

FLCS: November 2002: Constro Case Report on candidate performance

Results were again encouraging; though the pass rate was not quite as good as in May, it was significantly better than for the first two sittings of the case examination.

Reasons for the continued improved pass rate

1. Candidates [and lecturers] are accustomed to the format, and learning how to prepare for the case examination. Fewer candidates are having problems in balancing the allocation of time between preliminary analysis, answer planning, and actually writing the required report. Few candidates appear to be suffering from time pressure at the end of the examination. It is expected that most candidates try to answer past cases under simulated examination conditions, and learn to pace themselves over the three hours available
2. Candidates generally did some analysis of the pre-seen material, and researched the industry background, or read analyses prepared by lecturers, which enabled them to earn marks for business awareness. The industry concerned was not as easy to research as supermarkets; more could have been done, given the time available before the examination. Most candidates showed some understanding of the industry.
3. The Unseen element of the examination was broadly predictable, and candidates could prepare themselves to discuss a range of issues. Future Pre-seen elements may not provide as much guidance, and candidates should be prepared to encounter a 'twist' in the Unseen.
4. Most candidates provided broadly sensible recommendations. However, there was a continuing problem, discussed later, with candidates providing sensible recommendations almost totally unsupported with appropriate reasons.
5. The vast majority of candidates recognised, from the 15 marks allocated to numerical skills in the pre-seen marking matrix, that calculations were expected, and duly provided calculations. The quality of these was generally satisfactory, although somewhat variable.

Key Problems

The main problems for unsuccessful candidates were very similar to those in previous case study examinations.

1. Reading and meeting the question requirement

The wording of the requirement provided clear guidance to the expected form of the report, broken down into sub-requirements, which was taken and used by most successful candidates.

The requirement did not specifically state the need for a position appraisal for Constro, but a limited appraisal was needed to enable any recommendation to be made on whether the large and exciting telecoms proposal was right for Constro, or whether the risks were too great for a company of its size. A number of candidates took the simplistic view that, the project had to be recommended, because there was a high net present value. It was essential to consider the risks, and whether Constro could finance the project.

Candidates generally had little difficulty with the second part of the requirement, that is whether Constro should apply on its own or with a joint venture partner.

The final part of the requirement, the consideration of the alternative strategies, was generally handled reasonably well, but weaker candidates often recommended all the strategies without any apparent consideration of whether Constro could afford to undertake everything simultaneously.

The warning given in the last report on candidate performance must be repeated. Case studies could be designed with a single very broad requirement – to advise. This would, of course, imply such sub-requirements as analyse and calculate as appropriate, review feasible alternatives, and provide appropriate reasons for recommendations.

To date, the examination has not taken this approach, but has provided extremely clear and detailed guidance in the sub-requirements to the format of the expected answer. Future examinations may provide less specific guidance, which would permit allowing more marks for the design of the report under the format criterion.

2. Weak reasons for recommendations

The weakest part of many answers was the section of recommendations. The recommendations could be sound and broadly sensible, but there were, at times, no obvious reasons for recommendations. Candidates should read a requirement for recommendations as implying recommendations with reasons. Marks were allowed where it was clear from the previous analysis why certain courses of action were being recommended. Unfortunately this was not always the case.

3. Financial analysis

Most candidates provided reasonable numbers for the marks available, but some had clearly not prepared adequately for the examination. It is reasonably feasible to forecast a range of techniques that may be useful in the examination from the pre-seen information, and these techniques should be revised to ensure competent application to any new numbers provided on the day of the examination.

Candidates may be still be underestimating the importance of calculations based on new financial information.

Marks for numerical skills are for any appropriate calculations and the presentation of appropriate numerical data to management. However, it would be unwise to interpret the matrix as saying that only these marks depend on the appropriate calculations. Further marks are in effect “tied” to this criterion, as it is only if the appropriate calculations are done, and appropriate data presented to management that further marks can be earned for the interpretation of this data, and appropriate commentary. These marks are part of the “depth” criterion. Failing to complete calculations can also affect the recommendations made, and the reasons supporting these recommendations.

4. Time allocation

The other major problem for many candidates was the balance between understanding the unseen material, undertaking any necessary analysis, planning an answer, and then writing the required report. A number of candidates spend far too much time on the preliminaries, and too little time on the required report.