

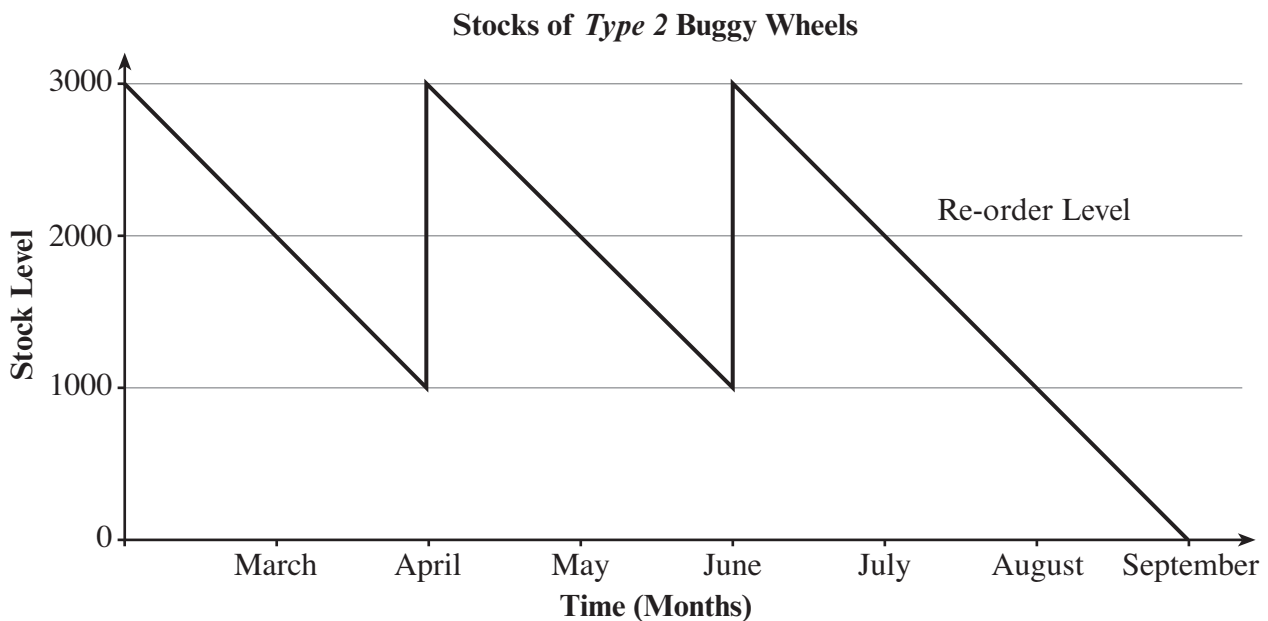
2. LiteWeight Buggies Ltd



LiteWeight Buggies Ltd designs and manufactures a range of collapsible, carbon-fibre pushchairs which combine convenience with exceptional strength. The company has been very successful and sales in the UK have doubled in the last 18 months, in spite of the challenging economic environment.

James Harrington, the newly appointed managing director, has been brought in to take the company to the next stage in this highly competitive market. He has identified three areas of concern which he intends to address at the next senior management meeting.

- Firstly, James is concerned about the stock control systems that exist within the organisation. Some departments seem to be holding excessive amounts of stock whilst others are frequently running out (stock out). The stock out situation facing the final assembly section is typical of the problems being encountered, as illustrated in a stock control chart.



In his previous company, James had introduced a 'Just in Time' system and he feels that such a system would benefit LiteWeight Buggies Ltd as it continues to grow.

- Secondly, James feels that the management structure of the company is too hierarchical and he wishes to adopt a matrix structure, which he believes will be much more effective.
- Thirdly, sales growth has begun to slow. Currently the company has focused only on the UK market and James believes it is essential that the company should now attempt to enter foreign markets and to operate in the global market place if it wishes to continue to grow and remain successful.

- (a) Examine the stock control diagram for *Type 2 Buggy Wheels* and identify the following:
- (i) lead time;
 - (ii) minimum stock level;
 - (iii) maximum stock level;
 - (iv) re-order quantity.
- (Write your answers in the answer book.)* [4]
- (b) Analyse the possible consequences that may have resulted from the *Type 2 Buggy Wheels* 'stock out' situation at the start of September. [5]
- (c) (i) Explain, with the use of a diagram, what is meant by a matrix structure. [4]
- (ii) Outline **one** argument in favour of and **one** against a matrix structure being adopted by a business such as LiteWeight Buggies Ltd. [4]
- (d) Evaluate James Harrington's proposal to introduce a JIT system at LiteWeight Buggies Ltd. [8]
- (e) Discuss the opportunities and difficulties that face businesses, such as LiteWeight Buggies Ltd, when they attempt to market their products globally. [10]

3. FIRECREST SYSTEMS Ltd - making websites work for firms

'Those big consumer groups - people in their late 20s and early 30s start most buying decisions sat at a keyboard. They Google, Yahoo or search business networking sites', says Richard Fernando of Firecrest Systems Ltd.

However, he also points out that thousands of small to medium size businesses have out-of-date websites. 'Many firms cannot afford to update and are embarrassed about their web presence.' Richard estimates that to set up a state-of-the-art website costs well in excess of £10 000, something which many smaller companies cannot afford.

Firecrest Systems Ltd attempts to make quality websites affordable to small and medium size firms by entering into contracts whereby the businesses pay monthly to have their web-pages updated with cutting-edge technology.

Based on an article from The Western Mail, 24 June, 2009

To what extent do you agree with the view that an internet website is now the only form of marketing that a successful business requires? [12]