

## **PAPER – 17 - STRATEGIC PERFORMANCE MANAGEMENT**

## PTP\_Final\_Syllabus 2012\_Dec 2015\_Set 1

The following table lists the learning objectives and the verbs that appear in the syllabus learning aims and examination questions:

	<b>Learning objectives</b>	<b>Verbs used</b>	<b>Definition</b>
<b>LEVEL C</b>	KNOWLEDGE	List	Make a list of
	What you are expected to know	State	Express, fully or clearly, the details/facts
		Define	Give the exact meaning of
		COMPREHENSION	Describe
	What you are expected to understand	Distinguish	Highlight the differences between
		Explain	Make clear or intelligible/ state the meaning or purpose of
		Identity	Recognize, establish or select after consideration
		Illustrate	Use an example to describe or explain something
		APPLICATION	Apply
	How you are expected to apply your knowledge	Calculate	Ascertain or reckon mathematically
		Demonstrate	Prove with certainty or exhibit by practical means
		Prepare	Make or get ready for use
		Reconcile	Make or prove consistent/ compatible
		Solve	Find an answer to
		Tabulate	Arrange in a table
		ANALYSIS	Analyse
	How you are expected to analyse the detail of what you have learned	Categorise	Place into a defined class or division
		Compare and contrast	Show the similarities and/or differences between
		Construct	Build up or compile
		Prioritise	Place in order of priority or sequence for action
		Produce	Create or bring into existence
		SYNTHESIS	Discuss
	How you are expected to utilize the information gathered to reach an optimum conclusion by a process of reasoning	Interpret	Translate into intelligible or familiar terms
Decide		To solve or conclude	
EVALUATION		Advise	Counsel, inform or notify
How you are expected to use your learning to evaluate, make decisions or recommendations	Evaluate	Appraise or asses the value of	
	Recommend	Propose a course of action	

**Paper – 17 - Strategic Performance Management**

**Full Marks: 100**

**Time Allowed: 3 hours**

**This paper contains 10 questions, divided in three sections Section A, Section B and Section C. In total 7 questions are to be answered.**

**From Section A, Question No.1 is compulsory and answer any two questions from Section A (out of three questions - Questions Nos. 2 to 4). From Section B, Answer any two questions (i.e. out of Question nos. 5 to 7). From Section C, Answer any two questions (i.e. out of Question nos. 8 to 10).**

**Students are requested to read the instructions against each individual question also. All workings must form part of your answer. Assumptions, if any, must be clearly indicated.**

**Section –A**

**[Question 1 is compulsory and answers any 2 from the rest]**

1. In late 2002 the Healthy Province Health Department convened a wide range of organizations and entities in order to develop a community health improvement plan. This collaboration included community representatives from local hospitals, clinics, community-based organizations, schools, churches as well as the province public health agency. A Healthy Province Community Health Council (the "Council") was established; its goal was to improve the overall health of the province's population through a community-wide health improvement plan that would prevent disease, promote physical and mental health, and better the quality of life within the community. The Council identified common community health values and a health vision for the large metropolitan population it served. In addition, a mission statement was drafted for the local public health system.

In order for the Council to obtain the necessary information for the community health improvement plan, strategies and tools from NACCHO's MAPP (Mobilizing for Action through Planning and Partnerships) process were used. MAPP includes four assessment activities:

- (i) Community Health Status Assessment, which attempts to answer the question, "How healthy are our residents?" The compilation of local health data and the examination of changes over time were assessed in comparison with local, state and national level data and with national health objectives established for the year 2010 through the Healthy People 2010 process.
- (ii) Forces of Change Assessment. During this assessment a randomly selected group of participants from the community provided input as to "What is occurring or might occur that affects the health of our community or the local public health system?" As a result of this assessment, the important forces of change affecting the community as well as the potential impacts of those forces.
- (iii) Local Public Health System Assessment, which attempts to answer the question, "How well are essential public health services being provided to our community?" was conducted. The collaborative used tools, consisting of standards and indicators, developed by Public Health Practice Program Office of the Centers for Disease Control and Prevention to perform this assessment.
- (iv) Community Themes and Strengths Assessment, which seeks to identify "What health and health-related issues are important to our community?" Both a survey and a focus group were conducted to examine perceptions of community health and the quality of life within the community.

The Council established a subcommittee that was charged with developing an ordered list of the most important health problems and issues facing the community. The subcommittee was provided with data and information derived from the four assessments. After the compilation and analysis stages were completed, the collaborative refined the vision and mission statements for the community health improvement plan. Health problems and issues

were then prioritized, and goals, objectives and work plans were formulated for the priority health needs. The end result was a community health improvement plan that identified priority community health problems and issues, and delineated plans to achieve targets identified in the plan.

Required:

- (a)** Describe the four components of performance management are evident in this case study.
- (b)** Does this case study demonstrate the use of performance standards?
- (c)** This case study demonstrate the use of performance measurement - Justify
- (d)** Does this case study demonstrate the use of reporting performance?
- (e)** Which specific performance management components in this case study could be enhanced? **[3+4+4+3+6]**

**2. (a)** A company is organised into two large Divisions. Division 'A' produces a component which is used by Division 'B' in making a final product. The final product is sold for ₹400 each. Division A has a capacity to produce 2000 units and the entire quantity can be purchased by Division B.

Division A informed that due to installation of new machines, its depreciation cost had gone up and hence wanted to increase the price of the component to be supplied to Division B to ₹220. Division B, however can buy the component from the outside market at ₹200 each. The variable costs of Division A is ₹190 and fixed costs ₹20 per component. The variable costs of Division B in manufacturing the final product by using the component is ₹150 (excluding the component cost).

Present statement indicating the position of each Division and the company as a whole taking each of the following situations separately.

- (i) If there are no alternative used for the production facilities of A, will the company benefit if Division B buys from outside suppliers at ₹200 per component?
- (ii) If internal facilities of A are not otherwise idle and the alternative use of the facilities will give an annual cash operating saving of ₹30,000 to Division A, should Division B purchase the component from outside suppliers?
- (iii) If there are no alternative used for the production facilities of Division A and the selling price for the component in the outside market drops by ₹15, should Division B purchase from outside suppliers?
- (iv) What transfer price would you fix for the component in each of the above circumstances? **[5+3+2+2]**

**(b)** "Does Benchmarking tantamount to Industrial Espionag" – Discuss it. **[3]**

**(c)** Describe the characteristics of Product Life-Cycle **[5]**

**3. (a)** List the advantages and disadvantages of Return on capital Employed. **[4]**

- (b)** A businessman has two independent investments A and B available to him, but he lacks the capital to undertake both of them simultaneously. He can choose to take A first and then stop, or if A is successful then take B, or vice versa. The probability of success on A is 0.7, while for B it is 0.4. Both investments require an initial capital outlay of ₹ 2,000, and both return nothing if the venture is unsuccessful. Successful completion of A will return ₹ 3,000 (over cost), successful completion of B will return ₹ 5,000 (over cost). Draw the decision tree and determine the best strategy. **[10]**

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(c) Discuss the Competitive Intelligence and its objectives [6]

4. (a) (i) A manufacturer can sell 'x' items per month, at price  $P = 300 - 2x$ . Manufacturer's cost of production ₹ Y of 'x' items is given by  $Y = 2x + 1000$ . Find no. of items to be produced to yield maximum profit per month.

(ii) 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. [5+4]

(b) Describe the steps of BPR Tools and Techniques. [5]

(c) Explain the cost Accountant's role in Target Costing. [6]

### Section – B

5. (a) Describe about the Elman and Jordon Artificial Neural Networks. [5]

(b) Discuss the importance of Decision Support Systems for gaining the Competitive Advantage. [5]

6. (a) "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. [5]

(b) Explain Technical and operational factors of E-commerce. [5]

7. (a) Define the following terms in the context of Supply Chain Management: [2 x 5]

(i) Activity Based Management

(ii) Capacity Management

(iii) Customer Relationship Management

(iv) Customer Value

(v) Information Sharing

### Section – C

8. (a) Describe the benefits of Risk Mapping. [4]

(b) "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." – Justify the statements. [6]

9. (a) Describe about the Linear Probability Model (LPM) [6]

(b) Explain about the Probability of Ruin. [4]

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10. Using Altman's Model, compute the value of Z from the provided data:

Equity & Liabilities	₹	Assets	₹
(1) Shareholder Fund:		(1) Non – Current Assets	
(a) Share Capital (@ ₹ 10 each)	2,00,000	(a) Fixed Assets	4,20,000
- Equity Share Capital			
(b) Reserves & Surplus	60,000	(2) Current Assets	
		(a) Inventory	1,80,000
(2) Non – Current Liabilities:	3,00,000	(b) Book Debts	70,000
- 10% Debentures			
(3) Current Liabilities	80,000	(c) Loans & Advances	20,000
(a) Trade Payable - Sundry Creditors			
(b) Outstanding Expenses	60,000		
		(d) Cash at Bank	10,000
Total	7,00,000	Total	7,00,000

Additional Information

- (i) Market value per share ₹ 12.50.
- (ii) Operating Profit (20% on sales) ₹ 1,40,000.

[10]