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CASE ANALYSIS

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1) The main strategic problems at Westlake when Shelby started

Westlake Lanes was started in the year 1970's by Given's grandfather with 16 Ten Pin bowling lanes. The business was running successfully as Mr. Sugar was offering a potential platform for organizing birthday parties and to various family bowlers. However, it can be critically argued that the business fell into trouble because of the sudden death of Mr. Sugar and when Shelby was proposed with the opportunity to work with Westlake Lanes, the business was facing challenges linked with rising cost of operations and falling sales. Apart from this, Westlake Lanes was also struggling with issues related to overall management and leadership style which was adopted by the organization.

According to the provided case scenario, when Shelby started with Westlake Lanes, there were no effective channels of communication within the business. Further, the staff members were highly de-motivated because they were not allowed to present their views and opinion to management. It can be expressed that such management practices negatively affected the motivation and morale level of all staff members within Westlake Lanes. As per the view of Peppard and Ward, (2016) effective manager and leader is the one who allows other employees to become the part of the business overall decision-making process.

On the other side of this, Westlake Lanes was also facing issues linked with overall financial performance. When Shelby joined the business, the financial performance was not at all satisfactory, and the employee also believed that the business is going to shut down after a particular point of time. Shelby was required to devise an effective strategy which can support in lowering the cost of operations and enhance the volume of sales/profitability. The other challenges which were present in front of Shelby included the growing rate of health insurance, high advertisement cost and convincing board about the new strategy which was formulated to resolve the major challenges within Westlake Lanes.

Porter Five force model

Power of Buyer – The buyer power is considered as relatively low for a Westlake Lanes. The customers or buyer does not possess enough power to control price and demand. The rationale behind this is that at present there are only few bowling allies present in the town.

Supplier power – The supplier power is also very low as there are lots of suppliers available within the town. Westlake Lanes offers products such as drinks and food to its customers, and there is abundant supply available within the town.

Threat of new entry - The threat of new entry for Westlake Lanes can be considered as the medium, and the rationale behind this is that there is no political or government barrier imposed within the industry. However, it can be critically argued that a new business will face financial challenges at the time of entering the industry.

Competition among existing business - The threat of competition for a Westlake Lanes is also medium because there are very few bowling businesses present in the market.

Threat of substitute – It is very high for businesses such as Westlake Lanes and the rationale behind this is an availability of substitutes such as rock climbing centers and laser tag.

2 Action taken by Shelby to deal with issues

It can be stated that management of the business and dealing with such issues was not an easy task for Shelby. However, she handled the situation very effectively by going step by step to deal with every problem within Westlake Lanes. During her initial stage, intense market research was carried out by Shelby to get information about different insurance providers in the town. The benefit of carrying out market research is that it allows companies to gain information about market trend, changing customer demand and strategies adopted by competitors (Wheelen and Hunger, 2017). This research helped her to understand various types of plans available, and she ended up by selecting an in networking plan which resulted in lowering down the expense of the company.

Shelby also decided against eliminating the corporate cleaning services from the overall business operations to save the cost. Furthermore, she developed a small team of cleaning staff as a replacement of corporate cleaning services. It can be expressed that with her efforts and smart moves, she was also able to lower down the overall electricity expenses by 30% and this was outstanding.

According to the information provided in the given case scenario, Shelby also carried out certain changes in the style of management and leadership. As stated earlier, there was a time when views and opinions of employees were not taken into consideration by Westlake Lanes. However, Shelby made certain changes in the policy and adopted the participative style of

leadership. The provided case reflects that she encouraged all her full-time employees to become a part of management and support her in formulating new mission and values of the business. Apart from this, Shelby also carried out changes in the full-time staff of the company. For example, she retained employees such as Spalding as she was well aware of the fact that it is very difficult to find a technically skilled guy like him. On the other side of this, she dismissed Bullock as her behavior and performance were not satisfactory.

Shelby also increased the rental prices of the league, shoe, and lane by 20% and for a short time, the decision of price change resulted in dropping down the figure of recreational traffic and league participation drastically. However, the increase in prices has delivered expected results to Shelby in the long run. She also decided to cut down the company's overall advertisement expenditure and encouraged management to implement effective marketing strategies to attract new customers and retain the old ones.

It can be stated that the smart strategies and hard work of Shelby paid off and by the end of first quarter of 2010; she was able to achieve targets such as 8.5% reduction in cost, 6% increase in overall revenues and attract an expected number of customers. However, she believed that to enhance the existing figures of sales and profits some more changes are required to be carried out. The changes were merely linked with the menu of Westlake Lanes, its marketing plan, and employees.

3) Evaluate effectiveness of these actions

Financial Analysis

With the help of financial analysis it is possible for business to know its overall performance in the market. Considering the case of Westlake lanes from the year 2004 to 2009 all the expenses are rising at faster pace such as repairs and maintenance, insurance, rent, legal and audit, advertisement etc. On yearly basis business is not having control on all the major expenses and this is the basic reason due to which profit margin of organization is declining at faster pace (Sahay, 2013). Apart from this, same is the case in the year 2010 where major expenses of business are rising and due to this company has to bear loss. In short, it is representing that financial position of organization is not up to the mark and improvement is required (McKinnon, 2015). Checking all the financials will have positive impact on the business as through this it possible to know whether all the costs are recovered or not. This will allow

dealing with the internal issues and can act as development tool for the enterprise. Financial control was one of the main issues being faced by the business as through this it is possible to keep a check on the major expenses which is advantageous for company in every possible manner.

Operations

The key operations of business are providing bowling facilities, food and beverage, organizing events such as parties, birthdays etc. All the operations of the company are effective but the main challenge which is being faced is rise in level of expenses which is adversely affecting the entire business. With the motive to enhance value of the operations it is required for business to control the major expenses so that overall operations can be conducted smoothly by the entity. Checking all the key operations on continuous basis are considered to be quite effective for the business and this can allow in enhancing overall performance in the market (Clark, 2013). Considering all the major operations of the entity expense level of the enterprise is quite high which is not at all acceptable. Apart from this, Westlake lanes are required to focus on enhancing its profitability level where the key costs can be reduced.

Breakeven point analysis

For the year 2009

Fixed cost		Variable cost			
Wages	205390	Advertisement	15865		Sales
Legal and audit	15900	Office supplies	3346		87681.9
License and permit	2416	Repair	86432		3
Rent	107800			Total	83506.6
Utilities	36672				171188.5
Insurance	63412				
Miscellaneous	3510				
Total	435100	Total	105643		

Break even = Fixed cost / Sales –variable cost

= 435100 / 171188 – 105643

= 6.63

For the year 2010

	2010							
Fixed cost				Variable cost				
Salaries: Full time	9800		Advertisement	955			Sales	
Salaries: part time	3080		Coupons	850				11433
Legal and audit	704		Office supplies	255				13714
License and permit	147		Repair (Labor)	6755			Total	25147
Rent	8983		Repair (Supplies)	9820				
Utilities	2377							
Insurance	4900							
Miscellaneous	150							
Total	30141		Total	18635				

Note: Calculation for the Breakeven analysis has been done on the basis of two months data which is January and February

Break even = Fixed cost / Sales –variable cost

= 30141 / 25147 – 18635

= 4.62

Interpretation: Breakeven analysis supports in knowing whether business will be able to recover all the major expenses in specific period of time or not. Further, it takes into consideration fixed, variable and sales of the organization. It is also considered as an effective technique to examine efficiency of the enterprise. Breakeven point of Westlakes Lanes has been computed where business is facing some sort of financial issues in the market. Breakeven point of company in the year 2010 is 4.62 and in the year 2009 is 6.63. Generally breakeven point increases with the overall rise in fixed costs associated with the firm such as rent, salaries etc. The concept of breakeven point strictly depends on the fixed and variable costs which are most significant for the company. The overall decrease in the breakeven point from the year 2009 to 2010 is indicating that company is able to control its major expenses and this will surely have positive impact on the organization. But on the other hand, for computation of breakeven analysis for the year 2010 data for the month of January and February has been considered and it is not for the entire year. So, in this case it is possible that breakeven point may increase in the year 2010 as compared with the year 2009. Therefore, in this case company is required to take corrective actions for maintaining profit margin and reducing the level of major expenses also.

4) Recommendation to the board

On the basis of entire study there are some recommendations to Westlake Lanes on the basis of which it is possible to carry out all the operations in an effective manner.

- It is recommended to board to invest in upscaling bowling lounge as through this it is possible to reduce the expenses which are associated with the marketing. Further for offering food to the target market it is required for business to hire professional chef and this will have positive impact on the brand image of the entity. Considering all these benefits this investment option has been suggested to the business. Apart from this, it is required for the business to identify the major areas where expenses can be reduced to extent and this will provide proper support to the company.
- On continuous basis proper financial analysis is needed as through this it is possible to identify the best option with the help of which profitability level can be enhanced and in turn it will support in reducing the level of major expenses.
- Management of Westlake Lanes must allow employees to take part in the major affairs of the business where their considerations must be taken in order to identify best possible solution for example employees can give advice in relation with

the areas where costs can be reduced. So, this will enhance long term performance of the company and will allow to grab a large number of opportunities present in the market. Further, it will also boost employee morale.

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