

MANAGEMENT PROGRAMME

Term-End Examination

June, 2014

03648

**MS-93 : MANAGEMENT OF NEW
AND SMALL ENTERPRISES**

Time : 3 hours

*Maximum Marks : 100
(Weightage 70%)*

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- Note : (i) Attempt any three questions from Section-A
carrying 20 marks each.
(ii) Section - B is compulsory and carries 40 marks.*
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SECTION-A

1. With special reference to the performance of SSI's, discuss the role which this sector plays in employment generation.
2. Describe the different elements or variables which determine market demand. Discuss how they help in formulating effective marketing programmes ?
3. What do you understand by the term 'financial planning' in the context of SSE's ? How does the entrepreneur arrange financial resources to take care of the operational requirements?
4. Describe the phases in which the process of Production Planning is carried out. Explain how it is different from Production Control.

5. Write short notes on **any four** of the following :
- (a) Stages of growth
 - (b) Stabilization strategies
 - (c) Marketing Mix
 - (d) Personnel selection process in small business
 - (e) Coping strategies for family business

SECTION-B

6. Read the case given below and answer the questions given at the end of the case :

The Nirma Story - The Saga of Karsanbhai Patel
Business opportunity identification

Karsanbhai Patel's life typified that of millions of other Indians. He worked as a chemist with Gujarat Mineral Development Corporation in Ahmedabad in the western state of Gujarat earning a meagre salary on which he was desperately struggling to make ends meet. At the same time Karsanbhai recognised that there was a vacuum in the rural Indian market for an affordable detergent. There were low quality soap bars that did not wash very well and were very time intensive or there were up market detergent brands that washed very well but were too expensive. Karsanbhai recognised the need for an affordable detergent and concluded that a good product would create its own market. On the basis of this rather simplistic but accurate belief, Karsanbhai started conducting experiments in his kitchen. His efforts finally yielded a pale, whitish - yellow powder that he named "Nirma",

after his then one - year - old daughter Niranjana. In no time he began producing small quantities of washing powder and selling them to his neighbours. He look on the might of the giant multinational Hindustan Lever with his puny, homespun unit. He packaged his product in small pouches with neither colourful decorations nor designs. Every morning Patel got onto his bicycle and went from door to door selling his washing powder.

For harried housewives, struggling to balance their monthly budgets, the product came as a boon. It was much cheaper than Surf, which had already gone well out of their reach; and it washed clothes nearly as well. Its cleansing power was far superior to that of the slabs of cheap washing soaps that had been their sole alternative until then. As word-of-mouth spread, Karsanbhai got more and more customers to whom he effected his deliveries on foot.

Soon wholesalers and distributors from different neighbourhoods, towns, cities, and States of India started arriving at Karsanbhai's doorstep to buy and redistribute Nirma. Karsanbhai took on no responsibility for delivery or distribution; but his product was soon available in every corner of India.

As television reach spread in India during the late 1970s so did Nirma's. The little girl on the pack became a symbol that was almost generic with a good quality, low - priced detergent. A catchy single hammered home the message to millions of housewives. It was as if a down market consumer revolution had taken off.

Today Nirma sells over 800000 tonnes of detergent annually, giving it a 35 percent share of the market.

Nirma products : Even the second product that Karsanbhai introduced - a low - priced toilet soap, which he thoroughly test marketed in Gujarat before going national with it in 1990 - has been faring well.

As with Nirma detergent, Karsanbhai did not start up a media assault until his entire distribution network had the product in place.

A toothpaste, which Karsanbhai claims has been developed with indigenous technology, is next in the pipeline, but has already taken nearly four years on the drawing board.

Problems : Of late, Karsanbhai has encountered several other problems that promise to try his managerial skills to the utmost. One is the fact that his size has expanded so much that he is deemed to be a public limited company. That status will deprive his products of their edge in price, because they will be gathered into the excise net.

The intrepid entrepreneur also faces intense competition from the small sectors, which was his initial launch pad. Inspired by the success of Nirma, there are literally hundreds of soap - makers, who have made Ahmedabad the detergent capital of the country. Since transportation costs are a very crucial part of the costing in a low - priced detergent, many manufacturers are locating their factories as close as possible to their eventual sales points to save on transport costs. Nirma could well lose out soon on its best Unique Selling Proposition - price.

Another problem is that the sheer size of his operations makes it difficult for Karsanbhai to maintain the highly centralised style of running that has always been characteristic of Nirma. For an enterprise that is today competing with Godrej for the accolade of the largest privately owned business in India, Nirma has an exceedingly top light management structure, with barely 200 managers handling the huge 14,000 strong work force. Decision - making is restricted to a handful of top people.

The saga continues : Nirma has embarked upon two ambitious backward integration projects - manufacture of two key raw materials, Linear Alkyl Benzene (LAB) and Soda Ash, with a view to control almost 85 percent of its detergents raw material requirement.

Karsanbhai's concern for the environment is noteworthy. For instance, his detergent powder is completely eco - friendly since it is phosphate free and biodegradable. Nirma's LAB plant is India's most environment - friendly of its kind.

Karsanbhai considers contributions to society vital - he has constantly endeavoured to pay back what he sees as his own debt to society . This has taken various forms over the years, including a number of agencies, bodies and causes, like the Nirma Memorial Trust and Nirma Foundation, which look after deprived women in Gujarat, as well as ashrams and guest houses for pilgrims and the elderly.

With an intense desire to provide world - class technical and managerial education, Karsanbhai Patel set up the Nirma Education and

Research Foundation. Today, the Nirma Institute of Technology, Nirma Institute of Management, and Nirma Institute of Diploma Studies have become the most sought - after institutes of the student community not only in Gujarat but also in different parts of the country.

Questions :

- (a) State the problems faced by Karsanbhai in establishing his business.
 - (b) Explain the measures used by Karsanbhai to expand his business.
 - (c) What products are being offered by Nirma ? Discuss the promotional strategies adopted by it.
 - (d) Discuss the strengths of Nirma detergent powder which helped it to survive competition in the market.
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