



# Keen Cycles: Exercise Description

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# Keen Cycles

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## Background

This exercise has been designed to investigate how participants behave in a group discussion to determine a development plan for Keen Cycles, a large European cycle manufacturing company which has seen a recent downturn in profits. It is suitable for middle and senior managers. The exercise is 'unassigned role' – all the participants have the same brief and participate on an equal footing without any differentiation of roles. The exercise tests the strategic grasp of candidates, and while it has a manufacturing slant it can be used more broadly for assessment in other settings.

The competencies that are relevant to this exercise and can be used as rating dimensions are as follows:

**Business Awareness**  
**Communication Skills**  
**Strategic Perspective**  
**Drive**

Informal evidence may also be gained about other competencies (such as Results Orientation and Change Management), or, alternatively, organisations may substitute versions of the competencies above from their own existing competency framework as desired.

A five minute briefing is required, followed by a 10 minute 'silent reading' period. The main exercise activity is allowed to take place over a 40 minute time slot. Participants are required to provide a brief verbal description of the outcome at the end of the exercise. Four participants per observed exercise is ideal, but the exercise will flex to larger groups for less experienced candidates.

## Exercise Content

The participant brief contains a 7 page description of the problems facing Members of the Board, i.e. participants. It also contains 4 options for future development – participants are required to

“review each of the 4 proposals for the opportunities they offer and the risks involved so as to reach consensus over a recommendation to the Board of a development plan for the next 5 years. The aim of the development plan is to revive the company’s performance in the medium to long term, while not exposing the company to excessive risk. The chosen option or options should also be considered in terms of compatibility with the Keen business philosophy.”

A company overview of approximately 650 words is provided, including the following extract:

“Keen Cycles was founded by 3 cycling enthusiasts in the Netherlands in 1976. The original manufacturing base was a disused barn belonging to the father of one of the founders. The founders’ first interest was road racing, but their initial business plans centred around production of a range of everyday cycles that would exploit non-traditional materials to increase performance, durability and comfort. ...”

The Keen business philosophy is expressed in terms of eight bullet points (e.g. “We are passionate about cycling and cyclists”, “We succeed through constant innovation”, etc). Background information regarding details of Keen’s expansion over the years, with loans and repayment periods etc, are given.

A table of strengths and weaknesses is provided taken from the latest company report (e.g. “Strong brand image acquired through participation in cycle sport”, “Competitors have moved ahead in terms of perceived value and price in the crucial mid-range market”).

Balance sheet data (in euros) is provided for the last 3 year end dates (in 2009, 2008, 2007).

Finally, the 4 options to be discussed by participants are provided with accompanying text descriptions of up to 200 words in each case (e.g. “Purchase and redevelopment of the Flying Crane bicycle factory, Xinang province China”).

## Assessor Brief

The Assessor Brief provides background information (e.g. an Overview, Relevant Competencies, Timing and Practical Arrangements, Exercise Materials and Administration). A separate full set of Administration Instructions is provided. General advice is provided on observing and rating the exercises, along with rating guidelines, and details of how to conduct a Post Exercise Review.

A series of 6 bullet points (around 450 words) provide insights regarding the exercise content (e.g. “From a position of relatively sound profitability in the year ending June 30th 2007, Keen Cycles has entered a period of falling profits so that in the year ending June 30th 2009, the company has made its first loss of just over 5m Euros”).

Subsequently each option is evaluated in terms of:

- Risk, Cost, Short term and Long term impact (all as High, Medium, or Low)
- Implications for production and supply (additional units manufactured)
- Cost/time span over which it is incurred
- A full table of Pros and Cons is provided for each option

## Quantities

The Administration Pack contains the following items:

- 12 Participant Briefs
- 2 sets of Admin Instructions
- 12 Observation Sheets
- 12 Rating Forms
- 4 Assessor Briefs

After initial purchase of the Admin Pack, a Refill Pack may be purchased which contains the following consumable items:

- 12 Participant Briefs
- 12 Observation Sheets
- 12 Rating Forms

Current pricing can be determined by reference to <http://www.sr-associates.com/pricing.html>

If desired, further queries as to the exercise demands and content can be made to:

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