

1.7 Organisational Planning Tools: Assessment



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Read the case study below and answer the questions that follow.

BOWLARAMA



Abbey Turner – a business and bowling champion

there are a large number of young people in central Sydney with high levels of disposable income and that there are not many bowling alleys. There are, however, leisure facilities and other attractions in the city which are very popular with residents and visitors. The three sites that Bowlarama are considering are quite wealthy and house prices are rising steadily. Unemployment is low and the standard of education is good. Abbey currently manages another leisure facility and has a lot of contacts in the entertainment industry. Abbey's management style is very personable and people find it easy to talk to her about their problems. She lacks skills in dealing with his finances and prefers to pay an accountant to make sure the accounts are in order.

Bowlarama is a company that offers franchises to set up bowling alleys that provide affordable bowling for families. It is planning to open a bowling alley in a central area of Sydney, Australia. The aim is to keep the number of staff employed to a minimum. The only staff required are those needed for security, safety and cleaning. Slot machines give change and dispense equipment. The bowling lanes are booked using the Internet or machines located in the foyer. Refreshments are only available using vending machines. Shoes are automatically cleaned.

Abbey Turner is interested in buying a Bowlarama franchise. Research shows that

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The forecast costs and revenues of each franchising option is given below.

Option	Forecast costs	Forecast revenues if successful Probability = 0.3	Forecast revenues if not successful Probability = 0.7
Site A: Limited parking, easy building site	\$400 000	\$1 900 000	\$200 000
Site B: Less foot traffic, difficult building site	\$500 000	\$1 600 000	\$400 000
Site C: Largest bowling alley development	\$640 000	\$2 100 000	\$420 000

Source: BusinessManagementIB.com

25 marks, 45 minutes

- Explain the value to a business of using the following organisational planning tools:

 - Decision trees
 - Force field analysis (e.g., Lewin's Force-Field Analysis)
 - Fishbone diagrams (e.g., Ishikawa's Fishbone Analysis). **[6 marks]**
- Prepare a decision tree based on the above options, adding the payoffs and probabilities. **[6 marks]**
- Calculate the expected values of the three options. **[5 marks]**
- Recommend to Abbey Turner as to whether she should buy a Bowlarama franchise, and if so, which site to use. **[8 marks]**