

**IIHMR UNIVERSITY**  
**The IIHMR University, Jaipur**  
Institute of Health Management Research  
**MBA Pharmaceutical Management**  
Batch 07<sup>th</sup> (2015-2017) First Year  
**Principles of Management**  
Term Examination



Time - 3 Hour

M.M-70

**Note-Read the case carefully and answer the following questions**

The president of Simplex Mills sat at his desk in the hushed atmosphere, so typical of business offices, after the close of working hours. He was thinking about Rehman, the manager in-charge of purchasing, and his ability to work with George, the production manager, and Vipulabh, the marketing and sales manager in the firm.

When the purchasing department was established two years ago, both George and Vipulabh agreed with the need to centralise this function and place a specialist in charge. George was of the view that this would free his supervisors from detailed ordering activities. Vipulabh opined that the flow of materials into the firm was important enough to warrant a specialized management assignment. Yet since the purchasing department began operating it has been precisely these two managers who have had a number of confrontations with the new purchase manager, and occasionally with one another, in regard to the way the purchasing function is being carried out.

From George's point of view, instead of simplifying his job as production manager by taking care of purchasing for him, the purchasing department has developed a formal set of procedures that has resulted in as much time commitment on his part as he had previously spent in placing his orders directly with vendors. Further, he is specially irritated by the fact that his need for particular items or particular specification is constantly being questioned by the purchasing department. When the department was established, George assumed that the purchasing manager was there to fill his needs, not to question them.

As Vipulabh sees it, the purchasing function is an integral part of marketing function, and the two therefore need to be jointly managed as a unified process. Purchasing function cannot be

separated from a firm's overall marketing strategy. However, Rehman has attempted to carry out the purchasing function without regard for this obvious relationship between his responsibilities and those of Vipulabh, thus making a unified marketing strategy impossible. In his previous position, Rehman had worked in the purchasing department of a firm considerably larger than Simplex. Before being hired, he was interviewed by all the top managers, including George and Vipulabh, but it was the president himself who negotiated the details of the job offer. As Rehman sees it, he was hired as a professional to do a professional job. Both George and Vipulabh have been distracting him from this goal by presuming that he is somehow subordinate to them, which he believes is not the case. The people in the production department, who use the purchasing function most, have complained about the detail that he requires on their requisitions. But he has documented proof that materials are now being purchased much more economically than they were under the former decentralized system. He finds Vipulabh's interests more difficult to understand, since he sees no particular relationship between his responsibilities for efficient procurement, and Vipulabh's responsibilities to market the firm's products.

The president has been aware of the continuing conflict among three managers for some time, but on the theory that a little rivalry is healthy and stimulating, he has felt that it was nothing to be unduly concerned about. But now that much of his time is being taken up by much of what he considers to be petty power struggle, the time has come to take some positive action.

#### Questions

- (a) Discuss the nature of management problems with respect to the functions of management in this case. (15)
- (b) Design the steps of Strategic planning should be taken by Mr. Rehman to run purchase department smoothly? (10)
- (c) Is George's view of the situation realistic? What guidelines would you suggest Mr. George's to ensure effective organizing in production department? (10)



(d) Critically analyzed President role as a leader. Discuss the qualities of a good leader. Identify which leadership style President should adopt in this situation? (15)

(e) Do you think the present situation in both departments likely to affect the work motivation of employees? As president what would you recommend to improve work motivation and dyadic relationship within the departments? (10)

(f) Discuss the importance and steps of organization control in case of high production cost arising from conflicts between the two departments. (10)

