KPMG International Case Competition (KICC)

Malaysia National 2018 Guide

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The KPMG International Case Competition (KICC) is a unique opportunity that gives students a chance to work on real-world business issues and experience what it is like to work with clients.

<u>Terms and Conditions of Entry</u>

By submitting your application, participants are agreeing to enter the challenge and abide to the General Condition of Entry.

- This competition is open to all universities in Malaysia
- Students must currently be enrolled in a full-time post-secondary program, in the process of completing an Undergraduate/Bachelors or Masters *(please note, traditional MBA students – those with prior work experience - are not permitted to participate)*
- Each team must have four(4) members ,where each participant may only join one(1) team and team members should remain the same throughout the competition.
- All teams should have at least **1 female** or **1 male** in the team.
- Students must not signed a contract with a company other than KPMG at the time of application; this applies to internships as well as full timers
- Students must not been rejected in the application process for an internship or starters position in KPMG (i.e. they apply for KICC but are already rejected for KPMG) or be rejected during the months of KICC
- Students should indicate a strong preference to join KPMG pre or post event as intern or full timer
- Have adequate English verbal and written skills

The below criteria are not requirements, but are highly recommended as best practices for success:

- A team consisting of mixed academic disciplines (Business, Engineering, IT etc).
- Strong presentation skills
- Excellent problem-solving skills to help identify issues and generate answers
- Strong relationship-building skills to interact with clients, colleagues, and the wider community

Prizes

- Internship Conditional Offer will be granted to the **Top 3 teams** (12 students in total) without having to complete the online assessment test, prior to internship hiring
- **Top three (3) winning teams** will be invited to have an exclusive lunch with our Senior Partners or Leaders at a date and venue chosen by KPMG
- Lunch venue and date will be notified by KPMG during the final round

Intellectual property rights

By participating in this event, participants consent and grant KPMG the right to film, video, record or photograph them during the course of the event.

Participants grant permission to KPMG and its agents, employees and affiliated organizations, to use the media taken for use in official publications such as recruiting brochures, newsletters and magazine, and to use such media in electronic versions on websites or other electrical form or media, and to offer them for use or distribution in other publication, electronic or otherwise, without notification.

Participants hereby waive any right to inspect or approve the finished photographs or printed or electronic matter that may be used in conjunction with them now or in the future, whether that use is known or unknown, and participants waive any rights to royalties or other compensation arising from or related to the use of the media.

PRELIMINARY ROUND

- Teams should register by completing the registration form in Appendix 1
- Once completed, email the registration form to *kicc@kpmg.com.my*
- Each team required to create a *video on the summary of the business case proposal* based on the given case study
- The duration of the video must not be more than 5 minutes and the video should be posted at **KPMG International Case Competition (KICC) Malaysia National 2017 Facebook page timeline**
- The video must be titled as **KICC 2018 _Team Name**
- Case study for the video can be found in Appendix 2
- Failure to comply with this will result to an incomplete entry and will be regarded as an invalid application.
- Application form should be submitted by only one (1) team correspondent/team leader
- All entries should be submitted before 13th November 2017. Late entries will not be entertain.
- Teams who will be proceeding to the final round will be contacted via email to each team team leader at least two(2) weeks before the finals on 18th January 2018.

QUALIFYING ROUND

- Up to **ten(10) teams** (max.) that meets all the requirements with the best business case proposal will proceed to the final round.

FINAL ROUND

Participants who have been selected to the final round need to attempt second business case proposal on the date and venue which will be confirmed by KPMG.

- Each team will be given **fifteen (15) minutes for presentation**, and **ten (10) minutes for questions and answers.**
- Each team will have **two (2) hours fifteen (15) minutes** to complete the following steps:
  - Read the case.
  - Build a fifteen (15) minutes presentation to be presented back to the judges.
  - Develop a set of ideal business processes for Jumeirah across a range of areas/categories that you consider to be critical or the most value adding. You should also demonstrate how each of your ideal processes will likely impact their Key Performance Indicators and financial performance.
  - It is compulsory for all four(4) team members to participate and present in the business presentation.
  - Participants should not repeat information in the case study as this is presumed knowledge.

- The order of the presentation will be based on a randomly drawn team ballot by the team leader.

  KPMG reserves the right to remove a person(s) that we believe have a behavior that is inconsistent with the 'KPMG International Case Competition (KICC) Malaysia National 2018' code of conduct. Includes but is not limited to: use of foul language, physical battery, intoxication, harassment, defaming other teams / judges / participants / hotel or venue staff, tempering with and/or destruction of venue or KPMG property. The student / alumni / observer / participants and/or team involved in such negative activities may be disqualified / suspended / expelled from participations at KPMG International Case Competition (KICC) Malaysia National 2018 and/ or other programs and events under KPMG.

KPMG International Case Competition (KICC) Malaysia National 2018
Registration Form

Team Name : _____

University / Institution Name : _____

Team Leader's name : _____

Team Leader's IC no. : _____

Gender : _____

Field of studies : _____

Email : _____

Mobile No. : _____

Have you applied to KPMG before?   Yes ☐   No ☐

Team Member 1

Name as per IC	
Gender	
Email	
Mobile. No	
Field of studies	

Have he/she applied to KPMG before?   Yes ☐   No ☐

Team Member 2

Name as per IC	
Gender	
Email	
Mobile. No	
Field of studies	

Have he/she applied to KPMG before?   Yes ☐   No ☐

Team Member 3

Name as per IC	
Gender	
Email	
Mobile. No	
Field of studies	

Have he/she applied to KPMG before?   Yes ☐   No ☐

KPMG International Case Competition

Developing and Applying Expertise to Dubai's Upscale Hospitality Industry

Crisis Management for Luxury Dubai Parks and Resorts

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Dan Heitger

Professors of Accountancy
Co-Directors, Center for Business Excellence
Miami University
Oxford, Ohio, USA

Case Context

In a CNN article from November 2014, theme park consultant and Leisure Business Advisors Managing Director John Gerner noted that Dubai wants to be the next Orlando—the international tourist destination for leisure in the world (www. cnn.com). A series of theme parks are scheduled to open in October 2016 that are owned and operated by Dubai Parks and Resorts (Dubai Parks). The parks are located on 25 million square feet of property and contain the following theme parks: motiongate Dubai, Bollywood Parks Dubai, LEGOLAND Dubai, LEGOLAND Water Park, Riverland Dubai, and Lapita Hotel (the Project).

The executive in charge of business continuity planning for Dubai Parks and Resorts (the Company), Vara Daring, owns the Company's crisis management process. As part of her duties, she regularly anticipates various crisis scenarios and then creates response plans. Vara has hired your team as crisis management consultants to help the organization be best prepared to manage a crisis scenario of Dubai Parks. Crisis management for organizations is critical for minimizing major safety or operational risks that can lead to significant financial and reputational losses, particularly if organizational leaders do not effectively manage the crisis scenarios. Below are descriptions of Dubai Parks and Resorts and crisis management. Your charge

as advisory professionals is to develop a holistic crisis management plan and recommendations to the Board designed to deal with a crisis under the following hypothetical scenario which both addresses the crisis/crisis's and limits the potential long term loss of value to the company.

As at October 1, 2016, due to delays in construction only motiongate and LEGOLAND Water Park, along with Riverland Dubai and Lapita, were completed on time. The board decided in order to avoid substantial financial loses as a result of missing the busy 2016/17 winter tourism season to open those experiences while construction on the remaining two (Bollywood and LEGOLAND Dubai) was to be completed over the following 3 months.

On November 30, 2016 an inspection and test ride was done to assess the steel quality used to construct a marquee rollercoaster in Bollywood (the world's longest and fastest). During the test ride the carriage, which was carrying its maximum load in passenger weight, became disconnected to the steel tracks during a high velocity inverted turn. Further immediate test results on the steel indicated that the load bearing capability of the steel used in construction of the roller coaster was 15% to 20% weaker than anticipated as a result of a higher rate of deterioration. Unfortunately, the incident was captured by a construction worker

who is currently talking with news agencies about selling the video to them, but has advised he will sell it to the company for $1 more than the highest offer he receives from any news agencies.

Other key facts that exist as at November 30, 2016:-

1. Steel from the same supplier was used on 30% of all thrill rides across the whole resort and the 10,000 person stadium currently being used on a daily basis in motiongate.

2. It was found out that the steel supplier in question had failed a certification inspection during the construction phase of the parks and the COO of Dubai Parks & Resorts (the client) was informed of this at the time. This information is not yet public.

3. Due to lower than expected visitor numbers and overstaffing, the open parks have incurred significant operating losses to date. However, based on pre-purchases of tickets, January, February and March are projected to be excellent months and will provide much needed cash to support the company.

4. In addition, pre-sales for the un-opened parks has exceeded financial estimates and a large opening gala is scheduled for this coming New Year's Eve.

5. There is a penalty clause on the advantageous financing terms provided to the company such that if all parks are not operating by April 2017, then the company will be in default of the loan, penalty interest rates will be applied and at the discretion of the lender, the loan could be demanded for repayment in full.

6. The standard ticket prices for the four theme parks are as follows: Bollywood - AED285, motiongate - AED330, LLEGOLAND Dubai - AED295, and LEGOLAND Waterpark - AED245.

An Overview of Dubai Parks

According to Dubai Parks, the following is its vision and strategy associated with its entertainment offerings that are scheduled to begin opening in 2016.

Vision

Dubai Parks will become a premier year-round global entertainment destination, catering to a wide variety of visitor segments from the Middle East, the Indian subcontinent, and globally by offering world-class and varied attractions based on an exclusive portfolio of globally recognized licensed brands. It aims to create a high-growth, high-return, family entertainment business based on internationally recognized brands with long-term appeal. The Project is currently anticipated to be complete by the end of the third quarter of 2016 and the total estimated number of visits in the first full year of operation in 2017 is approximately 6.7 million, with significant growth expected over the following five-year period.

Strategy

In the short-term, Dubai Parks' strategy is to focus on completing the construction of the Project and ensuring the implementation of an effective public relations and marketing strategy. Once Dubai Parks is operational, it will focus on operational excellence (particularly in terms of the customer experience and safety). In addition, it will look to deliver additional growth following the opening and stabilization of visitor numbers by:

– Building a destination management team, in line with standard practice at other major integrated theme park destinations such as Disney and Universal Studios attractions, that will seek to maximize destination revenues and yields by actively monitoring pricing, duration of visit, and in-park spend and adjusting pricing to maximize revenues (including through flexible pricing to manage peaks and troughs in anticipated demand and multi-visit discounts) as well as designing new plans and packages to attract additional market segments;

– Continuing to focus on promotion strategies, including online, social media, and e-commerce initiatives, as well as by coordinating marketing with that of the Dubai government bodies which market Dubai as a tourist destination;

– Focusing marketing efforts on specific regions, including core markets such as local attendance from the United Arab Emirates, regional visitors from the GCC and the Indian subcontinent, and other top tourist markets for Dubai such as the United Kingdom, the United States, and Russia, as well as other developing markets such as China;

– Dubai Parks will be well positioned among other key tourist destinations within Dubai.

WE OFFER NEW HEIGHTS IN ENTERTAINMENT

6 EXPERIENCES
motiongate™ Dubai, Bollywood Parks™ Dubai, LEGOLAND® Dubai, LEGOLAND® Water Park, La pita™ Autograph Collection® Hotels, Riverland™ Dubai
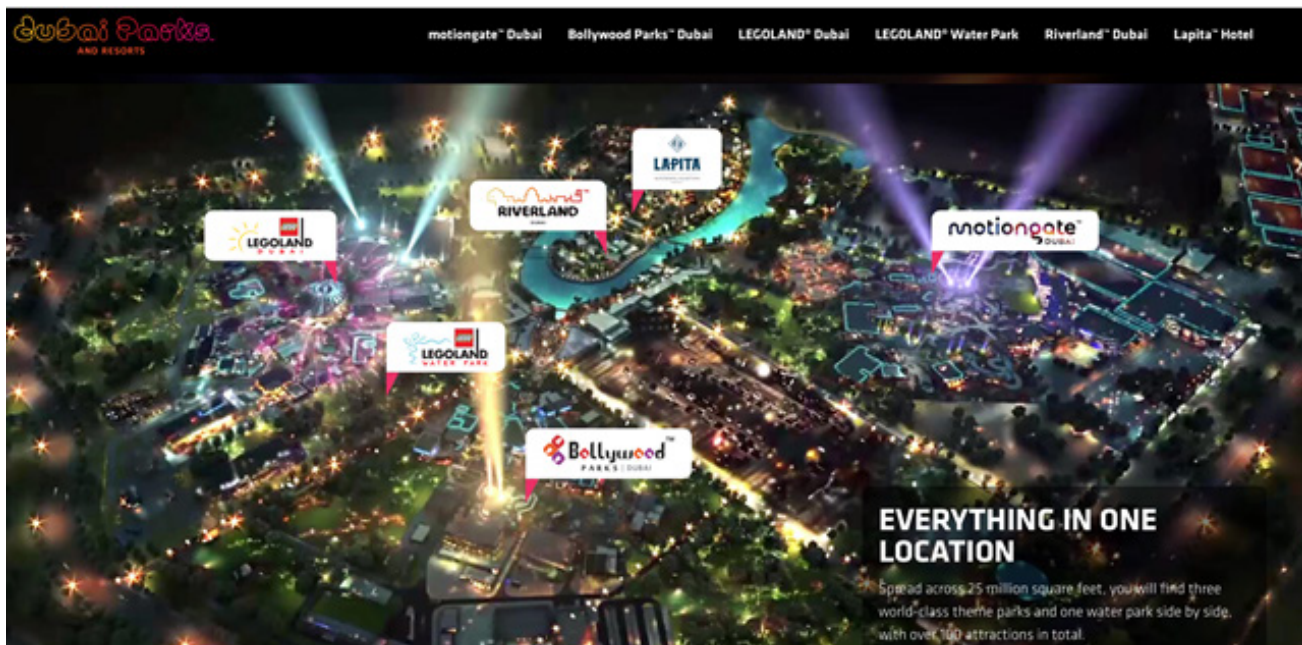
OVER 100 RIDES & ATTRACTIONS
Including live shows, 3D motion simulators, roller coasters, drop towers and family- and child-oriented rides and play areas

25M SQ FT OF LAND
Between the Dubai (63 km) and Abu Dhabi (68 km) international airports, strategically located midway on Sheikh Zayed Road

As the metrics above illustrate, and Resorts is expected to provide a world-class entertainment experience!

EVERYTHING IN ONE LOCATION
Spread across 25 million square feet, you will find three world-class theme parks and one water park side by side, with over 100 attractions in total.

Dubai Parks: Spread across 25 million square feet, visitors will find three world-class theme parks and one water park side by side, with over 100 attractions in total.

As described in the table below, Dubai Parks includes six key areas:

motiongate: Visitors embark on a journey into the world of Hollywood films by meeting their favorite characters across 27 action-packed rides and attractions.

Bollywood: The first theme park in the world dedicated to all things Bollywood celebrates Mumbai's legendary film industry inspired by Bollywood blockbusters!

LEGOLAND Dubai: The ultimate theme park destination for families with children aged 2–12 features over 40 LEGO themed rides, shows, and attractions.

LEGOLAND Water Park: Enjoy a full day of water fun with over 20 water slides and attractions for the entire family to enjoy together!

Riverland Dubai: The Getaway to Dubai Parks and Resorts is a themed, fun dining and shopping destination!

Lapita: A Polynesian themed family resort that lets visitors maximize their time for fun.

The financial statements shown below provide insights on Dubai Parks' current financial status (prior to the completion of the Project):

Consolidated Statement of Financial Position

DUBAI PARKS & RESORTS

Consolidated statement of financial position
(as at 31 December 2015)

ASSETS	2015 (AED m)	2014 (AED m)
Property and equipment	4,652	1,994
Investment properties	283	200
Advances to contractors and other receivables	372	370
Derivative financial instruments	2	-
Other financial assets	2,856	4,150
Cash and cash equivalents	461	164
Total assets	**8,626**	**6,878**

EQUITY AND LIABILITIES

EQUITY		
Share capital	6,322	6,322
Equity issue reserve	3	3
Cash flow hedging reserve	2	-
Accumulated losses	(149)	(38)
Total equity	**6,178**	**6,287**
LIABILITIES		
Bank facilities	1,257	-
Trade and other payables	1,178	575
Due to a related party	13	16
Total liabilites	**2,448**	**591**
Total equity and liabilities	**8,626**	**6,878**

Consolidated statement of comprehensive income
(for the year ended 31 December 2015)

	2015 (AED m)	2014 (AED m)
General and administrative expenses	(119)	(22)
Marketing and selling expenses	(23)	(1)
Interest Income	46	2
Amortisation of borrowing cost	(15)	-
Loss for the year	**(111)**	**(21)**
Other comprehensive income		
Cash flow hedge – gain on fair value	2	-
Total comprehensive loss for the year	**(109)**	**(21)**
Loss per share:		
Basic and diluted loss per share (AED)	(0.018)	(0.003)

Crisis Management

Crisis scenarios are events that occur at organizations with very low probability but have highly significant (or severe) consequences on one or more level. Those may include extreme financial losses and/or reputational losses should such events result in injuries, illness, or loss of life for customers, employees, or the general public. They may demonstrate a lack of integrity by the organizations' leaders or relate to another issue that is deemed highly unacceptable or illegal by key stakeholders.

Organizations are led by executive officers and boards of directors who represent the shareholders and are scrutinized perhaps most significantly by how they perform in crisis scenarios. Because of the spread of real-time information across various traditional and social media outlets on a global basis, many organizations have hired advisory services in the area of crisis management. Some organizations have turned to public relations or security firms for specialized expertise in reputation and physical security protection. Many organizations have utilized professional services firms (like KPMG LLP) who are experienced in enterprise risk management to help in developing crisis management plans. Such firms understand risk and control and long-term organizational strategy, which is critical to ensure business continuity and the ability to recover from a crisis across all facets of an organization—including restoring customer, employee, and investor confidence; financial stability; and improved operations such that similar crisis events do not occur again in the future.

Risk management plans for an organization can be developed for individual risks that are expected to occur with some probability or frequency at an organization and can have material financial, operational, or reputational impacts on an organization if not management properly through efforts to prevent such risks from occurring or by detecting them quickly to minimize the negative impacts. Specific crisis management plans for each crisis are not practical because there are an almost limitless number of crisis events that can occur at an organization with a very small probability of occurring on an individual basis. However, while individual crisis events are extremely unlikely, some type of crisis event is likely to occur at every organization. Crisis management experts disagree on the frequency, but assuming that some type of crisis event will occur every 4 to 10 years is a fairly safe assumption when reviewing experts' opinions.

Accordingly, most organizations have one crisis management plan that can be adapted across most any type of crisis (unless the organization is concerned about several general types of crisis categories—e.g., information privacy, supply chain disruptions, etc.—such that they develop several plans on a cost-benefit basis). While the underlying details of a crisis management plan can be complex and involve many facets of the business, the basics of a flexible crisis management plan can be described by categorizing crisis management using a relatively few number of key steps that occur both *before* and *after* recognizing a crisis.

Pre-Crisis Stages of Crisis Management

Crisis management is as equally focused on crisis prevention, preparation, and recognition as it is on managing a crisis once it occurs. Organizations should focus on ensuring that crises are *prevented when possible* by investments that help ensure organizations are well governed, have cultures dedicated to excellence and integrity, and spend effectively on controls that help protect key assets of organizations, including key intangible assets like information, customer relationships, and employees. While investing in aspects of an organization that prioritize reputation, operational excellence, and integrity can sometimes seem unnecessarily high, they pale in comparison to the losses associated with crisis events.

Planning for crises is important because a crisis event inevitably will occur and generally when least expected. Ensuring that formal plans and dedicated teams are developed helps ensure that leaders will be ready whenever a crisis event occurs. Often, this stage of crisis is compared to how the military prepares for conflict situations so that readiness and discipline levels are optimized (note that employees with military experience often lead crisis management team processes within organizations because of their ability to lead under pressure).

The most challenging aspect of crisis management oftentimes is *recognizing that a crisis scenario has occurred*. This challenge is caused by one of two situations usually. Some crises do not originate as crises; however, a failure to detect a problem accumulates over time such that by the time the crisis scenario is recognized, the situation has become so widespread it becomes very difficult to manage. For example, a systemic production defect for a component for an automobile might not be recognized until problems start to occur in operation vehicles and massive recalls are needed to fix the problem. The other situation that creates challenges even when a major crisis event occurs and is recognized immediately is not understanding the full scope or impact of the crisis. For example, a major natural disaster or political event that places stakeholders in danger also might disrupt supply chains, communications, etc.

Post-crisis Stages of Crisis Management

Once a crisis is recognized, the immediate concern is *containing the crisis* such that the losses, safety risks, or reputational damage do not get any worse than what has occurred up to point of recognition. It is during this stage that time is more important than money because the actions taken by the organization in the midst of a crisis will be a key determinant of whether the organization will be able to resume normal operations and eventually fully recover from the crisis event. Prioritization is important to consider when containing crises—including key areas such as safety, integrity, and other concerns for key stakeholders. Often, organizations under crisis scenarios need to work with external parties also managing the crisis event (e.g., first responders, government officials, etc.) so the effectiveness of cooperation is key. Focusing on long-term sustainability versus short-term profitability is an important rule of thumb during containment.

Once contained, *resolving a crisis* becomes an important priority for an organization managing a crisis. Think of containment as placing a finger in the dyke as compared to permanently repair the dam. When trying to resolve a crisis, the organization wants to resume normal operations as quickly as possible but also must turn its attention to resolving any uncertainties with key stakeholders. In other words, the organization must work to ensure that its key stakeholders are comfortable engaging with the organization going forward.

The final stage for crisis management is *recovery from the crisis*. This goal is accomplished once stakeholder trust is restored between a stakeholder group and the organization. Since there are multiple key stakeholders impacted by a crisis to varying degrees, this stage can occur rather quickly for some stakeholders but take generations for other stakeholders. For example, media sources reported in 2013 that ExxonMobil was still working with stakeholders in Alaska to recover the reputational and physical damage caused when its tanker the *Valdez* ran ashore 25 years earlier because the ship's captain was intoxicated.

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