Strategic Level Case Study – Examiner's report

November 2024 – February 2025 exam session

This document should be read in conjunction with the examiner's suggested answers and marking guidance.

General comments

The Strategic case study (SCS) examinations for November 2024 and February 2025 were based on a pre-seen scenario which provided information about Rotomyne, a quoted company that mines lithium for sale as a material that is used by manufacturers.

Lithium is an important material. It is used in several applications, including rechargeable batteries for consumer products such as mobile phones and electric cars. Rotomyne's revenues depend on demand for its customers' products. There are also environmental concerns associated with the mining and processing of lithium ore. Furthermore, the lithium mining industry operates on a global basis. Rotomyne creates a host of strategic issues in its management.

A total of six variants were set on Rotomyne. The focus for each variant was as follows:

- Variant 1: Rotomyne faces a drop in demand for lithium, arising from a decline in demand for electric cars.
- Variant 2: Rotomyne faces strategic cyber risks associated with operating in the mining industry, which offers a number of threat vectors.
- Variant 3: Rotomyne faces ESG concerns associated with the poor quality of sustainability information as published by the mining industry.
- Variant 4: Rotomyne is considering making a strategic switch to a more sustainable approach to ore extraction in response to concerns that its current methods are unsustainable.
- Variant 5: Rotomyne is considering a strategic investment in the construction of its own rechargeable battery factory.
- Variant 6: Rotomyne plans to address the treasury implications of the company's business model.

All six variants complied with the published blueprint and covered the core activities in the prescribed weightings. Each variant consisted of three tasks and each task was further subdivided into separate requirements. The weighting attached to each requirement was stated and candidates were advised to allocate the time available for each requirement on the basis of those weightings. Markers were

instructed to adopt a holistic approach to marking, which meant that the answer to each requirement was read and judged on its merits. Markers were provided with specific guidance as to the characteristics of level 1, level 2 and level 3 answers for each separate requirement.

As always, the key to achieving a passing mark or better is to answer the question as set. Failure to do so is one of the main reasons candidates fail the case study. Read the questions and the scene-setting pages carefully before attempting the questions. It is also vital that the candidates understand the pre-seen material. Candidates should apply their judgement to answering the requirements as fully as possible. Scenario-based questions often allow scope for differences of opinion and markers are instructed to mark different approaches on their merits.

It is very important that candidates cover the whole syllabus when revising for the case study exams. There were several weak areas where candidates demonstrated a lack of knowledge and therefore could not really show the level of application required to score a high mark. In this case study, candidates were very poor at currency risks and had a very poor understanding of betas.

To achieve a level 3 in most traits, it was expected that a candidate would demonstrate good technical understanding of the topic being tested through clear and logical application to the circumstances described in the scenario. It may also help to develop an argument by offering justification for any recommendations made. One way to formulate an answer to a typical requirement would be to imagine it as a task that had been set by a director who was delegating an important task.

Level 1 answers generally demonstrate either poor exam technique or fail to offer a logical response to the circumstances in the scenario (or both). Poor exam technique is generally due to a failure to answer the question. Poor logic generally suggests that the candidate has misunderstood the scenario. For example, the specific issues arising in the case of Rotomyne include:

- No two assignments are the same. Each must be planned and executed in its own way.
- Senior management must be aware of the risks facing Rotomyne, which can often be affected by the risks faced by the customers who buy its lithium.
- The company faces risks that have very high impacts.

While each attribute may not necessarily inform every requirement, level 1 marks tended to be associated with a failure to appreciate the specifics of the business.