SVKM'S

Narsee Monjee Institute of Management Studies (NMIMS)

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School of Distance Learning
Maximum Marks: 100
Time: 3 hours

DATE: 9.01.2010
TIME:- 3 pm to 6 pm.

Prog: PGDFM / PGDBFM / PGDBM / ADBFM
Year: II Semester: IV / III

Subject: Management Control System

Q.1) Answer any two Marks: 10

a) Discuss the relationship between strategy and core competencies.

b) D'scuss briefly the concept of corporate culture.

c) Discuss the integration of TQM with MCS.

d) Discuss just in Time (JIT)

Q.2) Write short notes on any there Marks : 15

a) Discuss the attributes of MCS

b) Compare the roles of the following responsibility centres:

Revenue centre, cost centre, profit centre, Investment Centre

c) Discuss the financial and non financial criteria for bonus payment.

d) Discuss the concept of enterprise resource planning

e) Zero based budgeting

Q.3) Attempt any Three Marks: 45

a) Discuss the concept of Management by objective in detail.

b) Discuss the concept of Balance Scorecard.

c) Discuss long term incentive plans for the employees.

d) Discuss the concept of total Quality Management.

e) Discuss Porter's five forces model

Q.4) Case Study Marks: 30

Blue Angel Ltd. originally had a collaboration from U.K. which terminated in the year 1997. During the period of collaboration i.e. 1982-1997 the company was controlled by the U.K. collaborators, although they had a stake of 22%. After the contract was concluded Blue Angel Ltd. had the freedom of signing a technical tie up with any organization. But the company did not formalize any contract with anybody but had time to time technical tie up on project basis. The company, a leading machine tools maker had established a name in this business. Now the company boasts of a turnover of 550 crores with employee strength of 600. The company has two types of activities:

(i) Their own brand

(ii) Custom built.

The company's progress initially was based on its technical competence, the design, systems of modern techniques. The company has been following the budgeting process, that is little bit outdated viz. estimates to come from departmental heads with some discussions at the departmental level and at the corporate level, budgeting exercise being continued with rare initiatives from departmental heads and corporate level. Budgeting exercise has been a ritual of every year, resulting into lapses in preparing a budget for the department and for the entire organization. The data used to be based on the accounting data prepared upto November with necessary changes based on sales and marketing policy. Managing Director of this company A. Abraham, being a technocrat, used to assign this responsibility for preparation of data and used to finalize on his own. The entire budget would then be drafted with some support from his Accounts Head. He never analyzed expenses based on fixed and variable elements in spite of the fact that investment in technology was high and various data in fact was available to take appropriate action. The M.D. took anybody in confidence, resulting in a wide gap between budgeted figures and actual figures. His thinking was that if he increases the volume, fixed overheads would be absorbed by the extra volume, resulting in reduction in cost per unit. This logic is fine, fixed overheads do not increase proportionately, but reality was something different. A committee was set up to look into the budgeting process. The chief of the committee was the controller who was asked to submit a report in 30 days based on the following facts:

(i) Margins are under pressure.

(ii) Shareholder's value declining.

(iii) Company which was a leader would like to regain that position.

(1) Do you believe that in any organization budgeting exercise should be reviewed, monitored and revised on a regular basis? If so what approach would you adopt?

(2) Given a background in the above how should the budgeting system be installed? This process should be given step by step.

(3) Do you think that a foolproof budgeting system could be possible to implement?

(4) Allocation of responsibilities to be given to various levels of management should be a part of the exercise. Explain.