



CIMA/CGMA

Management Case

Study

Free Starter Kit



May/August 2025

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Introduction to the MCS exam

Accounting
Practise
Center



SYLLABUS CONTENT

Session 1: Exam

- Preseen and unseen; Marking, Writing style

Topic 1: Exam

Preseen and unseen

The preseen material case is called 'Trimayr company, all the exam questions (4 questions into 6 variants) would be based on this case information. You are required by the CIMA examining team to understand the Trimayr business, and relevant real life industry experience, including key risks in the franchise way to grow the business.

You will be given different exhibit information on the exam day, and you **MUST** answer the questions required by the examining team, on the exam day, rather than conclude the Trimayr case information on the exam day.

Exam

The exam is 150 marks, and you must achieve 80 marks.

The exam is 3 hours, and it is split into 4 questions. Each question may contain multiple tasks such as writing email and report, but most questions will only include one task and several requirements.

May and August cases are based on 'Trimayr, whilst Nov and Feb cases are based on another one.

Your exam result

When you get your case study exam result you will see:

1. An overall grade (Pass/Fail).
2. A scaled score between 0–150 (80 or above represents a pass).
3. Feedback on your performance by each core activity (formerly sectional or competency feedback).

Syllabus

For May 2025 exam onwards - Blueprints 2025-2026

Marking

There is no rigid rules of marking the case study exam, the marking is based on 'merit', ie if the answer is reasonable, and it answers the requirement, you will get marks.

Therefore, we expect students to give a good impression to the marker, ie try to relate the real life solution to solve MCS exam requirements.

Writing style

- Build paragraph structure - Each paragraph should contain: situation → implication → possible outcome → evaluation.
- Use cause-and-effect reasoning - For example: "If X happens → then Y will occur → which could result in Z." This logical flow is crucial to good marks.

Preseen Application

Part 1

1.1 Hairdressing Industry Overview

Trimayr Company Profile

- Trimayr franchises hairdressing salons throughout Dazzland, and it owns a small number of salons.
- Dazzland's currency is the D\$.
- Dazzlandian company law mandates financial statements to comply with International Financial Reporting Standards (IFRS).
- As a financial manager, you report to Megan Connor, the Senior Financial Manager.

The Fall of Regis: *problems of own salons and franchise mode*

Regis Corporation was once the biggest name in the hairdressing industry. It owned famous salon brands like Supercuts, SmartStyle, Cost Cutters, and MasterCuts. At its peak, the company had over 7,000 salons, half of them company-owned and half franchised. It seemed like the perfect business model—Regis could make money from its own salons while collecting franchise fees. But reality was not as smooth as the board expected.

The first big issue started with the company-owned salons. Regis saw them as flagship stores, meant to set the standard for the whole brand. They wanted these salons to offer the best service, the highest quality, and the most stylish locations. But there was one big problem—Regis had to pay all the costs. Rent was a

huge issue. Many of these company-owned salons were in expensive city locations like New York and Los Angeles. The rent was sky-high, but haircuts didn't make huge profits. Meanwhile, franchisees could choose cheaper locations, keeping their costs low. Soon, the company-owned salons started losing money. But Regis couldn't just close them—that would hurt the brand's image. The board thought they could cover these losses using the money from franchisees, but that logic quickly fell apart.



Franchise owners became angry when they realized they weren't the only Regis salon in their area. Imagine running a franchise, working hard to build a

customer base, only for Regis to open a company-owned salon nearby. The new salon had better promotions, more advertising, and sometimes even celebrity visits. Customers started leaving the franchise salon to go to the company-owned one. Franchisees were furious. They felt betrayed and began demanding answers from Regis. Some even threatened to sue, arguing that the company was competing against its own franchisees.

Another problem was inconsistency. Some company-owned salons were excellent, with well-trained staff and stylish interiors. But others suffered from poor management, cutting costs wherever possible. In some places, the service was even worse than at franchise salons. The biggest scandal happened in 2019 when a customer in Texas paid \$80 for a haircut at a Regis-owned salon, only to find out that her friend, who got the exact same haircut at a Regis franchise a few hours away, only paid \$40. Furious, she posted on Twitter: "Is this even the same company? Did I just get scammed?" Her tweet went viral, and soon the media picked up the story. Customers started questioning why Regis had different prices, services, and even salon designs across locations. Trust in the brand began to fall.

By 2020, the financial situation had become too serious to ignore. The company-owned salons were losing too much money, and Regis was running low on cash. At one point, the company even struggled to pay salaries. A major debate broke out in the boardroom. Some directors insisted on keeping the company-owned salons, believing they were essential to the brand's identity. Others argued that Regis had no choice but to sell them off—if they didn't, the whole company could go bankrupt. The arguments dragged on for months. Finally, at the end of 2020, the CEO made a huge decision: Regis would sell most of its company-owned salons to franchise owners, keeping only a few as "brand stores."

But the plan did not go smoothly. The board expected franchisees to be eager to buy the company-owned stores, but most of them weren't interested. Many of these salons had high rent and low profits. Franchisees had seen the problems and didn't want to take the risk. As a result, Regis had no choice but to shut down over 3,000 company-owned salons. Overnight, the largest hairdressing chain in the world collapsed. Customers lost trust in the brand, and many franchisees started thinking about leaving Regis altogether.

1.2 Hairdressing Market in Dazzland

- There are 52,000 hairdressing salons in Dazzland.
- 80% of these salons employ fewer than 10 staff.
- The market includes:
 - Independent salons: Operate as small businesses.
 - Larger businesses: Generally local with multiple branches.
 - Nationwide chains: Six chains, with two owning salons and four operating on a franchised basis.

Competition – Monopolistic Competition

This is because it consists of 52,000 competing salons, ensuring no single firm dominates the market. Product differentiation plays a key role, with salons positioned in upmarket or midmarket segments, offering unique services such as premium styling, exclusive hair treatments, and loyalty programs. Some firms, particularly well-known chains like Trimayr and Omega & Troon, have pricing power due to strong branding and perceived quality, allowing them to charge higher prices. However, barriers to entry remain low, as any skilled hairdresser can open a salon, leading to constant new competition. Instead of competing solely on price, salons rely on non-price factors such as brand image, service quality, salon ambiance, and customer experience to attract and retain clients.

Our thoughts regarding strategies, and the KPIs:

Midmarket (Trimayr Pop)

Affordable Quality → "Average Spend per Customer Visit"

Measures the balance between affordable pricing and service add-ons (e.g., upselling treatments or products). A healthy KPI ensures customers spend enough to maintain profitability while still perceiving good value.

Standardized Branding → "Customer Retention Rate"

Tracks how many customers return after their first visit, indicating consistent service quality across franchise locations. A high retention rate means the brand is trustworthy and delivering expected value.

Upmarket (Trimayr Sheen)

Luxury Experience → "Revenue per Appointment"

Measures how much each customer spends per booking, ensuring that the premium segment maximizes high-value treatments and services rather than just customer volume.

Brand Prestige → "Customer Satisfaction Score (CSAT) for Stylist Expertise"

Collects feedback on how customers rate the expertise of their hairstylist, ensuring that the brand maintains top-tier professionals and a reputation for premium service.

Franchise Model

Scalable Expansion → "New Franchisee Sign-Ups per Quarter"

Tracks how many new franchise locations are added, indicating the brand's attractiveness and market growth potential.

Performance-Driven Management → "Salon Profit Margin (%)"

Measures the profitability of each salon, ensuring franchisees maintain **healthy financial performance** while keeping the business sustainable.

Toni & Guy (UK) – From a Small Salon to a Global Brand

Toni & Guy's success came from strong brand differentiation. Unlike ordinary franchise salons, they positioned themselves as a high-fashion, trendsetting brand rather than just another haircut provider. Instead of focusing on affordability, they built their reputation on cutting-edge styling inspired by the fashion industry. They became known for working with London Fashion Week



and major fashion magazines, reinforcing their image as a salon for those who wanted runway-inspired looks. Their celebrity and influencer collaborations strengthened this identity, helping them stand out in a highly competitive market. While many franchises relied on convenience, Toni & Guy offered an experience and a status symbol, making them the go-to brand for style-conscious customers.

A key driver of their success was education and training. Many franchises fail due to inconsistencies in service quality, but Toni & Guy solved this with the Toni & Guy Academy. Every stylist underwent specialized training in signature techniques, ensuring that every location met the same high standards. The Academy not only provided certifications but also created loyalty—stylists who trained there were more likely to stay within the brand, reducing turnover and ensuring consistency. Their industry-recognized courses turned Toni & Guy into a leading name in hairdressing education, attracting both aspiring stylists and franchisees. Unlike other salon chains that depended on independent stylists

with varying skill levels, Toni & Guy ensured uniform excellence across all their locations.

While many franchises aggressively expanded, Toni & Guy took a selective franchising approach to protect their brand. They were highly selective about who could own a franchise, ensuring that each new salon met rigorous training and service standards. This strategy prevented the loss of brand control, which is a common pitfall in rapid franchising. Instead of just maximizing the number of locations, they focused on sustaining brand reputation and service quality, leading to long-term stability. Many franchise competitors collapsed due to overexpansion and quality dilution, but Toni & Guy avoided this by ensuring that every salon maintained premium standards.

Another reason for their sustained success was their premium pricing strategy. Unlike other salon franchises that tried to compete on low prices and high customer volume, Toni & Guy positioned itself as a luxury brand. They charged higher prices for expert stylists and exclusive services, allowing each salon to remain profitable without relying on mass customer flow. This also helped them attract a high-spending customer base, keeping them insulated from price wars with budget salons. Many competitors that focused on low-cost services struggled to maintain profitability, but Toni & Guy's premium positioning ensured financial stability.

Beyond salons, Toni & Guy diversified their revenue streams, making them less vulnerable to downturns in the service industry. They launched TIGI Haircare Products, a professional product line used in salons and sold in retail stores, creating an additional source of income. They also sponsored major hairdressing awards and competitions, reinforcing their authority in the industry. Additionally, their academies and seminars became profit centers, attracting aspiring stylists willing to pay for specialized training. While most franchise chains only made money from salon services, Toni & Guy built a multi-revenue business model, ensuring financial resilience.

Number of years that a small salon could become very competitive

Major Salon Brands

Brand	Founded	Reached Competitive Scale	Years Taken
Toni & Guy	1963	1990s (Global Expansion)	~30 years
Vidal Sassoon	1954	1970s (Major Recognition)	~20 years
Paul Mitchell	1980	2000s (Major Global Brand)	~20-25 years
Regis Corporation	1922	1958 (Franchising Model)	~35 years
Jean Louis David	1960	1980s (European Expansion)	~20 years

Threats – our thoughts

We do not see independent salons as a major threat, as most remain single-location businesses and take decades to grow into serious competitors. Even successful brands like Toni & Guy took over 20 years to expand meaningfully, and many small salons struggle with scalability and brand recognition. However, we are highly concerned about tech-enabled and mobile hairdressing services, which are rapidly changing customer behavior.



UK-based "**Blow LTD**": Offers home hair and beauty services via an app.

Glamsquad (USA): On-demand hairstyling at home, growing rapidly in urban areas.



1.3 Services Offered by Salons

Service Type	Description
Cutting and Styling	Haircuts for men and women, including trims, elaborate styles, and blow-drying.
Colouring and Highlights	Full colour changes, root touch-ups, and highlights.
Chemical Treatments	Perming for curls, straightening, and relaxing treatments.
Hair and Scalp Treatments	Conditioning treatments and scalp massages.
Beard and Moustache Shaping	Grooming services for facial hair.

Estimated Profit Margin (%) for each type of service:

Service Type	Estimated Profit Margin (%)
Retail Products	50
Colouring and Highlights	40
Chemical Treatments	35
Hair and Scalp Treatments	30
Cutting and Styling	20
Beard and Moustache Shaping	15

Vidal Sassoon – The Genius Who Lost His Own Brand

Vidal Sassoon built his brand on a highly specialized service offering—he was famous for geometric, precision-based haircuts that revolutionized the industry in the 1960s. Unlike generic salons that offered everything, Sassoon focused only on cutting and styling, turning his unique method into a premium service category. His salons charged high prices because only Sassoon-trained stylists could deliver his signature cuts. This made the brand exclusive, prestigious, and internationally recognized. Customers paid not just for a haircut but for a high-fashion experience.



Sassoon made one fatal mistake—he focused on haircuts only and ignored coloring and chemical treatments, which had higher profit margins. While other salons earned big money from color services and product sales, Sassoon’s revenue remained tied to the skill of individual stylists. Then, in the 1980s, he sold his name to a corporation that later removed him from the business. The Sassoon brand lost its identity, eventually declining because it couldn’t adapt to changing customer preferences for full-service salons.

Our thoughts for Trimayr:

Offering exclusive, premium styling services can work—but ignoring other high-margin services (like coloring and treatments) is a fatal mistake.

Supercuts – The Low-Cost, High-Speed Haircut Factory

Supercuts took the opposite approach of luxury salons. Instead of focusing on styling or premium treatments, they optimized operational efficiency to serve as many customers as possible. Their service model was based on:

- Standardized haircuts (no complex styling)
- No appointments – only walk-ins
- Low-cost, high-speed service (15-20 min per haircut)

This allowed Supercuts to undercut traditional salons on price while maintaining high revenue through volume. Franchise owners loved it because the business model required minimal training, making it easy to scale across the U.S.



Supercuts ignored changing consumer habits. As more people demanded premium services like color, treatments, and personalized styling, Supercuts failed to adapt. Their model was too rigid—customers wanted more than just a basic haircut. Eventually, Supercuts lost market share to more flexible midmarket competitors like Great Clips and Sport Clips, who offered more variety without sacrificing speed.

Our thoughts for Trimayr:

Operational efficiency is key, but if services are too limited, customers will eventually look elsewhere.

Regis Corporation – The Giant That Grew Too Fast and Crashed

Regis Corporation, once the largest hair salon operator in the world, owned or franchised thousands of salons under different brands—Supercuts, SmartStyle, Cost Cutters, and more. They dominated the midmarket by acquiring as many salons as possible and using their scale to negotiate lower supply costs.



They focused on offering all core services—haircuts, styling, coloring, and chemical treatments—to maximize service revenue. Regis also understood that hair color and treatments had the highest margins, making sure these were heavily promoted in every franchise.

Regis expanded too fast and lost control of its brand consistency. Franchise salons operated at wildly different service levels, and customer complaints increased. Some salons offered poor-quality coloring and styling, damaging the brand reputation.

To make matters worse, Regis failed to invest in digital booking and customer loyalty programs, which allowed independent salons and tech-driven competitors to steal market share. In the end, financial struggles forced Regis to sell off thousands of salons, leading to a massive decline in its dominance.

Our thoughts for Trimayr:

Franchising and multi-brand strategy work—but without strict service quality controls, brand damage is inevitable.

Drybar – The Blow-Dry Only Phenomenon

Drybar took one specific service—blow-drying—and made it a premium experience. Instead of offering full haircuts or coloring, they focused on just blowouts, but made them feel luxurious and indulgent.

Their success came from:

- A salon experience that felt like a high-end spa visit (free drinks, stylish interiors)
- Premium pricing for a simple service
- Fast, convenient service that fit into a busy lifestyle
- Customers who used to get a blowout as an add-on service at regular salons now went directly to Drybar, making it a category leader in this niche.



Drybar's biggest issue was scalability—they needed very high customer volume to remain profitable. The business model relied heavily on repeat customers, and when consumer spending dropped (like during COVID-19), their sales collapsed.

They also failed to expand beyond their core service. Unlike competitors who diversified into coloring, styling, and full hair services, Drybar remained too specialized, limiting long-term growth.

Our thoughts for Trimayr:

Service specialization can create a unique brand—but being too narrow can limit expansion potential.

Glamsquad & Blow LTD – The New Digital Disruptors

Glamsquad (USA) and Blow LTD (UK) challenged the entire traditional salon model by offering on-demand hairstyling services at home.

Instead of running salons, they built an Uber-style network of freelance stylists who could be booked through an app. Customers loved it because:

- No need to visit a salon—stylists come directly to them.
- Competitive pricing—since there's no rent or salon overhead, prices are often lower.



- Convenience—faster service and easy scheduling.
- This completely changed customer expectations, making traditional salons seem less convenient in comparison.

Major threats to Trimayr:

Trimayr (and traditional salon chains) cannot compete on cost and flexibility the way mobile services can. If on-demand services continue to grow, many customers might not see the need to visit a salon at all.

ONE Tipped Question – From Mock Exam



Tutorial note:

The MCS examiner requires students to demonstrate their storytelling techniques in the answer, ie showing the relationship of X-Y-Z technique in the answer. In our answer, we carefully reflect them per the examining team's guidance.

Tipped Question

Email from Megan Connor, Senior Financial Manager

Subject: Service Quality and Risk Assessment

Dear Finance Manager,

The Board has raised concerns over service inconsistencies and operational inefficiencies in Trimayr's premium Pop salons, which are impacting customer satisfaction and profitability. While the COO supports quality control enhancements, the Head of Operations advocates for cost-driven efficiency measures, requiring a balanced approach to quality and value management techniques. Additionally, the CFO has highlighted reputational risks, necessitating a structured framework to quantify and present these risks to stakeholders for informed decision-making.

Required:

(a) Recommend how Trimayr can apply quality management and value management techniques to enhance service consistency and improve financial performance in its premium Pop salons.

[sub-task(a) = 60%]

(b) Propose a structured approach to quantifying and presenting risk to the Board, ensuring stakeholder awareness of the financial and operational impact of service inconsistencies.

[sub-task(b) = 40%]

Best regards

Senior Finance Manager

Exhibit:

Service Quality and Cost Dilemma in Trimayr's Premium Salons

Trimayr's premium Pop salons, which cater to high-value customers with premium styling services and exclusive hair treatments, have recently come under increased scrutiny from both customers and the Board. While these locations were initially designed to set the highest service standards and drive profitability through premium pricing models, recent customer feedback suggests inconsistent service quality, particularly in appointment scheduling efficiency, stylist expertise, and product application consistency.

Customer complaints about service delays and inconsistent stylist skill levels have surged, leading to a drop in repeat bookings and Net Promoter Scores (NPS). While some salons maintain excellent customer satisfaction levels, others struggle with long wait times, rushed treatments, and variation in styling quality, creating brand inconsistency. At the same time, operational

inefficiencies have led to wastage of expensive haircare products, increasing costs per service and reducing overall profitability.

Internally, the COO and the Head of Operations disagree on how to resolve the issue. The COO believes that enhanced quality control measures should be introduced, including standardized training programs, mystery shopper audits, and performance-based incentives for stylists. However, the Head of Operations argues that the issue is fundamentally cost-driven, proposing a value management approach that prioritizes efficiency improvements—such as optimized appointment scheduling, lean inventory controls, and revised product application guidelines to reduce wastage while maintaining service excellence.

Adding further complexity, the CFO has raised concerns that customer dissatisfaction could escalate into reputational risk, affecting future expansion plans. A structured risk presentation strategy is needed to ensure that all stakeholders, including the Board, understand the financial and operational risks associated with inaction, as well as the potential return on investment (ROI) for proposed quality and value management initiatives.

Given these competing priorities, the finance team has been tasked with evaluating how best to enhance value through both quality management and cost control strategies, while also developing a clear risk communication framework for stakeholders.

How to approach the above question? – As Ideas rather than Full Answers

Part a

Tutorial note:

The following I can question is tested:

Activity C:

I can identify and apply appropriate quality management techniques to enhance value.

I can identify and apply value management techniques to enhance value.

Writing approach:

8 paragraphs are there.

The following answer approach: POINT + Reference to the exhibit information, however, I use the standardised framework from the Preseen Application Note Page 147, to answer this question.

Example answer:

Quality Management Techniques

Total Quality Management (TQM)

A company-wide TQM approach should be introduced to embed a culture of continuous service improvement across all premium salons. Customer complaints about inconsistent stylist skill levels and rushed treatments indicate the need for a uniform service delivery model involving all employees, from stylists to salon managers to ensure consistent service execution.

Customer Feedback Loops

Introducing structured customer feedback loops will allow Trimayr to collect real-time insights on customer satisfaction and areas for improvement. Increasing complaints about service delays and stylist inconsistencies suggest that the company lacks a formalized feedback system, making it difficult to track and resolve service issues efficiently.

Part b

Tutorial note:

The following I can question is tested:

Activity C:

I can apply the techniques that quantify and present risk to stakeholders.

Writing approach:

4 paragraphs are there.

The following answer approach: POINT + Reference to the exhibit information, however, I use the standardised framework from the Preseen Application Note Page 155, to answer this question.

Example answer:

Break Down the Problem

Trimayr must first clearly define the risks associated with service inconsistencies by identifying what is happening, who is affected, and the biggest threats to financial performance. Customer complaints about long wait times, inconsistent stylist quality, and inefficient appointment scheduling are directly affecting repeat bookings, damaging customer retention, and leading to potential revenue loss. The Board must recognize that if service quality continues to decline, brand reputation risks may escalate, potentially undermining future expansion plans.

Top 4 Likely Scenarios

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Franchise

A likely scenario in the exam involves a reputational or operational crisis emerging from Trimayr's franchise network, potentially due to service inconsistency, legal breaches by franchise staff, or customer backlash amplified on social media. This theme is prominent throughout the pre-seen, where the collapse of Regis Corporation and the Dy N Fly scandal serve as cautionary tales of what can happen when franchise control mechanisms are inadequate. The examination may explore how Trimayr's franchised Sheen brand, which targets premium customers, faces reputational exposure if its service standards are not enforced uniformly. The case would be used to test understanding of the risks inherent in franchising, particularly around brand stewardship and quality assurance. This scenario allows for integration of pre-learned analysis on franchise governance, stakeholder management, brand KPIs such as "customer retention rate," and ethics-related content on corporate responsibility when franchisees act unethically or cause harm. The student is expected to weigh the financial advantages of rapid franchising against the long-term risk of brand erosion, drawing on historical failures and proposing control mechanisms to address stakeholder concerns.

KPIs application

Trimayr faces disruption from a rapidly scaling digital-first competitor such as an on-demand mobile hairstyling platform. This would test the candidate's ability to evaluate Trimayr's strategic response to a structural market shift, particularly one that undermines the physical salon model. The pre-seen explicitly flags Glamsquad and Blow LTD as existential threats to traditional salon businesses, highlighting changes in consumer behavior, convenience expectations, and cost structures. The scenario would likely focus on the board's request for a strategic recommendation on whether to partner, invest, acquire, or compete with such platforms. This situation creates a strong opportunity to apply pre-learned frameworks related to competitive positioning, digital strategy, and Trimayr's KPIs such as "average spend per visit" and "new franchisee sign-ups." It invites an exploration of the defensibility of the existing model and the viability of differentiation through stylist expertise and training infrastructure. The case requires an assessment of internal capabilities, franchise adaptability, and the potential for hybrid delivery channels under the Trimayr brand.

Revenue per IFRS 15

There might be a dispute between Trimayr and a franchisee who seeks to exit the agreement and reopen independently, potentially breaching non-compete clauses embedded in franchise contracts. This scenario is heavily foreshadowed by the Fantastic Sams case included in the pre-seen, which highlights how legal constraints can persist even after bankruptcy or franchise termination. The examiner may use this to assess understanding of contractual enforceability, ethical implications of restricting former partners, and the accounting treatment of franchise-related revenue under IFRS 15. The case could involve the timing of revenue recognition, contract liabilities, and the brand's stance on enforcing restrictive clauses, particularly if the franchisee alleges unfair treatment or financial distress. Candidates would need to apply pre-learned technical knowledge of revenue deferral, stakeholder impact analysis, and governance principles, especially in managing media fallout and franchisee morale. The deeper analytical challenge lies in balancing legal protection of brand interests with reputational risk and ethical treatment of small business owners.

Ethics

There might be a case that a public backlash triggered by either a gender-based pricing controversy or a customer injury related to salon treatments. This reflects the examiner's interest in testing ethical awareness, brand reputation management, and operational risk controls. The pre-seen includes detailed examples of the "Pink Tax" scandal and the formaldehyde-laced Brazilian Blowout incident, both of which illustrate how quickly consumer trust can be lost and how social media amplifies small operational missteps into reputational catastrophes. The likely scenario would present a situation where a Trimayr salon is exposed for inconsistent pricing between men and women or fails to prevent a chemical treatment injury, prompting negative press and public inquiries. In such a context, the candidate is expected to demonstrate how to apply professional ethics, propose process changes, and recommend transparent pricing or improved staff training protocols. Pre-learned content on service KPIs, brand perception, and safety procedures would be essential in navigating both the technical and reputational dimensions of this case. The "what," in this instance, is not simply compliance failure but a systemic exposure of weak internal controls, requiring a structured response that addresses both immediate risk and long-term brand positioning.