Total Marks = 80

SECTION – "A"

Q. 2 (a) Formulating Objectives:

Formulating meaningful objectives at any level in the organization involves at least four stages:

Identifying the Different Key Result Areas to be Covered by Objectives

The most difficult and critical stage of the objective formulation process is identifying the areas that are vital to the success of the organization. These areas are referred to as key result areas. In general, each key result area should be covered by an objective. Key result areas exist for the organization as a whole and for the different subunits of the organization.

Determining the Time Frame covered by the Objectives

The time frame covered by an objective of increasing sales by 10 percent within the next 3 months is very different from one of increasing sales by 10 percent within the next 3 years.

Determining the Magnitudes of the Objectives

The key point in setting the magnitude of an objective is to make it challenging but realistic. Determining the magnitude involves assigning specific values for objectives.

Putting the objectives in Written Form

If an adequate amount of thought has gone into selecting the key result areas, determining the time frame covered, and establishing the desired magnitude, committing the information to written form is a fairly easy task. Several guidelines that should be followed when objectives are being put into written form.

!

Q. 2 (b) Standards for Functional Audit:

Marketing

1. Application of the marketing concept to produce a sense of mission and integrated effort.

2. Appropriate means of identifying customer needs and meeting them with new or improved products.

3. Appropriate segmentation and targeting of markets.

4. Ability to select and manage distribution channels.

5. Appropriate selection and mix of promotion techniques for cost-effectiveness in target market or markets.

6. Pricing flexibility used as competitive weapon.

7. Ability to describe customer behavior in relation to new product introductions.

8. Ability to predict shifts in customer needs and to formulate new segments.

9. Productive, motivated sales force.

!

10. Effective advertising promotion.

11. Good product planning based on product life cycles, style, and fashion cycles.

Operations

1. Facilities are located close to raw materials, transportation hubs, and/or customers.

2. Facilities have up-to-date equipment and are well maintained.

3. Process is designed for efficiency and workers.

4. Product is consistently at the chosen of quality.

5. Routing, scheduling, inventory, and purchasing techniques minimize production delays.

6. Maintenance is performed with a minimum of downtime.

7. Production costs are consistently close to or below budget.

8. Deadlines are consistently met; orders are filled on time with few returns.

Finance

1. Cost of capital is at or below industry average.

2. Working capital is readily available to finance growth.

3. Stockholder relations are good.

4. Relations with funding institutions are good.

5. The capital structure provides leverage, security, and flexibility.

6. Short-term creditor relations are good, and short-term credit is readily available from suppliers.

7. Financial control, budgeting, and allocation techniques are used appropriately.

8. Source and uses of funds are appropriately matched.

Personnel

1. Job descriptions exist for all jobs and are up to date.

2. Recruitment and selection methods are appropriate and yield qualified employees.

3. Desirable employees are not lost to competitors with better salary and/or benefits.

4. New employees receive appropriate orientation and training.

5. Turnover and absenteeism are at or below industry levels.

6. Layoffs are rare because of planning and cross-training.

7. The organization is a good source for middle and upper-level managers because of employee development programs.

8. Labor relations are rarely disruptive.

9. The organization is in compliance with relevant legislation.

R&D, engineering, and technical

1. The technical focus is appropriate.

2. The technical focus produces results in new and improved products and/or new and

!

improved processes.

3. The technical focus yields advances ahead of or close after competitors.

4. Technical efforts are cost-effective, and all cost-effective sources of technical improvements are utilized.

5. Technical efforts are strategically sound.

6. Technological changes are forecasted.

7. A critical technical mass exists and is respected by peers.

!

Q. 3 (a) Growth Strategies:

Several different generic strategies fall into the growth category. The most frequently encountered and clearly identifiable of the growth strategies are:

Concentration. A concentration strategy is one that focuses on a single product or service or on a small number of closely related products or services. This is the strategy followed when an organization concentrates on extending the sales of its current business.

These are basically three approaches to pursuing a concentration strategy market development, product development, and horizontal integration.

Vertical Integration. Vertical integration occurs when a business moves into areas that serve either as suppliers to or as customers for its current products or services. If a business integrates by moving into an area that serves as a supplier, the process is referred to as backward integration.

Diversification. Diversification occurs when an organization moves into areas that are clearly differentiated from its current businesses.

Concentric Diversification. The basic difference between a concentric diversification strategy and a concentration strategy is that a concentric diversification strategy involves expansion into a related, but distinct, area whereas concentration involves expansion of the current business. A concentric diversification can be related through products, markets, or technology.

Conglomerate Diversification. Most conglomerate diversifications are based on the rational that expansion into the area under consideration has a very attractive profit potential.

!

Q. 3 (b) Overall Cost Leadership:

The idea behind an overall cost leadership strategy is to be able to produce and deliver the product or service at a lower cost than the completion. Cost leadership is usually through a combination of experience and efficiency. More specifically, cost leadership requires close attention to production methods, overhead, marginal customers, and overall cost minimization in areas such as sales and research and development (R&D).

Differentiation of the Product or Service:

A differentiation strategy involves doing something so that the product or service is
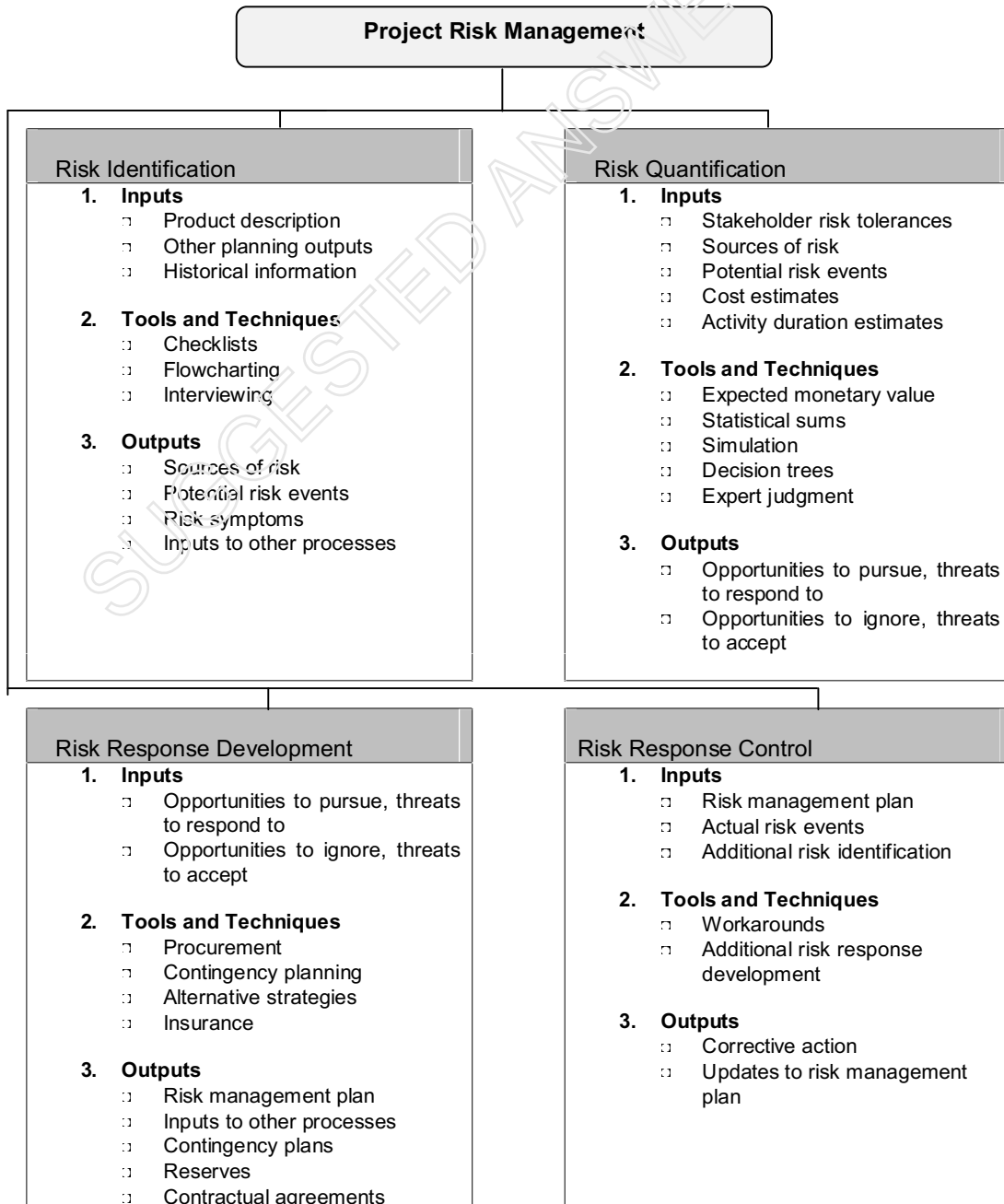
!

perceived as unique in the industry. There are many general approaches for accomplishing differentiation: brand image, design image, technology, quality image, customer service etc.

Focus of the Product or Service:

A third generic competitive strategy is to focus on a particular market segment. The segment sought may be defined by a particular buyer group, a geographic market segment, or a certain part of the product line. A focus strategy is based on the premise that the firm is able to serve a well-defined but narrow market better than competitors who serve a broader market. The basic idea of a focus strategy is to achieve a least-cost position or differentiation, or both, within a narrow market.

!

<div align="center">

SECTION - "B"

</div>

Q. 4 (a) Project Risk Management:

<div align="center">

Project Risk Management

</div>

Risk Identification

1. **Inputs**
   - Product description
   - Other planning outputs
   - Historical information

2. **Tools and Techniques**
   - Checklists
   - Flowcharting
   - Interviewing

3. **Outputs**
   - Sources of risk
   - Potential risk events
   - Risk symptoms
   - Inputs to other processes

Risk Quantification

1. **Inputs**
   - Stakeholder risk tolerances
   - Sources of risk
   - Potential risk events
   - Cost estimates
   - Activity duration estimates

2. **Tools and Techniques**
   - Expected monetary value
   - Statistical sums
   - Simulation
   - Decision trees
   - Expert judgment

3. **Outputs**
   - Opportunities to pursue, threats to respond to
   - Opportunities to ignore, threats to accept

Risk Response Development

1. **Inputs**
   - Opportunities to pursue, threats to respond to
   - Opportunities to ignore, threats to accept

2. **Tools and Techniques**
   - Procurement
   - Contingency planning
   - Alternative strategies
   - Insurance

3. **Outputs**
   - Risk management plan
   - Inputs to other processes
   - Contingency plans
   - Reserves
   - Contractual agreements

Risk Response Control

1. **Inputs**
   - Risk management plan
   - Actual risk events
   - Additional risk identification

2. **Tools and Techniques**
   - Workarounds
   - Additional risk response development

3. **Outputs**
   - Corrective action
   - Updates to risk management plan

!

Q. 4 (b) Critical Path:

In a project network diagram, the series of activities which determines the earliest completion of the project. The critical path will generally change from time to time as activities are completed ahead of or behind schedule. Although normally calculated for the entire project, the critical path can also be determined for a milestone or subproject. The critical path is usually defined as those activities with float less than or equal to a specified value, often zero.

- Critical Path Method (CPM) ─ calculates a single, deterministic early and late start and finish date for each activity based on specified, sequential network logic and a single duration estimate. The focus of CPM is on calculating float in order to determine which activities have the least scheduling flexibility. The underlying CPM algorithms are often used in other types of mathematical analysis.

- Program Evaluation and Review Technique (PERT) ─ uses sequential network logic and a weighted average duration estimate to calculate project duration. Although there are surface differences, PERT differs from CPM primarily in that it uses the distribution's mean (expected value) instead of the most likely estimate originally used in CPM.

Q. 5 (a) Project Solicitation:

Solicitation involves obtaining information (bids and proposals) from prospective sellers on how project needs can be met. Most of the actual effort in this process is expended by the prospective sellers, normally at no cost to the project.

Inputs of Solicitation:

Procurement documents. Procurement documents are described

Qualified caller lists. Some organizations maintain list or files with information on prospective sellers. These lists will generally have information on relevant experience and other characteristics of the prospective sellers.

Tools and Techniques for Solicitation:

Bidder conferences. Bidder conferences (also called contractor conferences, vendor conferences, and pre-bid conferences) are meetings with prospective seller prior to preparation of a proposal.

Advertising. Existing lists of potential sellers can often be expanded by placing advertisements in general circulation publications sun as newspapers, or in specialty publications such as professional journals.

Q. 5 (b) Tools and Techniques for Cost Estimation of a Project:

Analogous estimating. Analogous estimating, also called top-down estimating, means using the actual cost of a previous, similar project as the basis for estimating the cost of the current project. It is frequently used to estimate total project costs when there is a limited

amount of detailed information about the project. Analogous estimating is a form of expert judgment.

Parametric modeling. Parametric modeling involves using project characteristics (parameters) in a mathematical model to predict project costs. Models may be simple (residential home construction will cost a certain amount per square foot of living space) or complex (one model of software development costs uses 13 separate adjustment factors each of which has 5 – 7 points on it).

Bottom-up estimating. This technique involves estimating the cost of individual work items, then summarizing or rolling-up the individual estimates to get a project total.

The cost and accuracy of bottom-up estimating is driven by the size of the individual work items: smaller work items increase both cost and accuracy. The project management team must weigh the additional accuracy against the additional cost.

Computerized tools. Computerized tools such as project management software and spreadsheets are widely used to assist with cost estimating. Such products can simplify the use of the tools described above and thereby facilitate rapid consideration of many costing alternatives.

!

SECTION – "C"

Q. 6 (a) Team Building:

Team building begins with the understanding that work groups require time and training before they develop into productive and cohesive units. There seems to be a learning curve in building an effective team.

Effective team building establishes a sense of ownership and partnership and allows members to see the team as a unit and as an attractive work arrangement.

Collaboration:

Effective group leaders do not act alone. They assemble a group of highly talented people and figure out how to get the most creative efforts out of everyone by effectively organizing their collaborative efforts.

Group Leadership:

Whether the assigned head of the team or the emergent leader in self-managed teams, there are two key ways in which leaders may affect performance of groups: (1) how they select members and (2) the tactics they use to affect those members.

Cultural/Global Issues:

Although today's times make global teams operating in a multicultural environment inevitable, there is recent evidence that they are experiencing problems. Recent research findings that employees in global teams that resist the concept of teams will have low job satisfaction and resulting problems. Importantly, certain cultural values lead to resistance to teams.

!

!

Q. 6 (b) Horizontal Organizations:

Horizontal designs replace the traditional vertical, hierarchical organization. The advanced information technology and globalization environment, suggests the use of horizontal structure to facilitate cooperation, teamwork, and a customer rather than a functional orientation.

Network Designs:

The network designs go beyond even horizontal structures and totally abandon the classical, hierarchical, functional structure of organization. The bureaucratic model worked fine in the previous era when there was less competition and more stable market conditions, and before the now boundaryless conditions of advanced information technology and globalization.

The Virtual Organization:

The term virtual organization has emerged not so much because it describes something distinct from network organizations but because the term itself represent the new Information Age and the partnering, alliances, and outsourcing arrangements found in an increasing number of global companies. Virtual organizing requires a strong information technology platform. The virtual organization is a temporary network of companies that come together quickly to exploit fast-changing opportunities.

Q. 7   Leadership Styles in Perspective:

Noted leadership researchers House and Podsakoff have summarized the behaviors and approaches of great leaders that they drew from modern theories (e.g., charismatic and transformational) and basic research findings as follows:

1. **Vision.**

2. **Passion and self-sacrifice.**

3. **Confidence, determination, and persistence.**

4. **Image building.**

5. **Role modeling.**

6. **External representation.**

7. **Expectations of and confidence in followers.**

8. **Selective motive arousal.**

9. **Frame alignment.**

10. **Inspirational communication.**

THE END!