



CIMA/CGMA Strategic Case Study (SCS)

Speedy Pass Note (SPN)

November 2026 – February 2027



Contents

Accounting
Practise
Center



Chapter 1 Introduction to the SCS Exam.....	3
Chapter 2 Core Activity A - Develop business strategy	6
Chapter 3 Core Activity B – Evaluate business ecosystem and business environment.....	87
Chapter 4 Core Activity C - Recommend financing strategies.....	129
Chapter 5 Core Activity D – Evaluate and mitigate risk.....	174
Chapter 6 Core Activity E – Recommend and maintain a sound control environment.....	221

Chapter 1 Introduction to the SCS Exam

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Exam

The exam is 150 marks, and you must achieve 80 marks. The exam is 3 hours, and it is split into 3 questions, each question/section includes several sub-requirements. All unseen questions and exhibits are basing on the latest preseen material case Vennlisk.

Nov 26 Exam:

Entry open

You can enter online or by phone

From: 07 May 2026

Until: 03 November 2026

[🔗 Schedule your exam](#)

Exams

will take place

From: 18 November 2026

Until: 20 November 2026

2 months left to prepare

Results

will be available in your exam dashboard

From: 14 January 2027

Feb 27 Exam:

Entry open

You can enter online or by phone

From: 05 August 2026

Until: 02 February 2027

[🔗 Schedule your exam](#)

Exams

will take place

From: 17 February 2027

Until: 19 February 2027

5 months left to prepare

Results

will be available in your exam dashboard

From: 08 April 2027

Your exam result

When you get your case study exam result you will see: An overall grade (Pass/Fail). A scaled score between 0–150 (80 or above represents a pass). Feedback on your performance by each core activity (formerly sectional or competency feedback).

Syllabus

Strategic level Examination Blueprint (Case Study Examinations in May, August, November 2026 and February 2027)

Marking guidance

1. We mark the whole answer not each sentence.
2. We do not have a hugely detailed marking guide that breaks the answer into a series of 1-mark points.
3. We may have 6 marks available for part of an answer so a good discussion is usually required.
4. All answers are marked on their merits and do not have to be like ours at all.
5. There are many different approaches you can take and all will be awarded marks if they answer what was asked.

From CIMA examiner

Question: (The below answer is worth 8 marks)

Finally, please include in your email an outline of three non-financial performance indicators we could use to measure the commercial success of the Zip app and explain why the indicators chosen will be helpful to us.

Answer:

There are many performance measures we could use to measure the success of the Zip app. As identified, one very useful financial measure is the revenue generated from sales initiated through the app, although it is hard to be sure what proportion of those sales may have occurred via the website if the app did not exist.

In addition to financial performance indicators it is worth considering what non-financial indicators could be useful in measuring the success of the app. I would suggest the following three measures:

1. Number of active users – this metric is useful because although the number of registered users is interesting, it tells us little about how much people are really interacting with the app. It is no good having 2.2 million registered users if they don't like the app and never use it. If we can see how often customers use the app, we can measure more accurately its utility to customers and popularity.
2. Conversion of recommended clothes to sales – if we look at what percentage of clothing recommendations are followed through by customers, we can start to understand the power of this app in driving sales from customers. We may want to target improvements in the conversion percentage, driven by understanding the requirements of the customer better at every touch point.

3. Customer satisfaction ratings – apps are easy to rate, so we should look at the “star ratings” given by users of the app and, if they are low, we can look at the comments. These provide a wealth of information about GSC and the Zip app that will allow us to refine our offering.

Why 8 marks are awarded:

- It answers exactly what was asked: three non-financial indicators and why each is helpful.
- Each indicator is named and explained in the Zip app context. The answer is also clear, structured, and uses discussion rather than a short list of undeveloped points.

Chapter 2 Core Activity A - Develop business strategy

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I CAN Questions from CIMA Blueprint

- I can evaluate strategic options
- I can recommend strategic decisions
- I can evaluate potential acquisitions and divestment opportunities
- I can recommend responses to opportunities and threats arising from digital technologies
- I can recommend responses to sustainability issues

Sessions

1. Strategic options

- Vision/Emergent strategy/Differentiation strategy/SFA Test/Game theory

2. Recommend strategic decisions

- Strategic matter/Scenario planning/Stress testing a project or strategy

3. Acquisitions

- Acquisition considerations/Key resources for an acquisition/Payment methods/Negotiating a share exchange/Post-acquisition problems/Should the seller support a business after sale?/Retain target company's management after acquisition

4. Divestments

- Exit strategy (divestment)/Defenses to hostile bids/Restructuring: Creating a subsidiary

5. Digital technologies

- How to manage digital security (CCRIM)

6. Sustainability issues

- ESG implications/Integrated report capitals

Weighting: 15%-25%

1. Strategic options

I can evaluate strategic options

1.1 Vision

Strategic fit

Management should explain whether **[the proposal]** supports Vennlisk's mission to offer an outstanding experience in every inbound call, its vision to lead Westland in quality and innovation, and its values of integrity, excellence, innovation and a positive work environment.

The proposal may create short-term costs or disruption. These may be acceptable only if there is a credible long-term benefit, such as higher client retention, better service quality, lower future costs, reduced risk, stronger staff retention or a stronger reputation.

Financial

Management should assess the effect on profit, cash flow, operating costs, asset values and shareholder wealth.

A proposal may increase costs initially through new systems, equipment, staff training, recruitment, restructuring or changes to call-centre operations. It must generate sufficient longer-term benefit to compensate shareholders for this cost.

Management should test whether the strategy protects future revenue or reduces future risks, for example through improved client demand, better staff retention, lower energy costs, reduced privacy risk or a stronger brand.

Customers

The proposal may affect Vennlisk's clients and their callers through prices, service reliability, first-call resolution, customer satisfaction, average handle time, call abandonment or privacy.

Clients may accept higher prices or changed service if this improves their own customer experience, reputation, sustainability commitments or compliance.

However, management should consider whether clients will accept the change and whether it affects the quality of the inbound-call service they buy from Vennlisk.

Society and environmental impact

The proposal may support Vennlisk's sustainability strategy by reducing greenhouse-gas emissions, energy use, refrigerant losses, electronic waste or personal-car commuting.

However, management should assess the net environmental benefit, not merely the most visible saving. It should include effects such as additional energy use, new equipment, electronic waste, travel being shifted rather than eliminated, or emissions being transferred elsewhere.

A proposal should not be described as sustainable unless the overall environmental effect can be supported by evidence and measurable data.

Staff

Management should consider whether the proposal creates new skills, better working conditions, improved health and safety, greater inclusion or stronger staff retention.

It should also consider negative effects, including redundancies, changed working hours, pressure on performance, relocation, uncertainty or loss of skills. New roles may not benefit the same agents if they require different skills.

Vennlisk should consider training, redeployment, phased implementation and appropriate support to reduce harm.

Conflicts

Vennlisk aims to benefit several stakeholders, but proposals often create conflicting effects. For example, a more sustainable or innovative approach may benefit the environment and some employees while increasing costs for shareholders or reducing service quality for clients.

Management should identify these trade-offs openly, explain how they will be managed, and avoid claiming that every stakeholder benefits equally in the short term.

KPIs

Management should support the vision with measurable targets, such as greenhouse-gas emissions, renewable electricity used, electronic items recycled or donated, staff commuting methods, staff turnover, training completed, customer satisfaction, first-call resolution, service level and call abandonment.

Vennlisk should monitor whether the proposal achieves its claimed benefits and revise the strategy if the expected long-term value does not arise.

Conclusion:

A proposal supports Vennlisk's vision only if it creates a credible net long-term benefit for stakeholders. Management should assess financial, client, environmental, employee and social effects, acknowledge trade-offs, and use evidence to show that the strategy is genuinely sustainable and supports high-quality service.

Q: Nov 2026 – Feb 2027 Practice Q2a

Farrukh Jamil, Human Resources Director, and Dr Maria Chandler, Operations Director, have proposed that Vennlisk should introduce hybrid working for suitable agents.

Agents would work from home for part of each week and continue to work in Vennlisk's call centres for the remaining days. The proposal is intended to reduce personal-car commuting, improve staff flexibility and support Vennlisk's aim to eliminate the use of personal cars for commuting.

Vennlisk currently employs 5,000 agents in five call centres. Its agents use wired workstations connected to customer call-management systems and client files held on cloud-based servers. Vennlisk identifies privacy and security as a principal risk.

The proposal would require investment in secure home-working equipment, systems, staff training and supervision. Vennlisk would continue to own and operate its five call-centre buildings.

Required:

Evaluate the proposed introduction of hybrid working for agents by reference to Vennlisk's mission, vision, values and sustainability strategy.

Answer:

Strategic fit

Vennlisk's mission is to offer an outstanding experience in every inbound call. Its vision is to be Westland's leading provider of inbound call solutions in quality and innovation. Hybrid working could support innovation and Vennlisk's value of creating a positive work environment.

The proposal also supports Vennlisk's sustainability strategy. Vennlisk aims to eliminate the use of personal cars for commuting, and reducing travel to call centres may help achieve this.

However, the proposal supports the vision only if Vennlisk can maintain high-quality service and protect client data while agents work from home.

Financial

Hybrid working will create initial costs. Vennlisk will need to provide secure equipment, systems, training and support for agents working from home.

It may reduce some future call-centre energy costs and improve staff retention, reducing recruitment and training costs. However, Vennlisk owns its five large call-centre buildings, so it may continue to incur significant property and operating costs even if fewer agents are present.

The Board should compare the full investment and ongoing support costs with realistic savings and benefits. This is important because Vennlisk has substantial borrowings and finance costs.

Customers

Clients may benefit if hybrid working improves staff retention, flexibility and morale. More motivated agents may improve customer satisfaction and first-call resolution.

However, clients may be concerned that home working will weaken data protection or make it harder for supervisors to monitor calls and provide support. Technical problems at home may also delay responses and reduce service levels.

Vennlisk must ensure that clients and callers receive the same reliable, secure service. It should monitor customer satisfaction, first-call resolution, average handle time, service level and call abandonment.

Society and environmental impact

Hybrid working may reduce personal-car commuting and therefore reduce emissions. This supports Vennlisk's sustainability target.

However, Vennlisk should assess the net environmental benefit. Agents may use more electricity at home, Vennlisk may need to buy additional computers and equipment, and its five call-centre buildings may still consume substantial energy.

Vennlisk should not claim that the proposal is fully sustainable unless it measures the reduction in commuting emissions against additional home-working energy use and electronic waste.

Staff

Hybrid working may improve work-life balance and make Vennlisk a more attractive employer. This could support staff retention and reduce the health risks associated with commuting.

However, some agents may lack a suitable home-working environment. They may suffer isolation, distraction, poor ergonomics or difficulty separating work from home life. Supervisors may also find it harder to provide immediate support to agents handling difficult calls.

Vennlisk should offer training, suitable equipment, health-and-safety support and phased implementation. Agents who cannot work safely or effectively from home should not be disadvantaged.

Conflicts

The proposal may benefit the environment and some employees, but it may increase costs for shareholders and create privacy or service-quality risks for clients.

Vennlisk should acknowledge these trade-offs. It should not prioritise a reduction in commuting emissions if this causes a serious fall in customer satisfaction, service level or data security.

KPIs

Vennlisk should monitor staff commuting methods, greenhouse-gas emissions, home-working energy use, electronic waste, staff turnover, absence, training completion and health-and-safety incidents.

It should also monitor customer satisfaction, first-call resolution, average handle time, service level, call abandonment, client complaints and data-security incidents.

Conclusion:

Hybrid working could support Vennlisk's vision, values and sustainability strategy by reducing commuting and improving staff flexibility. However, it should proceed only if the net environmental and staff benefits exceed the cost and Vennlisk can maintain its promised high-quality, secure inbound-call service.

1.2 Emergent strategy

New demand

An emergent strategy begins when a client, technology or market change creates an opportunity that was not part of Vennlisk's original plan.

Management should identify what Vennlisk is now being asked to provide that it did not normally provide before. The important issue is not simply that the work is new, but whether failure of this new activity would prevent Vennlisk from providing a high-quality call-centre service.

For example, a new service may be essential to the client's customer experience. If it fails, Vennlisk may face contract claims, reputational damage or the cost of correcting the failure.

Capability gap

The Board should identify the exact capability that is missing: specialist agents, training, technology, telecommunications, data access, client knowledge, supplier support or operating capacity.

It should then ask whether the gap can be filled by recruiting staff, training existing agents, using a consultant, subcontracting or investing in systems.

The response must be reliable for the life of the contract. A consultant may solve an initial design problem, but may not solve an ongoing need for trained agents, supervision, systems support or customer service.

Step size

The Board should decide whether the opportunity is an incremental extension of Vennlisk's existing strategy or a major change in direction.

It is likely to be incremental where Vennlisk already has related expertise, such as similar clients, call-centre technology, trained agents or customer-care processes.

It is a more serious strategic shift where success depends on services Vennlisk does not normally provide. In that case, Vennlisk may be taking responsibility for risks that it does not understand or control.

Future value

The opportunity may create value beyond the first client contract. Completing it successfully may give Vennlisk experience, a reference client, stronger client relationships or a capability that helps it win similar work later.

However, the Board should test whether future demand is realistic. It should not invest heavily in a new capability merely because one client has requested it.

The expected future benefit should be compared with the cost of developing the capability and the risk of being left with unused staff, equipment or systems if no further demand arises.

Strategic discipline

An emergent strategy does not mean that every unexpected opportunity should be accepted. The Board should ask whether the opportunity uses scarce money and management time that could produce a better return in Vennlisk's core inbound call-centre business.

The Board should set limits before committing: the maximum cost, service-quality risk, staffing requirement and contract liability it is willing to accept.

Management should review actual performance during the project. If cost, customer satisfaction, first-call resolution, staff retention or client benefit is worse than expected, the Board should be prepared to limit or withdraw from the new activity.

Conclusion:

An emergent strategy is valuable when an unexpected opportunity builds on Vennlisk's existing strengths and creates a useful future capability. It becomes dangerous when Vennlisk accepts responsibility for a new activity without the resources, understanding or likely future demand to support it.

Q: Nov 2026 – Feb 2027 Practice Q1a

A major utility client has asked Vennlisk to provide a new outbound calling service.

Vennlisk currently specialises in inbound calls. The utility wishes Vennlisk's agents to telephone existing customers whose payments are overdue, explain payment options and encourage customers to clear their balances. The utility believes that this will improve its cash collection and reduce the number of customers whose accounts remain unpaid.

Vennlisk's agents already handle inbound calls for the utility. However, outbound calls require agents to make calls rather than respond to callers. Outbound agents often work to detailed scripts and may need different skills from agents handling inbound calls.

The utility has stated that, if the service is successful, it may ask Vennlisk to make outbound calls for other customer-service purposes. Other Vennlisk clients may also be interested in buying the service.

Required:

Evaluate the argument that accepting the utility client's proposal would indicate that Vennlisk is pursuing an emergent strategy and recommend, with reasons, whether an emergent strategy would be suitable for Vennlisk.

Answer:

Emergent strategy

New demand

The utility's proposal creates an opportunity that was not part of Vennlisk's usual strategy. Vennlisk specialises in inbound calls, but it is now being asked to make outbound calls to customers with overdue payments.

The new activity is important because it affects the utility's relationship with its customers. If Vennlisk's agents use an inappropriate tone, give inaccurate information or place excessive pressure on customers, the utility may suffer reputational damage. Vennlisk may then face complaints, loss of the contract or claims for poor service.

Capability gap

Vennlisk must identify the additional skills and systems required for outbound calling. Agents may need detailed scripts, training in handling payment discussions, appropriate supervision and technology to manage outgoing calls.

Vennlisk could train existing agents who already understand the utility client and its customers. It may also recruit agents with outbound-call experience or use a specialist consultant to help design scripts and training.

However, Vennlisk will need a reliable long-term solution if the utility expects the service to continue. A consultant may help establish the service, but Vennlisk must retain enough trained agents and supervisors to provide it every day.

Step size

The proposal may be an incremental extension of Vennlisk's strategy. Vennlisk already operates call centres, trains agents, uses customer call-management systems and handles inbound calls for the utility.

However, outbound calls are different from inbound calls. Agents must initiate conversations and follow detailed scripts. The Board must ensure that the change does not expose Vennlisk to risks that it does not understand, particularly when customers may be under financial pressure.

Future value

Completing the contract successfully may give Vennlisk experience of outbound customer-service calls. This could help it win similar work from the utility or other clients, creating a new source of revenue.

However, Vennlisk should not assume that further demand will arise. It should compare the possible future revenue with the cost of training, systems, supervision and additional agents. If no other clients buy the service, Vennlisk may be left with unused capacity.

Strategic discipline

Vennlisk's Board should remain in control of its overall strategy. It should consider whether the proposal uses money and management time that could create a better return by improving its core inbound-call services.

The Board should set limits on cost, staffing, service quality and contract liability. It should monitor customer complaints, client satisfaction, staff performance, collection outcomes and the cost of the service during a pilot.

If the service creates unacceptable reputational, operational or financial problems, Vennlisk should limit or withdraw from similar outbound work.

Conclusion:

The utility contract may be a useful incremental extension of Vennlisk's strategy because it builds on existing call-centre, client and customer-service expertise. However, Vennlisk should proceed only if it can develop the new outbound skills and controls without damaging its core reputation for high-quality inbound service.

1.3 Differentiation strategy

A business is differentiated only when clients see a meaningful reason to choose it over rivals. Offering a good service is not enough by itself if competitors can offer the same service at a lower price.

Why would clients choose it?

The difference must solve a client problem or improve the client's reputation. For Vennlisk, well-trained and empathetic human agents may help clients provide better support to their own customers, particularly in complex, sensitive or stressful calls.

However, management must ask whether clients value this benefit enough to choose Vennlisk or pay a higher price. Vennlisk's direct customers are the companies outsourcing call-centre services, not the callers themselves. Some clients may prefer the lower cost of overseas providers or chatbots.

Can the service still work well?

The differentiated service must not make the core service worse. Vennlisk must still answer calls promptly, resolve queries, protect data and provide a reliable service.

Differentiation fails if a higher-quality service leads to insufficient capacity, longer waiting times, higher call abandonment or higher prices that clients will not accept. Vennlisk should assess first-call resolution, customer satisfaction, average handle time, service level and call abandonment together.

Is the claim real?

There is a major difference between claiming excellent customer care and consistently delivering it. Vennlisk has a strong reputation for training competent staff, but it must support any claim with evidence of actual performance.

Management should test whether agents have sufficient client-specific knowledge, whether supervisors can maintain quality and whether privacy is protected. If service quality falls, Vennlisk may suffer reputational damage for a promise it cannot deliver.

Is there enough of it?

The benefit must be large enough to affect the client's experience. Providing highly trained agents for only a small number of calls may create a positive image, but clients may challenge the claim if most callers receive an ordinary service.

Vennlisk should be honest about which clients and calls receive the differentiated service, and ensure that it has enough trained agents and capacity across its five call centres.

How long will it last?

The advantage is strongest while rivals cannot offer the same quality, trust or customer experience. Overseas competitors can recruit competent staff at lower cost, and other Westland providers can also train agents and improve their service.

Vennlisk should use its existing reputation, training, client relationships and knowledge of clients' callers to build loyalty before competitors catch up. It must continue to innovate because quality-based differentiation can be copied.

Conclusion

A differentiation strategy is worthwhile only if clients value Vennlisk's higher-quality human service, it can deliver that service reliably at a meaningful scale, and the advantage lasts long enough to create client loyalty or higher returns.

Q: Nov 2026 – Feb 2027 Practice Q2a

Noor Ebbini, Marketing Director, has proposed that Vennlisk should introduce a premium service called "**Vennlisk Care**".

The service would be marketed to clients in financial services, insurance, healthcare and the public sector. Noor believes that these clients will value trained Westland-based agents who can handle complex and emotional calls with empathy. She proposes that clients using Vennlisk Care should pay a higher hourly rate than for Vennlisk's standard dedicated inbound call-centre service.

Noor has noted that Vennlisk has a strong reputation for employing and training competent staff. New agents receive basic customer-care training and further client-specific training. Agents also receive ongoing online training and supervisors monitor call quality.

However, Vennlisk faces competition from overseas call-centre providers, which can recruit competent staff at substantially lower pay rates. Chatbots can also provide 24-hour support for simple interactions, although they can struggle with complex calls and cannot usually interpret moods and emotions.

Required:

Evaluate the possibility that introducing Vennlisk Care would enable Vennlisk to pursue an effective differentiation strategy in the inbound call-centre industry.

Answer:

Vennlisk will be differentiated only if clients see Vennlisk Care as a meaningful reason to choose Vennlisk over other call-centre providers.

Why would clients choose it?

Vennlisk Care could improve the service that clients provide to their own customers. Financial-services, insurance, healthcare and public-sector callers may have complex, sensitive or stressful problems. Clients may value agents who have been trained to show empathy and handle such calls carefully.

This could also protect clients' reputations. For example, an insurer may benefit if callers making claims feel that they are being treated sympathetically and their query is resolved quickly.

However, Vennlisk must assess whether clients value this benefit enough to pay a higher hourly rate. Overseas call-centre providers can offer competent staff at lower cost. Some clients may prefer a lower price, particularly for simple calls, or may use chatbots instead.

Can the service still work well?

Vennlisk Care must provide a reliable service as well as an empathetic one. Clients will still expect calls to be answered promptly, customer data to be protected and queries to be resolved efficiently.

Vennlisk should not encourage agents to reduce average handle time if this causes callers to feel rushed or reduces first-call resolution and customer satisfaction. Conversely, a very detailed and empathetic service may increase handle time and require more agents, increasing the price charged to clients.

The service will be effective only if Vennlisk can maintain an appropriate balance between service level, first-call resolution, customer satisfaction, average handle time and call abandonment.

Is the claim real?

Vennlisk has a strong basis for the claim because it invests heavily in training and staff development. New agents receive customer-care training, client-specific training and ongoing online training. Supervisors also monitor calls and provide feedback.

However, Vennlisk must demonstrate actual performance rather than rely on marketing claims. It should monitor customer satisfaction, first-call resolution and complaints for Vennlisk Care clients. If agents are poorly trained, demotivated or careless, the service may fail to meet its promise and damage Vennlisk's reputation.

Is there enough of it?

Vennlisk employs 5,000 agents across five call centres, so it may have the capacity to provide the service to a meaningful number of clients.

However, Vennlisk Care will be credible only if enough trained agents are available for the relevant calls. If it is offered only to a small number of callers, clients may not see a meaningful improvement in their customer

experience. Vennlisk should ensure that adequate training and supervision are available before making the service widely available.

How long will it last?

Vennlisk Care could create an advantage because Vennlisk already has a reputation for quality and trained staff. This may allow it to build stronger client relationships before rivals respond.

However, the advantage may not last. Other Westland providers can invest in training, overseas competitors can recruit competent staff, and chatbots may improve. Vennlisk must continue to develop its staff, service quality and client knowledge if it is to maintain the difference.

Conclusion

Vennlisk Care could be an effective differentiation strategy because clients with complex or sensitive calls may value well-trained, empathetic human agents. However, it will succeed only if clients are willing to pay for the service and Vennlisk can maintain quality and capacity better than rivals.

1.4 SFA Test

Suitability

Suitability asks whether **[the proposal]** fits Vennlisk's strategy, vision, market conditions and competitive position.

The proposal may be suitable if it helps address customer demand, growth in the inbound-call market, a sustainability objective, a need for greater capacity or the threat from low-cost overseas providers and chatbots.

Management should consider whether the proposal is better than building the capability internally. A partner, acquisition or existing business may provide locations, trained agents, client relationships, systems, knowledge or market access that would be difficult or slow for Vennlisk to create.

Management should also consider the risk that a rival obtains the opportunity and uses it to compete for Vennlisk's clients or market share.

Feasibility

Feasibility asks whether Vennlisk has the resources and capability to implement the strategy successfully.

Management should assess whether it has sufficient finance, trained agents, management capacity, systems, telecommunications links, data-security capability, client support and time.

Vennlisk should consider practical constraints, such as client consent, data-protection obligations, integration with call-management systems, telecommunications reliability, staff training, supplier capacity and location.

Management should also assess whether finance can be raised quickly enough to secure the opportunity without placing unacceptable pressure on cash flow or borrowings.

Acceptability

Acceptability asks whether the expected returns, risks and stakeholder reactions are acceptable.

Shareholders may support a proposal that protects growth or market position, but only if it generates sufficient profit, cash flow or strategic value to justify the investment.

The cost is critical. Overpaying, underestimating implementation costs or assuming unrealistic savings may reduce shareholder returns. Vennlisk should assess downside cases if clients do not accept the proposal, staff leave, service quality falls or expected benefits are delayed.

Other stakeholders may be affected through job changes, service disruption, privacy risks, higher prices, environmental effects or changes to local communities.

Conclusion

[The proposal] is attractive only if it is strategically suitable, practically feasible and acceptable in terms of risk and return. Vennlisk should proceed only after confirming the cost, funding, client support, control arrangements and ability to maintain high-quality service.

Q: Nov 2026 – Feb 2027 Practice Q1a

Vennlisk faces competition from overseas call-centre providers, which can recruit competent agents at substantially lower hourly rates than Vennlisk pays in Westland.

An established overseas inbound call-centre provider has proposed a 50:50 joint venture with Vennlisk. The joint venture would operate from the overseas provider's existing call-centre building and would handle inbound calls from Westlandian customers.

The overseas provider would supply the building, local management team and agents. Vennlisk would provide client relationships, training materials, call-management procedures and an initial cash investment. The joint venture would initially provide shared inbound-call services for clients with variable call volumes.

Vennlisk's Board believes that the proposal may allow it to offer more competitive prices while retaining its quality-based strategy. However, Vennlisk currently operates only in Westland, has borrowings of W\$5,460.0m and identifies privacy and security as a principal risk.

Required:

Evaluate the proposed joint venture using the suitability, feasibility and acceptability criteria (SAF).

Answer:

Suitability

The joint venture may be strategically suitable because Vennlisk faces a serious competitive threat from overseas providers with lower labour costs. The joint venture may allow Vennlisk to offer lower prices, particularly to clients with variable call volumes who are suited to a shared inbound-call model.

The proposal may also be preferable to building an overseas call centre from zero. The partner already has a building, local management and agents, which may give Vennlisk faster access to overseas capacity.

The joint venture would diversify Vennlisk geographically because all five of its existing call centres are in Westland. If Vennlisk rejects the opportunity, the overseas provider may work with another Westlandian competitor and compete more strongly for Vennlisk's clients.

However, the proposal may conflict with Vennlisk's quality-based strategy if overseas agents cannot meet the same service standards, training requirements or customer expectations as Vennlisk's Westland agents.

Feasibility

The partner provides an existing building, local management and agents, which improves feasibility. Vennlisk also has strong experience of inbound call-centre operations, training and client service.

However, Vennlisk has no existing overseas operations. It must determine whether it can transfer training materials, call-management procedures and quality controls effectively. It must also ensure that the overseas telecommunications links are reliable and that agents can access client files securely.

Client consent may be required before customer data is accessed from another country. Vennlisk must assess data-protection obligations, contractual terms and the ability to monitor service quality.

Vennlisk must also assess whether it can afford the initial investment. It already has borrowings of W\$5,460.0m, so further funding may create financial pressure.

Acceptability

The joint venture may be acceptable to shareholders if it protects Vennlisk's market position and allows it to compete more effectively on price. Sharing investment and risk with the overseas provider may be less costly than establishing a wholly owned overseas call centre.

However, returns may be uncertain. Vennlisk will share future profits and control with the partner. Expected savings may be reduced by training, systems integration, monitoring, data-security and client-communication costs.

Clients may welcome lower prices, but they may be concerned about service quality, customer experience and privacy. A loss of trust could damage Vennlisk's reputation and cause clients to leave.

Vennlisk's Westland agents may fear that work will move overseas. This could reduce morale and increase staff turnover. The Board should communicate clearly about the purpose and scale of the joint venture.

Conclusion

The joint venture is potentially suitable because it responds to the main competitive threat facing Vennlisk and provides faster overseas capacity than building a new operation. However, Vennlisk should proceed only if it can protect service quality and data privacy, obtain client support, fund the investment without excessive financial risk, and agree clear control and profit-sharing arrangements with the partner.

1.5 Game theory

What does the rival want?

A rival's announcement or pricing action may be intended to make Vennlisk change its behaviour in a way that benefits the rival.

For example, Ringcoll may announce a low-price contract or a major expansion of agent capacity to make Vennlisk cut prices, spend heavily on new facilities or lose confidence when bidding for clients. The rival gains if Vennlisk reduces its margins unnecessarily or allows clients to believe that it cannot match competitors' service levels.

Vennlisk should ask what Ringcoll gains if Vennlisk cuts prices, delays investment, loses a tender or fails to retain trained agents.

What happens next?

Vennlisk should assess its options by considering Ringcoll's likely response.

If Vennlisk offers a lower price to retain a major client, Ringcoll may match it or offer additional concessions. The final result may be lower margins for both providers, without Vennlisk securing the client.

If Vennlisk instead differentiates through trained agents, first-call resolution, data security and client-specific service, Ringcoll may need time and investment to match this. Vennlisk should select an action that remains worthwhile after the competitor responds, rather than consider only the immediate result.

Can the rival really do it?

Vennlisk should test whether Ringcoll can support its claims. A promise to provide lower prices or additional capacity is more credible if Ringcoll has sufficient finance, trained agents, call-centre space, systems and successful experience with comparable clients.

If Ringcoll lacks these resources, an announcement may be intended mainly to make Vennlisk reduce prices or change plans unnecessarily. Vennlisk should use evidence of Ringcoll's financial position, client wins, recruitment activity and past competitive behaviour before reacting.

The Board should also consider the worst realistic response. Ringcoll may accept a lower margin on an important contract if winning it would weaken Vennlisk's reputation or give Ringcoll access to a valuable sector.

Be realistic

Vennlisk and Ringcoll may both earn better returns if they compete through quality and service rather than starting a damaging price war. However, each may act aggressively because it fears losing a major client or allowing the other to gain scale.

Vennlisk must not agree prices, divide clients or coordinate market behaviour with Ringcoll, as this may breach competition law. Game theory should be used to predict independent competitive reactions, not to arrange anti-competitive conduct.

Game theory helps the Board think ahead, but cannot guarantee Ringcoll's response. It should be supported by evidence about the rival's financial strength, capacity, past behaviour and strategic priorities.

Q: Nov 2026 – Feb 2027 Practice Q1a

Ringcoll, Vennlisk's closest quoted competitor, has announced that it is creating a specialist team for telephone calls relating to insurance claims. Ringcoll has stated that the team will provide a "premium service at a lower cost than any Westlandian competitor".

The announcement was made shortly before Vennlisk expects to submit a proposal to renew its contract with a major insurance client. The client currently uses Vennlisk agents to handle first-notification-of-loss calls from policyholders after accidents, thefts and property damage.

The client has told Vennlisk that it is concerned about rising customer-service costs. However, it has also stated that calls often involve distressed customers and that poor handling could damage its brand and increase complaints.

Ringcoll has not identified any trained insurance-claims agents, a dedicated centre or a client contract supporting its announcement. Vennlisk's Marketing Director has proposed an immediate 15% reduction in the contract price to prevent Ringcoll winning the work.

Required:

Explain how Vennlisk could use game theory to plan its response to Ringcoll's announcement and evaluate the usefulness of game theory in achieving an optimum response.

Answer:

What does Ringcoll want?

Ringcoll's announcement may be intended to influence Vennlisk's behaviour before the insurance contract is renewed. It may benefit even if it does not yet have a fully operational specialist team.

For example, the announcement may make Vennlisk reduce its price by 15%, reducing Vennlisk's margin on a major contract. It may also encourage the insurance client to delay renewal or doubt whether Vennlisk remains the best provider.

Vennlisk should therefore not assume that Ringcoll's statement is simply useful information about a genuine new service. It should ask whether Ringcoll gains if Vennlisk makes an immediate, unnecessary price concession.

What happens next?

Vennlisk should consider Ringcoll's likely response to each option.

If Vennlisk cuts price by 15%, Ringcoll may reduce its own proposed price further. Vennlisk could then retain the contract only by accepting a much lower margin, while Ringcoll may still win by offering a lower price.

Alternatively, Vennlisk could offer a proposal based on value rather than an immediate price reduction. It could show how trained agents handle distressed policyholders, improve first-call resolution and protect the insurer's reputation. Ringcoll may find this harder to copy quickly if it lacks trained staff and experience of insurance claims.

Vennlisk could also offer targeted efficiency improvements, such as revised call-routing procedures or pricing linked to service levels. This may address the client's cost concern without committing Vennlisk to a general 15% reduction.

Can Ringcoll really do it?

Vennlisk should investigate whether Ringcoll can deliver its promised premium service at a lower cost. The claim would be more credible if Ringcoll has recruited experienced claims agents, developed suitable training, secured capacity and invested in systems for handling sensitive customer information.

The absence of evidence about agents, facilities or contracts suggests that Ringcoll may not yet have the capability to provide the service. Its announcement may be intended to disrupt Vennlisk's renewal negotiations rather than reflect an immediately available service.

However, Vennlisk should consider the worst realistic outcome: Ringcoll may have sufficient finance to recruit quickly and may accept a low initial margin to enter the insurance sector. Vennlisk should prepare a competitive but profitable response in case the threat is genuine.

Be realistic

Both Vennlisk and Ringcoll could earn higher returns by competing through quality, reliable service and appropriate pricing rather than starting a price war. However, Ringcoll may be willing to sacrifice short-term profit if winning this contract gives it a credible entry into the insurance market.

Vennlisk must not contact Ringcoll to agree prices, divide clients or avoid competing for the contract. Such behaviour would be illegal. It may only use game theory to anticipate Ringcoll's independent actions.

Game theory is useful because it prevents Vennlisk from treating the 15% price reduction as the only response. It encourages the Board to consider the likely sequence of actions and to test whether Ringcoll's threat is credible.

However, it cannot guarantee Ringcoll's behaviour. Vennlisk should support its analysis with evidence of Ringcoll's recruitment, capacity, financial strength and past pricing behaviour.

Conclusion: Vennlisk should not automatically cut its price by 15%. It should test Ringcoll's capability, emphasise the value of experienced and empathetic claims handling, and offer only commercially justified efficiency or pricing changes that remain profitable if Ringcoll responds aggressively.

2. Recommend strategic decisions

I can recommend strategic decisions

2.1 Strategic matter

Treat **[the issue]** as strategic if failure could seriously affect Vennlisk as a whole and requires major Board-level choices. The Board should oversee it, while specialists manage the detailed controls.

Board

[The issue] is strategic if the Board is ultimately accountable for failure under Westland's legal, contractual or governance expectations.

Vennlisk is a quoted company in a well-regulated market. Delegating daily work to an executive director, managers or specialists does not remove the Board's responsibility for ensuring that suitable controls, staff and resources exist.

Effect on business

The issue is strategic if failure could affect the whole business, rather than one small department.

For example, it may damage Vennlisk's reputation, client trust, service quality, legal compliance, staff retention, client data, future contracts or its ability to achieve its mission of offering an outstanding experience in every inbound call.

Long-term importance

The issue is strategic if it requires decisions about major investment in staff, training, technology, call-centre capacity, systems or risk acceptance that affect Vennlisk over several years.

These choices require Board judgement because they involve competing uses of scarce resources and risks that operational staff cannot accept alone.

Operational

The issue may be operational if it concerns detailed daily decisions that specialists can manage better than the Board.

Directors cannot be expected to identify every technical weakness, manage every call or prevent every employee error. Their role is oversight, including receiving reports through the Audit Committee or Risk and Sustainability Committee, rather than doing the specialist work themselves.

Q: Nov 2026 – Feb 2027 Practice Q1a

Vennlisk's Chief Internal Auditor has reported to the Audit Committee on the protection of client and caller data.

Vennlisk's agents access client files and update information while handling inbound calls. The files are held on cloud-based servers. Vennlisk serves clients in sectors including banking and financial services, insurance, healthcare, utilities and the public sector.

The Chief Internal Auditor has reported that several agents have recently received emails asking them to confirm their usernames and passwords. In addition, Vennlisk's software has identified a substantial increase in unsuccessful attempts to access client files. No client data has been lost.

Vennlisk's annual report identifies privacy and security as a principal risk. It states that a failure to safeguard privacy could cause reputational damage and lead to security breaches and fraud. Agents receive training in privacy protection and regular refresher courses.

Required:

Evaluate the arguments for and against treating the protection of client and caller data as a strategic matter that should be managed by Vennlisk's Board.

Answer:

Strategic matter

Protection of client and caller data should be treated as a strategic matter because a serious failure could affect Vennlisk as a whole. The Board should oversee the risk, while IT, security, internal audit and operational staff manage the detailed controls.

Board

Data protection is strategic because the Board is ultimately responsible for effective risk management, internal controls and compliance with legislation and client contracts.

Vennlisk already identifies privacy and security as a principal risk. The Board receives reports from the Risk and Sustainability Committee, and the Chief Internal Auditor reports to the Audit Committee. This supports Board-level oversight.

The Board may delegate daily security work, but it remains responsible for ensuring that appropriate controls, staff, systems, training and funding are in place.

Effect on business

A breach could seriously damage Vennlisk's reputation. Clients may be unwilling to allow Vennlisk to handle inbound calls if it cannot protect client and caller information.

The risk is particularly serious because Vennlisk handles information for banking, financial-services, insurance, healthcare and public-sector clients. A breach could expose sensitive information, lead to fraud, legal claims, penalties, loss of contracts and adverse publicity.

This would undermine Vennlisk's mission to offer an outstanding experience in every inbound call and its vision to be Westland's leading provider of high-quality and innovative inbound call solutions.

Long-term importance

Data security requires Board decisions about investment in secure systems, cloud-based data access, monitoring software, specialist staff, training and external advice. These are long-term resource decisions, and the Board must decide how much risk Vennlisk is prepared to accept.

The increased suspicious emails and unsuccessful access attempts suggest that the Board needs regular information about emerging threats. Without this information, it cannot decide whether further investment or a wider response is necessary.

Operational

However, the Board cannot manage every technical detail. It cannot be expected to identify every system weakness or prevent every agent from disclosing a password.

IT and security specialists are better placed to monitor attempted access, investigate incidents and recommend practical controls. Agents must follow privacy procedures and report suspicious emails. The Board's role is to oversee and resource this work, rather than perform it itself.

2.2 Scenario planning

Tutorial note: for each Vennlisk scenario, use the same short structure:

Effect

If **[the scenario]** occurs, clients, callers, suppliers or competitors may change their behaviour. This could affect Vennlisk's revenue, cost, call volumes, service capacity, client relationships or market position.

The immediate effect may be lost revenue, higher cost, service disruption or pressure on agents. The longer-term effect may be loss of clients, reputational damage, lower market share or a weaker strategic position.

Response

Management could take a practical action, such as recruiting and training agents, redeploying capacity between call centres, using shared-agent pools, improving service quality, changing prices, introducing technology, forming a partnership or strengthening client relationships.

This response may protect revenue, service capacity, client trust or market access because it directly reduces the effect of the scenario.

Cost

However, the response may create a new disadvantage, such as higher staff cost, lower profit, lower prices, loss of control, dependence on a partner, technology costs or pressure on service quality.

The Board should compare this cost with the value of the revenue, client relationship, capacity or market position that the response protects.

Action

Management should monitor an early warning sign, such as changes in call volumes, client procurement plans, competitor prices, chatbot use, staff turnover, service levels or customer satisfaction.

If the sign appears, the Board should implement the planned response before the scenario causes serious damage.

Q: Nov 2026 – Feb 2027 Practice Q1a

Vennlisk's Board is considering three possible developments in the inbound call-centre market.

- A major new client may award Vennlisk a contract that would increase its total inbound call volumes by 30%.
- An existing client may use chatbots to handle simple customer queries and retain Vennlisk only for complex calls.