

3. Pickering's Shoes Ltd seeks new markets

A long-established family firm employing 350 people, Pickering's manufactures and retails good quality shoes through 60 stores in the UK. It also supplies a number of European retail markets.



The move into the European market helped the business survive the last recession. The firm had built up a good network of **agents** and Pickering's shoes are now distributed in outlets across many European countries.

However, the economic downturn of 2008 was causing the Managing Director and major shareholder of the firm, Harry Pickering, considerable concern. Sales had fallen steadily in its own stores in the UK and many of the retail customers that Pickering's supplied in Europe were cutting back on orders. A recent review of the company's **human resources plan** had been undertaken, which resulted in some of the workforce being placed on a four-day week.

Harry's daughter Jayne, the firm's Product Development Manager, had been working on a range of industrial protective footwear in order that Pickering's could diversify and sell to industrial, as well as retail, markets. The current Marketing Manager, who would soon be retiring, had no experience of **industrial marketing** and he felt that his senior assistant, Mal Brookes, would be an ideal candidate to take charge of the new project.

Mal, a marketing graduate who had been with the firm for four years, had Jayne's support and she urged her father to give him the job. It had always been Harry's policy to recruit externally when appointing people to senior management positions and he was reluctant to change his policy now, especially as this project was so important to the firm's future. **Harry told Jayne: "Recruiting senior managers internally has more drawbacks than benefits** in my opinion, and I think we should advertise the post externally as soon as possible. Sales are in decline and we are only operating at 60% capacity. It is vital that we return to full **capacity utilisation** in the very near future if we are to remain competitive. The success of this new project is the key to our survival".

- (a) Explain the key features of a *human resources plan* for a business such as Pickering's. [6]
- (b) Explain how *agents* might have been useful to Pickering's when entering European markets. [4]
- (c) How might *industrial marketing* differ from the type of marketing that Pickering's carries out when selling shoes to consumers through its retail stores in the UK? [6]
- (d) (i) What is *capacity utilisation* and how is it measured? [4]
- (ii) Consider the advantages and disadvantages, to businesses such as Pickering's, of working at **full** capacity. [8]
- (e) Evaluate Harry Pickering's view that: *Recruiting senior managers internally has more drawbacks than benefits*. [12]