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<th>AMIC-CAF-NPI Workshop on Management of Small Newspapers, Kathmandu, Sep 13-18, 1987 : [notes and exercises]</th>
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<tr>
<td>Author(s)</td>
<td>Sukanta Dey</td>
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1.1

PRINCIPLE AND PRACTICES OF SOUND MANAGEMENT.
1.2

WHAT IS MANAGEMENT?

WHO IS THE MANAGER?

WHAT IS HIS "BUSINESS"?
The objectives of enterprise may vary.

Two central issues

Invest capital (own or someone else)

You must make profit

Owner

Capital

Profit
All business/activities have the same resources: money, labour (human or mechanical), time, and material.
THE CENTRAL PROBLEM

HOW TO PUT MANAGEMENT TO WORK ON

MONEY

MATERIAL

LABOUR

PROFIT •

IN A REASONABLE TIME
THE CENTRAL DUTY OF MANAGEMENT

- RISK TAKING
- JUDGEMENT
- ABILITY
- DETERMINATION
- LUCK
MANAGEMENT TECHNIQUES

DO NOT MAKE DECISIONS
THEY AID AND INFLUENCE DECISION IS MADE BY A MANAGER
1.6
THE BUSINESS STEPS

TIME
MONEY
MATERIAL
LABOUR

SOUND CONCEPTION
COST EFFECTIVE CONTROL

(OPTIMAL RESOURCE UTILISATION)

REVIEW

(a) REVIEW PAST
(b) FORECAST FUTURE
MANAGEMENT TECHNIQUES

AIDS TO CLEAR THINKING

SUCCESS DEPENDS ON

1. ELEMENTS

2. INTERPLAY

WORK WITH INFORMATION WHICH IS INCOMPLETE

TECHNIQUES ARE EXERCISES IN PROBABILITY NOT CERTAINTY

TECHNIQUES DO NOT RELIEVE MANAGERS

THE RESPONSIBILITY OF MAKING DECISIONS.

SUCCESS DEPENDS ON AIDS TO CLEAR THINKING
UNDERSTANDING AND ADAPTING TO "CHANGE" IS THE KEY INGREDIENT TO SURVIVAL AND GROWTH.
SUM UP

1. WHAT IS MANAGEMENT
2. OBJECTIVES OF AN ENTERPRISE
3. RESOURCES
4. THE CENTRAL PROBLEM
5. THE CENTRAL DUTY
6. MANAGEMENT TECHNIQUES
7. THE BUSINESS STEPS
8. ADAPTING TO CHANGE

MANAGEMENT IS THE ART OF MANAGING "UNCERTAINTY"
2.1 CORPORATE PLANNING

LONG TERM DEVELOPMENT (3-5 YEARS PLAN)

IMMEDIATE DEVELOPMENT (ANNUAL PLAN)
2.2 FEATURES OF IMPROVING MANAGEMENT PERFORMANCE: MUTUAL GOAL SETTING

A. Ask him to set his goals in line with company objective.
B. Clarify them, gaining his contribution.
C. Understanding agreed goals.
D. Acceptance.

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EXAMPLES OF GOALS

1. Profitability

1. To increase net profit before tax by ___% per year.

2. To improve return on capital employed from ___% in 1978 to ___% in 1982.

3. To improve profit before tax from ___% of sales in 1978 to ___% in 1982.

2. Market Standing

1. To increase our share of market of each major product line by ___% per year.

2. To obtain a market share of not less than ___% within three(?) years on any new line introduced.

3. To increase our unit sales in market "A" by at least ___% per year.

4. To increase our unit sales in market "B" by at least ___% per year.

5. To improve customer service by January 1982 so that 80% of orders are shipped complete within ___days of receipt of order and 90% of back orders are shipped within ___days.

3. Product Position

1. To discontinue within 18(?) months all products losing more than $____ per year after allocation of fixed overhead.

2. To add no fewer than ___ or no more than ___ new products each year, each with a potential of at least $____ sales within three years of introduction.

3. To improve the quality of products so that by 198___
   - customer complaints have been reduced from ___ per month to ___.
   - returned goods have been reduced from ___ to ___
4. Innovation
   1. To build our own product development capacity so that by 198, ___% of our product line extensions are completely developed on our own and ___% of new products.
   2. To provide at least ___ good new product ideas to initiating companies by 198.
   3. To introduce at least three unique or improving marketing ideas each year.

5. Productivity
   1. To increase the unit sales per salesman from $_______ a year to $_______ a year in selected product lines.
   2. To achieve savings of $_______ per year from profit improvement projects.
   3. To reduce:
      - idle machine time by ___% per year
      - waste by ___%
      - damaged good by ___%
      - delivery time by ___%

6. Human Resources
   1. To reduce employee turnover from ___% in 1979 to ___% by 1982.
   2. To fill 75% of vacancies by promoting from within by 198.
   3. To train all employees occupying new positions so that they are achieving standard performance within ___ months.

7. Manager Development
   1. To have at least one qualified replacement for each designated management position by December 1982.
   2. To introduce in 1982 a management and supervisory training program to improve performance in the present job.
   3. To make available two or three managers per year for exchange with other companies beginning in 198.
8. **Physical and Financial Resources**

   1. To reduce accounts receivable from ___ days sales outstanding in December 1980 to ___ days by December 1982.

   2. To improve turnover of finished goods inventories from ___ times in 1980 to ___ times in 1982.

   3. To identify and dispose of all unused fixed assets by 198__.

9. **Public Responsibility**

   1. To support at all times at least two supervisors or managers in community activities.

   2. To achieve by 198__ community recognition as a socially responsible citizen in terms of working conditions, physical appearance and adherence to ecological requirements.
2. PROVIDE AN ORGANISATION STRUCTURE WHICH GIVES THE MANAGER MAXIMUM FREEDOM AND FLEXIBILITY IN WHICH TO PERFORM.

1. DOES THE ORGANISATION PROVIDE FOR PROPER USE OF HUMAN RESOURCES?

2. IS THERE AN EFFECTIVE DIVISION OF WORK TO BE DONE?

3. ARE RESPONSIBILITIES/OBJECTIVES UNDERSTOOD?

4. IS THERE A SOUND LINE OF COMMAND?

5. IS THERE PROVISION FOR CONTROL AND ACCOUNTABILITY?

6. IS THE STRUCTURE WORKING IN GOOD SPIRIT?
3. Supply control information in a form and at a frequency which enables the manager to exercise effective control and thus make better, quicker decisions.
4. PERIODIC PERFORMANCE REVIEW (SAY MONTHLY) TO IDENTIFY HOW FAR RESULTS ARE ACHIEVED AND THE NATURE OF ANY OBSTACLES.

A. CONCENTRATE ON PERFORMANCE RATHER THAN PERSONALITY.
B. CONCENTRATE ON ACTION FOR IMPROVEMENT.
C. ENCOURAGE GENUINE PARTICIPATION.
D. KEEP REVIEW IN THE LINE.
E. DISTINGUISH PERFORMANCE AND POTENTIAL REVIEW.
F. NEVER DIRECTLY AND IMMEDIATELY LINK PERFORMANCE REVIEW AND SALARY REVIEW.
5. GUIDING AND TRAINING THE MANAGER TO HELP HIM TO OVERCOME WEAKNESSES, TO BUILD ON HIS STRENGTHS AND TO DEVELOP HIMSELF.
6. SECURING SUSTAINED HIGH MOTIVATION
BY EFFECTIVE SELECTION, SALARY AND
PROMOTION POLICIES AND METHODS.
BENEFITS FROM CORPORATE PLANNING

1. Concentration, individually and as a group, on the really important, profit influencing tasks.

2. Better delegation, as a manager clarifies more precisely with his subordinates, the results they will produce and uses performance review as a regular discipline for accountability.

3. Identification of problems which prevent high performance and action plan to solve them.

4. A demonstrable improvement in morale and sense of purpose arising from the involvement of managers in mutual goal setting.
5. THE IDENTIFICATION OF MEN WITH POTENTIAL SO THAT RELIABLE MANAGEMENT SUCCESSION PLANS CAN BE BUILT UP.

6. BETTER MANAGEMENT TRAINING AT LOWER COSTS.

7. IMPROVEMENT IN MANAGEMENT CONTROLS AND MANAGEMENT PERFORMANCE STANDARDS.
WHAT ARE ACCOUNTS?

1. They are the commercial reflection of business activities.
2. All activities involve money.
3. The money flow reflection of these activities is the keeping of accounts.
WHY KEEP ACCOUNTS?

1. PROSPECTIVE INVESTORS
2. CREDITORS
3. LABOUR UNIONS
4. GOVERNMENT AGENCIES
5. TAX AUTHORITIES
NEED FOR ACCOUNTING CONVENTION.

I. ACCOUNTING IS THE ART OF
A. RECORDING
B. CLASSIFYING
C. SUMMARISING

IN AN INTELLIGIBLE MANNER ALL TRANSACTIONS AND EVENTS IN AN ORGANISATION WHICH CAN BE TRANSACTED IN TERMS OF MONEY

II. THESE RECORDINGS SHOULD MEAN THE SAME THING TO ALL CONCERNED.
CONCEPTS & CONVENTIONS

1. MONEY IS THE COMMON DOMINATOR.
2. STABILITY OF MONEY.
3. THE BUSINESS ENTITY.
4. THE GOING CONCERN
5. CONSISTENCY.
6. CONSERVATISM.
7. HISTORICAL COSTS.
8. MATCHING EXPENDITURE TO INCOME.
9. CAPITAL AND REVENUE.
FAMILIAR ACCOUNTING TERMS

1. ASSETS : A COMPANY'S WEALTH, LAND, BUILDING, MACHINES.

2. LIABILITIES : VARIOUS PEOPLE'S SHARE IN OR CLAIMS ON THAT WEALTH.
   THEREFORE TOTAL ASSETS = TOTAL LIABILITIES.

3. BALANCE SHEET : A STATEMENT OF ASSETS AND LIABILITIES AT A POINT OF TIME.

4. ACCOUNTS : RECORDS OF BUSINESS TRANSACTIONS SHOWING HOW THEY INCREASE OR DECREASE THE VALUE OF ASSETS AND LIABILITIES.
DOUBLE ENTRY

1. TOTAL ASSETS = TOTAL LIABILITIES

2. IN ORDER TO PRESERVE THIS EQUATION, A PARTICULAR ASSET INCREASE MUST BE ACCOMPANIED BY ANOTHER ASSET DECLINING OR BY EQUIVALENT LIABILITY INCREASE.

3. EVERY TRANSACTION HAS TWO ASPECTS — BOTH HAVE TO BE RECORDED.
DEBITS & CREDITS

POSSIBILITIES

1. INCREASE IN ASSETS.
2. DECREASE IN LIABILITY.
3. DECREASE IN ASSET.
4. INCREASE IN LIABILITY.

ARE REDUCED TO TWO TERMS:

DEBIT

AND

CREDIT
The total value of an asset or liability at the end of a period, so called because it represents the net effect (or balance) of the increases or decreases in that account during the period. The closing balance of one period is entered in the balance sheet as representing the value of the asset or liability at that point of time - the date of the balance sheet.
PROFIT & LOSS ACCOUNT

THE CLOSING BALANCE OF THIS ACCOUNT IS DESCRIBED IN THE BALANCE SHEET AS "PROFITS RETAINED IN THE BUSINESS".

THE VARIOUS INCREASES OR DECREASES IN THIS ACCOUNT DURING THE PERIOD ARE SEPARATELY ANALYSED BY TYPES OF REVENUE AND EXPENSES AND IT IS USUALLY THIS ANALYSIS THAT IS REFERRED TO AS THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD.
Newspaper Economy

Concept of Cost

Variable Cost
- Raw Materials
- Power
- Taxes
- Distribution

Fixed Cost - I
- Wages & Salary
- Repairs & Maintenance
- Depreciation

Fixed Cost - II
- Marketing
- Advertising
- Administration
BUDGET CONTROL CONCEPT STEPS

- Set targets of revenue - costs
- Compare performance with target to detect deviations
- Revise target

Good target setting is good planning. The revenue variation is ±5%.
<table>
<thead>
<tr>
<th>Revenue</th>
<th>Cost</th>
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<tbody>
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<td>TGTVSACT</td>
<td>Fixed cost</td>
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<tr>
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<td>TGTVSACT</td>
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<td>Revenue Exp.</td>
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NEWSPAPER BUSINESS CYCLE CONCEPT

BUDGET MATERIALS

CALLS

SALES

MANUFACTURING

FINISHED GOODS
Organising a newspaper for a more efficient night

1. What are the tasks of a small newspaper? List them.

2. What amount of time is devoted to each task? Insert time against the list above.
CHARACTERISTICS OF
OWNER/MANAGER RUNNING A SMALL NEWSPAPER

0 GENERALIST VS SPECIALIST

0 EDITORIAL POLICY
  0 LAYOUT
  0 PRINTING
  0 ADVERTISING SUPPORT
  0 CIRCULATION
  0 FINANCES
  0 OTHER JOBS

0 HE MUST BE A MULTI-PURPOSE MAN

0 IN ANY CASE WHEN NEWSPAPERS BECOME BIG HE WILL HAVE TO GUIDE

0 HE MUST BE A NEWSPAPER ENTREPRENEUR
5.1 GENERAL PRINCIPLES OF MARKETING

Marketing is the process of determining consumer demand for a product or service, motivating its sale and distribution into ultimate consumption, to the continued satisfaction of the consumer and on a realistic profit base.
5.2 THS MARKETING PROCESS

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5.3 THE MARKETING FUNCTION

Diagram of the marketing function with sections for advertising, promotions, selling, research consumer market, production, sales forecasting, finance, development, and packaging.
MARKETING - TWO DISTINGUISHING FEATURES

- IT AFFECTS ALMOST EVERY BUSINESS FUNCTION.
- THE SOPHISTICATED METHOD USED TO ASSESS THE MARKET AND FULFIL ITS NEEDS.
MARKETING MANAGER’S NEEDS

- To liaise closely with many other sides of the business, such as product development, research, production, sales and advertising.
- To inspire a variety of people engaged in brand and market development and to coordinate the activities of a range of products.
MARKET RESEARCH - I

1. LAUNCH OF NEW PRODUCTS
2. MONITORING OF EXISTING PRODUCTS
3. MINIMUM SHARE TO YIELD AN ADEQUATE PROFIT
4. SHIFT IN CONSUMER PREFERENCE
5. CONSUMER DEMAND FOR THAT TYPE OF PRODUCT
MARKET RESEARCH - II

• QUANTITATIVE RESEARCH
  - SHOP AUDITS TO DETERMINE
  - VOLUMES
  - MARKET SHARES

• QUALITATIVE RESEARCH
  - WHAT ARE THE CONSUMER NEEDS?
  - WHY DOES SHE BUY CERTAIN PRODUCTS?
  - ADVERTISING PRE-TEST
  - POST-TEST
SHOW THE PARTICIPANTS THE MAGAZINES
THE PROBLEM: FALLING CIRCULATION
THE REASONS

THE RISE OF THE SNAPPY GENERAL MAGAZINE
INDIA TODAY, SUNDAY

THE RISE OF THE SPECIALISED MAGAZINE
STARDUST, SPORTSWEEN, BUSINESS INDIA

OUR PROBLEMS AFFECT REGULARITY.
THE RESEARCH QUESTIONS

CAN WE REPOSITION THE MAGAZINE?
IF SO, HOW?

IF NOT WHAT DO WE DO?
THE CONSTRAINTS

WE CANNOT CHANGE OUR SIZE.

WE MUST NOT LOSE OUR CURRENT READER.
THE METHOD

DEFINE COMPETITION THROUGH GROUP DISCUSSIONS AMONG WEEKLY READERS.

UNDERSTAND WHY THESE MAGAZINES ARE COMPETITION.
COMPETITION DEFINED AS DIRECT COMPETITION

- INDIA TODAY
- SUNDAY
- READERS' DIGEST
- ONLOOKER
- PROBE
- SUN
AND INDIRECT COMPETITION

* STARDUST
* DEBONAIR
* SPORTSWEK
* BUSINESS INDIA
* FEMINA
NOTHING CAN BE DONE ABOUT INDIRECT COMPETITION UNLESS -

* THE WEEKLY BECOMES SPECIALISED

IN WHICH CASE -

IT MAY LOSE ITS CURRENT READER
Therefor, study direct competition to see what discriminates these magazines.
PERCEPTION MAPPING USED
PERCEPTION MAPPING

- CATERS TO SUBJECTIVE & OBJECTIVE PERCEPTIONS
- DOES NOT REQUIRE THE RESPONDENT TO WORK HARD
- IDENTIFIES KEY VARIABLES IN BRAND PERCEPTION
- POSITIONS BRANDS ON THESE VARIABLES.
RECOMMENDATIONS

THE WEEKLY IS FUDDY-DUDDY AND MUST BECOME MORE READABLE

IT SHOULD IMPROVE ITS BREADTH OF COVERAGE.
MARKET RESEARCH - III
AN EXAMPLE OF THE USE OF RESEARCH
BRAND PREFERENCE


FOR ONLY BY FINDING OUT WHAT THE CUSTOMER WANTS FROM A PRODUCT CAN A MARKETING MANAGER DECIDE HOW TO DEVELOP HIS BRAND.
5.24 REASONS FOR CHOICE

TECHNIQUES EXIST FOR DETERMINING THE REASONS WHY PEOPLE NEED TO USE A GIVEN TYPE OF PRODUCT AND THE BASIS ON WHICH THEY DISCRIMINATE BETWEEN THE BRANDS AVAILABLE.
ADVERTISING

COMMUNICATION IS TO USE THE RIGHT IDEAS TO GET THE RIGHT RESPONSE AND IS HELPED BY CERTAIN TIME TESTED DISCIPLINES LIKE THE T PLAN.
PRODUCT DEVELOPMENT

THE PRODUCT MUST LIVE UP TO THE EXPECTATION OF THE CONSUMER. THE PRODUCTS MUST DELIVER WHAT THE ADVERTISING SAYS.
<table>
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<tr>
<th>TARGET GROUP</th>
<th>TARGET REACTIONS</th>
<th>TARGET FEELINGS</th>
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<td>(THE RIGHT PEOPLE)</td>
<td>THE RIGHT RESPONSE FROM THE SENSES</td>
<td>THE RIGHT RESPONSE FROM THE EMOTIONS</td>
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<tr>
<td>TARGET BELIEFS</td>
<td>THE RIGHT RESPONSE FROM THE REASONS</td>
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CONSUMER TESTING

THE PRODUCT IS TESTED AMONGST TARGET CONSUMERS TO ASSESS ACCEPTABILITY BEFORE LAUNCH INTO MASS PRODUCTION.
5.30

BRIDGING THE SALES FORCE

- The new product has to be launched on a nation wide scale.
- The sales force should be told the reasons for launching the product, the special benefits it confers and the results of consumer research to date.
TRADE PROMOTIONS

- Incentivise the trade to buy a specific brand.
- Incentivise the trade to stock more of a specific brand.

CONSUMER PROMOTIONS

- Increase trial/sampling
to reward loyal users.
A \times B = \text{ADEQUATE PROFIT}

\text{ADEQUATE VOLUME} \times \text{ADEQUATE MARGIN} = \text{ADEQUATE PROFIT}