

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

General comments

This examination was based on a pre-seen scenario which described Zoom, a transport network company (TNC). Zoom’s primary activity is taxicab hire, using its mobile application (app) and website to match customers with drivers, in order to transport them to a destination of their choice. Zoom also offers a bike-sharing service. As the case study moves on the company increases its involvement with driverless cars.

The scenario was made available in advance of the exam and a number of variant papers were set, each offering additional scenario-based information and each having three sections. Each section was split into two or more requirements. This is a very interesting industry. The pre-seen was detailed and well-prepared candidates should have been able to give good answers in the context of the industry. The unseen scenarios were interesting and presented some realistic questions on the industry.

Candidate performance

Some candidates performed well, but many appeared to be ill-prepared for this examination and did not demonstrate the required level of technical knowledge and application of knowledge to the case study.

Overall, candidates performed reasonably well on some aspects of all the variants. However, there were a number of concerns relating to student performance in several other areas, this applies to all variants. In many cases candidates quoted and described models but did not apply them to the case study, this approach does not achieve marks. All answers must be applied to the case study and should bring in aspects of the pre-seen information as well as the information and exhibits in the unseen material. Answers which are purely rote learning were quite common in some requirements and this approach is awarded very low marks. There were also a number of candidates who gave very theoretical answers and did not apply them to the case study. Many candidate answers lacked depth of development and therefore, although demonstrating a basic understanding and application of knowledge, they failed to accumulate sufficient marks due to not developing their answers sufficiently. Some answers were just short and incomplete.

Looking ahead to future examinations

Candidates should read the pre-seen material carefully and come into the examination understanding the industry and the company which will be the focus of the exam. This will help candidates formulate good answers that relate to the tasks they are given.

Candidates must manage their time well and make sure they do not run out of time on sections they know well.

Candidates must answer what is asked, read the questions very carefully and answer what has been asked. Answers which are not applied to the case will not score high marks.



A good level of knowledge of the three strategic syllabi is necessary in order to do well in the exams, it is not enough to have knowledge of topics; candidates must be able to apply their knowledge to a variety of situations and show they have an in-depth knowledge of the subject matter.

Variant 1

	Designed to test ability to:	Competency being tested:	Syllabus lead learning outcome:
Section 1	Evaluate the process of strategic analysis and options generation	Business skills	E3 B1a – evaluate the processes of strategic analysis and strategic options generation
	Evaluate the risks associated with poor corporate governance structures	Leadership skills	P3 B3a – evaluate the risks associated with poor governance structures
Section 2	Evaluate and compare methods of raising equity finance	Technical skills	F3 B1c – evaluate and compare alternative methods of raising equity finance
	Evaluate the key impacts of organisational change on organisations	People skills	E3 C1a – evaluate the key impacts of organisational change on organisations
Section 3	Recommend appropriate dividend policies including considerations of shareholder expectations	Technical skills	F3 B2b - recommend appropriate dividend policies, including consideration of shareholder expectations and the cash needs of the entity
	Evaluate the essential features of internal control systems	Business skills	P3 C2a - evaluate the essential features of internal control systems for identifying, assessing and managing risks
	Evaluate the effective planning and management of internal audit	People skills	P3 C3a - evaluate the effective planning and management of internal audit and internal audit investigations
	Evaluate alternative models of strategic performance measurement	Leadership skills	E3 D1a - evaluate alternative models of strategic performance measurement in a range of business contexts

Comments on performance

Section 1

Requirement 1 – Approach to strategic planning

This requirement asked candidates to compare the differing approaches taken by Optim and Zoom to strategic planning. Candidates should have given an applied answer, recognising the potential strengths and weaknesses of Optim's freewheeling approach, compared to the strengths and weaknesses of Zoom's more emergent approach. There were few very good answers to this requirement with many clearly not understanding the different approaches and guessing what they meant. Others gave very theoretical answers which were not applied to the case study.

On the whole answers were disappointing for this requirement.

Requirement 2 – Corporate governance challenges

This requirement asked candidates to assess the challenges of having the necessary corporate governance arrangements in place, should Zoom also pursue a listing in the future. Good answers should have focussed on the potential weaknesses in Zoom's current corporate governance structure and arrangements, such as division of responsibilities and the lack of NEDs and board committees. This requirement was answered quite well. There were a number of weaker answers which gave a description of corporate governance requirements without a clear demonstration of the understanding or identification of weakness or omissions by Zoom.

Section 2

Requirement 1 – Listing v current funding

This requirement asked candidates to consider the strategic benefits and drawbacks of a public listing versus Zoom's current funding arrangements. Candidates should have considered a wide range of benefits and drawbacks but more importantly should have discussed why these would impact on Zoom specifically. There were many generic answers relating to general benefits and problems of listing which did not gain a good mark. Good answers contrasted these benefits and drawbacks with those of their current funding arrangements in order to present a rounded evaluation of Zoom's funding options.

Requirement 2 – Impact on culture

This requirement asked candidates to consider whether a public listing would change Zoom's culture. Candidates should have discussed Zoom's current culture and assessed whether they think a listing could/ would change this. Good candidates should have recognised that an IPO does not necessarily mean a change of business culture but for Zoom, in particular, this change may indeed result in the need for a more bureaucratic and structured approach and therefore current culture will be impacted. Good answers

assessed the extent to which this could happen. Weaker answers just provided theoretical models with little or no application to the consideration of the impact of an IPO on organisational culture.

Section 3

Requirement 1 – Assessing internal control

This requirement asked candidates to consider how to assess the effectiveness of Zoom's current internal control system. There were some good answers which recognised and identified the key elements of an internal control system and made a range of reasonable and applied suggestions of how Zoom could assess their effectiveness. Candidates could have used an appropriate framework such as COSO to structure their answer but very few candidates did this. There were many weak answers which showed a very poor understanding of internal control systems, some were also very theoretical and did not actually answer the question.

Requirement 2 – Risk of outsourcing internal audit

This requirement asked candidates to consider the risks of outsourcing the internal audit function and would it be appropriate for Zoom. Good answers demonstrated a sound understanding of the importance and role of internal audit, in particular to Zoom and managed to identify a range of potential risks of outsourcing. Weaker answers once again were theoretical and did not show any application of knowledge to the case study. Many weak answers just discussed general points about the internal audit function with no application to the case study.

Requirement 3 – Performance measurement system

This requirement asked candidates to recommend a relevant performance measurement system that would be useful to Zoom's stakeholders. Good answers should have recognised the importance of a balanced and wide-ranging performance measurement system and are likely to consider the Balanced Scorecard. It was possible to score a reasonable mark without mentioning the Balanced Scorecard and some candidates did achieve a high mark by proposing a wide range of both financial and non-financial measures. There were some weak answers where candidates did not really apply their knowledge of the Balanced Scorecard well and merely mentioned it could be used.

Requirement 4 – Shareholder expectations

This requirement asked candidates to evaluate the expectations of shareholders in relation to a potential zero dividend policy. Good answers should have focussed on the needs of the business weighed against the expectations of shareholders and how, therefore, Zoom needs to manage its dividend policy and the shareholders ultimate expectations, both long and short term. There were very few good answers to this requirement. There were a number of weak answers which concentrated on theory and discussed a range of shareholder behaviours with little or no application to Zoom's current situation in relation to its initial public offering. These answers did not score high marks.

Variant 2

	Designed to test ability to:	Competency being tested:	Syllabus lead learning outcome:
Section 1	Assess the proposed strategy of increasing the number of driverless cars in the business	Business skills	E3 B1b – recommend strategic options
	Appraise the financial opportunity presented considering sensitivity to changes in economic and business variables	Technical skills	F3 A1b – evaluate financial objectives of for-profit entities
Section 2	Recommend responses to identified risks	Leadership skills	P3 A1c – recommend responses to identified risks
	Decide whether we should also use new driverless car fleet for deliveries in downtime – consider mission	People skills	E3 B1a – evaluate the processes of strategic analysis and strategic options generation
Section 3	Discuss the ethics and relationship impact of not reporting an incident	Business skills	P3 A3a – evaluate ethical, social and environmental issues arising from risk management.
	Consider the most appropriate leadership style to manage the change underway and new driver team	People skills	E3 C3b – recommend appropriate leadership styles within a range of organisational change contexts
	Advise whether the incident could affect business valuation	Technical skills	F3 C2a – calculate the value of a whole entity (quoted or unquoted), a subsidiary entity or division using a range of methods including taxation
	Recommend some appropriate performance measures for the driverless car element of the business	Leadership skills	P3 C1a – evaluate the appropriateness of control systems for the management of an organisation.

Comments on performance

Section 1

This section related to the analysis of a decision to invest in a fleet of driverless cars. Candidates should have been familiar with the concept of driverless cars from the pre-seen material and the possibility that Zoom would invest more in this technology in the future. Requirement 1 required candidates to consider the suitability, acceptability and feasibility of a strategy which moves Zoom towards a driverless car fleet. In requirement 2, candidates were asked to use the exhibit material to assess the financial viability of the proposal and to consider the key assumptions made within the financial analysis presented.

Requirement 1 - Suitability, acceptability and feasibility of the proposal

This requirement was answered well by most candidates, with the vast majority using Johnson and Scholes SAF model to answer this task. The suitability section of the answer was reasonably well attempted, with most candidates mentioning the mission and the views of the population and the opportunities for driverless transport. The acceptability criterion was also reasonably well answered with most candidates recognizing that this section related to stakeholder's interests, such as investors, government, customers and drivers.

The most significant failing was on the feasibility section, with many candidates failing to recognize that this mainly related to Zoom's financial health and ability to source funding. Also, very few candidates considered the non-financial elements, such as Zoom's ability to operate such a large fleet and the availability of drivers.

Requirement 2 – Financial viability

This requirement was not answered well by many candidates. The vast majority of candidates did not mention the lack of time value of money used in the financial analysis supplied, which was a major omission of the analysis. There was also limited analysis of the estimates and assumptions provided, other than a brief mention of the possibility of the discounts not coming to fruition. Most arguments made by the majority of candidates were mere statements with very limited supporting analysis.

Overall answers to this second task were very brief and not adequately developed. It was noticeable in many answers how brief this part of the answer was compared to the first task.

Section 2

In section 2, candidates were informed that Zoom had decided to invest in a fleet of driverless cars. The first requirement required candidates to analysis the exhibit provided, which summarised 5 risks associated with operating a driverless fleet and to classify each risk using the TARA framework and to identify a suitable risk mitigating approach. The second requirement required candidates

to consider a proposal to use the driverless fleet to undertake deliveries of small items around Ayetown. Candidates were asked to evaluate whether this strategy fits with Zooms core competencies, mission statement and vision statement.

Requirement 1 – Classify the risks and risk responses of driverless fleet

This requirement was answered well. Most candidates correctly recognised and applied the TARA framework to classify the five identified risks and many candidates identified sound ways in which to mitigate the risks presented. The main weaknesses were in the ‘Theft’ section, where many candidates simply stated ‘arrange for insurance’, without considering how to reduce the risk with security arrangement and policies. Also, discussions relating to the ‘Hacking’ section were often rather limited, with many candidates simply stating that Zoom need to ‘monitor software problems’. However, overall this task was generally well answered.

Requirement 2 - Using driverless technology for deliveries

This requirement was not as well answered as the first requirement of Section 2. Most candidates failed to provide any in-depth evaluation of the delivery proposal, with many answers limited to a superficial statement that the proposal did or did not fall within Zoom’s core competences and the mission and vision statement. The statement made by some candidates that Zoom could amend its mission and vision statement was simply not feasible. Also, the simple statements that the vision has been met and that the deliveries would make life easier for people were just not suitable to adequately evaluate whether this proposal fitted the competencies, vision and mission.

Section 3

Section 3 focused on the serious issue of an accident involving one of Zoom’s driverless cars. Candidates were firstly asked to consider the ethical issues relating to keeping quiet about this issue. Secondly, candidates were asked to recommend how Zoom could have better prepared the drivers of its driverless car fleet. The third requirement asked candidates to recommend a number of KPIs to measure the performance of its driverless car fleet. Fourthly, candidates were asked to consider whether the accident would impact the valuation of Zoom.

Requirement 1 – Ethical issues

This requirement was answered reasonably well by most candidates. The majority of candidates presented sound arguments on both sides of the option to disclose or not disclose the accident. Good answers were well balanced and presented the positives and negatives of each option and also considered the ethical issues involved. Weaker answers were largely theoretical and lacked appropriate application of the CIMA ethical code to the incident being discussed.

Requirement 2 - Preparing drivers of the driverless car fleet

This requirement was reasonably well answered by most candidates. Good answers recognised the inadequacy of the current training of the driverless car drivers and also recognised the need to communicate more effectively with them and to involve them more in the learning and development process.

Weaker answers however, went little further than mentioning undertaking additional training.

Requirement 3 – KPIs

This requirement was answered well by some candidates. A number of candidates presented some very good and well justified KPIs including measures of the number of incidents involving driverless cars, the number of miles completed by driverless cars and customer satisfaction ratings. Good answers were those that clearly justified the usefulness of these KPIs to Zoom.

However, equally, there were a number of candidates who failed to present relevant KPIs and indeed some candidates clearly did not know what a KPI is. Some candidates tried to apply the balanced scorecard incorrectly and inappropriately. Candidates must understand that models should only be used when they are needed or appropriate.

Requirement 4 - Impact of the incident on Zoom's valuation

This requirement was not well answered by candidates. In fact, this requirement of section 3 was the least well handled by most candidates, with only a minority correctly exploring the effects of the disclosure of the incident on the different valuation methods that can be used by Zoom. In fact, very few recognised that Zoom was not listed and therefore this meant that there was in fact a lack of appropriate valuation methods to assess. Very few marks were awarded to those candidates who merely described all of the valuation methods they had pre-learned, with little or no application or relevance to Zoom.

Variant 3

	Designed to test ability to:	Competency being tested:	Syllabus lead learning outcome:
Section 1	Discuss the drivers of external demands for environmental sustainability and corporate social responsibility	People skills	E3 A1c - discuss the drivers of external demands for environmental sustainability and corporate social responsibility and the organisation's response
	Identify the types of risk facing an organisation	Business skills	P3 A1a - identify the types of risk facing an organisation
Section 2	Calculate the value of a whole entity using a range of methods	Technical skills	F3 C2a - calculate the value of a whole entity (quoted or unquoted), a subsidiary entity or division using a range of methods including taxation
	Evaluate the process of strategic analysis and options generation	Leadership skills	E3 B1a - evaluate the processes of strategic analysis and strategic options generation
Section 3	Evaluate the strategic and competitive impact of information systems	Business skills	E3 E1b - advise managers on the development of strategies for knowledge management
	Evaluate the risks of unethical behaviour	People skills	P3 B2a - recommend appropriate measures for the strategic control and direction of various types of organisations
	Recommend appropriate measures for the strategic control and direction of the organisation	Leadership skills	P3 B1a - identify the types of risk facing an organisation
	Advise on the use of sustainability and integrated reporting to inform stakeholders of relevant information	Technical skills	F3 A1c - advise on the use of sustainability and integrated reporting to inform stakeholders of relevant information concerning the interaction

			of a business with society and the natural environment
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Comments on performance

Section 1

Requirement 1 – Demands on developing strategy

The first requirement asked for an evaluation of the influence of social and environmental demands on developing a strategy focussed on driverless cars. Candidates were expected to consider the specific version of driverless cars that was described in the scenario, including the fact that they would be powered electrically. This requirement was generally answered well. Most candidates identified the reduction in emissions as a positive factor and the loss of drivers' jobs as a concern. The distinction between stronger and weaker scripts tended to be the extent to which ideas were developed, with stronger candidates going into greater depth and explaining their arguments. Weaker answers were generally unsupported assertions, which gave less scope for scoring marks.

Requirement 2 – Business risks

The second requirement asked about the business risks associated with pursuing a strategy based on the use of driverless cars. Candidates generally understood that this is a new and relatively unproven technology. Again, the distinction between stronger and weaker arguments tended to be the extent to which the arguments were developed. Weaker candidates repeated points that had already been made in respect of the first requirement, while stronger answers followed new directions. It was clear that weaker candidates had focussed on the scenario and had paid insufficient attention to the requirement. Stronger candidates addressed the specific requirements in both parts of the task and so were able to distinguish their answers.

Section 2

Requirement 1 – Valuation of J-AI

The first requirement dealt with the valuation of a potential takeover target. In this case, the target company was a new business that had created some exciting intellectual property. That created a major challenge in valuation because the traditional approaches to valuing unquoted companies were generally rendered useless in this case. Stronger candidates developed an argument based on one or more relevant valuation models, explaining the models' relevance and the manner in which inputs would be selected and applied. Weaker candidates simply listed the traditional models, despite the fact that a company that had not yet had the opportunity to, say, operate profitably cannot be valued objectively using an earnings basis.

The first requirement also asked for a discussion of the potential difficulties of reaching an agreement. Weaker candidates either overlooked this element of the requirement or they noted briefly that the present owners would wish to set a higher price than the

buyers would wish to pay. Stronger candidates developed the basic theme of the conflicting interests of the present owners and the buyers and explained how the owners could be more confident in the value of the technology that they had developed because they had overseen its development.

Requirement 2 – Advantages and disadvantages of acquisition

The second requirement asked about the advantages and disadvantages of acquiring the target company over developing a competing technology in-house. The requirement lent itself to a relatively straightforward listing of directions that could be pursued. The stronger candidates capitalised on that by building and developing arguments to explain fully the significance of the advantages and the disadvantages of the acquisition. Weaker answers provided less detail, sometimes offering little more than bullet points.

Section 3

Requirement 1 – Benefits of developing knowledge management strategy

The first requirement asked about the potential benefits of developing a knowledge management strategy. The nature of the business clearly creates significant quantities of data and that data could be open to commercial exploitation. Stronger answers highlighted the potential value of the data and the uses to which it might be put if catalogued and managed in an efficient manner. Weaker answers tended to focus on stating a definition or description of a knowledge management strategy without really addressing the requirement.

Requirement 2 – Big Data Analytics

The second requirement asked about Big Data Analytics. Stronger candidates spotted the risk of overlap with the previous requirement and wrote about the analysis of data in this part of the question. Weaker candidates failed to distinguish the management of data from its analysis and so their answers tended to repeat points made in response to the first requirement.

Requirement 3 – Ethical issues

The third requirement asked about the ethical issues arising from the provision of access to customer data to third parties. Most candidates recognised that the company could potentially hold quite sensitive data about them and that care should be taken in ensuring that permission is sought before access is granted. Stronger candidates also explored the ethical implications of granting access at various levels, such as aggregate statistics that do not permit individual privacy to be breached and the like.

Requirement 4 – Limitations of financial statements

The fourth requirement asked about the limitations of financial statements. Most candidates were able to identify the same basic points concerning the limitations of financial statements, but stronger candidates offered more justification for their assertions and/or linked their arguments to the situation in which the company finds itself.



The question also asked how Zoom might augment the limited information in the published accounts. This part was frequently overlooked by candidates. Those who did answer it often offered unrealistic responses, including providing access to internal management accounting information that would undoubtedly be of value to competitors and that would never be published in reality.

Variant 4

	Designed to test ability to:	Competency being tested:	Syllabus lead learning outcome:
Section 1	Assess the risks of expanding operations into a new country	Business skills	P3 A1a - identify the types of risk facing an organisation
	Explain how scenario planning could be used to help with a project of this nature	Leadership skills	E3 B1a - evaluate the processes of strategic analysis and strategic options generation
Section 2	Evaluate the two proposed methods of expansion into a new country (acquisition or from scratch) and decide which method should be chosen	People skills	E3 A1d - recommend how to build and manage strategic relationships with stakeholders (including suppliers, customers, owners, government and the wider society)
	Explore how finance may be raised for this project given the current financial position of Zoom	Technical skills	F3 B1b - evaluate and compare alternative methods of raising long-term debt finance
Section 3	Consider the ethics of doing nothing in order to save costs	Leadership skills	P3 A3a - evaluate ethical, social and environmental issues arising from risk management
	Recommend how risk to reputation may be managed if Zoom withdraws from the new country altogether	Business skills	P3 A1c - recommend responses to identified risks
	Suggest the best way to communicate the current issues with shareholders	People skills	E3 A1d - recommend how to build and manage strategic relationships with stakeholders (including suppliers, customers, owners, government and the wider society)
	Discuss the impact of the guarantees given to support the current method of finance on personal positions	Technical skills	F3 B1b - evaluate and compare alternative methods of raising long-term debt finance

Comments on performance

Section 1

Requirement 1 – Key risks

The first requirement began with a proposal to expand operations into Noland and candidates were provided with a newspaper article to support their discussion. The first requirement was to outline the key risks of expanding into this market.

This was often quite well attempted with many candidates identifying both general and specific risks relating to the proposed expansion. Many used the PESTEL framework to support their discussion.

Requirement 2 – Scenario planning

Candidates were then asked how scenario planning might be used as a tool to help make this strategic decision. Whilst some candidates answered this well, many clearly did not know what scenario planning was, and just discussed strategic decision making in general terms. Lack of technical knowledge of scenario planning clearly limited the work they could do in response to this requirement.

Section 2

Requirement 1 – Merits of approaches

The candidates were then told about two alternative approaches to the expansion into Noland. Zoom could either purchase an established company or set up a new operation from scratch. Candidates were asked to assess the merits of each approach and recommend which option they considered preferable. The merits of the two options were well identified by many candidates, although some gave equal weight to the disadvantages which were not requested, as the question specifically asked for the merits.

Requirement 2 – Options for raising finance

Candidates were then asked to outline the best options for raising finance for this expansion given Zoom's existing financial structure. This was less well attempted. Many candidates provided generic descriptions of debt and equity and did not apply their knowledge to the specific scenario. Many showed a lack of technical knowledge particularly regarding raising equity finance. A significant number of candidates did not identify that Zoom's cash reserves could be used as a financing option.

Section 3

Requirement 1 – Status of drivers

In the final section candidates were informed of a legal problem in Noland where self-employed drivers should have been classified as employed. This exposed Zoom to the possibility of a small fine, and candidates were asked whether it would be reasonable to

stay quiet and continue treating the drivers as self-employed until the government raised the issue with the company. This was often well answered with many candidates applying the CIMA Code of Ethics, recognising the potential legal issues and also the commercial impact.

Requirement 2 – Reputational risk

Candidates were then asked how Zoom could manage the reputational risk if they chose to pull out of Noland. Many gave very theoretical answers to this.

Requirement 3 – Communication with investors

Candidates were asked how to make the main investors aware of the problems Zoom faced in Noland, and the best way to communicate with them. This was often very poorly attempted. Many candidates gave a scattergun list of communication methods such as via a website, emails and phone calls and did not recognise that the main investors are venture capitalists who have board representation.

Requirement 4 – Refinancing debt

The final element of this section was to explore the response Zoom should have to the fact it was about to breach the bank cash covenant. Another debt provider has offered to refinance with no covenant or security but a higher interest rate. Answers to this were mixed, some candidates did well, recognising the disruption to the business the covenant restrictions could cause, the possibility of early redemption charges and the possibility of raising equity finance as an alternative. Others provided very superficial responses which only identified the fact that higher interest charges would make the debt more expensive to service.

Variant 5

	Designed to test ability to:	Competency being tested:	Syllabus lead learning outcome:
Section 1	Evaluate the financial and strategic implications of a divestment proposal	Technical skills	F3 C1a - evaluate the financial and strategic implications of proposals for an acquisition, merger or divestment, including taxation implications
	Recommend how to manage the product portfolio	Business skills	E3 B2b - recommend how to manage the product portfolio of an organisation to support the organisation's strategic goals
Section 2	Recommend improvement to supply chain	Leadership skills	E3 A1d - recommend how to build and manage strategic relationships with stakeholders (including suppliers, customers, owners, government and the wider society).
	Evaluate ethical risks	People skills	P3 B2a - evaluate the risks of unethical behaviour
Section 3	Evaluate financial risks associated with new supplier	Technical skills	P3 D1a - evaluate financial risks facing an organisation
	Recommend methods for the management of financial risks associated with international operations	Leadership skills	P3 D2b - evaluate appropriate methods for the identification and management of financial risks associated with international operations
	Advise on the overall strategic financial and non-financial objectives of different types of entities	Business skills	F3 A1 - advise on the overall strategic financial and nonfinancial objectives of different types of entities
	Recommend approaches to business/government relations with society	People skills	E3 A1b - recommend approaches to business/government relations and to relations with society

Comments on performance

Section 1

In section 1 the candidates had to consider the financial and non-financial aspects of divesting the bike sharing business, or, on retention, what would be needed to further penetrate and develop that market.

Requirement 1 – Impact of divesting bike business

On the whole candidates gave a good, but often rather brief summary of the financial impacts of losing the bike business profit from the overall business as the taxi sharing business runs at a loss. Many highlighted the fact that there is no revenue share on the bike side unlike the 80% fare to the drivers. Better candidates highlighted the investments made in the business and the potential difficulty to realise all that investment in a selling price. The vast majority concluded that divesting was the wrong thing to do and so any discussion of the costs of such divestment, timing, or finding a suitable buyer was almost universally absent from scripts.

Arguments on the non-financial side were fairly generic and universally against divestment.

Requirement 2 – Actions and development if no divestment

The better candidates had already highlighted the common customer between bike and ride sharing and many of those developed this idea with cross marketing between the two. Promotions for high usage clients of both services or introductory discounts being offered one against the other. Those also often suggested acquisition of other competitor businesses or indeed of negotiation with local and national government on healthy nation type programmes with serious consideration to be given to traffic segregation as in Holland or other locations where significant pedal power is deployed.

On the whole there was very weak overall coverage of this requirement and little to suggest that market development or penetration is well understood amongst the majority of candidates.

Section 2

Section 2 develops the theme with the fact that retention has been decided as the bike sharing business supports the carbon neutral efforts of Zoom. However, it has emerged that Zoom's bike supplier has major issues with working conditions and waste dumping scandals being reported in the national press. This is exacerbated with major problems disrupting both quality and timing of supply. Candidates were requested to recommend actions to improve supply chain management and to consider the impact of the reported scandals along with any activities Zoom should undertake.

Requirement 1 – Supply chain management

In requirement 1 candidates are asked to consider Supply Chain Management. Good candidates readily presented and explained fundamental issues; starting with a major discussion, disclosure and agreement on areas of concern followed through with a get well program. Contractual SLA definition and management, point of contact liaison, quality assurance and enforcement, inspection before despatch with verification on delivery, post-delivery care and follow up on deviations, payment on successful completion of delivery with good communication and feedback management at every point. Unfortunately, almost half the candidates set off to find a new supplier ignoring the fact that Bikeeze were formerly meeting all requirements. Many candidates highlighted that Bikeeze are Zoom's only supplier and that we therefore have little or poor negotiation stance with them.

Requirement 2 – Impact of Bikeeze activities on Zoom

Requirement 2 goes on to request candidates to consider the impact of the reported scandals along with any activities Zoom should undertake.

Almost all candidates were quick to identify that Bikeeze as Zoom's only supplier were likely to cause reputational damage by association and therefore focused on avoidance and distancing techniques.

Most candidates considered significant damage was possible and that it would be almost inevitable to have some residual issue of general tarnished reputation by association. There was very little made of the ethical implications around either dumping of waste, misquoting emission figures or indeed staff treatment.

On the whole candidates were good in identifying the linkage and associated potential damage but were less adept at suggesting routes to real resolution apart from distancing.

Section 3

Section 3 identifies a new supplier in a neighbouring country, Zeeland, which meets all of Zoom's delivery requirements. However, Zeeland has an unstable economy and brings forex risks highlighted by Zoom's capital investors.

Candidates are firstly asked to outline the potential currency risks and identify ways to manage these, then go on to consider whether bike sharing puts CSR objectives before Zoom's financial performance.

Requirements 1 and 2 – Currency risks and management of risks

There was a lot of rote learning evident in listing translation, transaction and economic risk without any reference to the scenario. Better candidates applied the theory back to the scenario and were quick to identify the boundaries of impact.

Many candidates simply gave a list of mostly inappropriate hedging techniques with no reference to the actual requirements of the situation. Better candidates were easily distinguished by their application of the scenario and the consideration of practical techniques around the timing and size of individual transactions.

Requirements 3 - CSR and financial objectives

There was a very broad acceptance by most candidates that in this case CSR green objectives were hand in hand with financial objectives but many candidates found it difficult to expand on this. Many failed to note that the question actually requests candidates to refute that CSR objectives are being prioritised over financial ones, so answers tended to be rather brief and to the point. Better candidates took time to expand on the arguments showing that there is considerable synergy and joint goal attainment between CSR and Financial elements.

Requirement 4 – Reducing potential political pressure

Finally, it emerges that sourcing bikes abroad has angered local politicians who warn that ceasing use of locally produced bikes may cause some town and city authorities to cease support of Zoom's bike sharing business. Candidates are asked to propose actions to ease this political pressure.

Better candidates seized the opportunity to suggest lobbying government on the broader public benefits of good exercise, cleaner cities, better tourism facilities, local employment involved with administration, deployment and maintenance, not just focusing on the procurement source.

Many candidates highlighted the need to explain the difficulties with Bikeeze, those who had progressed through trying to address the difficulties with them establishing substantially more credible positions than others. Some even highlighted the ethical concerns with Bikeeze emission manipulation.