

DATE: 11.04.2017	<b>(LI-9, LI-11, LI-12, LI-14 &amp; LI-15)</b> MAXIMUM MARKS: 100	TIMING: 3 Hours
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**IT & SM**

**Q. No. 1 is compulsory.  
Answer any five questions from the rest**

**SECTION – A : INFORMATION TECHNOLOGY**

**Answer 1:**

- (a) Some of the challenges in implementing Business Process Automation (BPA) are as follows:
- The number of interfaces with the customers is growing (e.g. phone, fax, email, sms, PDA, etc.);
  - The product, service and price options have increased the complexity of the business;
  - Most organizations have a whole suite of 'build and buy' systems and applications, often each with its own data format; and
  - Budgets are being cut.
- (1/2 Mark for each point)
- (b) **Cache Memory:** Cache memory in CPU is used to bridge the huge speed difference between Registers and Primary Memory. Cache memory is a smaller, faster memory, which stores copies of the data from the most frequently used main memory locations so that Processor/Registers can access it more rapidly than main memory.
- Virtual Memory:** Virtual memory combines computer's Random Access Memory (RAM) with temporary space on the hard disk. When RAM runs low, virtual memory moves data from RAM to an allocated space on the hard disk to help RAM.
- 1M
- 1M
- (c) **Switch:** Switch is a communications processor that makes connections between telecommunications circuits in a network so that a telecommunications message can reach its intended destination.
- Router:** Router is a communications processor that interconnects networks based on different rules or protocols, so that a telecommunications message can be routed to its destination.
- 1M
- 1M
- (d) The key aspects to be considered in implementing e-commerce are as follows:
- Involvement of stakeholders, key trading partners, and external auditors to obtain insight into the design and deployment of e-commerce solution;
  - Implementing appropriate policies, standards and guidelines;
  - Performing cost benefit analysis and risk assessment to ensure value delivery;
  - Implementing the right level of security across all layers and processes;
  - Establishing and implementing the right level of baseline (best practice) controls;
  - Integration of e-Commerce with the business process and the physical delivery channels;
  - Providing adequate user training; and
  - Performing post implementation review to ensure controls are working as envisaged.
- (1/2 Mark for each valid point)

- (e) **Online Processing:** In this, data is processed immediately while it is entered, the user usually only has to wait a short time for a response. (Example: games, word processing, booking systems). Interactive or online processing requires a user to supply an input. Interactive or online processing enables the user to input data and get the results of the processing of that data immediately. **1M**
- Real-time Processing:** Real time processing is a subset of interactive or online processing. Input is continuously, automatically acquired from sensors which are processed immediately in order to respond to the input in as little time as possible. The system doesn't need a user to control it. Real time processing is used in warning systems on aircraft, alarm systems in hazardous zones, burglar alarms etc. **1M**

**Answer 2:**

- (a) Let us define the variables first:

**PM:** Purchase Mode

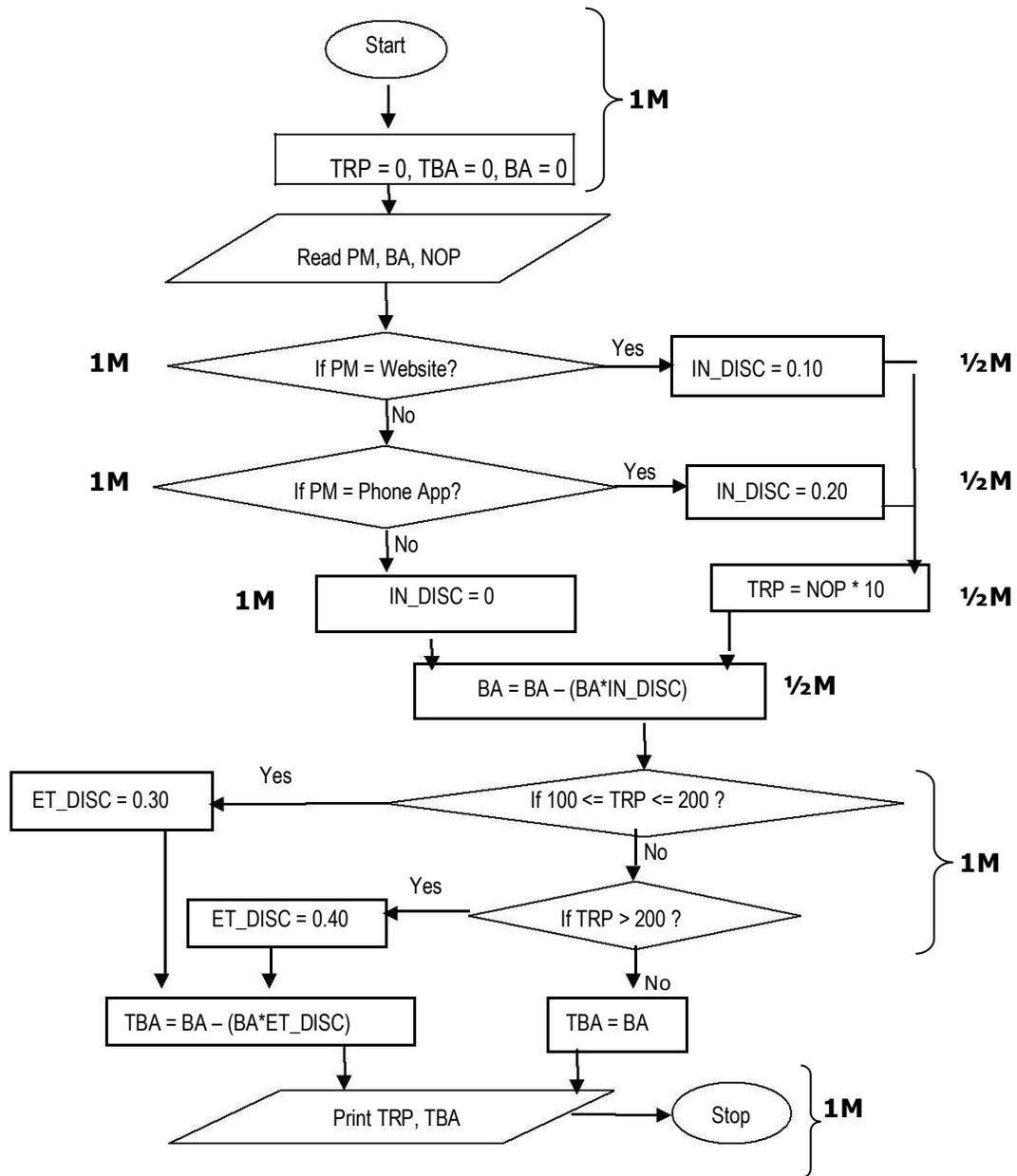
**BA:** Bill Amount

**TBA:** Total Bill Amount

**NOP:** Number of Purchases    **TRP:** Total Reward Points    **IN\_DISC:** Initial Discount

**ET\_DISC:** Extra Discount on purchases eligible to Initial Discount

**N:** Counter (to track the number of purchases)



**Answer 3:**

(a) The different types of application software are as under:

- **Application Suite:** Has multiple applications bundled together. Related functions, features and user interfaces interact with each other. E.g. MS Office 2010 which has MS Word, MS Excel, MS Access, etc.
- **Enterprise Software:** Addresses an enterprise’s needs and data flow in a huge distributed environment. E.g. ERP Applications like SAP.
- **Enterprise Infrastructure Software:** Provides capabilities required to support enterprise software systems. E.g. email servers, Security software.
- **Information Worker Software:** Addresses individual needs required to manage and create information for individual projects within departments. E.g. Spreadsheets, CAAT (Computer Assisted Audit Tools) etc.

**(1 Mark for each valid point)**

- **Content Access Software:** Used to access contents and addresses a desire for published digital content and entertainment. E.g. Media Players, Adobe Digital etc.
- **Educational Software:** Holds contents adopted for use by students. E.g. Examination Test CDs.
- **Media Development Software:** Addresses individual needs to generate and print electronic media for others to consume. E.g. Desktop Publishing, Video Editing etc.

(b) Major advantages of Database Management Systems (DBMS) are given as follows:

- **Permitting data sharing:** One of the principle advantages of a DBMS is that the same information can be made available to different users.
- **Minimizing Data Redundancy:** In a DBMS duplication of information or redundancy is, if not eliminated, carefully controlled or reduced i.e. there is no need to repeat the same data over and over again. Minimizing redundancy can therefore significantly reduce the cost of storing information on hard drives and other storage devices.
- **Integrity can be maintained:** Data integrity is maintained by having accurate, consistent, and up-to-date data. Updates and changes to the data only have to be made in one place in DBMS ensuring Integrity. The chances of making a mistake increase if the same data needs to be changed at several different places than making the change in one place.
- **Program and file consistency:** Using a DBMS, file formats and programs are standardized. This makes the data files easier to maintain because the same rules and guidelines apply across all types of data. The level of consistency across files and programs also makes it easier to manage data when multiple programmers are involved.
- **User-friendly:** DBMS makes the data access and manipulation easier for the user. DBMS also reduce the reliance of users on computer experts to meet their data needs.
- **Improved security:** DBMSs allow multiple users to access the same data resources which could lead to risk to an enterprise if not controlled. Security constraints can be defined i.e. Rules can be built to give access to sensitive data. Some sources of information should be protected or secured and only viewed by select individuals. Through the use of passwords, database management systems can be used to restrict data access to only those who should see it.
- **Achieving program/data independence:** In a DBMS data does not reside in applications but data bases program & data are independent of each other.
- **Faster application development:** In the case of deployment of DBMS, application development becomes fast. The data is already therein databases, application developer has to think of only the logic required to retrieve the data in the way a user needs.

(1 Mark for each valid point)

Major disadvantages of DBMS are as under:

- **Cost:** Implementing a DBMS system can be expensive and time-consuming, especially in large enterprises. Training requirements alone can be quite costly. }  $\frac{1}{2}$ M
- **Security:** Even with safeguards in place, it may be possible for some unauthorized users to access the database. If one gets access to database then it could be an all or nothing proposition. }  $\frac{1}{2}$ M

**Answer 4:**

(a) The characteristics of Star network are as follows:

- The star network, a popular network configuration, involves a central unit that has a number of terminals tied into it. In other words, it ties end user computers to a central computer.
- The central unit in the star network acts as the traffic controller among all the other computers tied to it. The central computer is usually a mainframe (host), which acts as the file server.
- A star network is well suited to companies with one large data processing facility shared by a number of smaller departments. Many star networks take the form of hierarchical networks with a centralized approach.

Advantages of the Star network include the following:

- Several users can use the central unit at the same time.
- It is easy to add new nodes and remove existing nodes.
- A node failure does not bring down the entire network.
- It is easier to diagnose network problems through a central hub.

Disadvantages of the Star network are as follows:

- The whole network is affected if the main unit “goes down,” and all communications stop.
- In the star network, other computers are heavily dependent on the central host computer. If it fails, there is no backup processing and communications capability and the local computers will be cut off from the corporate headquarters and from each other.
- Cost of cabling the central system and the points of the star network together are very high.

(b) The basic objective for providing network security is two-fold –

- To safeguard assets, and
- To ensure and maintain the data integrity. The boundary subsystem is an interface between the potential users of a system and the system itself. Controls in the boundary subsystem have the following purposes:
  - To establish the system, resources that the users desire to employ; and
  - To restrict the actions undertaken by the users who obtain the system resources to an authorized set.

The major functions and services performed by the Physical Layer (Layer 1) of OSI Model of Network Architecture are as follows:

- Establishment and termination of a connection to a communications medium.
- Participation in the process whereby the communication resources are effectively shared among multiple users. For example – contention, resolution and flow control.
- Modulation or conversion between the representation of digital data in user equipment and the corresponding signals transmitted over a communications channel. These are signals operating over the physical cabling (such as copper and optical fiber) or over a radio link.

**Answer 5:**

**(a) Frame Based Expert System:** These systems organize all the information (data, description, rules etc.) about a topic into logical units called Frames, which are similar to linked records in data files. Rules are then established about how to assemble or inter-relate the frames to meet the user's needs. **1M**

The components of an Executive Information System (EIS) are as follows:

- **Hardware:** This includes Input data-entry devices, CPU, Data Storage files and Output Devices.
- **Software:** This includes Text base software, Database, and Graphic types such as time series charts, scatter diagrams, maps, motion graphics, sequence charts, and comparison-oriented graphs (i.e., bar charts), Model base.
- **User Interface:** This includes hardware (physical) and software (logical) components by which people (users) interact with a machine. Several types of interfaces can be available to the Executive Information System structure, such as scheduled reports, questions/answers, menu driven, command language, natural language, and input/output. **3M**
- **Telecommunication:** This involves transmitting data from one place to another in a reliable networked system.

**(b) Dashboards:** This involves using the information gathered from the data warehouse and making it available to users as snapshots of many different things with the objective of getting response to the query: "Tell me a lot of things, but without too much effort". Dashboards are flexible tools that can be bent into as many different shapes as per user requirements. It includes a collection of graphs, reports, and KPIs (Key Performance Indicators) that can help monitor such business activities as progress on a specific initiative. **2M**

**Scorecards:** This involves providing a visual representation of the enterprise strategy by taking critical metrics and mapping them to strategic goals throughout the enterprise. Scorecards offer a rich, visual gauge to display the performance of specific initiatives, business units, or the enterprise as a whole and the individual goals in the context of larger enterprise strategy. Scorecards distil information into a small number of metrics and targets and provide users with an at a glance perspective of information. A scorecard has a graphical list of specific, attainable strategic milestones, combined with metrics that serve as benchmarks. Specific measures on how well the company has actually performed specified activities are linked in the scorecard with graphical display highlighting the status of each goal. **2M**

**Answer 6:**

(a) Some of the key characteristics of Cloud Computing are as follows:

**Elasticity and Scalability:** Cloud computing gives us the ability to expand and reduce resources according to the specific service requirement.

**Pay-per-Use:** We pay for cloud services only when we use them, either for the short term or for a longer duration.

**On-demand:** Because we invoke cloud services only when we need them, they are not permanent parts of the IT infrastructure.

**(1 Mark for each valid point)**

- Resiliency:** The resiliency of a cloud service offering can completely isolate the failure of server and storage resources from cloud users.
- Multi Tenancy:** Public cloud service providers often can host the cloud services for multiple users within the same infrastructure.
- Workload Movement:** Cloud-computing providers can migrate workloads across servers both inside the data center and across data centers.

- (b) The Process Controls that should be enforced through the front end application system, to have consistency in the control process are as follows:
- Run-to-Run Totals:** These help in verifying data that is subject to process through different stages. A specific record can be used to maintain the control total.
  - Reasonableness Verification:** Two or more fields can be compared and cross verified to ensure their correctness.
  - Edit Checks:** Edit checks similar to the data validation controls can also be used at the processing stage to verify accuracy and completeness of data.
  - Field Initialization:** Data overflow can occur, if records are constantly added to a table or if fields are added to a record without initializing it.
  - Exception Reports:** Exception reports are generated to identify errors in data processed.
  - Existence/Recovery Controls:** The check-point/restart logs facility is a short-term backup and recovery control that enables a system to be recovered if failure is temporary and localized.

**(1 Mark for each valid point)**

**Answer 7:**

- (a) **Radical Redesign:** Radical redesign means that Business Process Reengineering (BPR) is reinventing and not enhancing or improving. In other words, BPR is based on the understanding that the products and services a company offers to the market are provided through business processes, and a radical redesign of these processes is the road to success. A radical rethinking on the way the business is run brings the finest out of the organization.
- (b) **Android:** Android is a Linux-based operating system designed primarily for touch screen mobile devices such as smart phones and tablet computers. Android is an open source and the permissive licensing allows the software to be freely modified and distributed by device manufacturers, wireless carriers and enthusiast developers. Android provides access to a wide range of useful libraries and tools that can be used to build rich applications.
- (c) **Peer-to-Peer Network (P2P):** A Peer-to-Peer (P2P) Network is created with two or more PCs connected together and share resources without going through a separate server computer. The prime objective goal of a P2P (Peer -to-Peer) file-sharing network is that many computers come together and pool their resources to form a content distribution system. Example – Napster, Freenet etc. Peer-to-Peer Networks are easy and simple to set up, cost effective and if one computer fails to work, all other computers connected to it continue to work.

**2M**

**2M**

**2M**

**(d) Electronic Purses:** Electronic Purse Card is one way to make payments over the net and is very similar to a pre-paid card. Bank issues a stored value card to its customer, the customer can then transfer value from his/her account to the card at an ATM, a personal computer, or a specially equipped telephone. The electronic purse card can be used as an ATM card as well as a credit card. While making purchases, customers pass their cards through a vendor's point of sale terminal. No credit check or signature is needed and validation is done through a Personal Identification Number (PIN).

2M

**(e) Network Virtualization:** In IT, Virtualization is the process of creating logical computing resources from available physical resources. This is accomplished using virtualization software to create a layer of abstraction between workloads and the underlying physical hardware. Network Virtualization allows a large physical network to be provisioned into multiple smaller logical networks and conversely allows multiple physical LANs to be combined into a larger logical network. This behavior allows administrators to improve network traffic control, enterprise and security.

2M

**Answer 8:**

**(a)** The environment consists of several micro and macro factors that influence business enterprises. Some of these factors may directly impact business, while others may have insignificant or far-fetched influence. In spite of best of resources and capabilities it may not be possible for managers to make sense of all these influences due to limitations of human mind at one end and diversity, uncertainty and complexity of the environment on the other hand. These can be explained as follows:

**Diversity:** On account of diversity listing of all conceivable environmental influences may not be possible.

**Uncertainty:** It is difficult to predict and understand future external influences on an organization.

**Complexity:** Managers, like other individuals, may tend to simplify complexity by focusing on aspects of the environment that may confirm their prior views or are historically important.

(1 Mark for each valid point)

**(b)** An industry's key success factors (KSFs) are those things or strategic elements that affect industry members' ability to prosper in a market place. For a business organization within an industry, it may include, cost structure, technology, distribution system and so on. It is correct to state that the KSFs help to shape whether a company will be financially and competitively successful.

The answers to the following three questions help identify an industry's key success factors:

- On what basis do customers choose between the competing brands of sellers? What product attributes are crucial?
- What resources and competitive capabilities does a seller need to have to be competitively successful?
- What does it take for sellers to achieve a sustainable competitive advantage?

(1 Mark for each valid point)

(c) A business organization is a part of overall structure of society and functions within wide external environmental factors. It draws its resources from its external environment, processes them and provides output in the form of goods and services. Therefore, it is correct to say that a business enterprise should focus on external perspective to define its mission although enterprise’s internal situation cannot be delinked while doing so. Bringing an external perspective justifies the very existence of company. The mission statement is a message designed to be inclusive of the expectations of all stakeholders for the performance of an enterprise / company over the long run. Some of the questions addressed by mission statement are: Why is the firm in business? What are the economic goals? What is the operating philosophy in terms of quality, firm’s image and self-concept? What are the core competencies and competitive advantages? What customers do and can a company serve? How does enterprise / company view its responsibilities to stockholders, employees, communities, environment, social issues or competitors?

1M

2M

(d) A bakery normally is a small organization that produces and sells flour-based food baked in an oven. Typically, a bakery produces breads, cakes, cookies, pastries, pies, etc. A bakery that is hitherto not into producing pastries starts producing them and other similar products is following concentric diversification which is basically related diversification.

1M

In this form of diversification, the new business is linked to the existing businesses through existing systems such as processes, technology or marketing. The new product is a spin-off from the existing facilities and products/processes. There are benefits of synergy with the current operations. The most common reasons for pursuing a concentric diversification are that opportunities in existing line of business are available.

2M

(e) Prominent areas where the Human Resource Manager can play strategic role are as follows:

1. **Providing purposeful direction:** The human resource manager leads people and the organization towards the desired direction involving people. He can ensure harmony between organisational objectives and individual objectives.
2. **Creating competitive atmosphere:** In the present business environment, maintaining competitive position or gains is an important objective of any business. Having a highly committed and competent workforce is very important for getting a competitively advantageous position.
3. **Facilitation of change:** The human resource manager will be more concerned about furthering the organization not just maintaining it. He can devote more time to promote acceptance of change rather than maintaining the status quo.
4. **Diversion of workforce:** In a modern organization, management of diverse workforce is a great challenge. Workforce diversity can be observed in terms of male and female, young and old, educated and uneducated, unskilled and professional employee and so on. Motivation, maintaining morale and commitment are some of the key tasks that a HR manager can perform.

(1 Mark for each valid point)

- 5. **Empowerment of human resources:** Empowerment involves giving more power to those who, at present, have little control on what they do and little ability to influence the decisions being made around them.
- 6. **Building core competency:** The human resource manager has an important role to play in developing core competency of the firm. A core competence is a unique strength of an organization which may not be shared by others. Organization of business around core competence implies leveraging the limited resources of a firm.
- 7. **Development of works ethics and culture:** A vibrant work culture will have to be developed in the organizations to create an atmosphere of trust among people and to encourage creative ideas by the people.

**Answer 9:**

(a)

(i) **Incorrect:** Business Process Reengineering does not mean any partial modification or marginal improvement in the existing work processes. On the other hand, it is an approach to unusual enhancement in operating effectiveness through the redesigning of critical business processes and supporting business systems. It is revolutionary redesign of key business processes. It involves forgetting how work has been done so far and deciding how best it can be done now.

(ii) **Correct:** A business portfolio is a collection of businesses and products that make up the organisation. Portfolio analysis is a tool by which management identifies and evaluates its various businesses. In portfolio analysis top management views its product lines and business units as a series of investments from which it expects returns. The best business portfolio is the one that best fits its strengths and weaknesses to the opportunities and threats in the environment. Through portfolio analysis, organisations are able to compare its various businesses and categorize them in various strata according to their prospect.

(Decision 1 Mark & Explanation 1 Mark)  
(Decision 1 Mark & Explanation 1 Mark)

(b) Supply chain management is an extension of logistic management. However, there are differences between the two. Logistical activities typically include management of inbound and outbound goods, transportation, warehousing, handling of material, fulfillment of orders, inventory management, supply/demand planning. On the other hand, logistic management can be termed as one of its part that is related to planning, implementing, and controlling the movement and storage of goods, services and related information between the point of origin and the point of consumption. Supply chain management includes more aspects apart from the logistics function. It is a tool of business transformation and involves delivering the right product at the right time to the right place and at the right price. It reduces costs of organizations and enhances customer service.

(3 Mark)

**Answer 10:**

Benchmarking is an approach of setting goals and measuring productivity of firms based on best industry practices or against the products, services and practices of its competitors or

other acknowledged leaders in the industry. It developed out of need to have information against which performance can be measured. Benchmarking helps businesses in improving performance by learning from the best practices and the processes by which they are achieved. Thus, benchmarking is a process of continuous improvement in search for competitive advantage. Firms can use benchmarking practices to achieve improvements in diverse range of management functions like product development, customer services, human resources management, etc.

(1 Mark)

The various steps in Benchmarking Process are as under:

- (i) **Identifying the need for benchmarking:** This step will define the objectives of the benchmarking exercise. It will also involve selecting the type of benchmarking. Organizations identify realistic opportunities for improvements.
- (ii) **Clearly understanding existing decisions processes:** The step will involve compiling information and data on performance.
- (iii) **Identify best processes:** Within the selected framework best processes are identified. These may be within the same organization or external to them.
- (iv) **Comparison of own process and performance with that of others:** Benchmarking process also involves comparison of performance of the organization with performance of other organization. Any deviation between the two is analysed to make further improvements.
- (v) **Prepare a report and implement the steps necessary to close the performance gap:** A report on benchmarking initiatives containing recommendations is prepared. Such a report also contains the action plans for implementation.
- (vi) **Evaluation:** Business organizations evaluate the results of the benchmarking process in terms of improvements vis-à-vis objectives and other criteria set for the purpose. They also periodically evaluates and reset the benchmarks in the light of changes in the conditions that impact the performance.

(1 Mark for each point)

**Answer 11:**

(a)

- (i) Significant reduction in domestic air fares spanning over a long period will have opportunities and threats as follows:

**Opportunities:**

- 1. Tourism as there would be more demand.
- 2. Hotels as travel would be cheaper and there would be more commuters.

1M

**Threats:**

- 1. Airlines Industry as there would be squeeze in their profits.
- 2. In flight catering as they would face pressure to reduce cost.

1M

- (ii) Cut in interest rates by banks will have opportunities and threats as follows:

**Opportunities :**

- 1. Capital intensive infrastructure as the interest cost will come down
- 2. Real Estate as demand for property on loan will increase.

1M

**Threats:**

- 1. Banking industry facing reduction in saving and investments.
- 2. Financial services industry in the area of managing funds such as pension funds, mutual funds as their income will recede.

1M

- (b) A strategic group consists of those rival firms with similar competitive approaches and positions in the market. Companies in the same strategic group can resemble one another in any of the several ways. An industry contains only one strategic group when all sellers pursue essentially identical strategies and have comparable market positions. The steps for constructing a strategic group map and deciding which firms belong in which strategic group are as follows:
- Identify the competitive characteristics that differentiate firms in the industry. The typical variables are price/quality range (high, medium, low); geographic coverage (local, regional, national, global); degree of vertical integration (none, partial, full); product-line breadth (wide, narrow); use of distribution channels (one, some, all); and degree of service offered (no-frills, limited, full). **1M**
  - Plot the firms on a two-variable map using pairs of these differentiating characteristics. **1M**
  - Assign firms that fall in about the same strategy space to the same strategic group. **1M**
  - Draw circles around each strategic group making the circles proportional to the size of the group's respective share of total industry sales revenues. **1M**

**Answer 12:**

- (a) Business organization can be classified as commercial or non-commercial on the basis of the interest they have. Typically, a government or medical organisation may function without any commercial objectives. A commercial organization has profit as its main aim. We can find many organizations around us, which do not have any commercial objective of making profits. Their genesis may be for social, charitable, or educational purposes. **2M**
- The strategic-management process is being used effectively by countless non-profit governmental organizations. Many non-profit and governmental organizations outperform private firms and corporations on innovativeness, motivation, productivity, and strategic management. **2M**
- Compared to for-profit firms, non-profit and governmental organizations often function as a monopoly, produce a product or service that offers little or no measurability of performance, and are totally dependent on outside financing. Especially for these organizations, strategic management provides an excellent vehicle for developing and justifying requests for needed financial support.
- (b) Strategies are both proactive and reactive. In a proactive strategy, organizations will analyze possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner. However, in reality no company can forecast both internal and external environment exactly. Everything cannot be planned in advance. It is not possible to anticipate moves of rival firms, consumer behaviour, evolving technologies and so on. There can be significant deviations between what was visualized and what actually happens. Strategies need to be attuned or modified in light of possible environmental changes. There can be significant or major strategic changes when the environment demands. Reactive strategy is triggered by the changes in the environment and provides ways and means to cope with the negative factors or take advantage of emerging opportunities. **3M**

Thus owing to the reasons as mentioned above, quiet often strategies of most business organisations are a combination of planned strategies and reactive strategies.

**Answer 13:**

(a) Although inextricably linked, strategy implementation is fundamentally different from strategy formulation in the following ways:

Strategy Formulation	Strategy Implementation
- It involves the design and choice of appropriate organisational strategies.	- It is the process of putting the various strategies into action of organizations.
- It is positioning forces before the action.	- It is managing forces during the action
- It focuses on effectiveness.	- It focuses on efficiency.
- It is primarily an intellectual process.	- It is primarily an operational process.
- It requires good intuitive and analytical skills.	- It requires special motivation and leadership skills.
- It requires coordination among a few individuals.	- It requires coordination among many individuals.

(1 Mark for each valid point)

(b) A Mission statement tells you the fundamental purpose of the organization. It concentrates on the present. It defines the customer and the critical processes. It informs you of the desired level of performance. On the other hand, a Vision statement outlines what the organization wants to be. It concentrates on the future. It is a source of inspiration. It provides clear decision-making criteria.

2M

A mission statement can resemble a vision statement in a few companies, but that can be a grave mistake. It can confuse people. Following are the major differences between vision and mission:

1. The vision describes a future identity while the Mission serves as an ongoing and time-independent guide.
2. The vision statement can galvanize the people to achieve defined objectives, even if they are stretch objectives, provided the vision is specific, measurable, achievable, relevant and time bound. A mission statement provides a path to realize the vision in line with its values. These statements have a direct bearing on the bottom line and success of the organization.
3. A mission statement defines the purpose or broader goal for being in existence or in the business and can remain the same for decades if crafted well while a vision statement is more specific in terms of both the future state and the time frame. Vision describes what will be achieved if the organization is successful.

(1 Mark for each valid point)

**Answer 14:**

(a) Product Life Cycle is an important concept in strategic choice and S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages.

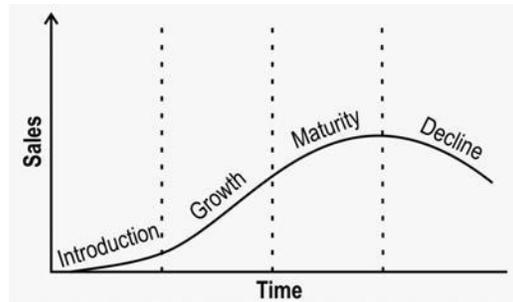
The first stage of PLC is the introduction stage in which competition is almost negligible, prices are relatively high and markets are limited. The growth in sales is also at a lower rate.

The second stage of PLC is the growth stage, in which the demand expands rapidly, prices fall, competition increases and market expands.

The third stage of PLC is the maturity stage, where in the competition gets tough and market gets stabilized. Profit comes down because of stiff competition.

The fourth stage is the declining stage of PLC, in which the sales and profits fall down sharply due to some new product replaces the existing product.

**2M**



**1M**

Product Life Cycle

PLC can be used to diagnose a portfolio of products (or businesses) in order to establish the stage at which each of them exists. Particular attention is to be paid on the businesses that are in the declining stage. Depending on the diagnosis, appropriate strategic choice can be made. For instance, expansion may be a feasible alternative for businesses in the introductory and growth stages. Mature businesses may be used as sources of cash for investment in other businesses which need resources. A combination of strategies like selective harvesting, retrenchment, etc. may be adopted for declining businesses. In this way, a balanced portfolio of businesses may be built up by exercising a strategic choice based on the PLC concept.

**1M**

(b) Publicity and Sales promotion are adopted by organizations when they are undertaking promotion in the overall marketing mix.

Publicity is a non-personal form of promotion similar to advertising. However, no payments are made to the media as in case of advertising. Organizations skillfully seek to promote themselves and their product without payment. Publicity is communication of a product, brand or business by placing information about it in the media without paying for the time or media space directly.

**1M**

Thus it is way of reaching customers with negligible cost. Basic tools for publicity are press releases, press conferences, reports, stories, and internet releases. These releases must be of interest to the public.

Sales promotion is an omnibus term that includes all activities that are undertaken to promote the business but are not specifically included under personal selling, advertising or publicity. Activities like discounts, contests, money refunds, installments, kiosks, exhibitions and fairs constitute sales promotion. All these are meant to give a boost to the sales. Sales promotion done periodically may help in getting a larger market share to an organization.

**1M**

Or (Alternative Choice)

Merger is considered to be a process when two or more companies come together to expand their business operations. In such a case the deal gets finalized on friendly terms and both the organizations share profits in the newly created entity.

Conglomerate merger happens in case of organizations that are unrelated to each other combine together. There are no linkages with respect to customer groups, customer functions and technologies being used. There are no important common factors between the organizations in production, marketing, research and development and technology. In practice, however, there is some degree of overlap in one or more of these factors.

**3M**

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