PAPER – 17 - STRATEGIC PERFORMANCE MANAGEMENT

The following table lists the learning objectives and the verbs that appear in the syllabus learning aims and examination questions:

	Learning objectives	Verbs used	Definition
LEVEL C	KNOWLEDGE What you are expected to know	List	Make a list of
		State	Express, fully or clearly, the details/facts
		Define	Give the exact meaning of
	COMPREHENSION What you are expected to understand	Describe	Communicate the key features of
		Distinguish	Highlight the differences between
		Explain	Make clear or intelligible/ state the meaning or purpose of
		Identity	Recognize, establish or select after consideration
		Illustrate	Use an example to describe or explain something
	APPLICATION How you are expected to apply your knowledge	Apply	Put to practical use
		Calculate	Ascertain or reckon mathematically
		Demonstrate	Prove with certainty or exhibit by practical means
		Prepare	Make or get ready for use
		Reconcile	Make or prove consistent/ compatible
		Solve	Find an answer to
		Tabulate	Arrange in a table
	ANALYSIS How you are expected to analyze the detail of what you have learned	Analyze	Examine in detail the structure of
		Categorize	Place into a defined class or division
		Compare and contrast	Show the similarities and/or differences between
		Construct	Build up or compile
		Prioritize	Place in order of priority or sequence for action
		Produce	Create or bring into existence
	SYNTHESIS How you are expected to utilize the information gathered to reach an optimum conclusion by a process of reasoning	Discuss	Examine in detail by argument
		Interpret	Translate into intelligible or familiar terms
		Decide	To solve or conclude
	EVALUATION How you are expected to use your learning to evaluate, make decisions or recommendations	Advise	Counsel, inform or notify
		Evaluate	Appraise or asses the value of
		Recommend	Propose a course of action

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This paper contains 10 questions, divided in three sections Section A, Section B and Section C. In total 7 questions are to be answered.

From Section A, Question No.1 is compulsory and answers any two questions from Section A (out of three questions - Questions Nos. 2 to 4). From Section B, Answer any two questions (i.e. out of Question nos. 5 to 7). From Section C,
Answer any two questions (i.e. out of Question nos. 8 to 10).

Students are requested to read the instructions against each individual question also. All workings must form part of your answer. Assumptions, if any, must be clearly indicated.

Full Marks: 100 **Time allowed: 3 hours**

Section –A

[Question 1 is compulsory and answers any 2 from the rest]

1. Read the case study and answer the following questions:

Taxmann Allied Services is a leading publisher specializing in books on Indian taxation and corporate laws, accounting and auditing, banking, finance and management. It also prints a vast array of journals, web-based products and legal databases on DVDs.

Until 2012, Taxmann did not have any solution to automate and manage sales or service processes. "Our sales, service and marketing teams managed customer information such as call and comments in a diary or at times in Excel worksheets, based on personal preferences," recalls Sumita Sharma, Head – Customer Care, Taxmann. The result was either duplication or data loss. Disorganized tracking and monitoring made the sales cycle longer than anticipated, thus resulting in a higher cost of sales and poor closure rate.

Taxmann also offers online subscription to journals and books and other content. Previously, if a customer contacted its call center, the representative did not have sufficient information to handle the calls effectively. Even simple issues such as activation, renewal and access, took time to resolve. In addition, there was no provision to log the customer and call details, or record the interaction. "Manual routing of calls, high wait time, and finding the right resources to resolve issues was a challenge. Resolution took 3-7 days, resulting in customer dissatisfaction," says Vishal Gambhir, Team Lead – Customer Care, Taxmann. Sometimes customers would abandon the call due to the long wait time and there was no way to identify repeat callers.

The company wanted a robust and centralized Customer Relationship Management (CRM) solution that would help optimize business processes, effectively plan and track sales activities to shorten the sales cycles, increase closure rates and provide quality services to its customers, thus leading to customer satisfaction.

Taxmann evaluated several CRM solutions available in the market, including Sage, Zoho, Salesforce.Com, Microsoft Dynamics CRM and Sugar CRM.

Taxmann approached Godrej Infotech, a Microsoft Gold Certified Partner to implement the solution because of its experience, expertise and on-time delivery record.

After much analysis, the team opted for the Microsoft Dynamics CRM 2011 solution. "It was imperative that the solution proposed consolidate all of the customer data into a single system and reduces overheads, duplication and rework," says Hemant Savla, Delivery Manager, Godrej Infotech."At the same time, integration with other existing applications was a must." Out-of-the-box features of Microsoft Dynamics CRM and integration abilities met all Taxman's requirements.

The deployment started in October 2012 and the solution went live in less than five months with all the three modules, Sales, Service and Marketing for 50 concurrent users. In March 2013, Taxmann started using its CRM solution at the head office and its two customer call centers in Delhi. It purchased 50 concurrent user licenses.

Taxmann now defines marketing campaigns, and assigns employees to specific customers. All employees add updates to the CRM solution, for example, sales persons will update leads and opportunities in Dynamics CRM. This generates a 360-degree view of the customers. A salesperson can also track a customer's preferences, such as the preferred mode of communication, and the type of information and offers he/she would like to receive. This information helps the marketing team to deliver the right information via the right touch point to the customer. Taxmann develops new strategies based on the information available in Dynamics CRM to cross-sell and up-sell its products and services, thus increasing revenue.

Godrej Infotech also customized and integrated Dynamics CRM with third-party applications to fulfill unique business requirements. "Integration with SMS and email helps us to stay connected with our customers on their mobile phones," says Vishal. Computer Telephony Integration (CTI) routes calls immediately to the technical team to resolve queries. If required, agents escalate the queries from one office to another, thus giving immediate response to customers and ensuring satisfaction. Call wrap-up capability for managing post-call operations in Dynamics CRM, such as adding notes, activity and case management helps the Taxmann management to understand its customers better.

Godrej Infotech configured the master data management, that set the policies, governance and management of the master data. In addition, it integrated Microsoft Dynamics NAV, the ERP solution at Taxmann with Dynamics CRM.

"All the requisition orders and sales orders from Dynamics CRM automatically flow into Dynamics NAV and are added to the master data," states Sunita Singh, ERP Head, Taxmann. For example, an employee can use the customer information that is in Microsoft Dynamics NAV, which is synchronized with Dynamics CRM, to fill in an order form that a salesperson creates in Microsoft Dynamics CRM. "It automatically synchronizes a customer's account, contact, product, sales order and invoice information in both the applications, thus eliminating duplication of data."

The solution also provides meaningful charts and dashboards, culling out useful reports using tools such as SQL Server Reporting Services (SSRS) and SQL Server Integration Services (SSIS – for CTI reports) and creating customized forms for individual customers. Additionally, it offers tools to improve its ability to predict market trends and requirements.

Taxmann plans to integrate its website with the solution in the near future. This will assist in capturing leads and opportunities from the website as well as service requests.

Benefits

Microsoft Dynamics CRM consolidated information in a centralized system giving a precise 360-degree view of every customer. It has effectively mitigated business challenges faced earlier. "We have improved the visibility of information and processes for more predictable and manageable business operations," says Sumita.

(i) Improves Collaboration
(ii) Enhances Customer Service
(iii) Increase in Revenue
(iv) Increases Efficiency

Required:

(a) Define the Customer Relationship Management.
(b) Describe the objectives of the using of CRM applications.
(c) Explain the problem faces by the Taxmann before implementing the Customer Relationship.
(d) Discuss the steps are taken by the Taxmann to solve the problem.
(e) Describe the facilities getting from implementation of Customer Relationship Management. **[3+3+5+5+4]**

2 (a) The following information is available of a concern, calculate E.V.A.

Debt Capital 12%	₹ 2,000 crores
Equity Capital	₹ 500 crores
Reserve and Surplus	₹ 7,500 crores
Risk - free rate	9%
Beta factor	1.05
Market rate of return	19%
Equity(market) risk premium	10%
Net operating profit after tax	₹ 2,100 crores
Tax rate (say)	30%

[10]

(b) Explain the Limitations of value chain Analysis. **[5]**

(c) Explain about the Dual (two ways) prices in the context of the Transfer pricing. **[5]**

3. (a) State the steps for applying the VCA (Value Chain Analysis) approach to core competencies for competitive advantages. **[4]**

(b) Two firms are competing for business under the conditions so that one firm's gain is another firm's loss. Firm A's pay-off matrix is given below:

		Firm B: No advertising	Firm B: Medium advertising	Firm B: Heavy advertising
Firm A	No advertising	10	5	-2
	Medium advertising	13	12	15
	Heavy advertising	16	14	10

Suggested optimum strategies for the two firms and the net outcome thereof. **[10]**

(c) List the steps in Strategic Benchtrading. **[6]**

4. (a) A radio manufacturer produces 'x' sets per week at total cost of ₹ x^2 + 78x + 2500. He is a monopolist and the demand function for his product is x = (600 – *P*) /8, when the price is 'p' per set. Show that maximum net revenue is obtained when 29 sets are produced per week. What is the monopoly price? **[6]**

(b) The total revenue from sale of 'x' units is given by the equation $R = 100x - 2x^2$, calculate the point price elasticity of demand, when marginal revenue is 20. **[5]**

(c) Discuss the factors influencing price of a product. **[9]**

Section B
[Answers any 2 Questions]

5. (a) Explain the technical and operational factors of E - commerce. **[5]**

(b) "Artificial neuron is a basic building block of every artificial neural network. Its design and functionalities are derived from observation of a biological neuron" –Explain the Statement. **[5]**

6. (a) "The MI is based on the concept of the Production function. This is a function of maximum possible production, with respect to a set of inputs pertaining to capital and labour" – Discuss it. **[5]**

(b) Mention the characteristics of Data warehouses. **[5]**

7. Define the following terms in the context of Supply Chain Management:
(i) Capacity Management, (ii) Customer Relationship Management , (iii) Customer Value,(iv) Information Sharing , (v) Lean Manufacturing. **[2×5]**

Section C
[Answers any 2 Questions]

8. (a) Explain the Logit model in the context of corporate Bankruptcy Prediction Model. **[4]**

(b) Define the term "Enterprise Risk Management". Why "Enterprise Risk Management" is needed? **[3+3]**

9. (a) Discuss the leading indicators for sickness of a company. **[5]**

(b) Mention the objectives of GACAP. **[5]**

10. State the different Strategic Decision for Risk Management. **[10]**