Q. 2 (a)

COMMUNICATION:

Communication is the lifeblood of an organization. Without effective communication among different parties, the pattern of relationship that we call organizations will serve no one's needs very well.

Effective communication is important to managers for three primary reasons. First, communication provides a common thread for the management processes of planning, organizing, leading, and controlling. Managers develop plans through communication with others at their organizations and organize to carry out those plans by talking with other people about how best to distribute authority and design jobs. Communication is equally important for controlling the work of the organization.

Effective communication skills can enable managers to draw on the vast array of talents available in the multicultural world of organizations.

Managers do spend a great deal of time communicating. In fact, managerial time is spent largely in face-to-face, electronic, or telephonic communication with employees, supervisors, suppliers, or customers. When not conferring with others in person or on the telephone, managers may be writing or dictating memos, letters, or reports – or perhaps reading such communications sent to them.

Communication takes place in the relationship between a sender and a receiver. Communication can flow in one direction and end there.

The sender, or source of the message, initiates the communication. In an organization, the sender will be a person with information, needs, or desires and a purpose for communicating them to one or more other people.

The receiver is the person whose senses perceive the sender's message. If the message does not reach the receiver, communication has not taken place. The situation is not much improved if the message reaches a receiver but the receiver does not understand it. Three factors that can influence effective or ineffective communication are encoding, decoding, and noise.

The difference between effective and ineffective communication can be traced to how well the communicating parties deal with four aspects of the communications process: perception differences, emotions, inconsistencies between verbal and nonverbal communications, and prior trust (or distrust) between the parties.

DIFFERING PERCEPTIONS:

This is one of the most common communication barriers. People who have different backgrounds of knowledge and experience often perceive the same phenomenon from different perspectives.

Language differences are often closely related to differences in individual perceptions. For a message to be properly communicated, the words used must mean the same thing to sender and receiver. Perceptual differences can arise due to gender differences. These differences can lead to miscommunication and conflict.

OVERCOMING DIFFERING PERCEPTIONS:

To overcome differing perceptions and languages, the message should be explained so that it can be understood by receivers with different views and experiences. Whenever possible, we should learn about the background of those with whom we will be communicating. Empathizing – seeing the situation from the other person's point of view – and delaying reaction until the relevant information is weighed will help to reduce ambiguity.

To overcome language differences, it is particularly helpful to ask the receiver to confirm or restart the main points of the message.

It is also helpful to remain sensitive to the various alternative ways of phrasing a message. Something even a minor restatement can have beneficial effects.

EMOTIONAL REACTIONS:

Emotional reactions – anger, love, defensiveness, hate, jealousy, fear, embarrassment – influence how we understand others' messages and how we influence others with our own messages.

The best approach to dealing with emotions is to accept them as part of the communication process and to seek to understand them when they cause problems. Before a crisis, managers can try to anticipate their employees' emotional reactions and prepare to deal with them. Also, they can think about their own moods and how they influence others.

INCONSISTENT VERBAL AND NONVERBAL COMMUNICATION:

We often think of spoken and written language as the primary medium of communication, but the messages we send and receive are strongly influenced by such nonverbal factors as body movements, clothing, the distance we stand from the person we're talking to, our posture, gestures, facial expressions, eye movements, and body contact.

Analyzing the nonverbal communication of other people and applying what is learned to oneself and to one's dealings with others is helpful.

DISTRUST:

A receiver's trust or distrust of a message is, to a large extent, a function of the credibility of the sender in the mind of the receiver. A sender's credibility is affected by circumstances in the context in which he or she sends message. Here is where the history of a work relationship comes to bear on communication.

In general, a manager's credibility will be high if he or she is perceived by others as knowledgeable, trustworthy, and sincerely concerned about the welfare of others. Credibility is the result of a long-term process in which a person's honesty, fair-mindedness, and good intentions are recognized by others. There are few shortcuts to creating a trusting atmosphere. A good rapport with the people one communicates with can only be developed through consistent performance.

Q. 2 (b)

MOTIVATION:

Motivation is a human psychological characteristic that contributes to a person's degree of commitment. It includes the factors that cause, channel, and sustain human behaviour in a particular commitment direction. Motivating is the management process of influencing people's behaviour based on this knowledge of "what makes people tick." Motivation and motivating both deal with the range of conscious human behaviour somewhere between two extremes: (1) reflex actions, such as a sneeze or flutter of the eyelids; and (2) learned habits, such as brushing one's teeth or handwriting style.

BASIC ASSUMPTIONS:

There are several basic assumptions as we delve into theories of motivation and motivational practices by managers.

First, motivation is commonly assumed to be a good thing.

Second, motivation is one of several factors that goes into a person's performance.

Third, managers and researchers alike assume that motivation is in short supply and in need of periodic replenishment.

Fourth, motivation is a tool with which managers can arrange job relationships in organizations.

Q. 3 (a)

In many organizations, managers use authority by dividing it into the line authority, staff authority, and functional authority. These kinds of authority differ according to the kinds of power on which they are based.

LINE AUTHORITY:

Managers with *line authority* are those people in the organization who are directly responsible for achieving organizational goals. Line authority is represented by the standard chain of command, starting with the board of directors and extending down through the various levels in the hierarchy to the point where the basic activities of the organization are carried out. Line authority is based primarily on legitimate power.

STAFF AUTHORITY:

Staff authority belongs to those individuals or groups in an organization who provide services and advice to line managers. The concept of staff includes all elements of the organization that are not classified as line. Staff authority is based primarily on expert power.

FUNCTIONAL AUTHORITY:

The right to control activities of other departments as they relate to specific staff responsibilities is known as *functional authority.*

Functional authority is common in organizations. It is necessary in carrying out many organizational activities, both to provide for a degree of uniformity and to allow unhindered application of expertise. Thus, it is based on both legitimate and expert power.

Q. 3 (b)

CONTROLLING:

A process of monitoring activities to ensure that they are being accomplished as planned and of correcting any significant deviations. An effective control system ensures that activities are completed in ways that lead to the attainment of the organization's goals. The criterion that determines the effectiveness of a control system is how well it facilitates goal attainment.

QUALITIES/ CHARACTERISTICS OF CONTROLS:

(1) *Accuracy:*

An accurate control system is reliable and produces valid data.

(2) *Timeliness:*

An effective control system must provide timely information. The best information has little value if it is outdated.

(3) *Economy:*

A control system must be economical to operate and should justify the benefit it gives in relation to the costs it incurs.

(4) *Flexibility:*

Effective controls must be flexible enough to adverse change or take advantage of new opportunities.

(5) *Understandability:*

Controls that cannot be understood by users have no value. It is sometimes necessary to substitute less complex controls for sophisticated devices.

(6) *Reasonable criteria:*

Control standards must be reasonable and attainable. Controls should enforce standards that challenge people to reach higher performance but not be demotivating or encouraging deception.

(7) *Strategic placement:*

Managers should put controls on those factors that are strategic to the organization's performance. Controls should cover the crucial activities, operations and events within the organization.

(8) *Emphasis on the expectation:*

Because managers cannot control all activities, they should place their strategic control devices where those devices can call attention only to the expectations. This ensures that the manager is not overwhelmed by information on variations from standard.

(9) *Multiple criteria:*

Multiple measures of performance have dual positive effect. They discourage efforts to only look good. In addition, because performance can rarely be objectively evaluated from a single indicator, multiple criteria make possible more accurate work performance assessments.

(10) *Corrective action:*

An effective control not only suggests when a significant deviation from standard occurs, but also suggests what action should be taken to correct the deviation.

Q. 4 (a)

TARGET MARKET:

A target market consists of a set of buyers who share common needs or characteristics that the company decides to serve. Market targeting can be carried out at several different levels.

UNDIFFERENTIATED MARKETING:

Using an undifferentiated marketing (or mass-marketing) strategy, a firm might decide to ignore market segment differences and target the whole market with one offer. This mass-marketing strategy focuses on what is common in the needs of consumers rather than on what is different. The company designs a product and a marketing program that will appeal to the largest number of buyers.

Difficulties arise in developing a product or brand that will satisfy all consumers. Moreover, mass marketers often have trouble competing with more-focused firms that do a better job of satisfying the needs of specific segments and niches.

DIFFERENTIATED MARKETING:

Using a differentiated marketing (or segmented marketing) strategy, a firm decides to target several market segments and designs separate offers for each.

By offering product and marketing variations to segments, companies hope for higher sales and a stronger position within each market segment. Developing a stronger position within several segments creates more total sales than undifferentiated marketing across all segments.

But differentiated marketing also increases the costs of doing business. Developing separate marketing plans for the separate segments requires extra marketing research, forecasting, sales analysis, promotion planning, and channel management. And trying to reach different segments with different advertising increases promotion costs. Thus, the company must weigh increased sales against increased costs when deciding on a differentiated marketing strategy.

CONCENTRATED MARKETING:

A third market-coverage strategy, concentrated marketing (or niche marketing), is especially appealing when company resources are limited. Instead of going after a small share of a large market, the firm goes after a large share of one or a few smaller segments or niches.

Through concentrated marketing, the firm achieves a strong market position because of its greater knowledge of consumer needs in the niches it serves and the special reputation it acquires. It can market more effectively by fine-tuning its products, prices, and programs to the needs of carefully defined segments. It can also market more efficiently, targeting its products or services, channels, and communications programs toward only consumers that it can serve best and most profitably.

Niching offers smaller companies an opportunity to compete by focusing their limited resources on serving niches that may be unimportant to or overlooked by larger competitors.

Many companies start as niches to get a foothold against larger, more resourceful competitors, then grow into broader competitors.

Concentrated marketing can be highly profitable. At the same time, it involves higher-than-normal risks. Companies that rely on one or a few segments for all of their business will suffer greatly if the segment turns sour. Or larger competitors may decide to enter the same segment with greater resources. For these reasons, many companies prefer to diversify in several market segments.

MICROMARKETING:

Micromarketing is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations. Micromarketing includes local marketing and individual marketing.

LOCAL MARKETING:

Local marketing involves tailoring brands and promotions to the needs and wants of local customer groups– cities, neighbourhoods, and even specific stores.

Local marketing has some drawbacks. It can drive up manufacturing and marketing costs by reducing economies of scale. It can also create logistics problems as companies try to meet the varied requirements of different regional and local markets. Further, a brand's overall image might be diluted if the product and message vary too much in different localities.

Still, as companies face increasingly fragmented markets, and as new supporting technologies develop, the advantages of local marketing often outweigh the drawbacks. Local marketing helps a company to market more effectively in the face of pronounced regional and local differences in demographics and lifestyles. It also meets the needs of the company's first-line customers – retailers – who prefer more fine-tuned product assortments for their neighbourhoods.

INDIVIDUAL MARKETING:

In the extreme, micromarketing becomes individual marketing – tailoring products and marketing programs to the needs and preferences of individual customers. Individual marketing has also been labelled one-to-one marketing, mass customization, and markets-of-one marketing.

Today new technologies are permitting many companies to return to customized marketing. More powerful computers, detailed databases, robotic production and flexible manufacturing, and interactive communication media such as e-mail and the Internet all have combined to foster "mass customization." Mass customization is the process through which firms interact one-to-one with masses of customers to design products and services tailor-made to individual needs.

Consumer goods marketers are not the only ones going one-to-one. Business-to-business marketers are also finding new ways to customize their offerings. Mass customization provides a way to stand out against competitors.

Unlike mass production, which eliminates the need for human interaction, one-to-one marketing has made relationships with customers more important than ever. Just as mass production was the marketing principle of the twentieth century, mass customization is becoming a marketing principle for the twenty-first century. The world appears to be coming full circle – from the good old days when customers were treated as individuals, to mass marketing when nobody knew your name, and back again.

Q. 4 (b)

MARKETING PLANS:

Marketing plans are becoming more customer – and competitor-oriented and better reasoned and more realistic than in the past. The plans draw more inputs from all the functions and are team-developed.

The plan is variously called a "business plan," a "marketing plan," and sometimes a "battle plan." Most marketing plans cover one year. The plans vary in length from under 5 to over 50 pages.

CONTENTS OF THE MARKETING PLAN:

- *Executive Summary and Table of Contents:*

  The marketing plan should open with a brief summary of the main goals and recommendations. The executive summary permits senior management to grasp the plan's major thrust. A table of contents should follow the executive summary.

- *Current Marketing Situation:*

  This section presents relevant background data on sales, costs, profits, the market, competitors, channels, and the forces in the macroenvironment. This information is used to carry out on a SWOT (strength, weaknesses, opportunities, threats) analysis.

- *Opportunity and Issue Analysis:*

  Management reviews the main opportunities found in the SWOT analysis and identifies the key issues likely to affect the organization's attainment of its objectives.

- *Objectives:*

  The product manager outlines the plan's major financial and marketing goals, expressed in sales volume, market share, profit, and other relevant terms.

- *Marketing Strategy:*

  The product manager defines the target segments, namely, those groups and needs the market offerings are intended to satisfy. The manager then establishes the product line's competitive positioning, which will inform the "game plan" to accomplish the plan's objective. All this is done with inputs from other organizational areas, such as purchasing, manufacturing, sales, finance, and human resources, to ensure that the company can provide proper support for effective implementation.

- *Action Programs:*

  The marketing plan must specify the actual marketing programs, derived from the marketing strategy, to be used in achieving the business objectives. Each marketing strategy element must be elaborated

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to answer these questions. What will be done? When will it be done? Who will do it? How much will it cost? How will progress be measured?

- *Financial Projections:*

  Action plans allow the product manager to build a supporting budget. On the revenue side, this budget shows the forecasted sales volume in units and average price. On the expense side, it shows the expected costs of production, distribution, and marketing, broken down into finer categories. The difference between revenues and sales is projected profit. Once approved, the budget is the basis for developing plans and schedules for material procurement, production scheduling, employee recruitment, and marketing operations.

- *Implementation Controls:*

  The last section of the marketing plan outlines the controls for monitoring and adjusting implementation of the plan. Typically, the gaols and budget are spelled out for each month or quarter so management can review each period's results and take corrective action as needed. Some organizations include contingency plan outlining the steps management would take in response to specific environmental developments, such as price wars or strikes.

Q. 5 (a)

NATURE AND CHARACTERISTICS OF A SERVICE:

A company must consider four special service characteristics when designing marketing programs: *intangibility, inseparability, variability, and perishability.*

SERVICE INTANGIBILITY means that services cannot be seen, tasted, felt, heard, or smelled before they are bought. To reduce uncertainty, buyers look for "signals" of service quality. They draw conclusions about quality from the place, people, price, equipment, and communications that they can see.

The service provider's task is to make the service tangible in one or more ways and to send the right signals about quality. One analyst calls this evidence management, in which the service organization presents its customers with organized, honest evidence of its capabilities.

SERVICE INSEPARABILITY means that services cannot be separated from their providers, whether the providers are people or machines. If a service employee provides the service, then the employee becomes a part of the service. Because the customer is also present as the service is produced, provider-customer interaction is a special feature of services marketing. Both the provider and the customer affect the service outcome.

SERVICE VARIABILITY means that the quality of services depends on who provides them as well as when, where, and how they are provided. For example, some hotels – say Marriot – have reputations for providing better service than others. Still, within a given Marriot hotel, one registration-counter employee may be cheerful and efficient, whereas another standing just a few feet away may be unpleasant and slow. Even the quality of a single Marriot employee's service varies according to his or her energy and frame of mind at the time of each customer encounter.

SERVICE PERISHABILITY means that services cannot be stored for later sale or use. The perishability of services is not a problem when demand is steady. However, when demand fluctuates, service firms often have difficult problems. Service firms often design strategies for producing a better match between demand and supply. Hotels and resorts charge lower prices in the off-season to attract more guests. And restaurants hire part-time employees to serve during peak periods.

Q. 5 (b)

STAGES IN THE BUYING PROCESS:

PROBLEM RECOGNITION:

The buying process begins when someone in the company recognizes a problem or need that can be met by acquiring a good or service. The recognition can be trigged by internal or external stimuli. Internally, some common events lead to problem recognition. The company decides to develop a new product and needs new equipment and materials.

Externally, the buyer may get new ideas at a trades show, see an ad, or receive a call from a sales representative who offers a better product or a lower price. Business marketers can stimulate problem recognition by direct mail, telemarketing, and calling on prospects.

GENERAL NEED DESCRIPTION AND PRODUCT SPECIFICATION:

Next, the buyer determines the needed item's general characteristics and required quantity. For standard items, this is simple. For complex items, the buyer will work with other – engineering, users – to define characteristics like reliability, durability, or price. Business marketers can help by describing how their products meet the buyer's needs.

SUPPLIER SEARCH:

The buyer now tries to identify the most appropriate suppliers. The buyer can examine trade directories, contact other companies for recommendations, watch trade advertisements, and attend trade shows. However, these days the most likely place to look is on the Internet. Web sites are organized around two types of e-hubs: *vertical hubs* centred on industries (plastics, steel, chemicals, paper) and *functional hubs* (logistics, media buying, advertising, energy management).

Normally, major companies do their purchasing locally and by division, but moving into e-procurement involves more than acquiring software; it requires changing purchasing strategy and structure. However, the benefits are many: Aggregating purchasing across multiple departments gains larger, centrally negotiated volume discounts. There is less buying of substandard goods from outside the approved list of suppliers, and a smaller purchasing staff is required for e-procurement.

PROPOSAL SOLICITATION:

The buyer invites qualified suppliers to submit proposals. If the item is complex or expensive, the buyer will require a detailed written proposal from each qualified supplier. After evaluating the proposals, the buyer will invite a few suppliers to make formal presentations.

SUPPLIER SELECTION:

Before selecting a supplier, the buying centre will specify desired supplier attributes and indicate their relative importance. It will then rate suppliers on these attributes and identify the most attractive suppliers. Buying centres often use a supplier-evaluation model. In practice, business buyers use a variety of methods to assess supplier value.

The choice and importance of different attributes varies with the type of buying situation. Delivery reliability, price, and supplier reputation are important for routine-order products. For procedural-problem products, such as a copying machine, the three most important attributes are technical service, supplier flexibility, and product reliability. The most important attributes are price, supplier reputation, product reliability, service reliability, and supplier flexibility.

The buying centre may attempt to negotiate with its preferred suppliers for better prices and terms before making the final selection. Despite moves toward strategic sourcing, partnering, and participation in cross-functional teams, buyers still spend a large chunk of their time haggling with suppliers on price.

ORDER-ROUTINE SPECIFICATION:

After selecting suppliers, the buyer negotiates the final order, listing the technical specifications, the quantity needed, the expected time of delivery, return policies, warranties, and so on. In the case of maintenance, repair, and operating items, buyers are moving toward blanket contracts rather than periodic purchase orders. A blanket contract establishes a long-term relationship in which the supplier promises to resupply the buyer as needed, at agreed-upon prices, over a specified period of time. Because the stock is held by the seller, blanket contracts are sometimes called stockless purchase plans.

PERFORMANCE REVIEW:

The buyer periodically reviews the performance of the chosen supplier(s). Three methods are commonly used. The buyer may contact the end users and ask for their evaluations; the buyer may rate the supplier on several criteria using a weighted score method; or the buyer might aggregate the cost of poor supplier performance to come up with adjusted costs of purchase, including price. The performance review may lead the buyer to continue, modify, or end the relationship with the supplier.

THE END