

June 08, 2006

BUSINESS MANAGEMENT

(MARKS 100)

(3 hours)

- Q.1 Keeping in view the fast changing environmental factors, please comment on the viability of the following statements:
- (a) Strategic management is solely a top management job. (03)
- (b) Organizations should go for highly challenging goals rather than following normal growth. (03)
- (c) Organizations should pursue only those objectives which match their internal capabilities. (03)
- Q.2 (a) "Strategic vision (core purpose) of an organization should never change. What can change are operating procedures, cultural norms and business strategies". Do you agree with this statement? Kindly explain your view point and also discuss the various strategic aspects related to the core values of a company. (06)
- (b) Strategic Planning and Control Cycles are meant to go hand-in-hand. What do you understand by the term control in the context of planning? Why is control important? (05)
- Q.3 Many public sector organizations in Pakistan have recently been privatised or are in the process of being sold to private entrepreneurial sector. These include banks, utility companies, large scale manufacturing firms etc. The privatisation process will be followed by huge changes within the organizations to which the employees will have to adjust and adapt.
- (a) What different types of organizational changes do you see taking place in these enterprises? (04)
- (b) It is expected that the employees may resist the impending change. In what way do you think change may affect individuals in these organizations, leading to their resistance? (06)
- (c) You are a consultant appointed to facilitate introduction of change in one of these organizations. What factors would you bear in mind in dealing with resistance to change with respect to the following:
- Pace
 - Manner
 - Scope of change
- (04)

- Q.4 (a) Describe the following branding strategies with real life example from your observation.
- Family branding
 - Brand extension
 - Multi-branding
- (06)
- (b) Market Segmentation is based on the recognition of the diverse needs of potential buyers. From your personal observation, what basis of market segmentation do you see being used whilst marketing the following:
- soaps
 - financial services
 - newspapers / publications

Elaborate with at least 2 examples each (06)

- Q.5 On January 01, 2004 Sherry was appointed as General Manager, Marketing and Sales of the consumer products division in Neon International, a company having its headquarters in Germany. Sherry spent a couple of weeks taking inventory of the situation. He made the following assessments:

- Sales of consumer division has been stagnant over the last four years which was around Rs.1.2 billion with the quantitative turn over of 40 million pieces per annum.
- Market size was estimated at 120 million pieces per annum which means the company commanded around 33% market share. Research findings have confirmed that market growth has slowed down in urban market whereas rural market is growing by 10%.
- The company had a good distribution infrastructure in urban towns whereas rural market penetration was extremely poor.
- Competitive environment was becoming very aggressive. Local competition was focusing on the strategy of 'profit through cost management' and market prices (both trade and consumer) remained constant over the last several years confirming 'price erosion' in the industry.
- Price differential between company's brand and that of competition was as high as 15%.
- With lower market prices, competitors were able to capture a big chunk of the rural market.

Sherry concluded that times ahead will be quite difficult and the company has to re-visit its core as well as operational direction. He therefore decided to discuss the overall scenario with the Marketing and Sales team before preparing a presentation for the executive committee of the company.

Some of the key recommendations received from the Marketing and Sales team were:

- Prices must be brought at par with competition.
- Advertising budget must be increased from 1.5% to at least 5% of the total turnover.
- Low cost brands should be introduced in the rural market to fight competition.
- Trade margins shall be increased to keep our brand attractive to trade partners.
- Distribution channels shall be pushed to improve distribution efficiency.

While Sherry was still thinking where to begin for the proposed presentation, news came from the Regional Headquarters that one of the closest international rivals has announced entry into Pakistani market and it was quite obvious that their initial target would be urban markets.

- (a) Make an objective assessment of the situation and bring out key threats being faced by the company. (04)
- (b) What should be the new strategic direction that Sherry should propose to the Executive Committee? (05)
- (c) Please suggest key operational strategies that should be immediately adopted by the company to salvage this situation. (06)

Q.6 What is dumping? Why do countries impose anti-dumping measures? Give some examples of anti-dumping measures used by countries. (05)

Q.7 In selecting candidates for employment, interviews are often supplemented by Tests. Briefly describe the different types of tests that are available, and the advantages and shortcomings of using them. (10)

Q.8 (a) What do you think are some of the reasons for companies to venture outside their home markets through exporting or making overseas investment? (08)

- (b) Many foreign fast-food companies have come to Pakistan by appointing local franchisees. These franchisees have license to use the franchisor's brand name and are supported by the franchisor in all the business processes through training and transfer of know-how. As a result, the quality of service remains up to the franchisor's international standards.

What in your opinion are the likely advantages to the franchisor in such an arrangement? What are some of the potential pitfalls? (06)

Q.9 Organizations particularly Fast Moving Consumer Goods companies should strike a balance between push and pull strategies to successfully achieve their sales and distribution goals. Those who overdo push and do not well balance it with pull, come into serious problems.

- (a) Differentiate between push and pull strategies. (04)
- (b) What problems do you think a company might face if they overdo push and do not balance it with the desired level of consumer pull? (06)

(THE END)