100%
<b>Total cost of sales</b>	<b>2,460</b>	<b>950</b>	<b>852</b>	<b>658</b>
<b>Gross profit</b>	<b>1,635</b>	<b>505</b>	<b>513</b>	<b>617</b>
GP %	39.90%	34.70%	37.60%	48.40%
<b>Maddy franchised restaurants:</b>				
<b>Revenue (1):</b>				
Total franchise fees	374	214	80	80
Sale of ingredients	961	322	321	318
<b>Total revenue from franchise restaurants</b>	<b>1,335</b>	<b>536</b>	<b>401</b>	<b>398</b>
<b>Cost of sales (2):</b>				
Cost of ingredients	867	314	287	266
Set up costs	134	134	0	0
Ongoing support costs	142	47	47	48
<b>Total cost of sales</b>	<b>1,143</b>	<b>495</b>	<b>334</b>	<b>314</b>
<b>Gross profit</b>	<b>192</b>	<b>41</b>	<b>67</b>	<b>84</b>
GP %	14.40%	7.60%	16.70%	21.10%

Note 1 - Franchise fees and income from sale of ingredients payable to Maddy from franchisees.

**Exam rehearsal question – Q1**

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**Exhibits**

- 1. Company information
- 2. Performance reporting
- 3. Minimum performance levels
- 4. Transfer pricing proposal
- 5. Appendix 1

**Requirements**

Requirements (50 marks)

**Response options**

- Word Processor
- Spreadsheet

The following exhibits, available on the left-hand side of the screen, provide information relevant to the question:

1. Company information – the background, objectives and business model of the company: Maddy restaurants.
2. Performance reporting – a request for an evaluation of Maddy's current performance report.
3. Minimum performance levels – details of work required on the measurement of qualitative performance of Maddy's franchises.
4. Transfer pricing proposal – information related to a request to evaluate a transfer pricing proposal from a franchise based in another country.
5. Appendix 1 – Maddy's current performance report.

This information should be used to answer the question requirements within your chosen response option provided.

Help Previous Navigator Next

# #4

Our Mock Exams are meticulously designed to cover the hottest topics, ensuring you're fully prepared for what's most likely to appear.