INDIAN INSTITUTE OF MATERIALS MANAGEMENT

June 2012

Post Graduate Diploma in Materials Management

PAPER No. 16

Business Strategies And World Class Practices

Date :14.06.2012 **Max. Marks :100**

Time : 2.00 p.m to 5.00 pm **Duration : 3 Hrs.**

Instructions:

1.	The question paper is in three parts	
2.	Part A is compulsory. Each question carries one mark.	**Total marks-32**
3.	In Part B answer any 3 questions out of 5. Each question carries 16 marks	**Total marks-48**
4.	Part C is a case study with sub questions and it is compulsory.	**Total marks-20**

PART- A (1 x 32 = 32 marks)

Q1) Fill in the blanks

a) WTO replaced GATT in the year ________________

b) According to Gunn, world class manufacturing rests on Total Quality Control, Just In Time and _________________

c) Shiego Shingo pioneered in the area of _________________

d) Information management tools are CAD, CAE and ___________________

e) _________________ provides a simple and inexpensive method of encoding text information.

f) Continuous improvement in processes based on data is called ___________________.

g) _________________ is based on voluntary employee involvement in teams.

h) KAI means change, ZEN means __________________.

Q2) State true or false

a) The direct workforce was a principal factor of productions for industrial age organizations.

b) Alvin Toffler had described the economic evolution in three phases.

c) India would be the 4^{th} largest economy in the world by 2020.

d) JIT manufacturing speeds up production process.

e) External Quality is value-addition for customers the way they did expect.

f) Total Quality Management (TQM) is closely followed by Total Productive Management.

g) J.M. Juran's definition of quality centres on fitness of use.

h) The measurement of quality of outgoing material is the index of vendor quality.

Q3) Match A and B

A	B
a. Supply Chain Management	1. Firm's entire production system
b. World Class Customers	2. Link between engineering and manufacturing
c. CAPP (Computer Aided Process Planning)	3. Competitive advantage
d. CAD system	4. Best practices
e. Benchmarking	5. World class producer
f. Total Productive Maintenance	6. Minimum time in drafting
g. Master Production Schedule	7. Movement of materials
h. WCM	8. Zero defects

Q4) Expand the following

a) APC
b) TPI
c) WIP
d) PDSA
e) ZQC
f) SPM
g) DFA
h) FTA

PART B

(Answer any 3) 16 x 3 =48 marks

Q5) Explain the concept of e-business.

Q6) What are the dimensions of performance for excellence?

Q7) What is Benchmarking? What are its advantages?

Q8) What are the Strategic Planning Methodologies for World Class Manufacturing?

Q9) Distinguish between any four

a) External Customers and Internal Customers.
b) GATT and WTO
c) Customer and Consumer
d) MNC and TNC
e) CAD and CAM

PART C

Q10) Case Study: 20 marks

PepsiCo derived 70 percent of its sales from domestic markets, in contrast to coca-cola with nearly 80 percent of its revenues generated outside the United States. To change this disparity, PepsiCo launched a multibillion-dollar international expansion plan in 1994 to capture new world market share. The goal was to begin the campaign to capture 20 percent of the national market share in Brazil, which is the world's third largest soft drink market after the United States and Mexico. By 1996, Pepsi's plans were in shambles. Its Brazilian "Super bottler", Buenos Aires Embotelladora SA, or Baesa, was facing insolvency; three top executives stepped down in wake of Baesa's problems; the company defaulted on international loans; and Pepsi's Venezuelan bottling partner defected to Coco-Cola. At the same time, Coco-Cola took the market-share lead away from Pepsi in the heart of Russia and much of Eastern Europe.

Pepsi's problems in Latin America and Europe suggested that is bigger enemy overseas was not Coke, but itself. In Brazil, say industry analysts, the company made an ambitious charge in to the country, focused on pumping up sales and outgunning the competition rather than on building brand loyalty and long-term profitability. In its rush, it made costly mistakes. The firm implemented a go-for-broke beverage strategy not just in Latin America, but world-wide, and Brazil was to be the company's first major engagement,

But Brazil is coke country. Coco-Cola has weathered the ups and downs of the Brazilian economy for more than 50 years, building a brand name, slowly winning more than 50 percent of the market, and leaving Pepsi with about 10 percent or less. The main reason is that Atlanta-based Coco-cola has spent some 10 years lashing together its hundreds of overseas bottles and independent franchisees to make and sell soft drinks. Coke's regional bottles, called anchor bottlers, have developed deep local ties, huge capital budgets, and finely honed distribution systems. In contrast, Pepsi struggled in Brazil, shifting among three bottlers in 25 years without having those bottlers build a brand name or customer loyalty for the products. In addition, PepsiCo switched to a regional Latin strategy, centred its operations in Puerto Rico, and established an elaborate distribution hub to serve Chile, Brazil, Argentina, and Uruguay. When this failed, the company "re-launched" national market systems, such as the one in Brazil with Baesa. Pepsi's plans called for opening four state-of-the-art plants in Brazil, each capable of producing 250 million cases of soft drinks a year. The company also bought new trucks and rolled out several new products and packages. The new plants were rushed into service, and people were hired and rapidly trained. Pepsi brought in local managers from other locations, as well as executives from the United States and other Latin subsidiaries. The result was an environment where chief executive officers not meeting expectations were replaced, and plant workers were fundamentally unskilled. Pepsi suffered costly quality problems with bent cans, broken bottles, leaky caps, and shoddy distribution and wholesaling services.

Learning from its past mistakes, Pepsi has spent the past four years restructuring. The restructuring has involved cutting back on its international operations and selling restaurants and bottling operations in order to revitalize the company. In particular, PepsiCo has revamped its strategy and focused on what it does best and where it has the potential to be a dominant player in the industry-packaged foods and drinks. By utilizing the strengths of Frito- Lay Snacks, Pepsi Cola Beverages, and Tropicana juices, the company has developed a strategy that centres on supermarkets. Pepsi's new strategy has proven effective in a number of non-soft drink areas. The concept, "Power of One ". Places Frito-Lay and Pepsi products side by side on grocery store shelves to encourage shoppers to purchase Pepsi when buying snacks. This strategy has increased the odds that consumers will select Pepsi when purchasing snack foods. In addition, Tropicana has 44 percent of the market share, which is more than double that of Coco-Cola's Minute Maid, and Pepsi's Aquafina holds the bottled water market share.

Overseas, PepsiCo still faces challenges in the soft drink arena. But it has a learned that going head to head with Coco-Cola in overseas markets where Coke is the dominant brand may not be the best strategy. PepsiCo has decided instead to focus on emerging markets such as in India And china, where there the potential to gain a greatest share of the market Coco-cola continuous to hold 50 percent of the market share; however, Pepsi –Cola has the greater market share in India.

Pepsi product line is solid, and its executives are not afraid to take risks. Pepsi-Cola may never edge out Coco-cola, but its current strategy has made Pepsi more competitive. It has created synergies resulting in increased operating margins, higher return on invested capital, and a stronger position in the market place. And with a new CEO stepping up to the plate, Pepsi may grow even more and increase its global position.

QUESTIONS:

1. How would you describe PepsiCo's primary strategy? What strategy would you suggest, and why would it succeed?
2. How might PepsiCo gain greater market share in emerging markets?

****