

The concern regarding decision making business essay

[Business](#)



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KKK Amotion. jpgTable of Contents

Introduction

In this team research project, we aim to identify the nature and scope of the managerial problem outlined in the case study Kosmic Kiwi Kosmetics and through collection, collation and analysis of both secondary and primary research by team members, to report on team's research findings and application of management concepts and tools in recommending solutions to an identified managerial problem. Team research discussion and findings, analysis and solution recommendations will be presented in the form formal written report. Kosmic Kiwi Kosmetics was a manufacturing and retailing company which was dealing in natural cosmetic and skincare products which was owned by Meredith black. She started her business from a small scale. Her business need further redevelopment in such a manner so that it could be respond a better processing approach or strategy in maintaining issues and prominent infrastructure of cosmetics and skincare products. NZTA asked the owner to maintain a better hygienic working environment in company. It was mentioned in the details that increased sales will lead to increased traffic demands and equipment getting more degraded and leading to affect the manufacturing process.

Terms of Reference

This report has been written to analyses a business problem and recommends solution, as outlined in our proposal of 14/02/2013 -See appendix 1

Scope

The report involved applying a problem-solving process to a situation, identifying the underpinning issues, researching these issues using both secondary and primary sources, analyzing the data obtained and suggesting a viable solution to the problem based on our data analysis.

Methodology

We followed a team approach which was applied to the collection, collation, analysis and evaluation of the relevant data before the final team solution was developed. The problem solving and change management models applied are as follows: Six Step Problem-solving Model, SWOT analysis tool, Inductive Reasoning, C: User, setting 2 Desktop 6 steps. gif During the discussion of analyzing the issues in the case study with the team members, team members addressed some issues like refinancing the business to restructure it and fulfill the legal requirement of the business enforced by Ministry of Health. To resolve these outlined issues, the team discussed about their possible solutions and decided to use above mentioned problem solving and change management models.

Primary research sources

As a part of our case study we have to develop an approach or a model which can consider the key things for developing a better marketing approach which can help to increase Kosmic kiwi cosmetic business. To complete this project as our primary research we had taken the following steps: Face to Face Interview with a Grocery shop manager, Personal Observation

Face to Face Interview with a Grocery Shop Manager

We made a list of question. In this questionnaire we write 20 question based on the issues and we all team member approached a grocery shop manager in local area to conduct an interview to get more information about the problems which they faced during the restructuring cycle of their business. Most of the questions we have put about the organization and least of the staff's own life. What are their goals in daily life and how should they reach to their goals. Some of the questions about the behavior of the employee and employer and what the employer want from the employee and what employee want from the employer. Is the company satisfied from the employee or the staff just doing their work and get paid from the employee. We want to discuss these issues and problems for the employer and employee in this report. This interview is relevant with our case study investigation because the person whom we interviewed, he already faced the same restructuring problem in his organization which is defined in our case study. Before this interview we told the person that the information gathered will be kept confidential and used for only academic purpose. Intensity of this problem will give us an idea because of similarity of this situation to our case study and it will give us idea to overcome this situation in this case of KKK.

Personal Observation

One of our team members " M D Nassir" is working at a grocery shop that has recently been restructured. They had the similar problem related to finances, lack of good technology in the workplace and working standards, lack of skilled workers, communication problems etc. He personally observed

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the issues associated with the restructuring and their impact on the business.

Secondary Research Sources

We did the research on the following elements as secondary research sources: Advantages and disadvantages of restructure of business Estimated building cost Standards Legal Rights and Obligations Decision Making Process Following are the secondary research resources we used for research purpose: Association, N. Z. (2008, May 15). 100 Auckland Museum jobs on the line due to restructuring. Retrieved March 6, 2013, from <http://www.3news.co.nz/100-Auckland-Museum-jobs-on-the-line-due-to-restructuring/tabid/423/articleID/55841/Default.aspx> Decision Making . (n. d.). Retrieved March 18, 2013, from wikipedia : http://en.wikipedia.org/wiki/Decision_making Employment Relations Act 2000. (2002). Retrieved November 22, 2012, from <http://www.legislation.govt.nz/http://www.legislation.govt.nz/act/public/2000/0024/latest/DLM59172.html> Health and Safety in Employment Act 1992 (HSE Act). (1992). Retrieved November 22, 2012, from <http://www.osh.govt.nz/http://www.osh.govt.nz/law/hse.shtml> Health and Safety in Employment Act 1992. (1992). Retrieved November 22, 2012, from <http://legislation.govt.nz/http://legislation.govt.nz/act/public/1992/0096/latest/DLM279228.html> ISO Standards . (n. d.). Retrieved March 12, 2013, from ISO. Org: <http://www.iso.org/iso/home.html> Mind Tools. (n. d.). Retrieved February 7, 2013, from Mindtools: <http://www.mindtools.com/brainstm.html> Ministry of Business Innovation and Employment . (n. d.). Retrieved March 10, 2013, from <http://www.dbh.govt.nz/http://www.dbh.govt.nz/bofficials-estimated-building-costs> New Zealand <https://assignbuster.com/the-concern-regarding-decision-making-business-essay/>

Legislation. (2012, September 28). Companies Act 1993. Retrieved November 11, 2012, from New Zealand Legislation: <http://www.legislation.govt.nz/act/public/1993/0105/latest/DLM319570.html> Small business . (n. d.). Retrieved March 12, 2013, from smallbusinesschron: <http://smallbusiness.chron.com/advantages-disadvantages-restructuring-39914.html> SWOT Analysis - Strategy Tools from MindTools. com. (n. d.). Retrieved february 12, 2013, from mindtools: http://www.mindtools.com/pages/article/newTMC_05.htm The Law Guide Business law made simple . (n. d.). Retrieved March 18, 2013, from The law guide : <http://thelawguide.co.nz/guidebooks/conducting-business-in-nz/The Six Step Problem-solving Model> — GICE Blog. (n. d.). Retrieved February 12, 2013, from <http://blog.gice.in>: <http://blog.gice.in/the-six-step-problem-solving-model/>

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Problem Definition

In the given case study ' Kosmic Kiwi Kosmetics A' owner has to take a decision to save her business from loss or closing down by refinancing to restructure the business and to fulfill the legal requirement of her business with the help of external investors or other financial source.

Problem Issues

To determine the best possible solutions of the problem, the following issues must be investigated:

Positive issues

The Owner has ability to motivate her staff and get the best out of them. The Owner is a successful and wealthy business woman and is a sole owner. The client's company is seen as a real asset to the community. The Client is a trained pharmacologist. The client has accepted the offer to invest. So, investor has promised \$1.4 million.

Negative issues

An inspection has shown up some problems with the plant and equipment. The owner has to restructure her company to Limited Liability Company. The company needs to invest new equipment, a more sophisticated laboratory and better waste disposal processes.

Issues of Management

There exist some issues of management those are applicable to the problem associated with our case study ' Kosmic Kiwi Kosmetics A'. It is required that these issues must be investigated and discussed, examined and evaluated to give possible solutions.

Concern Regarding Decision Making

Decision making is the most important role of management. As Meredith has to restructure her company, she will be the one of the directors which may influence the working employees and decision making process as well.

Ethics & Social responsibility

Ethics are the standards or rules, which should be followed by the management and staff members to run an organisation systematically. The staff members should follow the vision, mission and co-operation among each other has to make the organisation ethically balanced. Meredith Black was very specified with the ethical practices that a company should be followed. They were using natural stuff for making their Kosmic Kiwi Kosmetics while it was expensive in cost but still she does not want to compromise with the quality of product. She wants to do a fair deal with her clients. She was very sociable she used to attend the social parties with her staff member. She was also contributing for the development of her community. When she got an attention from the ministry of health, instead of challenging it, she accepts that and agreed to restructure her company in the form of working environment and technology.

Relevant NZ Legislation

KKK keeps on focus on NZ legislation and welcome new regulations that impact their activities. We like to support environmental groups that take part in creative direct action to help change the law.

COMPANIES ACT 1993

All round guideline for companiesThe Act allows directors flexibility to manage a company. At the same time, the Act ensures directors are accountable for their actions. Shareholders' rights and remediesAccording to New Zealand Govt. NZ 1989, Companies Act 1993 provides the basic and adaptable requirements for the incorporation, organization, and operation of

the companies. It also defines the relationships between companies and their directors, shareholders, and creditors. In addition, it repeat the values of the company as a means of achieving economic and social benefits through the aggregation of capital for productive purposes, the spreading of economic risk, and the taking of the business risk. Health and Safety in Employment Act 1992The object of the Health and Safety in Employment Act 1992 is to promote the prevention of harm to all people at work, and others in, or in the vicinity of, places of work. The Act applies to all New Zealand workplaces and places duties on employers, the self-employed, employees, principals and others who are in a position to manage or control hazards. The emphasis of the law is on the systematic management of health and safety at work. It requires employers and others to maintain safe working environments, and implement sound practice. It recognizes that successful health and safety management is best achieved through good faith co-operation in the place of work and, in particular, through the input of those doing the work.

Regulations are made under the HSE Act:

To set minimum standards for the management of particular hazards where alternative control measures are not always effective; To deal with administrative matters provided for in the Act (such as appointment of inspectors); andTo elaborate on some general duties in the Act. Where a regulation exists, its requirements are mandatory. However, while regulations must be complied with, the overriding responsibility is to comply with the duties set out in the Act, and there may be instances where this involves taking further steps than meeting the regulations. 5. Continuity of employment if employees' work affected by restructuringPart 6A:

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substituted, on 14 September 2006, by section 6 of the Employment Relations Amendment Act 2006 (2006 No 41).

6. Health and Safety Act 1992

Duties of employers in relation to training and supervision

13. Training and supervision

Every employer shall take all practicable steps to ensure that every employee who does work of any kind, or uses plant of any kind, or deals with a substance of any kind, in a place of work. Either: has; or is so supervised, by a person who has, such knowledge and experience of similar places, and work, plant, or substances of that kind, as to ensure that the employee's doing the work, using the plant, or dealing with the substance, is not likely to cause harm to the employee or other people; and is adequately trained in the safe use of all plant, objects, substances, and protective clothing and equipment that the employee is or may be required to use or handle.

Discussion

Primary Data Sources

Interview with a shop manager

For our research purpose, we conduct an interview with a dairy shop manager who had recently restructured his dairy shop business. He had the same issues in his shop as Meredith Black has in her organization. There are specific issues that may affect the business one of them is a law by the NZ government. According to law, employer has the right to determine the structure of the business. If employer is going to reduce the positions then redundancies should be in genuine and in reasonable manner. Employer

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does not need to register the business again in the case of restructuring the management or for any internal change. However, in case of restructuring the entire business in terms of changing ownership and relocating the premises then there is need of registering the business again. Employer need to give the brief explanation if he/she going to relocate the business or changing the ownership. But any change in the management level does not considered in the legal issues. The other thing in the legal issues we came to know after the interview is that the risk of redundancy. The employer needs to let the employees know about the risk of their positions. The law requires the employers to provide information to the employees when they are considering changes that will affect their jobs and to give them an opportunity to contribute to any decision. According to him, restructuring is a phase that brings changes in an organization. It is a change that effects the organization internally and externally. It includes change in the legal department of the organization, ownership of the business, day-to-day operations in the organization, or other structures of company for making it more profitable, or better organized for its present needs. Restructuring may be for the following reasons, such as improved technology more productive business processes, product changes loss of suppliers or markets, a decision to contract out or sell some or all of the business. Also by restructuring, the business will be well managed and controlled, as the work will be divided into different departments. Whereas by restructuring the business, operational cost increases, payroll expenses increases, training expenses increases. After looking information, which we got after having an interview with a dairy shop manager who had recently restructured his business and a

business, expert we found the following key problems, which are the main cause of a business, restructure.

Working Standards

Every organization has specific guidelines regarding the policies and procedure, which makes sure that all employees should follow to achieve the common organization goal and to maintain a good co-operation among employees to ensure that communication is clear to achieve the goal of the company. Standards are the base for a successful organisation, each company has its standard and depend upon this a company survives.

Without standards an organisation can be messed up and it cannot be achieved their desired goals. As per Kosmic Kiwi Kosmetics standards, they were using natural stuff to make cosmetic and skincare product to make sure that client get the real worth of their money. Although, it was expensive but they still were using it because it was the company policy. Standards are very important which helps us to keep going on the work throughout the organisation to attain the goal and helps us to stay on the right path.

Standards helps in establishing in order to meet safety, regulation and technical needs and also helps in making organisation competitive in market. Standards keeps the employee of all level under the working boundaries and keep them known about what policies and rules they need to follow to complete their tasks. It helps in making communication effective within the organisation or departments. In the given case study standards in the form of health and safety and technical has to be need to improve because she is following ordinary standard in safety and technical form. Lack of good standards her factory got the attention of the Ministry of Health and of

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Transit New Zealand. Standards ensure that products and service should be safe, reliable and good quality. For an organization, these standards are strategic tools that reduce costs by minimizing waste and errors and increasing productivity.

Employee Behaviour

Employee behaviour is important factors, which describe how an organisation works and how staff inside the organization, behave and cooperate with each other. It is very important way to recognise employee behaviour. Some of the employee behaviour should be carried out in the company because it affects the productivity, morale and quality of service of the organisation. Employee behaviour can be very important because it determines how a company works and to what is company's parameter or limit to achieve goal. Some of the employee behaviour such arriving late at work, taking long breaks without indication all these should be addressed because these all going to effect the performance of the company. Employee behaviour is effected by many factors at work place such as position, rank and what an employee thinks of company also it can effected by how company treats the employee and what is company's culture . Personal behaviour can be neutralised and work upon the company's common needs. In the given case study working environment and working equipment was not in very good condition and all the management responsibility is taken by owner herself so there is no good working conditions and no future growth opportunities for the organization employees. Which can put impact on the moral of employees and it can comes in result of less productivity, low quality of product.

Organization Culture

It is offer a framework with respect to the behaviour of the workers in their place of work. Depending on the form of culture that is shaped in an organisation, it can have either a positive or a negative outcome on the employees. For example In an organization if the managers motivate, reward, friendly and don't put too much pressure on employees, then the employees will feel happy and they will also work harder as there will be competition in the atmosphere. If an organization has, multicultural people, which enhance the chances of understanding other cultures and it, also increase the skills of managing the group of people from various cultures. In any hospital environment you have to interact with people from different cultures so the staff should be trained on dealing with people from different cultures and their values. It creates friendly context within the organization and it keeps the patients happy. In the given case study while Meredith black motivate her staff member but she never involved her staff member to give suggestion in the decision making process. She had only one culture staff in her organization, which has their own positive and negative impacts on her business. Positive effect is effective communication, mutual understanding and more co-operations and more social environment at work place. Negative effect if an organization does not have multicultural people, which enhance the chances of understanding other cultures, and it, increases the skills of managing the group of people from various cultures.

Ethics and Social Responsibility

Ethics are the standards or rules, which should be followed by the management and staff members to run an organisation systematically. The <https://assignbuster.com/the-concern-regarding-decision-making-business-essay/>

staff members should follow the vision, mission and co-operation among each other has to make the organisation ethically balanced. Meredith Black was very specified with the ethical practices that a company should be followed. They were using natural stuff for making their Kosmic Kiwi Kosmetics while it was expensive in cost but still she does not want to compromise with the quality of product. She wants to do a fair deal with her clients. She was very sociable she used to attend the social parties with her staff member. She was also contributing for the development of her community. When she got an attention from the ministry of health, instead of challenging it, she accepts that and agreed to restructure her company in the form of working environment and technology.

Staff Training

Every business keeps a bunch of people who works on the daily basis to complete given task. These peoples are the part of a team or unit which works together in order to achieve a collective goal. This team is creates after provide training them. Well-trained staffs always reduce the risk of potential mishaps and increase the productivity of an organization Every organization comes across the phases of changes and to adjust with these changes an organization staff should have to keep update themselves these changes may be in form of technology, working environment, job responsibility etc. Organization should provide them training to keep them up to date to meet with these challenges. In the given case study Meredith, black has to restructure her company in form of working environment and the technology what they are using at present for production. After implement, those changes she should have to provide training her staff

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members from the experts because if they don't have proper knowledge about the machinery it can increase the risk of potential mishaps and decrease the productivity of her company.

Secondary Data Sources

Advantages and disadvantages of restructure of business

Restructuring always bring changes in business in form of strategy, department eliminate, dismiss employees or close some retail location of organization. In positive way it may be because of reassignment of duties with in organization to improve the performance. In the given case study Meredith black has to restructure her business to full fill the requirement Ministry of health and NZTA. Also she has to invest in new technology equipment, more sophisticated laboratory and better waste disposal process. This process required around 2 million investments. Some of her international customer offered investment for restructures the business to so that she can come out from her financial problem and save her business. After restructure, her business will become a limited liability company that may affect her management role and control over her business. Meredith will no longer be the owner of the business. She can work as the Director of product development in the company. Due to this, she will have numerous advantages, like decrease in the work load, more time for communication and decision making process. Thus it will also increase the quality and productivity of product. Also by restructuring, management will be change and now there will be management for every department which will manage and control as the work will be divided into different departments. There are also some disadvantages, like after restructuring the business, operational

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cost, payroll, and training expenses will increase. Currently, Meredith is the sole trader of her business and she has her full control on her business but after restructuring, she will lose her control and her business will become a company headed by several directors (Small business)

Estimated building cost

Building and housing department provide the estimated realistic value of building to assist territorial authorities. They set a particular amount based on the space which is measure in square meter. In the given case study presently factory is 414 sq. meters space. If Meredith will redevelop her business she will expand the building to 600 sq. meters. So she will need 186 sq. meters more land to expand the building. She also has to include landscaping area that means the total ground would be 586 sq. meters. The money will be \$759456 for the expansion of the area. So the estimated cost will \$ 1. 2 million and the total estimated cost for redeveloping the factory will be the sum of total area cost and total equipment cost i. e. \$2 million NZ.

The brief explanation of the estimated cost calculation is explained below:

Approximate costs for the re-development if the factory expanded from 414 sq. meters; also including landscaping of 400 sq. meters: Presently factory is 414 sq. meters. We need to expand to 600 sq. meters. Expansion needed is: $600 - 414 = 186$ sq. meters Add landscaping area = $186 + 400 = 586$ sq.

meters Approximate cost is: $586 \text{ sq. meters} * \$ 1296.00 = \$ 7, 59,$

456 Equipment costs = \$ 1. 2 million = \$ 12, 00, 000 Total Estimated cost for re-development of the factory:= $\$ 7, 59, 456 + \$ 12, 00, 000 = \$ 2$ million

NZ. By looking above figures we found that there is a different of \$600, 000 in actual required money and promised money from external investor. So

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Meredith has to approach somewhere else to arrange the rest of money.

(Ministry of Business Innovation and Employment)

ISO Standards

Every organization has working standards. These standards has specific guidelines regarding the policies and procedure which all should follow to make sure the goals are clear, to maintain a good co operation among employees and to ensure the communication is clear to achieve the goal of the company. Standards are the base for a successful organisation, each organization has its standard and depend upon this a company survives. Without standards an organisation can be messed up and it cannot be achieved their desired goals. As per the Meredith Black organization, they make sure that they use natural stuff to make their product, which provides good quality product to their customer. This is one of the standards followed by the staff in the above-mentioned company. Standards are very important which helps individual or an organization to keep going on the work throughout to attain the goal and helps us to stay on the right path.