Exam Success Workshop – Case study

Strategic Level
May 2016

Samuel Li  ACMA, CGMA
Learning Support Manager
Samuel Li ACMA, CGMA

- Started his career as an Executive Trainee with Jardine Matheson in Hong Kong
- Studied CIMA under sponsorship of Jardines
- Became a Management Consultant in 2008
- Joined CIMA in 2011 as Learning Support Manager
- Worked and lived in Africa, Asia, Australia and Europe
- Now base in Singapore with global responsibility
Agenda

- Case study exam – facts to know
- Passing case study exam
- Walkthrough demonstration – Feb 2016 SCS
- Useful links
Case study – facts to know
Case Study

- There is a case study examination at the end of each level
- While OTQs mainly test knowledge, case study tests application and communication skills
- Case study exams will cover knowledge from all 3 pillars
- Intermediate awards upon completion of a level
CGMA® COMPETENCY FRAMEWORK

TECHNICAL SKILLS

Apply accounting and finance skills

In the context of the business

BUSINESS SKILLS

LEADERSHIP SKILLS

And lead within the organisation

To influence people

PEOPLE SKILLS

ETHICS, INTEGRITY AND PROFESSIONALISM
## Approach to Case Study

<table>
<thead>
<tr>
<th>Role</th>
<th>Audience</th>
<th>Question Types</th>
<th>Competency Weightings</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRATEGIC</td>
<td>CFO and rest of senior management team</td>
<td>Long essays, supported by calculations and analysis</td>
<td>24% 25% 25% 26%</td>
</tr>
<tr>
<td>Manager</td>
<td>CFO and senior business managers</td>
<td>Long and short essays, supported by calculations and analysis</td>
<td>39% 24% 21% 16%</td>
</tr>
<tr>
<td>OPERATIONAL</td>
<td>Manager and product owners</td>
<td>Short essays, supported by calculations and analysis</td>
<td>64% 16% 14% 8%</td>
</tr>
</tbody>
</table>

The table above outlines the approach to case study analysis based on different roles and their respective competencies.
Your role – Strategic level

Who you are?

At Strategic level, your role will be that of a Senior Finance Manager.
Equivalent job titles in a real organisation might be:
- Senior Management Accountant;
- Group Accountant
- Financial Director

What is the main focus of your role?

Overall focus is the long term and setting the strategy for the business.
You may be involved in:
- Measuring, analysing and managing risk;
- Advising on strategic decisions;
- Investigating potential business developments and investments;
- Advising on long term sources of finance and financial strategy.

You will need to understand:
- Leadership and its role in achieving change management;
- The full context in which the business operates;
- The importance of looking ahead and advanced planning.

Who is your audience/who are you seeking to influence?

Chief Financial Officer/Board, senior management team – other senior non financial staff.
Upon receipt of the cash flow forecast Mr Harris becomes concerned and sends you the following email to which you need to respond:

From: Mark Harris, (Director), mh@mw.co.uk  
Sent: 4th August 2015, 11:26 a.m.  
To: Accountant  
Subject: Cash Flow Forecast and Marketing

Thank you for the cash flow forecast that you sent through to me. I am a little alarmed and perplexed though that the forecast seems to show that we will breach our overdraft facility limit. Firstly, why is the position so bad? Secondly is there anything that we can do to improve the cash position so that the overdraft limit isn’t breached?

Also, the effective marketing of our products is becoming a further major consideration. As our product range and customer base expands, effective marketing will become ever more important. In order to achieve this I understand we need to engage in business to business marketing, and perhaps employ a key account manager although I’m not clear how this differs from any other type of marketing. Please can you let me know what you know about this.

Thank you

Mark Harris  
Director  
Mw/  
E: mh@mw.co.uk  
T: 0151 265 3114

You have 45 minutes to respond to Mr Harris’s email of 4th August 2015.

To: Mark Harris, (Director), mh@mw.co.uk  
Subject: Re: Cash Flow Forecast and Marketing
Upon receipt of this email, we have

Cash Forecast for MW:

<table>
<thead>
<tr>
<th></th>
<th>August £'000</th>
<th>September £'000</th>
<th>October £'000</th>
<th>November £'000</th>
<th>December £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from receivables</td>
<td>640</td>
<td>590</td>
<td>660</td>
<td>700</td>
<td>1,100</td>
</tr>
<tr>
<td>Cash paid:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>(300)</td>
<td>(340)</td>
<td>(600)</td>
<td>(560)</td>
<td>(540)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(120)</td>
<td>(140)</td>
<td>(210)</td>
<td>(220)</td>
<td>(230)</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>-</td>
<td>(600)</td>
<td>(200)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend</td>
<td>-</td>
<td>-</td>
<td>(250)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td><strong>220</strong></td>
<td><strong>(490)</strong></td>
<td><strong>(800)</strong></td>
<td><strong>(80)</strong></td>
<td><strong>330</strong></td>
</tr>
<tr>
<td>Cash balance b/fwd</td>
<td>400</td>
<td>620</td>
<td>130</td>
<td>(470)</td>
<td>(550)</td>
</tr>
<tr>
<td>Cash balance c/fwd</td>
<td>620</td>
<td>130</td>
<td>(470)</td>
<td>(550)</td>
<td>(220)</td>
</tr>
</tbody>
</table>

Thank you for your email. We will be meeting next week to discuss the cash position.

Also, the effective marketing and sales will make the forecast more accurate.

Thank you for your communication.

Mark Harris
Director
MW
E: mh@mw.co.uk
T: 0151 268 3145

You have 45 minutes to respond to Mr Harris's email of 4th August 2015.

To: Mark Harris, (Director), mh@mw.co.uk
Subject: Re: Cash Flow Forecast and Marketing

Help | End Exam
From: Judith
Subject: Presentation

Hi,

Just touching base. The directors are keen to know roughly how much the shares should be priced at if we go ahead with the quotation. They paid a consulting firm a lot of money and spent an afternoon learning about company valuation. None of the stuff that was covered was new to me, but it got me out of my office for a while.

I have cut and pasted the consulting firm’s presentation below.
Cast Group announces new CEO

Philippa Byrne Supplies Correspondent

Yesterday’s announcement that Cast Group has appointed Judith as its CEO comes at an interesting point in the company’s development.

The Cast Group is, by far, the country’s largest unquoted company. It has been sitting on a large and, so far, unproductive cash mountain since it sold its massive property portfolio and embraced the altogether more profitable online retailing model. The company has made no attempt to signal its intentions for the future. The only thing that we can be sure of is that major change is inevitable.

It is highly unlikely that Judith would have stood down from the board of one of the country’s leading telecoms providers to take charge of a sleeping giant such as Cast unless the directors had promised her some fresh

Unconfirmed rumours suggest that one of Judith’s first challenges will be to heal internal disagreements within Cast’s board. There have been suggestions that a fresh appointment from outside was considered necessary because the existing board could not reach a consensus on the direction that Cast should take.
Using the reference materials above, you have 45 minutes to respond to Mr Harris’s email of 24 June 2015.

To: Mark Harris, (Director), mh@mx.co.uk
Subject: Re: Property and Recruitment
Date: 24th June 2015
Case study: facts to know

- 3 hours (no extra reading time)
- Preseen available to download 7 weeks before exam
- 3 – 5 tasks in each exam
- Each tasks will have a specific time assigned to
- Students will be forced to ‘move on’ when time is up
- Not possible to return to previous task once moved on
- Human marked
- Result given in 4 – 5 weeks
- Available 4 times a year. Each sitting has a window of 5 days
Case study: facts to know

- 5 variants per exam sitting – randomly selected
- The same prompts from the pre-seen can be used, in totally different ways
- Pre-seen case is available to view throughout the exam via a pop-up window but students are not allowed to bring in their own copy
- No paper will be provided. Notes can be made on the script board provided
- You may also use the on-screen scratch pad to make notes but it is not possible to “Copy & Paste” to the answer box
- Possible to bring your own calculator (selected models). Please check CIMA connect for the latest list.
Passing case study
Passing Exam

- **80 out of 150** (scaled score)
- Meeting the minimum threshold (approx. 1/3) against each competency

<table>
<thead>
<tr>
<th>Competency</th>
<th>Mix at strategic level</th>
<th>Minimum threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical</td>
<td>23%</td>
<td>8%</td>
</tr>
<tr>
<td>Business</td>
<td>23%</td>
<td>8%</td>
</tr>
<tr>
<td>People</td>
<td>22%</td>
<td>8%</td>
</tr>
<tr>
<td>Leadership</td>
<td>23%</td>
<td>8%</td>
</tr>
<tr>
<td>Integration</td>
<td>9%</td>
<td>3%</td>
</tr>
</tbody>
</table>

- You will be issued one of three categories indicating your performance for each competency
  - **Fail**: Below the minimum threshold
  - **Moderate**: Between the minimum threshold and just above the performance of a minimally competent candidate for the specific competency.
  - **Strong**: Demonstrating a high level of competency
What will a ‘good answer’ look like?

- Requirement(s) correctly interpreted
- Answered the question set / all requirements
- Logical and coherent answer
- Demonstration of understanding of theory / principles (appropriately)
- Theory / principles applied well to specific problem / issue
- Answered within time
‘Good answer’ earns marks

- There is no difference in **what would earn marks** in Case Study Exams, because it is always about **answering the question**!
- It is extremely unlikely that a well-prepared student who answers **what is asked** would fail to meet the threshold for all the competencies.
- Need not worry about competencies as a ‘good answer’ will hit the competencies. (illustrations to follow)
- A strategic question will ask for a different approach from an operational question (e.g. more complex)
WALK THROUGH DEMONSTRATION
Walk through demonstration – Rio (Feb 2016 SCS)

Pre-seen

• Rio is in fast fashion industry
• You are the senior finance manager, report to the Finance Director
• You give advice on special projects and strategic matters
• Rio has large no. of retail stores in Europe and Asia selling fashion clothing and accessories
• Fashion industry is very dynamic and competitive
• Manufacture is outsourced
• Green credentials – being socially responsible
• Internet purchase became popular over the past 10 years
• Redesign the stores to keep up with the trends
• Brand awareness is very important
This exam is structured as follows:

<table>
<thead>
<tr>
<th>Section number</th>
<th>Number of tasks</th>
<th>Time for section (minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>60</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>60</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>60</td>
</tr>
</tbody>
</table>

The time available for each section is for reading, planning and writing your answer(s).

This information will be available for you to access during the examination by clicking on the pre-seen button.
Stella Erikson, Finance Director:

"Yesterday, at a senior management team meeting, Diana Templeman presented an outline proposal for the expansion of Rio's e-business activities. This includes both Rio's internet sales and the use of an extranet system. I've just emailed you an extract from the presentation that she gave as part of her 'Proposal Outline' at the meeting. Please take a look at this when you get back to your desk.

As you will see from the extract I have sent you, the proposal includes the extension of Rio's internet sales activities and the development of an extranet for our outsourced suppliers. However, before we can make a decision on this proposal, I am concerned that Diana's presentation only addresses the positives. Regarding the forecast value of the online sales revenues that could be made, we do not know whether the value of these online sales would have been achieved anyway by customers purchasing in-store.

In respect of the extranet proposal, I am also worried that some of our outsourced suppliers may use our electronic data for their own purposes. Diana is very keen for this proposal to be accepted but I think we need to evaluate it very carefully.

I am preparing a report for the next Board meeting and I need you to write me a briefing paper covering the strategic benefits for Rio of expanding its e-business activities.

Your briefing paper should also identify the strategic risks of this proposal and how we might deal with them."
PROPOSAL FOR THE EXPANSION OF RIO'S E-BUSINESS ACTIVITIES

Website Development

- Roll-out of Rio's website for internet sales to all remaining ten European countries and also to the six Asian countries in which we operate stores.
- Forecast value of online sales revenues to increase by between €50 million and €100 million in the next two years.

Extranet Development

- An extranet system to be used by all of our outsourced suppliers to improve communication between them and the design teams.
- The extranet system will allow outsourced suppliers to view information within other parts of Rio's integrated Information Systems, including the Procurement Information System and the Inventory and Logistics Information System.

Further Information:

Cost: The total investment to not exceed €40 million for both development proposals.

Aims:

- To achieve one of our business aims, which is to develop our integrated e-business approach and expand our internet sales.
- To offer customers an alternative shopping environment.
- To enhance the relationship with our customers and our outsourced suppliers.
- To make Rio's supply chain more efficient by speeding up the tendering process.
- To have both systems operational by February 2017.
I am preparing a report for the next Board meeting and I need you to write me a briefing paper covering the strategic benefits for Rio of expanding its e-business activities.

Your briefing paper should also identify the strategic risks of this proposal and how we might deal with them."

- **Strategic benefits for Rio expending its e-business activities**
  - Internet sales
  - Extranet

  *E3 (B1) – evaluation of the process of strategic analysis*

- **Identify the strategic risks and how to deal with them**

  *P3 (A1/D2) – evaluate of strategic risks and alternative risk management tools*
ScS Feb 2016 – v2: Task 1 Answer

- **Strategic benefits**
- **Internet sales**
  - Access to wider market
  - Improve customer satisfaction by offering alternatives
  - Enhance customer relationship management
  - Lower marketing cost
  - Consistent branding
- **Extranet**
  - Better communication with design teams
  - Bring outsourced suppliers closer to Rio
  - Reduce delays
  - Increase efficiency and productivity
• Strategic risks and how to deal with them
• **Risks**
  – Cost exceeds EUR 40 million
  – Unable to cope with the increase sales
  – May not meet revenue target
  – Security access for extranet
  – IT risks
• **Mitigations**
  – IT project team to manage cost
  – Ensure compatibility to existing internet sales system
  – Marketing and promotional campaign
  – Communications on design is done via new IT system
  – Involve existing IT specialists and provide training
## Marking guidance

<table>
<thead>
<tr>
<th>Section</th>
<th>Technical Skills</th>
<th>Business skills</th>
<th>People Skills</th>
<th>Leadership Skills</th>
<th>Integration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strategic risks of e-business and how to deal with them</td>
<td>Strategic benefits of e-business expansion proposal</td>
<td>14</td>
<td></td>
<td>3</td>
<td>33</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>Strategic choice of IT supplier (SAF framework application)</td>
<td>9</td>
<td>Use of dividends to finance proposal and recommend how to finance proposal</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Impact of proposal on financial information systems</td>
<td></td>
<td></td>
<td>Ethical issues of choice of IT supplier</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8</td>
<td></td>
<td>22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>23</td>
<td>22</td>
<td>9</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
### Competency mix by subjects

#### Technical

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Syllabus area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial accounting and reporting</td>
<td>E1, P1, F1, F2</td>
</tr>
<tr>
<td>Cost accounting and management</td>
<td>P1, P2</td>
</tr>
<tr>
<td>Planning and control</td>
<td>P1, P2</td>
</tr>
<tr>
<td>Management reporting and analysis</td>
<td>P1, P2, E3</td>
</tr>
<tr>
<td>Corporate finance and treasury management</td>
<td>E1, P1, F1, F3</td>
</tr>
<tr>
<td>Risk management and internal control</td>
<td>P1, P2, P3</td>
</tr>
</tbody>
</table>

#### Leadership

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Syllabus area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team building</td>
<td>E2, E3</td>
</tr>
<tr>
<td>Coaching and mentoring</td>
<td>E2, E3</td>
</tr>
<tr>
<td>Driving performance</td>
<td>P2, E3</td>
</tr>
<tr>
<td>Motivating and inspiring</td>
<td>E2, E3</td>
</tr>
<tr>
<td>Change management</td>
<td>E2, E3</td>
</tr>
</tbody>
</table>

#### Business

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Syllabus area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>E2, E3</td>
</tr>
<tr>
<td>Market environment</td>
<td>E1, E2, E3</td>
</tr>
<tr>
<td>Process management</td>
<td>E1, E2, E3</td>
</tr>
<tr>
<td>Business relations</td>
<td>E1, E2, E3</td>
</tr>
<tr>
<td>Project management</td>
<td>E2, P2, E3</td>
</tr>
<tr>
<td>Regulatory environment</td>
<td>F1, F2, F3</td>
</tr>
<tr>
<td>Macro-economic analysis</td>
<td>E2, E3, F3</td>
</tr>
</tbody>
</table>

#### People

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Syllabus area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influence</td>
<td>E2, E3</td>
</tr>
<tr>
<td>Negotiation</td>
<td>E2, E3</td>
</tr>
<tr>
<td>Decision making</td>
<td>P1, E2, E3</td>
</tr>
<tr>
<td>Communication</td>
<td>E1, E2, E3</td>
</tr>
<tr>
<td>Collaboration and partnering</td>
<td>E1, E2, E3</td>
</tr>
</tbody>
</table>

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2015 CIMA Professional Qualification Syllabus P.92-93
Exam tips

• Conforms to the format required
• Short concise sentences with less punctuation
• Headings and sub-headings
• Short paragraphs, and make a separate paragraph for each point
• Selective underlining/ **Bold** format
• No specific marks for quoting industry examples, but relevant examples that support your argument will earn marks
• Theory and framework must be applied to the scenario
• Allocate time equally between sub-requirements
Be exam ready!

- Fully absorb and analyse the pre-seen information in order to step into the assigned role in that organisation on exam day (story of the organisation and its environment / stakeholders) - exam tasks draw on pre-seen materials.
- Understand the requirements / question set, and answer the question(s)
- Answer planning is very important (1/3 of the allocated time): think more-write less!
- Relate the answer to the pre-seen information all the time (to ensure students demonstrate the four skills and ability to integrate)
- Time management – do not run out of time for well known topics
First time vs Re-sit

First timer
• Make sure you understand the exam structure and the platform functionalities
• Work out your logistics
• Give your best shot – your variant may be the harder one

Re-sit
• Do not be discouraged
• Understand your previous exam results
• Review the examiner’s report
• Ask what you could have done differently
Useful links

- **CIMAconnect** – The study support platform
- **2015 Professional Qualification syllabus**
- **Practice exams**
- **Case study roles and responsibilities - Strategic level**
- **Guide to writing a report in the case study exams**
- **Guide to writing an email in the case study exams**
- **FM article by Helen Crofts and the Case Study Exam writers**
- **5 dos and don’ts for case study exam**
- **Guidance for exam day**
- **Understanding your exam result**
Thank you!

Samuel Li ACMA CGMA
Learning Support Manager