

September 2014

Master of Business Administration (MBA) Examination
II Semester

Business Ethics and Management by Indian Values

Time : 3 Hours]

[Max. Marks : 80

Note : Attempt any four questions. Atleast one question is to be attempted from each part. Each question carries 15 marks.

Section A

Part I

1. Discuss the relative autonomy of Business Morality. Why Ethics are considered important for Business ?
2. How can Public Accountability and Entrepreneurial Responsibility facilitate Moral Corporate Excellence ?
3. Mention the productive practices and team motivation theories with suitable examples.

Part II

4. Discuss the role and significance of Ethos in Managerial Practises.
5. Mention famous leadership models with suitable examples.
6. Discuss the following :
(a) Shastras (b) Puranas (c) Panchatantra.

Section B

7. Read the case carefully and answer the questions only :

DELAYED DEADLINES

Key Issues :

- (1) Absence of a Strategic Business Direction
- (2) Not Mere Market Leadership but also Right Business Focus
- (3) Better Delegation and Decentralization.

The meeting was convened by Dilip Diwan, director (operations), of Deal Autosystems (Deal) was scheduled, since Dilip Diwan knew that the situation at Deal called for some drastic decisions. Having joined Deal two months back, from a consumer goods organisation,

Diwan was aware that customer satisfaction was crucial for survival. But managing project customers seemed different and difficult: since he had to deal with their dissatisfaction even before the product delivery. The main cause of worry was, 20 of the 25 projects currently in progress, had been delayed and he had been receiving communication and messages, asking him to expedite the work on projects. Though Diwan was keen to attend to the customers, the complaints were multiplying too fast. Hence, he thought it best to hear out the key executives in the concerned group, so that problems could be identified and appropriate action be initiated.

Headquartered at Pune, Deal had a turnover of Rs. 300 crores in 2000-2001. Starting off in 1980 by manufacturing and marketing distribution control systems which still contributed 60% of its turnover- the company had gradually moved into measurement and control systems in the mid-1980's. In 1996, it had created a market for Integrated Building Maintenance and Control System (IBMCS), forging a joint venture with Dell of U.K. for the purpose. The joint venture had led to restructuring with each of businesses being treated as a Strategic Business Unit (SBU). Now, the IBMCS division was the one which was Diwan's point of concern due to customer complaints.

Even as the meeting commenced Diwan asked Dinkar, the general manager of the IBMCS unit to recapitulate the history and growth of the unit since inception.

Dinkar, then started by stating that it was on strategic basis/reasons that Deal got into IBMCS. Dinkar had joined Deal as a trainee engineer in 1983, and rose to become the chief (projects), before taking over IBMCS in 1996. He further explained, that due to firm plans of rational setting up plants and manufacturing facilities, on account of opening up of economy they were the ideal to target customers, since slowly the local companies to become globally competitive would also seek and provide business to IBMCS. He further explained that the concept of IBMCS is based on a centralised monitoring mechanism that enabled three important support services in any large establishment viz :

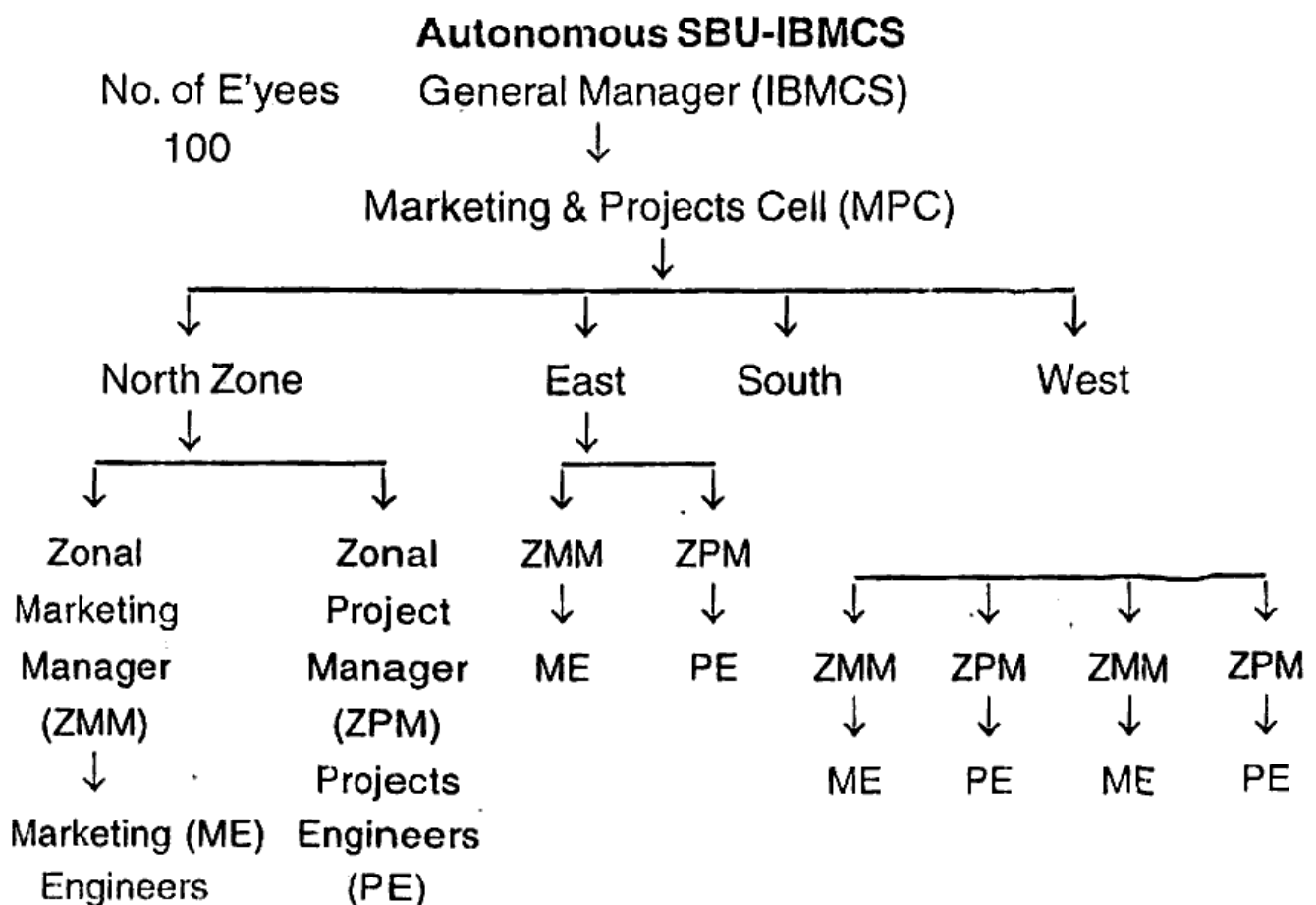
- (1) fool proof security system
- (2) fire detection and prevention services
- (3) controlling the air-conditioning plants.

IBMCS could also generate MIS reports on energy consumption, monitor all start-shop operations concerning air-conditioning etc. It used state of the art microprocessor technology.

Dinkar was then asked to detail out the strategic reasons of Deal getting into IBMCS, for which he explained as to why IBMCS was sought as an attractive business by Deal. The foremost reasons had been -

- (1) IBMCS required state-of-the-art technology and high skills in planning, executing and marketing - which already Deal possessed.
- (2) The pioneer in the field could develop a loyal customer base both by delivering quality systems and making effective use of relationship marketing.
- (3) Value addition being an important factor in industrial marketing and here, in case of Deal, the concept itself could offer value-addition, since a satisfied customer could provide a testimonial.
- (4) Deal's top management was convinced that IBMCS would give it a opportunity to develop core-competence in an emerging product-service category.

With this basic strategic reasoning Deal had then created the following organisation structure for IBMCS - SBU as under :



The marketing division of IBMCS, concentrated on identifying potential customers and procuring order while the project division concentrated on execution. However, offlate clients appeared to be using bill settlements as a control mechanism to step up the pace of W-I-P and to get commitments on project-related issues which is creating receivables collection problem leading to working capital crisis.

At this stage, Diwan requested Dev, Marketing and Project Cell (MPC) Manager to brief regarding state of IBMCS market.

Dev then started "The IBMCS market is worth about 70 crores with projection of 300 crores by 2005. The potential for growth could be even greater felt Dev - Manager (MPC) since IBMCS could make inroads in separate market segments of airconditioning, fire detection systems and security systems. He however felt, that Deal-IBMCS had not been able to leverage its position as a pioneer. Most of small-players in these three areas, of airconditioning or fire detection or security systems got their business through their promise of integration of procuring different kind of systems but they were not able to offer the interface which only a full-fledged IBMCS could deliver. This had lead to market fragmentation which was creating us own problems but still small players were getting customers because buyers did not know of IBMOS as a holistic concept. At the same time, nor do they want to be confronted with the problems of dealing with different suppliers.

Diwan, Dinkar and Dev then crystalixed the problems behind project delays (on the basis of customer complaints) as under :

- (1) IBMCS has been using microprocessor based components imported from Dell. In a number of special application - like fire detection controller with LCD display - the MPC designed the systems and sent to U. K. for approval as per the Joint-Venture Agreement. Dell engineers never got satisfied either on design or data criteria and hence delays occurred due to back and forth modifications and approvals had to be done. In brief, MFC was not adding value since they were merely passing data provided by customers without technical processing it.
- (2) Where the project concerned commercial and office complexes and malls - aesthetics played an important role and hence wiring, p' umbing needed to be co- ordinated with interior decor and design. Moreover, maintenance rooms or centres need to be outside the line of sight of front office. This issue most of the

time crops up at latter stage, deviating the original plans and leading to a lot of dismantling and rework jobs. Adding to this, is lack of adequate understanding of aesthetics issue by PE who are monitoring the projects.

- (3) Due to improper interface requirements reworking becomes necessary. The additional requirements of components viz., relays and contractors cause further delay. Contest of variables is done by project team and MPC steps in only when there is chaos. MPC once prepares the schedule in consultation with the head of project!cam and then leaves control function totally to the project team leading to bigger gap in feedback and follow-up systems.
- (4) Most project teams are sub-contracted and many of the contractors left mid-way when asked to modify the original work plan, leading further to delays and problem of pricing once again and cash flows.

How should Deal handle all these problems ? How can Deal reap the benefits of a growing market? Does Deal consists of competent personal and suitable organisational structure ? Has IBMCS as SBU fulfilled its objective and achieved the existing potential ?

