

# The Role of a Company Director

Exercises - pre-course reading



...market leaders for Director training



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## Exercises – pre-course reading

This document describes two scenarios that you are asked to read prior to the presentation of the course...

### The Role of a Company Director

During the course the presenter will ask you to complete some tasks relating to the scenarios.

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## RoadSmart Ltd

### Background

RoadSmart is a limited company providing street cleaning and maintenance services whose main customer is the local borough council. It has been a successful SME and had ambitions to expand its operations but lacked the financial resources for its plans. Venture capitalists 3E have invested heavily to help RoadSmart develop its business. The bulk of its work is now with local authorities but it has had some small success in securing non-local authority work. However, it is still largely dependent on local authority clients.

RoadSmart has 4 executive directors and a non-executive chair:

- William Wyman – Managing Director
- Michael Jagger - Operations Director
- Keith Richards - Finance Director
- Charles Watts - HR Director
- Brian Epstein - Non-Executive Chair

There is also a representative from 3E on the board. His name is Mr Brian Jones. His brief is to keep an eye on the board and make sure that 3E gets its returns come what may.

3E has a Strategy Committee, external to RoadSmart, that formulates and enforces the implementation of the RoadSmart strategy through Mr Jones.

### Current Situation

The business has been successful for two years, with all 3E targets being achieved. However, in recent times the local authorities, in the face of impending budget cuts, have become difficult to deal with resulting in contract scope and values being reduced and significant delays in the payment of RoadSmarts' invoices. This has led to cash flow problems compounded by their heavy dependence upon local government for business.

RoadSmart have attempted to secure other external business but the Strategy Committee has told the board it cannot do this as it a significant risk to their existing revenues.

At the last board meeting, Mr Richards announced that cashflow had further deteriorated and that insolvency was now likely. Mr Wyman is convinced they can trade their way out of trouble by getting additional business from other, yet to be identified, commercial clients and is trying to convince the board to continue. Mr Watts objects to this but is being shouted down by both Mr Wyman and Mr Jones (Jones is trying to protect 3E's interests).



## Yentoll

### Background

You are on the board of the health and healing products division of an international corporation. Your flagship product is an over the counter pain-killing remedy. This is a long-established business which is publicly quoted. . The values and ethics of your business is summarised as:

*‘Putting the needs and well-being of the people we serve first.’*

Your company is well respected has a strong reputation for quality and social responsibility

### Crisis situation

Your organisation is the subject of a malicious attack which has taken the form of a deliberate contamination of your flagship product (Yentoll) with a potentially lethal dose of cyanide.

Initial reports of fatalities have begun to hit the media. Deaths have been reported and are believed to be linked to contaminated Yentoll capsules.

One hour ago, the company received a ransom demand for \$1bn in exchange for the location of other contaminated products.

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