

About the assessment

This assessment is about reviewing , analysing and writing a report that includes summary notes from the meeting with your key stakeholder/strategic planning consultant based on a case study related to the unit BSBMGT616 Develop and implement strategic plans and its elements and performance criteria.

Performance objective

In this assessment, you are required to complete analyses of the organisational environment to develop an understanding of potential competitors and allies, and the associated risks and benefits.

Assessment description

Complete a value chain analysis, PEST and SWOT for your organisation, plus analyses of the potential competitors and allies supplied in the case study.

Assessment Instructions

Procedure to follow

For the provided case study, you are required to complete for your organisation:

1. PEST analysis (including a review of legislation impacting on MacVille).
2. SWOT analysis (including an evaluation of the value-chain).

You are also required to review competitors/allies to MacVille, as described in the case study, and:

- A. Identify and describe existing and potential competitors/allies, then summarise the strengths and weaknesses of each.
- B. Develop a separate summary statement for each potential ally for a co-operative venture that describes their alignment with MacVille's vision, mission, values and attributes, as identified on the tender document.

Once you have developed these materials, you need to meet with your supervisor (your assessor) to discuss and confirm the analyses you have

completed, together with the summary of potential co-operative venture allies. Take notes in the meeting with your supervisor and make any changes as suggested by them, before submitting your final version.

The Assessment Task is due on the date specified by your assessor. Any variations to this arrangement must be approved in writing by your assessor. Submit this document with any required evidence attached. See specifications below for details.

Specifications to submit (details of items for submission)

You will be assessed against performance objectives mentioned in this assessment task. Before you submit your work to Assessor, check to include the following-

You must provide:

1. A completed set of analyses (PEST and SWOT) [*Steps 1–2*].
2. A review of existing and potential competitors and allies [*Step 3*].
3. A review of potential allies and a statement of their alignment with organisational values and tender requirements [*Step 4*].
4. Summary notes from the meeting with your supervisor.

Your assessor will be looking for:

- Evidence that you have analysed and identified the needs of the case study, and reflected these in the reviews and summary notes you have developed.

Case study

Having completed MacVille's review of the vision, mission and values, you should then consider the environmental factors that could impact on MacVille's goals and objectives. To help you with this assessment, you are provided with an industry consultant's report that contains a recent and comprehensive review of the industry and general operating environment.

Industry consultant's report

You have noted the following points from the report:

- A. New commercial espresso machines are being developed that use 30% less energy to run, with an innovative and more efficient heat exchanger.
- B. Planned changes in trade where all tariffs on imported goods, including espresso coffee machines, will be removed in line with the Government's free trade policy.
- C. The development of the home consumer market for consumer espresso machines is experiencing high growth.
- D. The lifestyle trend towards eating out more frequently as the population ages and becomes more affluent.
- E. The prediction of a steady population growth rate for Australia from 22 million in 2010 to 36 million in 2050.
- F. The prediction of a strengthening Australian dollar against all our major trading partners over the next few years is also a concern.
- G. The prediction of higher-than-expected growth in the economy, as a result of a resources boom.
- H. The strong possibility of a carbon tax being introduced on all energy intensive products used in a commercial enterprise.

Senior manager's meeting

At a meeting with the CEO and other senior managers, the following points were noted in regard to the operations of MacVille. In response to your question about how effectively MacVille adds value to its products and services, the following responses were agreed by all.

- I. Inbound logistics is a problem, due to the lack of experienced personnel in importation and customs operations. The lack of solutions from Human Resources Management has meant that delivery timelines are sometimes delayed because the proper procedure was not followed.

- J. The operations of MacVille is an area of strong value-add, with the state of the art Management Information System (MIS) forming part of MacVille's infrastructure. The MIS has allowed for sound corporate/strategic planning, along with strong internal controls in accounting and finance.
- K. Outbound logistics is an area that could be improved. Currently, MacVille relies on a three year contract with a delivery firm to deliver its goods to customers. Sometimes there is a delay in getting the appropriate vehicle to deliver the espresso coffee machines, which is causing some issues with customers. The contract delivery firm seems to be struggling to deliver the promised quality with their fast expansion.
- L. All managers agreed that marketing and sales is a strong point for MacVille. The marketing communications and promotions mix seems to be working well, particularly with the social marketing that MacVille has introduced in the past year. Technology developments are helping MacVille to reduce costs, yet expand the message via internet marketing activities.
- M. Service is another strong point for MacVille, which enjoys a good reputation in this field. The installation, after-sales service, complaints handling and training all get top marks from our customers. Some of MacVille's procurement policy has helped in this regard, with MacVille outsourcing work where it cannot meet customer demand. The policy of putting the customer first and guaranteeing service calls within 24 hours has been a key reason for the increased sales.

In a brainstorm with the CEO and senior managers, the following points were noted. When asking about the potential for opportunities, threats and competitors, the consensus was:

- N. Moving into the new Sydney market, where the bulk of espresso machines are sold each year, and from which a major (but ineffective) competitor has withdrawn.
- O. Other opportunities could be found in strategic alliances with coffee bean suppliers, where market penetration could easily be achieved and costs of advertising and service could be shared.
- P. There was also concern about the raising Australian dollar having a severe long-term impact on tourism, which was a major category buyer of espresso machines. Raising interest rates that are predicted for the coming years could impact negatively on the disposable income of coffee-drinking patrons.
- Q. The concerns of the group were centred on a global corporation Nufix Inc. shifting from instant coffee into the espresso bean and machine market. The resources they would have at their disposal in marketing,

finance and human resources could be a serious threat to MacVile's plans. However, they would still struggle to gain a foothold in a market that already has strong supplier/buyer allegiances, with most stretching over many years. Global players like Nufix Inc. have difficulty being adaptable to the needs of niche market buyers.

- R. Another competitor of note was BeanEx, a large coffee bean supplier that had recently started importing espresso machines for their customers. There was talk of them selling the espresso machines as wholesalers. They certainly had easy access to markets with their coffee bean trade, but they had no established service arm to help wholesale clients maintain the machines that they purchased.
- S. MacVile has been keen to pursue strategic alliances as part of its strategy to achieve its objectives. It called for tenders from interested parties, who were asked to complete a tender application form that provided information relating to the tender requirements. Some notes have been included by senior managers who assessed some of the information.

Tender submissions

Three submissions are attached to this case study.

Business name – Home Espresso Trades

Description of business (include vision, etc.) – Selling consumer home espresso machines to the home market, only in Sydney, and incorporating other digital home entertainment products.

Description of joint venture – Shared space in four trade shows per year.

Venture: Strengths and weaknesses – Strength: covers the consumer market for espresso machines (that compliments the commercial espresso machines) to make a full range offer to clients. Weakness: in working with a strategic partner who is not solely focused on the hospitality industry.

Venture: risks –

1. Partner not fulfilling their financial commitment.
2. Association with a non-industry partner may have a negative effect on our customer base.
3. Partner access to MacVile's trade secrets.

Venture: Cost-benefit analysis – Costs of the shows is \$2,500 each. Four shows costing \$10,000, selling 10 machines per show at \$500. Profit for each would see a profit of \$10,000 for the year and a breakeven after two shows.

Venture: Financials –

Home Espresso Traders			
Statement of Financial Position			
as at 31 December 201X			
ASSETS			
Current Assets			
Cash at bank	10,000		
Accounts Receivable	15,000		
Stock	8,000		
Prepaid expenses	2,500		
Total Current Assets		35,500	
Non Current Assets			
Buildings	0		
Less Accumulated depreciation	0		
Equipment	356,000		
Less Accumulated depreciation	(24,998)		
Goodwill	10,000		
Total Non Current Assets		341,002	
Total Assets			376,502
Represented by			
LIABILITIES			
Accounts Payable	25,000		
Long term loan	251,500		
Total Liabilities			276,500
OWNERS EQUITY			
Initial Capital	2		
Current earnings	100,000		
Total Owners Equity			100,002

Venture: Trend analysis – Sales

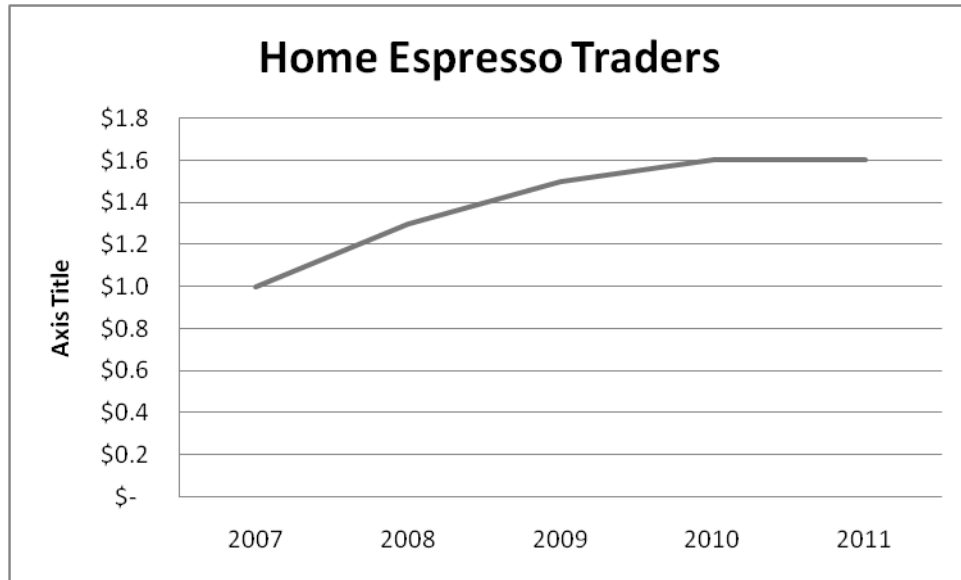
2007 – \$1.0m

2008 – \$1.3m

2009 – \$1.5m

2010 – \$1.6m

2011 – \$1.6m



Able to provide access to due diligence materials?

- Copies of other strategic alliance agreements? YES ☒ NO ☐
- Statement of Financial Position from last tax return? YES ☒ NO ☐
- Full personal contact details of all directors? YES ☒ NO ☐
- Supporting data for trends, and cost benefit analysis? YES ☒ NO ☐

Business name – Ambrosia Coffee Roast

Description of business (include vision, etc) – Sell all grades of coffee bean to supermarkets and hospitality outlets around Australia.

Description of joint venture – Share in the cost of outdoor advertising for cafes and restaurants, with shared branding of umbrellas and barriers.

Venture: Strengths and weaknesses – Supplier is committed to the coffee bean industry, with some sharing of the client base. Product image is not quality but more commodity-based.

Venture: Risks –

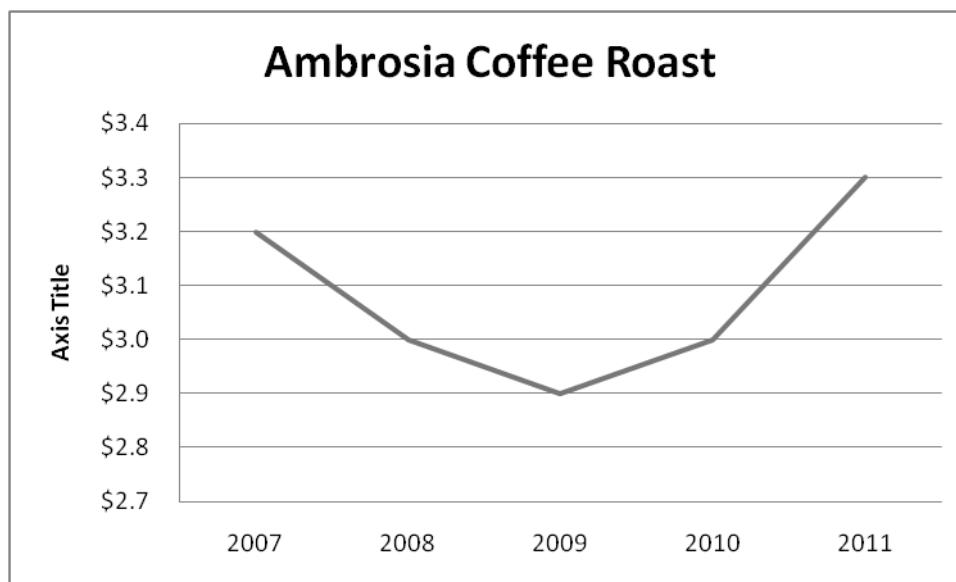
1. Risks with poor brand association.
2. Long-term commitment in signage.

Venture: Cost-benefit analysis – 50 cafes per year, at \$200 per cafe cost for each partner. 50 machines sold at \$500 profit is \$15,000 profit return for the year. Break-even after 20 cafes.

Venture: Financials – Not available.

Venture: Trend analysis –

2007 – \$3.2m	2008 – \$3.0m	2009 – \$2.9m	2010 – \$3.0m	2011 – \$3.3m
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- Statement of Financial Position from last tax return? YES ☐ NO ☒
- Full personal contact details of all directors? YES ☐ NO ☒
- Supporting data for trends, and cost benefit analysis? YES ☒ NO ☐

Business name – Java Estate

Description of business (include vision, etc) – To sell quality Arabica roasted coffee beans to all states of Australia.

Description of joint venture – Java Estate provides MacVile espresso machines to client for no-charge. Java Estate pays MacVile cost price for the delivery and installation of the machine, then pays the remainder of the purchase price on a 12 month repayment program.

Venture: Strengths and weaknesses – Australia wide partner – 100% committed to hospitality and coffee bean market. Other coffee bean suppliers may not recommend MacVile machines with this strong strategic alliance.

Venture: Risks – Concern over the amount of money outstanding.

Venture: Cost-benefit analysis – Potentially 200 machines installed in the first year. Interest costs \$40,000 p.a. profit \$100,000. Break-even after 80 machines sold.

Venture: Financials –

Java Estate			
Statement of Financial Position			
as at 31 December 201X			
ASSETS			
Current Assets			
Cash at bank	78,000		
Accounts Receivable	123,000		
Stock	100,000		
Prepaid expenses	12,000		
Total Current Assets		313,000	
Non Current Assets			
Buildings	240,000		
Less Accumulated depreciation	(123,000)		
Equipment	230,000		
Less Accumulated depreciation	(78,000)		
Goodwill	39,500		
Total Non Current Assets		308,500	
Total Assets			621,500
Represented by			
LIABILITIES			
Accounts Payable	25,500		
Long term loan	151,000		
Total Liabilities			176,500
OWNERS EQUITY			
Initial Capital	100,000		
Current earnings	345,000		
Total Owners Equity			445,000

Venture: Trend analysis –

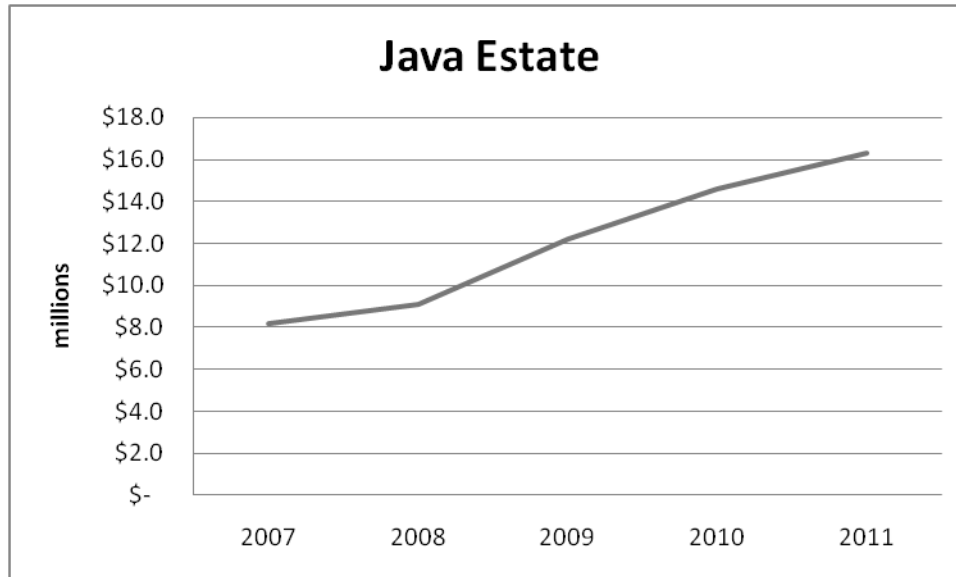
2007 – \$8.2m

2008 – \$9.1m

2009 –
\$12.2m

2010 –
\$14.6m

2011 –
\$16.3m



Able to provide access to due diligence materials?

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- Full personal contact details of all directors? YES ☒ NO ☐
- Supporting data for trends, and cost benefit analysis? YES ☒ NO ☐