Question 25 (20 marks)

Hans-Made Watches is a business that designs and hand-makes European-style watches with a lifetime warranty.

Features of the business include:

- family run business
- selling watches to the local community
- autocratic leadership style.

The business has seen a decrease in sales and market share. The owner is retiring soon and his children are hoping to improve the performance of the business.

Below is an expression of interest for an assistant manager role that has been distributed to the business's family and friends only.

Hans-Made Watches

Established 1976

Expression of interest: Assistant Manager

You will be required to work in the shop and manage day-to-day business needs. Hours of work are 8 am to 6 pm Monday to Saturday.

General information

- award wages offered
- free parking onsite
- use of coffee machine
- reports to the owner
- no experience necessary.

You have been hired as a consultant by the owner to write a business report.

In your report:

- describe the product differentiation strategy for this business
- discuss the current acquisition process for this business
- recommend appropriate human resource strategies for this business.

Section III

Question 25

Criteria	Marks
• Comprehensively describes the product differentiation strategy for this business • Comprehensively discusses the current acquisition process of this business • Comprehensively recommends appropriate human resource strategies • Makes effective use of the information provided, demonstrating extensive knowledge and understanding relevant to the question • Presents a sustained, logical and cohesive business report integrating relevant business terminology and concepts	17–20
• Thoroughly describes the product differentiation strategy for this business • Discusses the current acquisition process of this business • Recommends appropriate human resource strategies • Makes sound use of the information provided, demonstrating knowledge and understanding relevant to the question • Presents a logical and cohesive business report using relevant business terminology and concepts	13–16
• Describes a product differentiation strategy for this business • Describes the current acquisition process for this business • Recommends human resource strategy(ies) • Makes use of the information provided, demonstrating some knowledge and understanding relevant to the question • Includes features of a business report and uses some business terminology and concepts	9–12
• Outlines a product differentiation strategy • Makes a statement about the acquisition process • Makes a statement about possible human resource strategy(ies) • May include some features of a business report and uses some basic business terminology and/or concepts	5–8
• Makes some reference to marketing and/or human resources • Uses basic business terminology	1–4

Answers could include:

Marketing strategies

- Marketing segmentation, product/service differentiation and positioning
- Place/distribution – distribution channels
- Price and quality interaction
- Products – goods and/or services
  - branding
  - packaging.

Acquisition process

- Identifying staffing needs
- Recruitment
- Selection.

Human resources strategies

- Leadership style
- Job design – general or specific tasks
- Recruitment – internal or external, general or specific skills
- Training and development – current or future skills
- Rewards – monetary and non-monetary, individual or group, performance pay.

Hans Made Watches (2024)

Question Deconstruction:

- ***Describe the product differentiation for this business***

Describe: provide characteristics and features

Students must focus upon elements of the *existing* differentiation strategy of the business – not project into possible points of difference, no matter how well articulated. At least 2 aspects of the differentiation strategy should be described.

- ***Discuss the current acquisition process for this business***

Discuss: provide reasons for and/or against (but aim to cover for and against)

Students should consider the elements of the acquisition process – identifying staffing needs, recruitment and selection. The most relevant are the first two – the current process of selection is NOT detailed in the stimulus. Use separate headings / sections for and against both identifying staffing needs AND recruitment. Students should plan their response and use sub-headings to add structure and coherence. Students should intentionally use discursive language: on the other hand, conversely, whilst, whereas, however…

- ***Recommend appropriate human resources strategies for this business***

Recommend: provide reasons in favour

Students need to then get very specific on at least 2 human resources strategies. They need to provide multiple and detailed reasons in favour of each in separate paragraphs. There is no one right response or human resources strategies – however, some are more relevant than others. What is needed are clear links to the stimulus and clear arguments in favour. This will use both prior causal links and forward projecting causal links. For example, the use of rewards is ideal because… (then providing reasons based on the stimulus). Then – providing the inferred result of the use this strategy. For example, using this strategy will lead to… Use causal language – lead to, result in, as a consequence etc…

Using the sample:

Take note of

- the use of headings and subheadings throughout to add structure and coherence
- the lower degree of detail in the describe section compared to higher order directive terms
- the integration of elements of the stimulus AND other implied understandings of the business imagined by the student
- the clear advantages and disadvantages sections for the discuss question, and the use of discursive language throughout this section
- use of causal language in the *recommend* section.

Section III or Section IV Response

Question Number

1.0 Executive Summary:

Hans Made Watches is a unique manufacturing business producing watches. Sales and market share are in decline and the owner is set to retire from an active role in the firm. They are seeking a new assistant manager role through an interesting recruitment approach, who would likely supplement any changes that the owner's children may make in an effort to turn the business around. This report will describe the current differentiation strategy of Hans Made, explore the benefits and drawbacks of their acquisition process, and provide reasons in favour for the application of leadership style education and the implementation of a rewards program.

2.0 Differentiation Strategy.

Hans Made has adopted quite a unique approach to creating a point of difference against rival watch firms. The principle elements of this include: operational processes (hand-made), the lifetime warranty, and the

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stylistic element of 'European-style'. These three work coherently in positioning their offering as one of high quality / premium timepieces.

1.1 Operations Processes: The fact that Hans Made watches are manufactured by hand connotes an impression of elite quality. The old-fashioned, craftsperson approach sets their watches apart from mass-manufactured goods, providing a premium brand image.

1.2 Lifetime Warranty: Aligning perfectly with the quality perception, the generous offering of a lifetime consumer guarantee is a clear point of difference. This would reduce resistance to purchasing the watches as it is essentially risk-free for the consumer, likely lifting sales.

1.3 European-Style: Producing watches with a distinctive, popular and desirable style also sets Hans-Made watches apart from rival offerings. 'European' styles typically resonate well with wealthy clients who seek to adopt the fashion of many fashion houses that have emerged from the European continent.

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These three main elements work coherently to differentiate Hans Made's watches. This approach has clearly lost steam, however, as sales and market share (in their local market; a highly constrained distribution) are in decline.

2.0 Acquisition Processes

The acquisition stage involves identifying staffing needs, recruitment and selection. Hans Made have only undertaken the first two of these - with no indication provided in terms of the selection processes to be deployed to separate candidates.

2.1 Benefits: The business has clearly undertaken processes of identifying staffing requirements in their changing business. With the owner retiring and his children taking over managerial roles, the business has rightly identified the need for a lower-tier supervisory role. They has conducted a job analysis (of sorts) to determine the precise details of the vacant position. The recruitment process could also have many reasons in favor. They have opted for a very narrow distribution of the job vacancy - only to family and friends. This version of 'internal' recruitment could work in the firm's favour. By drawing from a pool of applicants that is likely to be familiar with the business and its operation, the time and money required to induct and train the successful applicant will be reduced. Additionally, the new recruit would likely be highly loyal to the business, and follow the directives of the firm's new management (who may potentially utilise the autocratic approach of the original owner).

2.2 Drawbacks

Whilst it is commendable that the business has undertaken a job analysis, the features and roles; and the compensation appear to be highly undesireable. The position has perhaps not been considered in detail, with aspects of the role being unattractive - such as the long working hours (overtime?) and the payment of award wages only. It may be best for Hans Made to reconsider elements of this job description to enhance the number of applicants.

In terms of recruitment, there are clear disadvantages of their approach. The narrow distribution will result in a very small pool of candidates, limiting the possibility of finding a good fit for the role, particularly in the circumstances of an attempt to lift the performance of the business. This issue is further compounded by the emphasis upon general skills - see 'no experience necessary'. Clearly they are hoping to train the new recruit in the ways of the business, but again, as the business is attempting a turnaround, this recruitment approach will not bring in the ideas and experiences that could help the business back on the pathway to success.

4.0 Human Resources Strategies

HR strategies can be deployed to maximise the return on a business' investment in staff. They can leverage human capital, to drive innovation, and create a positive workplace culture. Hans Made Watches could use Leadership Styles and Rewards as part of the firm's turnaround strategy.

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Do NOT write in this area.

4.1 Leadership Styles

The approach a leader adopts can set the tone and culture for employees. Ideally, different styles need to be adopted at different times for different circumstances. An autocratic approach, adopted here by the original owner of Hans Made, typically involves an emphasis on top-down control, centralised decision-making, and limited participation on the part of employees. This approach works well in times of crisis, but is a poor option for use all the time. The new managers (the children) have an opportunity to change the tone of the workplace by learning about and utilising a more democratic style. In order for new ideas to emerge to improve business performance, Hans Made's new managers should encourage participation in setting the new strategic vision. This will encourage and empower staff, lifting their sense of job satisfaction and reducing turnover.

4.2 Rewards

Rewards involve the creation of incentives to inspire and motivate employees. Rewards can be purely monetary (performance pay/ bonuses) or non-monetary (fringe benefits: cars, perks). Hans Made should build this incentive structure to encourage staff to bring new ideas to the workplace. With a more democratic approach to leadership, and the alignment of rewards for staff participation, Hans Made's levels of staff satisfaction will likely increase. Moreover, this will result in higher levels of productivity and performance. Sometimes the best rewards can be intrinsic, with positive recognition from management scoring highly on employee satisfaction levels.

- Consider an expansion of distribution to move away from the saturated local market.
- Secure an external and skilled recruit to assist management in improving the performance of the business.
- Utilise a more democratic approach to leadership, alongside rewards to extract the most from the firm's human capital.

If you require more space to answer Question 25, you may ask for an extra writing booklet.

If you have used an extra writing booklet for Question 25, tick here. ☐

Do NOT write in this area.