



Business Management and Strategy

Q.1 Blue Ocean Services (BOS) is a medium sized consulting firm. It offers accounting and tax solutions. Zarrak Rashid (Zarrak), managing director, had started the firm at a small scale. The unwavering approach of providing exemplary services has resulted in a growing number of clients each year.

The firm has just completed the demanding season of filing annual tax returns for clients. This year was particularly challenging as just before the start of the season, some key management personnel and staff resigned from the office. BOS was already understaffed and given the past practice of the firm, Zarrak had to fill the vacancies on recommendations of colleagues and friends.

Like previous years, this year too, Zarrak had to spend a considerable time in solving client queries that he believed could have been resolved at lower levels. He retains the authority for performance appraisal of employees whereby he informs the performance targets set by him at the beginning of year to each concerned employee.

Required:

Identify the issues that BOS may need to address and offer suggestions for improvements in the process under each of the following headings:

- (a) Workforce planning (04)
- (b) Recruitment and selection (04)
- (c) Training and development (04)
- (d) Performance appraisal (04)

Q.2 (a) What do you understand by the term 'brand identity'? Briefly discuss the strategies that an entity may consider for successful e-branding of its products or services. (05)

(b) Pleasure Read (PR) is a chain of retail bookstores having presence in major shopping malls. It is owned and managed by Komal Fatima (Komal), who advocates traditional methods of marketing.

All promotions are communicated by means of brochures, newspapers and magazines. Komal attends education fairs and visits schools and colleges to ascertain the changing needs of targeted customers. There is a team of dedicated staff for responding customer queries. Customers can approach PR during store hours by personal visits or through telephone.

Komal is concerned over growing competition and declining market share. One of the friends has advised her to adopt e-marketing mix to better compete in the market.

Required:

- (i) State how PR is applying the principles of interactivity, intelligence, individualization and integration of marketing mix. (03)
- (ii) Discuss how the principles mentioned in part (i) would be applied under e-marketing mix. (10)

Q.3 Grill Shack (GS) is the largest fast food chain of the country. It is regarded for ambiance, gourmet meals and customer services. The major ingredients are imported from USA. The management is concerned over the increasing cost of imports contributed by weakening local currency and increasing import duties.

GS is considering acquiring local livestock and poultry farms where all activities from breeding to processing would be carried out exclusively for meeting major ingredient requirements of GS. Fariha Wajahat (Fariha), marketing head, has raised concerns that such integration may have adverse impact on the financial and non-financial performance of the business. However, COO has suggested that introduction of entity-wide balanced scorecard could assist in achieving a satisfactory balance between various aspects of performance.

Required:

- (a) Identify the integration GS is intending to pursue. Briefly discuss the benefits that may accrue to GS on adopting such integration. **(05)**
- (b) Justify the concerns raised by Fariha. **(03)**
- (c) Devise a balanced scorecard for GS by suggesting **three** outcome measures under each aspect of performance. **(06)**

Q.4 Steadfast Bank (Bank) is operating through its branches in major cities of the country. The management has recently introduced certain structural changes for Bank's branches. Each branch is now being treated as a profit center where return on invested capital will be an important criterion for fund allocation. Branch managers are given greater autonomy for making operational decisions. The management at head office is now concentrating on strategizing the ways to expand the business in other parts of the country.

Required:

By using Greiner's growth model:

- (a) identify and explain the present phase of the Bank. Also, discuss the crisis it may likely encounter if it continues to grow. **(04)**
- (b) suggest the measures that management at head office should take to overcome the crisis as discussed in part (a). **(03)**

Q.5 Reliance Motors (RM) launched a small car, called Mini-R, in 2016 that failed to bring in the expected revenues and the production had to stop.

Mini-R was targeted for working women in their twenties. It was designed to be used in metropolitan cities where a small car would easily navigate through the busy streets. It had a typical design and all the standard built-in technical features. However, the customer could pay extra to get the desired features available in the market like high-tech sound system and a hybrid technology kit for fuel efficiency.

The pricing for Mini-R was kept at a premium level. It was decided that RM would initially charge high price which would then be reduced gradually over a couple of years. Mini-R was mainly marketed by putting big catchy adverts in daily newspapers to attract the customers.

Through a market survey of the targeted customers, Mohsin Sheikh, CEO of RM, found out that most of the targeted customers were simply unaware of the car and those who knew about it did not perceive the car offers value for money.

Required:

- (a) Why did customers perceive Mini-R could not offer value for money? **(02)**
- (b) Before the launch of Mini-R in 2016, suggest how changing the following could have resulted in a more desirable outcome:
 - (i) Product (Mini-R) only
 - (ii) Pricing only
 - (iii) Both product and pricing **(08)**
- (c) Explain the reasons why targeted customers might be unaware of the car. Also, suggest cost effective ways to create awareness among targeted customers. **(03)**

- Q.6 Captain of the Sea (COS) is a state of the art cruise ship with an enormous capacity to carry 5000 passengers. It has been built to display several striking features for a cruise ship. This includes one of a kind 3-storey full-length shopping mall that continues to attract a large number of customers and repeat business.

Required:

- (a) Identify and explain the market competitive strategy being followed at COS. (03)
- (b) Suggest how following the strategy, identified in (a) above, helps COS in providing a suitable defence against each of Porter's five competitive forces. (05)

- Q.7 (a) Shandaar (Private) Limited (SPL) is a leading plastic manufacturer. It supplies plastic and chemical products through its plant situated in the industrial area. There has been growing pressure from social groups on plastic manufacturers to carry out environmental conscious practices.

Required:

Suggest various environmental initiatives that SPL may take to respond to social groups and create sustainable business. (04)

- (b) Shayan Ahsan (Shayan), a chartered accountant has recently joined as CFO in a large company. While finalizing the annual budget of the company, CEO told him to inflate the training and development budget by 25%. Shayan attempted to discuss that company was already on the verge of financial crisis and such increment in budget might adversely reflect in the liquidity position of the company. However, CEO did not respond positively to his concerns.

Close aide to CEO, on a promise to keep his identity anonymous, has informed Shayan that CEO is planning a Europe trip with his family and like the previous personal trips of CEO, certain expenses of that trip may also be charged against training and development budget. He has also advised not to escalate this matter further as it may have severe repercussions on Shayan's annual bonuses and as well as his future continuity with the company.

Required:

- (i) List the factors that Shayan should consider before 'blowing the whistle'. (03)
- (ii) Assume that all holds true, advise Shayan as to how he can resolve the issue by using the ethical model based on threats and safeguards. (09)

- Q.8 Baby Toys (BT) is a wholesale store that procures various components of toys from suppliers and assembles them to be sold at the store. Lately, Ibrahim Sheikh (Ibrahim), owner of BT has been facing stock mismanagement issues. Some items in the store frequently go out of stock, whereas others keep on piling up. One of the friends has suggested Ibrahim to categorize his inventory depending on the inventory holding costs and apply different control mechanisms to each category. The table below shows the three required categories:

Category	Annual inventory holding cost (%)
A	70%
B	20%
C	10%

Another friend has suggested Ibrahim to use Just-in-time (JIT) as it can significantly reduce costs.

Required:

- (a) Suggest inventory control mechanisms for each category presented in the table. (05)
- (b) Identify the requirements for a successful JIT system. Briefly explain whether it would be a practical option for BT. (03)

(THE END)