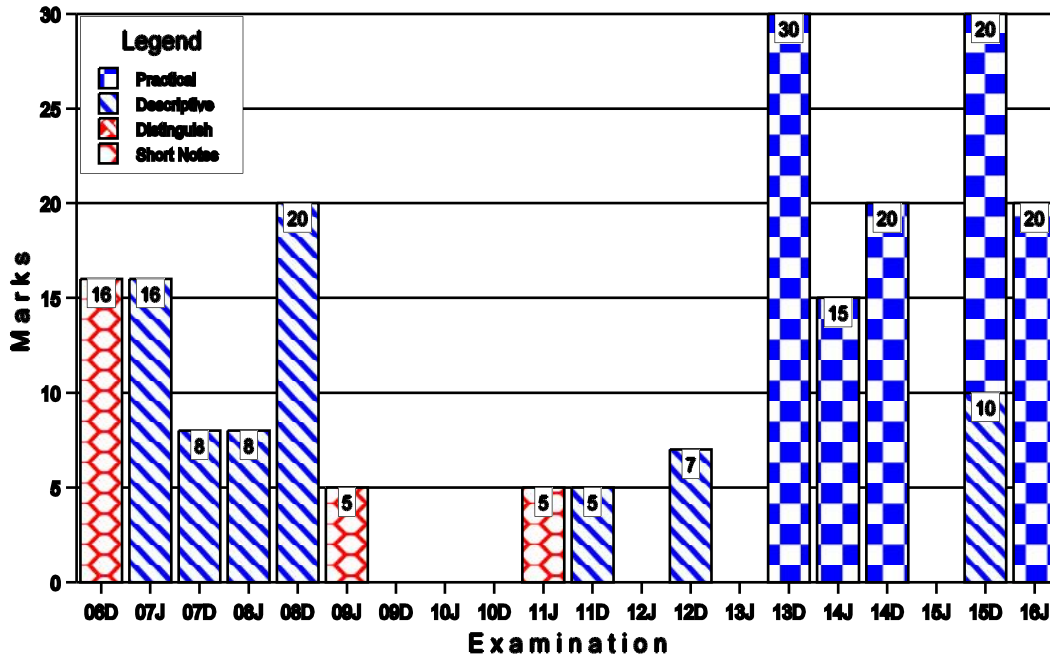


1

Conceptual Framework of Performance Management

This Chapter Includes : Performance Management - Concepts, Components & Related Matrices; Performance, Productivity & Efficiency; Strategic Assessment; Business Environment Analysis; Competitive Intelligence; Result Analysis; Financial Performance & Process Analysis; Supply Chain Management; Customer Relationship Management.

Marks of Short Notes, Distinguish Between, Descriptive & Practical Questions



Chapter at a Glance

Topic	Major Highlights
Performance Management	Performance management is a continuous process of identifying, measuring and developing performance in organizations by linking each individual's performance and objectives to the organization's overall mission and goals.
Performance appraisal	Performance appraisal is a more limited approach which involves managers making top-down assessments and rating the performance of their subordinates at an annual performance appraisal meeting.
Components of Performance Management	<ul style="list-style-type: none"> • Performance Planning. • Performance Appraisal and Reviewing. • Feedback on the Performance followed by personal counseling and performance facilitation. • Performance Improvement Plans. • Potential Appraisal.
Types of Efficiency	Technical efficiency occurs if a firm obtains maximum output from a set of inputs.
	Allocate efficiency occurs when a firm chooses the optimal combination of inputs, given the level of prices and the production technology.
Characteristics of Business	<ul style="list-style-type: none"> • Entrepreneur. • Economic Activities. • Exchange of Goods and Services. • Profit Motive.

	<ul style="list-style-type: none"> • Risk and Uncertainty. • Continuity of Transactions. • Creation of Utility. • Organization. • Financing. • Consumer Satisfaction. • Satisfying Social Need.
Five Force Model	<ul style="list-style-type: none"> • The risk of new entry by potential competitors. • Risk of entry by potential customers. • The degree of rivalry among established companies within an industries. • The bargaining power of supplier. • The closeness of substitute to the industry's product.
Competitive Intelligence (C.I.)	Competitive intelligence is the action of defining, gathering, analyzing, and distributing intelligence about products, customers, competitors and any aspect of the environment needed to support executives and managers in making strategic decisions for an organization.
Supply Chain Management	Supply Chain Management encompasses the planning and management of all activities involved in sourcing, procurement, conversion and logistics management activities. Supply Chain Management integrates supply and demand management within and across companies.

SHORT NOTES

2006 - Dec [17] Write short notes on the following :

- (a) Corporate internal appraisal factors. (8 marks)
(b) Porter's Competitive Analysis Model. (8 marks)

Answer :

- (a) The Internal Analysis of strengths and weaknesses focuses on internal factors that give an organization certain advantages and disadvantages in meeting the needs of its target market. Strengths refer to core competencies that give the firm an advantage in meeting the needs of its target markets. Any analysis of company strength should be market oriented/customer focused because strengths are only meaningful when they assist the firm in meeting customer needs. Weaknesses refer to any limitations a company faces in developing or implementing a strategy.

The following area analyses are used to look at all internal factors affecting a company:

- (a) **Resources:** Profitability, sales, product quality brand associations, existing overall brand, relative cost of the new product, employee capability, product portfolio analysis.
(b) **Capabilities:** To identify internal strategic strengths, weaknesses, problems, constraints and uncertainties.
(c) **Sources of Profit:** Market share and profit; area-wise.
(d) **Risk:** Single product, single market, raw material scarcity, fast-changing technology.
(e) **Organizational Behavior:** Formal/Informal behavior patterns, communication.

Answer :

- (b) The model of the Five Competitive Forces was developed by Michael E. Porter in his book "Competitive Strategy: Techniques for Analyzing Industries and Competitors" in 1980. Since that time it has become an important tool for analyzing an organization's industry structure in strategic processes.

Porter's model is based on the insight that a corporate strategy should meet the opportunities and threats in the organization's external environment. Especially, competitive strategy should base on and understanding of industry structures and the way they change.

Porter has identified five competitive forces that shape every industry and every market. These forces determine the intensity of competition and hence the profitability and attractiveness of an industry. The objective of corporate strategy should be to modify these competitive forces in a way that improves the position of the organization. Porter's model supports analysis of the driving forces in an industry. Based on the information derived from the Five Forces Analysis, management can decide how to influence or to exploit particular characteristics of the industry.

The five competitive forces as per Porter are:

- (a) Threats from potential entrants.
- (b) Threats from substitutes;
- (c) Threats from power of buyers;
- (d) Rivalry and competition among competitors;
- (e) Threats from suppliers;

2009 - June [8] Write short note on:

(b) Supply Chain Management;

(5 marks)

Answer:

Supply Chain Management: Supply Chain Management encompasses the planning and management of all activities involved in sourcing, procurement, conversion and logistics management. Supply Chain Management integrates supply and demand management within and across companies.

Five basic components of supply Chain Management are:

- Plan-Develop a strategy for managing all resources that go towards meeting customer demand.
- Source-Choose the supplier.
- Make-Schedule activities for Production.
- Deliver- Coordinate receipt of order to delivery.
- Return-Receive defectives and excess product back from customers.

2011 - June [8] Write Short Note on the following:

(iv) Supply Chain Management.

(5 marks)

Answer:

Please refer 2009 - June [8] (b) on page no. 17

DESCRIPTIVE QUESTIONS

2007 - June [3] (a) List eight environmental factors that affect an organization's strategy and why. (8 + 8 = 16 marks)

Answer :

The societal environment otherwise called as macro environment includes general forces that do not directly affect the short-term activities of the organization but those can and often do influence its long-term decisions. This includes economic, political, technological, cultural, legal environment etc.

1. **Economic environment** : The economic environment consists of macro level factors related to the means of production and distribution of wealth that have an impact on the business of the organization. Some of the economic environment factors to be analyzed are:
 - (a) General economic conditions;
 - (b) Economic conditions of different segments of population;
 - (c) Trends in income distribution and consumer spending patterns;
 - (d) Rate of growth of each sector of economy;
 - (e) Rate of inflation;
 - (f) Behavior of capital market.
2. **Technological environment** : The technological environment consists of the factors related to technology used in the production of goods and services that have an impact on the business of an organization. Technological factors to be considered are:
 - (a) Source of technology like company, external and foreign sources, cost of technology acquisition, collaboration and transfer of technology.
 - (b) Technological development, rate of change of technology and research and development.

- (c) Impact of technology on human beings, the man-machine system and the environmental effects of technology.
 - (d) Communication, infrastructure and managerial technology.
3. **Political environment** : Politico-legal forces allocate power and provide laws and regulation that may constrain or protect the business. The factors to be considered are:
- (a) The political system and its features like nature of the political system, ideological forces of the political parties and centres of power.
 - (b) The political structure, its goals and stability.
 - (c) Political process like party systems, elections, funding of elections and legislation in economic and industrial matters and regulations.
 - (d) Political philosophy, role of government in business and its policy approach towards economic and business development.
4. **Legal framework** :
- (a) The constitutional framework, directive principles, fundamental rights and divisions of legislative power between central and state government;
 - (b) Policies related to licensing, monopolies, foreign investments and financing to industries;
 - (c) Policies related to distribution and pricing and their control
 - (d) Policies related to imports and exports.
5. **Sociocultural environment** : Sociocultural environment consists of the forces that regulate the values, morals and customs of society. Important factors to be considered are:
- (a) Demographic characteristics;
 - (b) Social concerns;
 - (c) Social attitudes;
 - (d) Family structure and changes in it;
 - (e) Role of women in society, position of children and adolescents in family and society;
 - (f) Educational level, awareness and consciousness of rights and work ethics of members of the society.

6. **Demand related factors** : By monitoring the demand related factors of one's industry, a firm gathers vital clues on consumption pattern, buying habits, invasion of substitute products, growth potential, attractiveness of the industry, expansion, divestment etc. The aspects to be considered are:
- (a) Nature of demand;
 - (b) Demand potential;
 - (c) Current level of demand;
 - (d) Changes in demand, consumption pattern, buying habits etc.
7. **The consumer** : Monitoring the customer's taste may result in attractive business opportunities. Hence customer analysis is very important during environmental survey. The factors that have to be monitored in relation to the customers are:
- (a) Purchasing power;
 - (b) Buying motives, attitudes and habits;
 - (c) Lifestyle and need;
 - (d) Brand awareness, brand loyalty and brand switching;
 - (e) Reasons/motives for customer's patronage of specific brands.
8. **Government policies** : Government policies significantly affect the way business operates in unregulated economies, the impact of government on business is really immense. In market economies too, government policies are important factor even though the constraints are much less here. Government policies usually affect the strategic choice of the firm because:
- (a) Government is a largest purchaser of goods and services;
 - (b) Government subsidises firms and industries;
 - (c) Government protects home products against foreign competitors;
 - (d) Government bans fresh entry into select Industries;
 - (e) Government restricts use of certain technology and products.

2007 - Dec [2] (a) "The internal environment of a typical business firm is assessed by a number of factors as a part of the internal appraisal". Explain briefly these appraisal factors. (8 marks)

Answer :

The internal environment of a typical business firm is assessed by the following factors:

- (a) Competitive advantages of the firm relative to the competition. This enables to create differentiation and position itself vis-à-vis competitors.
- (b) Inherent capabilities of the firm and its propensity to overcome competition and its ability to configure differential strategies to achieve organizational objectives.
- (c) Financial and physical infrastructure and services that help it to structure its resources for gaining and sustaining competitive advantage in the market place.
- (d) Market structure, value chains & customer/supplier relationships that includes social partners, support networks and institutions;
- (e) Good human resources and enterprise level labour-management relations and social dialogue and its ability and inclination to invest in enhancing human competencies;
- (f) Good technologies and equipments to ensure quality products;
- (g) Good management and entrepreneurship.

2008 - June [2] (a) 'The intensity of competition depends on several factors.' Identify these factors and discuss briefly on them. (8 marks)

Answer :

The intensity of competition depends on several factors. The possible factors are:

- (a) *Large number of equally balanced competitors:* When the competition is intense, firms may try to avoid competing on price.
- (b) *The rate of growth in industry:* Where growth is slow or stagnant, rivalry may intensify and the firms may indulge in competing with each other for a greater market share.
- (c) Ease of switching will encourage suppliers to compete.
- (d) Competitors may guess each others intentions; this may lead to uncertainty because of competitive strategy.
- (e) *Capacity and costs:* Industries, characterized by economies of scale from substantial capacity increase, may face recurring products of over capacity and price cutting.

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- (f) *High fixed costs and relatively low variable costs*: This tempts the firms to compete on price and sell at prices above marginal costs. As a result, there may be a failure to recover fixed costs.
- (g) *High strategic stakes*: A firm putting in high capital funds and extensive efforts to achieve targets and making success, is likely to be more proactive and competitive to attain further high targets.
- (h) Exit barriers.

2008 - Dec [2] (a) State briefly the purpose of SWOT analysis. What are the major outcomes from such an analysis? (5 + 5 = 10 marks)

Answer :

The purpose of SWOT Analysis is to define the approach to a strategy for the company to be formulated in such a manner the strategy fits the environment. In other words SWOT Analysis which embraces both external and internal analysis, is attempted so that the corporate body is able to develop a strategy which is suitable and provides proper nodes of music with the environment instead of creating noise.

The purpose of SWOT analysis is to gather, analyze, and evaluate information and identify strategic options facing a community, organization, or individual at a given time. SWOT Analysis is a very effective way of identifying strengths and weaknesses, and of examining the opportunities and threats one tends to face. Carrying out an analysis using the SWOT framework helps to focus activities into areas where one is strong and where the greatest opportunities lie. This knowledge is then used to develop a plan of action. The analysis can be performed on a product, on a service, a company or even on an individual. Done properly, SWOT will give the big picture of the most important factors that influence survival and prosperity as well as a plan to act on. Strengths and weaknesses are internal while opportunities and threats are external. Strengths and weaknesses have to be matched with the opportunities in the external environment and also to counter any threats that might pose a danger to plans. SWOT Analysis is generally considered a Marketing tool but although it has its origins in Marketing field and is predominantly used by Marketing people, and it can also be done for self. SWOT Analysis is a tool which guides one to see where one stands in terms of job prospects and career growth.

The three major outcomes from such an analysis are:

- (a) Matching the company strengths to take advantage of the opportunities in the market place E.g. Converting fast food stands to full time restaurants.
 - (b) Converting threat or weakness into an advantage.
 - (c) Eliminate the weaknesses that expose the company to external threats.
- Another alternative to SWOT Analysis is TOWS Analysis identified by Vweirich (1982).

Strategic options are framed in the form of a matrix with 4 quadrants as below:

- (a) SO Strategies: Matching the strengths to opportunities;
- (b) ST Strategies: Utilize company's strengths to mitigate threats;
- (c) WO Strategies: Exploit opportunities accepting weaknesses;
- (d) WT Strategies: A defensive approach to minimize weaknesses and threats.

2008 - Dec [4] (a) "Bargaining Power with the Suppliers as well as Buyers comes under strain during inflation in the economy."–Explain. (10 marks)

Answer :

Bargaining power with the suppliers as well as buyers comes under strain during inflation in the economy. Inflation has both favorable and unfavorable aspects in propelling growth. As per the economic dictum, inflation is a result of "too much money chasing too few goods". Lots of money in circulation with not much supply of goods will lead to high prices. Increased capacities through either organic or inorganic strategies will take advantage of this situation. However, inflation grips the raw material prices also and as such the operating margins come under strain. Building inventories or following a strategy of make to stock offers better advantage. If the inflation trend gets intense and a spiral develops a new problem of lower purchasing power of the customer and suddenly demand start falling because the customer cannot afford the high price. The immediate future companies that have high capacities may phase recessionary trends that would increase their cost of production through lower capacity utilization. At this point of time, if the recessionary conditions were too prolong corporate restructuring and turnaround strategies will have to be thought of. As far as the marketing

strategies are concerned, inflation will have to be understood fully as to the causes for the trend. The causes can be imported, unexploited resources, too much money in circulation, sudden change in supply position due to statutory regulations, etc. Due to increase in prices of crude oil in FY 2006-07, FY 2007-08, which is largely imported in India, the refined products like petrol, diesel, and kerosene have become costlier. This is purely due to imported inflation and proper adjustment of the end product prices will have to be made to maintain the margins. However, in India due to “inclusive” policy followed by the government, products like Kerosene and LPG are subsidized, but still not to the extent of neutralizing the increase in the cost of production. This has put the oil industry in a difficult situation and the strategies followed by the oil companies are in developing efficient purchasing to keep the cost of crude at manageable proportions. Fiscal policy of the government and the Reserve Bank of India in containing inflation also have its own share of impact on the strategies of any company. Increase in the interest rates leads to lower availability and utilization of funds and the monies in circulation are also controlled through increase of cash reserve ratio. This affects the purchasing power of the customer and the prices of product tend to fall to attract the customer. The strategy to be followed by a company under these conditions will be cost leadership, as there will be better maneuverability in fixing prices.

2011 - Dec [2] (b) Explain the linkage between environmental analysis and strategic management. (5 marks)

Answer :

Following are the basic goals of environment analysis :

- (a) The analysis should provide an understanding of current and potential changes taking place in the environment. It is important that one must be aware of the existing environment and at the same time have a long term perspective too.
- (b) Environment analysis should provide inputs for strategic decision-making. Mere collection of data is not enough. The information collected must be used in strategic decision making.
- (c) Environment analysis should facilitate and foster strategic thinking in organization, typically a rich source of ideas and understanding of the context within which a firm operates.

Following are the specific benefits of environment study:

- (a) Development of board strategies and long-term policies of the firm;
- (b) Development of action plans to deal with development of technological advancements;
- (c) To foresee the impact of socio-economic changes at the international level on the firms stability;
- (d) To keep updated and dynamic;
- (e) To analyze the competitors strategies and formulation of effective counter measures.

2012 - Dec [2] (b) Explain why it is important for organisations to analyze and understand the external environment. (4 marks)

Answer:

Organizations do not exist in isolation. The external environment of the organization presents threats and opportunities which the organization must address in its strategic actions. Parts of the organization's external environment are changing rapidly, such as technology changes, and the organization must constantly adjust to these changes. The information that the organization gathers about competitors, customers and stakeholders is used to build the organization's capabilities or to build relationships with stakeholders in the external environment. The information that the organization gathers about the external environment must be matched with knowledge of its internal environment to form its vision, to develop its mission, and to take actions that result in strategic competitiveness and above-average returns.

2012 - Dec [7] (a) What is 'Supply Chain Management'? (3 marks)

Answer:

Supply Chain Management :

Supply Chain Management encompasses the planning and management of all the activities involved in sourcing, procurement, conversion and logistics management. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers and customers. In essence, Supply Chain Management integrates supply and demand management within and across the companies.

The concept of Supply Chain Management emphasizes on linkages among

all of the value- adding activities in the chain. This concept has virtually displaced the term “business logistics”. In fact Supply Chain Management’s emergence is perhaps the most significant development in business management since the early 1980s. Savvy business executives firmly believe that effective management of the Supply Chain can help boost a firm’s performance. They recognize that Supply Chain Management can provide a distinctive and sustainable competitive advantage and improved profitability.

2015 - Dec [2] (b) What is ‘competitive intelligence’? Discuss the role of Management Accountant in competitive intelligence process?

(3 + 7 =10 marks)

Answer:

Competitive intelligence is the action of defining, gathering, analyzing, and distributing intelligence about products, customers, competitors and any aspect of the environment needed to support executives and managers in making strategic decisions for an organization.

Management Accountants may be actively involved in introducing a competitive intelligence process in several ways:

1. identifying the need for a new or improved competitive intelligence process;
2. educating top management and other senior managers about that need;
3. developing a plan along with cross-functional team members for designing, developing and implementing the new, improved competitive intelligence practice, including its underlying architectures;
4. identifying the appropriate tools and techniques for conducting competitor analysis;
5. providing financial input, analysis and expertise to the competitive intelligence effort;
6. contributing to and using competitive intelligence in target costing;
7. ensuring that the competitive intelligence efforts are tied to the firm’s goals, strategies, objectives and internal processes, as appropriate; and,
8. continually assessing the new, improved competitive intelligence process and its implications for the organization and continually improving the process.

PRACTICAL QUESTIONS

2013 - Dec [1] {C} M/s. Kraft Foods Ltd., is the world's second largest food company, with an average annual turnover of over ₹ 200 Billion. The company provides the best brands of Coffee, Chocolate, Cheese and many savory food items. To help in consistently delivering against its objectives, M/s. Kraft Foods Ltd. has created a very strong Supply Chain Relationship between the company and its Suppliers/Customers. M/s. Kraft Foods Ltd., believes that a truly excellent Supply Chain Relationship with its customers cannot be achieved without the support and co-operation from its employees. Further the company believes that Customer Satisfaction is the key for its success.

M/s. Kraft Foods Ltd., is committed to ensure that right products are made available to its customers at right time and in right quantity and price. Its brand image is quite strong, based on 3 key areas, viz., quality, value and trust.

M/s. Kraft Foods Ltd.'s supply chain functions are provided with excellent operational support, which helps to deliver, as per its objectives.

M/s. Kraft Foods Ltd., focused on the successful management of a customer order from the moment it is compiled at the customer, its processing through M/s. Kraft Foods Ltd.'s order systems to the point of delivery at the customer warehouse. The company's policy is to ensure that any 'waste' that could cause delay or disruption should be eliminated. The customer order is compiled correctly, using accurate date, sent at agreed timings with jointly agreed delivery windows. Ideally the order is electronically communicated using EDI or the Internet. Further the company believes that e-commerce is improving communication with the use of e-mail and the extranets making contract and the sharing of knowledge and information faster and easier.

You are required to:

- (i) Describe the objectives of Supply Chain Management, with regard to M/s. Kraft Foods Ltd.,
- (ii) Describe the importance of Supply Chain Management to the company under reference viz., M/s. Kraft Foods Ltd.,
- (iii) Describe the measures taken by M/s. Kraft Foods Ltd., to change to

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Supply Chain Management. What are the benefits the company has been able to derive due to its sound Supply Chain Management?

(5 x 3 = 15 marks)

Answer :

- (i) The main objectives of Supply chain management with regards to M/s Kraft Foods Ltd. are to improve the overall organization performance and customer satisfaction by improving product or service delivery to consumer.

The other objectives are:

1. To maximize overall value generated.
2. To look for Sources of Revenue and Cost:-There is only one source of Revenue i.e. customer.
3. Replenishment of the Material or Product whenever required.
4. Cost Quality Improvement.
5. Shortening time to Order.
6. Faster speed to market.
7. To meet consumer demand for guaranteed delivery of high quality and low cost with minimal lead time.
8. Efficient supply chain.
9. To achieve world class performance.
10. More awareness of supply chain dynamics and efficiency.
11. To fulfill customer demand through efficient resources.
12. To optimize pre and post production inventory levels.
13. Good understanding of business characteristics.
14. Provide flexible planning and control mechanism.
15. Reduce transportation cost.
16. Greater labour efficiency, equipment and space efficiency.
17. To maximize efficiency of distribution side.
18. Helps in better decision making.

- (ii) **“Supply Chain Management has an important role to play in moving goods more quickly to their destination”.**

It is so important for M/s Kraft foods Ltd. to get products to their customers quickly. Faster product availability is key to increasing sales. Appropriate management of the flow of information, product or funds is a key to supply chain success.

1. It makes for shorter lead-times to a customer.

2. It improved planning and forecasting capabilities for all partners of the supply chain.
 3. It leads to cost saving and efficiency optimization.
 4. It reduces dead or slow moving stock and eventually removes it from a system with careful planning.
 5. Faster execution of customers' orders is the key to increasing sales. The company stands with a chance of procuring more orders and more market share.
- (iii)** The measure taken by the M/s Kraft Foods Ltd. to change to Supply Chain Management that the policies made by management should be transparent because it requires co-operation of all employees of organization at all levels.
- Policies should be designed in such a way that it should be acceptable at all levels of organization.
 - There should be proper planning and proper communication.
 - Selection of right suppliers.
 - Creating a network for receiving defectives.
- There are countless benefits of sound supply chain management.
- It maximizes overall value generated.
 - It makes far shorter lead-times to a customer.
 - It improves planning and forecasting capabilities for all partners of the supply chain.
 - It leads to cost saving and efficiency optimization.
 - It reduces dead or slow moving stock and eventually removes it from a system with careful planning.
 - Supply Chains have bargaining power.
 - Earning a good brand image delivers a competitive advantage.
 - Excellent supply chain relationship with its customers.
 - Customer's satisfaction.

2013 - Dec [2] {C} M/s. Royal & Sun Alliance is one of the world's major insurance companies, with operations in 50 countries around the world. Like other service industries, Insurance companies are faced by consumers, whose requirements are becoming increasingly sophisticated and whose willingness to switch to another supplier is on the increase. To compete

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successfully and thrive in its environment, M/s Royal & Sun Alliance must be forward-thinking in their approach to its customers and in applying new techniques. M/s. Royal & Sun Alliance has applied successfully the concept of customer segmentation and relationship management to achieve successful relationships with its key customers. M/s. Royal & Sun Alliance sells most of its commercial business through Insurance brokers, who place the business with the company, on behalf of their industrial and commercial customers. Because selling insurance is so competitive, it was essential that the company focused on working with high quality brokers, who had a positive attitude to business.

M/s. Royal & Sun Alliance believed in:

- Understanding each customer's unique needs.
- Developing strategic plans and achieve mutual goals.
- Providing the tools, resources and service to achieve goals.

A Relationship Manager controls the overall business strategy and acts as a co-ordinator between different business divisions and customers.

M/s. Royal & Sun Alliance has created a website dedicated to its customers.

You are required:

- (i) to define Customer Relationship Management.
- (ii) what are the problems faced by the company before implementing Customer Relationship Management?
- (iii) what are the steps taken by the company to solve the problem?

(5 + 5 + 5 = 15 marks)

Answer :

- (i) Customer relationship management helps in profiling prospects, understanding their needs, and in building relationships with them by providing the most suitable products and enhanced customer service. It integrates back and front office systems to create a database of customer contacts, purchases and technical support, among other things. This database helps the company in presenting a unified face to its customers, and improves the quality of the relationship, while enabling customers to manage some information on their own.

- (ii) The problems faced by M/s Royal & Sun Alliance before implementing CRM:
1. The company was not able to reach its strategic targets.
 2. Company's insurance brokers were too not able to reach their strategic targets.
 3. The company was not able to attract new customers.
 4. Direct sales forces were not effective.
 5. The call centres were not properly managed.
 6. Customer requirements were becoming increasingly sophisticated.
 7. The company finds it difficult to thrive in such competitive environment.
- (iii) A Customer relationship management system can manage day-to-day administrative task for the organization so implementation of CRM in the organization can solve the above mentioned problems. CRM enables the Company to forward thinking in its approach to its customers.
- Key steps in the CRM implementation process are:
- Identify all areas of your business that touch the Customer or the Prospect.
 - Identify all of the Business processes that manage the touch points with the Customer or prospect.
 - Select the appropriate CRM and Sales Force Automation (SFA) system that will allow the business processes impacting the Customer or Prospect to be managed in the most efficient and effective manner.
 - Document those business processes and train the users on the utilization of the CRM system with a focus on how that system will deliver value to their daily work lives and how it will maximize their efficiency and effectiveness in managing their relationships with their Customers and Prospects.

2014 - June [2] {C} Tesco & Co. is the world's largest grocery company, dealing in different fast moving consumer goods (FMCG). Tesco's efforts towards offering better services to its customers and meeting their needs can be traced back to the days when it positioned itself as a company that

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offered good quality products at extremely competitive prices. Since the customer received the best services, the number of loyal customers increased manifold since the company loyalty card scheme was launched successfully.

To sustain the growth achieved through the launch of loyalty club cards, Tesco decided to adopt a four step approach:

- Launch better;
- Bigger stores on a frequent basis;
- Offer competitive prices; and
- Focus on remote shopping services.

To make sure that its prices were the lowest among all retailers, a dedicated team of employees called 'price checkers' was employed for the task. Tesco's customer base and the frequency with which each customer visited its stores had increased significantly over the years. However, according to reports, the average purchase per visit had not gone up as much as it would have liked to see. For the last ten years, Strategic cost management and Activity based costing have created a framework for company to examine more closely the causes of their cost in order to improve management decisions and corporate profitability. Analyst believe that this was not a very positive situation, they also said that while it was true that Tesco was the market leader by a wide margin, it was also true that other companies were growing rapidly. Given the fact that the company was moving away from its core business by giving thrust on non-food and utility services items and was globalizing rapidly, observers were doubtful of its ability to maintain the growth it had been posting since its inception.

After the globalization, many companies are convinced that improving corporate profitability requires synergetic effect between all the units and division within the company. Tesco has to take steps like appointing marketing professionals for increased customer satisfaction and primarily examining the links between overall satisfaction and revenue. Meanwhile, the Management Accountants have traditionally focused on cost reduction.

Customer profitability analysis attempts to bring together marketing & accounting professional to analyse, manage and improve customer profitability.

Tesco must understand the present and future customer demands and try to improve its information technology and large database to help refine marketing efforts. Marketing tools and IT Systems now permit companies to get individual customer and customer groups with pin-point accuracy.

You are required:

- (i) State briefly the concept of Analytical Customer Relationship Management, Operating Customer Relationship Management & Collaborative Customer Relationship Management.
- (ii) What strategy is followed by Tesco to sustain the growth achieved?
- (iii) What steps it should follow to beat saturation? (3 + 6 + 6 =15 marks)

Answer :

(i) **Analytical CRM:**

The purpose of analytical CRM is customer data analysis, its evaluation, modeling and prediction of customer's behaviour. In real life situation the analytical CRM can, for example gather all the data about customers inquiring a specific product by using data mining (tool for data gathering), what services they purchased right away and what services they purchased eventually.

Operative CRM:

Operative CRM mainly supports the actual contact with customers conducted by front office workers and general automation of business processes including sales of products, services and marketing.

Collaborative CRM:

Collaborative CRM enables all companies along the distribution channel, as well as all departments in a company, to work together and share information about customers, even speaks about partner relationship management (PRM).

- (ii) To sustain the growth achieved Tesco decided to adopt a four steps approaches:
 - Launch better;
 - Bigger stores on frequent basis;
 - Offer competitive price; and
 - Focus on remote shopping service.

(iii) After Globalization, many companies are convinced that improving corporate profitability requires synergetic effect among all the units and division within the company.

Tesco has to take following steps to beat saturation:

- Appointing marketing professionals;
- Cost reduction measures;
- Understand present & future customers demand;
- Use of IT systems & marketing tools.

2014 - Dec [2] The ripple effects of the 2012 Global Economic meltdown had begun to hurt the ₹ 1,268 crore M.K. Paper Limited. Like all other business houses in India, M.K. Paper Ltd. was also finding the going tough. The general trend of soaring prices and contraction in demand had started affecting the sale of M.K. Paper Ltd. products also. Its customers were focusing on correcting their inventory positions (using existing stocks of materials to keep production lines and marketing activities rolling). Consequently, they were not buying much from M.K. Paper Ltd. Even the investors did not like what they saw—M.K. Paper Ltd. stock fell from ₹ 57.20 on 1 January, 2012 to a low of ₹ 14.12 on 12 March, 2013. The company was in the midst of Economic crisis. Mr. Sondhi, the Managing Director of the Company, realized that some strong measures must be taken to extricate the company from its present crisis. To this end, Mr. Sondhi held several brainstorming sessions with the top management team and finally identified the focus areas:

- Managing working capital flows, cutting costs and paying attention to employee productivity.
- Moving away from the traditional approach one usually follows during the recessionary periods.

Mr. Sondhi instead of shutting down company's plants and cutting production, decided to continue to operate the Company's two plants at Gujarat and Odissa at 100% capacity. To match sales with production, he planned to reach out to newer customers by widening Company's distribution network. He identified packaging boards to be marketed in rural areas where the meltdown had minimal effect. As the market conditions were still difficult, the company also decided to cut the prices by 2 to 3 per cent. Along with the

price cut, its marketing thrust in rural areas ensured that the sales were not impacted much. Net sales remained flat throughout 2012-13, though the profitability of the Company suffered because of the lower margins it received from its rural thrust. For raising capital, the Company did not approach banks and investors, rather it intensified its efforts to recover its debits from its clients. The efforts resulted in fast recovery of crores of rupees. Disputed debts were also settled expeditiously to raise more cash. To cut costs further, the Company took steps to improve productivity and reduce its wage bill. Inefficient employees were asked to leave. No new appointments were made unless they were critically important. In addition, employees received lower increments for 2012-13; Even Mr. Sondhi did not take any increment.

When the global slowdown sent the international prices of the pulp, the main raw material for the Paper industry, crashing from ₹ 36,960 per tonne in April, 2012 to ₹ 18,240 per tonne in September, 2012 the company bought enough pulp to last for about 9 months as against its policy of buying, in the normal course, pulp for about 2-3 months. According to Mr. Sondhi, this decision also resulted in a huge saving. Mr. Sondhi and his senior management team also re-evaluated the organizational structure to improve efficiency in the organization. When all the above strategic decisions had been successfully implemented, Mr. Sondhi knew that the worst for the company was over. This was also reflected in gradual increase in the quarterly profits of the company, Mr. Sondhi however sounded very modest about his stewardship of the Company while appreciating his senior management team for the great job done to ride out the slowdown.

Answer the following questions:

- (a) Where did the recession hit M.K. Paper Ltd.?
- (b) Explain with reasoning the corporate strategy the Company had adopted for its survival.
- (c) What functional strategies were undertaken by the Company to overcome its crisis?
- (d) State the basic responsibilities of a strategic leader in a business house. Explain whether or not Mr. Sondhi provided strategic leadership to the Company.
- (e) What lessons are learnt from the experience of M.K. Paper Ltd. to ride

out the economic meltdown?

(4 x 5 = 20 marks)

Answer:

- (a) M.K. Paper Limited was hit the most due to recession in the following area: Sale or revenue of M.K. paper limited goes down as there were no fresh orders from the customers, because customers were focusing on correcting inventory positions due to high prices and reduced demand rather than giving fresh orders. Investors also sharply reacted to declining sales and revenues of the M.K. Paper Limited and stock price of M.K. paper limited fell from ₹ 57.20 on 1 January, 2012 to a low of ₹ 14.12 on 12 March, 2013. So we can say that recession affected the profitability of the M.K. Paper and thus its stock price.
- (b) Company reacted properly to the recession impacts. For example, the company revised its corporate strategy and adopted the following measures which helped M.K. Paper Limited to emerge winner at the end.
- (1) **Managing working capital flows:** The Company did not approach banks and investors; rather it intensified efforts to recover its debits from its clients. The efforts resulted in fast recovery of crores of rupees. Disputed debts were also settled expeditiously to raise more cash.
 - (2) **Cost Cutting:** No new appointments were made unless they were critically important. In addition, employees received lower increments for 2012-13; even Mr. Sondhi did not take any increment.
 - (3) **Improvement of employee productivity:** The Company took steps to improve productivity and reduce its wage bill. Inefficient employees were asked to leave.
- Mr. Sondhi and his senior management team also re-evaluated the organizational structure to improve efficiency in the organization.
- (c) M.K. Paper limited adopted some key functional strategies in the area of production, marketing and inventory management.

For Example:

Production Strategy: Instead of shutting down company's plants and cutting production, Mr. Sondhi decided to continue to operate the Company's two plants at Gujarat and Orissa at 100% capacity.

Marketing Strategy: To match sales with production, he planned to reach out to newer customers by widening Company's distribution network. He identified packaging boards to be marketed in rural areas where the meltdown had minimal effect. As the market conditions were still difficult, the company also decided to cut the prices by 2 to 3 per cent. Along-with the price cut, its marketing thrust in rural areas ensured that the sales were not impacted much.

Inventory strategy: Additionally, global slowdown sent the international prices of the pulp, the main raw material for the paper industry, crashing from ₹ 36,960 per ton in April, 2012 to ₹ 18,240 per ton in September, 2012. The company bought enough pulp to last for about 9 months as against its policy of buying, in the normal course, pulp for about 2-3 months. According to Mr. Sondhi, this decision also resulted in a huge saving.

- (d) The following are some key responsibilities of a strategic leader managing human capital (perhaps the most critical of the strategic leader's skills). Effectively managing the company's operations. Sustaining high performance over time. Being willing to make candid and courageous decisions. Seeking feedback through face-to-face communications. Having decision-making responsibilities that cannot be delegated. Yes, Mr. Sondhi provided a true leadership to sail out the company from recession impacts. He derived the process with the help of his top management team to tackle the problems arisen due to recession. He took the candid and courageous decisions to take out the company from recession problems.
- (e) Never give up and form an appropriate dynamic strategy are the biggest lessons one can learn from the experience of M.K Paper limited. Another important lesson is that organization always needs a true leader and capable top management team who are willing to take strong decisions for benefits of company and its shareholders. Finally, organizations need to form and implement the appropriate strategies at both corporate and functional levels. Also, there should be a good coordination among

different functional components. For example, when Mr. Sondhi took to decision that production will be maintained at 100% capacity utilization, to match the production with sales the company took effective decision at marketing/sales levels.

2015 - Dec [1] {C} This Case Study explains why Nestle Inc. needs a first class Supply Chain, with high quality linkages from where the coffee is grown in the field, to the way in which it reaches the consumer. For Nestle's, the Supply Chain is a bit complex and includes:

- Growers of Coffee
- Intermediaries like dealers/brokers/roasters/retailers, etc., Some Intermediaries may buy Coffee and doing some of the primary processing.
- Growing and processing of Coffee. This includes activities like coffee picking, drying and hulling, sorting, grading & picking.
- Price-Balancing Supply and Demand: Coffee prices are determined on day-to-day basis on the world commodity markets in London and New York. The price of Coffee is determined by the relationship between the amount of Coffee available to be sold (Supply) and the amount which the company would like to buy (demand). If there is more Coffee available than what the company would desire to buy at current prices, the prices will fall. The market, thus, ultimately determines the price that the farmer receives.
- Nestle's Trading Methods: Nestle is a pioneer in purchasing Coffee direct from growers. A growing % of the company's Coffee is bought direct from the producer and it is now one of the world's largest direct purchasers. In Countries, where this is not possible, Nestle operates in a way that takes it as close to the growers as possible.
- Buying from dealers: In countries like UK, it is impossible for Nestle to buy from the hundreds of thousands of farmers, who ultimately supply the Company and so the coffee is bought from dealers, using the international market.

Conclusion: Creating wonderful cups of Coffee is not only Nestle's business, it is the business of everyone involved in the Supply Chain. It is in

everyone's interest-the farmers' and Nestle's - that farmers receive a fair income from their Coffee. This ensures that they will continue to grow Coffee and to invest in increasing their yield and quality and this in turn, guarantees the supply of quality Coffee, which companies like Nestle require.

In the context of the above case study, answer the following questions:

- (i) What is Supply Chain Management? Explain clearly its basic concept?
- (ii) What are the basic objectives of a Supply Chain?
- (iii) State the way Nestle Inc., manages its Supply Chain?

(8+5+7 = 20 marks)

Answer:

- (i) Supply Chain Management encompasses the planning and management of all activities involved in sourcing, procurement, conversion and logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers, and customers. In essence, Supply Chain Management integrates supply and demand management within and across companies.
- (ii) **The objectives of supply chain are:**
 1. To maximize overall value generated.
 2. **To look for Sources of Revenue and Cost:** There is only one source of Revenue i.e. customer.
 3. Replenishment of the Material or Product whenever required.
 4. Cost Quality Improvement.
 5. Shortening time to order.
 6. Faster Speed to Market.
 7. To meet consumer demand for guaranteed delivery of high quality and low cost with minimal lead time.
 8. Efficient supply chain.
 9. To achieve world class performance.
 10. More awareness of supply chain dynamics and efficiency.
 11. To fulfill customer demand through efficient resources.
 12. To optimize pre and post production inventory levels.
 13. Good understanding of business characteristics.
 14. Provide flexible planning and control mechanism.
 15. Reduce transportation cost.

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16. Greater labour efficiency, equipment and space efficiency.
17. To maximize efficiency of distribution side.
18. To reduce system wide cost of company to satisfy service level requirement. (**Company costs:** Manufacturing, Fixed assets, inventories, transportation)
(**Service levels:** Response time Hrs/day/week/month)
19. Helps in better decision.

(iii) **Nestle's the Supply Chain is a bit complex and includes:**

- Growers of Coffee.
- Intermediaries like dealers/brokers/roasters/retailers, etc., Some Intermediaries may buy coffee and doing some of the primary processing.
- Growing and processing of coffee. This includes activities like coffee picking, drying and hulling, sorting, grading & picking.
- **Price-Balancing Supply and Demand:** Coffee prices are determined on day-to-day basis on the world commodity markets in London and New York. The price of coffee is determined by the relationship between the amount of coffee available to be sold (supply) and the amount which the company would like to buy (demand). If there is more coffee available than what the company would desire to buy at current prices, the prices will fall. The market, thus, ultimately, determines the price that the farmer receives.
- **Nestle's Trading Methods:** Nestle is a pioneer in purchasing coffee direct from growers. A growing % of the company's coffee is bought direct from the producer and it is now one of the world's largest direct purchasers. In Countries, where this is not possible, Nestle operates in a way that takes it as close to the growers as possible.

- **Buying from dealers:** In countries like UK, it is impossible for Nestle to buy from the hundreds of thousands of farmers, who ultimately supply the company and so the coffee is bought from

dealers, using the international market.

2016 - June [1] {C} Whirlpool Corporation is a leader of the \$100 billion global home appliance industry. Infact, it is the World's leading manufacturer and marketer of major home appliances, with an annual sales of around \$30 billion, with a man-power strength of about 80,000 and having 80 manufacturing and technology research centres around the world. Its main products are Washing Machines, Refrigerators, Dishwashers, Waterfilters etc., Whirlpool is committed to a brand value creation strategy focusing on Innovation, Cost Productivity, Product Quality and Consumer Value. The company continues to improve its global operating platform to ensure that it is the best-cost and best-quality appliance manufacturer worldwide.

Whirlpool's supply chain has been transformed to better deliver products to its trade customers and consumers. The benefits of action are evident through a stronger network, increased efficiencies and timely deliveries.

Until recently, the company's strategic focus was on its products and brands. In recognition of environmental changes, attention was shifted to their supply chain and how best to manage it. The need to focus on the supply chain was also instigated by major internal and organizational changes. Furthermore, it was recognized that two issues required attention:

- (i) The desire for trade partners to hold lots of inventory (which impacted cash flows)
- (ii) Customers needing their products quickly.

One of the goals constraining the redesign of their Supply Chain was to ensure that a customer's order could be fulfilled and delivered to the customer at the earliest.

The company set about its operations/supply chain strategy with the aim of improving cash flow, reducing costs, improved inventory management, improved customer satisfaction, improved cash flow and providing the right service to customers.

The first aspect of Whirlpool's strategy was the order process. Process, technology and inventory changes were made. Systems required

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replacement and integration with its system. Overall, there was a need to improve visibility within the supply chain.

Secondly, the company rationalized facilities, reducing the no. of buildings from 184 to 84. The company consolidated major warehouses into 10 regional distribution centres, resulting in cost savings of over \$60 Million.

Thirdly, they optimized supply and demand with changes to demand planning models and Software and integration with upstream suppliers.

Required:

- (i) Briefly state the importance of Supply Chain Management.
- (ii) Describe the objectives to Supply Chain Management.
- (iii) Describe the challenges that are faced by Whirlpool. What were the drivers for change to the Supply Chain?
- (iv) What are the benefits of change to the Supply Chain?
- (v) Describe the Whirlpool's Strategy? (4+4+4+4+4 = 20 marks)

Topic not yet asked but equally important for examination

DISTINGUISH BETWEEN

Question No. 1 what is the difference between Performance Management & Performance Appraisal?

Answer :

Performance appraisal	Performance management
Top-down assessment	Joint process through dialogue
Annual appraisal meeting	Continuous review with one or more formal reviews
Use of ratings	Ratings less common
Monolithic system	Flexible process
Focus on quantified objectives	Focus on values and behaviours as well as objectives
Often linked to pay	Less likely to be directly linked to pay

Bureaucratic - complex paperwork	Documentation kept to a minimum
Owned by the HR department	Owned by line managers

DESCRIPTIVE QUESTIONS

Question No. 1 What are the Components of Performance Management?

Answer :

The Components of Performance management are as follows:

1. **Performance Planning:** Performance planning is the first crucial component of any performance management process which forms the basis of performance appraisals. Performance planning is jointly done by the appraiser and employee (appraise) both and also they review in the beginning of a performance session. During this period, the employees decide upon the targets and the key performance areas which can be performed over a year within the performance budget, which is finalized after a mutual agreement between the reporting officer and the employee.
2. **Performance Appraisal and Reviewing:** The appraisals are normally performed twice in a year in an organization in the form of mid reviews and annual reviews which are held at the end of the financial year. In this process, the employee (appraise) first offers the self filled up ratings in the self appraisal form and also describes his/her achievements over a period of time in quantifiable terms. After the self appraisal, the final ratings are provided by the appraiser for the quantifiable and measurable achievements of the employee being appraised. The entire process of review seeks an active participation of both the employee and the appraiser for analyzing the causes of loopholes in the performance and how it can be overcome.
3. **Feedback on the Performance followed by personal counseling and performance facilitation:** Feedback and counseling is given a lot of importance in the performance management process. This is the stage in which the employee acquires awareness from the appraiser about the

areas of improvements and also information on whether the employee is contributing the expected levels of performance or not. The employee receives an open and a very transparent feedback and along with this the training and development needs of the employee are also identified. The appraiser adopts all the possible steps to ensure that the employee meets the expected outcomes for an organization through effective personal counseling and guidance, monitoring and representing the employee in training programs which develop the competencies and improve the overall productivity.

4. **Rewarding good performance:** This is a very vital component as it will determine the work motivation of an employee. During this stage, an employee is publicly recognized for good performance and is rewarded. This stage is very sensitive for an employee as this may have a direct influence on the self esteem and achievement orientation. Any contributions duly recognized by an organization helps an employee in coping up with the failures successfully and satisfies the need for affection.
5. **Performance Improvement Plans:** In this stage, fresh set of goals are established for an employee and new deadline is provided for accomplishing those objectives. The employee is clearly communicated about the areas in which the employee is expected to improve and a stipulated deadline is also assigned within which the employee must show this improvement. This plan is jointly developed by the appraisee and the appraiser and is mutually approved.
6. **Potential Appraisal:** Potential appraisal forms a basis for both lateral and vertical movement of employees. By implementing competency mapping and various assessment techniques, potential appraisal is performed. Potential appraisal provides crucial inputs for succession planning and job rotation.

Question No. 3 Explain the steps to develop performance Metrics?

Answer :

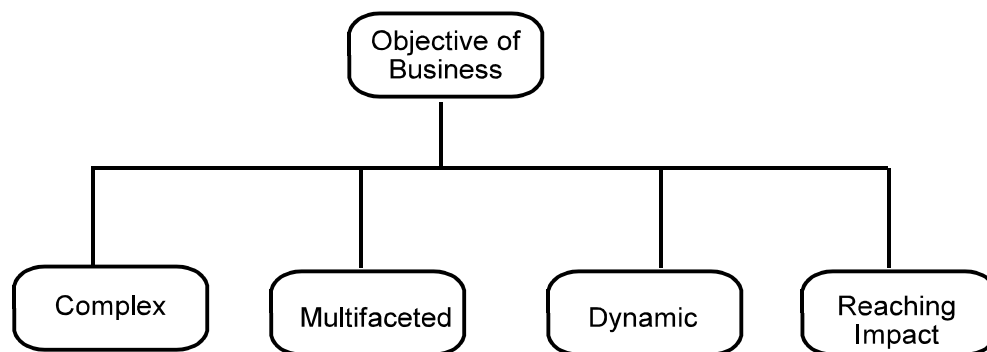
1. Identify critical work processes and customer requirements.
2. Identify critical results desired and align them to customer requirements.

3. Develop measurements for the critical work processes or critical results.
4. Establish performance goals, standards, or benchmarks.

Question No. 4 What are the Characteristics of Business Environment?

Answer :

Business environment characteristics indicate the major challenges, opportunities, threat and weakness of the business.



Environment is complex : The environment is not made of any one simple constituent but consists of a number of factors, events, conditions and influences, arising from different sources. It is difficult to guess the factors that constitute a given environment. Hence, environment is at the same time complex and somewhat easy to understand in parts, but difficult in totality.

Environment is dynamic : The environment does not remain constant but keeps on changing, For instance, the environment changes with the competitor's products and strategies, govt, policies, customers' preferences, etc.

Hence, in order to survive and grow, it becomes very important for every organization to understand its impact and adapt itself with such changes.

Environment is multi-faceted : Same element or influence of environment affects different firms in different ways. This is frequently seen when the same development, say liberalization, is welcomed as an opportunity by one company while another company perceives it as a threat.

Environment has a far reaching impact : The environment has a long term and lasting impact on organizations. The growth and profitability of an organization depend critically on the environment in which it exists.

Question No. 5 Write a short on Competitive Intelligence (C.I.)?

Answer :

Competitive Intelligence is the action of defining, gathering, analyzing, and distributing intelligence about products, customers, competitors and any aspect of the environment needed to support executives and managers in making strategic decisions for an organization.

Key points of this definition:

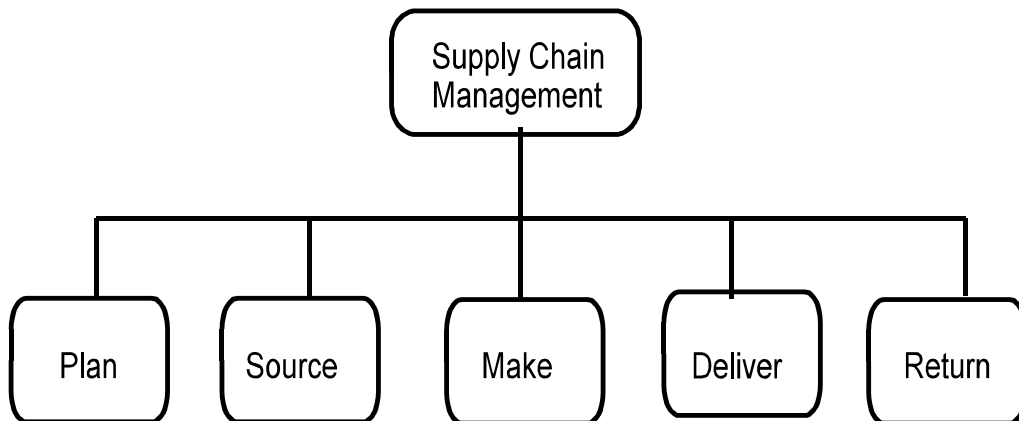
1. Competitive intelligence is an ethical and legal business practice, as opposed to industrial espionage which is illegal.
2. The focus is on the external business environment.
3. There is a process involved in gathering information, converting it into intelligence and then utilizing this in business decision making.

Some CI professionals erroneously emphasize that if the intelligence gathered is not usable (or actionable) then it is not intelligence.

Question No. 6 What are the components Supply Chain Management?

Answer :

There are five basic components of Supply Chain Management. These are showing in the diagram:



1. **Plan:** This is the strategic portion of SCM. We need a strategy for managing all the resources that go towards meeting customer demand for your products and services.
2. **Source:** Choose the suppliers that will deliver the goods and services

we need to create our product. Develop a set of pricing, delivery and payment processes with suppliers and create metrics for monitoring and improving the relationships.

3. **Make:** This is the manufacturing step. Schedule the activities necessary for production, testing, packaging and preparation for delivery.
4. **Deliver:** This is the part that many insiders refer to as logistics. Coordinate the receipt of orders from customers, develop a network of warehouses, pick carriers to get products to customers and set up an invoicing system to receive payments.
5. **Return:** The problem part of the supply chain. Create a network for receiving defective and excess products back from customers and supporting customers who have problems with delivered products.

Question No. 7 Explain the Objectives for using CRM applications

Answer :

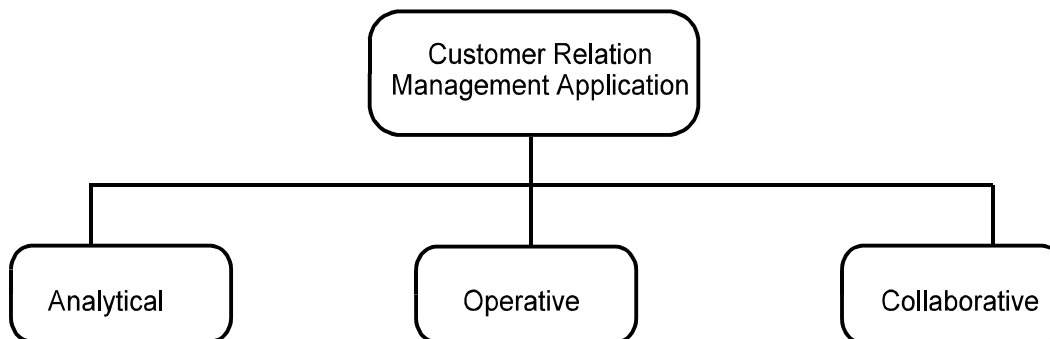
Objectives of using CRM Applications, defined in the following line:

- (i) To support the customer services.
- (ii) To increase the effectiveness of direct sales force.
- (iii) To support the business to business activities.
- (iv) To support the business to consumer activities.
- (v) To manage the call center.
- (vi) To operate the In- bound call centre.
- (vii) To operate the Out - bound call centre.
- (viii) To operate the Full automated. (i.e. no CRM involvement, "lights out")

Question No. 8 Discuss the parts of CRM application architecture?

Answer :

Three parts of CRM application architecture are analytical, operative and collaborative.



Operative CRM : Operative CRM mainly supports the actual contact with customers conducted by front office workers and general automation of business processes including sales of products, services and marketing. All communication with the customer is tracked and stored in the database and if necessary it is effectively provided to users (workers). The advantage of this approach being the possibility to communicate with various employees using various channels but creating the feeling that customer is being taken care of by just one person. It can also minimize the time that the worker has to spend typing the information and administrating (the data is shared). This allows the company to increase the efficiency of their employees' work and they are then able to serve more customers.

Collaborative CRM : Collaborative CRM enables all companies along the distribution channel, as well as all departments in a company, to work together and share information about customers, even speaks about partner relationship management (PRM). But sometimes we might see a rivalry between departments that undermines efforts of CRM to share relevant data throughout the whole company (e.g. information from help line can help the marketing department choose a point on which it will focus during the next campaign). The goal of collaborative CRM then is maximum sharing of relevant information acquired by all departments with the focus on increasing the quality of services provided to customers. The ultimate outcome of this process should be an increase in customer's utility and his loyalty.

Question No. 9 Explain the advantages and benefits of CRM?

Answer :

- Satisfied customer does not consider leaving.
- Product development can be defined according to current customer needs.
- A rapid increase in quality of products and services.
- The ability to sell more products.
- Optimization of communication costs.
- Proper selection of marketing tools (communication).
- Trouble-free run of business processes.
- Greater number of individual contacts with customers.
- More time for customer.
- Differentiation from competition.
- Real time access to information.
- Fast and reliable predictions.
- Communication between marketing, sales and services.
- Increase in effectiveness of teamwork.
- Increase in staff motivation.

Repeatedly Asked Questions		
No.	Question	Frequency
1.	Write a short notes on Supply Chain Management. 09 - June [8] (b), 11 - June [8] (iv)	2 Times

Table Showing Marks of Compulsory Questions										
Year	11 D	12 J	12 D	13 J	13 D	14 J	14 D	15 J	15 D	16 J
Practical					30	15			20	20
Total					30	15			20	20