YOUR AUTOMATED FEEDBACK REPORT
September 2022 Common Final Examination (CFE)
Day 1 - CFL V1

Candidate Number:

Enclosed is your Automated Feedback Report for the Day 1 portion of the September 2022 Common Final Examination (CFE). This Report is provided to all candidates who received a failing status on Day 1 of the CFE. Commentary on the Day 2/3 portion of the exam is not provided in this Report.

The automated feedback in this report highlights the aspects of your response that were either missing or did not meet the minimum standard for demonstrating competence as established by the Board of Examiners. Since each Day 1 case is unique and includes different issues, you are strongly encouraged to use this report to identify the high-level weaknesses in your approach to responding to Day 1 rather than on your performance on the specific issues that are unique to this simulation.

Using the marking data collected, this feedback report is automatically generated based on your response. You will notice that the feedback comments are general in nature, as they were developed to describe the main deficiencies exhibited by most candidates. Therefore, while this report is provided to help you identify the key deficiencies in your response, it is important to note that some subtleties of your particular response may not be captured in this generalized report. To obtain feedback more tailored to the specifics of your particular response, a personalized Performance Analysis Report (PAR) can be requested for an additional cost. Contact your provincial body for more information.

SUMMATIVE ASSESSMENT OPPORTUNITY #1 – Situational Analysis

Your response to this Summative Assessment Opportunity met the Board of Examiners' minimum standard for competence, and therefore, this Automated Feedback Report does not include any specific feedback concerning this aspect of your response.

SUMMATIVE ASSESSMENT OPPORTUNITY #2 – Analysis of Major Issues

Response to Zenfit National Distributor/Potential Sale of Zenfit Contract AO lacked a sufficient discussion of how your calculations impacted your decision of whether to expand or sell the Zenfit agreement

You did not interpret and discuss the quantitative elements of this strategic alternative to the level of depth required. For your quantitative analysis to be useful to the reader of your report, you should explain how and why your calculations impacted your recommendation to proceed with either the option to expand or sell the Zenfit agreement.

Response to the Climbing Facility Expansion/Potential Sale AO lacked sufficient qualitative breadth

You did not identify and discuss a sufficient number of the case facts that were provided in the simulation. For example, you were provided with the following case facts that were relevant to this strategic alternative and that could have been included in your response:

- *Brian thinks that any new climbing facilities will be even more successful given what he has learned from opening the first eight locations. CFL could leverage Brian's expertise to a greater degree with opening the new locations and therefore have more confidence in the success of the expansion.*
- *There has been some brand confusion between CFL's fitness gyms and its climbing facilities. This confusion could be further exacerbated if CFL opens additional climbing facilities. Regardless of the decision, CFL should address this concern (one way to do this would be to revisit and potentially revise the way that CFL has branded the climbing facilities).*
- *The eight existing climbing facilities were originally fitness gyms that were converted. This will not be the case for any new climbing facility locations and therefore, no existing fitness members will lose access to their current fitness gyms – this will allow CFL to avoid angering its members.*

It is important to read the case carefully to identify the case facts that are relevant to the decision that you are required to analyze. Relevant case facts include both the macro-level considerations that are a part of the entity's overall situation (SO#1) as well as the case facts that are specific to the alternatives that you are required to assess. It is important to include and discuss both types of case facts within your analysis of the major issues.

Response to the Climbing Facility Expansion/Potential Sale AO lacked sufficient qualitative depth

You did not discuss the implications of the case facts provided to the level of depth that was required. In order to provide value to the users of your report, you need to elaborate on the case facts that you choose to include within your analysis by discussing the implications of how those case facts may affect the outcome of the potential strategic alternative.

For example, for this strategic alternative, the following case fact was provided in the simulation: "The climbing facilities do not have much competition as most new entrants to the industry seem focused on the fitness gym market". Simply listing a case fact like this one within your analysis is not sufficient. Instead, the user of your report should be provided with a relevant discussion of how the case facts you choose to include in your analysis may affect the viability of the alternative. In this example, a potential implication could have been: "This lack of competition represents a significant advantage to CFL. This affords the company the opportunity to grow its brand and consumer base unencumbered by the competition which the fitness gyms are currently challenged by. This reduces the risks associated with opening new climbing facility locations."

Response to the Climbing Facility Expansion/Potential Sale AO lacked a suitable quantitative analysis

Within the simulation, you were provided with the information required to analyze the potential profitability of the climbing facility expansion, as well as the reasonability of the $12 million offer that CFL had received to sell the company's current climbing facilities. You either did not address this aspect of the simulation or you did not provide a sufficient quantitative analysis, and therefore, your response was incomplete.

Response to the Climbing Facility Expansion/Potential Sale AO lacked a sufficient discussion of how the proposal's quantitative components would affect the viability of the strategic alternative

You did not interpret and discuss the quantitative elements of this strategic alternative to the level of depth required. For your quantitative analysis to be useful to the reader of your report, you should explain how and why your calculations impacted your recommendation of how CFL should proceed with either the expansion or the sale of the climbing facilities.

Response to the Potential Acquisition of RJs AO lacked sufficient qualitative depth

You did not discuss the implications of the case facts provided to the level of depth that was required. In order to provide value to the users of your report, you need to elaborate on the case facts that you choose to include within your analysis by discussing the implications of how those case facts may affect the outcome of the potential strategic alternative.

For example, for this strategic alternative, the following case fact was provided in the simulation: "The number of members within both the under-40 and the 40-to-55 age demographics has been in decline". Simply listing a case fact like this one within your analysis is not sufficient. Instead, the user of your report should be provided with a relevant discussion of how the case facts you choose to include in your analysis may affect the viability of the alternative. In this example, a potential implication could have been: "CFL may be unable to increase the number of members within these age demographics given the increase in industry competition. However, RJ's membership numbers for the over-55 group have been increasing year over year. There is the potential for CFL to target this age group and therefore significantly increase the performance of RJ's fitness gyms."

Response to the Potential Acquisition of RJs AO lacked a suitable quantitative analysis

Within the simulation, you were provided with the information required to compare RJ's implied value (using the EBITDA multiplier provided) to the asking price of $7.5 million. You were expected to perform this quantitative analysis in order to analyze whether this strategic alternative was attractive based on the company's stated objectives as well as in comparison to the other strategic alternatives available to CFL. You either did not address this aspect of the simulation or you did not provide a sufficient quantitative analysis, and therefore, your response was incomplete.

Response to the Potential Acquisition of RJs lacked a sufficient discussion of how the proposal's quantitative components would affect the viability of the strategic alternative

You did not interpret and discuss the quantitative elements of this strategic alternative to the level of depth required. For your quantitative analysis to be useful to the reader of your report, you should explain how and why your calculations impacted your recommendation to proceed or not with the opportunity in question.

Response to the Rosa's Replacement AO lacked sufficient qualitative depth

You did not discuss the implications of the case facts provided to the level of depth that was required. In order to provide value to the users of your report, you need to elaborate on the case facts that you choose to include within your analysis by discussing the implications of how those case facts may affect the outcome of the potential strategic alternative.

For example, for this strategic alternative, the following case fact was provided in the simulation: "Louisa lives in BC whereas Albert lives in Quebec". Simply listing a case fact like this one within your analysis is not sufficient. Instead, the user of your report should be provided with a relevant discussion of how the case facts you choose to include in your analysis may affect the viability of the alternative. In this example, a potential implication could have been: "Therefore, for CFL's current operations – which are based in Western Canada – Louisa would offer the logistical advantage of being close by. Although, if CFL decided to purchase RJ and therefore expand into Eastern Canada, Albert's location in Quebec could be a significant advantage."

SUMMATIVE ASSESSMENT OPPORTUNITY #3 – Conclusions and Recommendations

The conclusions and recommendations provided were not integrated in relation to CFL's objective to target either the under-40 or the over-55 age demographics to the level of depth required

You were asked to comment on CFL's overall strategic direction and how each proposal might affect that direction. Relative to CFL's objective to target a specific age demographic, you did not integrate and discuss how your analysis and recommendations for the other strategic alternatives available to CFL were affected by your recommendation on which age demographic the company should target.

For example, had you recommended that CFL target the over-55 age demographic, it would not make strategic sense to become Zenfit's national distributor (given that the over-55 group did not use or like Zenfit's products). Conversely, had you recommended that CFL target the under-40 age demographic, it would have made good strategic sense to replace Rosa with Louisa Rice given the similarities between Louisa's approach to fitness and the preferences of the younger age demographic. There were many ways that this aspect of the simulation could have been addressed. Your recommendations did not adequately integrate the main strategic question of which demographic to target, and therefore, your response lacked value.

OVERALL PERFORMANCE SUMMARY OF MAJOR DEFICIENCES

The response did not address an important strategic alternative that was presented in the simulation

To reach the minimum standard, each of the strategic alternatives in Summative Assessment #2 (Analysis of Major Issues) needed to be addressed to some extent. Within your response you did not analyze or discuss one or more of the major issues found in the simulation. Therefore, your response was incomplete and lacked value.

The qualitative analysis component of the response did not meet the minimum standard

Overall, your qualitative analyses were not strong enough to meet the minimum standard.

In order to achieve an adequate qualitative analysis, it is important to identify and discuss a wide breadth of case facts that are relevant to the decisions that you are analyzing. In addition, you should focus on providing an adequate level of depth by detailing the implications of the case facts you choose to include in your analysis and by focusing on the issues that are the most influential and relevant to the decision at hand. It is important to read the case carefully in order to identify the most important issues as they relate to the decisions and recommendations that are required.

The quantitative analysis component of the response did not meet the minimum standard

Overall, your quantitative analyses were not strong enough to meet the minimum standard.

In order to achieve an adequate quantitative analysis, it is important to identify what quantitative factors are most important to the company when reading the case and then, in your analysis of the major issues, it is important to tailor your analysis in a way that addresses these factors. While the calculations required on a Day 1 case are rarely required to be extensive, you should still attempt to use the quantitative information provided in the simulation as part of your analysis. You should also use the outcome of your quantitative analysis to help support your recommendation on how to proceed with the issue you are analyzing. This can best be achieved by linking your quantitative analysis to the relevant information presented in the case (such as the entity's stated objectives).

The response did not provide an integrated and summative conclusion to the minimum standard required

The final step in your response to a simulation should be to provide an overall conclusion that is consistent with your analysis and that integrates the main elements of the simulation. In your conclusions and recommendations, you failed to integrate the simulation's main entity-level strategic considerations and therefore, your conclusions lacked value.

In this simulation, there were two main entity-level strategic considerations: CFL's objective to target a specific age demographic and the company's access to cash/investment capital. In an adequate response, your conclusions/recommendations would have tied in these considerations to form a coherent and sensible strategy. This component of the simulation could have been satisfied in many ways. For example, depending on which age demographic you recommended, the relative viability of the other strategic alternatives available to CFL would have been affected. And so, you could have discussed how your recommended age target had impacted your recommendations on which other strategic alternatives to move forward with. Competency in this area could also have been achieved through providing an overall recommendation which made good strategic use of the company's limited investment capital. For example, you could have discussed how the proceeds from the potential sale of either the existing Zenfit agreement or the climbing facilities could have been used to acquire RJ – an investment which appeared to be a strong one should CFL target the over-55 age demographic within RJ's locations.

Your response contemplated each strategic option in isolation from one another and therefore, your recommendations did not provide a sufficient amount of integrative depth. As a result, your response lacked value.