



- a) Create a section in your report summarising the rationale behind the strategic aims and objectives of the two contrasting organisations. (For example, why does one organisation seek to consult with the public whilst another does not?)

TASK 4 (M1)

In doing the above tasks you have mentioned stakeholders and referred to the fact that they tend to look at organisations from different viewpoints. This means that they can try to influence decision makers for different reasons. For example, a worker finding out that the business is to move to new premises may protest and try to stop this; a supplier who thinks that this would be better for their deliveries would support the decision. Stakeholders have many reasons for expressing their views.

- a) In the next section of your report, explain the points of view of different stakeholders seeking to influence the strategic aims and objectives of these two contrasting organisations.

SAMPLE ANSWER

Report on Two Organisations

[Formal report conventions would be expected]

Terms of Reference

The report was requested by.....on.....

Procedure

In order to gather the required information, I

Findings

I have chosen to examine two contrasting organisations.

1. Company XYZ Ltd
2. The City Council - Department of Social Services

For each of these organisations, I will describe its type, ownership and purposes then go on to describe the stakeholders and their respective points of view about the organisations activities.

1. Company XYZ Ltd

Type of organisation (P1)

XYZ Ltd is a private limited company operating locally, based in XXXXXX. The term 'limited' comes from the fact that the company's finances are distinct from the personal finances of their owners - unlike a sole trader. In a company, the organisation has a separate legal personality.

Private limited companies, the most typical set-up for UK small businesses, cannot offer shares to the public, but can have any number of shareholders. Each private limited company must have at least one director to make management decisions, and a company secretary.



Each investor in the business has 'limited liability'. This means that if the business were to fail and shareholders were held liable to pay off debts, each of them would technically only be liable for the amount that they had invested in the company. However, if required, directors may be required to guarantee loans or credit granted to the company.

Purposes of XYZ Ltd (P1)

XYZ Ltd manufactures XXXXXXX. It sells mainly to XXXXXXX.

As for any private business, the main purpose of XYZ Ltd is to make profits for its shareholders, the people who have invested their own money in the business. This means that the managers and staff are expected to take decisions that will lead to profitability, growth, revenue and/or sales.

Although the search for profitability is the overall goal of the business, there are other purposes, too. For example, 'profitability' might be a longer-term goal. In the short term, however, survival may be the main purpose.

Other purposes may be: to 'be the best' technically, to produce quality products, to gain a good reputation, to gain market share, to extend market reach by selling overseas, to generate revenue, to establish good customer relations.

Each manager within private organisations can be judged by their performance in relation to specific targets.

Stakeholders in XYZ Ltd (P2)

All business organisations have a number of different stakeholders. These are groups or individuals who have some form of interest in what an organisation does. Stakeholders do not have to have a financial interest in an organisation, but they may do.

For XYZ Ltd, there are several groups of stakeholders:

Directors - these are the shareholders in the company. They have a direct financial 'stake' in the business because they have taken a risk by investing in the business. Of course, they want the business to achieve all of its objectives and to grow successfully. The more successful the business, the more their shares are worth. Directors can influence the business through meetings with top managers. One of the directors can be a 'managing' director and he/she will have day-to-day responsibilities to co-ordinate the whole direction of the business.

Directors hold discussions at 'board meetings', where they can each influence the strategy of the business. The extent to which directors are involved in day-to-day operational matters varies from business to business. Some directors leave operational issues to the expertise of managers, others prefer to get closely involved. This depends on the size of the organisation.

Managers - are paid professional executives who often have a specialist background in such things as accountancy, law, marketing, production or sales. Each manager has an important stake in the business because he/she is judged (and often paid) according to the success of his/her area within the organisation. Sometimes in large businesses, top executives receive high bonuses.

Managers can try to influence the strategic direction of XYZ Ltd by having a close control of all of the facts about the performance of the firm. If one product is selling well, the management can influence strategy by highlighting this and the reasons why this is so. In some cases, because directors are slightly more remote, they are unable to challenge what managers say.

On the whole, management's job is to run a business. It is therefore expected that they have a great influence upon what is done. Managers must follow regulations and make sure that a business works as it



should, according to the law (for example, in matters of health and safety). Managers' point of view is often focussed upon their own specialist area (for example, production); senior management has to make sure that the whole business pulls together.

Staff - the staff of XYZ Ltd are also important stakeholders. Each member of staff earns their wage or salary from the company. They should therefore be expected to be committed to help make it a success. Managers must take into account the feelings and expectations of the staff. If they do not, they can expect them to resist decisions. Some organisations appoint specialist Human Resources managers who look after the welfare of staff.

The staff view is sometimes represented through trade unions, staff associations or committees. Staff are concerned about things like pay and conditions, safety, health and pension arrangements. If top managers take strategic decisions that affect them significantly, staff should expect to have a say and to be consulted.

Suppliers - the businesses that supply products to XYZ Ltd are stakeholders because they want to keep on doing business with a good customer. If XYZ Ltd decided to change suppliers, or to change processes so that the products of a supplier were no longer required, this would be bad news. Suppliers of XYZ Ltd need to be in touch and offering excellent service.

Suppliers will hope to be in a good relationship with XYZ Ltd. Staff will try to make sure that XYZ Ltd is served with exactly what it needs. By doing this, both themselves and XYZ Ltd, have a chance to succeed.

Neighbours - the people, or businesses, that live or work near XYZ Ltd have a stake, too. XYZ Ltd has vans and supplier vehicles coming to and from the premises. This is a noise factor as well as a possible hazard. The company might have smoke or emissions coming from its factory. Local people will hope that the factory is clean.

Customers - will require that XYZ Ltd supply them with quality products. This means that they will do exactly what they are supposed to do. If XYZ Ltd decided to alter their production methods, or to use cheaper materials, this could affect quality, and customers could complain or buy elsewhere.

Customers might want to enter into a contract with XYZ Ltd. This would mean that there was a legal agreement between them about what was supplied and when. Some customers will be dependent upon XYZ Ltd for their own success. If XYZ Ltd failed, they would be in trouble themselves. The customers' viewpoint is very important to XYZ Ltd. Sometimes customers can influence a businesses direction very significantly because what they require governs what XYZ Ltd does.

Strategy of XYZ Ltd (P3)

XYZ Ltd is a private limited company. The primary purposes of any limited company are to survive and make a profit for shareholders. Profits are achieved through providing goods and services in order to satisfy the needs and wants of consumers existing in a market or markets.

Company XYZ Ltd produces products X, Y and Z. These are manufactured and sold for the X Y and Z markets. The company achieves profitability by making sure that costs are carefully monitored and controlled and by ensuring that prices charged are sufficient to create revenue covering all costs plus a good margin. The shareholders of the business receive shares of profits, according to their investments in the business.

The rationale of company strategy

The business has a strategy that is designed to ensure survival and long-term profitability. The firm has a mission statement. Like all businesses, XYZ Ltd has a set of more detailed plans. These plans are set out in



the form of aims and specific objectives. Each objective contributes to achieving the aims of the company. Examples of objectives are:

Sell more products - this will increase revenue and market share. As more products are sold, the firm's reputation should improve, and this will lead to more sales.

Give improved service - because it is a competitive market, customers have a choice of who to buy from. By offering excellent service, the firm gains a better reputation and a competitive edge.

Build relationships with customers - getting to know customers well also helps to gain a competitive edge.

Invest in technology - could help to improve efficiency and give better service.

Cut costs - by reducing costs such as materials, overheads, staffing, insurance, vehicles or any other costs, XYZ Ltd can be more price competitive. However, cost cutting has to be done carefully, or this could affect quality.

Marketing - this involves a number of tactics such as pricing policies, product improvements, promotions, distribution and other things such as staff training.

Some of these objectives need to be made into SMART objectives so that they are easily measured.



2. The City Council - Department of Social Services

Type of organisation (P1)

The City Council is a local authority that consists of XX number of elected local councillors, who are also known as 'members' of the council. Each member of the council usually represents a political party and is elected to represent particular areas (called wards) of the city. The council meets at the Civic Centre. There is a full council and then a number of other committees that look after separate areas of work. For example, there is a Planning Committee, an Education Committee and a Social Services Committee. The City Council exists to provide services for the City of XXXXXX.

Because the City Council is elected by the people of the city and carries out its activities because national government gives it various powers and responsibilities, it is expected to work on their behalf. This means that the City Council is part of the 'public sector'. In theory, if the people of the city did not like what the council were doing, they could vote in local elections to remove the council from power.

Although the council policy is theoretically made by local councillors, the council appoints full time officials to carry on the day-to-day work of delivering the services. There is a Director of Social Services who is the top professional advisor that the council has in that service area. Other senior officials deal with Planning, Engineering, Education, etc.

Purposes of the Department of Social Services (P1)

The Department of Social Services consists of the following sections.

[A chart could follow, or a list of sub-sections showing services such as Home Support.]

The Social Services Department is responsible for a number of services for the people of the city. These are required to be carried out under laws passed by parliament. The department offers services for children, day care for the elderly, advice services, relief for people caring for the elderly, equipment for people with physical disability, wheelchair loans, home help and support, fostering and adoption, meals on wheels, and even arranges pet care for those in hospital.

The staff members of the Department of Social Services are the paid employees of the City Council. They consist of social workers, home helps, administrators, home support workers, drivers, nurses, carers and many others.

Stakeholders (P2, M1)

Clients and users of the service - the people of the city who use the Social Services Department are very important stakeholders. If there were changes made to the standards of service offered, then the users would be the first to know. The work of the department has a direct impact upon people's lives, so what they do or don't do is really important to them.

The client viewpoint is always that they want the best service they can get for the least cost. Clients are usually people who need help and support. It is in their interest that Social Services are offered at low or no cost and that they are well delivered. If clients wish to complain, they can report to the local councillor or contact a senior official in the department.

Staff - the staff of the department have a great interest because their jobs depend upon the services that are offered. If conditions change, staff are affected. If national government changed the rules about services offered, staff jobs could change.

The staff of the department are usually represented through a trade union, such as Unison. The union looks after the conditions and pay of various kinds of employee in Social Services. Their viewpoint is that staff should work in good conditions, with security and career prospects.



Chief Officers - the most senior managers have to ensure that the service is delivered efficiently, at the right cost and within the budget. They have to answer to the council for their running of the department, as well as to the public and national government.

Local Authority Councillors - each councillor is the representative of a locality in the city. The people who live there expect the councillor to speak up for them in the council. Sometimes a councillor can be directly involved in Social Services by being a member of the Social Services Committee. This means that he/she has a lot of influence.

The viewpoint of the councillor is that they want the Social Services Department to do an excellent job and look after the people who have elected them to the council.

National (central) government - the government in London lays down what local councils do by passing laws through parliament. Once a law is passed, the various departments in both central and local government (such as XXXX City Council) have to deliver services according to the rules and regulations. This means that what the City Council actually does within the city is done because the government in London has given them the power to do it.

The viewpoint of national government is that local councils have to offer good services and good value for money. The government can send inspectors to see that services are good.

The electorate - the people of the city, whether they use the Social Services or not, have an interest in what the department does. They know that these services might be important to them some day. The electorate is everyone over 18 living in the city.

The viewpoint of the whole electorate is very important to the Department of Social Services. The City Council needs to convince them that they are fit to run the city and that they are doing a good job. This can have a big effect upon the direction the department takes.

City Council Social Services - Rationale of the Strategic Aims and Objectives (P3)

Unlike a private sector business, where strategy is determined by the private owners (a board of directors as in the case of Sekura), in the City Council, strategy comes from decisions that are made by politicians. The City Council has the power (from acts of parliament) to take decisions about which services to provide for the people of the city because it has been given them by national government. This is what local authorities are for. They have powers to do things to meet the needs of a particular area.

Social Services cover a whole range of activities giving help to both adults and children. At some point in their lives people might need help because of illness, disability, family problems, old age and infirmity. The department employs many specially trained social workers who work with these people and their family members.

As an example of a strategy, the City Council is currently working to improve its support for carers. The UK has a growing population of elderly people and the national government has a framework for offering Social Services to these people. As people live longer, they inevitably need support either in their own homes or in special residential care. If they choose to stay at home, they often become dependent upon a close family member to look after them. This form of home care is important. By helping the carers to support elderly people, they are less likely to require government help.

For the City Council, strategy is therefore given by political decision makers for the whole of the UK. Within this framework, local leaders take decisions to serve local people. If the local citizens did not like the way that the City Council delivered its services, they could choose to elect another City Council. Councillors stand for election on the basis of a political party. The electorate can make a choice.