GradeMax

Write your name here

| Surname | Other names |
|---|---|
| | |

**Pearson Edexcel**
**International Advanced Level**

Centre Number | | | | | |

Candidate Number | | | | |

# Business Studies

## International Advanced Level
## Unit 3: Strategic Business Decisions

Monday 12 June 2017 – Afternoon
**Time: 2 hours**

Paper Reference
**WBS03/01**

**You do not need any other materials.**

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions in Section A and Section B.
- Answer the questions in the spaces provided
  – *there may be more space than you need.*

### Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
  – *use this as a guide as to how much time to spend on each question.*
- In your responses, you should take particular care with punctuation and grammar, as well as the clarity of your expression.
- Calculators may be used.

### Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

*Turn over* ▶

P48263A

©2017 Pearson Education Ltd.

1/1/1/1

P 4 8 2 6 3 A 0 1 2 0

Pearson

## SECTION A

**Answer ALL the questions in this section.**

**You should spend 60 minutes on this section.**

**Evidence A**

*SurveyMonkey* is the world's leading online survey platform, with more than 3 million survey responses every day. *SurveyMonkey* has revolutionised the way people give and take feedback, making it accessible, easy and affordable for everyone. *SurveyMonkey* offers an online survey and questionnaire tool that helps users gather survey-related information. The company was founded in 1999 with a focus on helping people make better decisions. It has built technology that is based on over 10 years of experience in research survey methods and web development. Customers include 99% of the top global businesses, academic institutions, and many smaller organisations.

The company has over 500 employees throughout the United States and Europe, with headquarters in California.

(Source: adapted from SurveyMonkey.com)

**Evidence B**

**Everything You Wanted to Know, But Were Afraid to Ask**

We're the world's leading provider of web-based survey solutions, trusted by millions of companies, organisations and individuals alike to gather the insights they need to make more informed decisions. But you know all that. Here's a bit more about *SurveyMonkey*:

**Our Mission**

We want to help you make better decisions. That's what drives us. We want to make it as easy as possible for you to get at the knowledge you need to make smart, informed choices. And after more than 10 years, we're still challenging ourselves to deliver simple, powerful solutions. We're dedicated to making even the most advanced research design easy enough for anyone – and everyone – to use.

**What we care about most**

1. Our customers – We offer 24 hour support and spend every waking hour determined to make their experience better. Our customers seem to appreciate it, as our satisfaction rating is 99.5%.

2. Knowledge for everyone – We believe everyone deserves easy access to the information they need to make better decisions. Budgets, timelines and logistics should not get in the way. That's why we created the simple, cost-effective, self-serve solution you know as *SurveyMonkey*.

3. Privacy and security – We use SSL encryption and multi-machine backup to keep your data secure.

(Source: adapted from SurveyMonkey.com)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

**Evidence C**

**How Dave Goldberg of *SurveyMonkey* Built a Billion-Dollar Business and Still Gets Home By 5:30 PM**



*SurveyMonkey* is not a typical technology company. It has been profitable from almost day one. It has grown at an astonishing rate and even with annual revenue in excess of $100m it has decided not to become a public limited company. *SurveyMonkey* has done all of this while creating a culture that enables the company's CEO, Dave Goldberg, to leave the office by 5:30 p.m.

**Recruiting talent is expensive. Recruiting the wrong talented person is even more expensive.**

According to Goldberg, "Some of the worst mistakes that I've made in hiring come from hiring someone who looks like they've had great experience, but they just didn't fit with our culture. Their experience didn't work for *SurveyMonkey*."

In response to this, Goldberg has taken cues from the sports world, and perhaps an earlier era in corporate strategy: training his own talent, and strengthening *SurveyMonkey's* corporate culture in the process. "There are the people who don't have any experience but are just really smart, talented, and motivated. When you get those people right, they're your 'home-grown talent'. These people are your core team. These people are, for the most part, the best people who will stay long term at your company. They represent the culture of the business. They grew up there. You took a chance on them. They've learned how to be in the business."

The costs of training, and of taking risks on unproven workers, can be less than the costs of hiring more expensive senior employees who may not be capable of performing in a new culture. Experience accumulates by working with certain groups of people within a certain culture. Corporate culture isn't your company's ping-pong table. It's not your catered lunch. It's not the posters you tape onto the office walls. A real culture is the cumulative effect of productive relationships among employees. Those relationships can take years to develop. And they don't always work out.

**Experience Is Often Overvalued**

Conventional corporate thinking tends to emphasise the number of years spent working in a particular position. A person with five years of product marketing experience at Company X should be interchangeable with another person with the same amount of experience at Company Y.

It rarely works out that way. That's part of the reason why so many companies flounder in recruiting. 'Experience' is not necessarily experience working in a particular culture. A corporate athlete in one company might be incapable of repeating that performance at another. Their success may have been dependent on their relationships at their previous employer. Their former team may have carried them to success, rather than the other way around.

(Source: adapted from How Dave Goldberg of SurveyMonkey Built a Billion-Dollar Business and Still Gets Home By 5:30 PM © 2016 First Round Capital; image: SurveyMonkey.com)

**1** (a) What is meant by the term 'customers'? (Evidence B, line 9)

**(2)**

(b) What is meant by the term 'annual revenue'? (Evidence C, line 3)

**(2)**

**(Total for Question 1 = 4 marks)**

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

**2** Explain the importance of mission statements for a business such as *SurveyMonkey*.

**(Total for Question 2 = 6 marks)**

**3** Analyse the corporate culture at *SurveyMonkey*.

**(Total for Question 3 = 8 marks)**

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

**BLANK PAGE**

**4** Dave Goldberg states that "Recruiting talent is expensive. Recruiting the wrong talented person is even more expensive." (Evidence C)

Assess the extent to which Dave Goldberg's opinion has contributed to the success of *SurveyMonkey*.

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

**(Total for Question 4 = 10 marks)**

**5** To assist customers who need to make an objective decision, *SurveyMonkey* publishes examples of decision tree questionnaires on its website, based on a series of simple yes/no questions.

Assess the usefulness of decision trees when making business decisions.

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

**(Total for Question 5 = 12 marks)**

**TOTAL FOR SECTION A = 40 MARKS**

## Section B

**Answer ALL questions in this section.**

**You should spend 60 minutes on this section.**

### Evidence D

***SurveyMonkey* CEO Dave Goldberg on growth**

Founder Ryan Finley started *SurveyMonkey* in 1999. With his brother Chris, Finley grew the company to an estimated $30m in sales without raising any outside funding. In 2009, Spectrum Equity and Bain Capital bought out the Finleys, installing Goldberg, a former Yahoo executive, as the chief executive.

Since then, *SurveyMonkey* has had a period of sustained buying activity. In June 2010 it took over *Precision Polling (*phone polling business*)* and in November it bought *WuFoo* (online forms producer). In 2011 it bought shares in *Clicktools* (a survey provider). In December 2012 *SurveyMonkey* teamed up with *TPG Capital* to buy part of *MarketTools*, a competitor.

Dave Goldberg was asked "What's your growth strategy?"

He replied "We're going to continue to look at further takeovers, but we're also building new products."

(Source: adapted from SurveyMonkey CEO Dave Goldberg on Tech Valuations, Growth and an IPO, Helen Costner © Forbes)

### Evidence E

**The online survey platform plans to pursue takeovers after new round of funding**

*SurveyMonkey*, the online survey platform, raised $250m in equity financing, making the company worth close to $2bn in December 2014.

The funding will help the company pursue future takeovers and allow existing investors and employees to sell some of their existing equity, the company said.

"*SurveyMonkey*'s core business boasts the unique combination of global appeal, durable growth and high profitability," said Henry Ellenbogen a portfolio manager. "We are particularly excited about the strong management team's ability to build a much larger business and drive the next phase of expansion."

The online platform, which was started in 1999, had revenue of $113m in 2012, according to *SurveyMonkey* CEO Dave Goldberg. *SurveyMonkey* has raised more than $1.2bn in debt and equity to date, reported the Wall Street Journal.

Over 25 million people use *SurveyMonkey*'s online platform, and the company has been exploring ways to strengthen its products for business customers, in order to help increase revenue. Most recently, *SurveyMonkey* has launched a new panel survey platform in the UK called '*SurveyMonkey* Audience'.

In 2014 *SurveyMonkey* took over its Canadian rival *Fluidware* for over $20m, its first takeover in more than two years.

(Source: adapted from SurveyMonkey is worth $2 billion after new $250 million fundraising round, Laura Lorenzetti © Fortune)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

**Evidence F**

**May 4, 2015**

**David Goldberg, CEO of *SurveyMonkey* and Husband of *Facebook*'s Sheryl Sandberg, Dies**

David Goldberg, the Chief Executive Officer (CEO) of *SurveyMonkey* and husband of *Facebook* Chief Operating Officer (COO) Sheryl Sandberg, died suddenly, on Friday night. He was 47 years old.

A former executive, Mr Goldberg, joined *SurveyMonkey* in 2009 and expanded the company from 12 employees to more than 500, attracting 25 million customers. The company was valued at close to $2bn as part of a $250m fundraising round late last year, intended to help it break into the corporate market. 5

(Source: adapted from David Goldberg, CEO of SurveyMonkey and Husband of Facebook's Sheryl Sandberg, Dies, Deepa Seetharaman © Wall Street Journal; image: SurveyMonkey.com)

**Evidence G**

**May 8, 2015**

***SurveyMonkey* Appoints Lurie Interim Leader After Goldberg Death**

*SurveyMonkey* appointed Zander Lurie as its temporary executive chairman, following the sudden death of its CEO David Goldberg.

Lurie, who is senior vice president of media at *GoPro*, will keep that job while he helps *SurveyMonkey* through the transition and the search for a replacement is conducted, *SurveyMonkey* said in a statement. He already serves on *SurveyMonkey*'s board. 5

(Source: adapted from SurveyMonkey Appoints Lurie Interim Leader After Goldberg Death, Sarah Frier © Bloomberg L.P.)

**Evidence H**

**July 7, 2015**

***SurveyMonkey* names permanent CEO to succeed Dave Goldberg**

*SurveyMonkey* named Bill Veghte as CEO on Tuesday, effective from August 3rd, and made him a board member. He succeeds Dave Goldberg, who died as a result of an accident in May.

Veghte joins *SurveyMonkey* from *Hewlett-Packard*, where he had been COO and led its enterprise group. Before that, he spent 20 years at *Microsoft*, working on Office, Windows and its server business. 5

This CEO appointment comes just a day after *SurveyMonkey* added two new board members: Goldberg's widow, Sheryl Sandberg, who is *Facebook*'s COO; and David Ebersman, CEO of *Lyra Health* and formerly *Facebook*'s CFO.

(Source: adapted from SurveyMonkey names permanent CEO to succeed Dave Goldberg, Julia Boorstin © CNBC LLC)

**6** Evaluate the growth strategy used by *SurveyMonkey*.

**(20)**

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

**(Total for Question 6 = 20 marks)**

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

**7** Assess the extent to which contingency planning could have protected *SurveyMonkey* from shocks such as the death of its CEO, Dave Goldberg.

**(20)**

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

**(Total for Question 7 = 20 marks)**

**TOTAL FOR SECTION B = 40 MARKS**
**TOTAL FOR PAPER = 80 MARKS**

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

**BLANK PAGE**

Every effort has been made to contact copyright holders to obtain their permission for the use of copyright material. Pearson Education Ltd. will, if notified, be happy to rectify any errors or omissions and include any such rectifications in future editions.

Images used within this paper may be from www.clipart.com.