

Day: _____

Date: _____

Q2) Contingency Planning

Introduction

"Some Managers

Wonder Whats happening,
others look on, while
the Successful Shape
Success"

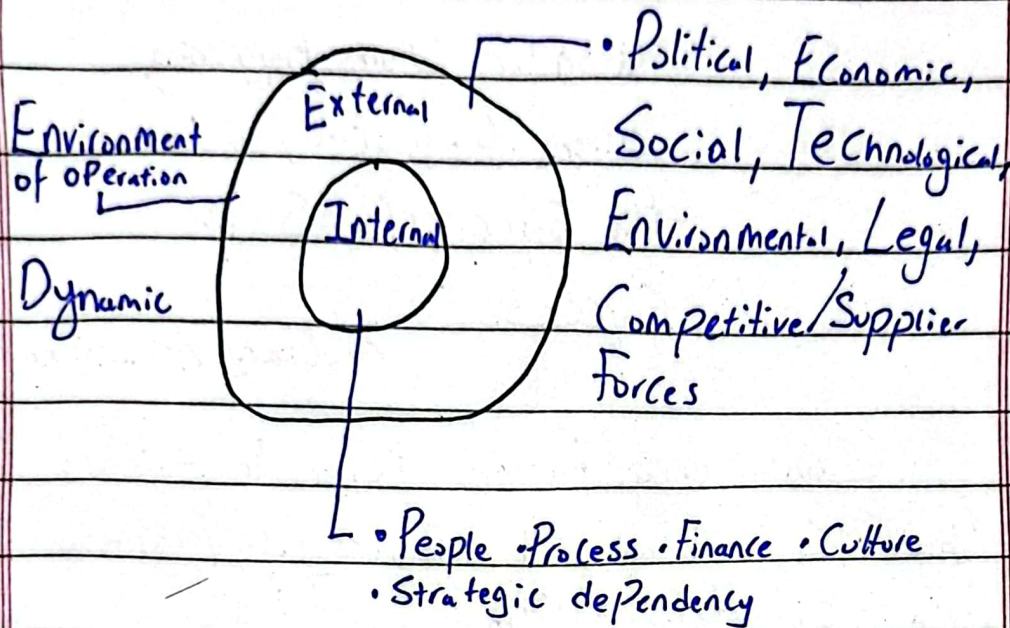
~ Gary Armstrong

Contingency factors refer to events that can lead to structural planning and strategy changes. These center around the external environment. Political, economic, technological, social, competitive and other variables may necessitate a shift in strategic direction.

Internal factors such as default of major customer and organizational challenges may also feature in contingency planning. Today managers must employ dynamic change models continuous adaptation and create high-

Performance Systems of Empowered highly-Skilled workers to drive Change.

Contingency Factors

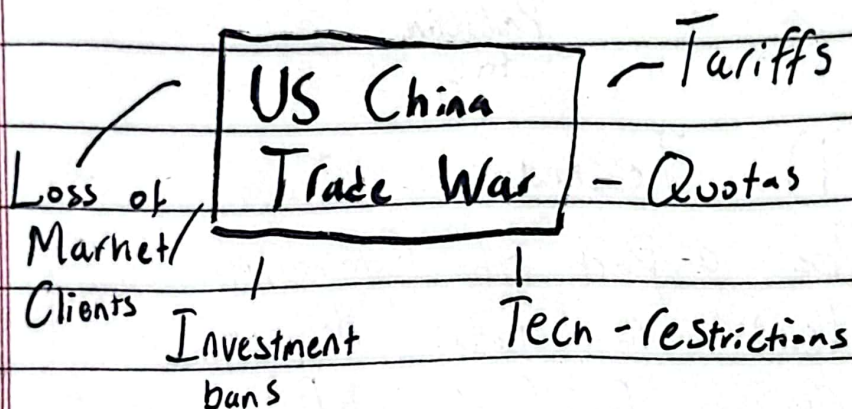


Traditional Planning analysis of the 1940s focused on Force-field and annual appraisals given fixed Market Conditions. However the globalized highly innovative Markets of today require fast Movement to Survive, let alone thrive. Many firms may decide to Create Contingency plans to Pre-empt possible Change.

Impact Contingencies

On Firm

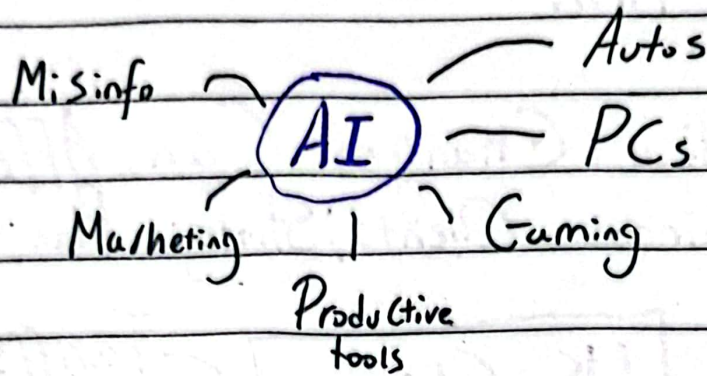
1) Political Changes Can Affect Business Clients; Strategic Plan Change



i) Political local changes can lead to significant changes in how a firm operates, its organizational culture and even how it brands itself. Facebook post Trump ending Fact Checking, a change of planning

ii) Geopolitical change can lead to total closure of markets, or unviability of meeting demands of certain consumers. Tariffs on BYD in U.S

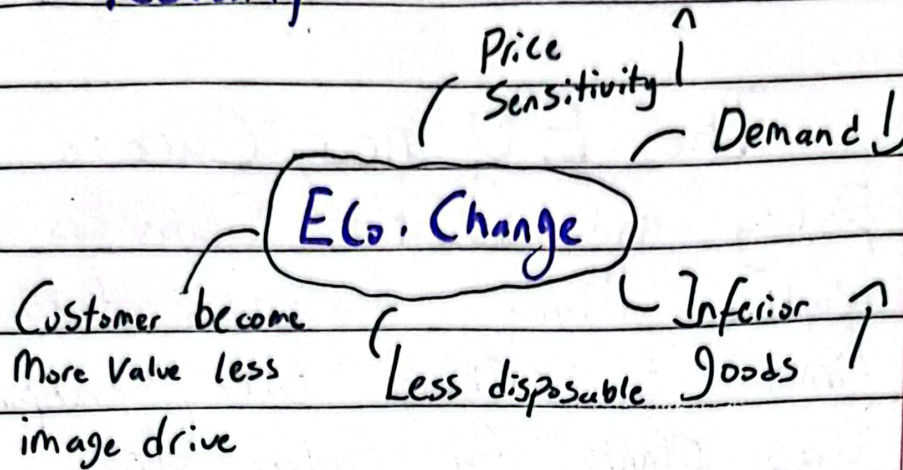
2) Technological Change Can Devestate Strategic Plan Force Re-think



i) Technological Change can be a part of contingencies which lead to total directional change for firms. NVidia pivot from gaming to AI Chips to become most ~~ps~~ Valued firm in NYSE

ii) Technological Change may lead to whole product lines going redundant, necessitating adaptation, to and capitalization. Befiller Pakistan adopting AI automated tax returns

3) Economic Market Forces Necessitate Planning Revamp



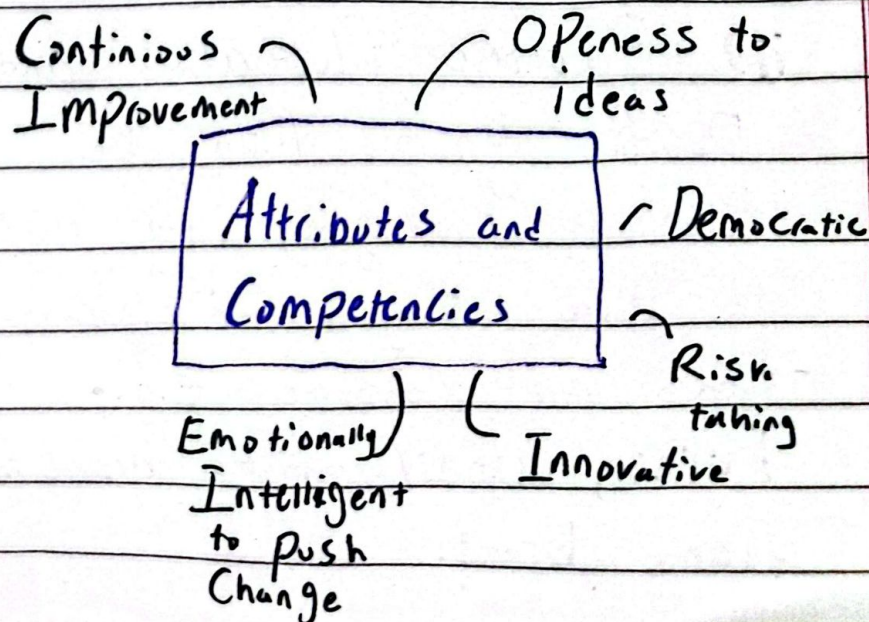
i) A Change in economic conditions towards recession or slowdown can lead to changes in customer demands and conceptions of value. Release of more shorter Ufone plans for mobile.

ii) Economic fluctuations and positive growth may be also a contingency by adapting to more image conscious consumers e.g., turning undifferentiated brand into name brand.

4) Regulatory Environment May Change Firm Sourcing and Behaviour Planning

The EU new Carbon Policy and GSPT Status is leading Many Pakistani textile firms to Change tact, Scrapping Gas plants for Solar and Improving automation While lowering total headcount While increasing Salaries.

Managerial Planning in Today's Environment

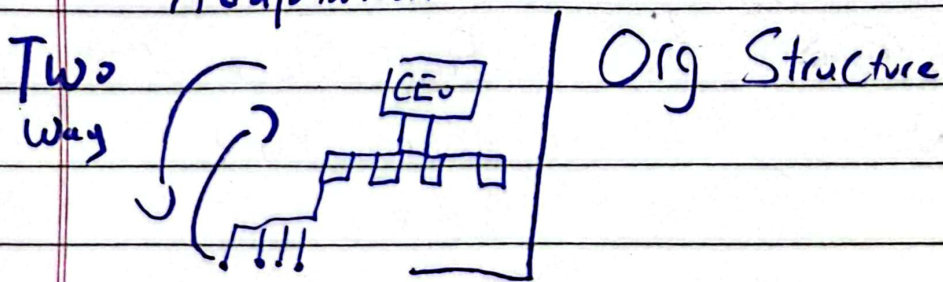


1) Mintzberg and the Dynamic Change Model

Force Field	Dynamic Change
<ul style="list-style-type: none"> • Antiquated and ineffective framework in Globalized Climate 	<ul style="list-style-type: none"> • Mintzberg Suggests Continuous adaptive dynamism through empowerment

Mintzberg in 'Strategic Safari' highlights his view that present market conditions now require managers to continually plan and adapt to the constant movement.

a) This Dynamism Through Empowerment For Continual Adaptation

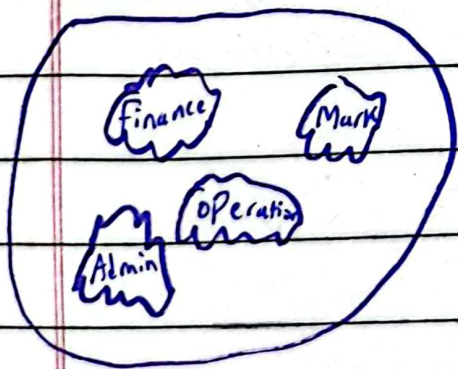


Changes at ground → Line Managers empowered to react

Mintzberg Sees Only Empowering Workers as the only possible way to make quick changes in a highly competitive environment

2) Organizational Structure Change : Jack Welsh Boundaryless Model

In order to allow for dynamism, Managers must revamp org. structure to promote adaptability over rigidity. Jack Welsh in GE implemented this, while other models such as Matrix structures also promote this.



→ Organization Free Flow of ideas and Talent

i) Innovative Structures

Prevent Silofication

Thereby Improving Planning

Mintzberg highlighted

the risk of Silofication in traditional functional Structures that limited resource and Core Competency Recognition.

Innovative Org. Models allow for free flow improving Co-ordination in Planning

3) Risk Taking and Emotional Intelligence

"Like a Stag
in headlights,
fear Paralyzes
Managers from
enacting Much
Needed Change"

~ Peter
Draucker

The Managers must be more open to taking risks while letting go of fear by Cultivating

Emotional intelligence to prevent resistance to change.

Conclusion

Therefore Contingency can affect how a plan is enacted and how it develops.

In today's fast changing world not all contingencies can be planned for requiring greater organizational empowerment and dynamism.

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Q3) Marketing Mix and Sales

Introduction

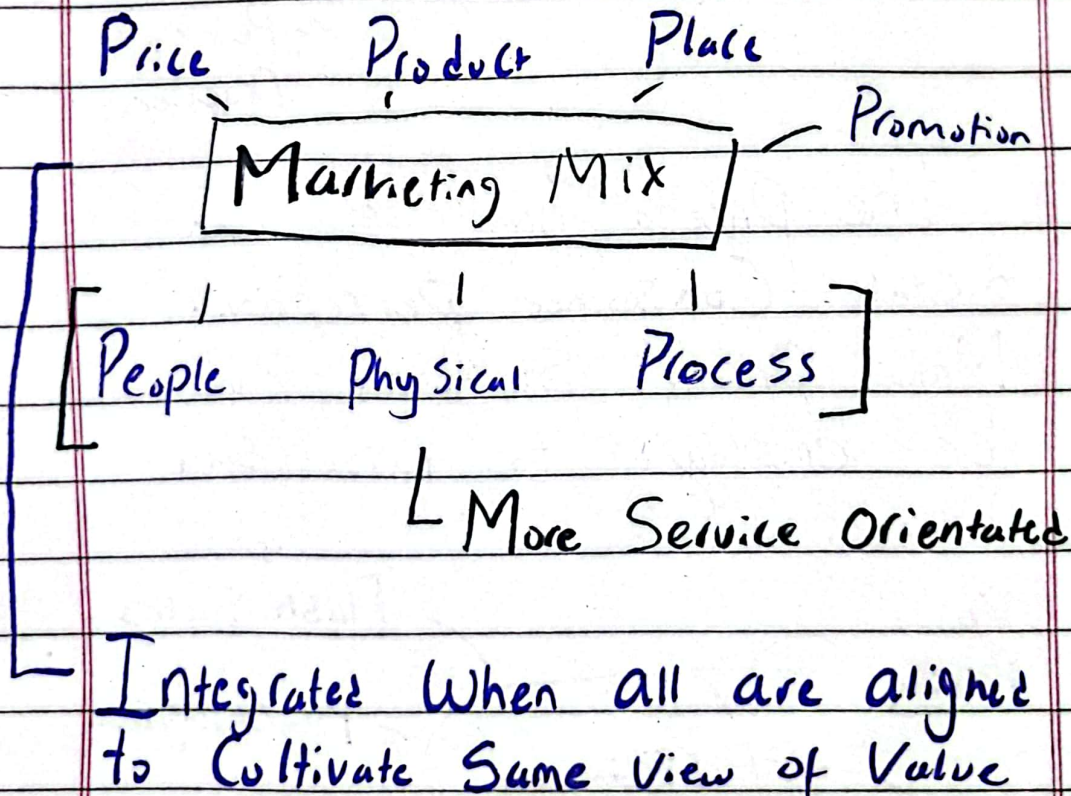
The Marketing Mix is the fundamental building blocks of a firm's Marketing Strategy. It categorizes all components of how Value is to be

delivered to the end Customer.

Moreover it also illustrates the need for a well integrated mix for maximizing sales through value creation optimization. The component of a mix are:

- 1) Product
- 2) Price
- 3) Place
- 4) Promotion
- 5) Process
- 6) People
- 7) Physical environment.

Marketing Mix



Mix Impact on Value and Sales Volume

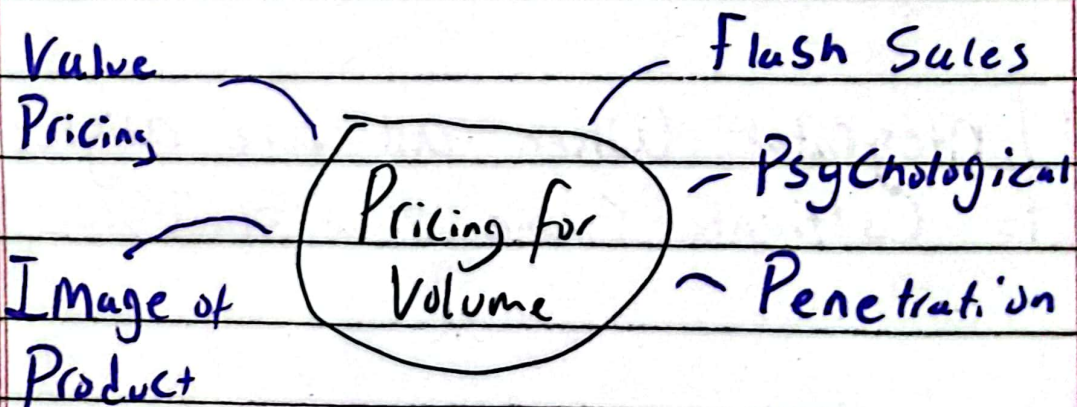
1) Price: A Strategic Tool Impacting Value Concept and Sales Volume

"Price isn't just a figure, it's a Strategic tool of Communication"

~ Peter Drucker

The price a firm sets can dictate Consumer Perception.

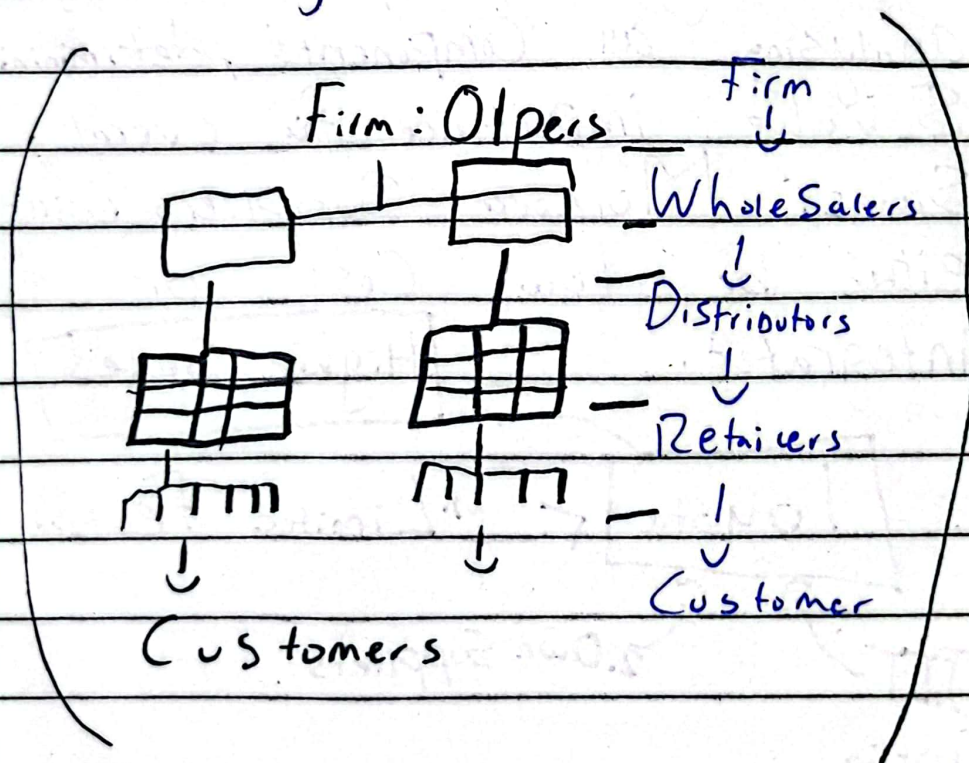
Many Pricing Strategies can be employed to raise Sale Volumes.



1) Xiaomi Penetration and Flash Sales

Xiaomi uses flash sales and market cutting prices to 'wow' consumers by offering a much higher value at a lower price thereby appealing to mass market

2) Place: Distribution of Coverage For Volume

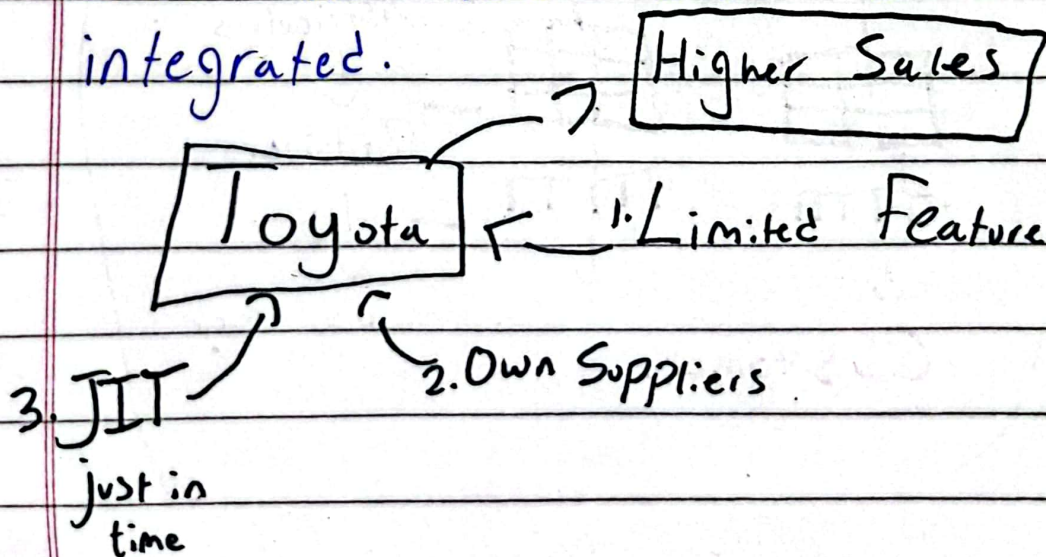


Mass market firms aiming to maximize sales volumes would engineer their distribution to prioritize distribution

This would allow for more product in the hand of the consumer being available at small "Karyana" stores and mega sellers like Al-Fatah.

3) Product: Engineered To Limit Costs For More Sale Volume

The product will likely be optimized by analysing all components, determining \$ value importance for overall sales. Moreover suppliers will either be low cost or integrated.



4) Promotion: Focus Mass Market
General Message Through
Popular Mass Market Celeb
For appealing
to the Mass Market a firm
will either formulate a single
communication strategy of general
messages or create multiple strategies
that focus on drawing in multiple
segments of the market

Example

Arshad Nadeem
Ad for General Mass Market
Oppo alongside other celebrities

5) Process: Optimized For
Convenience and Speed

To ensure high
sales in services, process of
service completion or semi
service product must emphasize
speed and convenience to
have quick turnaround of traditionally
non storable services.

Example

McDonalds Process and Restaurant production layout is created to optimize Speed.

6) People: Trained To Optimize Speed For Volume

Those involved in Service generation need to be trained to produce as quickly as possible while maintaining quality to achieve higher sales. KFC Staff training programme before hiring

7) Physical Environment: Designed To Invite But Not Pro-Long

Service focused on quick sales and production do provide an inviting environment. However it is not made very comfortable in order to limit customer loitering or may not include one at all

example

KFC. Few Seats or none at all
V.S Gloria Jeans inviting Sofas and Music

Integration: KFC Case

1.) Price Competitive

- 12 Am flash deals

2.) Promotion Mass

- Online Ads, billboards

3.) Place: Many Small

Stores to Maximize
Reach

4.) Product

- Designed for Cost
and quick assembly

5.) Process:

- Routinized Fixed

6.) People

- Trained for Speed

7.) Physical Environment

- Not overly inviting

Integrated
Marketing
Mix
for Volume

Conclusion

Therefore by integrating the 7Ps or 4Ps of Marketing, firms can design Marketing Strategies that allow for higher Sales Volume by ensuring all points are aligned with the ultimate goal to optimize achievement.

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Q4) Scientific vs Behavioural

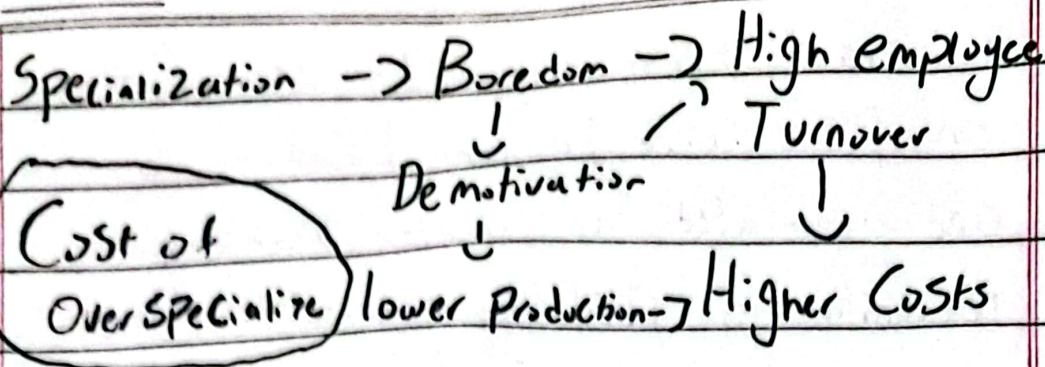
Introduction

Scientific Management was a product of the early 1900s. Taylor led its introduction creating a set of principles known as Taylorism which were adopted by organizations such as Ford. These emphasized the deconstruction of production activities to distinguish all relevant components in order to promote specialization in the process and align

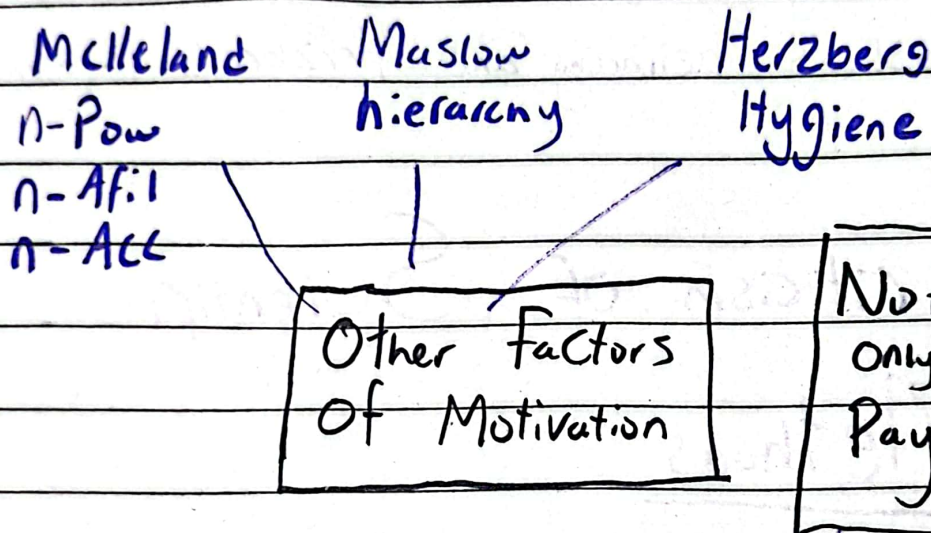
activities to boost output. It also focused on piece work payment based on output and advocated for greater managerial recognition of production processes. Behaviouralism was a product of Mayo and his Hawthorne experiments, leading to a recognition of employee informal processes and attitudes in production. It spawned related psychological motivation theories such as Maslow's hierarchy and Herzberg's hygiene.

Criticism of Scientific Methods

1) Over Specialization of Process Leads to Worker Demotivation Through over specialization and repetitive work, a scientific approach to treating individuals as machines neglects boredom that naturally occurs due to repeated processes.



2) Scientific Neglects Other Motivational / Demotivational Factors



Over reliance on Scientific analysis leads to a neglect of other potential motivators. This myopic approach thus lead to more demotivation and less production

3) Neglection of Team Dynamics in Production

By focusing only on the individual level, Scientific methods of analysis neglect actual team based production. This limits true productive capabilities

4) Aim of Controlling Informal Environment Unrealistic

Scientific Management aimed to bring everything into the open and statistically analysed. Here it operates on the assumption that the informal environment where employees interact and share views/complete can be controlled and visible. This idealized view went unrealized and was a structural flaw of Scientific Management

Example

Weber's Bureaucratic Model is also Scientific, believing Scientific administration can totally neglect human agency and informality through SOPs. This is provenly false

Differences Scientific and Behavioural

Scientific

- Everything can be known
- All can be Quantitized
- Informality can be controlled
- Workers care only for pay; Motivated by pay alone
- Neglect of human element; belief routinized SOPs can be followed
- Taylorism, SOP, Bureaucratic Model

Behavioural

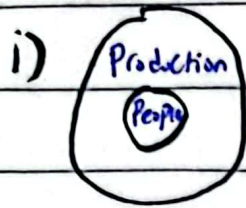
- No Perfect information Or one size approach
- Not only Quantitative but also qualitative
- Informal environment Vital, can be influenced but not totally controlled
- Human element vital, varies and not fixed
- No Single Motivating factor
- Elton Mayo: Human Relation Theory, Maslow, Herzberg

1) Focus on Production vs Human Production

i) Scientific approaches focus on human Subsumed into

Production such that they have no agency.

ii) Behaviouralism sees human beings as separate identities that cannot exist as a totally subsumed part of production

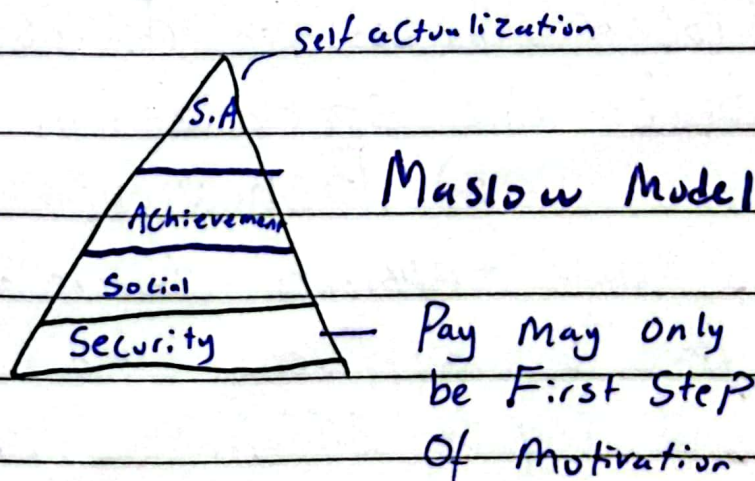


↳ Optimal Need Match

2) Single vs Multiple Motivators

i) Taylorism and Scientific approaches see humans preferring order and routine and being influenced by salary and equity of salary based on production

ii) Behaviouralism sees multiple indicators of motivation besides money that are necessary for optimal production e.g., job enrichment, rotation within design



3) Informal Environment Controllable or influenced

i) Scientific Management sees informal environment as non-existent within a scientifically run production process and therefore irrelevant.

ii) Experiments like the Bank-Teller test showed the informal environment does matter and can be influenced but not totally controlled in Behaviourism.
e.g., Working Condition Change

4) Scientific Standard Approach vs. Varied Behaviourism Techniques

i) Scientific Management sees standard principles applying in any production or management process focused on deconstruction, SOPs and specialization.

ii) Behaviourism sees no single-approach where each firm is different and thus will require different solutions to motivate workers.

Q8 A) Financial Management

• Components of Financial Management

Definition

Financial Management is the analysis and optimization of a firm's financial resources and performance with the objective of increasing capital performance, limiting risk, and increasing return in order to meet the goals of the organization.

Areas

i) Funding Source Analysis

Through looking at the available sources of finance such as bonds, stocks, preferred shares and other forms to grow and sustain business operations while meeting corporate objectives

Example:

WACC, Time Value Calculations to determine viability of sources for projects.

ii) Optimizing Balance Sheet Health

Financial Management aims to ensure the organizational balance sheet maintains confidence by ensuring lower risk or balanced risk taking into account organizational aims

Example

Maintaining lower gearing ratios to prevent increase in finance rate and continue enjoying bank loans

iii) Ensuring Adequate Cash Flows

Financial Management aims to ensure the firm remains liquid and does not encounter situations where regular business operations are impeded or higher interest financing needs to be relied on

Example

Liquidity : Acid Test ratio
Used to ensure firm is well funded

iv) Determining Viability of Projects

Financial Management

Employs Metrics Such as NPV to determine whether Projects Make financial Sense based on estimate WACC and interest based environment to Maximize Efficiency

v) Ultimate Goal Shareholder Value

The main goal of any organization is to provide investors with a fair or outsized return to justify business operations. Financial Management Seeks to optimize business for this purpose.

Financial Market Types

• Capital Markets: Stock

Capital Markets are where finance is obtained from sources such as Stock Sales issues and IPOs or Special Instruments on Stock Market

• Money Markets

Relate to Short term

issues of debt in the form of Commercial Paper and other Maturity of less than 1 year instruments

• Debt Markets

Bonds and long-term debentures exist here of Maturities upwards of a year, can be rated for risk and issued by Private, Municipal or the Government itself

Financial Securities

- Bonds: Short to long term, by private, government e.g., T-Bills
- Stock: Represent a Share of a firm entitling to future cash flows; No fixed maturity
- Preferred Stock: Are Shares that operate like bonds; provide fixed return and more default protection
- T-Note/CP: T-Notes, Commercial Paper are short term bonds issued by firms to meet short term working capital needs

Q8 B) NPV

15% Discount

		PV
0	-100,000	-700,000
1	-1,000,000	-869,565
2	250,000	189,1035
3	300,000	226,843 197,255
4	350,000	264,7650 200,113
5	400	198,874
6	400	172,931
7	400	150,375
8	400	130,761
9	400	113,704
10	400	<u>98,874</u>
		NPV \approx <u>-117,646</u>

$$IRR = -100,000 - 869,565 + \frac{250,000}{(1+x)^2} + \dots + \frac{400,000}{(1+x)^{10}} = 0$$

$$0.134 \quad 13.4\%$$

$$\boxed{NPV \approx -117,646} \quad \boxed{IRR = 13.4\%}$$

$$\boxed{15 > 13.34\%}$$

• Project not Profitable