



December 10, 2009

BUSINESS MANAGEMENT

(MARKS 100)

(3 hours)

Q.1 Red Balloon Clothing Limited (RBCL) is engaged in the business of manufacturing a wide range of children clothing since the past six years. The Company has built a reputation for good quality products of latest designs and its brand name is very popular in the middle class segment of the market. The Company strongly believes in a policy of giving “value for the customers money.” At present, RBCL markets its products through a widely dispersed network of independent retailers who sell the company’s brands along with the products of other manufacturers.

RBCL is considering a proposal of forward integration and establishing its own chain of retail outlets for sale of its products. RBCL would however, continue to sell its products through the network of existing retailers also.

You are required to identify and explain briefly the different factors which RBCL should examine while evaluating the proposal for establishing its own network of retail outlets. (10)

Q.2 Although Strategies of Cost Leadership and Product/Service Differentiation appear to be highly attractive, many companies are often not able to achieve much success because they lack the necessary capabilities to implement these strategies successfully.

- (a) Explain what do you understand by the term Cost Leadership Strategy. (02)
- (b) What is meant by Product/Service Differentiation Strategy? (02)
- (c) In your opinion what kind of capabilities are of crucial importance for the successful implementation of a Product/Service Differentiation Strategy? (04)

Q.3 (a) List and explain briefly any **four** important **packaging features** which would influence the decision of a consumer to purchase an edible consumer product. (06)

(b) Market researchers often place reliance on external databases as the information can be obtained readily with minimum of effort and at a low cost. However, experienced market researchers are aware of the limitations of the external databases and use them discreetly on a selective basis realizing fully the shortcomings of the information.

- (i) State **four** limitations of using external databases.
- (ii) Identify one specific situation in which it may not be advisable to use external databases. Give reason for your selection of the particular example. (06)

Q.4 It is observed that work-related stress often pose a heavy burden in organizations and is manifested by frequent absenteeism, late-coming, accidents and decline in the ability of employees to perform in an efficient manner. In these situations, Employee Counseling can help to create a secure and an enabling environment for mitigating the adverse effects of stress on employees and enabling them to perform at peak levels of efficiency.

Identify the scope of Employee Counseling and explain briefly how such counseling sessions can help employees to reduce work stress. (08)

(2)

- Q.5 (a) Why mission-oriented business strategists do not view the Short-termism approach favourably? (02)
- (b) Give **two** examples of typical business situations to highlight the defects of pursuing a policy of short-termism. (03)

Q.6 Superb Engineering Limited (SEL) manufactures parts and components for assembly/manufacture of automobiles. During the past few years, the company has witnessed phenomenal growth in its product lines and sales revenues have registered significant growth. However, the overall profitability has not shown a corresponding increase. SEL considers that a substantial proportion of the efforts and energies of the management and staff at various levels are expended in handling a very wide range of diversified activities. SEL is, therefore, examining the feasibility of outsourcing certain activities of its operations to outside parties.

You are required to identify **four** advantages and disadvantages **each** of Business Process Outsourcing in the above situation for SEL. (06)

Q.7 Strategic Planning and Management is an exercise undertaken at the highest levels of the management hierarchy and involves decisions concerning formulation, implementation and evaluation of cross-functional activities which would enable an organization to achieve its stated objectives. In spite of the cumulative skills and considerable experience of the senior management team, it has been observed that a number of organizations are not able to achieve significant success and the actual performance often falls short of the set goals.

Explain the key factors, which in your opinion, are responsible for the management's inability to achieve all of the goals envisaged in the Strategic Plans. (09)

Q.8 In your opinion, what types of complexities are generally encountered by parent companies in the planning and control of operations of their foreign subsidiaries? (06)

Q.9 Excel Chemicals Limited (ECL) owns and operates facilities for the manufacture of industrial chemicals, including various types of highly corrosive acids. The Company's operations involve processes of procurement, production, packaging, storage and transportation of chemicals which can result in serious fire, physical injuries and other environmental and health hazards in the event of any lapses in the safety procedures.

Identify and explain briefly **six** safety steps which should be adopted and implemented by the management of ECL as a responsible employer. (06)

Q.10 The pursuit of goals of achieving cost economies and operating with lean and more flat organizational structures has resulted in creation of an environment in which the staff at the managerial levels are required to perform with greater business competencies and responsibilities. Consequently, managers at various levels have to acquire all-round competencies of external business environment awareness as well as deep understanding of the concepts of internal business management to be able to fulfill their responsibilities and perform in an intensely challenging and rapidly changing business environment.

You are required to identify **four** different types of competencies **each** of external business environment and internal business management which in your opinion are most important for the present-day managers to enable them to perform successfully in the prevailing corporate environment. (08)

Q.11 Capital Bank Limited is a leading financial institution and is well-known for its strength in rendering highly efficient professional services to its customers and keeping ahead of the competitors. The Bank follows a policy of recruiting staff at the entry level after careful evaluation of the qualifications of the candidates, their potential for advancement, professional aptitude and career objectives. The staff is groomed and entrusted with increasing responsibilities after careful career-path planning for each employee. The Bank operates in a highly competitive environment where the skills, knowledge and commitment of its human resources are of critical importance for the success of its business. The competitors are always on the lookout to identify professional staff and hire them at more attractive compensation packages.

Required:

- (a) What do you understand by the term Employee Compensation Package? (02)
- (b) List and explain the essential steps involved in the formulation and implementation of a well-conceived Employee Compensation Strategy which the Bank should incorporate in developing its overall HR strategy. (09)
- Q.12 (a) List the following steps involved in the operation of a typical Letter of Credit in their logical order of sequence.
- (i) The exporter's bank endorses the documents (bill of lading/airway bill) and delivers them to the importer's bank.
 - (ii) The importer's bank pays the proceeds to the exporter's bank.
 - (iii) The importer obtains the bank's promise to pay the specified amount on behalf of the importer.
 - (iv) The exporter ships the goods and obtains the Bill of Lading/Airway Bill.
 - (v) The exporter delivers the documents to his banker.
 - (vi) The importer's banker promises the exporter to pay the specified amount on behalf of the importer. (06)
- (b) Identify **five** advantages which a multinational corporation expects to achieve by establishing manufacturing facilities in foreign countries. (05)

(THE END)