

## Bright Windows (BW)

Bob recently set up BW, a window washing business after he had been unemployed for 7 months. Many home owners are extremely busy and find it difficult to find the time to wash the windows in their houses. Increasing incomes have also led to a high demand for window washing services. The primary market research carried out by Bob before setting up his business confirmed this high demand. Bob used sampling when carrying out a questionnaire.

Bob is a sole trader. He invested \$2 000 to get his business started and to provide working capital. He needed \$250 to purchase ladders, buckets and cleaning products. He also needed transport to travel between customers houses. Bob decided to lease a van at a cost of \$150 per month. Bob has to pay wages to his 2 part-time employees of \$300 per month each.

Bob only has a few regular customers and he needs to promote the business to attract more customers. He is considering printing leaflets, advertising in local newspapers or just relying on social media. He has to decide which method of promotion to use. He hopes his regular customers will tell their friends about BW's excellent services. If the promotion is successful he will need to ensure his employees can meet this higher demand.

Employee 1 says: *"I like working with Bob, he is a good boss. I am happy he asks us what we think. I do not want to work for anyone else but I would like to work more hours."*

Employee 2 says *"My last employer always told me what to do. I do not like having to make decisions. Working fewer hours and being flexible with the times I work makes it easier to look after my family."*

Fixed Cost	<b>\$1250</b>
Variable Cost	\$1
Price per house	\$11
Average no. of customers per month	225

(b) Consider the **three** main styles of leadership Bob could use in his business. Which leadership style do you think he should use?

#### Leadership Style 1

*Autocratic leadership is where Bob makes all decisions without consultation and communication is one-way with employees having no opportunity to comment or take part in any decisions about the cleaning services which can be demotivating.*

*This means that the employees may not work as hard, less windows will be cleaned and Bob's profits will be reduced. However, some employees like employees 2 like to be told what to do*

#### Leadership Style 2

*In democratic leadership communication is two way allowing the experience and ideas of both part-time employees to be considered by the owner.*

*This means that the employees can tell Bob what kind of window cleaning service his customers want and give him advice on promoting his products.*

*This will lead to Bob getting better information about his customers and making better decisions.*

#### Leadership Style 3

*Laissez faire leadership is where the main objectives of the new business shared with employees but then they are left to organise their own work cleaning work and take decisions without any interference from Bob, which can be motivating as the two part time employees will feel trusted.*

*However, it means that it will be very difficult for Bob to control the employees and make sure his customers all have the same consistent service.*

*Recommendation Democratic is best as it Bob's business objective as new business is building his customer base, by finding out what they want from asking his employees, and building a positive reputation for good service from motivated employees.*

*Laissez Faire will mean has less control over his employees and service so it might damage his reputation.*

*Autocratic means he won't get valuable information from his employees on customer preferences [12]*