

1. Evaluate the principal reasons for the differences between your group's WRSX business plan forecasts (MSX phase 2 and BMM929 Ass001) and the actual performance during MSX phase 3 (WRSX board meetings BM1 to BM6). Include reference to the achievement of both financial and non-financial KPIs [KPIs = key performance indicators].

7. Financial Data and Non-Financial Performance Indicators (NFPIs)

7.1 Financial Projections: 0-3 Years

Revenue: WRSX foresees a decrease in revenue compared to the global advertising industry standard. Employee Costs: The company is confronted with higher employee expenses relative to its industry counterparts, impacting day-to-day operations. Financial Performance: Despite obstacles, WRSX boasts a higher Gearing Ratio, which will furnish additional resources for future endeavors.

Share Price: WRSX has observed a decline in its share price from +2.32 to +2.28 over the past 18 months, attributed to subpar firm performance. Market capitalization stands at BP 285 million with 125,000,000 shares issued. Earnings per share are at 15.23 pence, while the Net Cash Flow from operating activities totals £43.5 million.

Table 1 shows the financial projections for the next 3 years.

Table 1 - Financial projections for next 3 years

PARAMETER	YEAR 0	YEAR 1	YEAR 2	YEAR 3
Gross Revenue	200	250	300	350
Profit (PBIT)	33	83	133	183
Return on Sale (%)	16.5%	33.2%	44.3%	52.2%
Employee Costs	63%			
Share Price	£2.32	£2.72	£3.22	£3.72

7.2 Financial Forecast (FPI):

The forecast assumes that the company will maintain its current market position and operational profitability ratios. WRSX is expected to continue or grow its revenue through retained business, new client acquisition and effective advertising campaigns – by fifty million every year.

One of the primary reasons for this could be the acquisition of profitable businesses and expanding into new markets, as has been done previously. To mitigate strategic risks, the company has diversified across different regions of the world, as demonstrated in segmental analysis. The company has also committed to expanding into new markets, which is also a testament to its leadership qualities and can be seen in the forecast as indicating a ten percent rise. Despite this, the corporation has developed and improved its practices by not permitting the dereliction of moral values by senior managers.

WRSX's product development and the penetration of new markets worldwide are the primary reasons behind this. Accordingly, there is a projected 10% surge in customer retention. WRSX has experienced a 51.6% increase in the number of suppliers and procurement managers. Effective inventory management systems, delaying payments, and having a positive relationship with suppliers are the key factors in this endeavor.

7.3 Non-Financial Performance Indicators (NFPI):

In response to past scandals, growth and risk management will rise by 5% and 12.5% respectively over the next three years. This effort aims to enhance investor trust and sustain competitive positioning. Table 2 shows the projection for the NFPI's.

Table 2 - NFPI 3 years projection

7.4 Key Assumptions in NFPIs:

To excel in non-monetary objectives, the company must regain trust and respect. This is crucial following the accusation of bribery in the Paris office. To achieve goals for employee engagement, customer satisfaction, and brand reputation, trust from various stakeholders is essential. If not, it is difficult to improve customer satisfaction if there are doubts about ethics. And employees may leave if there is no trust in leadership or if they perceive the ethics as weak.

Additionally, efforts to enhance the brand's reputation may be less effective if the company's image is damaged. Therefore, to achieve non-monetary goals, it is important to address the bribery allegation effectively and establish stringent guidelines for the future.

7.5 Key Assumptions in FPIs:

One significant assumption included in the projected share price estimate is that investors would carefully follow the company's attempts to fix its lower revenue and rising staff expenses. If the firm can successfully adopt plans to promote revenue growth and reduce expenses, investor confidence may rise, leading to a favorable influence on the share price. Investors may view this as a good indicator of the company's capacity to invest in growth possibilities, which might boost the share price during the projection term.

8. Implementation Plan

The implantation plan provides an outline for the actionable steps that will be taken to achieve our goals and objectives over 3 years. With clear direction, we aim to navigate these challenges with accountability and progress towards our desired outcomes.

Figure 3 has the details of the 3 years plan.

IMPLEMENTATION PLAN

YEAR 1		YEAR 2	YEAR 3	
LEADERSHIP DEVELOPMENT <ul style="list-style-type: none">► Create a leadership programme that has emphasis on attraction and retaining high quality talent.► Implement leadership ethical practices to regain investor confidence.	CREATIVITY & INNOVATION <ul style="list-style-type: none">► Conduct a cohesive training programs targeted toward the US creative team.► Ensures global creative synergy across all teams of WRSX group.	COST REDUCTION <ul style="list-style-type: none">► Revisit marketing budget► Strengthen our technological capabilities.► Develop data driven management decisions capability across all regions of WRSX	EXPANSION <ul style="list-style-type: none">► Research and explore possibilities of investing in emerging economies such as China, Brazil & India.► Develop new market entry strategies such as market penetration.	FINANCIAL <ul style="list-style-type: none">► Increase share price to £3.72.► Optimize capital structure and dividend policy by analysing debt to equity ratio and consider implementing a Dividend Reinvestment Plan (DRIP). <p>(Source: Beers, 2021)</p>

Figure 1 - 3 Years Implementation Plan

FINANCIAL KPI'S

PARAMETER	YEAR 0	YEAR 1	YEAR 2	YEAR 3
Gross Revenue	200	250	300	350
Profit (PBIT)	33	83	133	183
Return on Sale (%)	16.5%	33.2%	44.3%	52.2%
Employee Costs	63%	71	71	71
Share Price	£2.32	£2.72	£3.22	£3.72

PARAMETER	BM 1	BM 2	BM 3	BM 4	BM 5	BM 6
Gross Revenue £M	290.2	230.2	236.4	263.1	301.0	325.2
Profit (PBIT)	27.1	32.6	29.5	36.9	48.1	61.1
Return on Sale (%)	9.3%	14.2%	12.5%	14.0%	15.9%	18.8%
Employee Costs	64.3%	61.7%	63.8%	61.9%	59.8%	58.2%
Share Price	£2.32	£2.90	£2.65	£3.42	£4.85	£6.30

Comparison

Financial Forecast Comparison: MSX Phase 2 vs. Phase 3 Feedback

Aspect	MSX Phase 2 Forecast	Phase 3 Feedback	Discrepancies
Revenue	Foresees a decrease compared to industry standard	Juliette Waldron's briefing mentions the US losing clients to competitors. Targeting high-value clients for retention.	Decline in revenue despite retention efforts.
Employee Costs	Higher relative to industry counterparts	Outsourcing considerations mentioned for cost management.	Potential reduction in employee costs through outsourcing not reflected in phase 2 forecast.
Financial Performance	Higher Gearing Ratio anticipated	Share price declined, attributed to subpar firm performance.	Gearing Ratio alone may not accurately reflect overall financial health.
Share Price	Expected to increase over next 3 years	Share price declined over past 18 months.	Discrepancy in share price trends.
Market Capitalization and Earnings per Share	Projected growth	Share price decline noted, earnings per share and net cash flow provided.	Actual market performance deviates from projections.

NON FINANCIAL KPI'S

Parameter	Year 0	Year 1	Year 2	Year 3	Percentage increments
Management of Growth	43.5	45.6	47.9	50.3	5%
Management of Risk	41.3	46.4	52.2	58.7	12.5%
Leadership Capability	39.2	43.1	47.41	52.1	10%
CSR	38.5	42.3	46.5	51.1	10%
Client attraction and retention	52.0	57.2	62.9	68.2	10%
Procurement and Supplier Management	38.7	42.5	46.7	51.3	10%
Average (Industry Av.=50)	42.2	46.4	51	56.1	10%

	Start Position (Period 0)	Board Meeting 1 (Period 1)	Board Meeting 2 (Period 2)	Board Meeting 3 (Period 3)	Board Meeting 4 (Period 4)	Board Meeting 5 (Period 5)	Board Meeting 6 (Period 6)
1. Management of Growth	43.5	49.3	51.0	50.3	50.5	56.5	58.0
2. Management of Risk	41.3	39.3	41.3	40.0	43.0	49.0	50.0
3. Leadership Capability	39.2	42.4	45.0	45.8	47.2	52.6	53.6
4. Corporate Social Responsibility	38.5	40.3	41.8	42.3	43.8	46.0	47.8
5. Client Attraction & Retention	52.0	54.8	56.6	57.4	58.8	64.0	65.0
6. Procurement & Supplier Mgt	38.7	39.7	40.3	42.7	43.7	45.0	45.3
Index Average	42.2	44.3	46.0	46.4	47.8	52.2	53.3

Aspect	MSX Phase 2 Forecast	MSX Phase 3 Actual Performance
Revenue	Anticipated decrease compared to industry standard.	Year 3 revenue exceeds forecast, reaching £325.2 million.
Employee Costs	Projected impact on day-to-day operations.	Year 3 employee costs: 58.2% of revenue.
Financial Performance	Higher Gearing Ratio forecasted.	Year 3 PBIT: £61.1 million, indicating improvement.
Share Price	Gradual increase projected.	Share price decline due to performance, but £6.30 achieved.
Non-Financial Impacts	Client retention, growth management, operational excellence, strategic considerations outlined.	Feedback emphasizes high-value client targeting, operational risk management, strategic balance.

BM1

Agenda 1 – Strategic options for entering the China market

Option - **Option A:**

WRSX's clients are clearly sending the signal that they see us as being slow to react to their own strategies for market development in China. WRSX needs to be seen as a front runner and not a laggard. If WRSX wants to position itself as a global player, it must be able to offer a full service to global brands which means having a major presence in China. WRSX should find a suitable office to lease in the district of Shanghai that attracts creative and media businesses, so there should be a ready pool of talent. The firm should negotiate a five-year lease with an opt-out clause after three years. The new office should offer Consumer and Business to Business Advertising as well as PR. Experienced staff should be recruited locally from Chinese agencies and international firms already based in China. Victor Xiao in the London office should headhunt and interview the future local MD. Rival firms that have taken the decision to enter the Chinese market this way have budgeted about £2m. In terms of WRSX resourcing this development, as well as financing the project, the main demand would be for management time in sourcing the right building, fitting out the building to WRSX standards, recruiting and training WRSX China staff, promoting the arrival of WRSX in China to potential clients and setting up relationships with local suppliers and sub-contractors. The Board will need to evaluate the risks of this option against potential returns in the future.

Agenda 2 – Sustainability profile of group

Option - Option c:

WRSX is in danger of falling behind its competitors in the area of sustainability. There are commercial as well as ethical reasons for setting a Group-wide Sustainability Agenda. Create a new WRSX Committee made up of internal employees interested in this issue and also employ an external 'Sustainability Expert' with extensive experience of this field in the Marketing Communications sector. This will mean a high salary cost but it will be the responsibility of this expert to develop a group-wide strategy on Sustainability and to ensure that it is effectively implemented. Ask each office to develop an action plan for rating its sustainability profile. Ask each office to appoint a Sustainability Co-ordinator at a low-/mid-level salary.

Agenda 3 – Diversity and inclusion policy across the group

Option - Option D : This sounds like a small drip that could turn into a waterfall. What is Serge thinking of? How would this work in all the countries that WRSX operates in? This should be a vision for the WRSX Group but managed locally. Put an article in the company newsletter about what is being done in Paris and leave it at that.

Agenda 5– Culture change in New York

Option - Option B: The second option builds on the first. So, as well as undertaking a radical review of the management structure of the New York office, reducing the number of management layers and moving authority down the organisation in line with the rest of the Group, the Board votes for further action. Radical change will only be brought about by moving key personnel from other offices into the New York office at a senior level. This is what Francoise Mellier calls 'Leadership by example'. This will also mean moving some of the New York team to other offices or giving them an option to take early retirement or redundancy. The budget for taking this action would be £800,000.

BM 2

Agenda 1 – Client retention

Option - Option C:

The Board believes in the SCR programme but that it is too costly and it should not sanction the new Client Relationship Managers posts for each New York business but ask the Account Management team for each business to nominate someone from their existing team to take on this extra responsibility. The full CSR programme should be implemented but no CRM posts created. This would reduce the budget for the SCR programme for the next three years to £200,000 per half year for three years.

Agenda 2 – Horizontality and super pitching a custom crafted agency

Option - Option B: This is a major opportunity for WRSX and only the best will do in terms of the people who should be involved in a 'super-pitch' presentation. A single coordinating management and creative team should be put together from across the whole WRSX Group, carefully selected for experience and past success in securing consumer advertising business. The team should be presented as the new customised,

single-client agency who have been hand- picked specifically to help Eiberlen to deliver its strategic goals in Europe. Even if this does not succeed it will set the pattern for future 'super-pitches' based on the idea of creating customised teams for one-client agencies within the WRSX Group. In order to do this there will be HR and IT costs as WRSX will need to undertake work to establish what skills and expertise we have across the Group that could be pulled into a 'super-pitch' for a 'custom-crafted agency' in the future. As part of this we will need to promote the idea of 'horizontality' across the WRSX Group. All of this will need to be budgeted for even if this first bid is unsuccessful. The estimated cost of implementing this will be £400,000 per half year.

Agenda 3 – Cooperate governance

Option - Option C: You decide to: (1) implement the 10 Point Code of Business Conduct, (2) sack the two local directors implicated in the scandal, (3) put a PR campaign into immediate effect publicising these decisions, and (4) convene an executive sub-committee of the non-executive directors and WRSX legal counsel to conduct a thorough review of the WRSX corporate governance model. The cost of implementing this programme will be a one-off immediate cost of £750,000, but you believe that there is potential in the South American joint venture and this action will be sufficient to ensure that the European clubs association contract will be renewed.

Agenda 4 – Does the parent holding company add any value top the group

Option - Option C: Surely the main role of the parent company is to drive business performance. While to date there has been a great deal of autonomy in the way the business is managed by the WRSX Group, there is a danger that this has masked levels of underperformance that impact on the ability of the group to deliver shareholder value. The question is not just 'Does this business deliver profits?' but 'Could this business be delivering larger profits?' The Board should set up a task force of highly competent managers to review each of the business units in terms of financial performance, contribution to clients' perceptions of value- added and use of group resources. Each review should conclude with recommendations to improve performance and a recommendation as to whether the business should be invested in, not invested in (but should continue to form part of the WRSX Group) or divested. The cost of setting up this review process will be £0.3m but there could be substantial benefits in the longer term from tackling underperformance in the Group. In addition, there will be cost savings of £0.6m per year if the Board also decides to reduce the level of investment in group functions, with the exception of Group Procurement. This will be enlarged in order to deliver group-wide savings through its ability to negotiate better

terms with WRSX suppliers. We should also not forget the factors driving change in our industry: New Media and Big Data and the emergence of competitive bidding for business based on a holding company pulling talent from across its whole business, crafted to the needs of the potential client. Both of these argue for a stronger role for the parent holding company.

BM3

Agenda 1 – Launching Cine FX in London and New York

Option - Option C: Having considered Jean-Luc Breton's fully-costed proposal, you decide to launch in both the UK and US markets first on the basis that the PR spin-off on the scale of the investment and commitment by WRSX board will have real impact and will lead to new business relatively quickly. The cost of implementation will be £500,000 in the first six months.

Agenda 2 – Changing organizational structure to meet our strategic challenges

Option - Option A: Having considered the Barton Consulting Group research findings, you decide to engage Barton for a further contract to plan the implementation of a radical restructuring of the Group along matrix lines. There is an immediate one-off cost of £1.5m in this six-month period.

Agenda 3 – Bringing down print costs through group buying power

Option - Option C: The third option would be to move towards central supply for high volume, non- time-sensitive direct mail printing say with a minimum print run of 500,000 copies. WRSX would also purchase carbon offsets. Anything below this would be sourced and delivered locally. This will save £3m in the first half-year and £3m in subsequent half-years.

Agenda 4 – Outsourcing central services

Option - Option B: Give the go-ahead for outsourcing certain aspects of HR: payroll and benefits, pay negotiations, training and development on a Group-wide basis. Also include recruitment of admin staff and other non-creative/client-facing staff but retain the recruitment, training and management of reward systems for all creative and account management staff within the WRSX Group. The Board believes that the Group's value lies in its people and the recruitment and retention of these people should be a major responsibility of the senior team in each business. This will save £1m per decision period with an initial one-off cost of £2m in the current six-month period.

Agenda 1 – Corporate governance and reputational risk

Option - Option B: This could be a disaster for WRSX if shareholders hear about this. We obviously need to deal with the fall-out from the Mexican bank scandal but other actions are also required. Firstly, send out an urgent email making it clear that the board must be informed of details of any controversial work before contracts are signed. Once an account is deemed controversial, the board can decide whether to go ahead with the work. If it does go ahead, bi-weekly status reports and monthly meetings should be held with the sole objective of keeping at least two board members up to date. This will allow the board to intervene if the work goes against the core values of WRSX. Secondly, review the management of all offices in emerging economies and fragile democracies to ensure the top team is made up of a mix of seasoned local managers and international professionals. This should prevent such things happening again.

Agenda 2 – Rationalization and cost cutting

Option - Option D: Our final suggestion is not to overreact to what may turn out to be a short-term problem. While marketing budgets are often the first to be hit in a recession and the last to be re-instated, the long-term future for WRSX is bright. The Board should make a statement to shareholders along these lines so that they do not get a shock when our results are announced. Meetings with key investors in advance of this would be a valuable use of Directors' time. Our suggestion would be that Juliette, Leena, Serge, Victor and Els, if required, meet with various institutional and private shareholders to explain our strategy and to ask them to look to the long term and not to worry about the dip in profits that we anticipate this year and maybe next.

Agenda 4 – wrsx social impact, restoring trust in business.

Option - Option b: My suggestion is that WRSX joins the UN Global Compact and use the UNGC model comprised of six management steps. This guides companies of all sizes through the process of formally committing to, assessing, defining, implementing, measuring and communicating a corporate sustainability strategy.

My belief is that we should implement some radical changes in the way we operate in these areas guided by the UNGC model and that the Board should agree today that a substantial budget of £2.0m should be set aside each six- month period, i.e. £4.0m p.a. for the next five years for this purpose. Not addressing this at Board level will mean that our competitors will be able to attack our sustainability profile and this will cost us clients, investors and talented employees in the future.

Agenda 5 – cooperate venture opportunity or rewarding disloyalty.

Option - Option c: WRSX has been subjected to a lot of competition in France from 'creative boutique' agencies – smaller 'hot shops' that attract a lot of attention in the advertising press which claims that they are accounting for a greater share of the market. The Board believes that this is an opportunity to put a proposition to Philippe Jourdan and Lucien Gardot to spin off a high creativity visual media- content based agency which makes the most of their talents. The new agency could be situated within the WRSX Paris offices, will draw off central services and will be named as a sub-brand of WRSX, e.g. WRSX Jourdan Gardot. Both will keep their WRSX Group shares and will be offered a 10% profit share each.

BM5

Agenda 1 – Creating new employment policies- becoming employer of first choice

Option - Option C: Look at WRSX client companies and suppliers to WRSX that have similar values and work with them to come up with a joint implementation strategy for ways of attracting and retaining talent through the range of policies previously outlined, including Matching Learning Accounts, where employees in WRSX and our client company employees can job swap/or job shadow for agreed periods. This could have the beneficial effect of enabling employees to work smarter and more efficiently – to the benefit of all companies.

Agenda 2 – Key strategic appointment in underperforming subsidiary

Option - Option B: Candidate B has identified a culture where mediocre or poor performance is not punished, and above average performance is not rewarded as the key to turning around the business. Candidate B feels that this is a classic change management issue and that she is the best person to lead the change. Candidate B thinks that the re-structuring may be a longer-term option but priority should be given to introducing effective performance management systems. This means that all managers will require training in setting SMART (Specific, Measurable, Achievable, Relevant and Time Bound) objectives for their staff. Then a system of monthly meetings will be put in place so that everyone knows how well objectives are being achieved on a month-by-month basis. Candidate B argues that performance management systems will enable top management to get the under-performing people out of the business and to reward those who achieve their objectives and specifically to reward the high achievers. This

action will bring about the needed change to the culture of Audio Image and will turn around the business performance.

Agenda 3 - Major clients move towards re-negotiating agency income model

Option - Option B: We can take a proactive approach and consider introducing a 'value-based' system as a new compensation model with our clients. 'Value-based' means that we share the cost risk with our clients by agreeing a basic fee to cover costs, plus an additional fee amount based on the uplift in product sales as a result of our ad campaign. This system would guarantee to cover our media and creative costs, plus it would incorporate a bonus mechanism of up to 30%, dependent upon a number of measures, such as the sales and market share of the products being advertised, plus the agency's overall performance rated on agreed measures, like management of time and budget. In our view, the aim with our 'value-based' model is not to cut costs to clients but to inspire creativity and efficiency and maintain our margins.

Agenda 4 - UK government advertising contracts - potential account conflict

Option - Option B: You consider that the issues raised by the Government Information Office with regard to obesity are real and urgent issues – and that WRSX's own social responsibility programme should take this into consideration. You decide to call a meeting with Goodey Fast Foods and tell them that you are going to accept the Information Office invitation to present ideas for the obesity campaign. You also recommend to Goodey Fast Foods that this is an ideal opportunity to launch a range of low-fat, low-salt fast foods in a major national campaign, supported by the Information Office. You believe that all parties will see the good sense in this approach. You also suggest that it is time to act in a socially responsible way and take on board the anti-obesity campaign.

BM6

Agenda 1 – Institutional shareholder planning to sell WRSX shares

Option C: You think that financial underperformance across the Group is the main issue. You ask Leena Chakrabati and Els Janssen to look at the individual businesses and whether WRSX is in fact disguising some poor performers that need to be turned around or divested from the WRSX portfolio of businesses. This might mean selling these businesses immediately or preparing them for sale in a year or two through a

process of refocusing the management of these businesses on improved performance. Top management would need to see some personal benefit from preparing these businesses for sale in terms of bonus payments based on the sale price of the business. Management buyouts may also be an option. Leena and Els should prepare a report for the Board on the pros and cons of more transparent financial reporting on the performance of individual businesses to major shareholders.

Agenda 2 – Islamic marketing and the Muslim consumer

Option A: Set up an Islamic Marketing business unit in a Muslim country, staffed by Muslims from a variety of backgrounds with different perspectives, from Religious Conservatives to Liberal. Ask this unit to undertake research on the Muslim market on behalf of clients and to create advertising and other marketing communications that are driven by Muslim values.

Agenda 3 – The formulation and practice of strategy at WRSX

Option C: You believe that great benefits can be derived from the addition of a planning department to the current system. The thinking is that an internal planning department with an appointed Head of Strategic Planning, with a formal responsibility of contributing to the strategy process, will be able to work with the Board to provide: information and analysis, manage the strategy process and take on special projects as briefed by the Board. You therefore decide to authorise a budget for this function and department and begin the process to appoint the best qualified person within the next six months.

Agenda 4 – Making WRSX the agency of choice for Asian brands expanding globally

Option b: We need to think strategically about this 'agency of choice' concept and the realities of making this happen. We think that we would have much more chance of success if we collaborated with the existing HAL agency in India which does not trade outside of India. While collaboration with a current or future competitor has its risks, we believe that their insider knowledge of 'what makes HAL tick' would give us a competitive advantage when bidding for the HAL global business. We could use this collaborative approach as our blueprint for future Asian brand business. The cost of this will be £0.3m.

BM 5 of WRSX group focused on critical agenda issues such as Creating new employment policies, Major clients move towards re-negotiating agency income model, Key strategic appointment in underperforming subsidiary, West Coast acquisition, UK Government advertising contracts, and Business integration. These discussions emphasized on the company's need to adapt to current workplace dynamics, address shifting client demands, plan for subsidiary turnaround, expand geographically and maintain organizational culture amidst growth. This Bm was a critical platform for developing wrsx's strategic direction. And maintaining competitiveness in the advertising business.

In this meeting, the following agendas were selected which warranted strategic deliberation and action.

1. Creating new employment policies- becoming employer of first choice

The 'WRSX Future Leaders' Program is being requested by the Board to encourage growth. HR should also take cue from 'frontier' firms who have emphasized on work flexibility, which does not put commercial interests at loggerheads with purpose-driven opportunities. The purpose of this approach is to be a preferred employer among targeted staffs.

To do justice to this, the option of collaborating with clients on talent retention strategies was chosen. That is option C, this enables potential lead to increase efficiency and competitiveness through the alignment with client companies and suppliers who share similar values.

Collaborating with client organizations and suppliers to achieve talent management initiatives is consistent with the strategic framework of strategy and people. WRSX pools its resources and expertise to recruit and retain people by adjusting to changing performance requirements and including a clear value proposition. As a result, this method strengthens WRSX's market position and makes it more sustainable.