

# College of Applied Business (CAB)

## Sent-up Examination, February 2015

### BBA / First Semester / MGT 201: Principles of Management

Candidates are required to give their answers in their own words as far as practicable.

#### Section 'A'

**Time: 20 minutes**

Brief answer questions: (Attempt ANY TEN questions)

[10 × 1=10]

1. What are the essential skills of manager?
2. Mention the main theme of contingency theory?
3. Mention the advantages of group decision making.
4. Draw a simple matrix organization structure.
5. List any four qualities of good leadership.
6. Mention four emerging concepts of organizing.
7. What is devolution?
8. What is Nominal Group Technique for decision making?
9. State the Scientific Management principles.
10. State four emerging challenges for management.
11. Illustrate the systems approach with an appropriate diagram.
12. Mention any three tools available for decision making.
13. Write two points of differences between centralization and decentralization.
14. State four importance of motivation.
15. What is quality of work life?

#### Section 'B'

**Time: 30 minutes**

Short answer questions: (Attempt ANY TWO questions.)

[2 × 5=10]

16. What are managerial roles? Explain the managerial roles classified by Henri Mintzberg.
17. What are the pitfalls of effective planning? How can management improve planning?
18. What are the major barriers to effective communication? How can managers remove such barriers?

#### Section 'C'

**Time: 80 minutes**

19. Comprehensive answer questions. *Read the case and answer the questions given at the end.*

London-based Reuters is a venerable company. Established in 1850 and devoted to delivering information around the world by the fastest means available – which in 1850 meant a fleet of 45 carrier pigeons- by the late 1990s the company had developed into one of the largest providers of information in the world. Although Reuters is known best to the public for its independent, unbiased news reporting, 90 percent of Reuters' revenues are generated by providing information to traders in financial markets. In the 1990s the company used a proprietary computer system and a dedicated telecommunications network to deliver real-time quotes and financial information to Reuters terminals – devices that and self-respecting financial trader could not function without. When Reuters entered the financial data business in the early 1970s, it had 2,400 employees, most of them journalists. By the late 1990s its employee base had swelled to 19,000, most of who were on the financial and

technical side. During this period of heady growth Reuters accumulated some 1,000 products, often through acquisitions, such as foreign language data services, many of which used diverse and sometimes incompatible computer delivery systems.

The late 1990s were the high point for Reuters. Two shocks to Reuters' business put the company in a fall. First came the internet, which allowed newer companies, such as Thompson Financial Services and Bloomberg, to provide real-time financial information to any computer with an internet connection. Suddenly Reuters was losing customers to a cheaper and increasingly ubiquitous alternative. The internet was commoditizing the asset on which Reuters had built its business: information. Then in 2001 the stock market bubble of the 1990s finally broke; thousands of people in financial services lost their jobs; and Reuters lost 18 percent of its contracts for terminals in a single year. Suddenly a company that had always been profitable was losing money.

In 2001 Reuters appointed Tom Glocer as CEO. The first non journalist CEO in the company's history, Glocer, an American in a British –dominated firm, was described as “not part of the old boys' network”. Glocer had long advocated that Reuters move to an Internet –based delivery system. In 2000 he was put in charge of rolling out such a system across Reuters but met significant resistance. The old proprietary worked well, and until 2001 it had been extremely profitable. Many managers were therefore reluctant to move toward a Web-based system that commoditized information and had lower profit margins. They were worried about product cannibalization. Glocer's message was that if the company didn't roll out a web –based system, Reuters' customers would defect in droves. In 2001 his prediction seemed to be coming true.

Once in charge, Glocer again pushed an Internet based system, but he quickly recognized that Reuters' problems ran deeper. In 2002 the company registered its first annual loss in history, £480 million, and Glocer described the business as “fighting for survival. Realizing that dramatic action was needed, in February 2003 Glocer launched a three year strategic and organizational transformation program called Fast Forward. It was designed to return Reuters to profitability by streamlining its product offering, prioritizing what the company focused on, and changing its culture. The first part of the program was an announcement that 3,000 employees (nearly 20 percent of the workforce) would be laid off.

To change its culture Reuters added an element to its fast Forward program known as “living Fast”, which defines key values such as passionate and urgent working, accountability, and commitment to customer and team. A two day conference of 140 managers, selected for their seniority, launched the program. At the end of the managers collectively pledged to buy half a million shares in the company, which at the time were trading at an all time low.

After the conference the managers were fired up; but going back to their regular jobs, they found it difficult to convey that sense of urgency, confidence, and passion to their employees. This led to the development of a follow up conference: a one day event that included all company employees. Following a video message from Glocer and a brief summary of the goals of the program, employees spent the rest of the day in 1,300 cross -functional groups addressing challenges outlined by Glocer and proposing concrete solutions. Each group chose one of “Tom's challenges” to address. Many employee groups came up with ideas that could be rapidly implemented and were. More generally, the employees asked

for greater clarity in product offering, less bureaucracy, and more accountability. With this mandate managers launched a program to rationalize the product line and streamline the company's management structure. In 2003 the company had 1300 products. By 2005 Reuters was focusing on 50 key strategic products, all delivered over the Web. The early results of these changes were encouraging. By the end of 2004 the company recorded a £280 million profit, and the stock price more than doubled

Questions:

[4×5=20]

- a) What changed the competitive playing field of Reuters?
- b) Why was Reuters slow to adopt Internet based technology?
- c) Why do you think Tom Glocer was picked as CEO?
- d) If you were Glocer's how would you do things differently?