

ELECT. LTD.

Ruth Flynn is 27 years old. She sat her Leaving Certificate nine years ago. She did not know what she wanted to do so she did not apply for college at that time. She began working in a local factory which suited her, as she did not wish to move away from home. At first Ruth worked on an assembly line in MPD Ltd., an electronics factory making car radios and other small electrical goods. Ruth's job was assembling part of the radio as the conveyor belt passed along. She worked in a unit with ten other workers. After three years she was promoted to supervisor of her section. This involved record-keeping on the items produced and planning the week's work for the unit with the production manager. Despite the extra responsibility and extra money that came with her job, Ruth was beginning to get bored and decided to go to college at night. Four years later she qualified with a degree in Business Administration.

The management in MPD Ltd. recognised that Ruth had talents and abilities and she became assistant manager in charge of purchasing the raw materials. This involved travelling to meet suppliers and planning for what was needed and when it would be needed on a day to day basis. Many of the parts have to be bought from abroad. This has resulted in delays in the delivering of parts for MPD Ltd and other firms in related industries.

An opportunity arose for an agent in this country to handle the buying of these parts on behalf of several manufacturers. Ruth thought about it and decided that this was the way forward for her. It would suit her personally and business wise. She set up her own company ELECT. Ltd.

There were many decisions to be made and Ruth had to draw up an extensive Business Plan so that she would be able to begin her business. This involved market research in this country to establish who her potential customers might be and also to ascertain what their requirements might be. She also had to carry out research to establish who the suppliers were at present and who could be possible suppliers for new products for customers. She found her local Enterprise Board very helpful.

Because Ruth was setting up an agency she did not need a large manufacturing plant: instead, she is the middle person between the supplier and the manufacturer. Much of her work can, and is, done over the phone and the internet. ELECT. Ltd. meets with its customers on a regular basis to plan a schedule of what is needed by them and when they require delivery. The customers must have confidence in ELECT. Ltd. that they will supply what is required at the correct time.

Ruth initially employed one person in the office, and later on, a sales person who deals with the customers. Because much of the work is done via internet, Ruth knows that it is important to have an up to date, user friendly web-site. She spent considerable time and money developing the web-site when the company was set up and she updates it regularly. Because the use of the internet in business is expanding, Ruth believes there are many opportunities for her to develop her business.

1. State and explain briefly **three** advantages to Ruth of setting up her own business. **6 marks**
2. Outline **three** major decisions Ruth will have to make to ensure that her business is successful. **12 marks**
3. Identify **three** personal and **three** business risks associated with business expansion. Explain the implications of each. **12 marks**