



SOLVING THE MANAGEMENT CASE



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Solving the Management Case

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*Published in association with
the Chartered Institute of Marketing*

BUTTERWORTH
HEINEMANN

Butterworth-Heinemann Ltd
Linacre House, Jordan Hill, Oxford OX2 8DP

 PART OF REED INTERNATIONAL BOOKS

OXFORD LONDON BOSTON
MUNICH NEW DELHI SINGAPORE SYDNEY
TOKYO TORONTO WELLINGTON

First published 1992

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British Library Cataloguing in Publication Data

Hatton, Angela

Solving the management case. – (The marketing series)

I. Title II. Roberts, Paul III. Worsam, Mike

IV. Series

658.4

ISBN 0 7506 0196 5

Solving the Management Case

The Marketing Series is one of the most comprehensive collections of books in marketing and sales available from the UK today.

Published by Butterworth-Heinemann on behalf of the Chartered Institute of Marketing, the series is divided into three distinct groups: *Student* (fulfilling the needs of those taking the Institute's certificate and diploma qualifications); *Professional Development* (for those on formal or self-study vocational training programmes); and *Practitioner* (presented in a more informal, motivating and highly practical manner for the busy marketer).



Formed in 1911, the Chartered Institute of Marketing is now the largest professional marketing management body in Europe with over 22,000 members and 25,000 students located worldwide. Its primary objectives are focused on the development of awareness and understanding of marketing throughout UK industry and commerce and on the raising of standards of professionalism in the education, training and practice of this key business discipline.

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PREFACE

Do you want to improve your management skills? Know more about the process of management? 'Crack' a case study?

You may be new to general management, studying management as part of a professional or academic qualification, or simply interested in learning more about the business of management. Whatever your background or experience, the practical and down-to-earth approach in this book will help you in your business and everyday life where planning, decisions and control are just as important.

Compiled as a practical guide for working managers, Parts One and Two offer a 'user's guide' and overview of the key *management tools*. Part One includes practical hints and tips to help in the effective use of the manager's toolbox. From techniques for analysis through strategy development and decision-making to report writing and presentation, this guide is supported by examples and exercises developed to improve the skills of management. Part Two offers summaries and reviews of key techniques, activities and tools from across the business spectrum. It is not intended to be an exhaustive glossary of management and marketing terminology; simply an *aide-mémoire*, which will be of value as a quick reference guide.

Part Three demonstrates a systematic approach to the development of a management problem, a systematic approach that is based upon a proven sequence which moves smoothly through the processes of analysis and decision, planning and control. The approach is easy to understand, the tools are explained in careful detail; the technique is easy to learn and invaluable.

For the management student the book provides a valuable ongoing reference but, in particular, shows how to 'crack' a case study. The case study is a well-proven method of teaching and examining management, since it mirrors very closely the problems faced by managers in the world outside the classroom. Many students have problems when faced with a case study, but quite needlessly. Pass rates of the highest order have been achieved by students of the Chartered Institute of Marketing when using the sequential method that is worked through in detail in Part Three. It is effective on all case studies, whether they be at MBA level or 'mini cases' used as part of an examination paper.

The same 'case study' sequence provides the working manager with a practical and systematic methodology for effectively tackling management problems. Together, the three sections provide a practical handbook and an invaluable reference guide for management.

The book is positioned so that it can be used for self-study by individuals and as a class text for those studying management – in which case we recommend that the material be covered early in the course.

A.H.
P.R.
M.W.

ACKNOWLEDGEMENTS

Target Group Index data is used with the kind permission of the British Marketing Research Bureau (BMRB). We would also like to thank Center Parcs for kindly allowing us to quote material from their brochure and NOP Market Research for kindly allowing us to reproduce material from their British Tourism Survey.

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Part One

The Tools of Management

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1 *The toolbox*

Most books on management fall into one of three categories:

- How I became successful – hints and tips to follow.
- Themes of the moment to adopt – excellence, quality etc.
- Texts – thorough analyses of aspects of management through the perception of an academic.

This book is in a fourth category; it works only with key underlying principles upon which success is founded. It shows how you can use those principles. It is pragmatic; you will not be distracted by unnecessary theory (although you will find references to the theory should you care to explore).

Few attempts are made to examine alternative methods of achieving the same end. We do not really care whether we drive a Ford, a Peugeot or a Rover – we *are* concerned with our car's function. Will it do the job? Neither are we concerned with deep knowledge. Thus what goes on under the bonnet of our car is something better left to the specialists. All we really need to know, as drivers, is whether the car takes leaded or unleaded petrol (or diesel) – and where to put it in. We need to know about oil, water and about tyre pressures. We must have a guided tour of the controls, and some practice in driving under the various conditions we are likely to meet. As a driver we are unlikely to need to know how the car works. Nor how to fix it. We will, of course, have an emergency call-out service on 24-hour availability.

Similarly, as managers we are unlikely to need to know how a specialist function works. We need to know what it can do, and what budget is reasonable to achieve a given objective – but to know the detail is as redundant as a driver knowing how to set the timing or how to adjust the carburettor.

We have to be careful too, because we will have come to management from a specialist area. We may have a financial background, come from marketing, production, or from any of the specialist areas. As a manager *even within a specialism* we must be careful not to let that specialism blind us to the abilities and potentials of others.

Management is a craft skill – although it is not often thought of as such. The secret for success in any craft (or business) lies in the individual's knowledge of the subject and in the skilled use of the tools of the trade. Plumbers, electricians and joiners all have their own toolbox and are expert in the use of the tools within it. They have a detailed understanding of their specialist area, they do not need a detailed understanding of other areas.

General foremen, however, do need a general understanding of all areas. In whatever craft or trade they originally trained they now must be able to manage specialists from other crafts and trades, to blend the whole team so that a contract is completed effectively. It is not important to be able to do the job of the specialists – but it is vital to know *what to expect* from the specialists; to know what to expect (and demand) in terms of quality against time, in what order to call for specialist input, and to know the key indicators that show how well a job is progressing (figure 1.1).

The business world also has its tools, the tools of the functional specialists. Accounts, marketing, production, administration, distribution, personnel have many and varied

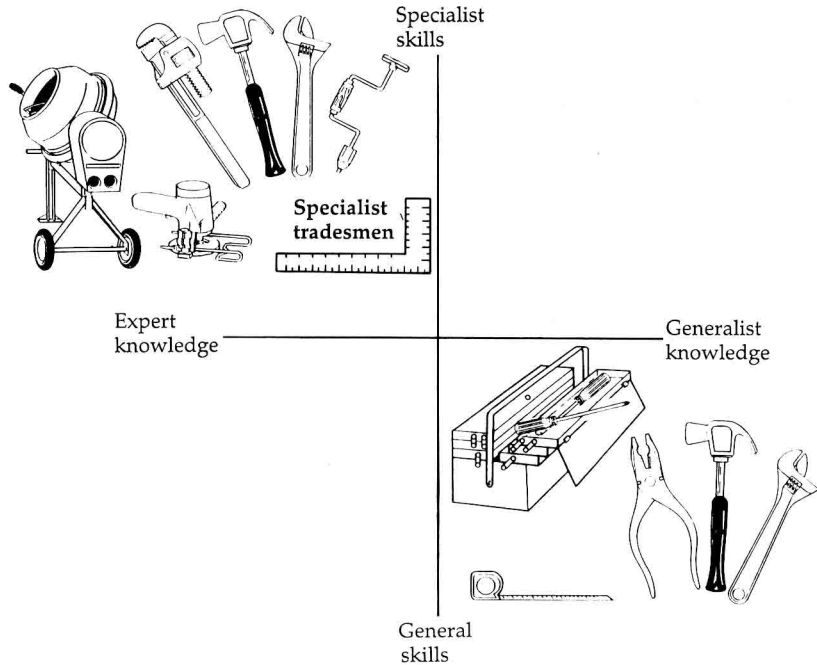


Figure 1.1

specialist skills – and each attracts people with a certain type of personality and motivation. Each of the main areas of specialism is subdivided in just the same way as ‘wood workers’ are divided into *joiners* who make and *carpenters* who fix. Joiners are supported by wood machinists and carpenters subdivide into form workers, first and second fixers, finishers and maintainers.

The training required to perform competently in these business areas takes as many years as an apprenticeship for a craft. A manager needs training to know the tools of the trade and to develop skills in their use. The manager’s toolbox is a briefcase; the tools are creative, analytical and evaluative (figure 1.2). As with the foreman, the manager needs to identify and achieve tasks, to know when and how to call in specialists, to generate positive motivation.

Managers do not usually think in terms of tools, but the various creative techniques, SWOT analyses, report writing and presentations are everyday tools that the most successful managers are very skilled at using. In fact they are used so routinely that they come to be regarded as ‘simple common sense’. They appear so, of course, once they have been learned. Their habitual use ensures that they are often not recognized as skills that can be identified, and learned. So they are not skills that a manager thinks necessary to break down into components and learn. ‘Managers are born, not made...’, ‘I came up the hard way...’ – such comments reveal the true level of misunderstanding that underlie the abysmally low level of management training in the UK.

This book will help you to shop around the specialist management areas selecting the various tools that the general manager needs in his or her briefcase. We will show you how and when they can and/or should be used and provide you with opportunities to



Figure 1.2 *The manager's toolbox*

gain practical skill in their application. Like any craft expert, use will only come with practice – so the book provides opportunities for you to develop both your knowledge and your skills.

How to use this book

Part One is subdivided into the four main areas of management work – analysis, strategy development, decision-making and control, persuasion. Different chapters examine the key management tools and give guidance as to how and when they should be used. Each chapter is self-contained, but you cannot afford to be selective. The good manager needs a basic competence across a width of specialist areas. The tools described in Part One are needed when tackling a management problem or cracking a case study.

Think of yourself as a gifted do-it-yourself builder with a need for general knowledge across a wide range of skills. You need to be able to lay bricks, but not dig foundations; to replace a tap, but not run a new water main; to add a power socket to a supply, but not to re-wire a house. Concentrate simply on getting enough knowledge and skills to do your job effectively. Then open up to the additional knowledge and skills you will need to advance your career (figure 1.3).

Throughout Part One you will find terms in bold type (e.g. **budgeting**). This indicates that further information about the term can be found in Part Two, which is arranged alphabetically. Part Two enables you quickly to refresh your memory and to review the management implications of key topics.

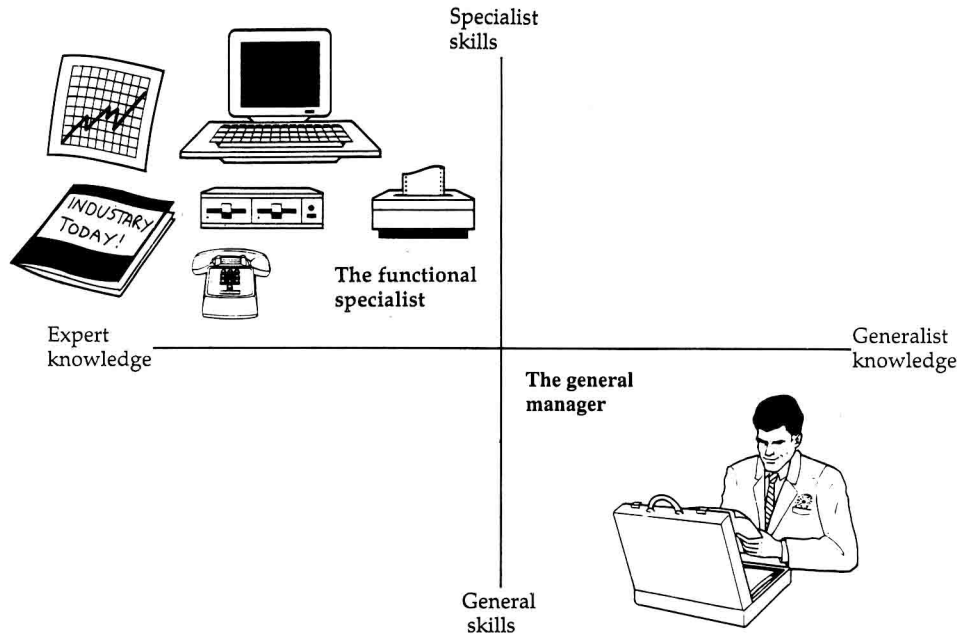


Figure 1.3

Part Three addresses a management problem in the form of a case study. It provides you with a process, a systematic method of work which can be universally applied in management – we call it the Sequence. A process is needed as a basis for the management discipline that will ensure quality work. Without a framework the approach is likely to be *ad hoc* and unreliable. Serious errors and omissions will occur and the end result will be in doubt.

Managers work into the future. They are very much concerned with taking their entities forward. Of course they have a great deal of interest in current results, and some concern for history; but their prime interest is in planning and organizing for the future. It follows that they are constantly working to forecast the future – and the future is notoriously fickle. It is therefore necessary to anticipate as many contingencies as reasonable, and to provide for them when setting up management plans.

What is a case study?

A management training case study is simply a chunk of real life that has been extracted from its context and written up as a series of documents. The technique is widely used, and is effective, simply because good case studies have a ring of truth – they come from reality, and it shows.

Why are there case study examinations?

How can a manager's abilities be tested? Obviously not through theoretical answers in an examination room. These test knowledge recall, not skill. Yet there has to be a test, otherwise how can a qualification be awarded? The answer is an examination based upon a real life situation, an exam where each candidate is presented with the facts about an entity, given a role within it and up to a month to become thoroughly familiar with the material. A case study, in fact. By such means it is possible to test practical ability to make reasoned, and reasonable, management decisions; and to test the candidate's ability to communicate in a management report.

A typical example is the Analysis and Decision (Case Study) paper set by the Chartered Institute of Marketing. They say:

The aim of this paper is to extend the practice of candidates in the qualitative and quantitative analysis of marketing situations, both to develop their powers of diagnosis and as a contribution to the creation of firm bases for decision-making. Candidates should be able to:

- 1 Identify, define and rank the problem(s) contained in marketing case studies.
- 2 Formulate working hypotheses regarding the solution(s) to problems identified in marketing case studies.
- 3 Assemble, order, analyse and interpret both qualitative and quantitative data relating to a marketing case, using appropriate analytical procedures and models.
- 4 Describe and substantiate all working assumptions made regarding the case problem(s) working hypotheses and data.
- 5 Generate and evaluate the expected outcomes of alternate solutions to case problem(s).
- 6 Formulate recommendations for action and feedback on case problem(s).
- 7 Prepare and present appropriate marketing case reports.

All managers are concerned with every one of the seven CIM requirements, whatever their functional responsibility. Probably marketing is more immediately concerned with the future than other functional specialists, although the financial managers may well argue a strong case. Concern for the future tends to grow with seniority rather than function.

All managers should be concerned more with planning for the future than with supervising the present. If the planning has been done thoroughly, the present should take care of itself. Operational staff exist, in the main, to take care of the present and the immediate future, to free their seniors to take a more strategic view.

It is difficult to find one term that encompasses all the forms of organization in which managers work. Management is a universal skill that adjusts to the particular needs of a situation. Managers are found in HM Forces, in charity work, in public service, in commerce, everywhere in fact where results have to be achieved. To prevent the range of terminology becoming confusing, and to avoid wearisome explanations, we have chosen to use the term that sits most conveniently within each context that we cover. Please read from the viewpoint of your own requirement and background, adjusting 'business', 'company', 'concern', 'entity', 'firm', 'organization' etc. to the term with which you are comfortable.

Maximize your learning

Management is not just a body of knowledge, it is a skilled craft. An individual manager will be judged by how he or she applies management expertise. Developing skills takes time and effort. To maximize your benefit from this book it should not be read from cover to cover in a short burst of activity. Take time to be guided and do undertake the activities – this is a working manual, not a text book.

Practice develops skills
and reinforces knowledge

2 *Management information – the raw material*

The manager needs an understanding of the quality and quantity of information available in the same way that a joiner needs an appreciation of the nature and characteristics of wood. Information is the raw material used by managers.

Management involves decision-making, in a wide variety of contexts, and information is fundamental to the process of decision-making. Without information managers are forced to work blind, relying only on guesswork and 'gut feel'. In such circumstances the **risk** of getting it wrong is high and success becomes a matter of chance and luck rather than skill and judgement. Calculated risks and objective decisions are dependent on reliable and relevant information.

Having the right information available at the right time is therefore an essential prerequisite for effective management. **Information** is found in **data** and the terms should not be confused. Data needs refining and sorting to turn it into reliable and usable information.

Management Information Systems often exist within organizations to provide a flow of relevant information to management. To get the most from the information available, managers need a thorough appreciation of the sources, the costs, limitations and uses of the information. Unfortunately the information resource is frequently misunderstood and mis-used. It is an aid to decision-making *not* a replacement for it.

Good managers do not take important decisions lightly nor accept more risk than necessary. They have control and feedback information which allow them to know when corrective measures are needed. Decision-making will always entail risks, and managers do not achieve a 100 per cent success rate. They will 'get it wrong' as much as 40 per cent of the time. Good managers understand and accept this, and demand information so that risk is reduced to an acceptable level. They will also move very fast when control information indicates that corrective action is needed.

Information users – the stereotypes

The 'gut feel' manager

This manager fears that using information may in some way devalue his or her reputation as a decision-maker. Additional information is shunned in favour of reliance on experience and hunch.

Such managers make the job unnecessarily difficult by reducing their options. Working in blinkers is guaranteed to give tunnel vision!