



**BUS101e
Management**

Assignment 2 – Group-based Assignment

January 2017 Presentation

Group-based Assignment

This assignment is worth 30% of the final mark for BUS101e Management.

The cut-off date for this assignment is **10 April 2017, 2355hrs.**

This is a group-based assignment. You should form a group of **3 members** from your seminar group. Each group is required to upload a single report to Canvas via your respective seminar group. Please elect a group leader. The responsibility of the group leader is to upload the report on behalf of the group.

It is important for each group member to contribute substantially to the final submitted work. All group members are equally responsible for the entire submitted assignment. If you feel that the work distribution is inequitable to either yourself or your group mates, please highlight this to your instructor as soon as possible. Your instructor will then investigate and decide on any action that needs to be taken. It is not necessary for all group members to be awarded the same mark.

Important Note: Grading of TMA/GBA/ECA Submissions

Marks awarded to your assignment are based on the following guidelines:

1. 80% of the marks are allocated to the content of your answers:

- The marks awarded to *what your answers cover* depend on the extent to which they cover the key points that correctly and comprehensively address each question.
- The key points should be supported by evidence drawn from course materials and, wherever relevant, from other credible sources.

2. 20% of the marks are allocated to the presentation of your answers:

Wherever applicable, the marks awarded to *how your answers are presented* depend on the extent to which your answers:

- form a sound reasoning by developing those key points in a clear, logical and succinct manner;
- provide proper and adequate in-text citations and referencing to content drawn from course materials and other credible sources;
- strictly follow APA formatting and style guidelines¹, in particular for:
 - in-text citations and end-of-report references;
 - the identification of figures and tables;
- use, wherever relevant, the specialised vocabulary and terminology commonly used in discussions about the topic(s) covered by each question;
- provide a reference or bibliography at the end of the main report;
- include the less relevant details in an Appendix;
- use sentence constructions that are grammatically and syntactically correct;
- are free from spelling mistakes; present the workings, numerical formulations and results in a logical manner that follows the APA formatting and style guidelines;
- design and present graphs, diagrams and plots that follow the APA formatting and style guidelines;
- are highly original;
- have proper formatting, which may:
 - include a properly formatted cover page;
 - respect the answer length/word count set out in the assignment guidelines, if any is prescribed;
 - present answers in paragraphs with proper spacing and page margins;
 - include page numbers and appendices, if necessary.

¹ You can find a short tutorial on the APA formatting and style guidelines here: <https://is.gd/mgEOnC>. Additional details (pertaining to tables and figures) can be found here: <https://is.gd/O4vDdT>.

SpanPac Singapore (SPS)

The 2012 survey of consumer expectations on future packaging trends for the next 10 years, highlighted that perceived ‘greenness’, ‘recyclability’, and safety of materials were most important for consumers. As a result, the green packaging market was projected to grow rapidly.

It was Monday 14th of January 2013, when Alvin Tay, the managing director of *SpanPac* Singapore, was wondering whether it was possible to ‘go green’ while maintaining lower costs and retaining quality. What does ‘environmentally-friendly’ actually mean? Is it confined to using raw materials that are biodegradable or does it extend to reuse, reduce, and recycle? Are there other ways to be environmentally friendly? How to trust suppliers who claim they are environmentally friendly? Many such questions struck his mind and he was looking for convincing answers. He called his staff for a meeting in the coming week.

Company Background

SpanPac Singapore (SPS) is a Singapore-based packaging company offering packaging solutions and services to customers from various industries such as electrical & electronics, automotive, transportation, logistics, consumer goods and food & beverage across Singapore and the Asia Pacific region. The company is led by its founding director, Mr. Alvin Tay, who has extensive knowledge and experience in the packaging industry. Mr. Tay has a dedicated management team who looks after the company’s key functional areas. The company started its business operations in 1997 by establishing a production plant in Jurong, Singapore. Later, in 2004, the company invested in a bigger production plant equipped with more up-to-date equipment and facilities. Mr. Tay and his management believe in running a quality-driven and cost-efficient business and thus the company operates on the foundation of *quality assurance, performance excellence* and *technical know-how*. These deep-rooted core values were articulated around the company’s vision to become the top packaging solution provider of Singapore and the Asia Pacific region with the mission to deliver high quality cost-efficient packaging solutions that create value for its customers. With a 15-year history in Singapore, the company has been profitable thanks to an established customer base.

Current Operations and Staff

The company’s operations involve 110 staff members working on various work activities in different areas: *production, quality & control, purchasing, marketing & customer service* and *administration*. Through more than 20 years of industry experience, Mr. Tay has developed and nurtured good business relationships with a considerable number of customers, mostly in Singapore, Malaysia and some in the Asia pacific region.

Production and *Purchasing* are two key operations of SPS and most staff work in these two departments. The machine operators in the production department are led by supervisors who report to a production manager, Boon Kok. The production demands are high and Boon Kok spares no effort to reach the maximum production output. His supervisors are well trained and operators all have the right skill sets.

Working closely with the production department, the *quality & control* department is headed by Louis Tham. The *purchasing department* is headed by a purchasing manager, Kelvin, who

is responsible for sourcing and negotiating the packaging material supply contracts. As the company puts more emphasis on quality assurance, one of Kelvin's key responsibilities is to resolve supplier quality and supplier non-conformance concerns. His department is responsible for compiling, organising, and maintaining all the details of existing and new supplier information. An assistant purchasing manager, Alice, was recently appointed to help Kelvin to write reports and procedure manuals and to assist him in market analysis and pricing matters. All the purchasing employees worked closely with the *quality & control* department to make sure that purchasing goals were achieved while meeting quality assurance standards.

The *marketing & customer service department* is headed by Patrick while Susan looks after *administration*. These two departments are organised around teams. Patrick's team is involved in liaising with customers and addressing any issues in customer satisfaction. At times, the team also takes some initiatives to market SPS services. The administration team is confined to maintaining accounts and taking care of staff schedules and remuneration.

Materials and Market

The Company's packaging business uses a wide variety of material types such as paper, plastic, board, wood and other materials. The flexible plastic packaging is the most popular material followed by paper and board. Some of the packaging material uses recyclable raw materials. However, on the whole, the usage of bio-degradable materials has been low.

While the recent global slowdown has had an impact on flexible packaging industry, the demand for flexible packaging has remained steady in the Asia Pacific region due to the growing food processing industry. Significant investments were being made in the food processing industries throughout the region and that propped up the demand for flexible plastic packaging. Changing lifestyle towards convenience living, working mothers and the development of multi-national food retailers in the region drove the packaged foods industry growth. The flexible packaging market in the Asian region is expected to grow between 8 to 10 per cent. However, flexible packaging remains a very dynamic and competitive business.

Trending Packaging Industry

The growing trends in the packaging industry include materials innovation aimed at reducing costs and using biodegradable raw materials and creating flexible packaging materials. Recent studies indicated that 'polystyrene', a compound found in plastic materials, contain styrene, a chemical that poses health risks after a long-term exposure. On the technology front, Radio Frequency Identification Technology (RFIT) is driving development in new transportation methods. The Packaging Council of Singapore Industry Group (PCS IG) serves as a catalyst to drive packaging innovation and creativity to address global health and environmental issues. There are increasing regulatory schemes that have a direct impact on sustainable packaging options. The July 2009 Singapore Green Summit awarded merit prizes in recognition of the packaging industry efforts to improve the environmental sustainability of their operations and products.

Growing Competition & Increasing Costs

In the light of increasing worldwide awareness of global warming and global health concerns, there has been rising pressure on packaging companies to go green and become environmentally friendly. This led in early 2000, to the onset of small and medium-size local

packaging companies that quickly moved to adopt environmentally-friendly business processes. They implemented innovative business models that leverage on smart technology, did away with manufacturing and focused on building close working relationships with suppliers to provide tailored solutions to customers. Such business models brought together a diverse group of suppliers and customers that created greater savings, leading to cost savings. Within ten years of starting their operations, some of these innovative companies succeeded in providing innovative holistic solutions for environmentally-friendly packaging. Their *green practices* were marketed well and have attracted customer attention.

The SPS services business model relies both on its own production of packaging material and on outsourcing from suppliers. With the recent changes in manpower regulations and increase in prices of raw materials, the production costs have been increasing to such an extent that SPS could not move forward with its plans to invest in new technology for transport. Thus, growing competition and increasing costs have affected its sales and, for three consecutive years, the company's accounts hardly showed any profits.

SPS at the crossroad

SPS is facing a tough challenge to maintain quality without increasing costs and to live up to its vision, *to become the top packaging solutions provider..... value for the customers*. The company's profits have been declining and it is losing some of its existing customer base. Furthermore, some key coordination issues among its various departments, especially between purchasing and quality control and purchasing and production have affected the quality of services to its customers. Though each head of department has been working hard, closely supervising their employees, they have lost sight of what is best for the organisation as a whole. Alvin Tay is wondering how these coordination issues should be addressed. Also, it is high time for the company to increase its 'green' practices and embrace innovative environmentally-friendly packaging solutions that can be customised to its customers' needs. But this strategic shift requires a complete reengineering of its business processes. Alvin is convinced that it is time for SPS to reengineer itself on all fronts.

Alvin has listed down SPS key operational and strategic initiatives and he has circulated them to his management team so that they can study them closely and come up with tangible solutions and recommendations. He made a point in highlighting the visible lack of coordination among departments. He has given them a week to discuss these issues and to come prepared for the meeting scheduled in the coming week.

The Meeting

It is now Monday morning, 21st of May 2013. Alvin and his management team, the heads of all departments, are sitting around the conference table. A first draft of a planning document was penned down, encompassing goals for various departments. Alvin explained to the management team that it is time for SPS to make a strategic shift towards less manufacturing and more outsourcing. There are two main areas to focus on: (i) innovative packaging solutions that are environmentally-friendly and (ii) operational efficiency.

Other departmental goals that were roughly penned down during the meeting read as follows:

Quality & Control: (i) To increase packaging recycling content to maximum possible levels by 2015; (ii) To aim to achieve industry quality certifications and awards

Purchasing: Long term goal: to establish strategic partnerships with suppliers who manufacture environmentally-friendly materials; Short term/immediate goal: to source for environmentally-friendly suppliers;

Production: (i) To explore ways to minimise production costs and achieve better operations efficiency, (ii) To slowly cut down on the number of manufacturing materials.

Customer service: (i) To focus on customer relationship building.

Alvin concluded the meeting by asking his management to formalise the planning document, rewrite the goals and develop relevant action plans.

Question 1

(a) What is meant by an external environment of an organisation? Describe its various components.

(Word limit: 200-250 words; **8 marks**)

(b) Analyse all the components of the external environment of *Spanpac Singapore (SPS)*.

(Word limit: 400-450 words; **18 marks**)

(c) Briefly explain the concept of environmental uncertainty. From your analysis in Q1 (b), state the key components or drivers [any **two (2)**] that your group thinks are creating uncertainty for SPS. Give reasons supporting your answers.

(Word limit: 200-250 words; **9 marks**)

Question 2

(a) Identify and outline the type of organisational structure adopted by *Spanpac Singapore (SPS)*.

(Word limit: 300-350 words; **12 marks**)

(b) In the light of the challenges faced by *SpanPac*, briefly describe and recommend any one of the following, after a thorough discussion with your group members.

(Word limit: 300-350 words; **12marks**)

(i) Any **two (2)** key structural changes to the existing structure with convincing reasons.

OR

(ii) An altogether new organisation structure with convincing reasons.

(c) The purchasing manager, Kelvin, was asked to source for environmentally-friendly suppliers for *SpanPac*. Briefly explain different types of decisions and identify the type of decision involved in sourcing for a supplier in this case.
(Word limit: 300-350 words; **11 marks**)

Question 3

'Alvin concluded the meeting by asking his management to formalise the planning document'. Assume your GBA group is the management team of *SpanPac* Singapore (SPS) who is now tasked to formalise the planning document to increase organisational productivity. From this course, your group has learnt that studies of actual Management of Objectives (MBO) programs confirm that MBO can increase employee performance and organisational productivity.

(a) Contrast the traditional goal-setting approach and the management by objectives (MBO) approach to planning.
(Word limit: 200-250 words, **7 marks**)

(b) As a group, develop an MBO programme for SPS following the eight MBO steps outlined in ***Exhibit 8-3, p.252*** of your course textbook.

Important Note:

(i) Focus more on the first ***five (5)*** steps (step 1 to step 5) of the MBO process; your answer can be limited to **any two (2) or three (3) goals** in each step.

(ii) Rewrite the company's vision, mission statements and other goals.

(iii) Following the textbook MBO steps, you are expected to do research (refer to relevant secondary sources of information) on goal setting and redesigning goals.

(Word limit: 650 -750 words, **23 marks**)

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