

Exhibit: Introduction

This case study relates to three tasks.

Peels Sleep Solutions (PSS) is a company that manufactures bed mattresses in Zeelande.

You are an independent business analyst employed by PSS to advise the PSS board of directors on various strategic projects and initiatives.

It is currently September 20X3.

Having familiarised yourself with PSS and the industry in which it operates (the pre-seen information) you are now provided with further new information (exhibits 1-4) to help you complete three tasks.

The following **exhibits**, available on the left-hand side of the screen, provides information relevant to the case study:

1. Contract terms to supply bed mattresses – proposed contract terms for PSS to supply bed mattresses to the Zeelande Health charity.
2. Staff survey results – extracts from a board discussion on the results of the recent staff survey.
3. Email from the human resources director – staff training and development
4. Email from the finance director – issues identified by the audit and risk committee at PSS.

Pre-seen information, which you have already used to familiarise yourself with PSS and the industry in which it operates, is also available on the left-hand side of the screen.

This information should be used to answer each **task** within your chosen **response option(s)**.

Exhibit 1 – Contract terms to supply bed mattresses

Background

Zeelande Health is the largest healthcare charity in Zeelande. It provides healthcare services to individuals across Zeelande through its hospitals and healthcare clinics.

Zeelande Health is governed by its Trustees and its aim is to promote health and provide healthcare for the public benefit. To maintain high standards in its hospitals, Zeelande Health is undertaking an ambitious refurbishment programme which will involve the replacement of its hospital bed mattresses over the next six months.

Proposed Contract

Contract Terms

PSS will supply Zeelande Health with 1,000 single size pocket sprung mattresses (the Badin mattress) each month over the next six months. Zeelande Health will pay PSS \$190 per mattress. The mattresses will be delivered to all Zeelande Health hospitals across Zeelande, and PSS will meet delivery costs.

Upon delivery of the new mattresses, PSS will be required to collect the old mattresses which will be dismantled and recycled as part of PSS's mattress disposal service. PSS will meet all costs for this service.

Payment Terms

Payment of \$190,000 will be made by Zeelande Health to PSS at the end of every month of the six-month contract.

Guarantee

Each PSS mattress will be covered by PSS's standard 10-year manufacturing guarantee. Trial periods are not included in this contract.

Publicity

Zeelande Health will publicise its refurbishment programme through its own website, the national press, and social media. Zeelande Health will include the PSS brand name within all publicity.

Termination, penalty clauses, governing law and EMAS

A notice period of 60 days can be given by either party to terminate the agreement. Penalty clauses will be charged to PSS in the event of non-delivery and to Zeelande Health in the event of late payment. The size of these penalties is still to be finalised. This contract is governed by Zeelande law.

It is a requirement of Zeelande Health that all contract partners, including PSS, are registered with the Eco-Management and Audit Scheme (EMAS).

Exhibit 2 - Staff survey results

Human resources director	In our recent annual staff survey, we asked staff for feedback on all aspects of their role, to raise any concerns that they have and to include suggestions on how PSS could improve operations in the future. We have received some interesting comments and ideas.
Chief executive	Well, I am always keen to listen to suggestions for improvement – particularly if we can enhance our performance in this competitive market. Were there any major concerns coming through in the feedback?
Human resources director	The main concern, raised by staff at all four manufacturing plants, related to possible health issues due to exposure to chemicals from the lower quality foam that we are using to produce the Charu mattress. I must admit, these comments surprised me as I had not seen them raised in previous staff surveys.
Operations director	Well, I am not surprised! The staff are aware that in January 20X3 we changed to a cheaper foam to cut costs. Didn't finance do a deal with our key supplier, Quellings Foam, to buy cheaper lower quality foam to reduce our manufacturing costs?
Finance director	I was not aware that we had switched to a cheaper, lower quality foam. I was told that Quellings Foam had a special offer running which we took advantage of and I assumed that we were receiving the same quality foam that we always receive.
Marketing director	Let's hope the Zeelande Mattress Foundation don't hear about this, it may cause them to have some concerns. Were there any marketing suggestions in the survey responses? I am struggling to stick to our marketing budget with the cost of digital advertising rising so fast.
Human resources director	Yes, several staff members suggested that some of our staff should write positive mattress reviews and post them onto the mattress review websites. That will improve our rating on those websites and lead to increased sales.
Marketing director	Have you seen some of the innovative mattresses being reviewed on the mattress review websites? The new 'smart' bed mattresses seem to be particularly highly rated by customers. I am not sure we would be able to improve our mattress ratings above these innovative products.
Human resources director	That also came up in the survey responses. Staff believe that we need to look at developing our product offering. Some staff are concerned that we are not innovating as fast as our competitors.
Operations director	We can hardly cope with the production of the four mattresses we make at the moment. All four of our manufacturing plants are working at 100% capacity. We are finding it increasingly difficult to hire skilled workers in this competitive industry. Just last week, I had resignations from three staff members that are joining one of our competitors for more money and better prospects.

Exhibit 3 - Email from the human resources director

From: Human resources director

To: Business analyst

Subject: Staff training and development

Hi,

I have been thinking about staff training and development following the staff survey. Some of the comments made by staff in the survey showed a good understanding of the PSS business and the challenges that we face. I think some of the comments may be useful to us in improving our performance and meeting our overall mission, vision, and values.

I know that PSS provides a one-day induction course for new employees. Comprehensive on-the-job training is also provided so that employees perform well in their dedicated roles, but perhaps PSS should be doing more to develop talented employees further, into possible future roles and positions?

I think that the introduction of a talent management programme at PSS could potentially achieve both objectives – encourage more suggestions for improvement and develop talented employees.

My knowledge of talent management programmes is limited though, are you able to offer any advice on whether such a programme would support PSS's values? Are there any challenges that we should be aware of?

Looking forward to hearing from you,

Human resources director

Exhibit 4 – Email from the finance director

From: Finance director

To: Business analyst

Subject: Issues identified by the audit and risk committee

Hi,

I have just received a report from the head of the audit and risk committee which identifies a few issues. Two of the issues are summarised below:

1. Data

PSS collects data from its online customers and website visitors through its website. This data includes personal data as well as information on mattress preferences. PSS also tracks the activity of customers and website visitors on the website and gathers feedback. This data is not currently being utilised by PSS and it is unclear what controls are in place to ensure that the data is kept secure.

2. Internal control weaknesses

- a) There has been a substantial increase in the number of Open coil (Abha) mattress guarantee claims over the last six months. These guarantee claims are in relation to the 10-year manufacturing guarantee included with each bed mattress. The number of guarantee claims is not currently monitored in detail or investigated by management.
- b) PSS currently holds over 30 patents related to bed mattress manufacture. A recent check of these patents has revealed that five of the patents have expired. The five expired patents are all in relation to the arrangement of springs in the pocket sprung (Badin) mattress.

These issues are due to be discussed at the next board meeting. I would appreciate your suggestions on how best we can tackle the issues that the committee have raised.

Regards

Finance director

Task 1

The chief executive has been approached by a charity, Zeelande Health, to supply pocket sprung mattresses (the Badin) over a six-month period to Zeelande Health's hospitals across Zeelande. The proposed contract terms have been drafted but the contract has not yet been finalised and signed.

As PSS has not entered into this type of contract before, the chief executive has asked you to undertake a preliminary evaluation of the proposed contract and consider how it could impact on various aspects of PSS's current business operations. He is aware that the recommended retail price for the Badin mattress is \$240. The Zeelande Health contract will be discussed in detail for the first time by the board of directors at the next board meeting.

a) Prepare a report for the board of directors which evaluates the opportunities and challenges which PSS must consider in relation to the proposed contract with Zeelande Health.

(16 marks)

Professional skills marks are available for demonstrating *analysis* skills in considering the most significant factors affecting the proposal.

(4 marks)

The chief executive is aware that the contract with Zeelande Health is conditional upon PSS complying with the Eco-Management and Audit Scheme (EMAS). He knows that an environmental policy is part of the EMAS requirements. The chief executive has asked you to make a presentation to the board outlining the specific actions and key areas that PSS would need to focus on to achieve compliance.

b) Prepare TWO presentation slides, with accompanying notes, which can be presented at the next board meeting which:

(i) Explains the actions that PSS will need to take to comply with EMAS; and

(ii) Outlines the key areas that should be included in its environmental policy.

(10 marks)

Professional skills marks are available for demonstrating *communication* skills in clarifying the most relevant information to the board.

(4 marks)

(34 marks)

Task 2

At the last board meeting the human resources director updated the board with the results of the recent annual staff survey. A number of issues were discussed which the chief executive has asked you to assess further.

a) Prepare a briefing paper for the chief executive which:

(i) Assesses the issues raised by staff in the survey; and

(ii) Recommends actions that PSS should take to address each of these issues.

(18 marks)

Professional skills marks are available for *scepticism* skills in probing the discussions of the board in relation to the results from the staff survey.

(4 marks)

The human resources director is wondering if PSS should consider introducing a talent management programme to identify more suggestions for improvement and develop the skills and competences of the workforce. She has emailed you, asking for your advice.

b) Draft an email to the human resources director which advises on how a talent management programme can support PSS's values, together with the challenges PSS may face with such a programme.

(12 marks)

Professional skills marks are available for *commercial acumen* skills in demonstrating awareness of the extent to which talent management could support PSS.

(4 marks)

(38 marks)

Task 3

The finance director has emailed you with details of two key issues identified by the audit and risk committee during its latest review: data from online customers and internal control weaknesses. The finance director will discuss these issues at the next board meeting and has asked you to assist him in preparing for the meeting.

Prepare briefing notes for the finance director which:

- a) (i) Discuss how PSS could benefit from analysing and using data from online customers and website visitors; and**
- (ii) Advise on the threats that PSS could be exposed to in relation to undertaking big data analytics; and**

(12 marks)

- b) Evaluate the potential impact of the weaknesses identified in PSS's internal control activities and recommends actions to address these weaknesses.**

(12 marks)

Professional skills marks are available for demonstrating *evaluation* skills in objectively appraising the implications of the internal control weaknesses identified and to make well-reasoned recommendations for improvement.

(4 marks)

(28 marks)