

T T- Shirts (TT)

TT, a private limited company owned by Chris was set up 15 years ago in country P. It buys ready-made plain white T-shirts and then prints designs on them. The T-shirts are imported from country Q, a developing country. TT has 50 different designs that are produced in batches of various sizes, from child size to extra-large adult size.

TT directors want to expand the company by exporting their T-shirts and are considering the following two options.

Option A:

Take over DesOwn, a competing company, which manufactures personalised T-shirts to the customers' own designs. This company only sells online and its brand is recognised worldwide. It has a large share of this global e-commerce market. TT will have to raise \$10m to buy out the existing shareholders. Some workers could be made redundant if departments in the new company are merged with those in TT.

Option B:

Open a new factory and invest in expanding its own production facilities by buying new computer-controlled equipment for \$500,000. This will allow an increase in the production of the existing range of T-shirts. TT could then sell directly to large retailers in other countries.

Appendix 1

Letter from the Business Adviser

Dear Chris,

It was very good seeing you yesterday and I hope you found the meeting useful. I am writing to confirm the main points of our discussions. These are:

1. You need to set clear objectives for your business.
2. You should produce a business plan for the business.
3. You should consider changing your business into a public limited company.
4. You need to employ a new manager, as the last one failed to motivate employees.

If you need any further assistance from me or one of my colleagues at the small business advisory service then please do not hesitate to get in touch.

Yours sincerely,

S. P. Godwin

Appendix 2

Two job application for the post of manager of the TT Company.

Name	Jane	Abdul
Qualification	10 O levels, 3 A levels, Masters in Business Management	7 O Levels, 1 A levels, Certificate Course in Business Management
Management Experience	3 years as General manager in a local business.	8 years as Manager in a multinational
Interests	Cooking, Reading, Watching Television	Reading, Sports
Personal status	Single	Married, 2 Children
Preferred management style	Autocratic	Democratic

1.

a) Explain two motivational theories TT could use to help increase worker motivation.

Theory 1:

Explanation of how TT can use this theory:

Theory 2:

Explanation of how TT can use this theory:

b) Chris wants to make sure he has well motivated employees. Consider the advantages and disadvantages of the following three ways he could use. Recommend the best one to choose. Justify your answer.

Introduce piece rate:

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Use Job enrichment:

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Improve working conditions in the factory:

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Recommendation:

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2.

a) Explain two benefits to TT of having an organisational structure.

Benefit 1:

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Explanation:

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Benefit 2:

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Explanation:

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3.

a) Explain two communication barriers which might occur within TT and explain how each barrier can be reduced.

Communication Barrier 1:

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How Barrier might be reduced:

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Communication Barrier 2:

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How Barrier might be reduced:

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b) The small business adviser told Chris that he should set clear objectives for his business. Consider the following business objectives and decide which of these is the most important to TT. Justify your answer.

Profit:

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Growth:

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Survival:

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Recommendation:

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4.

a) Explain one advantage and one disadvantage to TT if it changes to a public limited company.

Advantage 1:

Explanation:

Disadvantage 2:

Explanation:

b) Consider the advantages and disadvantages of each of the options below. Do you think TT should take over another business or open a new factory? Justify your answer.

Option 1-Take over another business:

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Option 2-Open a new Factory:

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Recommendation:

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