

Case Studies - (Chapter -4) Planning, BST Class 12

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Q. 1. Laxmi Chemicals Ltd., a soap manufacturing company wanted to increase its market share from 30% to 55% in the long run. A recent report submitted by the Research & Development Department of the company had predicted a growing trend of herbal and organic products. On the basis of this report the company decided to diversify into new variety of soaps with natural ingredients having benefits and fragrances of Jasmine, Rose, Lavendear, Mogra, Lemon Grass, Greed Apple, Strawberry etc. The Unique Selling Proposition (USP) was to promote eco-friendly living the contemporary life style. The company decided to allocate Rs. 30 crores to achieve the objective.

Identify the type of one of the functions of management mentioned above which will help the company to acquire dominant position in the market. (1 mark)

Ans. Strategy

Q. 2. Suhasini a home science graduate from a reputed college has recently done a cookery course. She wished to start her own venture with a goal to provide 'health food' at reasonable price. She discussed her idea with her teacher (Imentor) who encouraged her. After analyzing various options for starting her business venture, they shortlisted the option to sell ready made and 'ready to make' vegetable shakes and sattu milk shakes. Then they both weighed the pros and coris of both the shortlisted optins.

1. Name the function of management being discussed above and give any one of its characteristics.
2. Also briefly discuss any three limitations the function discussed in the case.

(5 marks)

Ans.

1. Planning.

Characteristic of planning

Planning focuses on achieving objectives

1. Limitation of planning
1. Planning leads to rigidity:
2. Planning reduces creativity:
3. Planning is a time-consuming process:

Q. 3. A company is manufacturing garments. The manager wants to increase profits by purchasing new high speed machines or increasing the sale price or using waste material in manufacturing stuffed toys.

He decided that 'using waste material' to increase the profit is the best solution for him.

1. Identify the concept of management involved.
2. Mention the steps involved in the above process by quoting the line from the question.
3. To complete the process of the concept identified in (a), what two next steps does the manager have to take? Explain. (6 marks)

Ans.

1. The concept of management involved is PLANNING.
2. Steps involved are:
 - Setting objectives: increasing profits
 - Developing planning premises: making certain assumptions about future.
 - Identifying alternative courses of action:
 - Purchasing new high speed machines, or
 - Increasing the sale price, or
 - Using waste material in manufacturing stuffed toys
 - Evaluating alternatives and selecting an alternative:
 1. Further steps to complete the process of planning:
 - Formulating derivate plans:
 - Implementing the plan and follow-up-action:

Q. 4. Two year ago, Madhu completed her degree in food technology. She worked for sometime in a company that manufactured chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated an action plan to achieve the same.

One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating only organic crops. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as the Production Manager who decided that exact manner in which the production activities were to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her area wise sales target for different products for the forthcoming quarter. While working on the production table, a penalty of Rs. 100 per day for not wearing caps, gloves and apron was announced.

Quoting lines from the above paragraph, identify and explain the different types of plans discussed.

Ans.

The different types of plan discussed above are listed below:

1. Objectives:

“One of her objectives was to earn 10% profit on the amount invested in the first year.”

1. Policy:

“It was decided that the raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating only organic crops.”

1. Method:

“The exact manner in which the production activities are to be carried out.”

1. Procedure:

“She also decided to follow the steps required for marketing of the products through her own outlets.”

1. Rule:

“While working on the production Table, a penalty of Rs. 100 per day for not wearing caps, gloves and aprons was announced.”

Q. 5. During partition, Kundan Lal came to Mumbai from Lahore with a lot of wealth. Keeping in view his innate ability to visualize and create things, he decided to work as a junior assistant in a film studio. Over a period of time, as he gained experience and his work

was well acclaimed, he decided to set up his own film studio. Initially he was himself looking into every aspect of the business, but as his work increased manifolds and his own productivity reduced with age, he hired Jimmy as manager. Jimmy being immature in his work started giving bookings for the studio haphazardly. He would never decide anything in advance or do any kind of forecasting of events. This led to lot of confusions and conflicts. As a result, the goodwill earned by Kundan Lal over the years began to decline.

In context of the above case:

1. Identify and explain the function of management which Jimmy failed to perform by quoting lines from the paragraph.
2. Describe briefly any two features of the function of management as identified in part (a).

Ans.

1. Planning is the function of management which Jimmy failed to perform.

Planning is deciding in advance what to do, how to do, when to do and who has to do it. It is one of the basic managerial functions. Thus, it involves setting objectives and developing an appropriate course of action to achieve those objectives.

1. The two features of the planning function of management are as follows:
 1. Planning is pervasive:
 2. Planning involves decision-making:

Q. 6. After completing a diploma in Bakery and Patisserie, Payal sets up a small outlet at Goa Airport to provide a healthy food option to the travellers. To begin with, she has decided to sell five types of patties, three type of pizzas and low sugar muffins in four flavours. Thus, by deciding in advance what to do and how to do, she is able to reduce the risk of uncertainty and avoid overlapping and wasteful activities. But sometimes her planning does not work due to some unavoidable circumstances like cancellation of flights due to bad weather conditions, government alert etc. which adversely affects her clientele.

In context of the above case:

1. Identify and explain the points highlighting the importance of planning mentioned in the above paragraph.
2. Describe briefly the limitation of planning which adversely affects Payal's business.

Ans.

1. The points highlighting the importance of planning mentioned in the above paragraph are described below:
 1. Reduces the risk of uncertainty:
 2. Avoiding overlapping and wasteful activities:
 1. The limitation of planning which adversely affects Payal's business is:
 1. Planning may not work in a dynamic environment:

Q. 7. Rahul, a worker, is given a target of assembling two computers per day. Due to his habit of doing things differently, an idea struck him which would not only reduce the assembling time of computers but would also reduce the cost of production of the computers. Rahul's supervisor instead of appreciating him, ordered him to complete the work as per the methods and techniques decided earlier as nothing could be changed at that stage.

The above para describes one of the limitation of planning function of management. Name that limitation. 1
mark)

Ans. Planning reduces creativity.

Q. 8. ABC Ltd. has a plan of increasing profits by 20%. It has devoted a lot of time and money to this plan. But the competition starts increasing, so it could not change its plan to beat its competitors because huge amount of money had already been devoted to the pre-decided plan. It caused losses to the company.

Explain any two limitations of planning highlighted in the above case. Also, quote the lines from it. (4
marks)

Ans.

1. 'ABC Ltd. has devoted a lot of time and money to its plan.'

Planning is a time consuming process. It also involves huge costs.

1. 'The competition starts increasing, so it could not change its plan to beat its competitors because huge amount of money had already been devoted to the pre-decided plan.'

Planning leads to rigidity. Following a pre-decided plan, when circumstances change, may not turn out to be in the organization's interest.

Q. 9. In 'Chak De India' movie, Shahrukh Khan becomes the coach of the girls' hockey team. He knows that he has to prepare the girls for the international hockey matches and bring the world cup after winning. For this he prepares a long-term plan and thinks the ways how to beat the competitors. He coaches the girls to play in different ways like defensive, offensive, etc. at the outset of a match he explains who will open the match, and how the ball will be passed by one player to another step by step.

Identify four types of plan that are highlighted in the above case, quoting the lines from it.

(4 marks)

Ans.

1. Objective
'...bring the world cup after winning.'
2. Strategy
'For this he prepares long-term plan and thinks the ways how to beat the competitors.'
3. Method
'He coaches the girls to play in different ways like defensive, offensive, etc.'
4. Procedure

'At the outset of a match he explains who will open the match, and how the ball will be passed by one player to another step by step.'

Q. 10. Flipkart is an e-commerce company founded in the year 2007 by Sachin Bansal and Binny Bansal. The company is registered in Singapore, but has its headquarters in Bengaluru, India. The company seeks to increase traffic (more clicks on their products) and boost sales and revenue through integration of Mobile Apps, Display, Pay Per Click and search Engine Optimization. In order to dispel the feat of people related to shopping online, Flipkart was the first company to implement to popular 'Cash on Delivery' facility. All the products sold by the company under a particular category may have different return/replacement period. Flipkart allows multiple payment options such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery. The company operates both ways when an order is received. The products for

which it holds inventory are dispatched by it directly. For the products they do not store in inventory, they just send the order received by them to the supplier who ships it. The company plans to spend about Rs. 75 crores on e-Commerce advertising in the year 2016. Flipkart reserves the right to terminate your membership and/or refuse to provide you with access to the website if it is brought to Flipkart's notice or if it is discovered that you are under the age of 18 years. This is because as per the Indian contract Act, 1872, the minors, un-discharged insolvents, etc. are not eligible to use the website.

In context of the above case, identify and explain the different types of plans being used by Flipkart by quoting lines from the paragraph.

Ans. The different types of plans being used by Flipkart are listed below:

1. Objectives:

"The company seeks to increase traffic (more clicks on their products) and boost sales and revenue through integration of Mobiles Apps, Display, Pay Per Click and Search engine Optimization."

1. Strategy:

"In order to dispel the fear of people related to shopping online, Flipkart was the first company to implement the popular 'Cash On Delivery' facility."

1. Policy:

"All the products sold by the company under a particular category may have different return/replacement period."

1. Method:

"Flipkart allows multiple payment options such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery."

1. Procedure:

"The company operates both ways when an order is received. The products for which it holds inventory are dispatched by it directly. For the products they do not store in inventory, they just send the order received by them to the supplier who ships it."

1. Budget:

"The company plans to spend about Rs. 75 crores on e-Commerce advertising in the year 2016."

1. Rule:

Flipkart reserves the right to terminate your membership and/or refuse to provide you with access to the Website if it is brought to Flipkart's notice or if it is discovered that you are under the age of 18 years. This is because as per the Indian Contract Act, 1872, the minors, un-discharged insolvents etc. are not eligible to use the Website."

Q. 11. An electronic company is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower price models for mass consumers who are price sensitive. For quality conscious consumers, company is introducing new model LED TV and DVD players with added features and new technological advancements. For this, the company raises extra funds Rs. 5 crore from banks.

Name the type of plan the company is preparing. State the steps which the company follows to implement this plan quoting the line from the above para. (4 marks)

Ans. The type of plan needed to be prepared under this situation is 'Strategy'.

Steps involved in preparing this plan are:

(i) Determining long-term objectives:

(ii) Adopting a particular course of action:

(iii) Allocating resources necessary to achieve the objectives:

Q. 12. Arush joins as a sales manager of a company dealing in naturotherapy products. Being proficient in his work, he knew that without good planning he will not be able to organise, direct, control or perform any of the other managerial functions efficiently and effectively. Only on the basis of sales forecasting, he would assist in the preparation of the annual plans for its production and sales. Besides, he will have to prepare sales plans regularly on weekly, monthly, quarterly and half yearly basis. While preparing the sales forecasts, he undertakes intellectual thinking involving foresight, visualization and issued judgement rather than wishful thinking or guess work. Most importantly, all these planning activities will be meaningful only if they will coincide with the purpose for which the business is being carried out.

In context of the above case, identify the various features of planning highlighted in the above paragraph by quoting lines from it.

Ans. The features of planning highlighted in the above paragraph are explained below:

1. Planning is a primary function:

“... without good planning he will not be able to organise, direct, control or perform any of the other managerial functions efficiently and effectively.”

2. Planning is futuristic:

“Only on the basis of sales forecasting, he would assist in the preparation of the annual plans for its production and sales.”

3. Planning is continuous:

“Besides, he will have to prepare sales plans regularly on weekly, monthly, quarterly and half yearly basis.”

4. Planning is a mental exercise:

“While preparing the sales forecasts he undertakes intellectual thinking involving foresight, visualization and issued judgement rather than wishful thinking or guess work.”

1. Planning focuses on achieving objectives:

“Most importantly, all these planning activities will be meaningful only if they will coincide with the purpose for which the business is being carried out.”

Q. 13. Zysha Ltd. is a company which manufactures leather bags. The CEO of the company wants to increase their sales and earn more profits. The consulted with a management consultant who suggested the top management of the company to work hard in thinking about the future in making business prediction and achieve the targets since the business environment keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competitors in the market.

1. Identify and state the concept of management discussed in the para.

2. State the characteristic feature of business environment highlighted in the above para. (3 marks)

Ans.

1. Planning

It involves setting objectives and developing appropriate course of action to achieve these objectives. Dreams (e.g. increase sales, earn more profits, etc.) can be turned into reality only if business managers think in advance on what to do and how to do it.

1. Business environment is dynamic as it keeps on changing.

Q. 14. Lira Ltd. is a company manufacturing designer socks. While making its plan, the company takes into consideration the business environment. It constantly adapts itself to changes in environment by making changes in its plan. However, it becomes difficult for the managers of the company to accurately foresee future trends in the environment. Competition in the market upsets its financial plans; then sales targets have to be revised and, accordingly, cash budgets also need to be modified since they are based on sales figures.

1. What characteristic features of business environment are highlighted in the above lines? State any two.
2. State and explain the limitation of planning highlighted in the above lines.
3. Identify any two types of plan mentioned in the above paragraph by quoting the lines from it. (6 marks)

Ans.

1. (i) Business environment is dynamic as it keeps on changing.

(ii) Business environment is uncertain as it is difficult for the managers to accurately foresee future trends in the environment.

1. Planning may not work in a dynamic environment.

The organisation has to constantly adapt itself to changes in environment by making changes in its plans. However, since planning cannot foresee everything, there may be obstacles to effective planning.

1. (i) Strategy – ‘while making its plan, the company takes into consideration the business environment.’

(ii) Budget – ‘Competition in the market upsets its financial plans; then sales targets have to be revised and accordingly cash budgets also need to be modified since they are based on sales figures.’

Q. 15. Pan Masala and Sons is a manufacturer of tobacco products. It decided to increase profits by at least 20% in the next quarter. It has many options:

1. To increase the working hours of labourers without additional payment.
2. To employ children from the local community.
3. To sell its products outside the schools and colleges.

It opted the (ii) and (iii) options to achieve the target.

1. Identify the function of management described in the above para.
2. State the steps of the process involved in the function of management identified in (a) quoting the lines from the above para.
3. State any two values neglected by the organisation (6 marks)

Ans.

1. Planning
2. Steps involved in planning process:

(i) Setting organizational objectives:

(ii) Identifying and evaluating alternative courses of action:

(iii) Selecting the best possible alternatives(s):

1. Values neglected:
 - Child labour is banned.
 - Bad effect on students' health
 - Moral values.

Q. 16. A reputed car manufacturing company in NCR is facing the problem of decline in its market share due to its internal mismanagement. Therefore it has planned to increase its production capacity at its Gurgaon plant by manufacturing low price eco-friendly cars for price sensitive consumers and introducing new models with added features for quality conscious consumers. For this the company issues shares to the public and raises Rs. 150 crore.

The company purchases more machinery required to increase production.

1. Identify the type of plan the company is preparing.
2. State the steps involved in this plan quoting the lines from the above case.
3. State any one value which the company wants to communicate to the society.

(5 marks)

Ans.

1. Strategy
2. Steps involved in preparing a strategy are:

(i) Determining long-term objectives:

(ii) Adopting a particular course of action:

(iii) Allocating resources necessary to achieve the objectives:

1. Value:

- Sensitivity towards environment
- Socially responsible behavior

Q. 17. 'Agile Ltd.' is a well-known automobile manufacturing company in India. The company plans to increase the sale of its sedan cars by 20% in the next quarter. In order to achieve the desired target, the marketing team of the company considers the impact of policy of the government towards diesel vehicles and the level of competition in this segment of cars. They explore the various available options like offering more discount to dealers and customers, providing more customer friendly finance options, lucky draws on test drives, increasing advertising, offering more of free accessories on the purchase of the car, etc. a thorough analysis of the various available options is done keeping in view the relative viability of each option. The company decides to pursue the option of offering more discount to dealers and customers in order to boost the sale of sedan cars. In order to implement the plan,, they determine the various discount packages and communicate the same to their product dealers. To make the prospective consumers aware about the new available benefits, advertisements are made through various sources of print and electronic media. The market analysts of the company keep a close watch on the revenue from the sedan cars to study the effect of new initiatives by the company to promote its sales.

In context of the above case:

1. Name the function of management described in the above paragraph.
2. Identify and explain the various steps involved in process the function of management as identified in part (a) by quoting lines from the paragraph.

Ans.

1. Planning is the function of management which is being described in the above paragraph.
2. The various steps involved in the planning process are explained below:
 1. Setting objectives:
"The company plans to increase the sale of its sedan cars by 20% in next quarter."
 2. Developing Premises:
"In order to achieve the desired target the marketing team of the company considers the impact of policy of the government towards diesel vehicles and level of competition in this segment of cars."

3. Identifying alternative courses of action:

“They explore the various available options like offering more discount to dealers and customers, providing more customer friendly finance options, lucky draws on test drives, increasing advertising, offering more of free accessories on the purchase of the case, etc.”

4. Evaluating alternative courses:

“A thorough analysis of the various available options is done keeping in view the relative viability of each option.”

5. Selecting an alternative:

“The company decides to pursue the option of offering more discount to dealers and customers in order to boost the sale of sedan car.”

6. Implement the plan:

“In order to implement the plan, they determine the various discount packages and communicate the same to their product dealers. To make the prospective consumers aware about the new available benefits, advertisements are made through various sources of print and electronic media.”

7. Follow up action:

“The market analysts of the company keep a close watch on the revenue from the sedan cars to study the effect of new initiatives by the company to promote its sales.”

Q. 18. Palvinder, is working as a supervisor in Alpha Ltd. To achieve the target he wants to try a new method and different way of allocating the work. His superior did not permit him and forced him to do the work strictly as per the plan.

(i) Name the limitation of planning indicated in above case.

(ii) Name the value overlook by Palvinder’s superior.

Ans.

1. ‘Planning reduces creativity.’
2. Value of motivating and encouraging employee to increase initiative level.

Q. 19. The management of ABC Ltd. set up the target of selling 10,000 units per week and made all their plans based on this target. But due to change in technology adapted by competitors which reduced their cost, the ABC Ltd. could not achieve their target.

(i) Identify the limitation of planning discussed in the above para.

(ii) State any other two limitations.

Ans.

(i) Planning may not work in dynamic environment.

(ii) Any two limitations: 1. Planning reduces creativity 2. Planning involve huge cost.

Q. 20. Alpha Ltd. spent a lot of money to hire specialized people for framing their plans and collecting important facts from environment. The company cut down their cost by cancelling the employee's trip for recreation.

(i) Name the limitation of planning mentioned in above para.

(ii) Name the value overlooked by management.

Ans.

1. Limitation: 'Planning involves huge cost.'
2. Value overlooked: Psychological need of employees.

Q. 21. ABC Ltd. announced a plan nobody would smoke in the organization premises and they further added that certain penalty will be imposed on employees, overlooking this.

(i) Name the type of plan related to above para.

(ii) Name the feature of that plan.

(iii) Name the values emphasized by the company.

Ans.

(i) 'Rule' is the type of plan.

(ii) Rules are very Rigid.

(iii) Values: (a) Respect towards environment

(b) Follow discipline and order.

Q. 22. Alpha Ltd. has a plan of increasing profit by 20%. The company spent lot of time and money to frame and implement this plan. The competition start increasing, so it could not change its plan to beat its competitors because huge amount of money is already spent. State any two limitations of planning.

Ans.

- (i) Planning involve huge cost.
- (ii) Planning is time consuming.
- (iii) Planning may not work in dynamic environment.

Q. 23. 'Natural disaster like floods in Gujarat has been responsible for failure of production and sales plans of Jindal Textile Industry.' Which limitations of planning is highlighted in the given statement? State any three such limitations. (3)

Ans. External limitations of planning

1. Change in government policies (e.g. tax rates, bank rate, etc.) may lead to failure of planning.
2. Changes in the strategies of competitors also lead to failure of planning many tiems.
3. Rapid technological changes may affect planning

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