

PAPER – 7 : INFORMATION TECHNOLOGY AND STRATEGIC MANAGEMENT

Attempt **all** question.

SECTION – A : INFORMATION TECHNOLOGY

Question 1

(a) Describe briefly the following terms :

- (i) RISC
- (ii) SCSI
- (iii) WiFi
- (iv) Linked List
- (v) Metadata.

(5 x 1 = 5 Marks)

(b) Explain each of the following :

- (i) Mirror Log
- (ii) Open Source Software
- (iii) Fire wall
- (iv) Intranet
- (v) Multitasking.

(5 x 1 = 5 Marks)

Answer

- (a) (i) **RISC:** RISC or Reduced Instruction Set Computing is an architecture of CPU which results in faster processing of instructions for workstations compared to microprocessor based personal computers.
- (ii) **SCSI:** Small Interface System Interface (SCSI) is a device interface that is used to solve the problem of a finite and possibly insufficient number of expansion slots. Instead of plugging interface cards into computer's system bus via the expansion slots, SCSI extends the system bus outside the computer by way of a cable.
- (iii) **WiFi:** It stands for Wireless Fidelity that describes the underlying technology of wireless local area network based on IEEE 802.11 specifications. It is used for mobile computing devices, Internet and VOIP phone access, gaming applications, consumer electronics , public transports and mobile commerce etc.
- (iv) **Linked List:** A linked list is a group of data records arranged in an order, which is based on embedded pointers. An embedded pointer is a special data field that links one record to another by referring to the other record. The field is embedded in the first record, i.e. it is data element within the record. Linked lists have head and tail which point to first and the last record in the database respectively.
- (v) **Meta Data :** Meta data or “data about data” is used to inform operators and users of the data warehouse about its status and the information held within the data warehouse. The most recent date for loading data, the business meaning of a data item and the number of users that are logged in currently are examples of metadata.

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- (b) (i) **Mirror Log** : A mirror log is an optional file that has a file extension .mlg. It is a copy of a transaction log which provides additional protection against the loss of data in the event of the transaction log becoming unusable.
- (ii) **Open Source Software** : Open source software is created by generous programmers and released into the public domain for public use. The company or individual that develops the software retains ownership of the program but the software can be used freely.
- (iii) **Firewall**: These are systems that control flow of traffic between the Internet and the firm's internal LANs and systems. They are usually packaged as turnkey hardware/software packages, and are set up to enforce the specific security policies that are desired. A firewall is a proven, effective means of protecting the firm's internal resources from unwanted intrusion.
- (iv) **Intranet**: It is a type of information system that facilitates communication within the organization among widely dispersed departments, divisions and regional locations. Intranet connects people together with Internet technology using Web browsers, Web servers and Data warehouses in a single view.
- (v) **Multitasking** : Multi-tasking refers to the Operating System's ability to execute two or more of a single user's tasks concurrently. Multiple tasks are executed by the CPU switching between them. This is accomplished through foreground / background processing. In this method, the CPU time is shared by different processes.

Question 2

Answer the following :

- (a) *Explain the value added services that a Data Centre provides.* (5 Marks)
- (b) *Explain different core phases that are required in developing a backup and recovery strategy.* (5 Marks)

Answer

(a) Value added services provided by a data centre:

- (i) **Database monitoring**: This is done via a database agent, which enables the high availability of the database through comprehensive automated management.
- (ii) **Web monitoring**: It assesses and monitors website performance, availability, integrity and the responsiveness from the perspective of the visitor to the site. It also reports on HTTP, FTP service status, monitors URL availability and round-trip response time, and verifies web content accuracy and changes.
- (iii) **Backup and restore**: It provides centralized multi-system management capabilities that has comprehensive integrated management solution for enterprise data storage using specialized backup agents for the operating system, database, open files and application.

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- (iv) **Intrusion detection system:** It provides automated network-based security assessment and policy compliance evaluation.
 - (v) **Storage on demand:** It provides the back-end infrastructure as well as the expertise, best practices and proven processes so as to give a robust, easily manageable and cost-effective storage strategy. It provides data storage infrastructure to access information at any time with security, reliability and availability needed to meet the requirements of a company.
- (b) **Core phases in developing a backup and recovery strategy:**
- (i) Create backup and recovery commands. The command should be verified with the actual results produced to ensure that desired results are produced.
 - (ii) Time estimates from executing backup and recovery commands help to get a feel for how long will these tasks take. This information helps in identifying what commands will be executed and when.
 - (iii) Document the backup commands and create procedures outlining backups which are kept in a file. Also identify the naming convention used as well as the kind of backups performed.
 - (iv) Incorporate health checks into the backup procedures to ensure that the database is not corrupt. Database health check can be performed prior to backing up a database or on a copy of the data base from the back-up.
 - (v) Deployment of backup and recovery consists of setting up backup procedures on the production server. Verification of the necessary hardware in place and any other supporting software required to perform these tasks must be done. Modify procedures to reflect the change in environment.
 - (vi) Monitor backup procedures to avoid unexpected errors. Make sure that any changes in the process are reflected in the documentation.

Question 3

- (a) *Discuss the various attributes of Local Area Network (LAN).* (5 Marks)
- (b) *What is Integrated Services Digital Network (ISDN) ? Write its advantages.* (5 Marks)

Answer

(a) **Main attributes of Local Area Networks:**

- (i) Inexpensive transmission media is used to connect computers in limited geographical area mainly through coaxial cable.
- (ii) Inexpensive devices like modems, repeaters and transceiver is used to interface with the transmission media.
- (iii) Provide easy physical connection of devices to the media.
- (iv) Provide high data transmission rates between source and the destination.

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- (v) Network data transmissions is easier for the devices with different transmission rates in the network.
 - (vi) Provide high degree of interconnection between the network devices.
 - (vii) All devices have the potential to communicate with other devices on the network.
 - (viii) It does not provide central controlling processor on the network.
 - (ix) Each attached device may only hear and does not necessarily process messages or instructions.
- (b) **ISDN:** Integrated Services Digital Network is a system of digital phone connections to allow simultaneous voice and data transmission across the world. Such voice and data are carried by bearer channels known as B channels having a bandwidth of 64 kilobits per second. ISDN provides two types of services namely Basic Rate Interface (BRI) and Primary Rate Interface (PRI). BRI consists of two 64 kbps B channels and one 16 kbps D channel and is suitable for individual users. PRI consists of twenty three B channels and one 64 kbps D channel and is suitable for users with higher capacity requirements.

Various advantages of ISDN are :

- (i) ISDN allows multiple digital channels to be operated simultaneously through the same regular phone cable meant for analog signals. The digital connection scheme permits a much higher data transfer rate than analog connections.
- (ii) In ISDN, digital data sources can be combined together to route the information at the destination point without any loss of data or voice.
- (iii) ISDN sends a digital packet on a separate channel without disturbing the established connections with high data rate transfer.
- (iv) ISDN transmits full duplex data using single device that can be connected with a U interface, which is known as Network Termination 1.

Question 4

The Income-tax for the employees of an organization is calculated on the basis of their Gross Income and the Investments made by them, under Section 80CCC. The taxable income is calculated according to the following rules :

*Taxable Income = Gross Income – Investments provided investments are less than 1 lac.
Otherwise*

Taxable Income = Gross Income – 1,00,000

Following rules are applied to calculate the Income-tax, on the Taxable Income:

<i>Taxable Income</i>	<i>Income-tax</i>
(i) 0 – 1,60,000	Nil
(ii) 1,60,001 – 3,00,000	10%, on the excess of 1,60,000
(iii) 3,00,001 – 5,00,000	14,000 + 20% on the excess of 3,00,000
(iv) 5,00,001 and above	54,000 + 30% on the excess of 5,00,000

Also an educational cess of 3% of Income-tax is levied on all the employees, irrespective of the income.

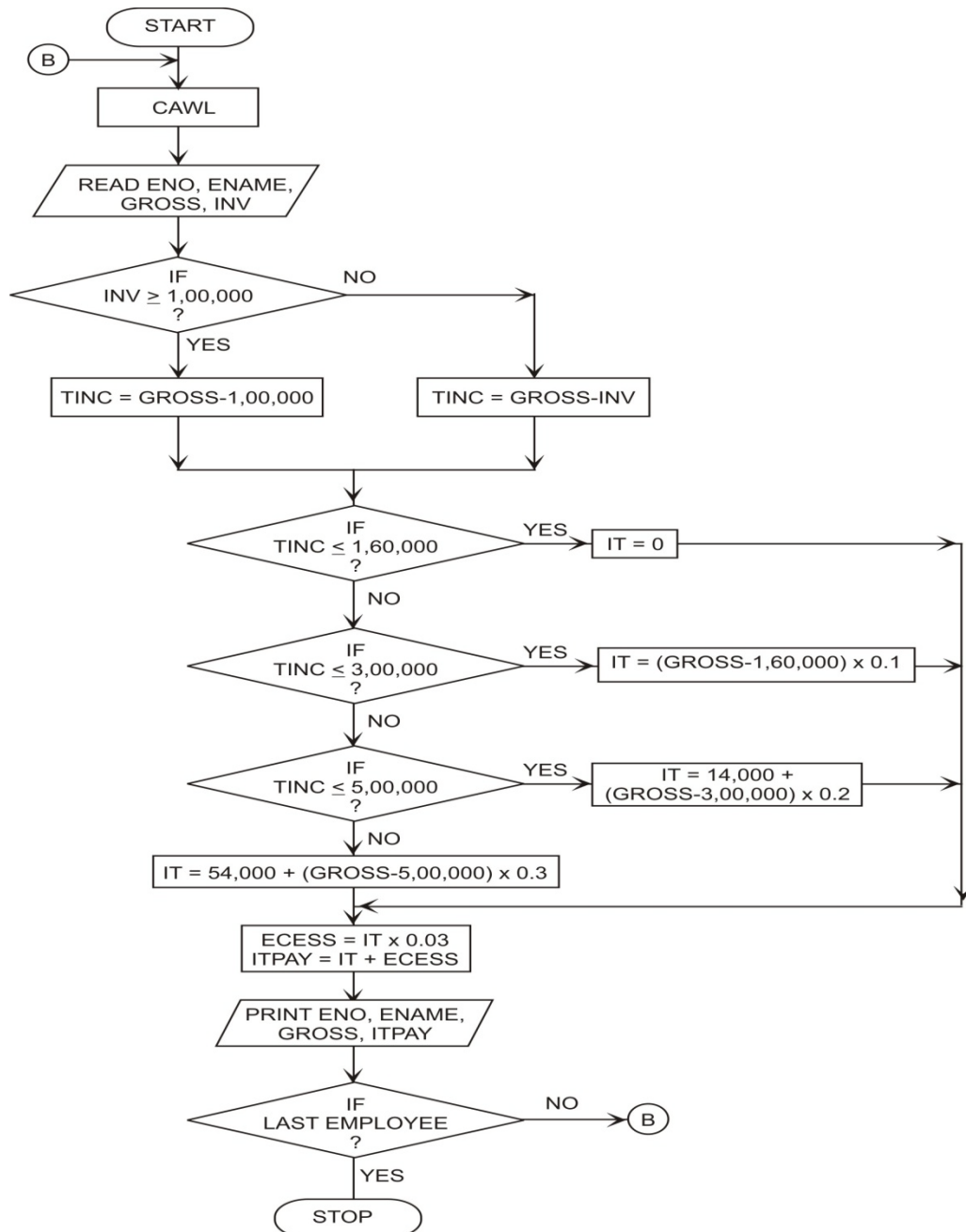
Employee number, Name, Gross Income, Investment amount is given as input.

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Draw a flow chart to calculate the Income-tax payable by each employee. (10 Marks)

Answer

The flow chart is given below.



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Terms used:

ENO = Employee Number

ENAME = Employee Name

GROSS = Gross Income

INV = Investment made

TINC = Taxable Income

IT = Income Tax

ECESS = Education Cess

ITPAY = Total Income Tax payable

CAWL = Clear All Working Locations

Question 5

Write short notes on the following :

(a) *Stages of Data Mining* (5 Marks)

(b) *Bluetooth Technology* (5 Marks)

Answer

(a) Stages in Data Mining are discussed below :

- (i) **Selection:** Selecting or segmenting the data according to some criteria so that subsets of the data can be determined. For example, all those people who own a car can be determine for selection.
- (ii) **Pre-processing:** This is the data cleansing stage where certain information is removed which is deemed unnecessary and may slow down queries. Also the data is re-configured to ensure a consistent format as there is a possibility of inconsistent formats because the data is drawn from several sources.
- (iii) **Transformation:** The data is not merely transferred across but transformed in that overlays may be added. For example, demographic overlays are commonly used in market research. The data is made usable and navigable.
- (iv) **Data Mining:** This stage is concerned with the extraction of patterns from the data. A pattern can be defined as a given set of facts (data) F , a language L and some measures of certainty C . A pattern in a statement S in L that describe relationships among a subset F_s of F with a certainty C such that S is simpler in some sense than the enumeration of all the facts in F_s .
- (v) **Integration and evaluation:** The patterns identified by the systems are interpreted into knowledge which can then be used to support human decision making. For example, prediction and classification tasks, summarizing the contents of a data base or explaining observed phenomena.

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- (b) **Bluetooth:** Bluetooth is a specification that describes how mobile phones, computers and personal digital assistants (PDA) can be easily interconnected using a short range wireless connections. Using this technology, users of cell phone and PDA can get quickly synchronized with information in desktop or notebook, initiate the sending or receiving of a fax, initiate a print out or in general, have a total coordination between these devices.

Bluetooth requires that a low cost transceiver chip be included in each device. The transceiver transmits and receives in a frequency band of 2.45 GHz that is available globally. In addition to data, upto three voice channels are available. Each device has a unique 48 bit address from the IEEE 802 standard. Connection can be point-to-point or multipoint. The maximum range is 10 meters. Data can be exchanged at a rate of 1Mbps. Built-in encryption and verification module is provided. A frequency hop scheme allows devices to communicate even in areas with great deal of electromagnetic interference.

SECTION B: STRATEGIC MANAGEMENT

Question 6

State with reasons which of the following statements is correct or incorrect:

- (a) *Globalization means different things to different people.*
- (b) *Production strategy implements, supports and drives higher strategies.*
- (c) *Benchmarking and Business process Reengineering are one and the same.*

(3 x 2 = 6 Marks)

Answer

- (a) **Correct:** Globalization refers to the process of integration of the world into one huge market. Such unification calls for removal of all trade barriers among countries. Globalization is an opportunity for organizations to expand their markets and reach out to different customers. Globalization can also have other meanings. For some it is a new paradigm - a set of fresh beliefs, working methods, and economic, political and socio-cultural realities in which the previous assumptions are no longer valid. For developing countries, it means integration with the world economy.
- (b) **Correct:** For effective implementation of higher level strategies, strategists need to provide direction to functional managers, including production, regarding the plans and policies to be adopted. Production strategy provides a path for transmitting corporate and business level strategy to the production systems and makes it operational. It may relate to production planning, operational system, control and research & development.
- (c) **Incorrect:** Benchmarking relates to setting goals and measuring productivity based on best industry practices. The idea is to learn from competitors and others to improve their own performance. On the other hand business process reengineering relates to analysis and redesign of workflows and processes both within and between the organizations.

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Question 7

Briefly answer the following:

- (a) *Need for Turnaround Strategy.*
- (b) *Grand Strategy Alternative during Recession.*
- (c) *'Shared Vision and 'Vision Shared'.* (3 x 2 = 6 Marks)

Answer

- (a) Turnaround is needed when an enterprise's performance deteriorates to a point that it needs a radical change of direction in strategy, and possibly in structure and culture as well. It is a highly targeted effort to return an organization to profitability and increase positive cash flows to a sufficient level. It is used when both threats and weaknesses adversely affect the health of an organization so much that its basic survival is difficult.

The overall goal of turnaround strategy is to return an underperforming or distressed company to normalcy in terms of acceptable levels of profitability, solvency, liquidity and cash flow. To achieve its objectives, turnaround strategy must reverse causes of distress, resolve the financial crisis, achieve a rapid improvement in financial performance, regain stakeholder support, and overcome internal constraints and unfavourable industry characteristics.

- (b) Stability strategy is advisable option for the organisations facing recession. During recession businesses face reduced demand for their products even at low prices. Funds become scarce, expenditure on expansion is stopped, profits decline and businesses try to minimise the costs. They work hard to maintain the existing market share, so that company survives the recessionary period.
- (c) Individuals in organisations relate themselves with the vision of their organisations in different manner. When the individuals are able to bring organisational vision close to their hearts and minds they have "shared vision". Shared vision is a force that creates a sense of commonality that permeates the organization and gives coherence to diverse activities. However, 'vision shared' shows imposition of vision from the top management. It may demand compliance rather than commitment. For success of organisations having shared vision is better than vision shared.

Question 8

- (i) *What tips can you offer to write a 'right' Mission Statements?*
- (ii) *An industry comprises of only two firms-Soorya Ltd. and Chandra Ltd. From the following information relating to Soorya Ltd., prepare BCG Matrix:*

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<i>Product</i>	<i>Revenues (in Rs.)</i>	<i>Percent Revenue s</i>	<i>Profits (in Rs.)</i>	<i>Percent Profits</i>	<i>Percentage Market Share</i>	<i>Percentage Industry Growth rate</i>
<i>A</i>	<i>6 crore</i>	<i>48</i>	<i>120 lakh</i>	<i>48</i>	<i>80</i>	<i>+ 15</i>
<i>B</i>	<i>4 crore</i>	<i>32</i>	<i>50 lakh</i>	<i>20</i>	<i>40</i>	<i>+ 10</i>
<i>C</i>	<i>2 crore</i>	<i>16</i>	<i>75lakh</i>	<i>30</i>	<i>60</i>	<i>-20</i>
<i>D</i>	<i>50 lakh</i>	<i>4</i>	<i>5 lakh</i>	<i>2</i>	<i>5</i>	<i>-10</i>
<i>Total</i>	<i>12.5 crore</i>	<i>100</i>	<i>250 lakh</i>	<i>100</i>		

(2 x 4 = 8 Marks)

Answer

- (a) Mission statements broadly describe an organizations present capabilities, customer focus, activities, and business makeup. Following points are useful while writing mission of a company:
- Good mission statements are highly personalized – unique to the organization for which they are developed.
 - One of the roles of a mission statement is to give the organization its own special identity, business emphasis and path for development.
 - A company's business is defined by what needs it is trying to satisfy, customer groups it is targeting, technologies and competencies it uses and the activities it performs.
 - Technology, competencies and activities are important in defining a company's business because they indicate the boundaries on its operation.
 - The mission should not be to make profit.
- (b) Using the BCG approach, a company classifies its different businesses on a two dimensional growth-share matrix. In the matrix, the vertical axis represents market growth rate and provides a measure of market attractiveness. The horizontal axis represents relative market share and serves as a measure of company strength in the market. With the given data on market share and industry growth rate of Soorya Ltd., its four products are placed in the BCG matrix as follows:

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		Relative Market Share	
		High	Low
Market Growth Rate	High	Product A [80% Market Share +15% Growth Rate] Stars	Product B [40%Market Share +10%Growth Rate] Question Marks
	Low	Product C [60% Market Share -20% Growth Rate] Cash Cows	Product D [05% Market Share -10% Growth Rate] Dogs

Product A is in best position as it has a high relative market share and a high industry growth rate. On the other hand, product B has a low relative market share, yet competes in a high growth industry. Product C has a high relative market share, but competes in an industry with negative growth rate. The company should take advantage of its present position that may be difficult to sustain in long run. Product D is in the worst position as it has a low relative market share, and competes in an industry with negative growth rate.

Question 9

Michael E. Porter has suggested three generic strategies. Briefly explain them. What is the basic objective to follow a generic strategy? In what situations can the three strategies be used? Identify the type of strategy used in the following examples:

- Dell Computer has decided to rely exclusively on direct marketing.*
- "Our basic strategy was to charge a price so low that microcomputer makers couldn't do the software internally for that cheaply."*
- 'NDTV', a TV Channel has identified a profitable audience niche in the electronic media. It has further exploited that niche through the addition of new channels like 'NDTV' Profit and 'Image'.*
(3 + 1 + 3 + 3 = 10 Marks)

Answer

According to Porter, strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus. These bases form different generic strategies as follows:

- **Cost leadership** emphasizes producing standardized products at a very low per-unit cost for consumers who are price-sensitive. It frequently results from productivity increases

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and aggressive pursuit of cost reduction throughout the development, production, marketing, and distribution processes. It allows a firm to earn higher profits than its competitors.

- **Differentiation** is a strategy aimed at producing products and services considered unique industry wide and directed at consumers who are relatively price-insensitive. It concerns with distinguishing a product/service from that of its competitors through unique design features, technological leadership, unique uses of products and attributes like quality, environmental impact and customer service.
- **Focus** means producing products and services that fulfil the specific needs of small groups of consumers. It involves selecting or focussing a market or customer segment in which to operate.

The basic purpose of following a generic strategy is to gain competitive advantage so as to ensure long-time survival and growth.

Situations under which these generic strategies can be used are:

Cost Leadership - When the market is price-sensitive, not much room is left for differentiation. Cost leadership is a better option when buyers do not care much about differences between the brands.

Differentiation – This strategy is suitable when the customers want or can get attracted to specific attribute(s) of the products. It is directed towards creating separate market with a product with different attribute(s). The strategy is useful in a perfectly competitive market where all products look similar.

Focus - Smaller firms may compete on a focus basis. When the customers have distinctive preferences or requirements and the rival firms are not attempting to specialise in the same target segment.

In the given examples the generic strategies that are being followed are given as follows:

- (i) **Differentiation:** Dell Computers is differentiating on product delivery. Computer market is highly competitive and the products are very similar.
- (ii) **Cost Leadership:** Keeping the prices low so that microcomputer makers acquire the software rather than developing themselves is a case of cost leadership.
- (iii) **Focus.** NDTV has identified a profitable area (audience niche) and is focusing on it.

Question 10

Read the following case and answer the questions given at the end:

Subhiksha (prosperity in Sanskrit) began with a single grocery store at Chennai in 1997. Subhiksha stores increased from 50 in 2000 to 140 by 2002-03 (spread across 30 towns in Tamilnadu) to 670 by 2006-07 to 1650 by September, 2008. Its early success was due to its business model based upon no-frills/deep discount and high level of neighbourhood focus. Its decision in 2004 to go national from a regional player at a rapid pace proved wrong. With the growing ambition to go national, focus shifted from value to customers to creating valuation for

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self. The company had recruited all the employees to foray into consumer durables also. Its revenue increased from Rs.278 crore from 140 stores in 2005 to Rs. 2305 crore in 2008 with a capital base of Rs. 32 crore. Subhiksha's profit after tax for 2007-08 was Rs. 41 crore. It had invested heavily, largely using debt, and paybacks took longer than expected. Repayment of debt had no relationship to cash flow. In the end the company had liabilities of Rs. 900 crore.

Around January, 2009, the company had started to shut down stores pan-India and in February, the top management quit the firm, not just because it defaulted on rentals of its outlets and salaries since October, 2008. Today all the stores are closed. Major suppliers had stopped supplies after it defaulted on payments. It asked its employees to take home groceries; and go on leave without pay. Many employees did not get their salaries. Initially the company was confident to restructure and remain in business.

Indian retail industry comprises of 12 million mom-and-pop stores and kirana stores (many of whom have also started innovating) and unknown number of hawkers in the unorganized sector working on small-sized stores and with low or no rentals and salaries and the organized retailers (market share not more than 5 %)

The emergence of large young population and growing middle class with strong disposable incomes and credit card culture are the drivers of the organized retail, a mix of two types-ones going in for huge expansion announcements and other a mix of two types-one going in for huge expansion announcements and others following "slow and steady wins the race strategy". The industry operates not on a very hefty margin. The yearly top-line growth is likely to remain around 10-15% as against forecasted 35% this year. Compared with players like Pantaloon, Reliance, More, RPG and even Nilgiri's (which has private equity funding), Subhiksha has no large group's backing (except Shri Azim Premji having 10% stake). The strategy was to raise more debt and keep equity low. During 2006, Subhiksha had a good chance to make an initial IPO or raise private equity money, but it was in quest of creating higher valuations. Suddenly retail was no longer so hot and the capital tap had gone dry. Due to inability to raise more debt, working capital was diverted to expand. Many of the organized retailers have survived the downturn through transformation in their strategies and tactics. However, one thing is certain that footfalls have declined for the organized retail.

Debt-ridden retailer Subhiksha Trading Services Ltd. has begun its second innings in February, 2010, with the launch of its first cash-and-carry store (the board outside the outlet reads Subhiksha Maligai Arisi Mandi) in Thiruvannamiyur in Chennai- at its first ever retail outlet). "Subhiksha's model will be different this time around and will not directly engage with customers", said an industry source.

Questions:

- (a) "To understand the nature of competition certain questions need to be answered". What those questions are? (3 Marks)
- (b) Who were the competitors of Subhiksha? Do you think they were better equipped than it? (5 Marks)
- (c) What, where and how the business strategy of Subhiksha might have gone wrong?

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(4 Marks)

- (d) *If you were the strategy consultant to the Organized Retailers Association of India, what will you advise to control the cost and convert the threat of dropping footfalls and declining sales into an opportunity?* (6 Marks)
- (e) *How is a Cash-and-carry store different from a Retail store? Name any other such Cash-and-carry store in India.* (2 Marks)

Answer

- (a) The nature of competition can be understood in terms of SWOT (strength, weakness, opportunities and threats). The questions that can be asked are as follows:
- (i) What are the strengths? What are the strengths of the competitors?
 - (ii) What are the weaknesses? What are the weaknesses of the competitors?
 - (iii) What are the opportunities that are available? What is the position of opportunities when compared to competitors?
 - (iv) What are the threats that are available? What is the position of threats when compared to competitors?

Alternative Approach

Alternative questions that can be answered to understand the nature of competition are:

- (i) Who are the competitors?
- (ii) What are their product and services?
- (iii) What are their market shares?
- (iv) What are their financial positions?
- (v) What gives them cost and price advantage?
- (vi) What are they likely to do next?
- (vii) Who are the potential future competitors?

- (b) Subhiksha was facing competition on two fronts:

- (i) Organised sector: Big departmental stores.
- (ii) Unorganised sector: Mom-and-pop stores, weekly markets and street vendors.

Different vendors in organised and unorganised sector enjoyed a number of distinct advantages in comparison with Subhiksha. There are many players in the organized retailing such as 'Big Bazaar', 'Spencer', 'More', etc. These had support of established big business houses. They also took better strategic decisions. All of them competed with Subhiksha and were not short of finances.

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The unorganised sector enjoys their own low costs and reach to the customers. Mom-and-pop stores are small-sized retailers that are spread around nook and corner of the country. They enjoy personal relationships with the customers, and have cost advantage due to no or low rentals and salaries. They also normally work with their own funds and do not have any interests costs. Weekly Bazaars, frequently named after the days of weeks such as Mangal/Budh Bazaar, also enjoy similar position. Hawkers lined up along streets, spread out on temporary platforms and illuminated by gas-lamps also offer bargains. The street vendors offer the unparalleled convenience as they serve at the door of the users.

- (c) The business model of Subhiksha was working fine till it was a regional player. It did try to look at the things with long-term perspective but that landed them in trouble. Problems arose when it tried to expand vigorously. It was their aggressive growth strategy that had gone awry because they opened too many stores in too short a period without realising the potential of the company. Outlets were opened for sake of expansion, instead of focus on sustainable growth.

Their financial strategy also proved to be problematic. Retail needs cash infusion. Subhiksha expanded by diverting working capital and rising high costs debts. To leverage on a small equity base of Rs. 32 crore only was bound to put them in difficulty. Recession made it faster. The strategy of Subhiksha of raising funds with more debt and less equity was wrong. It also did not go for the IPO to manage their finances in a better manner.

- (d) To control the costs Organised Retailers Association of India can make several recommendations to its members. A strategist may suggest the following:
- ◆ **Procure directly from the source:** To reduce the costs and take advantages of bulk purchases, the products may be purchased directly from the manufacturers and producers.
 - ◆ **Lease out excess space to manufacturers and other marketers:** Extra space may be leased out at a price to others. This will generate extra revenue and efficient utilisation of space. Many organised retailers offer separate space to the sellers of cosmetics or small eateries. This also improves footfalls.
 - ◆ **Efficient utilisation of facilities:** Expenditure on account of power can be reduced by optimum usage of air-conditioning, lifts, lighting, etc.
 - ◆ **Offer discounts:** Hefty discounts can be offered on the products that are brought at low costs to improve the interest and footfalls. It improves the sales even with falling footfalls.
 - ◆ **Combination offers:** Offers can be made to combine low moving products with fast moving products and sell them at discount.
 - ◆ **Reduce inventory:** With proper inventory management, the cost of obsolescence and reduce financing cost of inventory.

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- ◆ **Organise special events to improve sales:** Special events can be launched. These can have direct effect in increasing footfalls and the sales. For example, an exhibition can be organised inviting mobile manufacturers to showcase their new products. Events such as painting competition for school kids, magic shows can also be organised to attract visitors to the stores.
 - ◆ **Have proper security:** Proper security system should be maintained to reduce the losses on account of pilferages.
 - ◆ **A balanced capital structure:** The debt-equity ratio should be properly maintained with future perspective so that the scarce financial resources can be utilized in an optimum manner.
- (e) A cash-and-carry store is different from a retail store. Cash and carry store is one where customer pays in cash and carries away the purchases. The term is generally being used for the stores (wholesalers) that are making bulk sales to the retailers, caterers and institutional buyers. Thus the business model is business to business. No credit period is given and invoice is settled on the spot in cash. The goods are carried away by the purchasers themselves. The store works as a bulk supplier rather than a retailer selling small quantities directed towards consumers. Bharti-Wallmart, Metro have opened a number of cash-and-carry stores in India.