



June 09, 2004

BUSINESS MANAGEMENT

(MARKS 100)

(3 hours)

Q.1 The Super-tea has been a highly successful company enjoying around 35% market share in a very competitive market. Rivalry amongst a number of strong players is witnessed in the industry. They are all pursuing highly aggressive marketing strategies focusing on cost efficiency, capacity utilization, line extension, broad based communication programs.

Market share of Super-tea Company has been stagnant for the last several years. Company's marketing people blame the stagnant situation to slow growth of the market. Other members of management team feel that if an effort to increase the market share is not made, the company might start losing grounds in areas of its strengths. Competition might start taking share from us.

Managing Director also shares the apprehension and would like to take a more aggressive approach.

Director Marketing is however, reluctant to take a head-on war with the competition. He also assesses that increasing market share will also create problem of capacity expansion within two-three years time meaning thereby, a substantial investment as well as pressure on our cost and profitability. He, therefore, thinks that the company should go for "Market Share Maintenance" rather than "Market Share Expansion" strategy.

How would you assess this situation? Please explain. What should be the decision of the company and why?

(10)

Q.2 "We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services. In meeting their needs everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensations must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfil their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management and their actions must be just and ethical.

(2)

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens – support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realise a fair return.”

- (a) Identify the principal **stakeholders** addressed in the above mission statement. (02)
- (b) What set of core **values** do you think P & J Corporation, a multinational corporation in pharmaceutical industry, cherishes and champions, as you see them reflected in the mission statement. Briefly list. (04)
- (c) As head of Strategic Planning for the company, you are assigned to draft a set of 5 corporate **goals** in the light of the above statement. (Hint: These goals should serve to provide direction to the business units and functions in setting their respective strategic objectives.) (10)
- Q.3 (a) What is the essence of a **learning organisation**? Elaborate. (02)
- (b) What distinguishing characteristics do you expect to see in a company that claims to be a **learning organisation**, with respect to:
- Learning approach to strategy
 - Use of information
 - Enabling structures
 - Inter-company learning
- (08)
- Q.4 (a) A number of laws in force empower the government to regulate the workplace environment and industrial relations between employees and their employers. Why is this necessary? What would happen in your view, if these laws were not there? (05)
- (b) Who is responsible for health and safety at the workplace – government, employers or employees? Provide a detailed, well-reasoned answer. List the key elements of a workplace Health & Safety programme. How does a good working environment affect performance? (05)
- Q.5 Do you agree that multinational companies with their massive resources and global reach are “in a position to abuse their power by acting as if they were independent of local laws and customs”? Explain with examples some of the typical characteristics of such corporations. What do you think are the motives of multinational companies when they expand across national and cultural boundaries? Why do you think large global corporations expand their supply chains to vendors in distant countries? (10)
- Q.6 A manufacturer of cosmetics and toiletries introduced a new product to increase profitability. They developed a tooth paste which cleaned teeth better than any other brand of toothpaste in the market.

They decided to brand the product as “SHINE”. The pack design featured smiling white teeth on a butter yellow color background .

(3)

The distribution was done on a large scale in all retail outlets in the city, and the product placed on a shelf with other tooth pastes. The final retail price decided by the company was 70% above all other toothpastes, because of the upscale positioning. Promotion was executed on national T.V. and newspapers. However, after eight months, it was clear that sales targets were not being met.

You are the marketing consultant of the company and have been asked by the Director to analyze the situation and state assumptions as to what you think were the reasons for the poor response?

You are also asked to suggest strategies which would revitalize the brand and ensure its success. (11)

Q.7 What is a marketing audit? Why is there a need for such an audit? When should it be carried out? What are the factors studied in a marketing audit? (10)

Q.8 Despite many obvious advantages of going multinational, what are some of the complexities that companies confront when deciding on overseas expansion? Give at least five points along with your reasons. What are some of the alternate ways to enter foreign markets? Give a detailed answer by describing each distinct possibility with examples where possible. (10)

Q.9 Why is it advisable to integrate HR development activity with a company's strategic objectives and organizational culture? Explain by the help of an appropriate example. What are some of the methods available to organizations for individual and team development? List at least five methods, and in table form, discuss their respective advantages and disadvantages. (10)

Q.10 Describe, with real-life example for each of the following Product-Market Diversification options for growth available to companies.

- **Horizontal Integration**
 - **Concentric Diversification**
 - **Conglomerate Diversification**
- (03)

(THE END)