



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma in Management
Higher Professional Level

CASE STUDY

4267/01

Core Module

Valid between 1 January 2010 and 30 June 2011

READ THESE INSTRUCTIONS FIRST

You should read the assignment carefully.

It is important to complete the **Assignment Cover Sheet** when you have finished your work. You must complete the details and sign the declaration to confirm that the assignment is all your own work and your tutor must sign to verify that it is your own work.

The length of the assignment must be no more than 8000 words. Marks will be deducted from assignments that exceed the word limit.

This document consists of **4** printed pages.



Case Study – Core Module

Para Mi

Para Mi is a privately owned beauty treatment company. It commenced business 15 years ago starting with a small centre in your capital city. This centre proved very successful and the owners extended their operations by opening further treatment centres in other major locations in your country.

By the middle of 2009 Para Mi had grown extensively and comprised the following:

- Treatment centres in every major city in your country
- A health spa in your capital city
- A production centre in your country for Para Mi products, all based on natural ingredients
- Treatment centres operating as franchises in ten other countries

The name of Para Mi is very well known internationally and is associated with high quality products at the top end of the market. Products are sold in the Para Mi centres and under licence at other high quality treatment centres, mainly located in five star hotels.

Strategy and Operation

Para Mi has the following mission statement:

“To enhance the lives of individuals using a range of treatments based on ancient remedies and modern thinking.”

Para Mi products comprise a wide range of facial and body products for both men and women. This also includes treatments for hair and nails. Products are derived from natural resources. Great attention is given to the packaging of the products so that they are clearly labelled, look expensive, yet are made from recyclable materials. There is a research and development department to help identify new and old recipes and treatments and use these to extend and improve the range of products and services.

Treatments vary from centre to centre, but generally include the following:

- A range of massages for different parts of the body
- A range of body wraps
- Hot stone therapy
- A range of scalp, neck and facial treatments
- Foot massages, pedicures and manicures
- Special treatments for conditions such as sports injuries, stress, tiredness and relaxation

The health spa in the capital city offers all of the above plus the opportunity to enjoy the following:

- Plunge pools
- Jacuzzis
- Saunas
- Steam rooms
- Flotation tanks
- Fun showers
- High pressure jet sprays
- Relaxation rooms
- A gymnasium

All staff are highly experienced and appropriately qualified. Para Mi has a uniform for staff to wear and this policy is strictly adhered to. There are also strict guidelines on personal presentation and customer care. Only Para Mi products are used in the treatment centres and the franchised operations are not allowed to use or sell other brand products. Staff are encouraged to provide advice to customers on future treatments and use “soft selling techniques” to encourage customers to purchase products to take away with them.

All staff are employed and paid a salary at 15% above the normal market rate for their roles. The products and treatments are also priced at a higher level than competitors. The additional prices contribute to the higher salaries and the work of the research and development department. Para Mi has enjoyed a net operating annual profit of 9% for the past three years. This level of profit is the target for future years.

Future Plans

Para Mi intends to continue its expansion, mainly through franchise agreements with major five star hotels around the world, and there is a clear strategic plan in place for this. The owners, however, have always had a dream of establishing a health retreat somewhere in the world and they think that now is the time to turn that dream into a reality. To help with the process, Para Mi has brought together a number of people to form a “think tank”. The remit of this group is to research options and come up with ideas for the owners to consider.

You are a member of this think tank. From your meetings with the owners of Para Mi, you have established that the following features are a minimum requirement:

- All existing treatments to be available
- High quality, full spa facilities including a swimming pool
- Facilities for adults only but any age group, male and female
- A healthy and beautiful location
- Facilities to appeal to people from different parts of the world and reflect different cultures
- High quality accommodation
- Broad menu options for food and drink
- A range of exercise and leisure programmes
- Dietary and exercise advice

Your Task

You are required to research options for Para Mi in this venture and make proposals based on the following:

- Your recommended geographical location and reasons for selection
- Proposed facilities and treatments
- Options which should include the possibility of having custom built premises or working in partnership with an existing organisation at the chosen location, such as a hotel. Other options may also be considered.
- Mission, vision and values statements
- Overall strategy for the first five years
- Funding options for start up (Detailed cost estimates are not required at this stage.)
- Proposed charges and forecast profit/loss figures for the first two years
- Proposals for how Information Technology (IT) can be incorporated into the retreat in a non-intrusive way that will make the operations efficient and cost effective

Your recommendations must reflect the philosophy and culture of Para Mi. The owners would like the retreat to commence trading by April 2012.

Your report to the owners should include:

- Your research methodology, findings and methods for evaluating success
- An outline strategic plan for the first two years including suggested mission, vision and values statements
- Financial plans
- IT proposals

Your report should include clear recommendations with justifications for your proposal.

Information about Para Mi that is not given may be assumed, and all such assumptions should be explained.

In writing the report, you should adopt an appropriate business format and show how knowledge and understanding of general management, information systems management, strategic and financial planning have been applied. You should include your research methodology in your report.

At the start of your report, indicate the number of words used, which must not exceed the maximum permitted amount of 8000.

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