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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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<td>Author(s)</td>
<td>Sukanta Dey</td>
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Notes And Exercises

By

Sukanta Dey
1. PRINCIPLE AND PRACTICES OF SOUND MANAGEMENT.
WHAT IS MANAGEMENT?

1. WHO IS THE MANAGER?

2. WHAT IS HIS "BUSINESS"?
1.3
THE OBJECTIVES OF ENTERPRISE MAY VARY.
TWO CENTRAL ISSUES
* INVEST CAPITAL (OWN OR SOMEONE ELSE)
* YOU MUST MAKE PROFIT

ATTENTION: The Singapore Copyright Act applies to the use of this document. Nanyang Technological University Library
ALL BUSINESS/ACTIVITIES
HAVE THE SAME RESOURCES

TIME

MONEY

MATERIAL

LABOUR (HUMAN OR MECHANICAL)

MANAGEMENT
THE CENTRAL PROBLEM

- HOW TO PUT MANAGEMENT TO WORK ON

- Money
- Material
- Labour

PROFIT

IN A REASONABLE TIME
1.6 THE CENTRAL DUTY OF MANAGEMENT

- RISK TAKING
- JUDGEMENT
- ABILITY
- DETERMINATION
- LUCK
MANAGEMENT TECHNIQUES
DO NOT MAKE DECISIONS

THEY AID AND INFLUENCE DECISIONS

DECISION IS MADE BY A MANAGER
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.
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)
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.
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
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.
BENEFITS FROM CORPORATE PLANNING (CONT'D.)

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 CONVENTIONS

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 denominator.
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


2. Liabilities: Various people's share in or claims on that wealth.

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.
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
BALANCE

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.
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.
CONCEPT OF COST

VARIABLE COST
- OR RAW MATERIALS
- POWER
- TAXES
- DISTRIBUTION

FIXED COST - I
- WAGES & SALARY
- REPAIRS & MAINTENANCE
- DEPRECIATION

FIXED COST - II
- MARKETING
- ADVERTISING
- ADMINISTRATION
BUDGET CONTROL CONCEPT STEPS

0 SET TARGETS OF

GOLD - REVENUE

- COSTS

0 COMPARE PERFORMANCE

WITH TARGET TO

DETECT DEVIATIONS

0 REVISE TARGET

GOOD TARGET

SETTING IS GOOD

PLANNING THEREIN

VARIATION IS ±5%
<table>
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<th>REVENUE</th>
<th>COST</th>
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<td>TGT VS ACT</td>
<td>FIXED COST</td>
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<td>TGT VS ACT</td>
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<tr>
<td>REVENUE EXP.</td>
<td>TGT VS ACT</td>
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NEWSPAPER BUSINESS
CYCLE CONCEPT

BUYING MATERIALS

CALL

SALES

FINISHED GOODS

MANUFACTURING
ORGANISING A NEWSPAPER FOR MORE EFFICIENT NEWS

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

- Generalist vs Specialist
  - Editorial Policy
  - Layout
  - Printing
  - Advertising Support
  - Circulation
  - Finances
  - Other Jobs
  - He must be a multi-purpose man

In any case when newspapers become big, he will have to guide
- 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.
5.4 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

- LAUNCH OF NEW PRODUCTS
- MONITORING OF EXISTING PRODUCTS
- MINIMUM SHARE TO YIELD AN ADEQUATE PROFIT
- SHIFT IN CONSUMER PREFERENCE
- 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

- 1976
- 1980

- 400,000
- 175,000
THE REASONS

THE RISE OF THE SNAPPY GENERAL MAGAZINE
INDIA TODAY, SUNDAY

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

OUR PROBLEMS AFFECT REGULARITY.
THE RESEARCH QUESTIONS

CAN WE REPOSITION THE MAGAZINE?
IF SO, HOW?

IF NOT WHAT DO WE DO?
5.12

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.
COMPTITION DEFINED AS DIRECT COMPETITION

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

* STARDUST
* DEBONAIRE
* SPORTSWEESK
* BUSINESS INDIA
* FEMINA
NOTHING CAN BE DONE ABOUT INDIRECT COMPETITION UNLESS -

* THE WEEKLY BECOMES SPECIALISED

IN WHICH CASE -

IT MAY LOSE ITS CURRENT READER
THEREFORE, 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.
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 BELIEFS</th>
<th>THE RIGHT RESPONSE FROM THE REASONS.</th>
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<td>(THE RIGHT PEOPLE)</td>
<td>TARGET REACTIONS</td>
<td>THE RIGHT RESPONSE FROM THE SENSES.</td>
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5.29

CONSUMER TESTING

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

BRIBING THE SALES FORCE

THE NEW PROJECT 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 CONFER AND THE RESULTS OF CONSUMER RESEARCH TO DATE.
5.31

PROMOTIONS

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.
5.32

A - B

PROFIT

ADEQUATE VOLUME

ADEQUATE MARGIN

ADEQUATE PROFIT

C = A \times B