

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma in Management
Professional Level

CASE STUDY

4180/01

4253/01

Core Module

Valid between 1 January 2005 and 31 December 2005

READ THESE INSTRUCTIONS FIRST

You should read the assignment carefully.

It is important to complete the **Assignment Cover Sheet** when you have finished your work. You must complete the details and sign the declaration to confirm that the assignment is all your own work and your tutor must sign to verify that it is your own work.

The length of the assignment must be no more than 5000 words.

This document consists of **5** printed pages.

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International Examinations

Case Study – Core Module

Title: The Prestige Business School (PBS)

Sheema and her husband, Michael, have left their full time employment to set up the Prestige Business School (PBS) in the vicinity of your town or city. Sheema worked as the senior manager of the finance section in her local government department and Michael was the head of Information Technology for a large department store in the centre of your town or city. They have both chosen to leave their jobs and work together on this exciting new venture.

The Vision

Sheema and Michael want to establish a private business school, offering some courses which lead to qualifications and other courses which are specific for local businesses and local people. The school will need to live up to its name and be seen as 'prestigious', the first point of call for local business education and training. They have given themselves three years to establish the school and a further two years for it to be the premier organisation of its type within your town or city.

Their experience

Sheema has an outgoing personality, is dynamic and knowledgeable about organisational and business finance, having gained qualifications herself and worked at a high level in the finance department. She has no experience of teaching or tutoring, but is very interested in training and development and wishes to teach some of the programmes on offer. She also plans to take responsibility for staffing the school, all aspects of performance management and quality assurance.

Michael is more cautious than Sheema, taking all aspects into consideration before committing them to action. He is very experienced with all aspects of Information Technology (IT), particularly the Internet and wants to use this to gain a competitive advantage in the market place. He has no experience of teaching and does not see himself working directly with students. He would like to take responsibility for the premises, the IT systems and Management Information Systems (MIS), health and safety and marketing. He and Sheema will share the responsibility for curriculum decisions.

The operation

Sheema and Michael wish to offer programmes in business through a number of methods:

- Students can attend classes at the school during the day and evening.
- Students can study on-line, with all work being presented and assessed in the same way.
- Students can study through a distance learning programme, where written assignments are submitted for marking.

The curriculum

At the moment, Sheema and Michael have not researched the market or the availability of teachers, but their experience tells them that they should offer business-related courses in a range of subjects, from beginner through to Diploma level. These may include language courses as well as more traditional business-related subjects, such as accounting, marketing, operations and IT.

A curriculum for the first year of operation is expected to be as follows:

Certificate Level:

A nominal 12 months' duration, for employed students, taught through any of the above methods. A class of up to 10 students will run on a weekly basis in the evening for 35 weeks. Successful students can be enrolled on a Diploma course in their second year.

Short courses:

Courses of 15 – 18 hours, taught by any of the above methods, on specialist subjects such as business accounting, finance, IT applications and marketing. These could be offered in the classroom during the day if there was the student demand.

Languages:

Courses in language skills for businesses could be offered, depending upon the expertise of the teachers. Sheema sees courses in English language as a priority.

Premises and equipment

They plan to lease adequate premises within the town or city centre, with good access for students during the day and early evening. The premises will need to have at least one classroom, one study room, an information centre, offices and facilities. They will provide equipment for 15 IT workstations with all appropriate software, modern reprographics equipment and classroom projection and writing equipment.

Structure

Their initial research has shown them that there is a market for these programmes and courses within the local business community if the fees are attractive enough and if they can attract high calibre teaching staff. Teaching staff will generally be part time, contracted for a number of hours per week or per month. Sheema will try not to employ staff on a permanent or full-time basis. Wages will be offered at 5% above the local rate in order to attract quality staff. Course fees will be offered in the first year of operation at 10% below the local rate for courses of 12 months or longer, and 7.5% below for courses of less than 12 months. They expect to work to local rates from the second year of operation.

Sheema and Michael are confident in their vision of the business operation. Their networking within local businesses has also allowed them to gauge the size of the potential student market. They are aware, however, that they require further information on a range of issues in order to make accurate financial projections and ensure viability. They are also aware that they will need to practise effective managerial behaviours if they are to establish sound working relationships between the team of part time teachers and support staff. Perhaps most importantly of all, they are aware of the significant change to their own working life which such a vision entails. They are looking for strategies to help them to manage the changes in their own life and to promote an effective working and learning environment.

Local information required

They are aware that they will need information in at least the following areas before they can develop an effective financial business plan:

- Local premises including availability, suitability, rental, utility and cleaning costs for a minimum of a three year lease.
- Suitability of the proposed curriculum for the first 12 months, compared with other local organisations offering similar programmes: this will include cost of fees charged to students.
- Local labour market for suitable teachers of these business programmes. Consideration of Sheema's desire to be a teacher.
- Local labour market rates for two full-time equivalent administrative staff.
- Materials and equipment costs to set the school up in the way suggested above.

Using this information they want to be able to construct a two-year financial business plan detailing at least the expected fixed and variable costs, income and expenditure.

From this financial information, they expect to see break-even, profit and loss forecasts and the initial cash input required to set the school up to the required standard. This can then be used to identify the required student numbers and to set the fee level, if the school is to realise their vision.

The Task

Sheema and Michael have asked you to help them with their research, financial planning and managerial strategy.

They have asked you to prepare the following:

- Information about the local issues outlined above, detailing your research methods, the information obtained and how you evaluated and analysed it to come to your conclusions.
- A two-year financial forecast, based upon the researched information, showing expected costs in setting up and running the school, income from student fees, break-even point and the assumptions made by you to arrive at the figures. These assumptions will include the structure of the curriculum and a decision on the courses which should be offered by the school, based upon your local research. The forecast should also provide an indication of the required initial budget. The break-even point should be based on the required student enrolments in a given year taking into account the fee level discounts outlined above. You may assume that your fees for this will be 2.5% of the business school's running costs in its first year of operations.
- An analysis of the change process being undertaken by Sheema and Michael within their own life. You should consider how managing the business school will affect them and what strategies you suggest for coping with the resulting pressures. These strategies should include those related to managing staff. You should assume that Sheema and Michael would have financial drawing rights in line with local practice for the first year of operations of the new business.

Your report should be addressed to Sheema and Michael.

Information about the school which is not given may be assumed and all such assumptions should be justified.

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In writing the report, you should adopt a business format in the style of a consultant and show how knowledge and understanding of general management have been applied.

Indicate the number of words used at the start of your report.

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