

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

CASE STUDY

4253/01

Core Module

Valid between 1 January 2006 and 31 December 2006

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 organisation described in this case study is entirely fictitious.

The length of the assignment must be no more than 5000 words. Marks will be deducted from assignments that exceed the word limit.

This document consists of **5** printed pages.



Case Study – Core Module

Title: Style

Style is a company in your country that specialises in exporting local goods and selling them in Style retail stores in major towns and cities all over the world. The goods are chosen to represent particular areas, cities and towns in your country. The linking of the items to these areas serves to promote not only the goods themselves, but also the tourist attractions of the areas. The company is privately owned and is supported with financial loans at favourable rates owing to its links with the tourist industry.

Style's key strategy is to place local names in the public eye. These are very visible exports, not always of high value but designed to give people all over the world a "taste" of your country.

The company is managed by three directors who divide the management of the various functions between them:

- Jessica works as the CEO as well as liaising with the shop managers of the Style stores around the world.
- Ravi specialises in the procurement of the goods sold in the Style stores. He also has the role of searching for retail properties, setting up the stores and liaising with local and regional officials.
- Serena has a background in accountancy. She is responsible for financial management and legal matters associated with operating in different countries.

The company is quite young and has so far opened one store in your locality, one in Toronto, one in Boston, two in London and one in Hong Kong.

The saleable items

There are four main areas of stock:

1. Food

These items represent specialist foods from your region.

2. Clothing

These items are from specialist areas and include items of national dress, children's clothes and branded wear. There are many items of leisure wear with local emblems and logos.

3. Ceramics and glassware

These are from specialist manufacturers and include fine table and decorative goods with patterns, emblems and local scenes.

4. Souvenirs

There is a whole range of inexpensive items including children's toys, kitchen goods, decorations, flags, hats, model cars, books, pencils and so on which have some links to your country.

Target market and pricing

It is planned to have the retail outlets in main shopping areas, airports, tourist destinations and hotels, although other suggestions would be considered.

The directors see three main markets:

1. People from your country who are living abroad and want to enjoy a memory or a taste of home
2. People from other countries who are keen on collecting these types of goods
3. Tourists generally.

Style takes great care to price goods competitively in each country. This means that prices will vary from one location to another, particularly if issues such as import tariffs, currency fluctuations and comparative pricing are to be considered.

Generally the strategy is to maintain price comparability with local competitive goods and to place a premium on these goods where there is no competition. The exception to this is the souvenir products which are generally inexpensive and are used to capture customer interest and curiosity, so drawing them into the stores.

Staffing and legal issues

It is the strategy and policy of Style to check all local planning, importing, business and employment laws and act within them.

Staff, including the store manager, are recruited locally. It is envisaged that a four-week training period is provided in store and delivered by a Style specialist. Staff are paid at the average local rate for store assistants during training and this increases to 5% above the average on successful completion of the training period. The same policy applies to store managers.

The existing stores are between 100 and 300 square metres trading area with half as much again for storage, offices and other facilities. This has shown to be an appropriate size so far. Typically, for a store of this size, Style would expect to employ a manager, two full-time sales staff and two members of staff who work only on the three busiest days of the week.

Marketing

Up until now, marketing has centred on the stores, with advertising of special prices, exclusivity of merchandise and Style club membership offering travel and hotel discounts for visits to different parts of your country.

Advertising space is bought in local media prior to shop opening and on a regular basis afterwards, promoting special lines, newly arrived merchandise and discounts. A marketing company in each location is usually contracted by Style head office to deliver marketing in Style housestyle. The direction and strategy for the marketing, however, is usually the responsibility of the local company within an agreed budget.

The Task

Style has decided to expand into other locations and the ultimate aim is to have stores in most countries around the world. In large countries, it is envisaged that there would be a number of stores in suitable locations. With this expansion in mind, Style would like your help in researching the feasibility of opening another four stores in the next year. They have not decided in which countries or areas these stores should be and would like your suggestions.

You are required to research the options available to Style for this business venture with particular attention to at least one store opening in your country. You are also required to prepare a report making recommendations based on your findings.

In doing your research, you should consider the following:

- suitable locations for Style stores
- the market for the saleable items
- the availability and costs of suitable premises
- the fixed costs associated with opening the stores and operating for the first year of trading
- pricing considerations for the saleable items
- the availability of a suitable labour pool from which to recruit
- management and staffing structures and levels
- specific training issues including induction/orientation
- full labour costs for the first year
- resource issues for the stores including information management systems
- issues for Head Office to consider in terms of the directors' relationship with the stores and the balance between strategic and operational responsibilities.

Your report should be addressed to the directors of Style and should take account of all the issues above, plus others that you consider are important and relevant. You should include all your calculations in your local currency to justify the costs that need to be set aside for the first year of operation (excluding stock costs) and make clear recommendations on the feasibility of this venture.

Information about Style that is not given can be assumed. All such assumptions should be stated and justified at the beginning of the report.

In writing the report you should adopt a business format in the style of a consultant and show how knowledge and understanding of general management have been applied.

At the start of your report, indicate the number of words used, which should not exceed the maximum permitted total of 5000.

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