



DMM-5536

**M.B.A. (F.T.) (Sem. IV) (CBCS) & M.B.A. (E)
(Sem. IV) (CBS & New Course ATKT) Examination
March / April - 2016
CP-401 & 403 : Management Control System**

Time : 3 Hours]

[Total Marks : 70/100

Instruction :

(1)

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| नीचे दृष्टावेक निशानीवाणी विगतो उत्तरवडी पर अवश्य लपवी. Fillup strictly the details of signs on your answer book. | Seat No. : |
| Name of the Examination : | <input type="text"/> |
| M.B.A. (F.T.) (Sem. IV) (CBCS) & M.B.A. (E) (Sem. IV) (CBS &..... | <input type="text"/> |
| Name of the Subject : | <input type="text"/> |
| CP-401 & 403 : Management Control System | <input type="text"/> |
| Subject Code No. : <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="6"/> | <input type="text"/> |
| Section No. (1, 2,.....): <input type="text" value="Nil"/> | |
| Student's Signature | |

- (2) Question No. 6 and Question No. 7 are compulsory.
(3) Attempt any three questions from Question No. 1, 2, 3, 4, and 5.

- 1 Prepare an outline of a Management Control System 14/20
for an NGO (a nonprofit organisation). What are important
considerations which are different from a commercial
organisation?
- 2 Explain the importance of budgets for management 14/20
control. What is zero base budgeting and discuss the steps
involved in zero base budgeting ?
- 3 "Responsibility Centers constitute the structure of 14/20
management control system and it functions as performance
measurement tool of the managers". - Discuss in context with
Expense Center.
- 4 What do you mean by balance score card ? Create a 14/20
balance score card for bank.

- 5 "Information is a critical resource in the operation and management of organizations". Justify the statement in light of information system as a support to management control system with help of an example. **14/20**
- 6 Write Short Note On : (ANY TWO) **14/20**
- (1) Management Control of Project
 - (2) Management control and organization structure
 - (3) Key Success Factor in Power Industry
 - (4) Modern Control Methods
 - (5) Pre-requisites of good Management Control System
- 7 Read the case and answer the questions given at the end of it Organizational Restructuring of L & T. **14/20**
- Mr. A.M. Naik the Chairman of the company believes that no other company in the world is as complex as L & T... not even GE. He also said that on one Chairman can manage such a complex operation. He said he was able to do this job because he has been with the company for 45 years and has started 60% of these business.
- L & T does not have a promoter in the traditional manner. Its largest shareholder is LIC with about 14% holding. It is thus a professionally managed company. For quite some time now Mr. Naik has been saying that he is finding it very difficult to find a successor who will be able to manage this complex company involved in many business.
- Right now many of its SBUs work on the Profit Center basis and are managed by a management team that report to the HO.
- Now the company plans to restructure itself by carving out the Rs. 37000 crore engineering and infrastructure behemoth into nine virtual companies.
- Each of these to be called "independent companies" for the time being will have a full-fledged CEO, CFO and HR head and will manage its own P & L account. Each will even have its Board of Directors with at least three independent directors. Going forward some of these companies could be spun out of L & T and listed by 2015. Mr. Naik says that most of these companies will be ready for listing by March 2012, if it is so decided.

The nine boards will be soon set up will not have any legal or statutory standing but will merely advise the CEO and the management of these entities. Ten of the 27 independent directors required are already been identified according to Mr. Naik. He says that these companies will act as if they are listed entities short of facing shareholders. The L & T board has approved this restructuring and the implementation is in full swing.

The independent units will be :

Power

Hydrocarbon

Machinery & products

Heavy Engineering

Infrastructure

Building & Factories

Metal & Minerals

Electrical Business

Each of these is worth a billion dollars in revenues or very close to that figure. According to the Chairman this restructuring is part of an exercise to make the job easier for his successor by streamlining L & T's sprawling and complex web of 64 businesses.

Most CEOs of these independent companies will be in the age group of 55-59 years thus ensuring there are no more succession challenges for 5 to 10 years. However it is not clear if anyone of the 9 will ultimately succeed Mr. Naik.

L & T as it is today will in all probability will become the holding company for these 9 companies plus many other subsidiary companies like L & T Infotech and L & T Finance.

- (1) Comment on the strategy of restructuring of L & T.
- (2) What kind of Management Control System this new structure will require ?
- (3) What challenges do you fore see in controlling this structure ?