

Modern Graphics Ltd

Established in 2004 by David Dillon, this business offers design and graphic services for business and local organisations from its base in Limerick. It started with six multi-skilled staff and teamwork was emphasised from the outset. The firm quickly built up a great reputation with its customers and its policy of sponsoring some local events generated positive publicity.

By 2007 the firm had expanded and now had 28 employees. The firm has an urgent vacancy for a Project Manager. This is an important position as the successful applicant will be responsible for ensuring that quality standards are maintained, schedules are kept, and that customers are satisfied. The person will require relevant qualifications, skills and at least three years' experience. A salary of €60,000 will be paid plus a yearly bonus of €5,000 for reaching agreed targets. There is a stated company policy that where possible vacancies will be filled from within the workforce.

From the beginning, David Dillon was an ambitious Managing Director and he was confident that the business would succeed. By 2011 sales were €2m and net profit was €250,000. Dividends of 40 per cent were paid to shareholders each year. With business expanding, the workforce increased to 50, and David Dillon was now confident that the quality of the work was good enough to enable him to expand the business into the huge UK market, which was competitive but potentially very profitable. Within the firm there was a very good management-staff relationship; absenteeism was low and morale high. The Human Resource Manager ensures ongoing training so that up-skilling is available when required.

Operating the business as a private limited company enables David Dillon to protect his private assets, and as the major shareholder he controls the business. He is aware that expanding into the UK market has financial and management implications but he is not prepared to lose control of the company he set up. His initial investment in the company was €200,000 and the accounts show he has accumulated retained earnings of €70,000. The latest balance sheet shows a positive working capital with no bank borrowings and a good ROI.

David Dillon knows that organic growth in Ireland will not deliver the potentially huge profits to be earned in the UK. He appointed Expansion Advisors as business consultants to advise him on how to succeed with his expansion hopes. In due course they reported to David Dillon and his board and suggested a strategic alliance with a Manchester-based firm, Online Graphics Ltd. This firm is similar in size to Modern Graphics Ltd so an alliance could provide many mutual benefits.

Questions

- (A) (i) Outline three benefits of the firm's policy of filling the vacancy for the Project Manager from within its own workforce.
- (ii) In relation to the vacancy for a Project Manager, indicate four details which should be included in the job description. Refer to the text where relevant. (20 marks)
- (B) Outline how Modern Graphics Ltd has a positive impact on both the local and national economy. (20 marks)
- (C) (i) Explain how forming a strategic alliance with Online Graphics Ltd will benefit Modern Graphics Ltd. (20 marks)
- (ii) Indicate the benefits for David Dillon of operating his business as a private limited company. (20 marks)

Total 80 marks