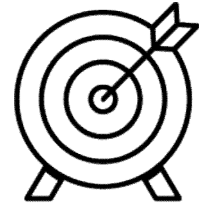


# Examiner's report

## Advanced Performance Management (APM)

December 2018



The examining team share their observations from the marking process to highlight strengths and weaknesses in candidates' performance, and to offer constructive advice for future candidates.

### General Comments

The examination comprised two sections, A and B. Section A consisted of one compulsory question for 50 marks in total. Section B consisted of two compulsory questions for 25 marks each.

The majority of candidates attempted all parts of all questions and there was no more evidence of poor time management in terms of completing the examination than is normal in this examination.

This is the second diet at which there was no choice of questions in section B of the examination and the examining team felt that a number of candidates may have been caught out by this, having not prepared to answer questions across the whole syllabus.

We would strongly advise that candidates use the examiner's reports and approach articles to ensure that they have the right overall attitude to APM, which is intended to lie at a post-graduate level. Most examinations require a balance of memory work and evaluation/analysis. However, as one goes through the levels (say from MA to PM to APM) this balance changes, from pure memory to more analysis. Good candidates distinguish themselves by being aware that if they come to this examination expecting to repeat memorised material, they will probably score only between 20% and 30%. Many candidates have clearly been taught that they should define in their answer any 'jargon' terms in the question requirement. However, they are (usually) wrong to assume that this alone will provide them with a passing answer at APM which is about application and evaluation in a business scenario.

The first step to passing APM is to have a good grasp of the basic knowledge. At this diet, a lack of such knowledge was particularly clear in: question 2(c) on the six sigma method and questions 3(a and b) on methods of assessing the impact of risk and uncertainty.

Without this knowledge, candidates cannot apply methods and have little information to evaluate. They often seem to offer answers that are based on a question that they can answer/understand rather than the one asked in the examination.

Building upon that basic knowledge, candidates need to be aware that performance management is an area which, at an advanced level, is dependent upon situation and environment - as exemplified by the need throughout the examination to relate or illustrate points by using the information relating to the business in the question scenario. A good, professional-level answer will go beyond the mere repetition of how a technique works and focus on relating it to the entity's specific environment. As in previous diets, it was clear to the marking team that those candidates who had grasped the need for this went on to pass the examination. For an example, see Question 1(cii), which provided many illustrations of answers that unnecessarily explained the steps for benchmarking but then failed to answer the question by applying them to the scenario.

This issue leads directly to the well-worn advice to candidates to 'answer the question asked'. There are several detailed examples in the discussion below where candidates answered a

different requirement from the one asked or simply ignored a part of the requirement (and thus the marks on offer). See for example, question 2(c).

Finally, and critically, in order to pass APM, candidates need to be capable of analysing and evaluating the situation in the scenario using their technical knowledge. This is fundamental to the marker's judgement of whether they are competent at this level. Thus, it is essential that they provide justification for opinions expressed and go beyond mere calculation by explaining the implications of their results. See the comments on question 1 (cii) for illustration of this point.

## **Specific Comments**

### **Question One**

This question required the candidates to consider issues of performance reporting and benchmarking at a listed engineering, manufacturing company. Overall, this question was done fairly well, mainly covering frequently-examined, core topics in the syllabus.

Part (a) required an evaluation of the performance reporting system at the company. This part was generally well done with most candidates rightly focussing on the question of whether the report measures the achievement of the organisation's stated objectives. Candidates did show a tendency to have learnt a set response to such questions and repeat points regardless of their relevance to the company. While it is encouraging to see those who have made efforts to prepare, they need to use this preparation more thoughtfully in order to avoid wasting time on irrelevant matters in the examination. One detailed issue with the company's objectives worth noting for future was a tendency to apply the concept of 'value for money' as if the scenario was directed to a public sector company rather than to a for-profit entity.

A notable minority of candidates continue to respond incorrectly to such a requirement with an evaluation of the performance of the company. Sadly, this can only reflect a failure to look at past examinations, their examiner's reports and the various approach articles and videos where this error of understanding has been pointed out on many occasions.

Part (b) required an assessment of criticisms of a press release on a customer survey. Prior to the examination, the examining team considered that this would be the difficult part of question 1. Therefore, the team were pleased to see that this part was generally fairly well answered. Candidates made good use of the three broad areas of concern, suggested in the scenario, in order to structure their answers. They also made good use of the detail mentioned in the scenario to pick out appropriate specific areas of concern and discuss these.

Future candidates would do well to follow such an approach of using the detail in the scenario to structure their answers and then to respond to the detailed evidence there in supporting their own analysis.

Part (ci) required the candidates to discuss methods of benchmarking the three divisions and to evaluate the one proposed for the company. Candidates responded fairly well to this question demonstrating a fair level of knowledge of these methods. However, they tended to divide their answers equally, between the all possible methods and this did not reflect the (stated) concern of the board of the company which was focussed on their particular choice of method. As a result,

answers often scored just over half marks for this requirement when the marker felt that the candidate had the ability to score higher.

Part (cii) required a benchmarking of the three divisions of the company. Firstly, the candidates had to complete the benchmarking exercise with some simple calculations of given metrics. These were surprisingly poorly done. The calculations were all simple and the data provided was not extensive. Nevertheless, candidates did not often score above half of these marks due to their inability to perform basic arithmetic calculations, such as a percentage change between two figures.

The second part of the requirement requested a commentary on the metrics used in the exercise and its results. This part was surprisingly poorly done. Many candidates offered little commentary which it ought to have been obvious was worth a considerable part of the answer to this 15 mark part. It was also surprising as this type of commentary is regularly asked at both APM and the lower level PM examinations. Where there were substantive answers to this commentary, they often made two further misjudgements by ignoring the request to comment on the metrics used and by only offering a description of the results (e.g. Beeland had higher growth than the other divisions) without any attempt to explain why or explore the implications of this fact.

As is now common at APM, those candidates who had practised writing professional answers prior to the examination performed admirably in the presentation area (4 marks). The markers were looking for suitable report headings, an introduction, a logical structure, signposted by the good use of subheadings in the answer, and a clear, concise style. Performance in this area was generally good.

## **Question Two**

This question dealt with issues of performance measurement and management at a parcel delivery business.

Part (a) of the question asked how the performance pyramid could help the company to achieve its vision. Responses to this part were fairly good as many answers collected a reasonable number of marks by going through the individual headings in the model and explaining how they link to the achievement of the vision. However, many candidates did not capitalise on the marks available as they failed to address how the application of the model as a whole helps.

Part (b) of the question required candidates to evaluate the extent to which three measures assist in operational performance management at the company. Performance on this part was fairly good. Many candidates identified strengths or weaknesses of each measure using the data in the scenario. Answers could often have been improved by candidates realising that there were possibly both strengths and weaknesses for each measure rather than tending to think in simplistic terms that each measure was either all good or all bad.

Part (c) requested advice on whether two measures were suitable for use in a six sigma approach to quality improvement at the company. This part was usually poorly done. If the requirement had asked the candidates to apply the DMAIC approach to the two areas covered by the measures then the answers would have been more relevant and consequently scored more marks. Candidates gain credit for making points which are both technically correct and relevant to the question asked.

Future candidates should note that APM is likely to continue to focus in detail on measurement problems within its various methods as this is the area where candidates are expected to have particular expertise.

### **Question Three**

Question 3 examined the risks associated with a foreign expansion opportunity for a technology manufacturer. Overall, this question was poorly done reflecting a weak understanding of the methods of analysing such situations. This surprised the examining team as it is a prominent part of the APM syllabus and is already tested in only slightly less detail at the lower PM level.

Part (a) required advice on the appropriate product to sell into the new market based on a suitable choice of analysis technique. Candidates were generally good at identifying the appropriate risk appetite for each of three stakeholder groups and a slim majority of these then correctly identified the correct method to apply for each group. However, answers were generally weak on the calculation of these methods. The common problem appeared to be that candidates could not identify the appropriate, external scenarios for the maximin and maximax methods (the two different possible exchange rate scenarios). Candidates also showed poor ability in calculating the two exchange rates needed in the question.

Part (b) required an explanation of the problems in the techniques used in part (a). Answers to this part were generally poor reflecting the poor technical understanding of the topic.

Future candidates should note that the question only required discussion of the problems of these methods and so could still be well answered even though the specific numerical work in part (a) had not been well done.

Part (c) of the question required advice on the usefulness of PEST analysis for the company. Answers to this part were generally fairly good although candidates again offered answers that dealt only heading by heading with the method and did not address how the model as a whole assists the company (a similar problem to that noted in question 2(a)).

This question illustrates the danger of question spotting or not studying the full APM syllabus. The examination is now fully compulsory and so candidates must prepare to answer questions on any part of the syllabus. It also illustrates the general point that candidates are expected to have improved on their ability to apply methods learned in earlier examination levels to different and sometimes more complex scenarios in APM.