

Time Allowed: 2 ½ hours

Max Marks: 50

Roll No:

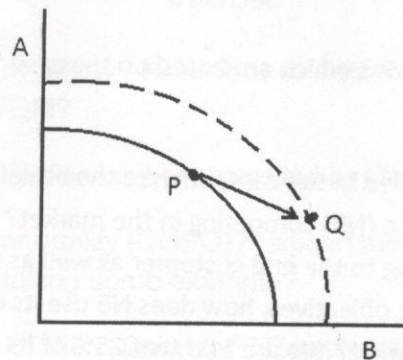
Instruction: Students are required to write Roll No on every page of the question paper. Writing anything except the Roll No will be treated as Unfair Means. In case of rough work please use the answer sheet.

Please be brief and to the point.

Section A

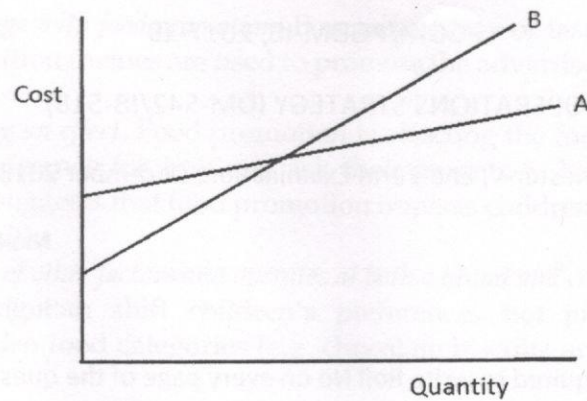
Please attempt any FOUR questions. Each question carries 5 marks.

- A1. ABC Corporation is one of the best competitors in its industry. It competes on performance objectives of cost efficiency (A) and flexibility/variety (B), and occupies the position P on the current efficient frontier. It wants to further improve its flexibility/variety and move to a new frontier to position Q. Can you think of a suitable example of how this transition from P to Q can happen?



- A2. The figure below represents the total cost versus quantity produced for a niche manufacturer like Pinninfarina and a volume producer like Fiat.
- Which cost line represents Pinninfarina? Why?
  - What does the slope represent? Why is the slope for A lower between the two?





- A3. In the connector industry ACC competes on flexibility/variety, whereas, DJC competes on cost efficiency. Can you compare and contrast elements in their process technology that help them compete on their respective performance objectives?
- A4. Company XYZ competes on cost. It is evaluating the option of outsourcing its manufacturing to bring down cost. In what ways can such a move bring down cost?
- A5. In the Maruti case discussed in class, we find that there is lack of coordination among various functions, even though each function is performing as expected by the organization. What then is the problem? How can such a problem be resolved?

#### Section B

Please attempt the following questions which are based on the case 'New Balance Athletic Shoe, Inc.'.

- B1. Using the information provided in the case, analyse the athletic footwear market in the USA. On what basis is New Balance (NB) competing in the market? To answer this question, please remember that NB is catering to the end customer as well as to the retailers.
- B2. Considering its performance objectives, how does NB use its operations resources (decision areas) to compete in the market? We are told that 25% of its manufacturing is based out of the east coast of the USA, whereas its competitors have outsourced all their production to Asian suppliers. Is this strategy justified?
- B3. NB is privately owned by Jim and Anne Davis. Its financial details are not available publicly. Perhaps this is the reason why the case also provides gross/broad financial data on NB. However, it is possible that their gross margins are relatively high. Do you agree? Can you explain?
- B4. Consider case exhibit 3. Which category of retail outlets give maximum revenues to NB (revenue/outlet)? How does this value compare with the average revenue per outlet considering all categories of outlets? Does this comparison indicate how NB should chalk out its future growth strategy? What could be the greatest stumbling block to this strategy?
- B5. Should NB be worried about the impending acquisition of Reebok by Adidas? If so, what change(s) should it make to its operations strategy?