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Serial No.....

Institute of Certified Management Accountants of Sri Lanka

Managerial Level May 2012 Examination

Examination Date : 20th May 2012 **Number of Pages :** 05
Examination Time: 1.30 p.m. 4.30 p.m. **Number of Questions:** 06

Instructions to candidates:

1. Time allowed is **three (3) hours.**
2. Total: **100 Marks.**
3. Answer **five (5)** questions selecting at least **two (2)** questions each from Sections A and B.
4. **Section A:** Marketing and **Section B:** People Management.
5. The answers should be given in the **English Language.**

<u>Subject</u>	<u>Subject Code</u>
Marketing and People Management	(MPM – ML 3 / 303)

SECTION A: Marketing

Question No. 01 (20 Marks)

Trendy Footwear Limited is a company that manufactures and markets a range of footwear for the local market. The co-founders of the company are Lionel who is a senior Rubber Technologist and his childhood friend Malith who worked as a Sales Manager for a leading garment manufacturer during the major part of his career before venturing into business some ten years ago.

Both have been working tirelessly to spearhead the venture to a level that employs 70 workers and a large factory premises with all necessary plant and equipment. Working Capital has been an area that they have always had difficulties and they were determined to solve this problem along with their application to a Development Bank for a substantial loan to modernize their Factory with modern machinery that generate higher productivity.

Lionel and Malith met a senior project officer at the Bank who has requested for a comprehensive Marketing Plan as a prerequisite to progress with the feasibility of the financing proposal. During their discussion with the Bank officer, he has been discussing extensively the marketing aspect of the business that really did go well with Lionel and Malith.

Back at office they summoned the company accountant who has been with the Company for the last two years with CMA qualification for a discussion. During this discussion Lionel mentioned that:

“As the Production Director with an intimate knowledge of the properties of Rubber, I don’t think anyone knows better what style is more suitable for a particular customer. I also make very high quality shoes and that’s why I need better and newer machinery to make our shoes the leading brand of quality in the market. I also do not think anyone can match the selling abilities of Malith who can convince any retailer to purchase our products and the more thrust and connections you have with the retailers, we can increase our sales. So I am little confused as to the concern of our bank officer for our marketing abilities and particularly of his comment as to our company’s Marketing Orientation and the application of Marketing Concept.”

You are required to:

- (a) Explain the difference between the “Production Concept” and “Selling Concept”. **(06 Marks)**
 - (b) What is meant by “Marketing Orientation” and briefly discuss the salient features of the “Marketing Concept”? **(08 Marks)**
 - (c) What seem to be, as per the presented facts, the managerial philosophy underlying “Trendy Footwear” company? **(06 Marks)**
- (Total 20 Marks)**

Question No. 02 (20 Marks)

“Healing Pharma” is a company in the pharmaceuticals industry and deals in a wide array of product lines that are organized under three different business units and “Oral Care” products are marketed under one of such business units.

This unit that commenced business some time ago has not been able to show any noticeable growth in the business over the last couple of years that concerns the top management. Mr. Samuel is in charge of the marketing function of this company and you are the Accountant.

The Managing Director of Health Pharma Mr. Dias, after attending a conference of all Pharmaceutical Companies held under the auspices of the State Pharmaceutical Corporation has learned that there appears to be high growth in the oral care segment of the industry and therefore, was unhappy with the low market share enjoyed by his company in this market. He particularly noted that his company was surpassed even by new competitors who entered this segment much after Healing Pharma.

You are required to:

- (a) Briefly explain three reasons why “Growth” is important to a business enterprise. **(03 Marks)**
- (b) Under the pressure to come up with some definitive proposals, Mr. Samuel claims that he will make a presentation next week using Ansoff’s growth matrix.

Explain how Health Pharma’s Oral care division can use the Ansoff’s growth matrix to develop product and market growth strategy for the division? **(07 Marks)**

- (c) Toothpaste made out of herbal ingredients is an item marketed under the Oral Care division of the Healing Pharma. As per the Maslow’s Hierarchy of needs; under what category/categories of needs this product may be classified? Briefly explain your answer. **(10 Marks)**
- (Total 20 Marks)**

Question No. 03 (20 Marks)

Company 'A' is engaged in importing and selling new automobiles from Japan and Singapore. Company 'B' is an importer and a seller of motor vehicle spare parts that are mostly used in the types of automobiles imported by Company 'A'.

You note that the recent budget has introduced considerably high duties on the import of new automobiles but have not brought about any changes of duties to the existing duty structure applicable in respect of spare parts.

- (a) (i) Is the change in the recent budget proposals in respect of the duty structure for the new automobiles relevant to the company 'B'? Briefly explain the reasons behind your answer.

(08 Marks)

- (ii) Briefly explain how and why a high inflation rate and high interest rates affect the marketing prospects of a company engaged in selling refrigerators and home appliances.

(04 Marks)

- (b) Roshan a qualified food scientist has commenced his own business after a very successful commercial career. His aim is to produce and market a very high quality fruit jam. You have been hired as the marketing manager for this business venture.

As we are aware "segmentation, targeting and positioning (STP)" are highly valuable and vital concepts that are central to the success of a marketing operation.

You are required to briefly explain any possible "STP strategy" that Roshan may opt to follow in relation to the marketing efforts of his business.

(08 Marks)

(Total 20 Marks)

End of Section A

SECTION B: People Management

Read the following case and answer only 2 questions.

Case of BEACHSIDE – HOTEL

This is a case of two competing hotels, Sunrise Hotel and Beachside Hotel that are both located in a medium sized, tourism based town in the country. The hotels are both competing for the same set of guests, as well as the same set of potential employees. They are budget hotels, right next door to each other, with 60 guest rooms each and a view of the beach. The occupancy during peak season for the Sunrise Hotels is 98%, but during the off season goes down 65%. The Beachside Hotel has peak season occupancy of 90% and off peak occupancy of 50%.

Joe is General Manager of Sunrise Hotel and has been in his current position for 5 years. He has been with Sunrise Hotel for a total of 10 years. He worked his way up at Sunrise Hotel from front desk agent to front desk supervisor, and finally to Assistant General Manager before he became the General Manager. He does a good job of screening potential employees for his front desk area of the hotel because he realizes the importance of that section of the hotel, especially in tourist areas. He also has incentive scheme set up for excellent performance of the front desk agents and training and development programs designed to give everyone information that will help them do their job better. There is a sense of teamwork at Sunrise Hotel and that helps everyone who wants to do a good job. His guest satisfaction is 9 on a scale of 1-10. The average length of tenure of his employee is 4 years, and his current front desk supervisor was promoted from within, along with his Assistant General Manager. Because of the small size of the hotel, Joe is actually involved with all of the hiring decisions and helps to give training programs himself, along with his senior staff. The employee turnover at the Sunrise Hotel is 25% overall and that is primarily when employees leave the Sunrise Hotel for a career somewhere else. A survey leading to assess employee satisfaction had indicated that on average employees were quite contented. Joe had an open door policy for both employees and the clients. Sunrise Hotel has also earned a name in the Hotel Industry by clinching the Best Safety Award for consecutively for 5 years and also for good employee relations.

Brian is the General Manager of the Beachside Hotel and deals with a very different situation. Brian was brought- in from another hotel in the same hotel group about 6 months ago. He was told by his boss that he needed to "fix" this hotel so that it would start having better customer satisfaction ratings and more return guests. Despite the fairly high occupancy noted during peak season, the off peak season occupancy is only 50%. Also noted by his boss, the occupancy should be as good as the Sunrise Hotel. Brian has been with his hotel group now for 2 years and he came out of the accounting and finance department in his old hotel. He has a great understanding of the numbers in the lodging industry, but has not been involved with the human resource aspects of the job. The employee turnover at Beachside Hotel 120% and that means that Brian is constantly running the hotel shorthanded and with new employees. The Beachside Hotel has been doing the hiring through Mary .Mary was put in the position because she really could not handle serving guests at the front desk very well. Mary was assigned to do human resources a year after she had too many altercations with the guest at the front desk. The owner of the hotel wanted to make sure that she would not make any of the others guests angry, so he promoted her to be a human resources practitioner. Since that time, she has been busy trying to keep up with hiring and she has had no time for training employees. Because she is so busy, paychecks often came out to employee late, there are no policies written down for employees to use as to guide performance, customers are treated badly by new and poorly trained employees, and the departments of the hotel do not communicate very effectively and therefore everyone blames everyone else when things go wrong. Employee had no occasion to meet Brian or Mary-his HR staff person. The survey to assess employee satisfaction ended with dismal response. The survey had revealed incompetent handling of staff, and absence of training staff development.

The average length of tenure of the front desk agents at the Beachside Hotel is 3 months and the customer satisfaction rating at the Beachside is a 6 out of a 10 possible rating. Most of the front desk agents that are hired come from other hotels in the area after they quit or are fired. Brian is not involved in the hiring for the hotel at all, and does not get involved with training and development. He spends most of his days looking at the financial reports for the hotel and analyzing daily rate, occupancy rates, etc.

Brain knows that he has many problems to deal with and so he goes to the Sunrise Hotel to observe things over there for a while. He sees a happy crew there

Question No. 04 (20 Marks)

(a) List 5 major Labor laws applicable to hospitality Industry in general. **(05 Marks)**

(b) Explain the importance of HR Planning for the two hotels referred to in the case above. **(15 Marks)**

(Total 20 Marks)

Question No. 05 (20 Marks)

(a) Identify five Human Resource Management mistakes Brian has made. **(10 Marks)**

(b) Give five recommendations for Brian to organize the HR functions properly. **(10 Marks)**

(Total 20 Marks)

Question No. 06 (20 Marks)

(a) List 2 main employee attitudes you would consider when selecting new Kitchen staff for the Beachside Hotel and give reasons for your choice. **(04 Marks)**

(b) Make four recommendations with regard to motivation of the employees of Beachside Hotel. Justify your recommendations by citing relevant motivational theories. **(16 Marks)**

End of Section B

End of Question Paper
