

MODEL CASE STUDY WITH SUGGESTED ANSWERS

SUBJECT: MANAGEMENT PRINCIPLES FOR LOGISTICIANS

The Marketing manager of AMK Enterprises, Roopali Deshmukh (Deshmukh) stepped out of the conference hall in a pensive mood after an important meeting called by the CEO. The meeting was attended by the heads of various departments in the company and was convened to discuss the targets for the coming assessment year. Deshmukh had a formidable sales target to achieve and wondered how she would be able to meet those seemingly impossible goals. This fear was further aggravated by the fact that the productivity levels of employees in the company had been falling. Deshmukh was under tremendous pressure from the management to improve the performance of her team. She also had to deal with the decreasing levels of employees' morale in her 24-member team. As a first step, Deshmukh informed her team members about a meeting that she planned to hold the next day. She then drafted a plan of action that she intended to discuss with her team.

The next day, Deshmukh began the meeting by informing her team members about the corporate meeting she had attended. She then said, "We have a difficult task ahead for this year, and your participation and involvement is essential to achieve the goals". She then invited suggestions from her team members regarding the role to be played by each of them. The meeting then progressed on to setting of individual targets for by each team member as, it was felt that this would help in accomplishing the organizational goals. Specific goals were, therefore, set and agreed upon by all the team members. The team aimed to increase the organizational profits by 18% over the next six months. They sketched out a plan of action to achieve the targets set for the team and decided that they would meet once every two months to monitor their progress.

Two months later, the team met again and received their progress. Deshmukh also gave a feedback on the performance of every member of the team. The team then collectively identified the areas of improvement and decided upon the measures they would take to overcome their deficiencies. This continued for the rest of the year. The final review meeting was held just before the yearly corporate meeting attended by the top management. The team was surprised to see that they had achieved their targets.

Thus, effective planning and control mechanisms helped the team achieve their short term goals, and this in turn, helped in the achievement of the organizational objectives. Besides, the employees were also motivated as the management gave adequate recognition to their involvement and participation in achieving team goals. The target to be achieved by the team was highly challenging. This further motivated the team members as they had better opportunities to prove their problems solving skills. Thus, the outstanding performance of the sales team helped the organization achieve in the long term.

Questions for Discussions:

1. Roopali Deshmukh followed the practice of management by objectives (MBO) while setting goals for team members. Discuss the various phases of the MBO process that helped her team achieve its goals.

2. Explain briefly the process of MBO and the various advantages of implementing MBO in organizations.

SUGGESTED ANSWERS:

1. Roopali Deshmukh followed the practice of management by objectives (MBO) while setting goals for team members. Discuss the various phases of the MBO process that helped her team achieve its goals.

ANSWER:

Roopali Deshmukh implemented the MBO process as an intervention to improve the productivity of her sales team. She successfully implemented the process by following a sequence of effective planning, control and development. The following are the various phases of the MBO process that led to its success:

- The MBO program was initiated by the top management which set the overall organizational goals and communicated them to the people down the hierarchy. However, the management did not interfere much with the means of achieving the objectives. In other words, it gave adequate autonomy to its employees to implement the progress.
- Deshmukh then drafted a plan of action to achieve the targets decided by the management for the year.
- She invited employee participation in various aspects of implementation of the program. She encouraged her team members to decide the role each one would play in order to achieve the team's target. She sought their suggestions to play in order to achieve the team targets that each individual would achieve. These short term targets were in line with the team's long term goals and objectives.
- Deshmukh also set specific time frames for the accomplishments of the targets. Thus the goals were not only specific but also time bound.
- Deshmukh closely monitored the performance of all the team members without actually interfering in their job. She also offered positive feedback to her subordinates and this helped them overcome their shortcomings and perform effectively.

Thus the MBO program implemented in the sales team proved to be beneficial to both the employees and the management

2. Explain briefly the process of MBO and the various advantages of implementing MBO in organizations.

ANSWER:

Management by objectives is a goal-setting tool where goals are set by employees in collaboration with the management. The aim of management by objectives is the achievement of organizational goals. MBO involves setting up short-term goals for employees in line with the

long term objectives of the organization. MBO is thus an effective tool for planning, control and development.

Most organizations use MBO as a control mechanism to ensure that there is no deviation between employee performance and organizational objectives. Organizations also use MBO as a performance measurement tool. Since MBO is a bottom-up approach, the organization gains from the participation of employees in the establishment and achievement of employee goals. Since individual goals are set collaboratively by employees and employers and are closely linked to the organization's mission and objectives, achievement of individual goals results in accomplishment of organization's objectives. Thus an effective MBO program not only motivates employee to achieve their individual goals but also helps in attaining organizational goals.