

## Mansol BV

Ana Richardson was working freelance offering accounting and administration services when she joint forces with Eric Arun under the name ManSol BV which is short for 'Management Solutions BV'. Eric had been working in the field HRM for many years for several companies. Both felt that businesses could benefit greatly from their services. Many companies seemed to have good business idea's but not such good Human Resource Management and Financial Management skills and resources. Their idea is to offer these kind of services to existing as well as starting companies. Both partners are working for the BV and receive an income from it.

1. What is the difference between a BV and sole proprietor? Why would people choose to form a BV?

*The difference is that the ownership of a BV is divided into shares and liability of a BV is limited to its own capital. A sole proprietor is as a natural person owner and liable with his private capital as well for the company. People will choose to form a BV or NV mostly to separate private capital from the business and for tax purposes. The profit of a sole proprietor is considered personal income and is taxed as income tax. A BV or NV has a flat profit tax rate.*

2. Are Ana an Eric considered employees? What kind of taxes and premiums have to be levied on that income.

*Wage tax, AOV/AWV, AVBZ health insurance*

Both owners hold equal shares in the company. Ana owns the little building they set up their office in. She decided to sign over of that ownership worth \$ 50.000,- to the BV as her investment. Eric Invested an additional \$ 30.000 in office furniture, computers and software etc. to transform it in a real office and brought in his car worth \$ 20.000,- They took out a loan of 20.000,- to cover their overhead in the start-up phase.

3. Make the opening balance sheet of MANSOL BV.

Building	50.000	Private Capital	100.000
Office improvements	30.000	Loan	20.000
Car	20.000		
Cash	20.000		
Total	120.000		120.000

During the first year a lot of maintenance and improvement was done on the building and the value has gone up to \$ 65.000. The office inventory and the car are depreciated with 25% and their cash reserve is down to \$ 5.000. They were unable to pay of the loan which still stands ad \$ 20.000.

4. Make the second year balance sheet.

Buildings	65.000	Private Capital	100.000
Office improvements	22.500	Accumulated reserves	- 12.500
Car	15.000	Loan	20.000
Cash	5.000		
Total	107.500		107.500

*It is also correct to deduct the accumulated reserves from the private capital.*

5. What is the balance of the profit and loss account?

*The profit and loss account should read a loss of \$ 12.500,-*

Ana is asked to make a quotation to do the total bookkeeping for a large construction project. The project will last 1 year. The total fixed cost of the office is NAfls. 240.000,- a year including the salaries of Ana and Eric. She allocated portions of this overhead to the various projects based on the time she and or Eric have to spend on that particular project per week. She is making the cost calculation. She figures she will need

- a. 1 full time extra staff member @ NAfls. 4500,- per month
- b. Overhead 10%
- c. Additional software licenses for payroll and bookkeeping NAfls. 1000,- per year.
- d. 1 mobile office on the construction site: NAfls. 500,- per week.

Ana and Eric agreed to use a profit margin of 25% on cost when making quotations.

6. Make the cost calculation and state what the quote for the total project should be.

Salaries: 12 X 4500,-	54000
Overhead	24000
Licenses	1000
Mobile office 52X500	26000
Total cost	105.000
Profit margin	26.250
Quotation	131.250

The construction turned out to be a new office building. The owner has the idea to rent out office space but manage the facilities him self. Eric got the job of staffing the organization that is going to manage the building. He sets out to identify the different positions and to make a first draft of a manpower budget.

7. What is a Manpower budget, or plan? What does it consist of?

*It is a list of all position in a company or a department, the vacancies, the expected changes, salaries, etc.*

He then makes job descriptions. Generally there are two ways of making job descriptions.

8. Describe these two ways. Which one would you use in this case? Motivate your answer.

*By looking at what people really do, or by looking at an ideal/desirable situation, what all employees should be doing.*

9. What are the main elements in a job description, make a sample outline of one.

*1. Title of the position, 2. place in the structure, 3. main tasks, 4 specification of main tasks, 5. social interaction.*

10. Why are job descriptions so important in Human Resource Management, name some activities they are used in.

*1 Recruitment, 2 Supervision, 3 Evaluation and Coaching, 4 determining need for training*

11. Next to making the job descriptions Eric uses a system of job classification to determine the salary scale What is Job Classification, and how is it done?

*It is a way to determine a 'weight' to all positions which is helpful in determining the pay or salary scale for each position. It can be done by comparison of all positions among each other or by using a point system and grade different aspects of the position. This way differences in salaries can be justified.*

12. Eric now starts recruiting for all positions simultaneous. Name 5 recruitment methods one can use.

*1 Advertising in the newspaper, 2 unsolicited applications, 3 temping agencies, headhunting, 4 contact with schools, 5 consultancy, 6 firms, internet search, 7 working with references, 8 vacation workers.*

13. There are many applications coming in. How is the first selection based on these applications usually done?

*One can go through the applications and resume's, or ask the candidates to fill out application forms. Then go through them and categorize on hard data in three ways: 1 Qualifies, 2 Maybe qualifies, 3 Does not qualify.*

14. What is the purpose of the selection process, and describe the whole process.

*The purpose is try and select the best qualified person for the job. The process generally consists of: 1. First selection based on the letters, 2. informational interview, 3. second interview, 4. possible use of additional tools, 5. making a choice, 6. informing all candidates.*

The owner makes a proposition to Eric. He only wants to hire the general manager himself and wants Eric to function as a temping agency and supply him the additional staff.

15. How does a temping agency work, name some advantages and disadvantages by using staff through such construction for a company.

*Staff working via a temping agency is legally in service of, and paid by the temping agency. They send them to work for the company and the company pays a fee for this service toward the temping agency.*

*Advantages are that you can very quickly adjust the size of you workforce or get rid of individuals if you feel they are not working well. Disadvantages are that it is more expensive then hiring them yourself, and there may be a lack of commitment both ways between the company and the worker, which can also result in frequent staff changes.*

ManSol discussed the idea internally and decided it would be a good additional HRM service to offer clients temporary worker service. All in all to run this office complex about 35 people will be needed.

It turns out difficult to find a suitable candidate for the position of general manager. Since construction is almost completed the owner decides to take on that position himself for starters and see if he can fill it in at a later time. He asks Eric if Management Development is a solution.

16. What is a Management Development Program and could it work here?

*A Management Development program generally is a program within large organizations that is set up to 'grow' its own managers from within the workforce. One typically enrolls a program like that from the start in a company and through a series of different positions and additional training and coaching is groomed to take on management position in time. Here the company is too small, and there are few management positions..*

17. Eric himself is looking at the workers he is hiring. He would like to see them develop additional skills over time so they can be allocated in different positions and with different clients. What tool can he use to accomplish this?

*Job rotation is a good development tool for this purpose. People will acquire skills in different positions and thus will become valuable assets to ManSol because they can be put to work in different positions and on different locations.*

Eric needs to keep a close eye on their personnel who will be stationed on different locations. He intends to implement a system of performance reviews and appraisals.

18. What are performance reviews and appraisals? Explain the difference and how it can be used in this case.

*Performance reviews are a two way conversation between management and the employee on the performance of the employee. It focuses on the future, the department, the role of the manager and may lead to adjustments in targets or working conditions. It has no consequences on the legal position of the employee.*

*The appraisal is a one way conversation focusing on how the employee has performed. It focuses therefore on the past period. The outcome is used to make decisions about the legal status of the employee.*

In order to be able to attract good workers ManSol pays reasonable wages. Eric also wants to introduce rewards depending on performance. He is considering a cafeteria plan.

19. What is a cafeteria plan and explain how it works.

*In stead of using one type of reward for good performance, like a bonus, employees who qualify may choose their own reward. For instance: extra vacation days, or additional healthcare coverage etc.*

People stationed in the new office complex work for the owner but are employed by ManSol BV. St. Maarten does not have legislation on temping agencies. Eric works with so called flexible labor contracts for an indefinite period (also called zero hours contracts) that make it possible to only use the employees if there is work.

20. Eric wants to end the working relation with one of his workers, what is the procedure for that?

*Even though it is a flexible contract, in which no hours are specified, it still is a labor agreement for an indefinite time. To end it Eric has to give prior notice, and when the employee doesn't agree he has to get permission of the Labor Office.*