

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

General comments

This exam was based on a pre-seen scenario involving FNG, a company that published a number of newspaper titles and also provided printing services to business clients. The pre-seen material was made available in advance and so candidates had the opportunity to familiarise themselves with its content and to investigate the background to this business if they so wished. There were five unseen variants, each of which was broken down into three sections. Each section was subdivided into two or four requirements.

FNG’s business model should have been easy to understand. The company publishes a large number of newspaper titles, each of which is aimed at a town or district. Readers would buy such newspapers because they were interested in local news and/or advertising. It was not expected that candidates would necessarily buy such newspapers, but the concept underlying the product is a simple one. Candidates should also have found it easy to appreciate that the market for such newspapers is declining in favour of online sources of news and business services.

Overall, performance was disappointing. There were two main problems:

Firstly, there was a lack of planning of answers. Candidates frequently focussed on a specific word or phrase in the task requirement and wrote extensively about a relevant model without properly applying that model to the case. The case study does require an understanding of the syllabus content, but the expectation is that the understanding will be reflected through the identification of a relevant area of syllabus content, which will then be used to address a specific question. There was also a failure to make best use of syllabus content in tasks where the same material could be made to fit both requirements. In those cases, it would have been possible to have avoided overlap by choosing a different approach to either of the requirements. Unfortunately, a significant minority of candidates either repeated themselves or answered the first part of the task using material that would have better matched the second, leaving themselves with relatively little to say in that second part.

Secondly, many candidates offered unrealistic arguments that implied a lack of understanding of the business model. For example, FNG has an extensive range of titles, each of which has a local readership. A significant minority of candidates failed to recognise that changing or closing one title would have no relevance to readers of other titles that covered other geographical locations. In the same vein, arguments about currency risk often ignored the nature of the currency exposures and simply offered an almost random selection of mitigation techniques. This was disappointing because candidates in previous diets have generally demonstrated a clear understanding of the business.

In general, candidates did not answer what was asked in some parts of the variants which was disappointing. It is very important that candidates read the requirements carefully and do not rush to answer the questions too quickly.

Variant 1

	Designed to test ability to:	Competency being tested:	Syllabus learning outcome:
Section 1	Identify strategic risks	Technical skill	P3 A1a – identify the types of risk facing an organisation.
	Identify factors that affect profitability.	Business skill	E3 A1a – evaluate the influence and impact of the external environment on an organisation and its strategy.
Section 2	Discuss company valuation.	People skill	F3 C2b – evaluate the validity of the valuation methods used and results obtained in the context of a given scenario.
	Address staff motivation.	Leadership skill	E3 C3a – evaluate the role of the change leader in supporting strategy implementation.
Section 3	Identify risks associated with bonus scheme.	Business skill	P3 C1a – evaluate the appropriateness of control systems for the management of an organisation
	Mitigate risks associated with bonus scheme.	Leadership skill	P3 B1b – recommend solutions for the risks of dysfunctional behaviour....
	Discuss impact of scheme for dividends.	Technical skill	F3 A2a – evaluate the interrelationship between investment, financing and dividend decisions for an incorporated entity.
	Advise on communication with senior management.	People skill	E3 A1d – recommend how to build and manage strategic relationships with stakeholders...

Comments on performance

Section 1

Requirement 1

This question requires candidates to examine the strategic risks of selling the proposed five daily titles. An effective answer should have covered the areas of profitability, critical mass, growing the overall audience, and preserving access to local communities. A good candidate should have recognised that the five titles currently proposed for sale are not actually the worst performing titles and that a better selection could be made if profit/loss is the key selection criteria. Some candidates did not mention that the five titles were not the worst five and this usually meant their answer was poor.

Many candidates performed well in this requirement and came up with some good risks and many also mentioned the goals of the newspaper business.

Requirement 2

This question required candidates to perform an appraisal of the external business environment that FNG operates in. A PESTLE analysis would be a suitable tool but is not essential, and candidates could cover the key points without it. The main focus should be the impact of technology and social habits. There is little of real substance to comment on in the areas of economic, political and legal. A good candidate should also have mentioned the impact of the environment and recycling habits. Few candidates mentioned PESTLE but that was perfectly acceptable. There were some good discussions on the environment. Most candidates managed to discuss the business environment quite well. Many candidates picked up on technology and did manage to relate this to the case which was great. In general this requirement was performed well.

Section 2

Requirement 1

This question required the candidate to examine the two proposed valuation techniques and assess which technique is most appropriate. Candidates should have concluded that neither technique is particularly appropriate and that some negotiation was required. Credit was given for well justified arguments for different valuations. Good candidates went on to explain how the sale could have been progressed. This part of the section was performed very badly with a large majority of candidates just discussing the valuation methods in a theoretical manner instead of thinking about the business setting. Many candidates also discussed several

other valuation models which were not asked for and did not score marks. Technical accounting especially F3 is a weakness for most candidates.

Marks were low for this requirement.

Requirement 2

Candidates should have looked at how the workforce could be motivated in such uncertain times. Emphasis on good communication is an element of the answer and good candidates should have explored how FNG should inform, interact with and manage staff at this time. Points about involvement, leadership and bonus payments were also relevant and credit was given for all applicable good quality suggestions to improve morale. This requirement was answered quite well by many candidates with good marks being awarded. Most candidates highlighted communication which was good. There were also good suggestions as to how the company could communicate and some good sensible suggestions on bonus packages.

Section 3

Requirement 1

This required candidates to assess the potential risks of implementing the proposed bonus scheme, focusing on motivation, short term v long term thinking and the issue of how to split the amount between themselves. Some candidates did this very well but others did not discuss risks at all. Many candidates just discussed motivation and how good the bonus might be. Candidates had to discuss risks to gain marks in this requirement. The lack of understanding of the bonus scheme was very disappointing.

Requirement 2

Candidates should have examined how the risks identified in requirement 1 should be managed. Good candidates should have presented suggestions that were both consistent with requirement 1 of the question and appropriate to the scenario presented. Many candidates decided to discuss risks and mitigations in this part and marks were awarded for the risks discussed here instead of in requirement 1. Candidates found it quite difficult to come up with reasonable mitigations in this part. Candidates should read the suggested solutions to get some ideas on how this could have been answered.

Requirement 3

This question required candidates to assess the impact of the proposed bonus on shareholder's potential dividend receipts.

Candidates should have recognised that to activate the bonus scheme, a year-on-year increase in profit after tax must be achieved in a scenario where this is unlikely to have been achieved for many years. Good candidates outlined that as only 5% of any increase in year-on-year profit is distributed as bonus, 95% of the increase is then available for distribution to shareholders, leaving them with the majority of any gain if it should arise. This requirement was performed very badly with many candidates giving confused answers. Very few candidates understood that 95% of the profit increase could be available for distribution with some attempting a very complex series of calculations which were not required. This was the requirement which was answered least well with candidates finding it difficult to show understanding of the bonus scheme and how it related to dividends.

Requirement 4

This question examined the various techniques FNG could use to communicate the bonus scheme to members of staff. The key was to identify the geographical spread of people and therefore the opportunity for technology to assist with this process to make it cost effective and efficient. Credit was given for other relevant suggestions. Candidates did not perform well in this part. It could have been that they ran out of time as many answers were short.

This should have been straightforward but candidates seemed to misinterpret the question and the answers were weak.

Many candidates did not discuss communication at all or just repeated many points from task two on motivation. Marks were not high for this requirement. It is important to answer what is asked in questions and candidates should spend time planning their answers.

Variant 2

	Designed to test ability to:	Competency being tested:	Syllabus learning outcome:
Section 1	Discuss pricing of management buyout.	Technical skill	F3 C1a and C2b – evaluate the financial and strategic implications of proposals for acquisition, merger or divestment...and evaluate the validity of the valuation methods used and results obtained...
	Identify risks associated with management buyout.	Business skill	P3 A1a – identify the types of risk facing an organisation.
Section 2	Discuss implications of management buyout for stakeholders.	People skill	E3 B1b – recommend strategic options.
	Discuss the ethics implications of setting terms in management buyout agreement.	Leadership skill	P3 B2a – evaluate the risks of unethical behaviour.
Section 3	Advise on use of funds raised from management buyout.	Technical skill	F3 A2a – evaluate the interrelationship between investment financing and dividend decisions for an incorporated entity.
	Discuss ethical implications of removing social media posts.	Business skill	E3 A2a – evaluate ethical issues and their resolution within a range of organisational contexts.
	Discuss benefits of social media strategy.	Leadership skills	E3 E1a – evaluate the information systems required to sustain the organisation.
	Discuss benefits of interacting with customers through social media.	People skills	E3 E2a – evaluate the impact of IT/IS on an organisation and its strategy.

Comments on performance

Variant 2

Section 1

This variant focused on a recent proposal from the Eastern region managing directors of Finch to undertake a management buy-out (MBO). Section 1 specifically required candidates to consider the approaches it could use to put a price on the proposed MBO and to consider the potential risks to both Finch and the MBO team of a management buy-out.

Identifying a price for the proposed MBO newspaper titles

Most candidates provided a sound answer to this part of the task, identifying a number of possible valuation techniques. It was encouraging to see that most candidates immediately recognised that valuing these eight newspaper titles, to identify an appropriate price, was likely to prove challenging. The more competent candidates recognised the difficulties Finch would face, as an unquoted business. Candidates who scored the highest were those who clearly identified the difficulties in assessing the significant levels of intangible value of the proposed Eastern region newspaper titles. Weaker candidates were those who either failed to recognise these important issues or those who merely described the most obvious valuation techniques such as asset valuation and discounted cash flow with no attempt to evaluate their usefulness in this situation. Candidates are reminded that they must apply their knowledge to all requirements.

Candidates were also asked to consider any other financial considerations (such as loss of revenue, impact on long term advertising contracts), and many candidates did attempt this quite well. However, some candidates failed to answer this at all and others merely repeated what they had already stated, neither of which gained any credit.

Risks for FNG

In the second part of the task candidates were asked to evaluate the potential risks of an MBO to both Finch and the MBO team. This part of the section was answered reasonably well, although there was some degree of repetition of financial issues/ costs from the previous answer. Also, few candidates correctly discussed the main threat to Finch being the impact on the overall value of the remaining FNG business portfolio, and the threat from takeover from larger news publishing businesses in Borland. Most candidates however, did discuss the reaction of the shareholders and, importantly, the potential reaction of the advertisers. Reputational risk was discussed by most candidates. The risks to the MBO team were not as well considered, however. Some candidates did identify lack

of experience but few discussed the potential impact on their own personal reputations and financial security. Some answers were not well balanced, either focusing too much on the risks to Finch or not addressing the issues to both parties.

Section 2

Section 2 required candidates to consider the shareholders reaction to the proposed MBO, and strategies for managing them. Also, candidates were required to evaluate a number of conditions of sale on the MBO proposed by the Chairman of Finch, in terms of whether they were acceptable.

Stakeholder reaction and how to manage them

This part of the section was not well answered in most cases. This was largely because many candidates failed to identify the main stakeholders, particularly the advertisers and the Finch family shareholders and, importantly, failed to discuss how to manage the stakeholders identified.

Many answers correctly identified the customers, the staff and the unions (the BUJ) as important stakeholders. Also, most candidates considered the reaction of the investors, but few focused specifically on the Finch family shareholders and their potential reluctance to lose control of a significant part of the family business. A key weakness of many answers was the failure to consider how each stakeholder group should be managed. This was specifically asked for in the task requirement and again, candidates are reminded to make sure they read the requirements very carefully.

Conditions of sale

This part of the task was not well answered by most candidates. Some candidates provided very theoretical answers using CIMA's Ethical code as a framework to assess the conditions. If these ethical principles were applied correctly and directly to the conditions of sale, then candidates were awarded credit. It was expected that candidates should recognise that Finch must be careful that any conditions placed on the MBO are not seen to be unethical or deliberately restricting the potential long-term success of the newly formed business. However, some candidates failed to focus on this. Some candidates completely agreed with all of the conditions of sale described and made no attempt to evaluate their acceptability at all.

Section 3

Section 3 firstly, asked candidates to present advice on how Finch should best use the proceeds of the sale from the MBO. In addition, candidates were asked to discuss the role of social media both presently, in terms of the recent social media comments posted about the MBO, and how Finch should manage social media effectively in the future.

How to use the MBO sale proceeds

This requirement was answered well by most candidates. Many answers correctly recognised that it would be appropriate to use some of the proceeds of sale for a dividend payment and the rest should be used to invest in future growth opportunities. Many of the most competent answers covered a wide range of uses of the sale proceeds, such as investment in alternative acquisitions, replacement of the Eastern region news titles and further investment in the development of digital news formats. Some weaker answers focused only on whether or not the proceeds should be used to pay a dividend, with no discussion of alternative uses.

Removal of comments made on social media

This part of the section was answered well by most candidates. Most answers correctly recognised that it was not advisable to remove the comments made on social media unless they are perceived to be inflammatory or offensive. It was encouraging to see how many candidates correctly mentioned Finch's ethos which builds on freedom of expression and the right to an opinion, which was clearly not in line with removal of the comments. High scoring answers also considered the issues of integrity and ethical behaviour in removal of the comments.

Benefits of implementing a social media strategy

This part of the section was not well answered. In fact, many answers were merely descriptions of the benefits of social media. The question was specifically about having a strategy specifically related to managing social media and should have considered how having a social media strategy supports the overall information strategy in the business to ensure information systems (including social media) are aligned with the overall business objectives. However, very few answers covered this. Similarly, few answers recognised the strategic importance and value of social media information as a strategic resource and the importance therefore of having a well-managed strategy in place.

Strategic benefits of enhanced customer interaction through social media

This part of the task was generally well answered by most candidates. Most answers covered a good range of benefits, including better customer relationships, encouraging the trust of customers and building long-term relationships including the information about



customers that this can generate. Better answers also recognised the value to advertisers of having enhanced customer interaction and information, allowing for targeted advertising.

Overall this part of the task was generally well answered, with many candidates demonstrating a sound understanding of social media and its strategic benefits.

Variant 3

	Designed to test ability to:	Competency being tested:	Syllabus learning outcome:
Section 1	Discuss proposal to sell production capacity.	Business skill	E3 B1b - recommend strategic options.
	Discuss risks associated with outsourcing production.	People skill	P3 A1a – identify the types of risk facing an organisation.
Section 2	Outline impacts of changes in exchange rate, interest rate and rate of inflation in supplier's country.	Technical skill	F3 A1b – evaluate financial objectives of for-profit entities.
	Discuss updating of mission statement.	Leadership skill	E3 B1a – evaluate the process of strategic analysis and strategic options generation.
Section 3	Discuss ethical issues arising from supplier's employment practices.	Business skill	P3 A1a – identify the types of risk facing an organisation.
	Suggest approach to improving supplier's employment practices.	People skill	E3 A2a - evaluate ethical issues and their resolution within a range of organisational contexts.
	Advise on managing currency risks.	Leadership skill	P3 D2b – evaluate appropriate methods for the identification and management of financial risks associated with international operations.
	Discuss implications of sale of production capacity for credit rating.	Technical skill	F3 A2b – advise on the development of financial strategy for an entity...

Comments on performance

Section 1

Section 1 introduces the possibility that FNG might sell its largest printing works. There are external printing companies to which FNG might outsource its requirements.

Requirement 1

The first requirement sought a strategic evaluation of the proposal to dispose of the printing works. Many candidates decided to apply the SAF framework in order to structure their answers. While that was not a formal part of the requirement it was certainly an effective starting point. The quality of answers varied significantly. Stronger candidates tended to work through each of the elements of SAF in turn and applied each to the scenario. Weaker candidates simply explained what SAF was and offered little or no application to the question. There was a similar variability between candidates who did not base their arguments explicitly on SAF. Some offered a discussion of the impact that disposal would have on FNG's ability to operate its business model while others simply repeated narrative from the scenario and offered very little attempt at evaluation.

Requirement 2

The second requirement asked about strategic risks associated with outsourcing. This led to a similar polarisation of marks. Some candidates had created problems for themselves by discussing the potential of outsourcing in their strategic evaluation in the first requirement, which was certainly relevant to that requirement. However, that then left them with little to say about the risks of outsourcing unless they repeated themselves. In this case, it would have been beneficial to have planned the answer to both requirements from the outset because there was no specific need to include the possibility of outsourcing in answering the first requirement and there were other issues that could be explored. Some candidates also offered unrealistic or exaggerated concerns, such as the threat that outsourcing would seriously compromise the security of editorial content before its publication.

Section 2

Section 2 dealt with the prospect of outsourcing in greater detail, with the introduction of a foreign printing company, based in Sulandia that could meet FNG's requirements in the event that its print facilities are downsized.

Requirement 1

The first requirement dealt with the potential exposure that FNG would face to the strength of Sulandia's currency, the country's interest rate and its rate of inflation. This requirement was generally answered very badly. Weak candidates tended to write naïve responses that failed to appreciate the interaction between exchange rates, interest rates and inflation. An increase in inflation would tend to be offset by a weakening of currency, and so on. There was also a rather naïve assumption that the supplier could pass all of the effects of inflation and interest rates on to FNG without negotiation. Stronger candidates recognised that the parity relationships had a role to play in the understanding of FNG's exposure to those economic factors, although that was often as far as such answers went. It would have been possible to have developed the argument by explaining how the parity relationships work in practice, with the possibility that government action or other interventions might delay the responses of interest rates to the rate of inflation and/or currency.

Requirement 2

The second requirement asked about FNG's mission statement. Most candidates answered this reasonably well by explaining the purpose of the mission statement and recognising that the business model was changing in a manner that led to a divergence from the mission. There was, however, a minority of candidates who argued that it was unacceptable to diverge and that FNG should revert to doing its own printing in order to remain compliant.

Section 3

This section had four requirements. The first two dealt with problems associated with the overseas printer treating staff badly. The third requirement dealt with managing currency risks associated with importing printed goods. The fourth asked whether the disposal of the print works would affect lenders' attitudes towards FNG.

Requirement 1

The first requirement asked about the ethical implications of the overseas supplier treating its staff badly. This is a topical issue that has affected many companies. Answers were generally good, although some candidates simply listed ethical principles without offering any justification as to why they were relevant to the requirement.

Requirement 2

The second requirement asked how FNG might encourage some improvement in the supplier's behaviour. Answers to this requirement were generally sensible and recognised the fact that FNG could take its business elsewhere if no improvement occurred.

Requirement 3

The third requirement asked about managing currency risks associated with this outsourcing arrangement. Very few candidates recognised the basic problem, which was that FNG would be suffering a stream of future payments in a particular foreign currency. Such outflows are difficult to hedge using financial instruments because they will tend to be priced to take account of expected future rates. Natural hedging is also difficult because there are unlikely to be any inflows that can be used to offset movements. Good candidates recognised that one approach would be to insist on being invoiced in FNG's own currency. There was a further problem in that some candidates had made points concerning the mitigation of currency risk in their answers to requirement 2. They often seemed reluctant to repeat themselves, despite the fact that they could not have known that the arguments offered in requirement 2 might be more relevant to requirement 3.

Requirement 4

The final requirement asked whether the disposal of a major print works would affect FNG's ability to borrow. Answers varied in quality. Stronger candidates argued that there would be fewer assets against which to secure future loans and so borrowing would be more difficult. Offset against that is the possibility that lenders might focus more on future cash flows and so the need to pledge security would not be the only issue. Weaker answers tended to discuss the business implications of disposal, without making much in the way of reference to borrowing capacity.

Variant 4

	Designed to test ability to:	Competency being tested:	Syllabus learning outcome:
Section 1	Evaluate strategic fit of a potential acquisition.	Business skill	E3 B1a – evaluate the process of strategic analysis and strategic options generation.
	Identify risks associated with product portfolio.	People skill	P3 A1c – recommend responses to identified risks.
Section 2	Discuss valuation of entity.	Technical skill	F3 C2b – evaluate the validity of the valuation methods used and results obtained in the context of a given scenario.
	Set performance measures for recent acquisition.	Leadership skill	E3 D1b – recommend solutions to problems in strategic performance management.
Section 3	Evaluate the risks associated with poor governance structures – focusing on the role of the nominations committee.	Leadership skill	P3 B3a – evaluate the risks associated with poor governance structures.
	Discuss the effective planning and management of internal audit, focusing on a management audit.	Technical skill	P3 C3a – evaluate the effective planning and management of internal audit...
	Assess impact of cultural differences on long-term success of acquisition.	People skill	E3 C1a – evaluate key impacts of organisational change on organisations.
	Identify post transaction issues, to ensure success of future acquisitions.	Business skill	F3 C3b – evaluate post transaction issues.

Comments on performance

This variant was based on a proposal that FNG acquire an internet-based news and event hosting business called Mite-E-Media.

Section 1

Requirement 1

Candidates were asked to assess the strategic fit of Mite-E-Media with FNG. Some candidates used the Suitability, Acceptability, Feasibility model to structure their answers. It was not necessary to use this model, but candidates who gave their responses a strong structure tended to produce better answers. Better candidates identified the diversification benefits of the proposed acquisition and also the impact on shareholders and the resources required.

Requirement 2

Secondly, candidates were asked to identify the risks of continuing with the current portfolio of projects and to evaluate whether the acquisition of Mite-E-Media would be effective in reducing these risks.

Some candidates produced repetitive answers having already discussed diversification issues in the first part of this section. Most candidates correctly identified the risks of continuing with the current narrow business portfolio, but weaker answers did not develop this beyond saying that purchasing Mite-E-Media would provide diversification and therefore mitigate this. Many did not see any upside risks with the current portfolio or any additional risks associated with the purchase.

Section 2

Requirement 1

The second section began by asking how Mite-E-Media should be valued, and what the challenges would be in applying those valuation methods.

Better candidates recognised the limitations of using traditional business valuation methods to value an internet-based business. Weaker ones produced a “textbook” list of valuation methods and explained them, without discussing whether they would be practically useful in the context of the given scenario. Very few candidates mentioned negotiation between the two parties.

Requirement 2

Candidates were then asked to discuss how Mite-E-Media's performance should be monitored, what the focus should be in setting performance measures and also to recommend a sample of five performance measures.

Performance in this section was again disappointing, with many candidates explaining in general terms how performance measures work and why they are important, without any real application to the scenario. Many produced a bullet point list of five performance measures with no discussion as to their relevance, no explanation or justification.

Section 3

In the final section candidates were told of a proposal to appoint Joe Blindt to the Board and asked how best to approach the process of appointing a new director, setting out the risks of not following sound corporate governance procedures.

Requirement 1

Many candidates recognised the need for a nominations committee to deal with the appointment of a new director, and this part of the case study was generally quite well addressed although again there were many very generic answers discussing corporate governance without reference to the specific scenario.

Requirement 2

Candidates were asked whether a management audit would be a useful tool to assist in understanding FNG's management activities and ensure a consistent management approach across FNG. Better candidates discussed the relevance of a management audit in understanding the issues presented in the resignation letter, but some again gave generic descriptions of management audits and some clearly had very little knowledge of this subject area.

Requirement 3

Candidates were asked whether the cultural differences of FNG and Mite-E-Media may impact on the long-term success of the acquisition. This part was often well addressed with candidates correctly identifying potential differences and the difficulties they might cause when integrating the two companies.



Requirement 4

Finally, candidates were asked to identify the actions FNG should consider in order to ensure that future acquisitions are successful.

Answers to this requirement were very varied, some discussed recommendations such as clear communication and risk evaluation, others the need to review and learn from past acquisitions. Again, weaker answers were generic and lacked depth of discussion.

Variant 5

	Designed to test ability to:	Competency being tested:	Syllabus learning outcome:
Section 1	Discuss corporate social responsibility reporting.	People skill	E3 A1c – discuss the drivers of external demands for environmental sustainability and CSR and the organisation’s response.
	Discuss strategic risks.	Business skill	P3 A1a – identify the types of risk facing an organisation.
Section 2	Evaluate implications for stakeholders.	Technical skill	F3 C1a – evaluate the financial and strategic implications of proposals for acquisition, merger or divestment...
	Advise on change management for stakeholders.	Leadership skill	E3 C3a – evaluate the role of the change leader in supporting strategy implementation.
Section 3	Evaluate the strategic and competitive impact and contribution of Big Data.	Leadership skill	E3 E2b – evaluate the strategic and competitive impact of IS incl. potential contribution of Big Data.
	Advise managers on the risks in the development of strategies for information systems, in particular a strategy to exploit Big Data.	People skill	P3 B1c – advise managers of the risks in the development of strategies for IS that support the organisation’s strategic requirements.
	Advise on the strategic financial and non-financial objectives of the organisation, in relation to operating a paywall for online services.	Technical skill	F3 A1a – advise on the overall strategic financial and non-financial objectives...
	Identify types of risk.	Business skill	P3 A1a - identify the types of risk facing an organisation.

Comments on performance

Section 1

Variant 5 commenced by introducing the prospect of digitising all 10 weekly publications and ceasing printing of them, providing instead free website or app access to the content allowing ongoing advertising revenues.

Requirement 1

The first requirement sought an evaluation of the impact this would have on our Corporate Social Responsibility obligations. Despite Corporate Social Responsibilities being very clearly defined in the pre-seen material and the reference material explicitly detailing the impact on those, many candidates failed to demonstrate an understanding of CSRs or did more than simply copy what was contained in the reference material. Some candidates took each in turn; business ethics, employee involvement, community involvement and environmental policy and gave a good view of the impact on each. Many entirely omitted the business ethics elements, while many treated the cessation of print as a complete close down of the publication ignoring the fact that copy material would still need journalists, editors, advertising selling, administrators and in fact all but actual print and distribution employees. Most did however manage to recognise that 20% of the readership would no longer have access to the publications, a fact stated in the reference material but few had any constructive suggestions about the effect of this. Most also managed to recognise that not printing 10 weeklies would lead to less environmental waste and energy use. Many focussed on profitability and the effect on the Finch family.

Requirement 2

The second requirement sought to list the strategic risks from the decision to cease print and proceed with free on-line access.

Candidates on the whole were able to list various risks; loss of readers, loss of print revenue, costs of redundancies, threat of industrial action, strengthening of competitors. While some had the foresight to go through these risks and detail the likely impact and possible alleviating factors, many failed to perceive the reputational aspects and the serious implications on advertising revenues in other daily print publications and the need to convert clients to online practices. There was some reasonable recognition that FNG did not necessarily have much expertise in on-line publishing and that that would require some new thought processes to be applied. There was a very clear gap between those candidates who had carried out studies based on the pre-seen material and those who appeared naïve about the industry.

Section 2

Section 2 concerned the financial and strategic implications for stakeholders of proceeding with the plan to cease printing and an effective change management process from both internal and external stakeholders' perspectives.

Requirement 1

Most students immediately recognised major stakeholders, Shareholders, Staff, Readers, Financiers and many gave a view of power and influence, while a good proportion did actually highlight particularly the financial impact of the immediate aftermath of the situation. Better students recognised the importance of this transition to the longer term survival of the company, bringing in aspects of raising finance against falling headroom in interest cover.

Many students again seemed to see this as a simple redundancy position for all types of employees and dealt with this in a very limited way; costs of redundancy, threat of action etc., while better students recognised changes in work policy, 24*7 active journalism, rolling deadlines, continuous stream publishing and the potential to radically and dynamically adjust the content to readership preferences. Many gave descriptions of Stakeholder Classification and Management Strategy rather than any insightful thoughts on the implications for those groups.

Requirement 2

Requirement 2 asked “what factors are important in ensuring an effective change management process from both an internal and external stakeholder’s perspective”

Some students gave excellent answers invoking good communication, consultation, involvement, workshops, leadership. However, the majority appeared theory bound in answering and gave a rudimentary walk through Lewin’s Freeze, Unfreeze, Re-freeze without demonstrating any real understanding of how that is actually applied to manage business rupture. Most appeared concerned with internal stakeholders only and very few gave external stakeholders any consideration whatsoever.

Section 3

Section 3 was split into four components. The first two dealt with the profitability of potential data collection and the ethical considerations to be had in how to use customer information.

Requirements 1 and 2

These were probably the highest scoring question, particularly for anyone up to speed with current technologies, legal developments and on-line payment methodologies. Unfortunately, while there was general enthusiasm for collecting all sorts of personal data, there was little understanding of how to exploit that to enhance profitable performance. GDPR and general legal compliance was mentioned by some candidates as the base line of building an ethical stance on the use of such data. Unfortunately, this was often ignored by candidates in considering the ethical position as was the option to opt out of any data collection. However, many candidates scored very well here giving excellent views on both the nature of the process to be applied to drive advertising revenues without impacting on privacy or ethical considerations.

Requirements 3 and 4

The second pair of requirements related to the impact on shareholder wealth of implementing a paywall system and the impact of this on existing risks listed in the question.

Most candidates recognised that this would represent a new revenue stream and in fact allows for better understanding of the readership in general, opting in allowing better data collection, generating more focused editorial content and better targeted journalism. These candidates also generally recognised that investment would be required both in infrastructure and in skill sets to exploit it.

The second part was rather less well answered with many giving a single observation on each of the risks; reduced, same, increased without explaining how or why these elements were influenced by the paywall introduction.