

# Business administration

Business



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1. List the challenges facing Kongstrup after the collapse of the alliance with MB. How could they have prepared better for the break-up? All distribution and sales activities were in complete ruins after the cancellation. They should be involved with the distribution and sales activities while they had a contract with MB and not let MB do all the work. Then it wasn't all ruined because they know what to do with the distribution and sales activities. The functional structure was not efficient.

There were several environmental changes what is one of the weaknesses of the functional structure. They should have noticed the breach with MB and know with that there would come environmental changes so they could start earlier with changing their production. Also they had a comprehensive increasingly product range, that is not good for a functional structure. There was no appropriate organizational structure.

When they say they have a functional structure they should have one or a few products, but they had a wide range of products. So they should concentrate on producing one product, or go from functional structure to divisional structure. The fact that the company did not have much experience in handling crises was a serious problem for Kongstrup. This wasn't really their fold, but the management could have read something about it and know a little bit what to do. They had to change some key

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decisions as soon as they were implemented. Never considered which strategy to use in its customer relations. They had to consider it way earlier, before the cooperation they also sold to customers so they should have experience with customers and know something about the strategy to face them. The conclusion is that they should be better prepared for the break-up, because they already knew that there was a possible break-up. And they had to make one clear organizational structure and not a few different structures. 2. It is unusual in many organizations for top management to allow employees significant input into their strategy, as Kongstrup did. What are the advantages and disadvantages of an open approach to decision-making? Advantages: There is a more than one opinion about whether a decision would be successful or not. If an organization gets stuck like the Kongstrup Machine's management did, the only way to go is the path to continuous development of the organization and then you are lucky to have employees that dare to look at the company in new, innovative ways. The best way to let employees share their opinion about the company would be a DSS, a decision support system. As far as advantages go I would say, that an open approach to decision making could result in higher productivity and less conflicts between departments. Disadvantages: When all employees are involved by the decision-making then there are many different thoughts about it. The people can get in trouble with each other as you see at Kongstrup's the people don't like Palme because he always has other opinions. Also it will take a lot of time before they made a decision. There has to be a meeting with all employees and that takes a lot of time and it's pretty difficult. So I think it's better to use an open approach in this case, because the employees can come up with new ideas to help the company

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out of trouble. 3. Describe the environmental uncertainty for Kongstrup. How should they interact with and control their external environment? It all starts with carrying out the product development, because no standard development

approach could be planned. Then the market of combines declined and led to large production overcapacity. The whole text is full of examples like this that prove that there was a big uncertainty for the company's external environment. The best example would be the cooperation between Konstrup and MB. Regarding the external environment of the producing side, they should be less dependent, because if MB would have fallen away, then they would have lost 85% of their income. 1. Less dependent (at least less resource dependent)

2. More skilled workers (especially for management)

3. More forecasting and planning (to prevent a second loss, such as in 1990)

4. Watch the competition across the oceans (to prevent big surprises that can occur when moving to a international strategy) 4. Make a new

organizational structure for Kongstrup, based on their current situation and that builds further on their strengths while it prepares them for international expansion. The new structure, which Kongstrup should introduce to achieve all the goal they set themselves while focusing on their strengths is an international division structure. The reason for this being the best structure for Kongstrup is the fact that they are good at what they produce but need to improve on their skills in sales and distribution. Kongstrup should divide between domestic and international activities; therefore creating a separate international division would be the best step to take at this moment. But the

international products should not be different from the originally produced products in their main factory in Hillerstorp. Kongstrup is already good at producing combines, so the management team can put more effort into hiring or training employees to become more professional when it comes to sales and distribution. For each country Kongstrup wants to be active in, there should be sales professionals trained accordingly to the mentality of the area they are operating in, because people behave different in different cultures. Kongstrup needs a general leader for every area they operate in. This leader should control all the activities going on in his area and every employee of this area has to report to him, for example the sales persons. These general leaders should all report to one person, the International Director, located in Hillerstorp, who reports to the CEO. By using the structure mentioned above they can keep their focus on their strength, producing standardized combines in factories all over the world, while they improve on their skills in distribution and sales.