The Operational Level Case Study Examination
A walkthrough of a real examination answer

This exam walkthrough analyses two students’ answers from the August 2020 Operational Case Study (CS) Examination. The Actual Student Answer — Passed demonstrates a comfortable passing standard; this answer earned a score closer to 120. The Actual Student Answer — Failed (score is around 60) demonstrates the common mistakes candidates make in CS examinations. This student missed opportunities to earn all available marks.

These transcribed answers were anonymised and annotated with observations and guidance. The answer with a passing score shows one of many ways a candidate can demonstrate sufficient knowledge and competence to earn a passing score. Note that it is not a perfect answer nor the only one that would earn a passing standard. However, this analysis provides a direct comparison of a passing and failing answer side-by-side. It gives you an idea of what a strong answer looks like and some examples of where answers might fall short and need improvement. (Note: Both the failed and passed answers are reproduced strictly as they were produced in the examination hence, they contain some spelling and grammar errors.)

Getting the most from this analysis

To get the full benefit of this resource, you should skim through the pre-seen materials for the May-August 2020 CIMA Operational Case Study Examinations. Afterwards, read the test variant 5, which these candidates answered to get context for these answers. You could also review the Examiner’s Report, the Marking Guide and Performance Descriptors, which might give you a greater appreciation of these answers.

To provide a comprehensive walkthrough with helpful guidance and a comparison of answers from a passing and unsuccessful student, we only focused on Section (Task) 1. It represents the performance of the candidates across all the four tasks in the entire examination. (Note: Both the failed and passed answers are reproduced strictly as they were produced in the examination hence, they contain some spelling-and-grammar errors.)

An Overview of May-August 2020 Operational Case Study Examination

The examinations were based on the company ChargeIT, a developer, designer and manufacturer of cordless domestic electrical products based in Eastland, a country in Northern Europe. There were six variants written based on ChargeIT, and the focus of variant 5 was expansion of sales into a new territory and expansion of the production facility. All variants were based on the Operational level examination blueprint and covered all core activities in accordance with the weightings prescribed.

A levels-based approach was used for marking candidate answers. For each sub-task, there was a detailed marking guide that split the total mark available into three levels: level 1, level 2 and level 3. It was also possible to achieve a score of zero for a trait if there was no rewardable material. Read the article ‘How your answer is marked?’

**TASK 1** (45 minutes | 25 marks)

Please prepare a briefing paper for me in which you:

- ‘Explain the decision tree and how we should use it to make our decision about which agent to use’. (28%)
- ‘Explain the limitations of using this decision tree to make our decision. Please also explain any non-financial factors that need to be considered’. (40%)
- ‘Suggest and justify three KPIs which would be appropriate to assess the performance of the agent for the Asian market’. (32%)

**Note: from the Operational Level Examinations Blueprint ...**

- Sub Tasks (a) and (b) test Core Activity E (Prepare information to support short-term decision-making).
- Sub Task (c) test Core Activity C (Analyse performance using financial and non-financial information.)
SECTION (Task) 1 — sub task (a):

'Explain the decision tree and how we should use it to make our decision about which agent to use'. (28%)

A Level 3 answer (6 to 7 marks) to this sub-task should:

(i) explain most aspects of what the decision tree represents;

(ii) make a good attempt to explain how the decision tree is used to make the decision; and provide an explanation referring to the scenario and data in the decision tree.

Actual student answer — failed

This email serve to explain decision tree and how we should use it, limitations and other non-financial factors to consider and suggest key performance indicators we could use to assess the performance of the agents.

Sub task a: decision tree
A decision tree is a tool used to decide between two alternative options for example chargeIT wants to choose between two agent to use when expanding to the asian markets end each decision tree has the root point which serves as a starting point for our decision.

how to use decision tree

expected values
expected values our weighted average of the expected out come and can be used to choose the option with the highest expected value and when considering expected value probabilities are not considered when looking at the decision tree, the option with the highest expected value is Hoppers with £1197900.

probability

probability show the likelihood of an event occurring, for example 50% chance that sales of 100,000 will be achieved should we enter new market and can be used to decide which option will the company be better off by looking at chance of such event hoppers.

marks for application.

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In paragraph 3, the candidate explains how to arrive at the decision and why Hoppers should be chosen. The candidate has taken into account the promotional expenditure of £2 million (in this exam, some candidates ignored this!)

They conclude the answer well (paragraph 4), identifying the agent who should be chosen together with the reasoning for the decision.

This answer demonstrates a good understanding of decision trees by identifying what the circles and squares on the decision tree represent (paragraph 1). A concise explanation (as required) is particularly important as this briefing note is written to a non-finance colleague in sales and marketing.

The candidate has expanded beyond a mere description and explains the decision tree well, referring to the scenario that was essential according to the question requirement. Paragraph 2 provides a good explanation of how to use the decision tree to inform the decision about which agent to choose.

The overall answer demonstrates a non-targeted approach commenting on everything that the candidate seems to remember about decision trees from a theoretical point of view. This usually scores no marks.

The candidate has failed to apply the theory of decision trees to the scenario. In paragraphs 2 and 3, some figures are mentioned but they are out of context; this earns no marks for application.

A decision tree is a way of visually showing the stages of decision making and the outcomes of the decisions taken. They are particularly useful in cases like this where multiple decisions need to be made. On a decision tree square points indicate where a decision needs to be made and circular points indicate an outcome point. Any branches off a decision point either lead to an outcome point or a future decision whereas branches off an outcome point will have a probability and value attached.

For example off the decision tree Sophie has provided, point B shows the decision that needs to be made between Bryants or Hoppers using as ChargeIT’s agents in Asia. At point A, the decision that needs to be made to go with the first or second option on offer from Bryants. Point A has two outcome points attached to show the expected value of the two options whereas point B only has one outcome point because if we use Hoppers there will only be one outcome. Each decision point has three probabilities attached to show the outcome in very good, good or poor market conditions.

When using Sophies decision tree to make decision the decision would be made to follow the branches to the outcome with the highest expected value as this would signify the greatest positive cash flows. When making the decision it is important to take the £52,000,000 related to the promotional campaign away from The Hoopers’ expected value as this is a cost ChargeIT will incur if we choose to use this agent. This would make the total expected value from employing Hoopers £9,979,000 rather than the £31,979,000 quoted.

Therefore, based on the decision tree ChargeIT should employ Hoppers as the agent. This is because even after the £32,000,000 of additional cost is taken away the expected value and therefore positive cash flow from this decision is still highest.

Actual student answer — passed

Hi Anthea,

Please see the answers to your questions below:

A. What the decision tree shows (28%)

A decision tree is a way of visually showing the stages of decision making and the outcomes of the decisions taken. They are particularly useful in cases like this where multiple decisions need to be made. On a decision tree square points indicate where a decision needs to be made and circular points indicate an outcome point. Any branches off a decision point either lead to an outcome point or a future decision whereas branches off an outcome point will have a probability and value attached.

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Therefore, based on the decision tree ChargeIT should employ Hoppers as the agent. This is because even after the £32,000,000 of additional cost is taken away the expected value and therefore positive cash flow from this decision is still highest.
SECTION (Task) 1 — sub task (b): Explain the limitations of using this decision tree to make our decision. Please also explain any non-financial factors that need to be considered. (40%)

A Level 3 answer to this sub-task should include explanation that is mostly clear and comprehensive, and
(i) explain at least three limitations; and
(ii) make reference to the data in the decision tree (5 to 6 marks).
(iii) Also, should explain clearly at least two non-financial factors; and
(iv) make good reference to the scenario (4 marks).

non-financial factors

Political stability
When entering a new market like the Asian market it is important to consider political stability of the country in terms of how government runs the country and the laws it passes how would they affect chargeIT.

environmental concerns
Seeing that chargeIT uses plastic for the casing of its product, what are the regulations regarding the use of plastic in the Asian markets, are there any penalties and what are we expected to do in order to operate in the market.

customer attitude
When entering new market it is wise to consider the type of consumers we are trying to sell to as some people may not be willing to spend on automated product for household chores. Like cleaning which they can perform manually especially in the poorer parts of the Asian market.

B. Limitations and non-Financial factors to consider (40%)

Limitations of decision trees
One limitation of using decision trees to make our decision is that they assume the decision maker is risk neutral. In reality, this is not likely to be the case. Anthea has mentioned that she is cautious about the market in Asia as it is the new market for ChargeIT and therefore the more risk averse decision-making technique would be more appropriate.

Another limitation of using a decision tree in this situation is that we are making a one-off decision and typically decision trees are best used when making the decision which has either been made repeatedly before or will be made many times in the future. Using a decision tree for a one off or decision is risky ask we do not know who accurately the probabilities will be. If the probabilities on Sophie’s decision tree are not correct then it could lead to us making the wrong decision due to calculating incorrect expected values.

The final limitation of decision trees is that the probabilities are not going to be 100% accurate as they are based on historical data and averages. This carries risk in our case as Anthea has already said she is unsure of how successful the products are going to be in Asia and therefore the probabilities used maybe an educated guess. Asia is also the new market for us and the probabilities are likely to be based on averages in Eastland which is in Europe or the US market which is very different to the Asian market.

Non financial factors to consider
When considering which agent to use it is important to also consider non-financial factors such as the reputation of the agent company. ChargeIT is a well respected company with a good reputation and the 4th highest market share in Eastland. We do not want to risk this reputation by employing an agent with a bad reputation and potential unethical practices as this would not only damage chargeIT’s reputation but would also lead to the loss of sales and market share in Eastland and the new Asian market.

We should also consider the quality of the service provided by the agent and their experience in the market when making our decision such as the customer service they provide in Asia and their ability to generate sales. We want to choose the agent which will provide the highest quality service in Asia so that the launch of charge its products is as successful as it can be.
SECTION (Task) 1 — sub task (c):
'Suggest and justify three KPIs which would be appropriate to assess the performance of the agent for the Asian market' (32%)

A Level 3 answer (7 to 8 marks) to this sub-task should:
(i) identify at least three KPIs that are appropriate for assessing the performance of the Asian agent for the most part;
(ii) explain the three KPIs well; and
(iii) justify the identified KPIs with reference to the scenario.

Key performance indicators

sales volume
Accessing of the agent could be done through sales volume as to see if hoppers has been able to meet the targeted or expected sale in the introduction both chargeit to the asian market, we could also look at the frequency sale occur since the partnering with hoppers to evaluate performance.

customer satisfaction
Since its a new market chargeit could use surveys to see how successful hoppers has been introducing the company to the market, this could be used to determine the market share we have been able to capture of specific time.

idle time and return rate
We could also look at how many day inventory spends on the shelves to see if hoppers is successful in delivering customers to chargeit. and could use the return rate to see how many of our customers are happy with the product and how many aren’t and we can improve.

C. KPIs for measuring the performance of the agent in Asia (32%)

Customer Satisfaction surveys
ChargeIT and the agent we employ could encourage customers to give feedback on their experience and the products they have purchased. This feedback can then be analysed to draw out keywords, this would help identify the reasons for a customers review which ChargeIT can then use to apportion responsibility. For example a negative review from a customer in Asia due to the product being damaged during delivery would be the fault of the agent and we could query this with them.

Customer Sales Ratio
This KPI would show the proportion of potential customers in Asia that end up purchasing a ChargeIT product such as a floor mop. This would be useful as it would indicate how successful the agent is in generating sales for us not only in terms of sales volume but in terms of actual customers.

This KPI would also indicate how customers in Asia react to our products and show which of Anthea’s predictions about market conditions are correct. For example if only 40% of customers actually purchased a product this would indicate that the market for ChargeIT in Asia is poor.

Average Delivery Times
As the agent in Asia will also be responsible for the distribution of charged products in the region it is important that they provide a good quality delivery service. This KPI links back to the customer satisfaction KPI as if they have to wait a long time for their order to arrive or it arrives damaged it reflects badly on us and also means the agent isn’t fulfilling their duties.

If the delivery service provided by the agent is poor this would suggest their performance in this aspect of the contact is poor which ChargeIT could then address.

Kind regards,
Finance Officer
What did the candidates do right or wrong?

At first glance, the answer with a passing score has paragraphs that are well structured and laid out, suggesting comprehensive coverage of each area of the task and subsequent requirements. In addition, at Operational level, to achieve a higher passing score, you need to demonstrate strong technical knowledge of the topics being tested through clear and comprehensive explanation and apply this technical understanding to the scenario. In the failed answer, the candidate seemed to have missed out on the marks primarily because of the poor technical understanding of the syllabus topic examined. Further, in the failed answer the candidate has explained the issues too briefly and with a lack of clarity.

Regarding writing style, the candidate who produced the answer with a passing score maintained a professional style throughout with a structure and logical layout. They have used headings to clearly indicate which task they are addressing and to provide structure to the response. Each idea has a separate paragraph that makes it easy for the marker to follow the train of thought and award marks. You will notice that the candidate has not used bullet points in the answer with a passing score. It is clearer if you write short paragraphs with sub-headings.

One other area worthy of a mention is the candidates’ ability to explain which is demonstrated well throughout the answer with a passing score. At the Operational level, many of the tasks require explanation and to achieve a high level 2 and level 3, it is expected that this will be clear and comprehensive — it should be an explanation rather than a description.

The candidates have made some spelling and grammar errors, but the examiners won’t penalise for this. The key element the examiner is looking for is the ability to address the requirements of the tasks and communicate them effectively within a time constrained environment. Therefore, you will not earn marks unless the examiner can understand what you are trying to say. If communication is not your natural strength, you need to start working on it as soon as possible. Ask friends or colleagues to read your answer for you and see if they can understand what you are trying to say.

Finally, remember three keys to producing a passing answer for the CIMA Operational Case Study Examination:

- **Demonstrate technical understanding in the context of the scenario.** Information given (both pre-seen and unseen) should be, as far as possible, incorporated into answers. In other words, technical understanding is important but simple regurgitated knowledge scores poorly — it needs to be applied.
- **Ensure that your knowledge base is complete.** When there are knowledge gaps, application is not possible. You may use the ‘Assessment Outcomes’ in the examinations blueprint as a useful checklist.
- **Read the requirements carefully and do exactly what the examiner asks you to do.** This is helpful for answer planning and time management.

For more hints and tips from the examiner read the article [Examiner’s Advice on Common Mistakes in CIMA Case Study Examinations](#). Also, watch the video [How to Produce an Answer Examiners Love to See](#).

You may also benefit from reading CIMA’s published answer to the variant 5. This gives you an alternative approach to achieving a passing score from the same requirements. It is useful to understand how different approaches can earn marks and that the markers are not looking for a model answer.

It’s recommended that you read other useful learning resources in the [CIMA Planner](#) to guide you in preparing well for your CIMA Case Study Examination and producing answers with a high passing score.