

## **Creating a successful business: The case of Virtual Learning Solution, Ghana**

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### **ABSTRACT**

The case explains how a small business was able to transform itself from a local to an international business. After five years in operations, the business intends to use its cost leadership strategy to expand into foreign markets. The case examines the various activities that the business undertook and its implications for small profit making businesses in an emerging environment for ICT products.

Keywords: small business, cost leadership strategy, emerging environment, ICT products



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## **THE PROTAGONIST: KWAKU MENSAH**

Kweku Mensah is the young CEO of VLS with a degree in computer engineering. After his university education he joined a Computer Training Department of a public tertiary institution for his national service. As part of his responsibilities he has to teach students and prepare them for both local and international examination. It was during this time that he developed interest in certification for ICT professional. To achieve this dream he studied and pass all relevant international examinations. Armed with these certificates he developed various ICT courses focusing on preparing students for international examinations and certification and tailor-made courses for corporate bodies. It was a summary of these experiences that resulted in the dream of 'creating global international certified IT professionals'.

## **THE SETTING: WHAT ABOUT VLS**

Virtual Learning Solution (VLS) a small business started four years ago is located at East Airport, Accra the capital city of Ghana. Within it's few years of operations it have been able to increase it's worth by over 500% and expanded its activities to international markets. VLS is providing optimal learning solutions and certification to customers who want to have a competitive edge in the employment market and for ICT professionals yearning to improve their skills. Within its short time of existence it has been able to secure accreditation and partnership with various international examination bodies. It's range of products include certifications in networking, computer programming, visual communications, web development, multimedia business systems analysis, troubleshooting computer system problems and installation of computer software and hardware and non-IT courses such as the ACCA for Accountancy students.

### **Managing Virtual Learning Solution**

VLS is operating in an ICT industry in Ghana which is emerging. Thus the business projected that a time is coming when businesses will ask for international certifications especially since the market place has now become global. The underlying thinking is that what was being done in the foreign ICT industry markets would have an impact on the Ghanaian market. This prediction the CEO admitted to a large extent was correct. He added that most of the business customers reported that with the international certification it was easier to secure either local or international employment. Another factor that VLS has observed was that there is a gap in the technical knowledge of ICT among it's customers and its aims to address this deficiency. A challenge to its operation was the low levels of incomes of it's customers which affects the demand for its products and services.

From the perspectives of the marketing manager, Kwabena Asare, the IT environment for business has been and is very rough. A key challenge it has dealt with is to make Ghanaians appreciate the relevance of ICT. Presently this appreciation is very low in Ghana. People see IT is an extra but not as a need. He added that this is not the case with the youth, who are passionate with everything ICT. The marketing efforts are therefore targeted at them. This is one of the key reasons for VLS using the internet marketing. However creating this awareness requires a big marketing budget. This has so far proved to be challenging for the business. creating a successful business

A working philosophy for VLS management is Sun-tzu, the Chinese military strategist view that an appreciation of the tactical movement of one's competitors is necessary but not sufficient and there is a strategy which results in success. VLS' Chief Executive Officer (CEO) stated that:

“In the 1970's, people were not interested in Asian technologies. For example Honda could not compare itself to General Motors in the United States of America, but within a period of almost 20 years, Honda was producing as many cars as Chrysler. Now on the streets of Accra majority of the technology being used are from the Asia. I believe there was a strategy used which competitors failed to acknowledge. This is a situation we are trying to avoid. To us we need everybody our employees, customers, governments and our competitors to succeed. Our competitors are our friends as well as our rivals”.

In deciding on measures that would promote its business management do not shy away from investing its resources. A lot of investment has been made to grow the business. Some of these investments been positive while others have failed terribly. Management at VLS is also seen by its staff as promoting their welfare by always being concerned about their working conditions, ensuring that resources needed for work are made available and appreciating them for good work done.

The activities of VLS are guided by its objectives. Once objectives are agreed on at least three targets that would assist in the achievement of these objectives are identified. A core value which VLS adheres to is to understand what its students and corporate clients hope to achieve and dedicate IT training and developed to the fulfillment of those goals. Various measures are used to achieve this. Two of these are team work and professionalism. The marketing manager said that

“whenever any activity is proposed a team made up of both management and some employees is set up to discuss the advantage and disadvantages the strategies identified. For example when we had to decide on how to promote our services and increase our customer base, a team made up of two management staff, myself and one technical officer brainstormed to come up with the idea of using internet marketing. Using the internet to advertise our services has proven to be very effective and efficient as we have to manage our activities in a way that unnecessary costs are incurred. My office had had to deal with not less than twenty calls a day from new customers”.

Employees are also abreast with the VLS activities by attending weekly meetings every Monday morning. During these meetings employees are to give an update of their assignments, challenges and proposed strategies to deal with these challenges are discussed. VLS believes that nothing can be successful without studying and understanding the market. A key strategy put in place is to consider everybody who comes to its premises as a stakeholder in its business. These stakeholders are the bloodline to VLS's life line and employees are therefore required to make them feel at home. The marketing manager reports that:

We believe that anyone who shows interest in our products or services is a customer so we treat them as such.

Customers of VLS are its primary source of what the market needs; hence customer satisfaction is the foundation of its activities. VLS is of the view that once a customer gets in touch with the business he or she is a customer for life. The frequent contact with the customer enables VLS to appreciate customers' needs and expectations. Consumer inputs as their interest and personality are accordingly used to determine the type of training and examination they should pursue. It therefore stressed on understanding customer needs and provides them with value for their money. To achieve this objective systems are put in place to provide unlimited customers support. With the purchase of VLS products, customers have access to the business for a year by seeking their advice on issues that concerns their training and career development in ICT. From the view point of the CEO

Our secret is team work and being responsive to the market needs. Making a return on our investment is key but sustainable success is a combination of factors. To us the critical thing is attracting and keeping our customers and having a competitive workforce. We always try to find out what the market is looking for and provide a product for that. For most corporate customers we design training courses for them. For our students we order the popular IT international examinations for them.

To earn a return on its investment, VLS is aiming to meet 80% of the IT literacy needs of all its customers both corporate and individuals yearly by selling at least 20 courses per week and offloading not less than eighty courses a month. It sells all IT literary examination vouchers that students ask for, identify new computer-related improvements and adjust IT literacy training. A system is also put in place to monitor the number of potential customers who visit its web site. All activities at VLS are expected to be provided at lower cost. VLS is of the view that using such a strategy will kindle demand for its products and services and increases its market share. This strategy the marketing manager admitted had associated problems which management is finding ways to address.

VLS incorporates practice tests and examination simulators into its service delivery to ensure that customers pass their examinations. This allows for the application of acquired knowledge which enhances the skills and confidence needed to pass examination. Students have hands-on exercises that allow them to practice to become fully functional. This is called the Blending Learning Approach. VLC has found that about 80% of students who effectively used such approach pass their international examinations. A call to an institution that uses VLS learning platform revealed that since adopting the Blending Learning Approach it has witnessed student's pass rate from 20% to 75%. VLS monitors student's progress on its courses to ensure that a minimum of 80% of its students write and pass the international examinations. Students have to meet these contact time before we register you for any of our examinations. After taking advantage of this scheme students who fail their examinations have their money refunded.

VLS uses the learning latest technology to offer both online & offline learning. A key principle in its operation management is to use systems that allows customers to meet their learning needs and other obligations. In the provision of its training services VLS ensures that its facilitators are experts with both academic and real-world experiences. All products from VLS have video versions of facilitators' modules which are used by clients. This creates a personal learning experience in the comfort of one's home. VLS is also benchmarking its activities with international standards. Accordingly, employees are constantly upgraded on new

information and technologies emerging in the ICT industry by undergoing both on the job and off the job training.

## **FUTURE OUTLOOK OF VLS**

The future of VLS looks good, according to the CEO. His arguments are that VLS is constantly creating a professional work force by attracting and retaining the best in the industry, by offering opportunities for career development and competitive salaries. VLS will continue to team up with staff to evaluate potential business leads and its operations. A challenge with this strategy is that the teams have to critically examine every possible effect which at times slows down its activities but reduces risks involve with implementing such decisions. Another challenge it has to deal with is securing very skillful marketing officers. The CEO said that

All those we hired failed us totally. For example they are not able to meet their targets for over four months. We are trying to develop those we have but it is not easy as we do not have access to a lot of funds. Most of our capital is raised from our own savings, from relatives and some of the international examining bodies give us some discounts.

In the next ten years VLS envisage that it would be noted as the major business in charge of ICT certification not only in Ghana but also in other African countries. It hopes to grow by offering very competitive price affordable prices and collaborating with businesses with similar interest.

VLS has collaborated with some businesses in Kenya, Botswana and Liberia and have started discussions with a potential partner in Nigeria. A challenge it has to deal with is getting French speaking countries on board. Currently the business has employed a consultant to come up with measures that can be used to address this gap. The CEO added that

This gap has to be dealt with as we want to expand by selling more of our examination vouchers at lower prices.

## **DISCUSSION QUESTIONS AND SUGGESTED ANSWERS**

### **Case Description**

The core subject matter of the case is using Dess, Lumpkins, Eisner, McNamara & Kim (2012) model for strategic management to evaluate how strategies analysis is undertaken within a small business. Strategic analysis examines the external and internal environments of business and their fit with the business vision and goals. The internal analysing of the business involves an examination of its value chain made up of primary and support activities.

### **Case Synopsis**

VLS is a small business set up to create an international pool of certified IT professional with the view of bridging the gap of the limited international certified IT professionals in developing economy as Ghana. As a young growth oriented business it been accepted as a key player in the ICT certification industry in Ghana. Its range of products include certifications in

networking, computer programming, visual communications, web development, multimedia business systems analysis, troubleshooting computer system problems and installation of computer software and hardware and non-IT courses such as the ACCA for Accountancy students. This case is important because it describes the basic strategic analysis activities that need to be undertaken by businesses that aims at being competitive and successful. It also enables students to identify the challenges associated with low price strategy.

### **Target Audience**

The case is written to expose students in their third and fourth year in tertiary institutions studying strategic management, small business management and entrepreneurship. It can also be used by students in their final level of professional program in strategic and business management.

**None:** The case is a fictionalized version of real business settings. The names of the staff are disguised to protect their identities.

### **Recommended Teaching Approach**

It is recommended that the case is used after students have been introduced to the strategic management, strategy analysis and overall cost leadership strategy. Students should be divided into groups and given the case to read before discussion takes place in the classroom. The lecturer should guide the discussion by being a facilitator. During the discussion sessions students should be assisted to respond to specific questions. This is to enable them appreciate the core thrust of the case. It is recommended that students read strategy analysis in Dess, Lumpkins, Eisner, McNamara & Kim (2012), Strategic Management Creating Competitive Advantages, 6<sup>th</sup> ed., Global Edition, Irwin, chapters 1-5.

### **Learning Objectives of the Case**

1. To enable students identify and apply the key activities involved in strategic analysis in small business;
2. For students to appreciate the value chain activities in a small service business;
3. To gain insight into how small business can achieve growth by stressing on strategic analysis and

## **DISCUSSION QUESTIONS AND SUGGESTED ANSWERS**

### **Question 1: Define the various strategy analysis activities undertaken at VLS?**

The strategy analysis activities at VLS are:

1. The development of a vision which is to be a global business for certification of professional in ICT.
2. The mission of VLS is to understand what students, businesses and corporate Ghana hope to achieve in IT literacy and dedicate our IT training and development to the fulfillment of those goals.

3. The mission is materialised by the setting of objectives. These objectives are:
  - meeting the IT literacy needs to 80% of all it's customers both corporate and individuals,
  - monitor student's progress on VLS courses to ensure that they write and pass the international examinations,
  - identifying new computer-related improvements and adjusting IT literacy training accordingly;
  - ensuring that 80% of students pass their international examinations;
  - off- loading a minimum of 20 examinations per week;
  - Scanning its external environment: management are constantly monitoring and scanning the environment to identify new needs of IT users and the new development in IT literacy;
4. In order to achieve these objectives VLS enhances its internal conditions by ensuring that
  - It has an accessible management
  - Motivated staff
  - staff have the relevant skills to perform
  - Understand the needs of its market and customers
  - Systems put in place to ensure that students pass their examinations
5. Assessing the business intellectual assets of the business activities are
  - Ensuring that customers are satisfied
  - Known as a reliable business thus able to establish collaborations
  - Employees are loyalty, happy and committed
  - Business values includes professionalism, team work, customer satisfaction,

**Question 2: Describe the main value chain activities of VLS**

The activities are as follows:

1. Market Research to identify what the market needs eg. VLS believes that nothing can be successful without studying and understanding the market, it always try to find out what the market is looking for and provide a product for that.
2. Identification of examination vouchers and training that customer need eg. Customers are the primary source of what is needed on the market
3. Designing of training courses and ordering of examination vouchers eg. Customers interest and personality are used to determine their training and examinations they should pursue
4. Storing of examination vouchers eg. It sells all examination vouchers students ask for
5. Selling of products and services eg. using the internet marketing
6. Putting in place systems to enable students past their examinations eg. unique learning services eg. using facilitators who are experts and have real-world experience, customers have hands-on exercises that allow them to practice so as they become fully functional.
7. An effective management e.g. business worth has been increased by over 500% within four years, has an excellent relationship with staff and seeks the inputs of staff in making decisions
8. Professional staff e.g. constantly undergoing training, highly motivated

**Question 3: Does the mission of the company fully define its activities?**

The mission of VLS is to understand what students, businesses and corporate Ghana hope to achieve in IT literacy and dedicate our IT training and development to the fulfillment of those goals. From the case it can be said that the activities that VLS has put in place that reflect its mission includes:

- being customer focused in order to understand their needs
- scanning the external environments to identify skills needed for IT literacy,
- putting in place measure to develop a professional workforce to enable it develop IT training for those needs,
- encouraging management staff relationship that makes staff give their best to the fulfillment of customer needs.

**Question 3a: Describe the key external environment forces have changed over the years?**

According to the case the key external environmental forces that have changed over the years are:

- A need for an increase in ICT professional that have international certificates.
- An increase in the youth demand to become ICT professional
- Low awareness of ICT certification

**Question 3b: Was the business able to forecast these changes?**

VLS was able to identify and forecast that there was going to be an increase in businesses employment of ICT professional with international certificates hence various packages have been put in place to meet the needs of all types of its customer's students who are working and who are not. It underestimated the low level of awareness for ICT professionals to have international certificates.

**Question 4: In your opinion which strategic option is the business using to grow?**

The strategic option that is being used is the a low cost strategy. For example the use of internet marketing to attract customers was found to be cheaper to use.

**Question 4b: What risks are associated with this strategic option?**

Some of the risks associated with this strategy are:

- The introduction of a new technology on the market will reverse all the investment or learning that VLS has spent money on;
- VLS can not pass on increase in prices to its customers as they will shift their purchases to other competitors
- The value chain being used by VLS can be easily imitated
- Using this strategy may result in having the disadvantage of lower customer loyalty. This may cause customers who are very sensitive to prices will be attracted to substitute with lower prices;

- A reputation for being a low cost supplier may make it difficult for VLS to rebrand itself if in future it wants to change its strategy;
- Having a low price may cause consumers to think that the service is of a lower quality as they often look at price to determine the quality of an item;

**Question 4c: Discuss the measures that VLS can put in place to deal with these risks?**

Some of the measures are:

- It is important that VLS puts in place a system that would assist in ensuring low cost in providing their services. For example, it should order its examination vouchers in bulk so as to earn discounts;
- VLS find means of borrowing at lower interest rates so as to be abreast with new technologies in the industry;
- To assure customers that it is providing quality products, its promotional activities should aim at making a virtue out of low cost product features.

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