



Case Problem

Art auto company C Ltd is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. For quality conscious consumers, the company is introducing new models with added features and new technological advancements.

1. Prepare a model business plan for C Ltd to meet the existing challenge. You need to be very specific about quantitative parameters. You may specify which type of plan you are preparing.

Ans: In such a situation, formulating a strategy would be advisable. A strategy is a single use plan. It is normally made to fight competition in the market.

The model business plan, i.e., strategy will be

- (i) It is objective and its purpose is that how much sales it wants to increase over a specified time.
- (ii) The company should then list down its strengths and weakness. This brings in light as to what will be easy and what will be difficult.
- (iii) Aggressive, advertising and sales promotion techniques to be adopted.

2. Identify the limitations of such plans.

Ans: Limitations of the above strategy can be

- (i) Shortage of funds.
- (ii) Shortage of technical professionals.
- (iii) Top level may not be competent enough to develop a suitable strategy.
- (iv) The company may not be successful in assessing the future plans of the competitors as compared to its own strategy.

3. How will you seek to remove these limitations?

Ans: The above limitations can be overcome by

- (i) Arranging funds in advance.
- (ii) Effective methods of recruitment should be adopted to ensure availability of effective staff in all departments.
- (iii) Middle level should be encouraged to propose plans in the form of suggestions. After considering all these, a strategy should be planned.
- (iv) The company should be able to assess the moves of the competitors.

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