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Case Studies In Business Studies(PLANNING)

Question 11.

Laxmi Chemicals Ltd., a soap manufacturing company, wanted to increase its market share from 30% to 55% in the long-run. A recent report submitted by the Research & Development Department of the company had predicted a growing trend of herbal and organic products. On the basis of this report, the company decided to diversify into new variety of soaps with natural ingredients having benefits and fragrances of Jasmine, Rose, Lavender, Mogra, Lemon Grass, Green Apple, Strawberry etc. The Unique Selling Proposition (USP) was to promote eco-friendly living in the contemporary life style. The company decided to allocate t 30 crores to achieve the objective.

Identify the type of one of the functions of management mentioned above which will help the company to acquire dominant position in the market. **(CBSE, Sample Paper 2016)**

Answer:

Strategy is the type of plan which will help the company to acquire dominant position in the market.

Question 12.

Suhasini, a home science graduate from a reputed college, has recently done a cookery course. She wished to start her own venture with a goal to provide 'health food' at reasonable prices. She discussed her idea with her teacher (mentor) who encouraged her. After analysing various options for starting her business venture, they short listed the option to sell ready made and 'ready to make' vegetable shakes and sattu milk shakes. Then, they weighed the pros and cons of both the short listed options.

1. Name the function of management being discussed above and give any one of its characteristics.
2. Also briefly discuss any three limitations of the function discussed in the case. **(CBSE, Sample Paper 2016)**

Answer:

1. Planning is the function of management which is being discussed above. Planning involves decision-making: Planning essentially involves application of rational

thinking to choose the best alternative among the various available alternatives in order to achieve the desired goals efficiently and effectively.

2. The limitations of planning are described below:
 - Planning may not work in a dynamic environment: The business environment is dynamic in nature. Every organisation has to constantly adapt itself to changes in its environment in order to survive and grow. However, it is difficult to anticipate all the likely future changes in the environment with utmost accuracy. Hence, even with planning, everything cannot be foreseen.
 - Planning reduces creativity: The top management undertakes planning of various activities whereas the other members are expected to merely implement these plans. This restricts the creativity of the middle level managers as they are neither allowed to deviate from plans nor are they permitted to act on their own.
 - Planning involves huge costs: The process of planning involves huge cost in terms of time and money as detailed planning is based on a series of scientific calculations. Moreover, it may include a number of related costs as well, like expenses on boardroom meetings, discussions with professional experts and preliminary investigations to find out the viability of the plan. As a result, the expenses on planning may turn out to be much more than benefits derived from it.

Question 13.

Two years ago, Madhu completed her degree in food technology. She worked for sometime in a company that manufactured chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated an action plan to achieve the same.

One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating only organic crops. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as the Production Manager who decided the exact manner in which the production activities were to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her area wise sales target for different products for the forthcoming quarter. While working on the production table, a penalty of ₹ 100 per day for not wearing caps, gloves and apron was announced.

Quoting lines from the above paragraph, identify and explain the different types of plans discussed. **(CBSE, Delhi 2016)**

Answer:

The different types of plans discussed above are listed below:

1. **Objectives:** Objectives are the end results of the activities that an organisation seeks to achieve through its existence. All other activities within the organisation are directed

towards achieving these objectives.

"One of her objectives was to earn 10% profit on the amount invested in the first year."

2. **Policy:** A policy is a set of general guidelines that helps in managerial decision making and action.

"It was decided that the raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating only organic crops."

3. **Procedure:** A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities.

"She also decided to follow the steps required for marketing of the products through her own outlets."

"The exact manner in which the production activities are to be carried out."

4. **Rule:** A rule is a specific statement relating to the general norms in terms of Do's and Don't's that guide the behaviour of people. It commands strict obedience and a penalty is likely to be imposed on its violation.

"While working on the production table, a penalty of ₹ 100 per day for not wearing caps, gloves and aprons was announced."

5. **Budget:** A budget refers to a financial plan that is expressed in numerical terms.

"Mohan also prepared a statement showing the number of workers different products for the forthcoming quarter."

Question 14.

Two years ago, Mayank obtained a degree in food technology. For some time, he worked in a company that manufactured bread and biscuits. He was not happy in the company and decided to have his own bread and biscuits manufacturing unit. For this, he decided the objectives and the targets, and formulated an action plan to achieve the same.

One of his objectives was to earn 50% profits on the amount invested in the first year. It was decided that raw materials like flour, sugar, salt, etc. will be purchased on two months credit.

He also decided to follow the steps required for marketing the products through his own outlets. He appointed Harsh as the Production Manager who decided the exact manner in which the production activities were to be carried out. Harsh also prepared a statement showing the requirement of workers in the factory throughout the year. Mayank informed Harsh about his own wise sales target for different products, for the forthcoming quarter. While working on the production table, a penalty of ₹150 per day was announced for not wearing the helmet, gloves and apron by the workers.

Quoting lines from the above paragraph, identify and explain the different types of plans discussed. **(CBSE, OD 2016)**

Answer:

The different types of plans discussed above are listed below:

1. **Objectives:** Objectives are the end results of the activities that an organisation seeks to achieve through its existence. All other activities within the organisation are directed

towards achieving these objectives.

"One of her objectives was to earn 50% profit on the amount invested in the first year."

2. **Policy:** A policy is a set of general guidelines that help in managerial decision making and action.

"It was decided that the raw materials like flour, wheat, sugar, etc. will be purchased on two months credit."

3. **Method:** A method refers to the prescribed ways or manner in which a task has to be performed considering the objective.

"..decided the exact manner in which production activities were to be carried out."

4. **Procedure:** A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities.

"He also decided to follow the steps required for marketing of the products through his own outlets."

5. **Rule:** A rule is a specific statement relating to the general norms in terms of Do's and Dont's that guide the behaviour of people. It commands strict obedience and a penalty is likely to be imposed on its violation.

"While working on the production table, a penalty of Rs. 150 per day was announced for not wearing helmets, gloves and aprons by the workers."

Question 15.

Rahul, a worker, is given a target of assembling two computers per day. Due to his habit of doing things differently, an idea struck him which would not only reduce the assembling time of computers but would also reduce the cost of production of the computers. Instead of appreciating him, Rahul's supervisor ordered him to complete the work as per the methods and techniques decided earlier as nothing could be changed at that stage. The above paragraph describes one of the limitations of the planning function of management. Name and explain that limitation. **(CBSE, Delhi Comptt. 2011)**

Answer:

The limitation of the planning function of management described in the above paragraph is that 'planning reduces creativity.' The top management undertakes planning of various policies and procedures whereas the other members are expected to merely implement these plans. This restricts the creativity of the middle level managers as they are neither allowed to deviate from plans, nor permitted to act on their own.