

Write a letter replying to the chief executive of Yexmarine which assesses his proposal to establish a strategy committee.

(14 marks)

Task 1

Tranart Consultant
123 Street
Lympool
16th Nov 2022

Dear Tony,

Following on from your earlier request regarding the needs for the assessment of the benefits & problems of setting up a strategy committee and any possible omission on the proposal. Below is my assessment;

Benefits

Investor confidence

I believe that by setting up the strategy committee, this will help to improve investors confidence on Yexmarine as you would be able to show that Yexmarine is offering additional committee to assist the board on top of those required by the CG.

Strategic Planning

Yexmarine will undertake major strategic decisions on products and markets, over the next few years thus the committee will be able to help you ensure that the right strategy is undertaken as it will have an impact on your co competitiveness.

Diversity

I notice from your proposal the committee will be made up of directors from Mktg, tech, and production this is a plus point as the diversity in the board will ensure that the strategy consider different aspect of the business operation.

External environment

The committee ensure that Yexmarine is considering its external environment in its startegy formulation. This ensure that they can keep up with the changing behaviours and trends in the market to identify their future strategic planning since they are going to consider develop new product.

Problems

No NED & finance director

The composition of the committee seems to exclude NED. The exclusion of NED from the committee will result in the interest of shareholders not taken care of as there is no shareholders representative within the committee.

Further the committee did not include the finance director. I believe there is a need to have the finance director as he will be able to contribute his expertise in terms of assessing the cost & benefits of the proposed startegy.

Did not consider internal factors

It seems from your terms of reference i notice that it consider greatly the opportunites and threat, but i would like to highlight that there is a need to consider the strengths and weaknesses of Yexmarine as well bcos we need to develop strategy that can match to the strengths.

Duplication of role

The roles of the committee seems to be similar to BOD. Hence a duplication of role has created a confusion about what would be the role of the BOD if we were to set-up the strategy committee. Futher any proposal by the committee would definitely be approved given that the board members are actually the committee members. Thus, this arrangement does not seems beneficial to Yexmarine.

Frequency of meetings

There is no set frequency of the strategy committee meetings in the proposal. It is recommended to have regular meetings set to discuss the changes in the business environment as the environment is very dynamic and failing to identify these changes, Yexmarine will lag behind the competitors.

No link to operational startegy.

It seems that the terms of reference covers extensively the corporate strategy. Unfortunately it doesnt provide any link to the operational strategy. As a result this may cause the achievement of the corporate strategy difficult without the link.

Progress of strategy.

The terms of reference seems to indicate that the committee is only responsible for proposing the strategy, however there is no mentioned about the implementation of the stategy. Any stategy without a proper implementation will not yield any result.

I hope the above assessment will prove invaluable to assist you in considering the setting up of the committee.

Yours sincerely

Tranart Consultant

Task 2:

(a) Prepare briefing notes for the board which advise how employee dissatisfaction may impact upon each stage of the organisational change process.

Briefing notes

Impact of employee dissatisfaction on Yexmarine change process

Basically the organisation change process involved 3 steps which is unfreeze (breaking down existing status quo), reshape (implement change) and refreeze (new strategy becomes the culture). The impact on the change process can be summarised as follows:

Unfreeze

There is evidence of lack of communication between senior management and staff. The communication of the reasons for the change is important to inspire employee, thus it will be difficult to motivate the employee to change. Lack of proper communication by the senior management can also result in them not willing to voice their opinions even if they have seen something that is not right with the change process because they think their opinions will be ignored.

Due to the dissatisfaction, employees are not willing to accept the changes and prone to work elsewhere for better rewards. Hence, company will lack of skilled labours to help them with the product development.

Reshape

The employees are unwilling to change the way they are working, they might not be cooperative in the process of moving location to Lymppool and resist it. They might not want to put in the extra efforts and time because they think they won't be paid OT for their extra work thus causing delay in the movement.

there is little learning opportunity, where the employees might feel less confident to play their new role

The employee unwilling to change location due to employee claims that the new location has flooding in Last year and indicate there is more flooding issue in future. Hence, the employee may feel worried about their safety in new location.

Some of the employee believe that they will not be provided any support in their changed role, thus can have an impact on their motivation thus affecting the quality of job.

Refreeze

Employees feel uncertainty due to change on their role without any management support. This will result interruption to the daily operation and Yesmarine cannot function properly.

There is a favouritism issues towards selecting the staff for work, thus employees won't give their full cooperation to the changes implemented as they do not buy the staff who incharge of the particular work.

Employees may believe that the old way of doing things is preferable to them during the refreeze stage because many employees do not want to change their working habits. As a result, the co operation will get affected.

b) Prepare a letter, to be sent by the chief executive to all employees, explaining to them the steps which will be taken to address the concerns which they have about the proposed changes

(b)

Staff Yexmarine

123 Street

16th Nov 2022

Dear Colleagues,

I have heard about some concerns raised by some of you regarding the plan to move our business to one single location. Thus, I would like to reassure all of you that the change is necessary to ensure our competitiveness is preserved and that none of you will be negatively affected. Below are the steps that will be taken to ensure your well-being is taken care of.

Communication

To address lack of communication I will be setting up an internal confessions page for all employees to express your concerns or dissatisfaction freely without worrying about being judged or penalised.

To address the issue of me not communicating to all of you, I assure all of you that a briefing will be provided to all employees before implementing the change so that they can get better understanding on it. Furthermore, small group discussion can be led by senior or experienced employees to gather suggestions on the changes and feedback to the management team.

Lack of support

I understand that some of you feel that there is lack of support for the change, don't be worried as training will be provided to everyone affected by the relocation. This will ensure you are well prepared with the changes. Even if you are still feeling uncertain after the training, we will have support groups set up for you to ask questions and get support from them.

Reward

Clearly all of us work for monetary reward, thus during the relocation I'm sure that more of your time will have to be spent to ensure the relocation is carried out effectively and efficiently so that there is no interruption to our existing business. Therefore, staff who work OT will be paid for the extra time

spend.

Further, any staff who contributed ideas or solution that can help out change, will be rewarded as well if the ideas prove to be invaluable to the company. Therefore, im now encouraging all of you to start contacting your mgr if you have an suggestion.

Opportunity to develop skills

However, a changed role may be inevitable for the staff but we will ensure that a proper guidance and training will be conducted. This would assist the staff to understand their work better and exploit new career path in co.

Your contribution to Yexmarine is valuable, thus we will strive to continue to develop employee skills so that all of you can contribute to the co. Further, the success of Yexmarine is built the ability of staff to communicate with its customer, therefore i will not allow this to change, as it has all the time being our competitive advantage.

Favouritism

I have heard rumour regarding the favouritism towards staffs who used to work for me when allocating senior roles. I would like to emphasize that everyone in the company entitle to the equal and fair chance for promotion. Employees are evaluated based on their performance and those who are performed outstandingly will be nominated for promotion.

Looking forward to meeting of all you when we celebrate our success after the change.

Yours sincerely

CEO

Task 3

REPORT

To: BOD Yexmarine

From: Consultant

Date: XXXXX

Subject: Financial & Non-Financial Benefits & Drawbacks of the Proposed Investment

The report contain a summary of the financial & non-financial benefits and drawbacks of the proposed investment. The report is split into two part, first is a summary Sailing Dinghies and second part is on premium Yatch.

Saling Dinghies

Financial Benefits

Yexmarine's investment in Sailing dinghies (SD) can give them competitie adv in terms of pricing as the sale price is \$4000, which is lower than the average sector price of \$5000. Lower pricing helps to attract new customers and faster gain market share with low-cost strategies.

The initial investment is \$4m, thus there is a balance of \$6m which Yexmerine can use this amount to make other investments to get more benefit. This will also reduce the investment risk by investing in different projects.

SD has a payback period of 3.5 yrs this shows that choosing SD will lower Yexmarine risk bcos the investment will recover its cost faster.

Financial Drawbacks

SD only offers a 35% GP margin, however Yexmarine aim to improve its GP margin in 5 yrs time to 45%, thus investing in this project will affect Yexmarine from achieving its target.

There is a risk that Yexmarine charges a lower than average sector price if Yexmarine is unable to get higher sales volume, thus not able to enjoy lower production cost as a result of economies of scale.

Non-financial benefits

SD may be easier for Yexmarine to capture a larger mkt share bcos they have the capacity to produce and meet demand compared to the competitor which are all smaller than Yexmarine.

Therefore Yex stand a huge potential by reducing the production time since the design of the small boats are not complicated.

SD is small boat with less technology concern as it is simple structure nature, hence it is more sustainable in market as it will not be easily obsolete.

Non-financial drawback

Long established manufacturers already have strong market presence, hence it it hard for us to get new customer for company.

The sale only takes place in Neoland. This will limit the sales volume of Yexmaine. Yexmarine will not be able to expand its customer base to overseas markets and this will limit their growth.

Current design which is simple and less tech may not able to catch the high tech market consumer. Yexmarine may not be able to sustain in the market should the customer preference change in future

Task 4

REPORT

To: CE of Yexmarine

From: Consultant

Date: XXXXX

Subject: Evaluating the two risk of Yexmarine

The report provides an evaluation of the risk assessments, adequacy of the risk mitigating steps taken and finally providing recommendations of additional risk mitigating steps Yexmarine could possibly adopt for the two identified risk.

Flooding

Assessment of Risk

Flooding risk is assessed at a not serious risk level. However, the forecasts have suggested that the flooding in the area will become more frequent and severe with global warming. If this is the case, it potentially become a serious risk.

The potential impact was stated as temporary business interruption, however if flooding occurs frequently, it might disrupt the business operation as it will cause the manufacture delayed.

The assessment has failed to identify the likelihood of the flooding. In the event flooding is expected to occur frequently then the risk would be higher.

Adequacy of risk mitigating

When the flooding become frequently, insurance might not be really useful for mitigating the risk as insurance also might not be able to cover the actual loss due to operation suspended. And if we rely on local flood defences & watching for flood warnings, it will not be a suitable solution as they unable to prevent the flood from happening or moving your machinery as it will take time and too costly or impossible to move them.

development of additional features is good enough for Yexmarine current products as to improve the products attractiveness and increase sale volume

Yexmarine has to think of more backup plans for the action to mitigate risk like giving training to the employee to increase awareness of control safety procedures and move the valuable asset to a high level.

Yexmarine new location is located at coastal area, they can consider building the flood walls by preventing the flood occurred.

Product Obsolescence

Assessment of Risk

Risk level for product obsolescence is serious as this indicated company products is not in the favour of the market and so will reduce their income and market share.

the operational manager do not specify on how he classify of the risk to be serious or not serious.

The product obsolescence risk is a serious risk. The two major competitors are developing their competitive advantage in terms of design innovations & emphasised comfort and style. Yexmarine good customer service are able to retain the loyalty customer but is difficult to attract new customer if their product is not innovative.

Adequacy of risk mitigating

Comparison with local competitor is adequate to reduce the risk obsolescence as it can close the performance gap between the competitor.

Comparisons with local competitors will not be a suitable risk mitigating activities as Yexmarine will end up being a follower within the industry rather than innovating thus losing any first mover adv.

Development of additional features is good enough for Yexmarine current products as to improve the products attractiveness and increase sale volume

Recommendations

Yexmarine can invest in R&D to encourage product innovation so that Yexmarine can ensure that their product stay ahead of competition.

Task 5

Briefing Note to BOD

Potential benefits of Mktg Agency Proposal

Mktg Director

Currently Yexmarine dont have a mktg director, thus the appointment of Seeyachts Co (SC) to oversee the mktg effort of Yexmarine will contribute significantly as there is no senior mgmt staff to drive the mktg effort of the co.

Appointing SC will allow Yexmarine to have access to a specialist agency with more than 20 yrs of relevant mkt experience and it will greatly help Yexmarine when we planned to launch the new product.

Website

Our current website can be stand out from competitor as we can benefit from wider reach by making our website rank highly across search engines. Further it can also increase conversion rate as Seeyachts Co focus on turning viewers of the website into customers by providing content about the yachts which will attract and emotionally engage them.

Social Media

It is known that social media activity of our competitor is limited. We can take advantage by implementing already proven framework to be marketing leader using the social media platform.

Social media helps to create a two-way communications where the customers can message Yex to clarify their doubts wherease Yex can always got feedbacks from customers. this improve the enagement between customers and Yex.

Yexmarine is able to provide upto date info to existing customers through social media and this will allow Yexmarine to improve its customer relationship management as they continue to engage with their customer even after the sales.

SC may help Yexmarine in retaining their customers and attract new customers as it makes Yexmarine social media activity more exciting with messages being delivered in more engaging way.

Customers

Seeyachts Co proactively obtaining and analysing the data that we need thus it will allow us to monitor and changes in the trend or demand and take action before its too late.

Adopting the marketing service enable the company to study the customer behaviour through big data, for instance, where do customer stop at the website page and didn't proceed to order. With that, company will be able to identify and tackle the issues to win the customer.

SC provide us information about the shopping patterns of our customer, this allows us to understand our customer better and can further improve our product and service based on this info.

New product campaign

Maximise customer interest in our new yacht craftsmanship through digital media by communicating clear and powerful message.

The traditional way of sending brochures and boat show appearances, may be costly and not able to reach out to wider customer base. Through digital media the new products launch is able to share with wider customer base over the world with lower cost.

SC conducting the new product campaign helps us to increase the awareness of the public about our new product and increase our sales.