



## Business Management and Strategy

### Instructions to examinees:

- (i) Answer all **EIGHT** questions.
- (ii) Answer in **black** pen only.

Q.1 Zain's Kitchen, owned and managed by Zain, is a small chain of three restaurants located in different areas of Karachi. One restaurant is located in Gulistan-e-Johar ('Johar') that serves full menu of various 'desi' food items at low cost. The Johar branch has a large number of customers that consider it highly cost effective.

The second restaurant is in Clifton. It serves desi and continental food that is comparatively pricier than the Johar branch. It is well-known for its delicious steaks and burgers. It is the only restaurant in the vicinity that has a large play area for children and is a go to place for children's birthday parties.

The third restaurant is located near West Wharf and has fish only menu. It is famous for its tasty and unique fish recipes among fish lovers.

The recent economic downturn has brought about varied sets of issues from all the branches, which are becoming increasingly difficult for Zain to manage. One of Zain's relatives who owns a successful chain of high-end restaurants has suggested him to replicate Johar branch's model to the other two branches.

### **Required:**

Analyze the information provided above in the light of Porter's generic strategies. Also discuss the likely impact of following the suggestion of Zain's relative and recommend a possible course of action.

(10)

Q.2 Fatima, a member of the Institute of Chartered Accountants of Pakistan, has recently joined FinTech, a consultancy firm, as senior associate, at a lucrative salary package. She was enjoying her job until the following two recent incidents caught her off guard:

### *First incident*

Supervisor has assigned her a task of creating working paper templates. He has informed that he is expecting her to create a replica of working paper templates of her previous employer, which is the rival firm of FinTech. Fatima tried to raise a concern that those templates might be the intellectual property of her previous employer, to which supervisor responded that 'only those people grow here who put FinTech as their first priority'.

### *Second incident*

During a meeting with the client, managing partner introduced her as merger and acquisition specialist and proposed the client to assign his firm the upcoming merger project where Fatima would be leading the team from FinTech.

Fatima has never claimed to be a specialist of merger projects, in fact, she has no previous experience of working on such projects. She is deeply concerned that if project is assigned to her, she would not be able to perform at the required standards.

### **Required:**

Advise Fatima as to how she may apply the ethical model based on threats and safeguards in the above case.

(12)

- Q.3 SinoPharma (SP), is engaged in manufacturing and selling of pharmaceutical products. The following information pertains to two of its products:

*InstaB*

It is a mature branded product whose patent expired at the end of 2015. Thereafter, two competitors launched their generic products i.e. GenA and RapidA in 2016 and 2017 respectively. The table below shows sales volume of InstaB, GenA and RapidA over the years:

Year	2014	2015	2016	2017	2018	2019	2020*	2021	2022
	----- Sales volume in '000 -----								
InstaB	220	220	115	90	80	70	60	50	45
GenA	-	-	110	108	90	94	100	112	116
RapidA	-	-	-	26	55	60	63	62	63
Total market size	220	220	225	224	225	224	223	224	224

\* indicates current year

*Azkaard*

Azkaard was launched in 2012 in the market and its patent is expiring in 2022. It continues to enjoy great returns in a mature low growth market. However, SP is concerned that Azkaard too will meet the fate of InstaB unless proper competitive strategies are planned before its patent expires. One of the suggestions is to discontinue Azkaard as soon as the patent expires and utilize the resources on other products which have potential in the existing market.

**Required:**

By using the information provided above, analyze and recommend the strategies for InstaB and Azkaard from the perspective of:

- (a) Boston Consulting Group (BCG) Matrix (10)  
 (b) Ansoff's Growth Matrix (08)

- Q.4 Smart Fit (SF), a fashion retailer having presence all over the country, is in limelight in social media over safety practices for its workers. It all started when one of the dispatch riders carrying SF's parcel encountered a road accident resulting in multiple injuries. He made a video claiming that accident happened due to overweight parcel and SF management is not accepting the mistake and instead blaming him for not taking appropriate safety measures. This video has gone viral on social media and people are criticizing SF for not taking care of its workers.

When management of SF interrogated Administration Head, he informed that accident happened because of careless attitude of the rider as he was not wearing helmet. He pointed out that large number of orders are dispatched on a daily basis and no such accidents have ever been reported before. He stated that it was just a one-off incident and should not be given importance.

When contacted with HR Head, she informed that existing health and safety program is for employees of SF only and these dispatch riders are freelancers, who are paid on the basis of number of orders they deliver.

The management has concluded that despite having no legal binding, on ethical ground, SF would implement safety program for dispatch riders to avoid future criticism from social media users.

**Required:**

- (a) Discuss the statement of Administration Head that such incidents should not be given importance. (03)
- (b) Explain the ethical stance of management of SF to implement safety program for dispatch riders. (03)
- (c) Suggest the factors that SF may consider in designing and implementing the safety program for dispatch riders. (06)

Q.5 Movie Buff (MB), a media production house, was established in late 90s. It has an exclusive library of music, movies and TV shows (entertainment content). The entertainment content is released through DVDs which are sold and marketed through distributors, retailers and sales agents. MB uses traditional methods for promotions and updates regarding entertainment content such as brochures, magazines, etc.

The management is concerned over declining demand for DVDs. The Marketing Head has proposed that MB should also start selling its entertainment content directly to end-consumers through online streaming website which is gaining popularity. She believes that it would improve the existing marketing mix of MB. CFO has also supported the idea and suggested that customers would be offered various monthly packages to subscribe for entertainment content which would likely improve the revenue stream and profitability of MB.

**Required:**

- (a) Explain how 'six I's' of e-marketing mix could be used to improve the existing marketing mix of MB. (12)
- (b) Explain how MB may assure customers that its website is secured for sharing information and making online payments for subscription. (03)

Q.6 Avocado Delight (AD) is a European company that manufactures and sells canned avocado paste. In order to better serve the growing product demand in Asia, AD is contemplating to establish its operations in Asia and is considering Country A and B for the purpose.

Country A is a large agricultural country that is naturally suited to grow avocados, which is not only the most popular local delicacy used in various food items but also is the most exported fruit item. It has many small to medium sized companies that are highly competitive and support the production and processing of agri-products. It has unstable government with volatile political environment. It is incessantly involved in countering long standing disputes with its neighbours that includes Country B.

Country B is a small densely populated country that is well-known for its free ports, sound infrastructure, very high residential and commercial property rates and taxes, a stable and credible government, strong financial industry and an efficient business environment. It is the most well-reputed and interconnected country in the region. It has world renowned educational institutes that support no cost for higher education. The graduates of these institutions are not only in great demand within the country but also are well sought after abroad.

**Required:**

Discuss the national competitive advantage of Country A and B, and recommend a course of action to AD. (10)

- Q.7 Big Buck Bunny (B3), a toy manufacturing and selling company, is owned and run by Mustafa. B3 toys are in high demand because of good quality at low prices. B3 has a vision to produce and sell toys at the best economical prices which is strongly advocated by Mustafa under B3's slogan of 'Every Penny Matters'.

Toys are manufactured in a high cost efficient environment under the supervision of Mustafa. B3 has an arrangement with a known large distributor who collects the toys from factory and distributes them to widespread network of retailers.

Saniya, daughter of Mustafa, who has recently joined B3, has proposed that cost efficiencies can further be achieved if B3 eliminates the distributor from the existing supply chain and starts self-managed distribution network to retailers. This way related costs such as delay in supply to retailers, mishandling of products and commission to distributor would be avoided.

Saniya has further proposed that distribution network would be financed through a bank loan. She is confident that B3 would successfully negotiate the bank loan on favourable terms which would make the proposal financially viable.

**Required:**

Evaluate the proposal of Saniya from the perspective of Suitability, Feasibility and Acceptability criteria. Also give your recommendation. (10)

- Q.8 (a) Shine & Rise, a cosmetic company, has decided to change the name of its well-known brand 'White Shine' to 'Bright Shine'. The management has directed the marketing team to communicate it to a large segment of customers as quickly as possible, without disturbing the existing budgets greatly.

The marketing team has come up with the following promotional strategies:

- Advertising campaign through TV and social media
- Sales promotion via buy-one-get-one free
- Sponsorship of beauty contest starting next month

**Required:**

Evaluate each of the above promotion strategies and recommend the appropriate course of action to the company. (05)

- (b) Afridi Furniture (AF) is engaged in making and selling office furniture. The sales function is comprised of personnel having varying set of skills and experiences. Javed, a foreign qualified MBA, has recently joined AF as Sales Head. He has observed that sales personnel remain busy throughout the day either making phone calls to potential customers or spending time on field work.

Javed believes that sales figure of AF can significantly be improved if sales personnel become more vigilant and improve their persuasion skills. On inquiry, he learnt that previous Sales Head, at the start of each quarter, used to gather sales personnel and brief them about the expected strategies. At the end of session, queries of sales personnel were answered.

He decided to train his sales personnel and provided them the learning material comprising of business case studies, self-developed notes and videos on the topic of 'efficient selling' that he gathered during his MBA.

After two weeks, on inquiry, he was surprised that large number of sales personnel had not even opened the learning material and the remaining had barely gone through and understood it.

**Required:**

Discuss the probable factors that may act as barriers to learning in the above case. (08)

(THE END)