**Executive summary**

This is a report that would reflect upon the different risk factors that are associated with expanding MacVille Cafe to the new Toowoomba store. The risk factors have been identified after several meetings with the current manager of the shop. The report includes an email to the stakeholders as well, and also an excerpt from the meeting with the CEO.

**Introduction**

As per the instructions of the CEO, the new manager went to the new Toowoomba store to gather some information about the operations and management of the existing Hurley’s cafe from the current manager of the store, James Mansfield, and the landlord of the premise, Ron Langford. It is understood that expanding and establishing a new shop needs to be planned meticulously, and this needs careful assessment of the entire scenario and properly gathering information. This report is has been made as per the CEO’s specifications that would try to give you a proper knowledge about the current functioning of the cafe and the assessment of all the risk factors that are associated with the expansion.

MacVille knows that risk management is an integral part of proper goods management. The company tries to assess, evaluate and manage its risk factors, so that they can provide the best services to their customers. In this report, risks are identified so that those risks can be dealt with in a correct and efficient manner.

**Effectiveness of the MacVille Risk Management Framework**

The risk management framework tries to cover a number of important elements that help the company to operate efficiently and provide the customers with the best services possible. An array of operational, financial, commercial and strategic risks are identified and tried to be dealt with in this framework.

MacVille has a very clearly defined risk management framework and the following are incorporated within it, so that most of the obstacles t6hat may arise can be identified easily and solved.

* **Policies and procedures:** these are to control the internal functionings of the company and to ensure that the shops run smoothly. These include policies on Human Resources (which include policies on harassment in the workplace and staff policy for travel, parental leave policy etc.), Financial prospects and Corporate Governance.
* **Monthly reporting:** The senior management team regularly hold meetings so that no problems go unnoticed by the authorities and prompt and effective measurements can be taken. The Board is given proper and detailed reports on these meetings so that they are kept up to date with the problems and the solutions as well.
* **Business planning and budgeting:** The Board of Directors make proper budgeting plans and decide on the business strategies that would best serve the company’s purposes and take the company to the desired goals.
* **Risk management review:** The Financial, Audit and Risk Management Committee (FARM) reports to the Board on internal controls. This committee is assigned with the task of paying special attention to risk management. These reports are given to the CEO of the company and the CEO reports directly to the Board of Directors. The committee also oversees the internal and external audits; and this puts the committee in the perfect position to make advices to the Board on how to effectively control the internal management as well as advices on how to formulate the best strategies for running the business efficiently.
* **External audits:** MacVille takes the issue of financial management very seriously and makes sure that the company is periodically audited by external agencies or audit firms so that no discrepancies are found in the monetary functioning of the company. These audit reports are sent to all the senior managers and the CEO and the Board of Directors.

This framework ensures that the company can operate without any glitches and even if any problems do arise, the company can handle those situations and come up with the perfect solutions. These company principle have been all taken into account while reviewing the new store at Toowoomba and trying to identify all the risks that the company may come across.

**The scope of risk management and role as the new manager of the Toowoomba store**

The currently existing Hurley’s cafe is being taken over by MacVille and the company is trying to gather information on the different aspects where risk may arise, so that MacVille can effectively battle those and ensure a good running of business. The company already has a basic outline on where it may face risks and problems while operating, and this outline will be governing the analysis of the new store functions.

MacVille, primarily, thinks that it has risk factors associated with organisational, financial, governance and project management. Multiple things and topics are included in this general guideline which normally cover most of the potential problems.

As the newly appointed manager of this new store, meetings were scheduled with the current manager of Hurley’s Cafe and the landlord of the premise. The new manager has been assigned with the task of identifying the risks that may arise from this expansion and report to the CEO so that further steps can be taken accordingly.

Upon meeting with the current manager of the store, James Mansfield, some points were identified and notes were taken accordingly.

One of the biggest problems that was noticed was the distance between brisbane and Toowoomba. The time that it takes to drive from the Brisbane to the new store would make the weekly managers’ meeting somewhat of a problem. New manager has to be trained properly so that he/she can execute the responsibilities perfectly. The distance may pose as a serious issue, but it can also be solved with good time management skills. The climb up to the store is blocked by trucks, which make the approach somewhat of a problem. Since the distance is a problem, delivering fresh food items would also become one of the bigger concerns for MacVille. This problem can be resolved reasonably enough as the current store has infrastructure to bake fresh products within 30 minutes. This would also render company-branded supplies to lag. The current establishment does not have any written down contracts between the employees and Mr. Hurley. This has to be revised immediately as MacVille is a much bigger chain and a proper contract must be made, else this may prove to be a problem in the future. The store has to have a good flow of water supplies. The store currently uses about 41,500 litres of water every week and this amount must be kept on being supplied. MacVille may even need to upgrade the system to a dual-flush one, which would cost the company about $7,500.

One of the major problems that was noticed during the meeting was the issue of cash handling. The store does not have any safe for keeping cash and MacVille has to make sure that the cash register is revamped. James said that there is a 50% chance of theft in the store. This is just one more aspect that would only prompt MacVille to invest on making a proper cash registry system. The furniture of the store also has to be replaced.

The store currently has no established process for treating injuries that may happen from work. MacVille would be sure to make contracts that would include treatment of injuries.

**SWOT**

The new shop’s biggest strength is its location. It is set on the crossing of two main streets. This would massively help to attract attention. The area is well connected by public transportation - this would enable customers from far away to easily reach the shop without much hassle. The store currently has moderate infrastructure which would prove helpful to MacVille while overhauling the existing set-up.

The weakness that is faced by the store is the obstacles that are posed by the trucks. But investigations can help to solve this with relative ease.

According to the landlord of the premise, Ron Langford, more shops can be opened in the surrounding areas. He also explained that the population of the area is on the rise, and this would ensure MacVille with a lot of customers and good profits. He further mentioned that a by-law would be implemented from the next month by the government, which would allow cafes to expand their footpaths and put more tables.

Two major threats have been identified which may concern the company. Firstly, the is a local law that excessive water usage would result in a $50,000 fine, which is going to be backed up by the government soon. MacVille has to pay close attention to this, and even has to upgrade the system if necessary in order to minimize water usage. Another issue is the growing competition in the area. Ron said there are many multinational cafe chains are trying to set up cafes in the city. This means MacVille has to price their products very competitively.

These are the different risks that involve setting up the new store at Toowoomba which were identified. To make sure the company operates like its other shops, these must be addressed as soon as possible.

**PEST**

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| Political | The new legislations that are being talked about by the government would both help MacVille as well as make operations somewhat of a problem regarding the water issues |
| Economical | Since the current store already has a basic infrastructure, this would help MacVille to curb a lot in terms of spending to upgrade |
| Social | The existence of Hurley’s ensure that all the regular customers would be wanting to come back at the same place of their choice even after the change. Retaining the customers would easy, more or less |
| Technological | MacVille has to invest considerably into upgrading the water supply systems so that extra fines do not have to be paid |

**Email to the stakeholders of the company**

An email is being sent to the stakeholders, which would give them the proper idea pertaining to the problems that have been identified and the possible solutions, so that they would have clear ideas about the whole situation.

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| To,  The stakeholders of MacVille Ltd.  Sub: Explaining the different stakes at work  Dear Sir/Madam,  This mail is to inform you that Macville is establishing a new store at Toowoomba and the process has identified some issues and problems regarding the running of the company in the area, the solutions have also been chalked out. You are kindly requested to contact the management of MacVille so that you could be given the proper detailed idea about the whole situation, so that you can assess the situation yourself as well and assist the company with insights and advices that would help us to serve you better.  Thanking you,  The Manager  MacVille Cafe, Toowoomba Shop |

**Points from the meeting with the CEO**

After the issues had been identified, the new manager attended a meeting with the CEO of the company. The key points of the meeting are given below:

* Key problems have been identified
* The problems have been explained to the CEO and they have been accepted
* Steps to deal with these problems have already been started to be planned
* The CEO has given full authority to the new manager to resolve the issues
* Further investigations are sanctioned and the manager is instructed to go on with original plans to expand the new shop

**Table of the stakeholders**

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| --- | --- | --- | --- |
| **Stakeholders** | **Internal/external** | **Role in process** | **Stake in process** |
| Workers | Internal | Ensuring smooth everyday operations while dealing with customers | Retaining job and keep earning |
| Manager | Internal | Managing the store so that every aspect of the store runs properly | Making sure the company profits the most from this store |
| CEO | Internal | Overseeing the process of expansion | Helping MacVille to expand and reach its potential |
| Suppliers | External | Keep supplying the new store with the ingredients and the materials | Retain macVille as one of their biggest purchasers |
| Customers | External | Coming to the shop and helping the company to make sales | Keep getting the best food and services for that price |
| Shareholders | Internal | Retain the shares of the company | Profit more from the shares as the price of each unit would increase with the gradual development of the company |
| Investors | External | Invest to the expansion of the company | Expecting maximum returns from the investments |

**Conclusions**

The new shop has some issues that have been identified. These problems are being tried to deal with. The CEO has been notified and a report has been sent to the Board of Directors too. The next courses of actions are being planned as per the identified problems.