Institute of Management Technology
Centre for Distance Learning, Ghaziabad
Recognised by University Grants Commission

IMT-17

INTERNATIONAL MARKETING

Notes:

a. Write answers in your own words as far as possible and refrain from copying from the text books/handouts.
b. Answers of Ist Set (Part-A), IInd Set (Part-B), IIIrd Set (Part – C) and Set-IVth (Case Study) must be sent together.
c. Submit the assignments in IMT CDL H.O.along with the assignments Question Papers for evaluation.
d. Only hand written assignments shall be accepted.

A. First Set of Assignments	5 Questions, each question carries 15 marks.
B. Second Set of Assignments	5 Questions, each question carries 15 marks.
C. Third Set of Assignments	5 Questions, each question carries 15 marks. Confine your answers to 150 to 200 Words.
D. Forth Set of Assignments	Two Case Studies : 7.5 Marks. Each case study carries 3.75 marks.

SECTION - A

1. In International Marketing it is imperative to create a relationship that holds value for the customers and for organization Discuss .
2. Write short note on IMF
3. How does international environment play a role in International Trade? What are the International Environment Segments?
4. Define factors determining the effectiveness of a political system
5. Please help a new entrepreneur in analyzing markets for entry in a new market

SECTION - B

1. Define Quota. What are the various types of Quota?
2. What do you understand by International Marketing Research? And types of International Marketing Research
3. The main objective of all business is survival .How does a product strategy help in International business what are product design strategies
4. What role does pricing play in International Business? Explain factors affecting international pricing.
5. Channel selections depend on distribution structure and choice of specific channel members. Elaborate with suitable examples

SECTION - C

1. Adopting the right kind of promotional strategies is the most crucial issue of entering markets in many countries. Discuss
2. Outline major issues in the New Export Import Policy in force
3. Define a letter of credit .What are the contents of letter of credit
4. Explain in detail the procedure of conducting a export transaction
5. Explain the major commercial documents used in export transaction

CASE STUDY - 1

THE CASE OF VENDOR IMPROVEMENT

The rays of the late afternoon sun filtered in through the sheer glass that was south-western wall of Indo-Wichitas boardroom. It cast three long shadows on the whiteboard that stood in the opposite corner, the diagrams on it from the last meeting only half-obliterated. The presence of just three people made the room seem larger than it was. Gautam Niyogi, at three inches above 5 feet, was the smallest, but he had die word CEO written all over him. Rajeev Kshirsagar - at 38, he was 10 years younger than his boss - was more casual;The third person, Arnab Roychowdhury, was trying hard to look older than his 30 years, which was I exactly the average age of senior consultants at Beninger Darkman.

Gautam Niyogi: "Thanks for dropping by at such short notice, Arnab. You haven't met Rajeev Kshirsagar, have you? He s my right-hand man. Rajeev, Arnab is the bright young man whom Sam told me about. Arnab, we want to talk to you about a special vendor education programme that we have been running for over two years now. All these months, we thought that it was giving us - and our suppliers -great results. But, over the past few weeks, we have been getting feedback, some direct, some indirect, which suggests that we may have been exaggerating its success. In fact, we may actually have been jeopardising our entire supply chain management process. And that's where we need your help.

Arnab Roychowdhury: All right. Could we start at the beginning? What is this special programme?

Niyogi: Our Vendor Improvement Team conducts it. Not very imaginatively, we call it the VIT. It is a sort of crash-course we devised to quickly bring our vendors up to global standards. A 7-member cross¬functional team, made up of our manager s, offers intensive programmes in manufacturing techniques to

our vendors - completely free of cost. It is a parallel process to our regular vendor managem ent programme.

And it is really an intermittent effort, not a continuous one.

Roychowdhury: So, the VIT isn't meant to be part of a long-term association with your vendors?*

Niyogi: Actually, the whole objective of the VIT is to conduct a short-term programme - 10 weeks, to be precise - and to leave it to the vendor to continue with it. You could think of it as a supplement to our official Vendor Development Programme. So, while the overall goal of our partnership programme with our suppliers is joint product development, supervisory training and strategic planning, the VIT is focused on Athe shop floor. You know, manufacturing techniques and that kind of thing

Roychowdhury: Why isn't it part of your formal vendor development programme?

Rajeev Kshirsagar: May I take that, Gautam? You see, Arnab, we're doing this not just for ourselves. Nichita, our Japanese partner, is also using our efforts as a laboratory. If we're successful, they'll ask their companies in other countries to use the same method. If you ask me why they started with us, it is, probably, because our supplier-base is pretty undeveloped. So, it isa good testing ground for a new system. In fact, that is why they took special care to train two of our engineers for 9 weeks, so that they could then come and train our vendors in Japanese systems. But we weren't sure if it would work. So, we did not build the VIT into the other programme. We started out carefully too. We picked - handpicked, I must add - 10 of the medium-sized vendors out of our 128 suppliers to try out the VIT. And it has always been optional. Of course, we have gone on to cover close to 50 vendors now, but we are not sure whether we should continue....

Niyogi: Perhaps I should explain a little about how the VIT works, Arnab. Once a vendor firm has agreed, we begin with a half-day presentation to its senior managers, where we try to allay their apprehensions - especially about additional costs, investments, or disruptions - and get them to commit themselves to the...." Niyogi's voice tailed often Kshirsagar's ears as he recalled the way the whole thing had been explained to him. The man who had done the talking was a manager from Nichita, and he had made a powerful but dense presentation on how the VIT worked. Kshirsagar tried

to relive that session 2 years ago ".. .The standard presentation begins with a description of what

continuous improvement is, and the benefits it brings in terms of cost-reduction and quality- enhancement After that session is over, the VIT briefs other people in the vendor firm, and undertakes what is called a Factory Assessment. The Assessment is discussed with the suppliers senior management, and used to identify areas of concern and targets for improvement. Although based on the tools, techniques and experience of Nichita in Japan, the programme has been tailored to meet the specific needs of Indian suppliers.

The next step is the formation of an Improvement Team comprising the supplier's own people. It includes operators and supervisors from the relevant production area as well as from maintenance, process Engineering, quality, and, sometimes, administration. Next, targets for improvement are established. The team leader prepares the ground for the activity by briefing the members, and making the necessary resources available.

The first week is devoted to training. During the second week, the team splits into smaller groups to analyse and discuss the various processes to be improved. The groups use a combination of hard data and subjective opinions to identify the roots of the problem, and arrive at possible solutions.

In the third week, the individual groups reconvene as a team. The team makes a flow-diagram of each process so that everyone appreciates what is involved, and agrees on the changes that will bring the best benefits. The data that has been collected by the groups is analysed by the entire team.

The period between the fourth and the eighth weeks is spent on implementation. Although the VIT returns often to observe the progress, the responsibility for this phase vests entirely with the suppliers people. The VIT returns full-time in the ninth and tenth weeks to help the team review what it has learnt and achieved, and to ensure that all changes are fully documented. It also discusses the outstanding issues and concerns, and potential improvement projects. The final task is to make a presentation to senior managers, describing the changes achieved and the benefits gained...

Kshirsagar suddenly switched back to what Niyogi was saying as he realised that his CEO was explaining the improvements that had since been made to the process.

Roychowdhury stood for a moment in the long men's room, and recalled the briefing he had been given by his boss, Sampat 'Sam' Mathur.

"All right, Arnab, here's your brief. You will be meeting Kshirsagar and Niyogi, who are the CEO and the Vice-President (Operations), respectively, of Indo-Nichita. Just to refresh your memory, which I know is in top gear first thing in the morning, that is the joint venture between Nichita and Indian Automotives. Now, Nichitas management in Tokyo counted some $60 billion in revenue from 23 countries last year while Indian Automotives' accountants put about Rs 1,200 crore in the bank. But don't jump to conclusions, my boy. It is the Indians who run the show here. Nichita only gives them the designs, the technology; and the systems and techniques."

"What s the problem?" Roychowdhury had asked.

"That's what you must find out. All I know is that Niyogi called me last night, and said he was worried stiff about a vendor improvement programme they are conducting at the behest of their Japanese partners. You have to go and find out what the trouble is."

As he prepared to head back into Indo-Nichitas minimalist conference room - was it the Japanese influence or the Indian thrift, he wondered briefly Roychowdhury invoked the photography memory which had stood him in good stead so many times .Indo-Nichita had begun manufacturing cars in 1994 at a plant near Bhopal. Check. Indian Automotive two-wheeler plant was at Chennai. Check Indo-Nichita was a steady, but not spectacular performer since it had managed to increase sales by only about 15 cent every year. Check. And - how could he forget? - since it was now 5 years since it had started doing business, the joint venture must have indigenised completely by now.

Kshirsagar: "So long as we continued with the routine development stuff, none of our suppliers had any problems. I mean, which manufacturer doesn't do some kind of work in collaboration with its suppliers these days? The problem is, through the VIT, we are essentially telling them to radically - and, in some cases, totally change the way they do things on their shop floor. For such changes to really work, it has to be part of the vendors overall strategy, right? So we have to get involved in their strategy. But that implies that they have to open up their entire business to us so that we can work together

Roychowdhury: Which, of course, they won't since they are not going to tell you what prices they are getting from their other customers, right?

Niyogi: Absolutely; And it isn't just the price-data; it is also all kinds of other information. And that is making our vendors suspicious. They think we want to control them, and rob them off their customer so that they become completely dependent on us. Okay, may be all of them don't think that way. Some of ? them are quite progressive, and know what we are trying to do. But there is some resistance. And that putting many of our relationships at risk, which is something we are worried about. Of course, all our contacts with our vendors are long-term. And we chose them after assessing their abilities, and setting cost and quality targets - not through tendering or anything like that. But if we come across as big brother to our suppliers, we are in trouble

Roychowdhury: I must ask an obvious question. I presume you must be having some kind of measure for checking how well your vendors are doing, and how efficiently your supply chain is working. So, have you checked on your gains from the VIT as distinct from your regular programme?

Kshirsagar: To be honest, it isn't easy to say. When Indo-Nichita started out in 1994,1 understand that the average vendor rating wis 35 on a scale of 100. That is up to 60 now although I can't say for sure how much of it is due to the VIT. But, judging from the fact that many of the techniques that have been transferred through the VIT are actually being used, I would say that the VIT has paid off pretty well. Which is why we are hesitant about calling it off altogether.. ..

Niyogi: If I may add, the real objective of the VIT was not just to transfer as many techniques as a 10- week programme would allow. We actually want to set-off a continuous improvement process. But we are not really sure how much momentum is being sustained after those 10 weeks. We have no monitoring of that. For all I know, there'll be no long-term impact....

Kshirsagar: And then there's another fear I have although I must add, Gautam doesn't share my views here. I feel that the VIT may be stretching our people, whose time would be used better in focusing on our core vendor development work.

Niyogi: Who knows, Rajeev. May be you're right. I'm not sure any more. So, can you help us, Arnab?

QUESTIONS

1. Is an initiative like the VIT the right approach in helping vendors improve their processes and their output? Should it be linked to the vendor's strategy? Or to the original equipment manufacturer's strategy?

2. Should something like the VIT be pursued continuously, or as a one-off programme? Should its coverage be extended to. include non-manufacturing activities? Should it now be improved, or discarded? or should it be integrated into Indo-Nichita's regular vendor-development strategy ?

CASE STUDY - 2

THE STORY OF A START-UP

March 2000, Dotcom days. CEOs are chucking their jobs in hordes to become entrepreneurs. So much so that such CEO-to-entrepreneur stories are hardly news' anymore. Yet... a handful of journalists huddle together in a small room at the Oberoi in Delhi for an early morning press conference. The story is the same: A company's CEO quits his cushy job to start his own outfit; venture capitalists back him; some prominent names on the Board; high hopes; tall projections.

But the tale kept to the script. Over the next three years, Raman Roy, that CEO, was to become an icon in India's business process outsourcing (BPO) industry and his start-up, Spectramind, a classic example of successful entrepreneurship. Roy, 45, a chartered accountant, is widely regarded as the pioneer and guru of the IT Enabled Services (ITES) business out of India, having played a pivotal role in proving that India could be a good location for remote processing and has successfully delivered servicing solutions from India.

Today, Spectramind has over 10,000 employees, seven facilities in four cities, 17 global customers AaittUs an integral part of software major Wipro Technologies. Revenues in the quarter ended September 2003 stoodat Rs 92.7 crore, a growth of 22 per cent over the previous quarter. Profit margins were in the range of 20 per cent, despite cutthroat competition. All the goals that Roy and his team had set for Spectramind at the outset were exceeded well ahead of deadline. Surely, you cant write a story better than that.

The success of Spectramind - now Wipro Spectramind - partly due to the stupendous growth of India's BPO industry. As more and more global companies want to cut costs, they take to outsourcing and turn to India. Having established call centres for Amex and GE, Roy knew this was coming. He had the early-mover advantage, solid funding from VCs - Chrysalis and HDFC put in $7.5 million in the first round - and the expertise required to run the business.

Roy started with a 980-seat facility at Delhi's Okhla Industrial Estate. "We had only 20-odd people when we got out first customer/' he recalls. Gradually, the facility got filled up, and then it suddenly spilt over. "It was the third customer who made a significant impact on our operations," Raman says.

As Spectramind was finding its feet in the nascent BPO sector, something else was happening in the big brother software industry. The crash of dotcoms and the economic slowdown in the US hit India’s software firms badly. When business began to get squeezed, these companies were forced to look at other revenue streams. BPO was a natural choice, although there were hardly any similarities between the two businesses, except that both a call centre agent and a software engineer had a computer on their desks.

It was then that Wipro Technologies found Spectramind. In October 2001, Wipro announced it was investing $ 10 million in Spectramind for a 24 per cent stake. "Some ofWipros clients were asking for BPO services. They also saw a huge market opportunity," says an investment banker who was involved in the deal. The GE background of Roy, practices such as Six Sigma and the overall work culture of Spectramind endeared the company to Wipro. "GE is one company that Premji admires. Raman was the most experienced in the industry and there were no cultural issues," he points out. Subsequently, in July 2002, Wipro bought out other investors and made Spectramind a wholly-owned subsidiary by spending another $83 million, making it the largest deal in India's BPO industry till date. Industry buzz has it that the investors, Chrysalis and HDFC, got 8-10 times the money they had ihvested in Spectramind. Roy and other employees, who held about 20 per cent of Spectramind, also made a pile of cash in the deal:

So Roy was back in the role of an employee from that of an entrepreneur, in the company he had founded. He was later made the Chairman and Managing Director of Wipro Spectramind, reporting directly to Vivek Paul, Vice-Chairman and CEO. Perceptible change in Roy now is that he is wary about forecasts. "We are part of an NYSE-listed company. So I can't make any forward-looking statements," he would tell you. But his enthusiasm and passion for the sector and Spectramind is still intact. "We have created the company of our dreams," he says.

Becoming Wipro Spectramind from Spectramind has done a world of difference to the company. Compared to rivals such as Daksh and EXL, Spectramind can leverage well on its parentage of Wipro and its deep pockets. "They would boast of being owned by a company with $8-10 billion market cap, with the result that most Fortune 500 companies treat them as an equal," says an industry source. "On other occasions, we have seen them offering to buy out the entire operations set-up or technology group for large Fortune 500 companies and show Wipro s balance sheet strengths to back up their assertion," he says.

Wipro has built deep relationships with large European and US companies, for whose BPO requirements Spectramind can easily feature as a natural choice of vendor. "The leads given by Wipro today immensely benefit Spectramind," sources say.

Wipro benefits from a steady stream of revenues from the BPO business. "At 9,000—10,000 people, even the revenue impact from Spectramind will soon start being significant in Wipro s consolidated revenue numbers," says Arjun Saxena of Inductis, a US-based management consultancy. The acquisition has also given Wipro a head start over Infosys, Satyam, HCL and others, whose choice to grow the BPO business organically means they have achieved barely a tenth of the scale Wipro has been able to achieve though Spectramind.

Wipro's BPO arm provides as many as 60 different processes to its 17 clients, with services ranging from resetting passwords to offering counselling over the phone to processing emails. "Some of our processes last just minutes, while some others may take about three hours," Roy says. Spectramind provides services to clients in six geographies across industries such as financial services, information technology, insurance, travel and hospitality and retail, among others.

The "scale in turn provides a chance to leverage economies, provide better growth opportunities to staffers and attain a certain critical mass that is important for bagging large deals," Saxena says. The present seat utilisation at Spectramind is 1.8 times and efforts are on to increase it further.

A strong management team is a key differentiating factor at Spectramind. Most officials who started out with Roy have stayed put. "The one thing that has always been impressive and very fruitful while looking of management talent," an industry official, who is involved in outsourcing deals, says about Spectramind. While other companies such as EXL and Daksh also have impressive entrepreneurs at the helm, Spectramind can showcase a complete team of professionals in various areas such as operations, quality, HR and business development. Apart from Roy, the other key officials at Spectramind are Sanjay Joshi, Vice-Chairman, who is in charge of sales and marketing, Devashish Ghosh, Chief Operating Officer both Ghosh and Joshi came from Wipro), Raj Dutta, Chief Financial Officer; S Varadarajan, Vice-President (Talent Engagement and Development) and Nilanjana Paul, Vice-President, New Business Development.

This team has also been able to cope with the problems caused by rapid growth. "We have the Management width and depth to handle such issues," exults Roy. For this purpose, Spectramind has created strategic business units, which are run as independent companies by Vice-Presidents. However; the parentage of Wipro should come in handy here too, as the company is used to over 40 per cent growth for the past so many years. Wipro's top brass has also given Spectramind operational decision making freedom so far, letting the company retain its entrepreneurial midset. It remains to be seen, however, whether such freedom will continue to exist in the future as well. As the company grows larger, more bureaucracy could influence its managerial structure.

Some time ago, an industry expert said that one significant shortcoming of Spectramind was the inadequate management attention to smaller accounts. "At its current size, small accounts, of say 100 agents, are largely inconsequential to Spectramind. As a result, we often hear market buzz around poor servicing to these accounts or diversion of managerial talent to larger accounts," he had said then. In mid-December, Lehman Brothers, a US based investment banker, pulled out technical helpdesk work from Spectramind, apparently because of lack of quality in service. Only 26 people were working on this project. Also, Spectramind stopped working on the human Genomics project, which it once used to highlight as an example of high end, complex work the company is capable of delivering. Here too, only a small team was involved. But as long as large deals flow in, there may not be reasons for worry.

Another area of concern for the company is the lack of an international footprint. But Spectramind is understood to be on the lookout for setting up operations overseas and an announcement in this regard is in the offing.

Who knows, another three years from now, it may be a completely different story.

QUESTIONS

1. Why has the crash of dotcoms and the economic slowdown in the US hit India's software firms badly ?
2. How can Wipro help in leveraging Daksh and EXL?
3. Can Wipro fulfil the BPO requirements for Spectramind, which can feature as a natural choice of a vendor?