

Seat No.: \_\_\_\_\_

Enrolment No. \_\_\_\_\_

## GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER 1– • EXAMINATION – WINTER 2016

**Subject Code: 2810005**

**Date: 05/01/2016**

**Subject Name: Principles of Management**

**Time: 10.30 a.m. to 01:30 p.m.**

**Total Marks: 70**

**Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

**Q1. (a)** Select the appropriate option from given multiple choice question: **06**

1. A business school administrator who is determining what classes will be offered in which rooms and who will teach in which specific class is involved in which classical management function.
  - a. Planning
  - b. Organizing
  - c. Controlling
  - d. Leading
2. Identify the sequence of different steps in controlling.
  - I. Measurement of performance.
  - II. Comparison of actual and standard.
  - III. Analysis of causes of deviation.
  - IV. Actual performance.
  - V. Corrective action plan.

a. (III), (IV), (V), (I), (II)	b. (II), (III), (IV), (V), (I)
c. (I), (II), (IV), (III), (V)	d. (IV), (I), (II), (III), (V)
3. Which of the following managers deal with the actual operations of an organization's units?
  - a. First level
  - b. Top level
  - c. Middle level
  - d. Administrative
4. Interpretation of messages plays a very important role in communication within or outside organizations. The interpretation of a message by an individual is known as
  - a. Message interference
  - b. Perception
  - c. Noise
  - d. Semantics
5. Which of the following theories proposes that the factors that help prevent dissatisfaction on the job do not necessarily lead to satisfaction?
  - a. Vroom's expectancy theory
  - b. Herzberg's motivation-hygiene theory
  - c. Mc Gregor's theory X
  - d. Adam's equity theory

6. Five different workers perform different tasks contributing to completion of one specific job for instance preparing a Big Mac at McDonald's. This division of labour refers to which of Fayol's principles of management?
- Work specialization
  - Scalar chain
  - Order
  - Authority and responsibility
- Q1. (b)** Explain the following terms/ concepts **04**
- Management by objectives
  - Charismatic leadership
  - Strategic intent
  - Line authority
- Q1. (c)** "Management is a science as well as an art". Explain. **04**
- Q2. (a)** Explain Henry Fayal's contribution towards management theory. **07**
- Q2. (b)** "Planning is the essence of management, it is a managerial function." Elucidate. **07**
- OR**
- Q2. (b)** Information technology plays vital role in modern management. Examine the statement in detail. **07**
- Q3. (a)** Describe rational decision making process with an appropriate example. **07**
- (b)** "Authority is an all inclusive principle of management from which all other principles are derived." Do you agree? Give your reasons. **07**
- OR**
- Q3. (a)** Explain Vroom's expectancy Theory. **07**
- (b)** Write a short note on Globalization. **07**
- Q4. (a)** Explain Matrix organization in detail. **07**
- (b)** With appropriate illustration, describe an organization structure based on customer and its advantages and disadvantages. **07**
- OR**
- Q4. (a)** Explain various approaches to recruitment. Also show its advantages and disadvantages. **07**
- (b)** Explain the basic steps involved in control process. **07**
- Q5. Case Study** **14**

### **Trials and Challenges for Mr. Barrett at Intel**

Intel Corporation is best known for its processors. The sign "Intel Inside" is familiar to most people using a computer. There are, for example, Pentium 3 and 4 and the new-generation Itanium. For servers and workstations, Intel produces the Xeon. The colorful CEO Andy Grove led the company to success for many years. By 2011, however, CEO Craig R.

Barrett faced many challenges, including criticism. The new strategy of moving into new markets such as information appliances, communications, and Internet services was costly and so far less than successful. In fact, the move beyond its core business may have detracted from its core business of computer chips. These new directions resulted in frequent reorganization, causing organizational uncertainties for the managers. While some think that the frequent changes were necessary to adapt to new situations and to keep the organization agile, others disagree.

Barratt's leadership, and his moves into various directions, is quite different from Grove's. He carefully crafted strategy that focused on chips. Barratt's personal strengths lie in manufacturing. He invested heavily in research and development. Bust new products such as the Itanium require several years before they show results, and Barrett has only a few more years before his retirement. Investing in new manufacturing technologies with an aim of achieving virtually automated plants leading to cost reduction in chip manufacturing. However the personal computer market is stagnated in the early 21<sup>st</sup> century, while wireless communications and cell phones are rising in the market. In the cell phone market, for example, Motorola and Texas Instruments are developing new digital signal processors, and Intel would have to work hard to catch up. A key to success of Intel may be whether or not the company can become an important player in wireless market. Barrett made a number of costly acquisitions, including Level One Communications. But the question still remains as to whether or not the heavy investment n new technologies will result in profitable business. This may determine the legacy of Craig Barrett.

#### Questions

1. What is your assessment of Barrett's performance and his vision for Intel? Is he the right person for the job at Intel?
2. What are some problems associated with frequent reorganization?
3. What are the pros and cons of focusing on the distant future and making heavy investment in new technologies?

OR

#### Q5. Case Study

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##### **Caribou Coffee Has a Mission**

John and Kim Puckett love the outdoors. They also love coffee. About a decade ago, they were hiking Sable Mountain in Alaska. When they reached the summit, they were inspired not only by the scenery surrounding them out but also the sight of a distant herd of caribou galloping through the valley below. No, the Pucketts didn't suddenly pull a coffeemaker out a backpack and start brewing coffee on the mountaintop. But when they got home after mountain trip, they wanted to find a way to re-create the sights and sounds of the Alaskan wilderness, preserving some of the feelings they had experienced. They wanted to establish a place where people could gather to share good and simple things: casual conversation with friends, time for the daily newspaper, a tasty cup of coffee, and "an escape from daily grind." They also wanted to start their own business. So they opened their first coffee shop in Minneapolis, in December of 1992. Today, Caribou Coffee is the nation's second largest specialty coffee company, with 160 stores and 2,000 employees across eight states. The Pucketts have remained true to their original vision of bringing the wilderness home: each store is built and decorated to look like as Alaska lodge. With knotty-pine cabinets, a rustic fireplace, and comfortable seating. "We still strive to make the Caribou experience adventures, rewarding, and fun," says the company's Web site. "Our mission is to the best neighborhood gathering place; fast and friendly service is at the heart of this goal."

A clear mission is the soul of an organization, but achievable goals and good planning are its heart and lungs. Caribou coffee integrates all three, but its development and growth have not been without struggle. The Pucketts perfected the company's rustic image and style. With

the help of Barry Hudge, vice president of marketing, and the Carmichael Lynch advertising agency in Minneapolis, Caribou came up with buzzwords to capture the Caribou experience: “Outdoorsy. Leave smiling. Han-made. Down to earth. Clever. Transformational.”

People who had a Caribou shop in their area immediately loyal customers. They seemed to prefer Caribou’s brew to that of its largest competitor, Starbucks, and Caribou even debuted certain flavors and brewing methods that Starbucks followed later. Quality, service, and satisfied customers – all were goals that Caribou could achieve. But the company had problems with setting more specific goals had planning for growth. For one thing, Caribou lacked the funds for the kind of expansion that the Pucketts envisioned. For another, their expansion from Minneapolis to other locations was driven by the competition – they simply went where Starbucks wasn’t located, instead of establishing growth goals independently. But 1997, Caribou Coffee had 123 stores, with only Starbucks ahead of it. Caribou company president Jay Willoughby declared, “Our intent is to be a national player.” But Starbucks had more than 2,000 stores, including nearly 190 overseas. Caribou wasn’t even close. That doesn’t mean being number two is necessarily bad. In fact, said Alan Hickok, and industry analyst, “In markets where [Caribou] competes head-to-head with Starbucks, they’ve done just fine... There’s no consumer category, with the exception of Microsoft, where consumers have been satisfied with having just one choice. Absolutely, there’s room for No. 2.”

Caribou still wanted to grow – but they were having trouble coming up with a clear plan and the money to back it. Enter Don Dempsey, former head of McDonald’s China division. Dempsey joined Caribou as its new CEO in 1999. Why would he make the leap from a giant like McDonald’s to the small beans of Caribou Coffee? “When you’re running an international company for McDonald’s, you really have a lot of autonomy,” he explained. “I wanted to take what I had learned at a large company and apply it to a small one.” When one news writer asked Dempsey about his goal for the company, he answered that he wanted to “reliably and consistently grow profits.” But he needed a plan, and he needed a way to raise the money to achieve his overall goal.

Dempsey recalls that when he needed more money to fund a project at McDonald’s, he just called up the CEO and asked for it. Funding wasn’t so easy for Caribou. But eventually the Crescent group of Atlanta agreed to purchase a percentage of the company, which would pump the needed growth dollars into the organization. Dempsey outlined a plan for expansion: stick with locations in which Caribou already had stores and strengthen the Caribou brand within those locations. Caribou’s largest market is its hometown of Minneapolis- - St. Paul, but other markets include Columbus and Cleveland, Ohio; Raleigh and Charlotte, North Carolina; Atlanta; Detroit; Chicago; and Washington, D.C. “We have to increase penetration and increase brand awareness in order to improve our economics,” Dempsey said. Meanwhile, Caribou would continue to brew a good cup of coffee in a place where people can get away from the daily grind.

### Questions

1. Write what you think be an effective, updated mission statement for Caribou Coffee.
2. What is the relationship between Dempsey’s goal and his plan for sticking with existing markets?
3. How important is the Pucketts’ original vision to the company’s identity today?  
Explain your answer.

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