***Chapter 3 Activity and case study solutions***

**Activity 3.1**

1. Jasmine

Appropriate management style: Participative

Characteristics of the chosen style:

* Decentralised approach.
* Management and employees share the decision making.
* People oriented: management values the skills and contributions of employees.
* Manager acts more like a ‘coach’, but retain the right to final say.
* Communication is two-way, top-down and bottom-up.

Justification of the chosen style:

* Jasmine’s team members are highly skilled and knowledgeable in different areas.
* They are capable of working together in an unsupervised manner.
* Using the participative style means the group can work together, on their own.
* Jasmine can provide an outline of the objectives for the project.
* The group can then develop some new ideas, and then pitch them to Jasmine.
* Jasmine can review the work of the group, and have the final say on the new product.
1. Fergus

Appropriate management style: Autocratic

Characteristics of the chosen style:

* Centralised approach.
* Decisions are made by management, and dictated to subordinates.
* Communication is centralized, top down approach.
* Task oriented: little value placed on employee contribution.
* Policies and procedures are followed.
* Frequent checks of work.

Justification of the chosen style:

* This is an emergency situation. Time is of the essence.
* Lead is poisonous to children. Fergus needs to act immediately.
* There isn’t time for consultation or negotiation between management and subordinates.
* Fergus needs to determine what to do, and then tell his employees how to respond.
1. Andrew

Appropriate management style: Laissez-faire

Characteristics of the chosen style:

* Decentralised approach. Also referred to as ‘free-rein’ or ‘hands-off’ style.
* Management provides little direction to employees.
* Management outlines budgets, timelines and overall corporate objectives.
* Employees are left to their own devices to determine the best way forward.
* People oriented: management values the skills and contributions of employees.
* Communication is two-way, top-down and bottom-up.

Justification of the chosen style:

* The business is in the start-up phase, still finding its direction.
* The business needs to be highly dynamic and adaptive.
* Employees are self-motivated to accomplish the goal.
* This style suits teamwork, where creativity and innovation are desired.

**Activity 3.2**

**Scenario 1**

Written (external) communication – David needs to communicate with his suppliers to ensure that they deliver the right quantity of supplies in a timely manner. David is likely to use written communication for this task to minimize the likelihood of errors. He may fill out an order form and email / fax it to his suppliers.

Written (personal, internal) communication – David needs to develop and communicate the team roster and appoint one person per day to communicate the end of day figure. David is likely to use written communication for this task, so that everyone gets access to the same information at the same time. He is likely to develop a roster using word processing software, which he may then email to his employees, as well as placing a copy of the roster in a common staff area.

Oral (internal) communication – David may be happy for a staff member to call or text the final end of day figure. This way, he gets access to the information quickly, and also gets an opportunity to chat with the staff member about how the day went more generally.

Written (internal) communication – David needs to develop training manuals, policies and procedures to ensure that his employees are properly trained and comply with health and safety requirements. David is likely to develop his policies using word processing software. Once the policies are developed, he needs to ensure that every staff member receives a copy, and has an opportunity to read through it. Then, David needs to provide practical training (using oral communication) to ensure that his employees actually understand their roles and responsibilities with regard to the different policies and procedures that have been developed.

**Scenario 2**

Written (internal) communication – The stakeholders most affected by this policy are the employees. The HR department should provide employees with the opportunity to provide anonymous written feedback on the policy. If employees are allowed to provide feedback in this manner, they feel safe from being judged or treated differently because of their views. This encourages people to provide open and honest feedback, which could lead to the development of better policy, and one that more employees are likely to comply with.

**Scenario 3**

Oral (internal) communication – It is very important that the automotive parts business communicates the need for redundancies to the employees first, and in a manner that is open, honest, and sensitive to the realities of the situation. Management could call a general meeting of employees and tell everyone the news at once. This would ensure that everyone gets the same information, at the same time, and it provides employees with an opportunity to ask questions of management.

Written (internal) communication – Management should follow-up any general meeting with written clarification of the current situation, and the steps that are to be taken. Emotions will be running high at the general meeting, and employees may find that they leave the meeting feeling confused or concerned. Management should email all employees with the key points from the general meeting, and include the contact details of nominated people who are available to answer questions and assist employees in the coming days.

**Activity 3.3**

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| --- | --- | --- |
| **Planning activity** | **Level of planning** | **Reason for choosing** |
| A major retail outlet currently operating in Victoria and New South Wales wants to expand its operations into South Australia.  | Strategic  | * High-level decision.
* Long term project
* Impacts structure of company.
* Affects strategic direction and overall objectives of the business.
 |
| A soft drink manufacturer wants to expand its range of products to include fruit juices and water.  | Strategic  | * High-level decision.
* Long term project.
* Impacts structure of the company.
* Affects strategic direction and overall objectives of the business.
 |
| A fruit shop operating in a local shopping centre has decided to extend its hours of operation to now trade seven days per week.  | Operational\*However, this decision is likely to be made by the owners / managers of the business given the typical structure of local fruit shops. | * Short term planning.
* Relates to the operation of the business.
* About optimizing work processes.
 |
| An engineering business wishes to expand to Thailand, China and Vietnam. This expansion will mean establishing production facilities in these three countries.  | Strategic  | * Long term.
* Highly expensive venture.
* May take 3-5 years to implement.
* Affects the overall structure and strategic direction of the business
 |
| A team leader in the IT department of a major bank decides to monitor their team’s progress over a three- month period.  | Operational | * Involves 1 team in a functional area only.
* Short term focused.
* Related to monitoring and improving performance in an isolated area of the business.
 |
| The sales manager requires the sales team to increase sales by 10% over the next six months.  | Operational  | * Involves 1 team in a functional area only.
* Short term focused.
* Related to improving output.
 |
| The marketing department is to relocate to a new office, separate from the head of office of the business.  | Tactical  | * Involves department-level management.
* Relates to a functional area.
* Likely to take 1-2 years to plan and implement.
 |
| A front-line manager (supervisor) at Organic Pasta wants to arrange weekly production meetings.  | Operational  | * Involves front-line management.
* Relates to operational work.
* Aimed at improving work processes.
 |

**Activity 3.4**

Student answers will vary. However, students may identify the following characteristics as being associated with good leadership:

* Good listener – listens to employees, community and other stakeholders.
* Effective communicator – able to communicate the mission; gets people on board.
* Inspiring through their own actions – acts as a role model for others.
* Motivator – able to get people going.
* Able to resolve conflicts in a way that preserves relationships.

**Activity 3.5**

1. Identify the problem. Define the objectives.

Problem: Revenue from the café has been decreasing.

Objective: Increase sales from the café.

1. Gather information
* Café is currently open from 9am – 4pm.
* Major competitors are nearby, and they open earlier and close later.
* Competitors are capturing the early morning and early evening rush.
* Before work and school, people want to be able to order take-away coffees.
* After school (before dinner), people often want a pick-me-up coffee and snack.
* The café is opening too late and closing too early to capture these customers.
1. Develop alternatives

OPTION 1: Open café with the bakery at 7:30am, close café at 4pm.

OPTION 2: Open café with the bakery at 7:30am, close café with bakery at 6pm.

OPTION 3: Continue to open café at 9am, close café with bakery at 6pm.

OPTION 4: Retain status quo.

1. Analyse alternatives. Rank and sort.

PREFERRED OPTION:

Open café with the bakery at 7:30am, close café with bakery at 6pm.

* Extend hours and both ends of the day.
* Extra staff costs for additional 3.5 hours of opening time.
* Most costly option in terms of additional staff costs.
* Provides opportunity to capture early morning and late afternoon rush.
* Additional 3.5 hours of revenue generating opportunity.

SECOND PREFERENCE:

Open café with the bakery at 7:30am, close café at 4pm.

* Extend morning opening period. Retain current closing time.
* Provides opportunity to capture early morning rush.
* Coffees are popular in the morning, and coffee have a high margin.
* Extra staff costs for additional 1.5 hours of opening time.
* Additional 1.5 hours of revenue generating opportunity.

THIRD PREFERENCE

Continue to open café at 9am, close café with bakery at 6pm.

* Retain current opening time. Extend closing time.
* Provides opportunity to capture early morning and late afternoon rush.
* Extra staff costs for additional 2 hours of opening time.
* Additional 2 hours of revenue generating opportunity.

LAST PREFERENCE:

* Retain status quo.
* No direct costs attached to retaining the status quo.
* No extra revenue generating opportunity.
* No improvements implemented.
1. Choose an alternative and implement.

OPTION TO IMPLEMENT:

Open café with the bakery at 7:30am, close café with bakery at 6pm.

1. Evaluate.
* Calculate the total additional staff costs of the option.
* Calculate the additional revenue generated from the option.
* Determine whether revenue generated exceeds costs paid.
* Re-evaluate decision based on information.

**Activity 3.6**

Activity requires personal student reflection. Student answers will vary. Students may like to share their answers in small group or whole class discussion to see if there are any patterns or common time wasters.

**Case Study 3.1: Naomi Milgrom’s four pillars of leadership**

* + - 1. Sussan Group stakeholders
* Employees – in particular her female staff who represent 95% of her workforce
* Customers – who want don’t want to pay high prices for fashion clothing and to be able to shop on a 24/7 basis
* Suppliers – keen to lock in long-term ongoing relationship with one or more of the retail outlets in the Sussan Group
* Competitors – wanting to ensure they are able to retain and maybe gain some competitive edge over this successful retail group.
* Shopping Centre owners - wanting to ensure that their centre has the Sussan Group stores as retailers who will draw customers to their shopping centre
1. Milgrom’s four pillars of leadership
2. Creating a culture that supports women – particular those in management and leadership roles. Also creating a flexible and supportive work environment.
3. A beautiful work environment that is also functional and inspirational
4. Management by conversation where management seeks two way communication with all staff members
5. A focused pursuit of excellence in many areas such as store design, retail innovation and building their brands
6. Milgrom’s management style

Naomi Milgrom’s management style would be classified as participative. It is characterized by her open communication with staff and her collaborative approach to working together. In addition her desire to develop a relationship of trust and the emphasis she places on wanting employees to be creative and put forward ideas.

1. Future effectiveness of Milgrom’s approach

Students are to undertake their own individual evaluation of the long term effectiveness of Naomi Milgron’s approach to running the Sussan Group.