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Paper Number:	31588H	Exam Board:	Pearson
Title of Exam:	Business Unit 6- Principles of management	Centre Number:	64395
Date:	10/01/2020		

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Activity 1

Lillidays Centre is a venue that hosts different promoters events ranging from Concerts to Theatre, they have two halls within the venue which promoters can hire out, these two venues have different capacities with The Hive hosting 650 people and The Burrow holding 180. They have a values and a mission, which they take very seriously as they will not host an event if they believe that it goes against these statements. They have a very high reputation amongst their visitors, with a great standard of customer service provided.

However, despite staff working hard, and the high customer satisfaction levels, Lillidays is now only breaking even with the owner Gordon Stewart, now fearing that the centre will start to make a loss. This situation is something that needs to be resolved, meaning that Catherine Emile, the managing director, needs to look at changing the way that she runs the company.

We can see the ways that Catherine has carried out management, and how she has lead her team, and we can see some issues with her leadership. Firstly, her four main goals: Provide a varied and current programme of entertainment, to appeal to different audience types with different cultural and financial needs. Maintain excellent levels of customer satisfaction for our promoters booking the venue and customers buying tickets. Maintain a positive business culture with high staff satisfaction. And finally, achieve a 5% net margin each year.

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Now, these targets do not seem to be met, let's break them down. "Provide a varied and current programme of entertainment, to appeal to different audience types with different cultural and financial needs." With this goal it is visible that this has not changed at Lillidays as we are told that the same events are being booked into the halls every year, and these shows only appeal to the same target markets, and as a result of running the centre this way you can see from the drop in the attendances that this goal is not being met, as by showing the same show to the same audience, once they've seen it they won't want to see it again, which is why they have to gain new variety of shows, however they need to still appeal to a large audience as only appealing to small groups could mean small audiences. As we can see though Catherine is now looking to research into new events as well as contact event promoters.

"Maintain excellent levels of customer satisfaction for tour promoters booking the venue and customers buying tickets." This goal is good but it is not SMART as they haven't stated the way they'll measure it, which makes it hard to judge their performance of meeting the goal on. "Maintain a positive business culture with high staff satisfaction" Again this is not SMART, as she hasn't stated how she will measure this which is hard to judge the success with.

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“achieve a 5% net margin each year.” This is the only target that she has given that is measureable, however we can see from the fact that they are not breaking even that this goal is not being met.

Now with Catherine we can see that she is a Transformational manager, meaning that she doesn't give out orders, and is more open instead of being transactional which would mean that she goes straight in, and is more task based as a manager. She has called an emergency meeting to resolve the current issues, and the consequences of this have resulted in her proposing methods of creating a flexible workforce, Her becoming CEO, giving her a stronger leadership role. Alex James, customer service manager, now taking on Catherine's former role of Managing director.

These changes that she has proposed, starting with the flexible workforce, I believe that this is a great decision from Catherine, as I would recomend this as well, currently it looks like Lillidays are highly overstaffed, which, could also be a huge factor in them breaking even, due to wasting money on wages, this is because people who work at Lillidays, are signed onto specific roles, such as customer service, cleaning etc. I would propose that they cut back on staff, though this may short term upset some staff, which may lead to lower than current staff moral, I would recomend bringing in Job Rotation, this is done at a similar company “Odeon”, who do this with their staff, the reason i recommend this is because we

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are told "employees accross teams do not always have sufficient tasks to engage them".

This shows why that this is needed, on top of this you can link this to the theorist 'Maslow', who's heirechy of needs includes, job enrichment, which this would do to the staff as they wouldn't be stuck doing the same task every day.

The second decision was for Catherine to become CEO. However personally wouldn't have recommended this and instead have hired someone else who is already experienced in this position, the reason that I say this is because, from the looks of things she isn't very Transactional, which I believe that Lillidays would need for someone in this role, and as well as this Lillidays are already in dilemna, so instead of exeperimenting with Catherine in this role, they should look to bring in someone who has experience in this field already to pull them out the water quicker and have a clue already as to what needs to be done. The downside to this would also mean that on top of becoming CEO she would probably get a pay rise from that with Alex then moving on to her wage and someone else from customer service being promoted to Alex's wage, which shows the cost this her recommendation has which is not really what Lillidays want given their current situation, this is why I believe if you're going to spend the money you want to bring in the best you can for the price.

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The final decision that she made was to promote Alex James to her former role, now all we know about Alex James is that he was Customer Service manager, obviously he'd have to learn the new role like anyone else would if they were to internally recruit for this role, and on top of this would boost Alex's moral as he will feel valued, as well as show staff that they can move up in roles within the company.

Recommendations

I would recommend keeping Alex in his Customer service manager role, as the current customer service ratings are in their favour showing the good work he is producing. As well as this I would keep Catherine in her current role as it is visible the effect that she is having is positive with staff and promoters thinking highly of her. I believe that bringing in an experienced CEO will be more beneficial for Lillidays, which is what i would recommend them doing.

Another recommendation that I would make would be for her to hold regular staff meetings, as we can see that she is a very team worked based manager (democratic) holding meetings with staff to see what they would recommend would give her a perspective from her workers point of view which would help her improve as her staff are one of the most important people to the business and will know the ins and outs just as much as her. Obviously her staff seem content currently but by regularly making them

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aware of what is occurring, and letting them have their voices heard will maintain this high staff satisfaction.

I would also recommend her creating a vision statement, this is because a vision is something that will give them a clear aim, I would recommend something along the lines of "High quality & variety entertainment" As it would show that they want to have shows that are good standard as well as appealing to more people with a larger variety of people.

There current values are good and clear that they are being met, from the customers saying that they feel like 'part of the family' which shows the positives of Catherine's management of Lillidays.

I would also recommend Catherine coming up with some smart targets such as Increase the attendance in the Jul-Sep period by 8% within 3 years, as this is the period where they are turning over the lowest crowds of the year, this being the summer time however where more people are outside, meaning that Catherine needs to find a way of pulling them in, she could do this by reducing ticket prices, shows where kids go free, or even looking to put a stage up outside in order for people to enjoy the sun and entertainment, this is where Catherine needs to look into and be innovative.

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Another recommendation is Making sure that every member of staff has something to do so they are engaged and are living up to their wage as they are currently paying staff to sit around doing nothing at times.

In conclusion I believe that despite the great levels of management that Catherine is showing, and the hard work she is putting in with the day to day running of Lillidays, which has lead to the amazing reviews that they have gotten. I believe that she should not promote her and Alex, as they are already doing amazing jobs in their current roles, and instead of Catherine becoming CEO, they look at headhunting or recruiting someone who is already experienced in this field, to pull them out of the break even situation that they currently find themselves in, with their already knowledge on CEOing a company in this industry, as with ammount it would cost to introduce a CEO they would want to get the most value for their money they possibly can.

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Types of Contracts

- Part-time Contract
- Full-time Contract
- Zero Hour Contract

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Part time contract- Part time contracts are contracts where a worker works a fixed amount of hours below the usual standard of hours worked in a week, this allows the worker to have more flexibility, and is typically seen by workers who have children to look after, students who have to balance work and school work, & people who also balance full time work on top of it. Part time roles are good for workers who don't have as much time to work and still give them job security.

Full time contract- Full time contracts are contracts where the worker works the standard or more hours tending to work around 8 hours a day for 5 days a week. This is typically used by workers who are able to work more hours and may have less responsibility outside the work place, they will earn more than co-workers who are working part time as they work more hours. Full time roles are good for workers who have more time, and gives them job security.

Zero Hour contract- This type of contract has been seen in the news and media as quite controversial, since introduced by the Labour party. Most knowingly used by Sports Direct, this form of contract allows the worker to work a lot more flexibility, as the employer will offer the employee hours that are available to work and the employee can work the hours offered that fit them best. However with zero hour contracts, the employee doesn't need to work, and the employer doesn't need to

offer the employee hours. This shows the lack of job security that is offered which means that the employee struggles to know when they are needed in work, this is why they are dependant on routers being noted to them as early as possible so they can plan ahead for work.

Lilidays current contracts

- Fixed term contracts
- Part time
- Full time
- Temporary Contracts (Dec/Jan)

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Currently Lilidays employ their workers on fixed term contracts which give their workers a knowledge of the hours they are working each week, they then split tasks into different teams to which are set different duties, for example one team cleans, one team caters, one team does customer services etc. Which is good as it allows the staff to know what is needed of them, which is a good for them in terms of knowing their role. However we are made aware that Lilidays workers sometimes are left not having enough tasks to engage them, which shows that they may be over staffed, as there is not a lot of work to do.

They also hire staff during December to January as this is Pantomime season. This is when it appears that Lilidays is most populated however, bare in mind that they are already facing issues with staff not having enough to do is it a good idea for them to bring in more staff, when at that point the work may be enough for the current workforce to handle anyway. They seem to have an issue with over staffing from the looks of the report, which means that bringing in this extra staff is probably not efficient for them, especially when taking into account that they're breaking even, which shows that this could be a problem for them.

Impact of introducing new contracts

- Staff Morale deflating
- Lack of understanding
- Staff leaving
- Absenteeism

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The impact of Lilibays introducing new contracts is that, they currently have a goal of keeping staff satisfaction high, now by introducing new contracts if the staff do not like the new format this will lead to this tarnishing that satisfaction that they desire. When staff are not satisfied, this can consequence a business in multiple ways, one of these ways being absenteeism, staff leaving, lower work ethic, poorer customer service.

Catherine knows that her friend Tamjid, changed to zero hour contracts and from figure 2 in the report we can see the difference in the average number of days lost per worker due to sickness from the workers on zero hour contracts, in comparison to those in full/part time contracts. However over the 3 years this was reported we can see that the number slowly is decreasing over time. On top of this we can see that has ranged from 2.4-2.2% of the workforce over the 2015-17 period. This shows how the zero hour contracts at Clearway Theatre (Tamjid's Theatre) increased absenteeism.

There are many reasons for absenteeism which include being overworked, underworked, not enjoying work, poor relationships in the workplace etc. For Lilibays, we can see that the workforce is very satisfied currently so introducing new contracts may affect them and bring them down a bit, but from the passion it seems

that the staff have for the job, by having zero hour contracts staff shouldn't be affected as much as long as it is managed well.

What I mean by this is that Catherine makes sure that staff understand the situation, this task will be easier for Lillidays as they have a small line of communication making it easy for staff to know what is going on.

As well as this staff moved to zero hour contracts would need to know their route as early as they can in advance so they can live their life around it which'll help them have some job assurance as zero hour contracts can make staff feel undervalued as they are not always needed so they will need to make sure that they don't feel this way by showing them when they're needed in order to keep satisfaction up and not tarnish this.

Recommendations

- Introducing Zero Hour Contracts to Lilidays
- Giving staff more Non Financial Benefits
- Stopping using Christmas Temporary workers
- More Job Rotation for staff

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Zero Hour contracts- I would look to bring in Zero hour contracts at Lilidays, the reason being is that they currently seem to have too many staff in at once with staff not always having sufficient tasks to engage them. They should look at the way that Odeon Cinema's contract their staff, as they give them 2 weeks notice for there router over the month as well as this they ask there staff how many hours they want to be working a week and work out how to offer them hours that'll suit them in order to keep them satisfied. They also offer perks to their staff such as discounted food and ticket prices, however with Lilidays current financial situation I do not believe that they can work on giving their staff as many benefits as nationwide cinema chain Odeon can.

Non Financial Benefits- However despite this they don't always have to be financially motivated, as Hertzberg suggests that non financial methods work just as well as financial benefits do, this can range from staff recognition, to awards such as employee of the month. By using methods such as congratulating staff when they're doing a good job will make them feel valued and appreciated. With this they will be encouraged to stay, and will be less affected by changing to zero hour contracts as they will feel as if they have more job security.

Stopping Christmas Temp Workers- Two of the current biggest issues at Lilidays

Centre are, Financial (worried about making a loss, as currently breaking even), and being overstaffed. As we are aware during the busiest time of the year they bring in temporary workers, however they seem to have staff who don't always have something to do showing that they have a huge staff problem with too many staff for not enough tasks. Now by the time the Pantomime season comes they should already have enough staff to cover this period, as well as this they are not in the financial situation to splash out on temp workers.

Job Rotation- Lolidays problem with overstaffing is a big issue that could be costing them more than it needs to, I would recommend bringing in job rotation, this is used at Odeon, and means that staff don't have fixed roles, as one week they could be working on Ice cream, the next they could be working on cleaning, the point is by doing this staff will be more engaged at work as they'll have more enrichment which is in Maslow's Hierarchy of needs. Also with the overstaffing issue, if they introduced zero hour contracts they could only call in the staff they need which saves money and means that everyone will have a task to do.