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**POST GRADUATE DIPLOMA IN GLOBAL
BUSINESS LEADERSHIP**

Term-End Examination

June, 2012

**MGB-013 : INTEGRATED BUSINESS CASE
ANALYSIS AND PRESENTATION**

Time : 3 Hours

Maximum Marks : 100

Note : Attempt all Questions.

1. Dr. S inherited his fathers' Deys lab in Delhi in 1995. Till 2002, he owned 4 labs in the National Capital Region (NCR). His ambition was to turn it into a national chain, The number increased to 7 in 2003 across the country including the acquisition of platinum lab in Mumbai. There has been expectation of increase in these numbers from 21 to 50 in the next few years. Its strategy is to infuse Rs 28 crore for a 26% stake by Pharma Capitas. The lab with a revenue of Rs 75 crore is among top three pathological labs in India with Atlantic (Rs 77 crore) and Pacific (Rs 55 crore). Yet to market share is a meagre 2% of Rs 3500 crore market. The top 3 firms command only 6 percent as against 40 - 45% by their counterparts in the USA. There are about 20 thousand to one

lakh stand alone labs in India engaged in routine pathological business with no system of mandatory licensing and registration. That is the reason Dr.S has not gone for aquisition or joint ventures. He does not find many existing labs meeting quality standards. His six labs have been accredited nationally whereas many large hospitals have not gone for any accreditation. Accreditation of Deys lab by the College of American pathologists would help it reach clients abroad. In Deys Lab, the bio - chemistry and blood testing equipments are sanitised every day. The bar coding and automated registration of patients do not allow identity mix ups. Even routine tests are conducted with highly sophisticated systems. Technical expertize enables them to carry out 1650 variety of tests. Same day reports are available for samples reaching by 3 p.m and by 7am next day for samples from 500 collection centres located across the country. The technicians in Dey's lab work round the clock unlike competitors Home Service for collection and reporting is provided. There is however huge un utilised capacity. Now it is trying to tap other segments, 20 percent of its business comes from the main laboratory which acts as a reference lab for many leading hospitals. Mega labs are being built to encash pre - clinical and multicentre clinical trials.

Questions :

- (i) What do you understand by the term Vision ? What is the difference between Vision and Mission ? What vision did Dr. S have at the time of inheritance of Dey's lab ? Has it been achieved ? 12
- (ii) What strategy has been adopted by Dr.S to attain growth ? 3
- (iii) What is the marketing strategy of Dr. S to overtake its competitors ? 5
- (iv) In your opinion, what could be the weaknesses in Dr. S's business strategy ? 5
2. PTC Food Division decided to enter into fast growing (20 - 30% annual) snacks segment which is absolutely new to it. It had only one national competitor namely Trepisco Trito. After a year, its wafer snack brand Ringo fetched 20% market share across the country. Ringo's introduction had coincided with the cricket world cup. The wafer snacks market is estimated at Rs.250 crore per annum. The company could take advantage of its existing distribution network and also source potatoes from farmers easily. Before the PTC could enter the market, a cross functional team made a customer survey through a marketing research group in 14 cities of the country to know about the snack eating habits of the people. It was noted that the age group of 15 - 24 years was the most enthusiastic about experimenting with

snacks. The chefs of the company came out with 16 flavours with varying tastes suiting the targeted age - group. The primary decided to focus on the youngsters as the primary target based on the assumption that once they are lured, the whole family would become accessible. Advertising in this segment is extremely crowded. Every week, three to four products of the local variety are introduced. To break this clutter, the company has decided to fall upon humour appeal. PTC had spent about Rs 50 crore on advertisement and used all possible media print and electronic space including the creation of its own website. Mobile ringtone downloading was also introduced which proved hugely popular. The site had been advertised on all dot com networks, Em TV, Shine TV, Bee TV and other important channels were roped in along with FM radio in 60 cities with large hoardings at strategic places. Analysts owe Ringo's success to PTC's widespread distribution channels and aggressive ads. Humour appeal contributed a lot. The Ringo was made visible by painting Railway bogies passing across states. It successfully induced Lovely Bros. Future Group to replace Trito in their Big Bazar and chain of food bazars. PTC is paying 4% higher margin than Trepisco to Future Group and other retailers. It has given Ringo its worth for the investments made; Retail tie ups, regional flavours, humour appeal have all helped PTC, But it still yearns for

a greater share in the domestic and the foreign markets.

5x5 = 25

Questions :

- (i) What is SWOT analysis ?
 - (ii) What are the strengths of PTC ?
 - (iii) What are the Weaknesses of PTC while entering the branded snacks market ?
 - (iv) What kind of marketing strategy has been formulated and implemented for Ringo ?
 - (v) What needs to be done by Ringo to enlarge its market ?
3. Ravi has recently joined Wonder Airlines as Operations Manager. Immediately after joining, he noticed serious difficulties in the time control section comprising 16 clerks, 8 executive and a supervisor who reported to him. The basic function of time control department has been to maintain records of all rotatable parts used on a fleet of 85 - passenger aircraft. The records reflected the date on which a part was installed or removed and the total aircraft flying time. For identification serial numbers have been allotted to each controlled part. The Airport Authority rules provided for strict control of parts having limited life. The parts that had outlived their life have to be removed and overhauled. Ravi came across numerous instances of inaccurate records which were in violation of Airport Authority

regulations. Due to poor record keeping, there has been an increase in overhaul costs. Ravi discovered that the employees had formed strong informal work group. Its members would accept or reject new recruits based on factors completely unrelated to the job. A new employee had little chance of success within the group if his behaviour was not in conformity with the informally determined norms. The group members used to have weekly dance and dine party. Those who did not participate or felt uncomfortable in the party were isolated and eventually made to quit. Consequently, the rate of turnover had touched alarming proportions. Ravi has realised the need to tackle this problem on an urgent basis else it might jeopardise the operations of the airlines.

Questions :

- (i) Identify the dysfunctions of the informal organisation in Wonder Airlines. 5
- (ii) What benefits accrue from the existence of informal organisation in the company ? 5
- (iii) What steps should Ravi suggest to the management to cope up with the informal organisation ? 10
- (iv) Why do informal organisations crop up in formal work organisations ? 5

4. ABC Ltd. is a large paper manufacturing company in North India with six major departments. A total of 28 workers were deployed in the paper machine department in four groups of seven workers each. All the seven members of each group had to function in perfect tandem. They had been working in this capacity for the last about 10 years. The employees were given salaries with annual increments at prescribed rate. There was no incentive system. However, the grant of increments was not withheld except on recommendation of the departmental head. Mr. Bhagat had joined the paper machine department as its head and has won accolades from the management for his competency. At the end of year, he recommended to the management the withholding of annual increment of eleven of the employees on account of their lethargy and inefficiency. These eleven workers belonged to each of the four groups. The management acted upon the recommendation of Bhagat but was alarmed since such an action was the first of its kind in the history of the company.

Soon after this action, the affected workers represented to the management seeking reasons for the stoppage of their increment. The management was perplexed as did not have any reasons except for the report of the departmental head. The management asked Bhagat to give the reasons based on which he gave his

recommendation. However, Bhagat could not cite any specific reasons. At this, the management directed Bhagat to maintain a register for noting the day to day incidents of lazy and inefficient workers. He was asked to make an appraisal of each worker on the basis of the register and give specific reasons for his recommendation.

Despite maintenance of register as suggested by the management, Mr Bhagat could not pinpoint any reason for labelling the workers. "lazy and inefficient". It convinced the management of the impropriety of Bhagat's recommendation. Though convinced that no similar action be taken in future based on inadequate information, the management were in a dilemma about the correctness of their suggestion to Mr. Bhagat.

Questions :

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| (i) | Identify and discuss the core issues in this case. | 5 |
| (ii) | Was the management justified on implementing the recommendation of Mr. Bhagat. Give reasons. | 5 |
| (iii) | As M.D of the company, how would you view the action of Mr. Bhagat ? | 5 |
| (iv) | Indicate the reasons for installation of a performance appraisal system. | 5 |
| (v) | Is there a need to institute an incentive system in the company ? | 5 |