Paper-17: Strategic Performance Management

Time Allowed: 3 Hours **Full Marks: 100**

Whenever necessary, suitable assumptions should be made and indicate in answer by the candidates.
Working Notes should be form part of your answer

Section –A
[Question 1 and 2 are compulsory and answer any 3 from the rest]

1. FOOD CORPORATION OF INDIA: SUPPLY CHAIN MANAGEMENT

Food Corporation of India (FCI) was established under the Food Corporation of India Act 1964 for the purpose of trading in food grains and other foodstuffs. The Act extended to the whole of India. The Corporation acts as a body corporate. The general superintendence, direction and management of the affairs and business of the Corporation vests in a board of directors, which exercises all such powers and does all such acts and things as may be exercised or performed by the Corporation under the FCI Act.

FCI performs the major functions of procurement, storage preservation, movement, transportation, distribution and sale of food grains and meets the requirements of Public Distribution System (PDS) in the country. In other words, it handles or manages the entire supply chain in food grains distribution in India. It acts as a nodal agency of the central government based on ethical business principles having regard to the interest of the producers (farmers) and consumers.

Supply chain management of food grains by FCI is actually a joint responsibility of the Central Government, the state governments and the union territories involved in the actual implementation of PDS. Functions of the centre are to procure, store and transport. The implementation and administration of PDS is the responsibility of the state government and the UT administration. They lift these commodities from central godowns mills and distribute them to consumers through the massive network of fair price shops. Monitoring, inspection and enforcement of legal provisions is also done by the state government and the UT administration.

The network of fair price shops (FPS) has been expanding over the years, adding to the supply chain. During the last decade, the number of fair price shops had increased from 3.61 lakh (1990) to 4.59 lakh (2004) as indicated in the following:

Increase in No. of Fair Price Shops

Year	No. of FPS (in lakhs)
1985	3.19
1987	3.38
1990	3.61
2004	4.59

An efficient supply chain management requires the establishment of a close link between production, procurement, transportation, storage and distribution of selected commodities. Infrastructure needs to be strengthened, particularly in the backward, remote and inaccessible areas. The system also needs to be much improved to make it cost-effective. There is need for buffer stock in such a system. But, buffer stock can be reduced by timely procurement, transportation and storage.

This would reduce the carrying costs of the goods meant for distribution. The costs can also be reduced by increasing efficiency in the distribution network.

Leakages during the movement of food grains, etc., need to be plugged. Proper and timely checks of the fair price shops, godown, etc., can also lower the cost of PDS operations and the total supply chain management. FCI has to ultimately ensure a cost-effective supply chain and, for this, appropriate modalities have to be worked out.

Required:

(a) Explain the objectives of Supply Chain Management?

(b) Describe the Importance of Supply Chain Management?

(c) Discuss the advantages and disadvantages after implementing the supply chain management by FCI?

(d) Mention the component of Supply Chain Management. **[3+4+3+5]**

2. Taxmann Allied Services is a leading publisher specializing in books on Indian taxation and corporate laws, accounting and auditing, banking, finance and management. It also prints a vast array of journals, web-based products and legal databases on DVDs.

Until 2012, Taxmann did not have any solution to automate and manage sales or service processes. "Our sales, service and marketing teams managed customer information such as call and comments in a diary or at times in Excel worksheets, based on personal preferences," recalls Sumita Sharma, Head – Customer Care, Taxmann. The result was either duplication or data loss. Disorganized tracking and monitoring made the sales cycle longer than anticipated, thus resulting in a higher cost of sales and poor closure rate.

Taxmann also offers online subscription to journals and books and other content. Previously, if a customer contacted its call center, the representative did not have sufficient information to handle the calls effectively. Even simple issues such as activation, renewal and access, took time to resolve. In addition, there was no provision to log the customer and call details, or record the interaction. "Manual routing of calls, high wait time, and finding the right resources to resolve issues was a challenge. Resolution took 3-7 days, resulting in customer dissatisfaction," says Vishal Gambhir, Team Lead – Customer Care, Taxmann. Sometimes customers would abandon the call due to the long wait time and there was no way to identify repeat callers.

The company wanted a robust and centralized Customer Relationship Management (CRM) solution that would help optimize business processes, effectively plan and track sales activities to shorten the sales cycles, increase closure rates and provide quality services to its customers, thus leading to customer satisfaction.

Taxmann evaluated several CRM solutions available in the market, including Sage, Zoho, Salesforce.Com, Microsoft Dynamics CRM and Sugar CRM.

Taxmann approached Godrej Infotech, a Microsoft Gold Certified Partner to implement the solution because of its experience, expertise and on-time delivery record.

After much analysis, the team opted for the Microsoft Dynamics CRM 2011 solution. "It was imperative that the solution proposed consolidate all of the customer data into a single system and reduces overheads, duplication and rework," says Hemant Savla, Delivery Manager, Godrej Infotech."At the same time, integration with other existing applications was a must." Out-of-the-box features of Microsoft Dynamics CRM and integration abilities met all Taxman's requirements.

The deployment started in October 2012 and the solution went live in less than five months with all the three modules, Sales, Service and Marketing for 50 concurrent users. In March 2013, Taxmann started using its CRM solution at the head office and its two customer call centers in Delhi. It purchased 50 concurrent user licenses.

Taxmann now defines marketing campaigns, and assigns employees to specific customers. All employees add updates to the CRM solution, for example, sales persons will update leads and opportunities in Dynamics CRM. This generates a 360-degree view of the customers. A salesperson can also track a customer's preferences, such as the preferred mode of

communication, and the type of information and offers he/she would like to receive. This information helps the marketing team to deliver the right information via the right touch point to the customer. Taxmann develops new strategies based on the information available in Dynamics CRM to cross-sell and up-sell its products and services, thus increasing revenue.

Godrej Infotech also customized and integrated Dynamics CRM with third-party applications to fulfill unique business requirements. "Integration with SMS and email helps us to stay connected with our customers on their mobile phones," says Vishal. Computer Telephony Integration (CTI) routes calls immediately to the technical team to resolve queries. If required, agents escalate the queries from one office to another, thus giving immediate response to customers and ensuring satisfaction. Call wrap-up capability for managing post-call operations in Dynamics CRM, such as adding notes, activity and case management helps the Taxmann management to understand its customers better.

Godrej Infotech configured the master data management, that set the policies, governance and management of the master data. In addition, it integrated Microsoft Dynamics NAV, the ERP solution at Taxmann with Dynamics CRM.

"All the requisition orders and sales orders from Dynamics CRM automatically flow into Dynamics NAV and are added to the master data," states Sunita Singh, ERP Head, Taxmann. For example, an employee can use the customer information that is in Microsoft Dynamics NAV, which is synchronized with Dynamics CRM, to fill in an order form that a salesperson creates in Microsoft Dynamics CRM. "It automatically synchronizes a customer's account, contact, product, sales order and invoice information in both the applications, thus eliminating duplication of data."

The solution also provides meaningful charts and dashboards, culling out useful reports using tools such as SQL Server Reporting Services (SSRS) and SQL Server Integration Services (SSIS – for CTI reports) and creating customized forms for individual customers. Additionally, it offers tools to improve its ability to predict market trends and requirements.

Taxmann plans to integrate its website with the solution in the near future. This will assist in capturing leads and opportunities from the website as well as service requests.

Benefits

Microsoft Dynamics CRM consolidated information in a centralized system giving a precise 360-degree view of every customer. It has effectively mitigated business challenges faced earlier. "We have improved the visibility of information and processes for more predictable and manageable business operations," says Sumita.

(i) Improves Collaboration
(ii) Enhances Customer Service
(iii) Increase in Revenue
(iv) Increases Efficiency

Required:

(a) Define the Customer Relationship Management.
(b) Describe the objectives of the using of CRM applications.
(c) What are problem faces by the Taxmann before implementing the Customer Relationship?
(d) What are the steps are taken by the Taxmann to solve the problem?
(e) What are the facilities getting from implementation of Customer Relationship Management? **[3x5 =15]**

3. (a) Explain the role of Cost Accountant Role in Target Costing Environment.
(b) Describe the advantages and disadvantages of Return on investment. **[6+4]**

4. Reduce the following two-person zero-sum game to 2 x 2 order, and obtain the optimal strategies for each player and the value of the game

		Player B			
		B_1	B_2	B_3	B_4
	A_1	3	2	4	0
	A_2	3	4	2	4
Player A	A_3	4	2	4	0
	A_4	0	4	0	8

[7+3]

5. (a) Listing the Objectives of pricing Policy.

(b) The cost function is C = 100+q , where the product is sold at ₹ 5 per unit . Determine break even sales and profit when 125 units are sold.

(c) The total cost function of a firm C = $\frac{x^3}{3} - 5x^2 + 28x + 10$, where C is total cost and 'x' is the output. A tax @ ₹2 per unit of output is imposed and the producer adds it to his cost. If the demand function is given by P = 2530 - 5x, where 'P' is the price per unit of output, Find the profit maximizing output and the price at the level.

(d) The price (P) per unit at which company can sell all that it produces is given by the function P(x) = 300 – 4x. The cost function is 500 + 28x, where 'x' is the number of units, find x, so that profit is maximum. **[2+2+3+3]**

6. (a) Describe the important Key Performance Indicators.
(b) Explain about the Financial Gearing Ratio. **[8+2]**

Section –B
[Answer any one]

7. (a) Explain the following terms:-
(i) Business 2 Business, (ii) Business 2 Customer, (iii) Customer to Business, (iv) Customer to Customer.
(b) Describe the doctrine demand of Six Sigma.
(c) Explain the usage of Artificial Neural Network.
(d) Describe about On – Line Analytical Processing [OLAP] **[(4x2) +4+4+4]**

8. (a) State the key roles of for its successful implementation in Six sigma.
(b) Describe the methods of Statistical Process Control (SPC).
(c) "The MI is based on the concept of the Production function. This is a function of maximum possible production, with respect to a set of inputs pertaining to capital and labour" – Discuss it.
(d) Describe the Recurrent Artificial Neural Networks. **[6+4+5+5]**

Section – C
[Answer any one]

9. (a) Define the Risk Management and describe the objectives of that.
(b) Explain about the Total Loss Distribution and Probability of Ruin.
(c) Describe the benefits of Risk Mapping. **[(3+5)+(4+5) +3]**

10. (a) "It is a fact that some companies perform well and that some underperform and some fails. In many, if not most cases, these companies are led by executives that are quite experienced. Below are some recommendations that can help to reduce the risk of failures of organizations"- Justify the statements.
(b) Explain the L. C. Gupta Model under the Predictions of Corporate Failure.
(c) Describe the causes of corporate failure and their examples. **[4+6+10]**