



CII Institute of Logistics
PGDSCM & Certificate Programs
Semester-end Examination – June 2009

MANAGEMENT PRINCIPLES FOR LOGISTICIANS

Time : Three Hours

Marks : 100

Part A

Answer all questions

(20 x 1 = 20 Marks)

1. Management is:
 - a) Science
 - b) Both Science & Art
 - c) Art
 - d) None of these
2. Managing is about managing business, managing workers & managing
 - a) Innovation
 - b) Marketing
 - c) Managers
 - d) Productivity
3. The main proponent of the Administrative Management Theory was
 - a) Urwick
 - b) Elton Mayo
 - c) Emerson
 - d) Henry Fayol
4. Management by Objective was developed by
 - a) Peter Drucker
 - b) Ronald Fisher
 - c) Chester Barnard
 - d) Elton Mayo
5. The In India the concept of social audit was first implemented by.....
 - a) TISCO
 - b) ACC
 - c) HLL
 - d) GAIL
6. The Purpose of business, according to Peter Drucker is to.....
 - a) Maximize Profits
 - b) Create Customers
 - c) Maximize Sales
 - d) Minimize Risks
7. Critical Success Factors are measured by.....
 - a) Balance Scorecard Tracking
 - b) Annual Results
 - c) Interim Results
 - d) Key Performance Indicators
8. Prerequisites for any planning process are accurate past data.....
 - a) Good ERP
 - b) Excellent BI Tools
 - c) Efficient forecasting process
 - d) Great Financial Models
9. In strategy, throwing “good money after bad” means the manager is suffering from.....
 - a) Overconfidence
 - b) Sunk Cost Effect
 - c) Confirmation bias
 - d) Herding instinct
10. Social responsibility for a business stems from the fact that it has control over.....
 - a) Resources & People
 - b) Capital Functional
 - c) Society
 - d) People
11. Determination of organization structure involves activity analysis, decision analysis &
 - a) Manpower planning
 - b) Relations Analysis
 - c) Job analysis
 - d) Goal analysis
12. Basic functions in an organization can either be a line function or a
 - a) Staff function
 - b) Cross Functional Team
 - c) Matrix structure
 - d) None of these

13. At the lowest level of need hierarchy are the
 - a) Security needs
 - b) Esteem needs
 - c) Physiological needs
 - d) None of these

14. Recruitment is followed by
 - a) Placement
 - b) Training
 - c) Selection
 - d) Induction

15. is the process of checking for deviations from plan
 - a) Coordinating
 - b) Directing
 - c) Controlling
 - d) Leading

16. In project management the term CPM stands for

17. Processed data is.....
 - a) MIS
 - b) Decision
 - c) Datum
 - d) Information

18. AI stands for

19. The highest management echelon of a company is its
 - a) Board
 - b) Shareholders
 - c) Promoters
 - d) CEO

20. Management denotes people, function &
 - a) Theories
 - b) Discipline
 - c) Practices
 - d) None of these

Part B

Answer any four

(4 x 10 = 40 marks)

1. Is Management a science or art? Illustrate with business examples

2. Discuss the applicability of the Need Hierarchy Theory & the Two Factor Theory on middle level managers.

3. Distinguish between a leader & manager.

4. What is business & what is Management?

5. Discuss the organization functions

6. Explain the role of MIS & discuss the aspects of feasibility study in going in for an MIS

Part C

Case Study
The Rural Conundrum

Aug 28, 2003, Hindu Business Line

Last week's Marketing Summit in New Delhi hosted by the Confederation of Indian Industry saw heads of these companies express diverse points of view on the issue.

Carlo Donati, Chairman and Managing Director, Nestle India, observed that 'generalising the rural market can be dangerous'. "It is true that in today's congested and difficult markets, both local and global, all FMCG as well as other companies or corporations look and search for new opportunities, consumers and markets. Going rural is a question any marketing person must have reflected on many times," he said.

So is Nestle going rural? "Our product portfolio is essentially designed for urban consumers; but all the same we are closely monitoring the rural consumer," Donati said.

Nestle's rural initiatives have largely been based on price-led initiatives. Brands such as Maggi noodles and KitKat chocolates have been priced at Rs 5, and few other candy and chocolate brands are priced at Rs 2 per unit. These price points not only help Nestle reach more retail formats in urban markets, but also help in making inroads into rural markets. Currently, rural markets account for below 10 per cent of the food major's revenues.

Coca-Cola, on the other hand, which has been investing heavily in tapping the rural market, has pegged its rural strategy on three factors - availability, affordability and acceptability. "The rural market is tempting, but tapping it has been fraught with challenges," pointed out Sanjiv Gupta, President, Coca-Cola India.

"Take availability. It involves a trade-off between the cost of distribution and incremental penetration. Issues such as poor infrastructure and bad roads drive up servicing costs. Then there's the affordability factor - disposable incomes are low, and largely dependent on the vagaries of the monsoon. In the case of acceptability,

the trade-off is always between customisation and standardisation of the consumer proposition. Most branded products are considered a luxury, media consumption is limited, and general product consumption is highly seasonal and skewed towards the harvest and festival time. Here, the question of customisation versus standardisation of the consumer proposition also arises. In the case of our *thanda* commercial, for example, we could connect both with the rural and urban consumer so that the campaign did not need customisation," Gupta said.

Gupta pointed out that while movies, music, social interactions and identifying the family as a key unit were the common attributes exhibited by both, expressions of these activities varied between the two sets of consumers. The rural consumer, for example, sought outings through local fairs, *melas* and *haats*, social gatherings such as card sessions, television viewing which was by and large confined to Doordarshan and DD Metro with limited influence of cable and satellite television, besides inter-village competitions.

Gupta added that "the buying pattern of the rural consumer is different from the urban consumer; purchase behaviour is occasion-driven by events such as weddings and harvests".

Donati elaborated on the differentiated purchasing patterns of the urban and rural consumer. "The urban consumer has adapted much faster than his rural counterpart. The reasons probably range from higher exposure to media, to changing lifestyles, to increased pressure on time. On the other hand, the key feature of the Indian consumer - his restraint towards consumption - is more visible in the rural, more traditional environment. Hence, the cost of conversion of rural consumers (to the product) is higher," he said.

Donati added "Too much attention on the rural consumer might cause a company to lose focus on its core business. Therefore, attempts to generalise the concept of rural marketing tend to be wrong. I believe one should focus on high GDP areas - whether the population is urban, semi-urban or rural."

Cracking the market, Gupta reiterated, was not only about grappling with issues such as availability, affordability and acceptability. It was about reinforcing them over and over again. One of the examples Gupta touched upon was to do with issues involving the rural retailer. To counter negligible or erratic supply of electricity, for example, ice-boxes were offered for chilling. For rural retailers preferring high-margin local brands, pricing competitive to that offered by local players and creation of consumer pull have been attempted.

The Summit concluded with a reality check - that rural marketing isn't the fad of the decade. Ingredients for success here include long-term commitment, cost re-engineering and sustained innovation. To put it as a cliché - it is the survival of the fittest.

Answer any four

(4 x 10 = 40 marks)

- 1) Why does the speaker say that the rural consumers in India cannot be generalized?
- 2) What are the key challenges in rural marketing?
- 3) What measures does the speaker suggest to penetrate rural markets?
- 4) Can you think of a comparison where a rural market had been penetrated & success gained?
- 5) Do you think rural market in India is big, what strategies will you adopt?
- 6) Business is about creating customers. Discuss the statement in the light of the above case.
