

MANAGEMENT PROGRAMME

Term-End Examination

December, 2013

MS-93 : MANAGEMENT OF NEW AND SMALL ENTERPRISES

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

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- Note :* (i) Attempt **any three** questions from **Section-A**.
carrying **20** marks each.
- (ii) **Section - B** is **compulsory** and carries **40** marks.
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SECTION-A

1. "Small Scale Enterprises (SSEs) need conducive environment to survive and grow". What are the problems faced by SSE's in their survival and growth ?
2. Define Market Demand ? Describe the variables which play an important role in determining market demand.
3. (a) Examine the salient features of a company form of business organisation.
(b) Discuss its advantages and disadvantages.
4. How should a SME selling jute bags and accessories in domestic market formulate its promotional plan ?

5. Write short notes on **any four** of the following :
- (a) Market Share Analysis
 - (b) Enterprise growth stages
 - (c) Networking in business
 - (d) Business Vs Family business
 - (e) National Small Industries Corporation

SECTION-B

6. Read carefully the case given below and answer the questions given at the end of the case.

PATAGONIA

Yvon Chouinard, the 72-year-old founder of Patagonia, an outdoor clothing and equipment company, calls his company an 'experiment'. The free-flowing work environment in the office includes barefoot employees, Tibetan prayer flags, and pets ranging from lizards to owls. He goes on to say, 'I don't think we are going to be here 100 years from now as a society, or may be even as a species'.

Yvon's early years were spent very close to nature; he spent his youth surfing in the Pacific, climbing in Yosemite and trekking on the Rockies. He started making outdoor equipment to support his freewheeling lifestyle. Along with his wife, Melinda, he launched his company in 1972. This would be a business on their terms. Products would be of the highest quality and would be manufactured in the most responsible way. It was among the first companies in the world to provide onsite daycare, paternity and maternity leave and flexitime. Long before recycling became a buzzword, Patagonia was reusing material. In 1993, Patagonia introduced fleece jackets made from discarded soda bottles. In 1996, it pioneered organic cotton and in the process helped establish

the organic cotton industry. When one of their Japanese suppliers came up with a process by which used polyester can be endlessly recycled, Patagonia encouraged customers to send back their worn-out clothing (Patagonia makes a line of polyester lined clothing).

But on the other hand, Patagonia is a profit-making company with a turnover of over \$270 million. Even though it is small compared to other players in the industry such as Nike and Timberland, it is a very influential player in the industry. Patagonia has been in the forefront of progressive policies and has earned the respect of much bigger companies including Walmart.

Financial analysts are very critical of Patagonia's performance. Revenue growth has been at a modest 3 to 8 per cent per year in a industry where the leaders are growing much faster. It had developed a very strong brand but does not have an aggressive marketing plant to make use of its brand image. Yvon and Melinda own 100 per cent of the equity of the company. Many merchant bankers have made a strong case for growing the capital base by inviting private equity, growing the company and taking it public. They contend that in the end, Yvon's stake will be worth much more that it is now. Patagonia has been called one of the most undervalued companies in the US. Yvon is not interested. He feels that this path will lead to the end of all he stands for.

Questions :

- (a) Do you know of any other companies that have grown from the passion of the founder? How are they different from other companies?

- (b) Do you think Yvon is being fair to his employees, family, and other business associates (suppliers and retailers) by refusing to allow his company to achieve its financial potential ?
7. Maintaining healthy relationships with employees requires dealing with :
- (a) Employee grievances
 - (b) Labour Union
- Discuss giving examples from the existing industrial climate.
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