Chapter 4: Cases and Exercises

Objectives
The main objectives of this chapter are:

- Develop the individual conceptual skills through joining the theoretical concepts with the applications
- Develop the practical and technical skills regarding the planning and controlling processes
- Be able to apply what mentioned in units one, two and three in the real life in any of the business or non-business areas

4.1 Case One
Ahmed Ali is the purchasing director of Technosales Company, a rapidly growing distributor of high technology products to the semiconductor industry. When a planning system was introduced to the firm last month, Ahmed said “I can understand how planning could be helpful to other departments such as Marketing and finance, but in purchasing we must stay up with constant product changes offered by our suppliers. We have trouble deciding what we will buy today much less than what we will be buying next month or next year.

1) Do you agree or disagree with Ahmed?
2) What reasons would you use to substantiate your opinion?

4.2 Case Two
Yara Khaled was promoted to a case work supervisor in the social services department of a large and growing county government. Yara had been a case worker in the department for eight years, during which time the number of case workers had grown from 25 to 27. Having taken on a new job, Yara was asked by her supervisor to develop a plan for her group which consisted of 15 people. She began by listing each case worker’s area, the number of visits each would make to clients, and the amount spent on each case. She subsequently asked each case worker to send her a breakdown of the number of cases each expected to make by week and by month. In addition, she also obtained from each a calendar of steps to be taken for each of the 50 individual clients assigned to each case worker. After compiling this information, Yara presented it to her supervisor, stating that she now had a plan.

Required:
What comments would you make about Yara’s plan? According to what you got and understood in chapters one and two. (Hint: you can take in your consideration the Figure 4.1).

![Planning model](image)

**Figure 4.1: Planning model**

### 4.3 Case Three

As a highly motivated young entrepreneur Mohamed decided it was time to start his own enterprise. Having sold many private residences as a sales representative, Mohamed felt that the logical move was to build and sell individual homes. After much thought and with the knowledge that he could borrow some capital from his father, Mohamed decided to build two houses on speculation. He planned to start one in six months and the second when the first house was nearly completed. He obtained a contractor's license, necessary building permits, secured the land, had plans drawn, and set a goal of making L.E. 8000 profit on each house. He obtained price lists on lumber supplies and investigated pay scales for labor. Using appropriate formulas for figuring labor and material costs he felt he would be ready to begin construction when the ground thawed by mid April which was still five months hence.

1. What important aspects of the planning process might he have overlooked?
2. What impact could this oversight have on Mohamed’s ability to reach his profit goal?

**Skill developers**

1. Understanding of the planning process is still quite limited, although in some organizations many people have a working knowledge of the process. To determine the extent of knowledge in your area, do the following:
   
   (a) Select five persons from among your friends, coworkers or acquaintances.
2) Locate formal planning process

(2) Locate one organization that claims to have a formal planning process (company, government organization, school, university system...etc). Discuss their planning process with someone who is involved in the process. Compare their process with the model described.

4.4 Case Four

Nader Ahmed owns the Rex Shoe store. Rex is located in the downtown area in a medium sized Midwestern city and sells a broad line of shoes for all members of the family. Nader, who is 35 years old, had started the business after returning from military service 15 years previously. His success in the business was the result of his ability to anticipate changing shoe style.

In the past three years his sales have held constant although the total sales of shoes in the entire metropolitan area (central city and suburbs) have grown substantially. To stimulate business he tried special sales, staying open occasionally until 9 pm., but results did not improve. Large shoe chains have been taking a greater share of sales in the area and a typical chain shoe store does, in each of its locations, about three times the amount of business that Nader does.

Nader is a good friend of yours and comes to you for advice.

(1) What strategy might you suggest that he consider?

(2) What are your reasons for your recommendations?

<table>
<thead>
<tr>
<th></th>
<th>Shoe sales in metropolitan areas</th>
<th>Average chain store sales per location</th>
<th>Shoe company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous year</td>
<td>L.E. 4,100,000</td>
<td>L.E. 600,000</td>
<td>L.E. 179,000</td>
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<td>2\textsuperscript{nd} Previous year</td>
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<td>L.E. 540,000</td>
<td>L.E. 178,000</td>
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<tr>
<td>3\textsuperscript{rd} Previous year</td>
<td>L.E. 3,500,000</td>
<td>L.E. 500,000</td>
<td>L.E. 175,000</td>
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4.5 Case Five

Seventy percent of the business volume of the Osman construction company is in the building of state and federal highways. Competition in highway construction predominantly comes from firms within 50 to 75 Km of the city in which Osman company is located. This is primarily because the high cost of moving concrete or asphalt products to the job site prevents economical long distance hauling of materials or equipment. Osman has its own sand and gravel pits a few Km out of town and sells both to itself and competitors.

Selection of the bidding contractor is usually made six months to a year before work is begun and major jobs take about three years to complete once started.

What are the key factors Osman’s highway division should consider in determining how far into the future it should plan? What would your recommendations be and how would you support those recommendations?

4.6 Case Six

El-Arabi Electronics Manufacturing Company is well known for the quality of the internal and attachable antennae it makes for the manufacturers of high fidelity and stores receiving equipment. Kamel Omran, quality control director, was very concerned about limiting antennae rejects and established an annual department-wide objective of having no more than 8 percent of department production rejected because of mistakes or errors in manufacture. Kamel realized that too few rejections might mean an excessive attention to detail rather than production. Too many rejections, of course, would become very costly.

Required:

Describe or outline what control and feedback procedures you feel might be needed for Kamel plan to be effectively tracked and measured.