



MBA III Semester Supplementary Examinations November/December 2018

**MANAGEMENT CONTROL SYSTEM**

(For students admitted in 2014 (LC), 2015 &amp; 2016 only)

Time: 3 hours

Max. Marks: 60

**PART – A**

(Answer the following: (05 X 10 = 50 Marks))

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- 1 Explain the nature, scope and functions of controller.

**OR**

- 2 Write a note on "management control system".

- 3 Explain margin of safety and angle of incidence.

**OR**

- 4 Explain transferring prices.

- 5 Explain the preparation of various budgets.

**OR**

- 6 Explain the Process of Budget

- 7 Write detailed notes on "variance analysis"?

**OR**

- 8 Write detailed notes on "standard costing"?

- 9 Explain classification of inventories and their objectives.

**OR**

- 10 Discuss the inventory control techniques.

**PART – B**

(Compulsory question, 01 X 10 = 10 Marks)

**11 Case Study:**

Amazon.com (Amazon) was one of the first online shopping sites launched in 1995. Since its inception, it has been consistently ranked as one of the best retail sites on the Internet and is regarded as the universal model for successful Internet retailing. In March 1998, Amazon was ranked among the top 20 Internet sites in almost all the major market surveys.

Amazon realized that there were a lot of players in the e-tailing industry and therefore it needed to consolidate its position as one of the best online shopping sites. Accordingly, it took several measures. In order to increase its revenue, it added several new products to its site. In 1999, on an average, it added a new product on its site once in every six weeks.

It entered into strategic alliances with several companies to increase the range of products available on its site. Later, it strengthened its Customer Fulfillment Network by obtaining products directly from the distributors rather than stocking all the goods in its warehouse. Amazon was popular among its customers for shipping the goods within the estimated time, leading to satisfied customers, improved market share and repeat business. By the end of 2002, Amazon had 22.3 million registered users on its site. By 2003, Amazon became the biggest book, music and video retailer on the Internet and offered more than 4.7 million books, videos, music CDs, DVDs, computer games and other products.

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Further, Amazon had the distinction of being the first e-commerce site to use collaborative filtering technology<sup>5</sup>. Amazon's immediate business goal was to 'get big fast' which reflected the driving force behind the company's growth.

In order to expand in a rapid and a cost-effective manner, Amazon decided to partner with other companies. The main criterion used by Amazon for selecting a partner was the customer service provided by the company. During 1998-2000, Amazon acquired ownership stakes ranging from 17 to 49 percent in various online retailers- Greenlight.com, Living.com, Drugstore.com, HomeGrocer.com, Pets.com, Ashford.com, Gear.com, and Della.com. Amazon spent an estimated \$160 million on acquiring stakes in these companies.

Although online shopping has become popular over the years, Amazon had to struggle to make profits. One of the reasons was the variable costs incurred by multiple delivery attempts and reverse logistics-the return of products by the customers. Multiple delivery attempts cost the company about 20-30 percent of the total costs for home deliveries

**Questions:**

- (a) Discuss the key issues in this case.
- (b) Explain the benefits of strategic alliances.
- (c) Explain the various facilities offered and the technologies adopted by online shopping sites.
- (d) Discuss the product strategy of Amazon.
- (e) Examine Amazon inventory management.

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