

## **TOPCIMA article for PASS magazine**

### **TOPCIMA – In hindsight.....**

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**On behalf of Reed Business School**

I was recently asked to be take part in a one-hour TOPCIMA, live web forum, on [www.casestudyaide.com](http://www.casestudyaide.com), to answer all comers questions on the upcoming TOPCIMA exam. The debate was lively and hopefully beneficial for all. A week or so later, I revisited the forum to find out how people had got on. As is often the case, most people found the exam tough and were pessimistic about their chances of passing. As a tutor though, one thread was of particular interest. Entitled, “In hindsight...” people were asked to comment on the problems they had in the exam and how they would have prepared differently if they were doing it again.

**Nowhere** on the thread were people saying, “I wish I’d done more industry analysis”, “I should have analysed the pre-seen in more depth” or, “I should have revised the theory more”. Yes, it’s important to understand the industry. Yes its important to analyse the pre-seen and have considered the company’s possible options, but that’s not where people’s concerns lied.

Besides a few people joking that with hindsight they wish they had not have turned up for the exam (well, maybe they weren’t joking!), there were *two overriding issues* which people commented on. The first was, people’s *difficulty in prioritising issues* in the exam, the second, *finishing the paper in the allotted time*.

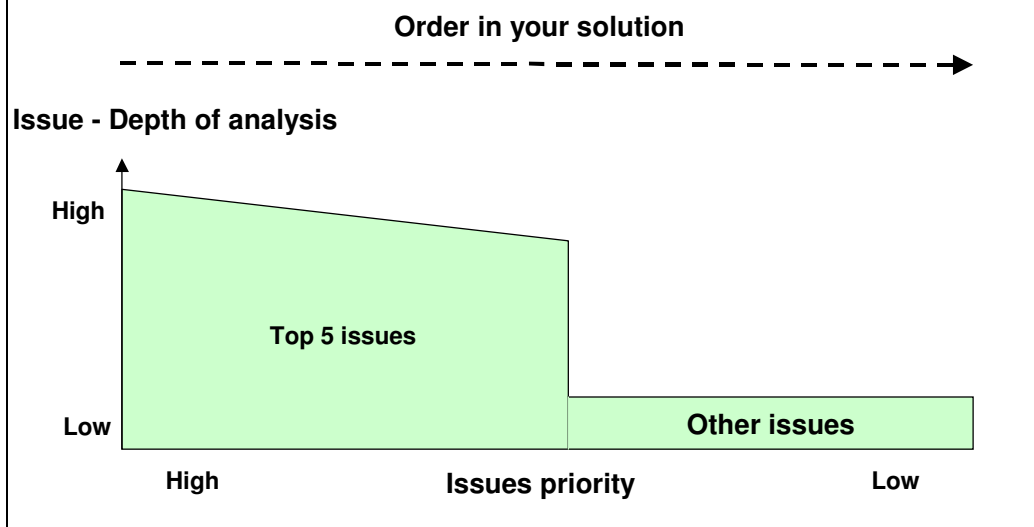
The first of these issues is quite easy to deal with as there is a clear systematic approach you can follow. I’ll show you this shortly. The second is less so. Nevertheless, the fully prepared student will have finished on time, and I’ll discuss what I believe they will have done differently from others.

### **Prioritisation**

TOPCIMA is unlike any other exam on the CIMA syllabus. You have a pre-seen analysis of a company before the exam. You have extra information on the day of the exam – the unseen. You also have one single requirement – to write a single report analysing issues and making recommendations. You are also required to prioritise the issues you are addressing, so that you deal with the most important issues first, and in most depth. (See figure 1).

## Depth and order of analysis of prioritised issues

Figure 1



People fall into the trap of making broad, general assessments of priorities, based on gut instinct rather than proper analysis. This is fraught with the possibility of making major errors and can be fatal to your chances of passing as the order of your prioritisation is vitally important to your overall mark. Indeed the examiner has noted on past papers that if you did not deal with, what were considered to be the key issues, as one of your top priorities that you would be unlikely to pass the paper.

The second trap is that of taking too long to prioritise. Perhaps because of its importance, people worry and fret. A number of people on the web forum noted that they spent a long time deciding on their top issue. As you'll note from people's second key issue, time is not something you have a lot of. It must not be wasted.

In fact, prioritisation is actually quite easy as long as you have got a system to help you do it. So here's the system I give to my students, and from the feedback they give me, they both find it easy to use, and it saves them time in the exam.

The system is based on comments provided by the examiner of one of the past papers on how issues could be prioritised. She said,

“The basis used to prioritise issues might be:

1. Timescale (short to long-term)
2. Scale of impact (most significant to least)
3. Degree of risk (highest to lowest)”

These can be used to create a system of prioritisation.

### **Step 1 – Set up a prioritisation page**

The first step is to set out, on a blank page, the proforma in figure 1.

<b>Issues prioritisation proforma</b>					<i>Figure 2</i>
Issue	Impact (H/M/L)	Likelihood (H/M/L)	Timing (ST/MT/LT)	Prioritisation	
				(i) Score/10	(ii) Order
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

### **Step 2 – Read the first issue in the unseen**

Read the first issue presented to you in the unseen, and note the issue down in the left hand column.

### **Step 3 – Grade impact**

Next grade the impact it will have on a scale of High, Medium or Low. Here, you are looking at the impact on profits, cashflow, survival of the business, employees and other stakeholders. A big impact might include a large increase in profits, saving the business from failure, a takeover, moving factories or offices causing the lay off of many staff or requiring shareholders to sell shares.

### **Step 4 – Grade the likelihood of the event happening**

The examiner said we can prioritise based on the level of risk. However, you may remember from Paper 3, that risk can be categorised on a graph using 2 criteria, impact and likelihood. Since we have already dealt with impact in step 3, the only element of risk remaining is the likelihood of the event happening. From a prioritisation perspective, even if the impact would be high (so for example, a takeover bid would have a big impact on most stakeholders), if there is a low chance that this will occur (the takeover has been rumoured but seems unlikely) then it should be prioritised lower than if the event definitely will occur (the bid is already on the table).

### **Step 4 – Timing**

Issues which must be dealt with immediately must be prioritised above those which can be delayed. A short-term (ST) issue is something that will be dealt with in the next 1-3 months, medium-term (MT), the next year, and long-term (LT), 1 year and

beyond. A new strategic approach will have a big impact on the business, but if implementation could be delayed for 1 or 2 years it should not be prioritised as highly as say a strike of all staff that has just been announced.

### **Step 5 – Prioritisation score**

In the next column, give each issue a score out of 10. Issues which are H/H/ST will be 9 or 10s, while L/L/LT, will score below 2.

### **Step 6 – Prioritisation order**

Complete steps 2 to 5 for each issue. Then, in the final column, prioritise your top 5 issues (the maximum you need to deal with per the examiner) according to the scores you have given each. Use your judgement here too. That first issue which seemed like a 7 out of 10 at the time you read it, may not seem quite so important now you've read later issues!

And that's it! Just let the system do the work for you and you will find prioritisation easy. As with anything though, you do need to practise this many times. The more practise you do the better you'll get at grading and the better your prioritisation will become.

It's also worth noting that in the exam you MUST justify the order you have used, in a separate prioritisation section. With the help of this system, this section should be easy, as you simply comment on the impact, likelihood, and timescale to justify each priority.

### **Finishing the exam**

Tough one this! On my courses, we do a number of practise exams to time, and it is rare that more than half the class finish in the allotted time. My hope is that people learn their time management lessons on the course, rather than in the exam.

It is so, so hard to do a complete answer of the standard you would like in just 3 hours 20 minutes. My first message then, is don't expect too much of yourself. In the real world, you'd probably have a whole week to write this report. This is not the real world. Instead you must recognise that you can't expect to write huge volumes of detailed analysis. An overview of the key points on each issue, along with your recommendation, is all you have time for. This analysis must be clear and logical, but brief!

Next you must have a plan of how you are going to spend your time in the exam. In figure 3 you'll find the sections you need to complete in your report. This format has been set out by the examiner, and it is extremely unlikely that you will need to change it in any way.

<i>Figure 3</i>
<b>Report format</b>
<b>1. Introduction</b>
<b>2. Terms of reference</b>
<b>3. Review and prioritisation of key issues (1-5 + other)</b>
<b>4. Discussion of main issues</b>
<b>5. Ethics</b>
<b>6. Recommendations</b>
<b>7. Conclusions</b>
<b>8. Appendices</b>
1. SWOT
2. PEST
3. Five Forces Analysis (or other theory used)
4. Calculation 1
5. Calculation 2

My suggestion for how you spend your time to complete each of these sections is as follows:

<b>Time</b>	<b>What should you be doing?</b>
40 minutes	<ul style="list-style-type: none"> <li>• Read case and prioritise.</li> <li>• Make notes on key considerations and alternative solutions.</li> </ul>
20 minutes	<ul style="list-style-type: none"> <li>• Do calculations (in the appendix)</li> <li>• Reconsider your priorities given the results of these calculations</li> </ul>
10 minutes	<ul style="list-style-type: none"> <li>• Appendices: SWOT analysis, PEST analysis, Porter's 5 forces (and/or other models you decide to use).</li> </ul>
10 minutes	<ul style="list-style-type: none"> <li>• Report format, Introduction and Terms of Reference</li> </ul>
20 minutes	<ul style="list-style-type: none"> <li>• Prioritisation section</li> </ul>
55 minutes - 10 minutes for each key issue - 1 minute for 1 paragraph on each minor issue	<ul style="list-style-type: none"> <li>• Main body of report. For each major issue: analyse issues, relate to appendices, give alternative solutions including comments on these, and provide an industry example.</li> </ul>
20 minutes	<ul style="list-style-type: none"> <li>• Ethics</li> </ul>
25 minutes	<ul style="list-style-type: none"> <li>• Recommendations and conclusion</li> </ul>

You must stick to this plan and practise until you can do so. Going over time in any one element will mean losing vital marks in a later section. A reasonable balance between all sections is required, rather than doing a great first half and then running out of time with later sections incomplete. An incomplete report will almost always fail.

The next issue is people's speed of working. Some people simply work too slowly. I often watch people doing practise exams, taking time over each paragraph they write. Thinking, analysing, considering and failing! The reality is that you just don't have the time to do this. You must be thinking as you are writing, and you must be writing quickly. This is hard. I was taking a course a few weeks ago where the whole class had this problem and, unfortunately, the whole class were failing! We spent an hour, simply working on their speed and in that time some people managed to literally double their writing speed. Everyone can work quickly, but again, its something you must practise.

Finally, **you** must learn your time management lessons **prior** to the exam, and not in it. My suggestion to you is that before the exam you must have finished 2 practise exams in which you have stuck to your time plan, and have completed on-time, to your satisfaction. Given that it will probably take you 2-3 practise attempts before you manage to do this, this means aiming to do around 5 practise exams, to time, prior to the real thing.

TOPCIMA is without doubt a tough final hurdle to overcome for qualification. Your preparation needs to be totally different from any other exam you've ever taken. If you follow the guidance given here, learn from others mistakes in the past and work hard on the pre-seen, the industry, and practising technique, your chances of passing will be much higher. Good luck!

Nick Best is a freelance accountancy tutor who takes the TOPCIMA course at Reed Business School. For more information on Reed Business School's TOPCIMA courses please contact Reed Business School on 01608 674224.