

Module Name : PROBLEM SOLVING AND DECISION MAKING

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Introduction

The company, Ballymore Residential Ltd, is a construction developer with problems in the administrative cost department. They are known to have a vast and various experiences in Europe. The company is a family owned business by that of Sean Mulryan since 1982. It was originally founded in Ireland (Ballymoregroup.com, 2019). If resources are to be believed, they have faced a combination of losses of nearly 92 million Pound Sterling. The turnover of the company comprised of residential property-sales which was a little less than 1 million Pound Sterling. The net liabilities of the company were something more than 57 million Pound Sterling that was mostly dependent on the funds allocated by a State agency by the name of Nama. The directors of the company John Sisk and Sean Mulryan could not gain much out of their decline in profits in 2016. Much of the administrative cost is including of manufacturing about, purchased materials and overheads. To describe the problem of administrative costs it may be said these are the expenses which an organisation has to bear that is not exactly tied to a particular function like sales, manufacturing and production. The salary of a senior executive and the cost of general services as in that of accounting are examples of costs of administration. Lean manufacturing can be one of the methodologies advised for combating the ill effects of overpowering general and administrative costs which is G & A. The company has a very few employees but sometimes it is seen that trained personnel or workers have better insight about a job than the ones in higher posts. There are other problems in a company such as Ballymore however that is delved into for the purposes of study the rise of inflation being one of the most dominant.

Discussion and analysis

Identification of the problems faced by the organisation

There are some issues that are faced by Ballymore in workplace that reduces their profit and it increases the construction costs. Raising construction costs create biggest risks in the organisation. As per The Irish Times, building cost inflation rate has been increased by 7% to 10% in two years (The Irish Times, 2019). There are different issues that can be faced by the company such as,

- Shares of the company have been reduced by more than 17% from 13%.
- Cost inflation has increased Irish construction costs
- Labour costs of the company have grown by 5.4% that has increased costs of construction.

- Brexit has created uncertainties in the business and Ballymore has faced issues in the middle level of the market
- Property and banking crash has increased debt of the company and it has been €2.2 billion in 2018 (Connolly, 2019)
- Wages of the employees has been reduced by 30% that has reduced employee satisfaction and motivation
- Administrative costs of Ballymore have been increased due to increasing overhead spending and expenditure of production as well as lack of inclusion of lean product management.

PESTLE Analysis

Factors	Analysis
Political	Stable political condition of the Ireland reduces corruption rate in business operation of construction company and Ballymore. It is good enough for Bupa to operate their business. However, Brexit has created uncertainties, cash inflating in the business that has restricted flow of resources for construction (Bergin <i>et al.</i> , 2018). Costs for imports of raw materials are increased due to taxes that have increased construction costs.
Economic	Construction industry considers economic factors like demand, income level, labour supply, energy prices and competitive pressures. As present the minimum wages of employees for adult has been raised since 2016 to €9.15 that has increased construction costs of Ballymore. Inflation rates has been decreased from 0.7% to 0.6% in 2019 that has reduced prices of the material capital of construction industry as well as operating expenses of business (Zalla, 2017). Alongside, Brexit issues have reduced national income of Ireland by 1.3% and it has reduced investment opportunities of Ballymore.

Social	Lack of motivation of the consumers in purchasing new building and increment in unemployment rate create issues for the construction industry of Ireland. Power distance and lifestyle of Ireland people affects sales of Ballymore. As the population in Ireland has increased by 0.6% in 2018, it enhances product demand and customer volume (Doherty <i>et al.</i> , 2017) However, Brexit has decreased income of the people that has changed their lifestyle trends and has reduced construction possibilities of Ballymore.
Technological	Ireland is one of the technologically advanced countries that help construction companies to incorporate new technologies in construction and create proper infrastructure. Development of AI and Information technology reduces construction time and the customers can gain more facilities.
Legal	Construction Contracts Act, 2013 helps the construction industry to reduce dispute in operations. However, European Union Act 2017 has included new regulations in construction industry and enhanced construction costs of Ballymore. It can increase confusion and uncertainty in Bupa operations.
Environmental	The waste reduction rate of Ireland has been 1.3% in 2017-18. In case of Ballymore, it has been witnessed that lack of lean production has created issues for the company and increased administrative costs. Construction industry has faced issues in maintaining the standard of ecological balance and reduction of deforestation based on Protection of the Environment Act 2003.

Table 1: PESTLE analysis

Porter five forces analysis

Threats of new entry

Threats of new entry is high for the construction industry of Ireland as there are multiple construction companies in the country that has created high competition in the country (Fagan, 2018). In case of Ballymore, threat of new entry is high for the company as there are different new companies that provide attractive deals and use new technologies in the contrition to increase the

number of customers. As the company faces issues for low market share and profit, threats of new entry are increased for this company in recent times.

Threats of substitutes

Threats of substitutes are low for the construction industry as there is no replacement of the construction companies in Ireland. However, threats of substitutes is medium for Ballymore as there are number of companies that provide similar types of products to the customers and they can replace Ballymore operations.

Bargaining power of the customers

Customers have low bargaining power in the construction industry as fixed prices are offered by the companies for the building to the customers as per the government regulation. However, advertising and offers for the building can change bargaining power of the customers.

Bargaining power of the suppliers

As there are a huge number of suppliers of the construction industry, a low force is faced by the companies due to bargaining power of the suppliers. Ballymore also have a large number of suppliers in Ireland and outside of Ireland that creates an opportunities for the company

Competitive rivalry

Competitive rivalry is high in the construction industry of Ireland. Several construction companies are present in this country. Ballymore has faced huge competition from top construction companies such as BAM contractors, Grafton, Kingspan, Sisk group, CRH which are multinational companies with high growth in operations and huge customer base (Tansey *et al.*, 2018). Therefore, it creates issues for Ballymore to survive in the market if new strategies are not adopted by the company in increasing the business operations.

SWOT analysis

Strengths	Weaknesses
• Reliable supply chain • Strong dealer community • Good brand portfolio • Strong dealer community • High level of customer engagement	• Lack of identification of customer preferences • Ineffective work culture • Increment in capital expenditure • Low Return on Investment • Limited success outside core business

	• Lack of financial planning
Opportunities • High growth opportunities • Government agreement for new market • New taxation policy improves • Cash flow in the construction industry • Involvement of new technology • Opportunities for increasing business in multiple countries	Threats • High competition in the market • No regular supply of innovative products • Low quality products for construction market • Changing demand of the customers • Increment in costs inflation

Table 2: SWOT analysis

(Source: created by the learner)

It is identified from the above table that the company has good dealer and supplier community in the market that helps them to maintain good supply chain in Ireland. Capital expenditure of the company has created issues in the organisation due to lack of financial planning and management of the company (Ballymoregroup.com, 2019). On the other hand, it is identified that the company has multiple opportunities in increasing the number of customers by expanding the business in multiple companies. Cash flow of the industry is increased that is effective for Ballymore to improve business operation possibilities. However, it is also identified that changing demand of the customers, low quality constructing products create issues for the company as they cannot provide quality products and services to their customers. It is also identified that high competition in the market creates issues for the organisation as it reduces their customer base as well as profit and market share of Ballymore.

Allocation of tools and techniques to solve the problems

7 stages of problem solving: To face a problem that any company can encounter during its business processes there are a scope of implementation of Seven Steps for Effective Problem Solving in the Workplace. These steps are:

1. Identification of the issue: It is very important to identify what the actual problem is to find the perfect solution for that. If there is any misconception about the origin or type of the problem, then it would mislead the solution, and the actual problem will persist (Simos and Tsitouras, 2017). There may be different problems arising at one time, but one should keep in mind that every problem needs separate attention and thus different solve.
2. Understanding interests: there may be different possible solutions for a given problem. Sometimes it becomes difficult to understand the best option among them. Therefore, while taking the final decision, it is important to consider the option, which serves most of the problems at one time, and satisfies everyone's need.
3. List of solution: As previously described, a list of possible solutions should be made, so that at the time of decision making, no possibilities remain unattended.
4. Evaluate the option: To choose the best option, non-biased evaluation of the possible solution should be done in an honest way checking both the advantages and disadvantages.
5. Selection of option: The best option thus needs to be chosen from. Sometimes to manage with a multifarious problem, or to handle many problems at a time, a bundle of solutions are adopted to solve the problem in a faster way (Aghajani *et al.*, 2017).
6. Documentation: As there are many heads involved in taking decision for a company; therefore it is important to document the final decision to avoid any bitter consequences of conflict in the future. It is a legal process to seal the deal.
7. Agree on contingencies, monitoring and evaluation: For any business, it is very common that the operational situation gets altered suddenly. This creates huge uncertainty regarding cost management and budget. Therefore, a proper plan and a good budget scheme are needed to cover these things. A legal contingency agreement should be done so that both the contractor and the service user get benefitted from the deal (Müller *et al.*, 2016). The agreement thus should be evaluated by both the parties to satisfy their demands and expectations.

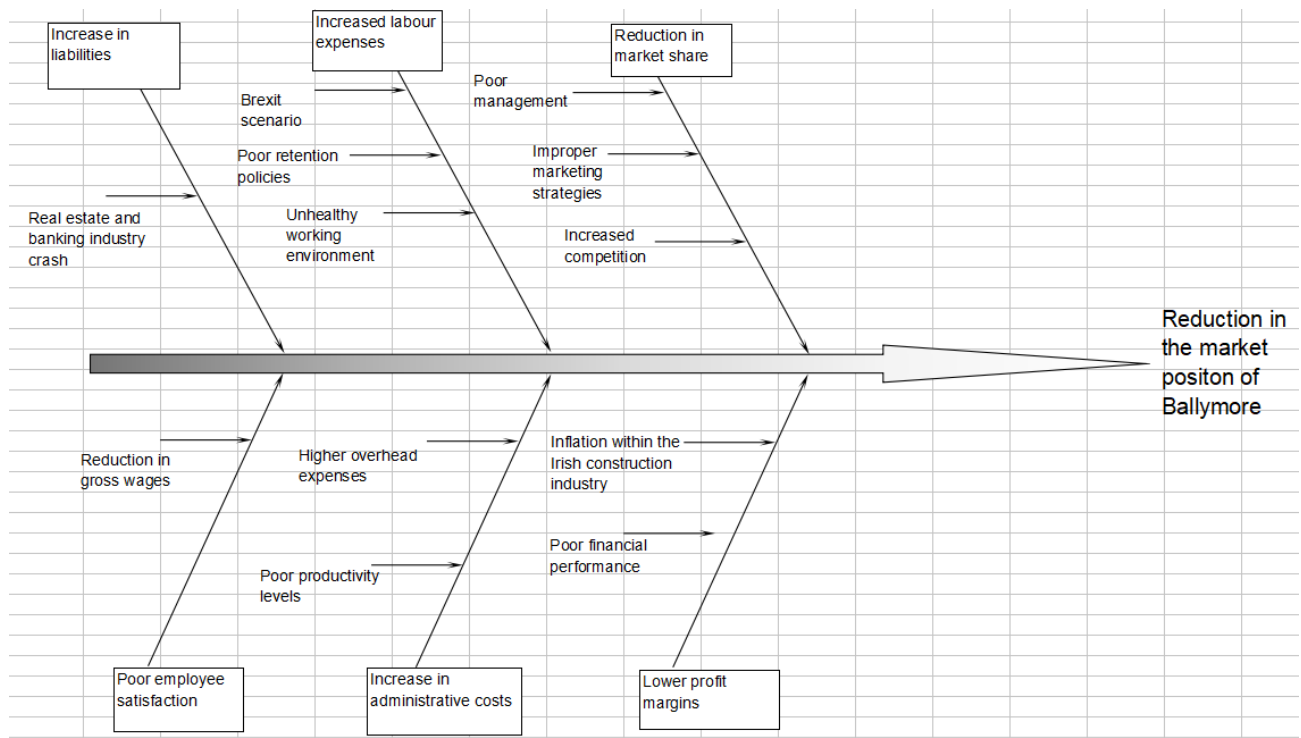


Figure 1: Fishbone diagram

(Source: created by the learner)

Ballymore has been significantly marginalized over the past few years owing to an increase in the competition within the Irish construction industry as well as a rise in the rates of inflation. The internal working condition of the organisation have also suffered largely, with the contributing factors relating to poor employee recognition systems and reduced wages as depicted in the diagram above. The labour costs of the company have also gone up by over 5% due to high employee turnover rates, and the situation has only been complicated by the impending Brexit scenario and its uncertainties. Ballymore has also been plagued by an increase in its liabilities, as the debt figures crossed the €2 billion mark in 2018.

Ballymore Construction Company understands this important stage, and while making a solution of any given problem, follows these steps to ensure a quick and good process to overcome the tough situation. The company is facing mainly four problems. Market share is important for any company to make its brand name. But for Ballymore construction, the market share has been facing a decrease of sharp 4%. Previously the market share value was 17% which in this present financial year has become 13%. Inflation in the market has been affected the business in great extent. The

Associated problem with the inflation was that the price of raw materials and resources increase, but the customers lose interest to pay the extra money. Therefore the company needs to solve this problem through implementation of the seven stage method (Reinecke and Ansari, 2016). Another problem is the increase in labour cost. In construction business, labours are the most essential resources that make the business running. Another problem is brexit decision, due to which Ballymore has faced issues in the middle level of the market. The company is also facing high debt which is needed to be paid to ensure the trust of the investors and shareholders and to gain back the position in the market. To mitigate this high cash crunch, the company reduced the salary of the employees by 30% which created dissatisfaction among them. This has a clear impact on the working process which has reduced the company's value to the customers. Another issue was the increase of administrative costs, which needs to be addressed by following good management scheme. This clears the idea that the company is facing many problems at the present situation and needs immediate solution to resolve them and to gain back its position in the market. Use of this seven stage solution will help the company to identify the actual problem, so that a good solution could be finding after taking suggestions from the shareholders and then by evaluation of the possible solutions, the most suitable solution should be taken for implementation. The final solution should be taken by the agreement of all the shareholders and final documentation should be done.

Analysis of information on the identified problem

Currently the company is facing the following problems and detailed analysis is needed to overcome the situation by finding the perfect and practical solution for them.

Decrease of the company Shares value: the share value of the company has been reduced significantly due to inflation, debt issue, poor management structure, less communication with customers and poor delivery of services. The Company needs to understand these factors that are bringing down the reputation of the company and through proper solution and good management practice; they increase the marker share value.

Cost inflation has increased Irish construction costs: Due to cost inflation, the value of every resource has been increased (Erdogan *et al.*, 2017). This has created an effect on the construction business. Without raw materials and resources, the working process will not progress and effect

on the timeline. But this increased value of materials has created loss in the business, as the company has to follow the agreements regarding cost and time frame.

Increased labour costs: As discussed above, human resource is also a kind of raw material, which is considered very important in construction business. Therefore, the labour costs have also been increased as they have to face the inflation problem. All together this has increased problem for the company, as they are not managing well this cost related problem.

Brexit has created uncertainties: UK has exited from the Brexit, and still now there is confusion related with the consequences (Sundquist *et al.*, 2018). The Market is expecting massive changes in policies, and to tackle any sudden movement by the government regarding economic issues, the business owners have restricted their movements so that no crash occurs to them. This has created a fall in the whole UK market and is affecting the companies regarding economical movements.

Increased debt of the company: It is one of the biggest problems that Ballymore Construction is facing. The Company is facing a high debt amount in the market, which is costing its reputation and making problem to do further business and make partnership. This has generated trust issues and this needs urgent solution (Gosselin *et al.*, 2017).

Wages of the employee has been reduced: To mitigate with the cost related issue, the company decreased the salary of the workers by 30% which had a boomerang effect to the company. High level of dissatisfaction led a group of experienced workers to walk out from the company, increasing situational crisis. Remaining workers are also not satisfied and it is showing effect on their work, which is costing the reputation of the company

Increase of administrative costs: With the inflation, various administrative costs have been increased exponentially, which is an additional burden for the company. Therefore a good management plan, strategy, strict maintenance of organisational policy about waste generation should be done.

Suggestion for the best solution and implementation of plan

Activities	Communication mode	Frequency	Stakeholders	Result
Collection of financial	Meetings, emailing, online	Twice	Accounting department and	Qualified as approved

hegemony (Financial capital)	and telephone conversations. Also interaction through financing middlemen		project supervision head	
Usage of conference rooms	Via Telephoning	Thrice	Operations team and project manager or senior supervisor	Qualified as approved
Usage if Information Technology or IT	Via Telephoning and emailing	Twice	Project senior manager and head of the IT department	Qualified as approved
Tracking of status of project	Via online, telephonic and email sessions	Four times	Project head, members and regional head of the department	Qualified as approved
Final result presentation	Presentations before a board of financial experts	Once	Supervisor of project, project team members and head of regional operations for the project	Qualified as approved

Table x: Communication plan for stakeholders

(Source: Created by the learner)

Integrating monitoring, review and evaluation

Consider the following questions when developing the monitoring, review and evaluation section of your implementation plan.

Planning

- ☐ Is there a clear understanding of the objective for the purpose of monitoring?
- ☐ Has a systematic planning approach been developed?
- ☐ Is data available and accessible to establishing a base line and will data collected through monitoring be relevant to demonstrate outcome achievement?

Governance

- ☐ Has the demand for reviews and evaluations been established with decision-makers?
- ☐ Have monitoring, review and evaluation activities been directly linked to decision-making?
- ☐ Will the activities provide useful information, in the correct format to decision-makers?

Engaging stakeholders

- ☐ Has a sense of ownership and collaboration been fostered with key participants and stakeholders?
- ☐ Are affected stakeholders aware of their role and the costs involved?

Risk management

- ☐ Will reviews and evaluations be planned strategically?
- ☐ How will findings from monitoring, review and evaluation inform risk and issue management?

Resource management

- ☐ Does the implementation plan identify adequate resources for monitoring, review and evaluation?
- ☐ Have you accounted for the cost of data collection and management?
- ☐ Have resources been allocated for systematic planning?

Management strategy

- ☐ Who is responsible for monitoring and gathering the data?
- ☐ How will findings of reviews and evaluations be given to decision-makers?
- ☐ If findings and recommendations require changes to the initiative, how will this be handled?

Figure 2: Questions to consider while framing a model for appropriate monitoring, evaluation and reviewing

(Source: Bell *et al.*, 2018)

Proper review and evaluation shows if a business is on the correct track or not, it is also instrumental in showing how far the company has already come in terms of handling its own business management problems. In case shareholders or stakeholders and suppliers come together to ask the company various questions regarding the emerging issues they will be ready with the facts and figures in regards to the same (Charles Jr *et al.*, 2017). Doing the right thing in the correct

way for achieving better grade of results is the only way to be recognised as a company that is accountable in the eyes of its stakeholders. Since the inception of the process of planning, the objectives have to be laid out clearly. The follow ups are to be entertained since the process needs to be witnessed by people from a supervisory point of view (Luhmann, 2018). There are activities that are carried out which are tailored to purpose. Other important activities are as follows:

Report to an external advisory board: The reports generated from an evaluation being made are done keeping only specific people in mind. It incorporates to the needs of being accountable and transparent by incorporating arrangements of governance (Stubbs and Higgins, 2018). The activities occurring in isolation or commencing after the implementation in its full-fledged state is of least value to that of the initiative participants.

Stakeholder involvement: Related stakeholders, shareholders and the major suppliers are included for evaluation, monitoring and review of all activities that make them successful. The benefits of the activities that are undertaken are clearly communicated garnering the support that is required in creating an opportunity for voluntary ownership and participation being justified (Kano, 2018). If the process is an open one it allows the stakeholders to access datum which increases the overall credibility of the process.

Progress monitoring: Monitoring is one key activity which delivers rather acts as a catalyst for speeding up the process undertaken to be monitored. Outcomes that lead to a steady growth or progress are tracked efficiently so that necessary adjustments are made (Kerzner, 2017). The tracking of progress in a methodical manner in regular intervals is made during achievement or actualisation of the actionable goals. Implementation plans have the definition of the datum or information that will be collected and the method that is subject to be used for monitoring purposes.

Lastly, the work outcomes need to be reviewed evenly and not in fits and starts so that the outcomes are better evaluated. There are various alternate methods provided for the purposes of research so that the company can implement them (Coghlan, 2019). An effective business plan will also consider the contingencies or hurdles no matter how minor they may seem for example that of inadequate resourcing. The process of successfully monitoring, reviewing and evaluating require an adequate amount of resourcing and planning at the earliest.

Recommendations

- To increase the market share of the company, it is important to build a referral program. For this purpose, use of company website, social media and use of e mails are justified and beneficial. Connecting with new people is the working process to make the referral system active. Some customers feel valued if the company asks for referring them. The company should use this system to increase their market share.
- Another method to increase the market share is by increasing communication with the customers and makes them engaged and interested in the company. This will not only increase the customer base of the company, but generate more revenue and market value.
- Application of innovative design and use of modern technology can give the company competitive advantage that will increase the revenue, customer base and market value.
- It is important to develop a unique brand position by using company logo, taglines so that the customers can identify the company among others and know them and their services through that image.
- To manage the cost inflation in Ireland, the company can use more machinery input so that the dependency on the manual help get reduced.
- The company can directly hire new employees and through training then can engage a lot of cheap employee to the work.
- The company can use alternative materials for the construction purpose and it will add a touch of modernisation to the designs and reduce the cost of the construction.
- The company can adopt cashless business so that the impact of Brexit could not harm the business.
- To manage with the market, more customers should be attracted to the company by offering alluring discounts and unique designs, so that small investors can take services of the company and help to increase the revenue.

Conclusion

There are several strategies earmarked for success outside that of the ones specified according to popular theories and models which starts with asking the correct kind of questions which evaluates the rationale of the overall initiative. The outcome is to be anticipated given life-like situations for the beneficiaries intended. Doing everything rather most of the things the right way is of optimum

importance. An external advisory board may assess the individual components and scrutinise the same so that outcomes are better achieved. The purpose behind carrying through a project successfully is to make the optimum use of the results. The findings and the recommendations that have been given are tailor-made for specific people only. It is however an incomplete endeavour since the decision-making trail and run ensures that the original goal has been achieved. This dictates the corrective actions which are needed inclusive of the ending of the initiative. The review part and the evaluation made after that may contribute to the formation of evidence based for further policy.

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