



Examiner's interim feedback

November 2020 Strategic Case Study Examination

The purpose of this document is to give some feedback on the November 2020 Strategic Case Study (SCS). It also aims to provide some useful advice for candidates preparing to re-sit this exam in February 2021. If you are planning to re-sit in February 2021, remember that the exam will be based on the same pre-seen as November 2020. You don't need to know or use any information from the variants of the exam that was taken in November 2020.

General comments

This case study was based on Knowledge City Technology Park (KCTP), a company that operates a technology park where companies engaged in the commercial development and exploitation of technology can rent units that are equipped with the physical infrastructure that meet their needs. The pre-seen was made available in advance, describing the technology park industry and offering details concerning KCTP. Further information on the scenario was provided in each variant.

The examination comprised of three sections, each of which is equally weighted. Each task which was split into either two or three sub-tasks, were not necessarily equally weighted and so guidance was provided with respect to the time that should be spent on each sub-task.

It was expected that candidates would reflect on the features of KCTP and the technology park industry before attempting the case. KCTP rents commercial spaces to a diverse range of tenants. The tenants' needs are more complex than those of more conventional businesses. For example, utilities such as electrical supplies and online communications may have to be highly robust. The need to protect intellectual property may also raise questions about security. It was encouraging to see that many answers demonstrated an understanding of these issues, suggesting that candidates had studied the pre-seen and were aware of the issues.

The following points are based on feedback from the marking team:

Develop business strategy	<p>This core activity represents between 15% and 25% of the marks available in the SCS blueprint.</p> <p>This core activity requires the ability to advise the Board on major strategic decisions. Recommendations may be developed or supported by referring to various strategic decision-making models. They also require an understanding of the business and its approach to creating wealth.</p> <p>Level 3 answers offered realistic suggestions that were well supported by logical explanations. It is critically important to consider the manner in which KCTP does business and the implications of any major change for retention of existing tenants or the ability to attract others. The Strategic Case Study frequently requires candidates to consider significant</p>
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	<p>changes that would require an understanding of how that might affect cash flows.</p> <p>Level 1 answers frequently lacked a clear recommendation, simply reiterating information from the scenario and the study materials. Avoiding a direct answer might irritate a superior in the real world. In the case study, marks are generally awarded for the manner in which a recommendation is justified and so it does not matter whether the examiner or marker would have recommended an alternative approach.</p>
<p>Evaluate business ecosystem and business environment</p>	<p>This core activity represents between 15% and 25% of the marks available in the SCS blueprint.</p> <p>This core activity requires an awareness of the business and economic environment in which the business operates. The Strategic Case Study frequently deals with significant changes that require a strategic response. Again, there are models that may help structure an analysis of the changes, although there is also a need to understand the business itself and the manner in which it operates.</p> <p>Level 3 answers identified the relevant issues arising from KCTP's environment and were capable of recommending suitable responses, with good justification for those recommendations. A clear justification is important in the real world in order to ensure that the Board is confident that the advice being offered is sound. It also helps demonstrate understanding in the Case Study.</p> <p>Level 1 answers often focussed excessively on describing the problem or the models that might be applied in resolving it. It would have been better to have invested more time and effort in addressing the specific requirement(s) involving this core activity.</p>
<p>Recommend financing strategies</p>	<p>This core activity represents between 15% and 25% of the marks available in the SCS blueprint.</p> <p>This core activity reflects the fact that finance theory offers powerful models and techniques for identifying the manner in which the entity captures and creates wealth. Ultimately, any strategy can be evaluated on the basis of its implications for shareholder wealth. This core activity encompasses the valuation of the company, the financing decision, and the dividend decision.</p> <p>Level 3 answers generally demonstrated a strong grasp of the underlying theory but could also apply the theory's logic to the specific issues faced by KCTP. The models require an understanding of the business itself and its circumstances. For example, a funding question requires some thought about the nature of the asset that is being acquired and also about KCTP's present financial position.</p>

	<p>Level 1 answers tended to repeat the content of study materials. Finance models rarely make much sense unless they are related to the scenario. KCTP's Board would, for example, be dissatisfied with a list of the characteristics of debt and equity if they sought advice on raising finance.</p>
<p>Evaluate and mitigate risk</p>	<p>This core activity represents between 15% and 25% of the marks available in the SCS blueprint.</p> <p>This core activity reflects the emphasis that is placed on risk in the real world. Risk management is regarded as critically important in practice and so it features prominently in the Strategic Case Study Blueprint.</p> <p>Level 3 answers demonstrated an understanding of the particular risk-related issues raised in the task and offered a realistic response. KCTP faces a number of risks arising from the manner in which it does business and the management of those risks requires a broad understanding of the techniques that can be applied to the mitigation of those risks.</p> <p>Level 1 answers often failed to address the concerns directly, offering checklists drawn from study materials. It is useful to be aware of the main responses or controls that can be used to mitigate risk, but it is more important to be capable of selecting and justifying specific responses.</p>
<p>Recommend and maintain a sound control environment</p>	<p>This core activity represents between 15% and 25% of the marks available in the SCS blueprint.</p> <p>This core activity reflects the fact that the Board must establish a sound control environment in order to be confident in the overall quality of governance. This is an important issue for company directors because shareholders and regulators pay a considerable amount of attention to governance.</p> <p>Level 3 answers demonstrated an awareness of the factors that might cause problems and could address those problems by recommending satisfactory responses. Whether that response took the form of a change to the Board structure or behaviour or involved an internal audit assignment was generally dictated by the Task, but good answers offered specific responses that addressed the concern.</p> <p>Level 1 answers were frequently little more than summaries of the responses that might be offered, with relatively little direct application to the scenario.</p>



The following hints and tips should be considered if you plan to sit the SCS in February 2021:

Before the exam:

1. It is important to understand the subject matter in the syllabus. Clearly, it is necessary to revise/read study materials. Make sure that you understand the materials and how the ideas that they contain might be applied in practice. Recalling content might be helpful, but it is vital that you can take it one step further and apply it to solving problems.
2. Read and re-read the pre-seen carefully. It will be available to you throughout the exam and so you can refer to it as and when you require, but it will save time if you can remember the broad issues raised. Tasks set in the Case Study will not require complete recall of the pre-seen, but it can be helpful to refer to particular facts about KCTP in your answers in support of your arguments.
3. Make sure that you can write credible answers to case study exams. There is no substitute for attempting past papers and preparing detailed answers. The more papers you attempt the better you will become at interpreting and answering questions. You can review your answers by asking yourself whether you would feel comfortable in submitting your response to an issue to a director or senior manager.

During the exam:

1. Allocate your time to ensure that all elements of a task are answered and read the task carefully. Make use of the fact that the elements of each task have a percentage that enables you to reflect the number of marks that are available. If a requirement is worth 40% then you should spend $40\% \times 60 = 24$ minutes on it before moving on.
2. Apply technical knowledge to respond to the question. That might seem obvious, but feedback from markers always highlights that as a problem for many candidates. In the Strategic Case Study, the questions generally ask for responses that relate to the entity under consideration. If a question asks about a problem facing KCTP then it will be necessary to reflect the information at your disposal from the pre-seen and from the unseen material in the question your answer. It is unlikely that you could pass the exam without properly revising the syllabus material, but you must apply that to the specific case.
3. If you are asked for a recommendation, then give one and justify it. You would expect to be challenged in the real world if your advice consisted of every possible response, with no indication of which was the preferred solution. Your recommendation may differ from the examiner's, but you will still gain credit for the quality of your justification.
4. Take care over the inclusion of real-world examples. KCTP is engaged in facilitating research and development in various advanced technologies. You may have read the business press and you may have collected some useful information about the technology industry. If you offer an example based on that background reading, then it will be awarded credit if it is relevant to the requirement and so supports your answer. The danger is that some candidates include irrelevant examples which earn no credit.



5. Make sure that you are explaining rather than just stating or identifying a list of points. Quite often, adding “because” or “this is due to” or “resulting in”, will help you to develop a point.
6. Use the information given to you in the exam: it’s there for a reason! Don’t be afraid to use your common sense and think around an issue if needed.

Good luck!