

CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge Career Award in Management
Executive Certificate

CASE STUDY

4180/01
4253/01

Core Module

Valid between 1 January 2003 and 31 December 2003

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 between 4000 and 5000 words.

This document consists of **3** printed pages.



Executive Certificate Case Study 4180/C

Ploughrite Ltd

Ploughrite Ltd is a company based in the UK that manufactures agricultural and garden machinery. The company was established in 1964 and has grown steadily since that time. Initially, all its operations and sales were based in the UK, but over the past 5 years, Ploughrite has extended its operations overseas. It currently has three sites in the UK, comprising two for manufacturing and distribution and one used solely as a distribution depot. In addition the company uses distribution companies in Europe and suppliers in South America and Asia. Increasingly more of the manufacturing is being outsourced to South America and Asia, as the costs of production are considerably lower there.

At a recent meeting of the board of directors, it was decided that a number of changes needed to be made if Ploughrite was to maintain its market share. A working party was set up from the management team to analyse the company and present their findings to the board. A summary of their findings is shown below:

Staffing

There are four directors, sixteen managers and a total of 356 staff. Those staff employed on manufacturing (about 75 in total) are all skilled or semi-skilled males, working full-time and have, in general, been with the company for more than 10 years. Staff turnover here is very low.

The assemblers and packers (140 in total) are semi-skilled, predominantly female, full-time. Turnover in this area is about 25%. There are also technicians at the two manufacturing sites, who are skilled engineers. Turnover here is about 20% and there are generally always one or two vacancies out of the 40 positions. This means that the remaining technicians are under a lot of pressure most of the time.

The remainder of the staff comprise 9 cleaners, 45 office staff and 27 drivers.

The three sites are situated on the outskirts of large towns and recruitment has not been too much of a problem so far. However, overall staff turnover is about 15%. Wages for all manufacturing operatives is linked to production. There is a computerised production data collection system for controlling and monitoring labour costs. There is also a bonus scheme in place. High levels of earnings can be achieved and often are, particularly when working on shifts.

Technicians are paid a salary in line with the local market, but there is resentment that, although they are highly qualified, they cannot earn anything like the wages that the manufacturing staff do. Assemblers, packers and cleaners are paid just above the minimum legal level.

Office staff are paid at around local market rate.

A confidential questionnaire highlighted that all staff, apart from those on manufacturing, were dissatisfied with the salary structure and lack of incentives and many were actively looking for other jobs.

An appraisal system exists within the company, but is not enforced, with the result that the majority of staff do not receive any form of performance appraisal.

It has been noticed that there is an increasing "casual" attitude by most employees recently and absenteeism is increasing. Most managers commented at a lack of discipline, but were too busy to do anything about it.

The company does not have a budget for staff development, but ensures that all issues concerned with the use of machinery and other health and safety issues are seriously addressed. They have a good reputation for safety at work.

Operations:

Concern has been expressed over the high degree of 'seconds' (i.e. goods rejected by quality control). The company has a staff shop, where seconds are sold at very low prices to the staff. It is suspected that this is being abused and staff are creating seconds, which they are then purchasing for re-sale. There is, however, no proof of this.

The company operates on a two-shift system and, while employees are allocated a shift, they are allowed to trade shifts to ensure flexibility.

The materials used are generally mild steel and aluminium as well as plastics, and involve a range of operations, including forging, stamping, turning, pressing and machining. There are a range of finishing techniques employed such as dry powder painting, water-based spraying and acrylic painting. There is little in the way of automation and it is felt that the diverse range of products make investment in more modern machinery too expensive.

Production control is tight and overtime is not available, except when producing special items at certain times.

Sales and Marketing:

Within the UK, there are two types of customer:

1. Wholesalers who sell on to garden centres and farm machinery outlets
2. Major Do-it-yourself outlets, such as B&Q

In addition, Ploughrite exports through distribution agencies to Sweden, Norway, Germany, Austria and Italy.

Melvyn Baker, the Marketing Director has been with the company for 10 years and established a good relationship with the distributors. He has a flair for identifying new markets, although recently he has found that the rest of the board are resisting his new ideas. He has now adopted a "carry on as we are" attitude.

Sales over the past five years have gone from £30m in 1997, to £42m in 1999, falling back to £38m in 2000 and £32m in 2001.

A SWOT analysis was carried out by the working party, the results of which were as follows:

Strengths

Good market share

Good reputation

High level of market loyalty

Financial stability

Weaknesses

Plant is over ten years old

Assembly is mainly manual

Some managers are resistant to change

No information on customer service

Unit cost of manufacturing unknown

Lack of stock control

No systems for checking work in progress

Too many suppliers

Lack of discipline

High stocks of some products that could soon become obsolete

Over-dependence on large DIY outlets

Opportunities

Opportunity for new and improved products

Improved operational efficiency

The introduction of the Euro currency

Lower labour costs in Asia

Threats

Downward pressure on prices by large DIY outlets

Increased demand for shorter delivery times

Poor internal control levels

Competition from overseas

Fear of change

Your task:

You have been appointed as Management Consultants to Ploughrite Ltd. to advise them on their future direction.

The Managing Director has stated publicly that the company is financially sound and that they intend to open up new markets to retain staff levels. He has, however, not ruled out redundancies as part of the overall changes that need to take place. He has suggested that the management need to be more involved in decision-making and have greater involvement with their teams.

Your task is to study the information you have, identify the main strengths and weaknesses with Ploughrite and advise the Board on their future strategy. You are expected to comment on the operational side of the business, staffing issues, financial matters and market penetration. You can make assumptions where information is not clearly provided, but these must be justified.

You should present your proposals, together with your rationale, in the form of a business proposal to the Managing Director, Robert Chan.