

YOUR AUTOMATED FEEDBACK REPORT
September 2023 Common Final Examination
(CFE)
Day 1 - JRP V1

Day 1 JRP Version 1

Candidate Number:

Enclosed is your Automated Feedback Report for the Day 1 portion of the September 2023 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

Response lacked sufficient integration of a critical situational element, the downturn in the economy, within the analysis of the major issues

Within your analysis of the major issues (SO#2), your discussion/analysis did not include a sufficient recognition of a critical macro-level threat: the downturn in the economy. Linking your analysis of the major issues with the entity's most important global considerations is a crucial aspect of a Day 1 response.

Within the simulation, it was made clear that the economic downturn had caused customers to move away from purchasing high-priced specialty products and services. You were expected to comment on how this element of the simulation may have impacted the strategic alternatives that the company was considering. There were many ways that this aspect of the simulation could have been addressed. For example, you could have commented on how the drop in consumer spending on nonessential items could lower the demand for luxury products and services such as those offered by Pet Fresh. Similarly, you could have discussed how the economic downturn would likely be less impactful on the pet pharmacy investment and the proposal to become PPC's pet medicine and pharmaceutical distributor given that pet owners deem the health of their pets to be important, and are therefore likely to pay for any necessary pet medicines. A quality Day 1 response will incorporate this kind of macro-level consideration within the analysis performed over the strategic alternatives that are presented in the simulation.

Response lacked sufficient integration of a critical situational element, the board's investment objectives, within the analysis of the major issues

Within your analysis of the major issues (SO#2), your discussion/analysis did not include a sufficient recognition of a critical macro-level consideration: the board's investment objectives. Linking your analysis of the major issues with the entity's most important global considerations is a crucial aspect of a Day 1 response.

Within the simulation, it was made clear that JRP's board members were risk adverse and wanted to take a cautious approach when making any future investments. Therefore, while earning the highest annualized return on investment (ROI) was important, the board also wanted to ensure as much as possible the reliability of the return earned from any future strategic investments. You were expected to comment on how well each of the strategic alternatives that JRP was considering aligned with these investment objectives. There were many ways that this aspect of the simulation could have been addressed. For example, in relation to the option for JRP to become PPC's Canadian distributor of pet medicines and pharmaceuticals, you could have commented on how PPC's products were yet to be approved for sale in Canada, and therefore, to reduce JRP's risk, it would be prudent to research the likelihood of PPC's products gaining the necessary approvals prior to making a final investment decision. As another example, you could have discussed how the ROI of the Pet Fresh proposal was not reliable given that the rate of inflation, which was expected to continue to increase for at least the next two years, would have a significant impact on the project's earnings. A quality Day 1 response will incorporate this kind of macro-level consideration within the analysis performed over the strategic alternatives that are presented in the simulation.

SUMMATIVE ASSESSMENT OPPORTUNITY #2 – Analysis of Major Issues

Response to the Pet Pharmaceutical Distribution Agreement 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 that could have been included in your response:

- The demand for pet medicines is increasing. JRP could take advantage of this trend by becoming the exclusive distributor of PPC's products in Canada.*
- PPC has never sold its products within Canada before, and as Elaine mentioned, there is a difference between the American and Canadian regulatory standards. Therefore, although PPC's products have been approved for sale in America, they would still need to become licensed in Canada. Prior to making an investment decision, JRP should investigate the likelihood of this outcome.*
- In America, PPC has become a trusted brand that provides high-grade pet medicines and other pharmaceutical products. This speaks to the quality of PPC's products, which aligns with JRP's core values.*

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 Pet Pharmaceutical Distribution Agreement 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: "Becoming PPC's Canadian distributor would allow JRP to build relationships with veterinarians across Canada". 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 could be a huge asset for JRP going forward and could result in more opportunities, such as becoming the distributor of other pet-related products. This investment offers JRP the opportunity to enter a whole new segment of the industry."

Response to the Training+ Proposal 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 that could have been included in your response:

- Irene is confident that, by the end of the program, each dog that participates will be competent enough to enter obedience competitions. This outcome is likely to attract the attention of other pet owners who want the same for their own pets.*
- The high demand for pet-training courses appears to have attracted many competitors into the space, so if JRP proceeds with this option, the company would be forced to compete with these other training courses. This could result in a lower-than-expected performance.*
- Offering the Training+ program at BALA would expand JRP's current offering of services at its premium dog camp. It is therefore possible that BALA's performance would increase as more customers are drawn to the dog camp in order to access the Training+ program.*

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 Training+ Proposal 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: "There are already many dog training videos online that offer dog owners with a free alternative to expensive training courses". 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: "It may be a challenge to attract dog owners to the Training+ program given its high fee and because many customers are moving away from nonessential expenses due to the downturn in the economy."

SUMMATIVE ASSESSMENT OPPORTUNITY #3 – Conclusions and Recommendations

The recommendations provided did not sufficiently address the critical strategic concerns of the board

Within the simulation, it was made clear that JRP's board had a low risk tolerance for any future investments and wanted to ensure as much as possible that any investments made provided JRP with a reliable rate of return (ROI). It was also made clear that JRP's board was concerned about the ongoing downturn in the economy and the effect that it would have on JRP's existing business and any future investments made. Your recommendations did not address these critical macro-level elements to the level of depth required.

There were many ways that this aspect of the simulation could have been addressed. For example, you could have commented on how the return from either the pet pharmacies and/or the PCC distribution agreement were likely to be relatively stable compared to the other investment options, given that pet owners deem the health of their pets as essential, so even with the economic downturn, these services would likely still be used. Similarly, given that one of the board's stated investment objectives was to achieve the highest annualized ROI, you could have compared the projected ROI of each alternative when making your recommendations for which alternative to pursue. As another example, you could have linked your recommendations to the board's low risk tolerance and the significant risks associated with offering luxury/premium products and services, such as the premium dog camps, the luxury pet boxes, and the expensive Training+ program, given the downturn in the economy and associated drop in nonessential spending. Your recommendations did not adequately address these critical macro-level concerns, and therefore, your response lacked value.

The analysis and recommendations provided did not sufficiently address the strategic interrelationships *that existed between the alternatives*

Within the simulation, there were a number of strategic interrelationships that existed between the alternatives that JRP was considering. As a result of these interrelationships and the synergies they offered, it made good strategic sense for JRP to move forward with the investments that fit well together. Your analysis and/or recommendations did not address these strategic interrelationships to the level of depth required.

There were many ways that this aspect of the simulation could have been addressed. For example, you could have discussed how offering the Training+ program would have been cost prohibitive if JRP needed to rent the facilities required to operate the training program and that it therefore did not make good strategic sense to move forward with the Training+ investment if JRP also decided to sell BALA. You could have also discussed the synergy between the pet pharmacy investment and the offer to become PPC's Canadian distributor given that, as PPC's distributor, JRP would have been able to purchase PPC's product at a discount, which would have saved JRP 5% over the best price that the company had found for similar pet medicine and pharmaceutical supplies. Your analysis and recommendations did not adequately recognize these strategic interrelationships, and therefore, your response lacked value.

The conclusions and recommendations provided did not consider JRP's cash/investment capital available to the level of depth required

JRP had a limited amount of investment capital available (\$450,000) and access to further debt financing of up to \$7 million. In addition, JRP also had the opportunity to increase the investment capital available through the sale of the company's premium dog camp, BALA, for \$6 million. Therefore, you were expected to discuss how JRP should approach financing the recommendations you made. If your recommendations exceeded the company's available investment capital, you were expected to acknowledge this and discuss how JRP could have approached acquiring the investment capital needed to carry out your recommendations. Your response did not adequately address this element of the simulation, given you failed to address how your recommendations would have impacted the company's cash/investment capital position when taken as a whole, and therefore, your response lacked value.

OVERALL PERFORMANCE SUMMARY OF MAJOR DEFICIENCIES

The response did not address the critical situational elements that were presented in the simulation

To reach the minimum standard, each of the two critical macro-level situational factors, the downturn in the economy and the board's investment objectives, needed to be addressed to a certain extent.

Within the simulation, it was made clear that the deteriorating economy was a major concern of JRP's board, and therefore, you were expected to discuss how the economic downturn may have impacted the strategic alternatives that the company had been presented with. In addition, JRP's board had clearly defined investment objectives, which were to achieve the highest annualized return on investment (ROI) and to reduce the company's investment risk to the lowest level possible. Therefore, you were expected to discuss whether the strategic alternatives the company was considering aligned well with these objectives and/or how the company could mitigate the apparent risks of each potential investment. Within your response, you did not analyze or discuss these critical situational factors to the level of depth required, and therefore, your response 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 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 macro-level strategic elements of the simulation. Overall, your discussion of JRP's macro-level strategic concerns was not strong enough to meet the minimum standard.

Within the simulation, there were four main entity-level strategic concerns that you could have discussed and integrated within your conclusions and recommendations: the board's investment objectives, the downturn in the economy, the strategic interrelationships between the available investment options, and the company's limited investment capital.

Rather than an overall integrated conclusion, your response contemplated each strategic alternative 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.