

Case study 4

Chapter 10: Human resource planning

Chapter 11: Organisational structure

Chapter 12: Communication

Millicent Osbourne Ltd (MOL)

In 1976, Millicent Osbourne set up a London-based factory making top-of-the-range rainwear for the UK market, for sale at premium prices under the brand name *Mylord*. It quickly established a reputation for high quality and was adopted by the British upper classes as one of their brands of choice. For many years the company continued to supply their traditional niche market, earning solid and increasing profits. Despite having a total workforce of over 200, Millicent kept close control over all operations and all major decisions had to have her approval.

In 2002 there was a big change in the pattern of their trading. A star in a popular TV series wore one of their coats. As the show was sold to TV channels throughout the world, the coat suddenly became a high-fashion item. Demand ballooned within the space of a few months and the rest of the range began to be bought by foreign visitors from all over the world. Prices were raised to take advantage of the huge demand. In 2004, with demand continuing to expand, it was decided to set up factories in India, South Korea and Malaysia. A *Mylord* shop was opened very successfully in the centre of London and between 2005 and 2006 seven more were opened in Paris, New York, Barcelona, Rome, Hong Kong, Sydney and Geneva. The company also continued to sell through its traditional distribution channels but expanded to supply major stores throughout the world.

In 2007 Millicent began to suffer from health problems. She was forced to admit to herself that she could no longer personally continue to hold close and efficient control of a worldwide operation. She decided to set up a new organisational structure under the control of a board of directors based in London. She asked a management consultant friend of hers, Louis, to advise her on how best to structure the new organisation in order to ensure that channels of communication would be effective. He suggested that in view of the uncertain nature of the fashion market, MOL could use flexible employment practices such as those proposed in Handy's Shamrock theory.

SL questions: 20 marks, 35 minutes

- 1 Define the term 'organisational structure'. (2)
- 2 Draw a suitable organisational chart for the restructured company. (5)
- 3 Suggest a suitable job description for a sales manager at the *Mylord* shop in Paris. (6)
- 4 Discuss what communication problems the international company could encounter after reorganisation. (7)

HL questions: 25 marks, 45 minutes

- 1 Using examples, explain what is meant by the term 'organisational structure'. (4)
- 2 Outline **three** advantages of using Handy's Shamrock organisation at the London headquarters. (6)



- 3 Analyse **two** effects on workforce planning of the decision to locate factories outside the UK. (6)
- 4 Evaluate Millicent's decision to change the company's international structure. (9)