

## <sup>1</sup> Armstrong Agencies 2 – Teaching Note

Conor Vibert developed this teaching note to guide the use of the multimedia case entitled Armstrong Agencies 2 for instructional purposes. It is not the purpose of this material to serve as an illustration of how to effectively or ineffectively address a managerial situation.

Copyright © 2014, Acadia International Executive Insight Series

---

### SUMMARY

Barbados based Andy Armstrong faces an issue that needs to be addressed by his import/export company. A major client wants to change how products are sold on the island. Advice is being sought as to how to proceed in resolving this real life issue. Students are offered access to a set of transcribed video clips that outline the issue and its cause along with providing context for the issue. In order to arrive at alternative solutions and justify their choice of a solution, students are expected to use sources of information not found in the case.

### KEYWORDS

- Distribution Channels
- Client Relationships
- Import Export

### CASENET VIDEOS

Each video in this multimedia case features a segment of an interview with one of the organization's key decision makers. The videos describe:

1. the *Issue* facing the individual or organization
2. the *Cause* of the issue
3. *Background* information for the individual, organization and industry
4. *Alternatives* for addressing the issue
5. A suggested *Solution* and justification

Transcriptions for each video are also available. Students may not access the *Alternatives* and *Solution* videos or transcripts.

### OBJECTIVES FOR TEACHING

There are a number of instructional objectives for this case.

- To enhance the decision making skills of students by having them address a real life issue faced by managers of Canadian or international companies.
- To provide students with a brief introduction to the import/export industry.

---

<sup>1</sup> The Author wishes to thank Andy Armstrong for his support of this project. At Acadia University, thanks are in order for Dave Sheehan.

## Armstrong Agencies 2

- To offer students an opportunity to analyze a situation using concepts that illustrate options for design distribution channels.

### POSSIBLE TEACHING STRATEGY

This case is ideal for in-class case analysis or as an assignment. Assuming an 80 minute class, here is an approximate class schedule:

Time (minutes)	Task
5	Introduce case and divide students into groups.
15	Students view <i>Background</i> case videos and make notes.
5	Instructor plays the <i>Issue</i> and <i>Cause</i> clip(s).
25	Students identify alternatives, a solution and rationale.
20	Instructor guides a discussion around alternatives, solution and rationale.
10	Instructor plays the <i>Alternatives</i> and <i>Solution</i> clips.

If the case is used as an assignment, the instructor may want to focus assessment on:

- 1) **Decision-making process.** The instructor would evaluate writing style, appropriateness of information sources, alternatives, solution and rationale. This approach recognizes that the alternatives and solutions offered in the case are not necessarily optimal, and other choices may be equally effective. Students can be rewarded for their selection of decision making approaches, analytical frameworks and cited reference material.
- 2) **Outcomes.** The instructor would evaluate how closely student responses match those offered in the *Alternatives* and *Solution* video clips. Or, the instructor could use the insight of an existing research paper or analytical framework as the basis for judging outcomes.
- 3) **A combination of process and outcome.** The instructor may apportion the grade between process and outcomes.

### POSSIBLE QUESTIONS FOR ASSIGNMENTS

Students can be asked to identify a set of alternatives to address the issue outlined in the case, a solution and rationale. Other questions that will help students prepare for their case analysis include:

- Are there any competitors already offering this service? What are they doing differently?
- How many potential retailers available for this service are on the island?
- Cost/profits of offering this service vs. outsourcing service?

### CASE ANALYSIS

Issue: The *Issue* and *Cause* video clips outline the problem or challenge of the case.

- Hi my name is Andy Armstrong. I am CEO of Armstrong Agencies Ltd., a distributor in Barbados. The issue is that we had a major supplier come to us and say that we need to completely change the way we sell and market their products in our country. What should we do? The way that we had done it previous was what was called a more traditional

## Armstrong Agencies 2

pre-sell approach. We would have a sales representative go to the store and take an order which would then be billed and delivered. We would send a merchandiser in to pack it on the shelves. We did have for the very small outlets, the mom and pop or one door village shops, three small cash vans that would go and cover them. The supplier wanted us to have trucks to supply the trade right from the biggest store down to the smallest store. He wanted them each to have a driver who would drive the truck, make the sale, deliver the product to the store and then pack it all in one go. So that was a challenge for a lot of people because it was quite different from what we were doing.

### Analysis:

To start their analysis of the case, students should view the *Background* video clips. These clips should help students grasp the following points or case facts.

- The company imports fast selling consumer packaged goods
- The company activities include importing, warehousing, distribution, sales and delivery to retail outlets
- The company is organized as three key functions, sales, sales support and logistics
- The customers include chain supermarkets, cost clubs down to single door village shops
- In general the industry within which the company competes is consolidating

Researching information sources other than the content of the cases should enable students to garner the following insights:

- In Barbados, most employment is in services and wholesale and retail trade (Britannica)
- Low tax-rate for international business (Barbados.org)
- Barbados imports were 1.59 billion in 2011 (export.gov)
- Population of Barbados is roughly 280,000 (visit Barbados)
- Finance and business services industry accounts for 31% of GDP (Business Barbados)

Effort focused on research coupled with analysis should enable students to present a series of options. These can be compared to the options offered by the interviewee which are also summarized below and found in the *Alternatives* video clip.

- Well we have three alternatives. Basically we can call their bluff and keep things the way they are. As background. Things are going quite well. We are the market leader. We are getting moderate sales growth which is good given what is happening with the industry. We could call their bluff and say no. We believe that we are doing it the best way and keep it that way. We could look to change the system that we have and use the same personnel or people that we have. So, different system but same people. Or we could completely change with a new system and a whole new set of people.

The *Solutions* video clip offers the interviewees' solution to the issue along with a rationale. Highlighted below, this can be compared to the student response and explanation.

- We went for the third one which was changing the system and changing the people. The reason we did that is well the first option, calling their bluff. We thought about that seriously but we thought that we really did not want to lose this supplier which was a very important supplier for us that we had been with for a very long time and we did think they had some merit. We were not sure it was going to work but we thought it could work and we are positive about trying to change. But we realized after sort of floating it and talking it through with the personnel in that division who are all very experienced and successful in running the system we had that for most of them the we not going to be able to make that mental change to doing things very differently to how they were doing it now and they really could not understand why we had to change, in their opinion things were going well, why change it? So we had to go for the third option which was changing the system and having largely new personnel. The key thing is that we had to bring in a new sales manager and a new trade supervisor. We were able to keep one or two of the more junior sales or merchandising staff but most of the experienced people we just had to unfortunately part company with them.

## **SUGGESTED COURSES**

We suggest that this case would be suitable for a number of courses. These courses include:

- Strategy
- Marketing
- Organization Theory

## **ADDITIONAL RESEARCH**

The case offers students opportunities to undertake interesting additional research.

Students may want to delve deeper into how managers make decisions. Classic approaches to decision making include works by Cyert and March (1963) and Tversky and Kahnemann (1974).

Students interested in learning more about the industry in general might make use of numerous online information sources some of which are noted below.

- Barbados.org, [http://www.barbados.org/business.htm#.VMULs\\_7F\\_WQ](http://www.barbados.org/business.htm#.VMULs_7F_WQ), Information about the economy of Barbados.
- Business Barbados, <http://businessbarbados.com/industry-guide/>, Industry information
- Encyclopaedia Britannica, <http://www.britannica.com/EBchecked/topic/52655/Barbados>, Online encyclopedia
- Food Export USA Northeast, <https://www.foodexport.org/Resources/CountryProfileDetail.cfm?ItemNumber=1005>, Caribbean market profile.
- U.S. Department of State: Bureau of Economic and Business Affairs <http://www.state.gov/e/eb/rls/othr/ics/2013/204600.htm>, 2013 Investment Climate Statement – Barbados

## **REFERENCES**

A number of articles, referenced below, offer insight that might help instructors effectively explore this case with students