

1.7D: Organisational Planning Tools: Activity



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1.7 ORGANISATIONAL PLANNING TOOLS: ACTIVITY D

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

HMV BUYS MAMA GROUP IN LIVE MUSIC TAKEOVER DEAL



Entertainment firm HMV is expanding its presence in the live music market by buying venue owner MAMA Group for \$46 million. HMV's move comes nearly a year after it took a 9.9% stake in MAMA, which runs 11 concert venues including the Hammersmith Apollo in London. MAMA also owns other interests including an artist management business representing bands such as the Arctic

Monkeys, the Vaccines and the Yeah, Yeah, Yeahs.

The deal marks the latest stage in a three-year 'transformation plan' unveiled by the company in March 2010 in response to the falling sales of CDs and the growth of music downloads (legal and illegal). Other moves have included introducing the Pure HMV loyalty card scheme, taking a 50% stake in online music store 7digital and even opening a pilot HMV Curzon-branded three-screen digital cinema in Wimbledon.

HMV's takeover offer for MAMA is subject to approval from shareholders, who are concerned about HMV moving into a market where it has limited direct experience, along with prospects of raising finance to fund the takeover. This contrasts with the enthusiastic view of HMV's management who are keen to explore the prospects of live music as a new market.

The takeover of MAMA Group by HMV represents a significant change in direction for the organisation and it is important that this change is managed effectively.

Source: www.BusinessManagementIB.com

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QUESTIONS: 20 MARKS, 35 MINUTES

1. Define the term change management. **[2 marks]**
2. Differentiate between driving and restraining forces in Force Field Analysis. **[4 marks]**
3. Analyse two driving forces and two restraining forces which are influencing HMV's 'transformation plan' as it tries to change the direction of the organisation. **[8 marks]**
4. Using an appropriate business model, analyse how HMV's takeover of the MAMA Group will give it a competitive advantage in the industry. **[6 marks]**