

(Pages : 3)

Reg. No. :

Name :

Fourth Semester M.B.A. (Full Time) Degree Examination, July 2025

MGTF 07 : COMMODITIES AND FINANCIAL DERIVATIVES

(2020 Scheme)

Time : 3 Hours

Max. Marks : 75

PART – A

Answer **all** the questions. Each question carries **4** marks.

1. Explain the meaning of derivatives in the context of financial markets. Discuss their role in enabling risk management and speculation.
2. Define hedging and explain its significance in financial markets. Discuss how hedging helps investors manage risk and protect against adverse price movements.
3. Discuss the mechanics of swaps and their role in managing risk and enhancing investment strategies in the equity market.
4. Describe the structure of derivatives markets in India. What are the key components and participants involved in these markets?
5. Discuss the importance of setting a risk-vision in managing derivatives exposure. What factors should be considered when developing a risk-vision framework?

(5 × 4 = 20 Marks)

P.T.O.



PART – B

Write in detail on any **three** questions. Each question carries **10** marks.

6. Explore the various uses of derivatives in financial markets. Discuss how derivatives are utilized for hedging, speculation, arbitrage, and portfolio management, providing real-world examples to illustrate each use case.
7. Discuss the challenges and risks associated with hedging in different areas, such as commodities, securities, currencies, interest rates, and weather. Explain how market fluctuations and unexpected events can impact the effectiveness of hedging strategies in these areas.
8. Outline the benefits of equity derivatives and how they contribute to efficient risk management in investment portfolios.
9. Explain the option pricing models used in derivatives markets. Discuss the Binomial options pricing model and the Black-Scholes Model.
10. Explore the application of VAR (Value at Risk) in managing risk for derivative instruments. Discuss its calculation methodology, interpretation, and limitations in assessing potential losses.

(3 × 10 = 30 Marks)

PART – C

Compulsory.

11. Case Study

ABC Corporation is a multinational company engaged in the manufacturing and distribution of consumer goods. The company sources raw materials from various suppliers in India, including agricultural commodities such as wheat, rice, and sugar. As a result, ABC Corporation is exposed to price fluctuations in the commodity markets, which can significantly impact its production costs and profitability. To mitigate the risks associated with commodity price volatility, ABC Corporation is considering implementing a hedging strategy using financial derivatives in the Indian market. The company has identified two potential instruments for hedging: commodity futures and options contracts. Commodity futures contracts would allow ABC Corporation to lock in the purchase price of the required commodities at a future date. On the other hand, options contracts



would provide the company with the flexibility to either purchase or sell commodities at a predetermined price within a specified time period. However, before proceeding with the hedging strategy, ABC Corporation's management team wants to conduct a thorough analysis of the commodity and financial derivatives markets in India. They have assigned you, a financial analyst, the task of preparing a business case study to evaluate the feasibility and potential benefits of implementing such a strategy.

Questions:

- (a) Analyze the advantages and disadvantages of using commodity futures contracts as a hedging instrument for ABC Corporation. Assess the potential impact on the company's procurement costs and profitability.
- (b) Evaluate the benefits and risks associated with using options contracts to hedge commodity price volatility. Consider the flexibility provided by options and their impact on ABC Corporation's risk exposure.
- (c) Conduct a comprehensive analysis of the commodity and financial derivatives markets in India. Highlight the key features, participants, and regulatory framework of these markets. Discuss any recent developments that may affect the effectiveness of ABC Corporation's hedging strategy.
- (d) Recommend an appropriate hedging strategy, considering the specific risk exposures of ABC Corporation in the Indian market. Justify your recommendation based on the company's financial objectives and risk appetite.
- (e) Develop an implementation plan for the chosen hedging strategy. Outline the steps involved in executing and monitoring the hedging transactions, including considerations for margin requirements, position limits, and regulatory compliance.

(1 × 25 = 25 Marks)





(Pages : 3)

Reg. No. :

Name :

Fourth Semester M.B.A. (Full Time) Degree Examination, July 2025

MGTF 06 — BEHAVIOURAL FINANCE

(2020 Scheme)

Time : 3 Hours

Max. Marks : 75

PART – A

Answer **all** questions. Each question carries **4** marks.

1. Describe the relationship between investor rationality and market efficiency according to behavioural finance.
2. Discuss the formation of behavior and its various models.
3. Discuss the various biases in behavioral finance and their outcomes.
4. Discuss the concept of Behavioural Corporate Finance and its relevance in understanding corporate decision making.
5. Explain the concept of fear and greed in financial markets and how they influence investor behavior.

(5 × 4 = 20 Marks)

PART – B

Write in detail on **any three** questions. Each question carries **10** marks.

6. (a) Define the scope and features of behavioural finance. How does it differ from the rational expectations paradigm?
(b) Provide examples of practical applications of behavioural finance. Discuss the evolution and history of behavioural finance.

P.T.O.



7. (a) Define cognitive dissonance and provide an example illustrating its concept.
(b) Explain the impact of cognitive dissonance on decision making and behavior.
8. Discuss the theories of behavioural finance, including noise trading and professional arbitrage.
9. Discuss the different types of investors based on risk appetite and investment exposure. How does investor behavior influence decision making?
10. Describe the statistical methodology used to capture the effects of external influences on stock market returns.

(3 × 10 = 30 Marks)

PART – C

Compulsory

11. Case Study.

Alex and Sarah are both individual investors with similar financial backgrounds. They have a moderate risk tolerance and a long-term investment horizon. They each have Rs.100,000 to invest and are considering two investment options; Stocks and Bonds.

Investment Option 1 : Stocks

Historically, stocks have provided higher returns than bonds, but they also come with higher volatility and risk. Alex believes that he can actively select individual stocks and time the market to achieve superior returns. He spends significant time analyzing company financials, market trends, and news to make his investment decisions.

Investment option 2 : Bonds

Bonds are considered safer investments compared to stocks. Sarah prefers a more conservative approach and believes in diversification and long-term stability. She decides to invest in a bond index fund that tracks a broad market index, providing consistent returns with relatively lower risk. Both Alex and Sarah hold their investments for a five-year period. At the end of the five years, their investment performances are evaluated.



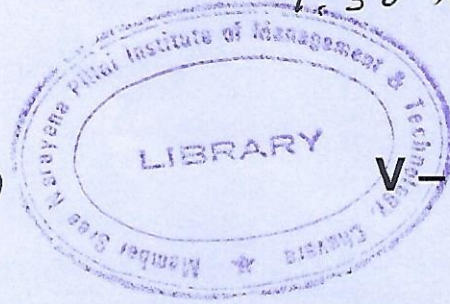
Questions :

- (a) What behavioral biases are evident in Alex's investment decision-making process?
- (b) What behavioral biases are evident in Sarah's investment decision-making process?
- (c) How might overconfidence bias affect Alex's investment performance?
- (d) How might herding bias influence Sarah's investment decisions?
- (e) What impact can loss aversion have on investment decisions?
- (f) Evaluate the potential outcomes of Alex's stock investment strategy after five years.
- (g) Evaluate the potential outcomes of Sarah's bond investment strategy after five years.
- (h) How might hindsight bias influence the perceptions of Alex and Sarah regarding their investment decisions?
- (i) Discuss the concept of mental accounting and its potential influence on investment decisions.
- (j) What steps could Alex and Sarah take to mitigate the influence of behavioral biases on their investment decisions?

(1 × 25 = 25 Marks)



Date : 31/10/25
9:30 to 12:30



(Pages : 3)

V-6445

Reg. No. :

Name :

Fourth Semester M.B.A. (Full Time) Degree Examination, July 2025

MGTH 08 – LEADING AND MANAGING DIVERSITY IN ORGANISATIONS

(2020 Scheme)

Time : 3 Hours

Max. Marks : 75

PART – A

Answer **all** questions. Each question carries **4** marks.

Write short notes on the following.

1. Dysfunctional Diversity
2. The Incubator Culture
3. Performance Review
4. Host Country Environment in Diversity Management
5. CSR Approach

(5 × 4 = 20 Marks)

PART – B

Write in detail on any **three** questions. Each question carries **10** marks.

6. How can global diversity management practices align cultural identity with organizational goals without compromising inclusivity or authenticity?
7. Discuss the impact of *The Eiffel Tower Culture* on Cultural Diversity, in detail.

P.T.O.



8. Describe about the need for *Linguistic Proficiency* in dealing International Business.
9. To what extent is promoting workplace diversity an ethical obligation for MNCs rather than a strategic advantage? Discuss with reference to CSR frameworks.
10. How can the Workforce Diversity Index be used to enhance ethical accountability to stakeholders, including employees, investors, and society at large?

(3 × 10 = 30 Marks)

PART – C

(Compulsory)

11. In the mid-2010s, *Uber Technologies Inc.* rose rapidly to global prominence as a tech disruptor in the ride-hailing space. However, the company soon became equally notorious for a toxic workplace culture, including sexual harassment allegations, gender discrimination, and lack of inclusion. These issues were amplified by a lack of diversity at the leadership and board levels, which meant there was no strategic oversight of culture and diversity from the top.

The board and executive team were predominantly male and from similar tech/startup backgrounds, contributing to a culture that lacked checks and balances. There were no formal frameworks or indices (such as a Workforce Diversity Index) to track gender, ethnicity, or inclusion metrics across departments. Uber responded to crises only after media and public backlash—there was no early governance mechanism in place to flag or address cultural toxicity. A 2017 blog post by former engineer Susan Fowler revealed systemic sexism, sparking internal investigations and leading to over 20 employee dismissals and the eventual resignation of CEO Travis Kalanick. Later Uber faced significant challenges related to workplace culture and diversity. The company was criticized for a “bro culture” that led to allegations of sexual harassment, discrimination, and a lack of inclusivity. These issues culminated in a public reckoning and leadership changes. In its early growth phase, Uber prioritized rapid expansion over cultivating an inclusive workplace culture. The term “diversity debt” was coined to describe the accumulated neglect of diversity and inclusion efforts which, over time, led to systemic cultural problems that were difficult to correct. The board lacked sufficient diversity and did not adequately address the cultural issues within the company.



Uber's experience underscores the importance of proactive diversity oversight at the board level. By integrating tools like the Workforce Diversity Index into governance practices, companies can better manage diversity and inclusion, leading to a healthier organizational culture and improved performance.

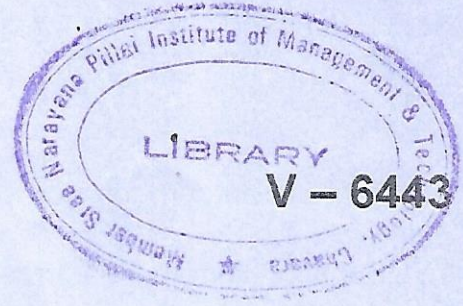
Questions:

- (a) List down and discuss the key failures due to the lack of Board Oversight in Uber.
- (b) How better governance with Workforce Diversity Index tracking could have helped Uber strategically?

(1 × 25 = 25 Marks)



(Pages : 2)



Reg. No. :

Name :

Fourth Semester M.B.A. (Full Time) Degree Examination, July 2025

MGTH 06 ; STRATEGIC HUMAN RESOURCES MANAGEMENT

(2020 Scheme)

Time : 3 Hours

Max. Marks : 75

PART – A

Answer all the questions. Each question carries 4 marks.

1. Define Strategic Human Resource Management.
2. What is HR outsourcing?
3. Explain self-appraisal
4. What is 'e-coaching'?
5. Describe Global Human Resources.

(5 × 4 = 20 Marks)

PART – B

Write in detail on any three questions. Each question carries 10 marks.

6. Elaborate on the essential elements of Strategic Human Resource Management.
7. Elaborate the terms Career planning and succession planning. Discuss the relation between both of them.

P.T.O.



8. Discuss on competency mapping models.
9. Explain 'Human Resource Audit' in detail.
10. Explain the role of strategic HRM in change management.

(3 × 10 = 30 Marks)

PART – C

(Compulsory)

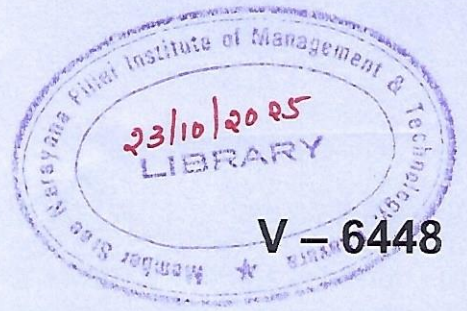
11. Discuss the following case :

Developing a leadership strategy research - Case of the 'Toy Society'.

The Toy Research Society (TRS), a Non-Profit Organization, has been in existence for more than 70 years. The organization's mission has remained the same during this time, but the uses of the Society by the members and the competitive landscape have changed substantially. Driven primarily by the Board of Directors and Volunteer-Leaders, the Society has never had a formal Leadership Development Philosophy. Now, the long-time President has retired, and TRS leaders are reflecting on how to prepare for the future, especially with increased calls for leadership role clarity and more delegation of work to members.

Question : As a member of TRS you have to develop the needed Leadership Strategy Plan.

(1 × 25 = 25 Marks)



(Pages : 3)

Reg. No. :

Name :

Fourth Semester M.B.A. (Full Time) Degree Examination, July 2025

MGTM 08 : RURAL MARKETING

(2020 Scheme)

Time : 3 Hours

Max. Marks : 75

PART – A

Answer **all** the questions. Each question carries **4** marks.

1. Express your view on the socio cultural factors that influence the rural marketing.
2. How does the rural marketing mix differ from that of the general marketing mix?
3. Do you agree with the statement that rural marketing calls for some specific traits on the part of salesman?
4. What are the various sources from which monetary assistance is available to rural families?
5. Explain the concept of various models of public private partnership.

(5 × 4 = 20 Marks)

PART – B

Write in detail any **three** questions. Each question carries **10** marks.

6. Describe the significance of rural markets in India.
7. Enumerate and validate the factors influencing rural consumer behaviour.
8. Mention the major factors that influence the product or service decisions of a company for rural markets.

P.T.O.



9. Explain in detail the role of Information Technology in rural markets.
10. Enumerate the important functions carried out by the co-operative marketing societies.

(3 × 10 = 30 Marks)

PART – C (25 Marks)

Compulsory

11. Case Study

Today, though India has different set of challenges than the time of freedom movement, but Gandhian philosophy can tackle all the contemporary challenges such as social, economic, political, unemployment, environment and many more. Thus, Gandhi's philosophy becomes more relevant and important in contemporary India.

Highlighting the Mahatma's philosophy, Ram Chandra Pradhan, a Gandhian and visiting professor at Gandhi Vichar Parishad, Vardha said, "The biggest injustice with Gandhi is to see him through small and separate things like Khadi and Swachh Bharat programmes etc. Gandhi should be talked in holistic way. Khadi is only a part of Gandhian philosophy. Gandhi is actually a philosophy of making an alternate system where the power lies on the hands of common men".

There is a need to strengthen Khadi clusters in India as they are old-fashioned and falter when it comes to dealing with demand from global markets, Parul Kumar, Member, Standing Committee CSO, NITI Aayog said at an ASSOCHAM event held in New Delhi.

"Khadi is the only fabric which has health benefits, is non-allergic and is also eco-friendly, as such there is a need to promote awareness about its qualities especially among India's youth," said Kumar at an ASSOCHAM panel discussion on 'Khadi – The Fabric of Freedom and Harmony'. Khadi is the only fabric which one can wear in summers as well as winters too.

Speaking on Gandhi's relevance in contemporary India, she said, "Gandhi's Charkha (spinning wheel) stands for patience, first keep patience and then move forward. With this, the Charkha brought an economic, social and political revolution in the country. The youth need to have patience to move forward. It is their responsibility to take the country ahead".

Addressing the panel discussion, a Gandhian and secretary at New Delhi Municipal Council (NDMC), Dr Rashmi Singh pressed upon the need to promote Khadi and village industries to increase contribution to India's GDP.



Talking about the need to usher a cultural renaissance to take forward India's unique heritage of Khadi, Dr Singh said, "Khadi is more than a cloth. It is principle, ideology, heritage and a symbol of empowerment and a source of employment for the cottage industry. Hence, Khadi should be promoted".

She also said that dignity of Khadi weavers, spinning artisans and labourers should also be inculcated in our thinking and value system.

In order to promote Khadi, Tanmoy Chakrabarty, group government affairs officer, Tata Sons, said, "Why can't we have an e-commerce platform like Flipkart and Amazon for Khadi products? Why can't it be promoted on social media? Why can't employees of PSUs (public sector undertaking) and government should be mandated to wear Khadi uniform? Why can't our legislators make sure to open Khadi stores in their constituencies? These small ideas can be a big boost for Khadi, thereby providing employment to the spinning artisans and weavers.

"Khadi and Village Industries Commission (KVIC) must come up with an online e-commerce platform that allows the artisans, spinners and weavers to market and sell Khadi products," he added.

The low cost western cloths were imposed on India by the British government, resulted into the destruction of weaving community and indigenous cottage industries. Khadi, brought by the Mahatma was an economic revolution. On his call, people started giving up western cloths and adopted spinning and weaving Khadi. With Khadi, Mahatma Gandhi envisioned to bring the country together.

In the freedom movement, Gandhi's Charkha was a symbol of national resurgence, symbol of non-violence, symbol of unity in diversity and symbol of economic revolution.

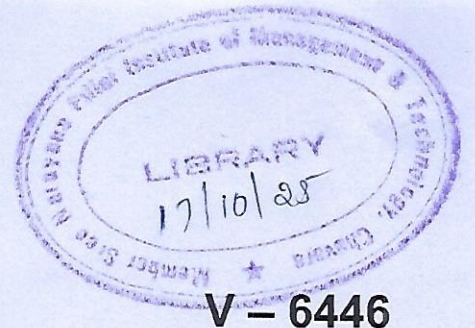
With Khadi, Mahatma Gandhi gave India its unique identity. It unites people across the country and instils a sense of pride. When the world is talking about sustainability, Khadi could be the best option to provide sustainable livelihoods to the economically weaker sections of the society, particularly in rural India and provide equitable growth. Khadi stands of patience, compassion and tolerance. With a revolutionary idea, it is a way of life.

Questions

- (a) How can we position Khadi products in Indian market?
- (b) What advanced technology can be used to market khadi products?
- (c) Prepare a detailed design of advertising to promote khadi.

(1 × 25 = 25 Marks)





(Pages : 3)

V – 6446

Reg. No. :

Name :

Fourth Semester M.B.A. (Full Time) Degree Examination, July 2025

**MGTM 06 RETAIL MARKETING
(2020 SCHEME)**

Time : 3 Hours

Max. Marks : 75

PART – A

Answer **all** questions. Each question carries **4** marks.

1. State the economic significance of retailing.
2. Enumerate the importance of store design and visual merchandising.
3. What are the different types of inventory control techniques used in retailing?
4. Write short note on rural retailing in India.
5. Define database marketing. What does a marketing database contain?

(5 × 4 = 20 Marks)

PART – B

Write in detail on any **three** questions. Each question carries **10** marks.

6. Differentiate between organised and unorganised retailing.
7. Evaluate the applications of information technology in retail sector

P.T.O.



8. Explain in detail about the different types of pricing strategies followed in retailing.
9. Elaborate on the legal issues faced by the retailing fraternity in India?
10. Food retailing is the backbone of retail industry in India-Discuss.

(3 × 10 = 30 Marks)

PART – C

Compulsory

11. Case Study.

Whole Foods Market is a supermarket chain with less than two-hundred stores selling healthy, gourmet products such as organic vegetables, free-range poultry, foods without artificial ingredients or hydrogenated fats, and many environment-friendly products such as non-polluting detergents and chlorine free diapers. The company began in the 1970s as a natural-food stores that catered to hippies. Through the purchase of small health food stores in major cities, the company gained more exposure and access distribution channels for natural foods. During the late 1980s and the 1990s, the company's growth was fuelled by the upsurge's in Americans' desire for healthy living and their interest in gourmet cooking. Whole Foods do very little advertisings but receives constant free media exposure because it is often mentioned in popular TV series, praised by celebrities on talk shows, and featured in newspapers and magazines as a business success story. The company educates consumers about foods, provides recipes, and even arranges trips where consumers meet with local fishermen. Its supermarket cashiers and stock personnel receive education about foods and earn above average-wages. Whole Foods' prices are significantly higher than products in traditional supermarkets because the keys to its profitability and higher profit margins for products that traditionally yield slim margins, and much larger than per-square-foot sales than that of conventional supermarkets. But as the company's CEO pointed out, Americans spend far less of their income on food than other nations and that is why most of it does not taste very good; if they want to eat higher-quality foods, they must pay for them. In 2005, Whole Foods stated its numbers to triple the number of its stores by 2025.



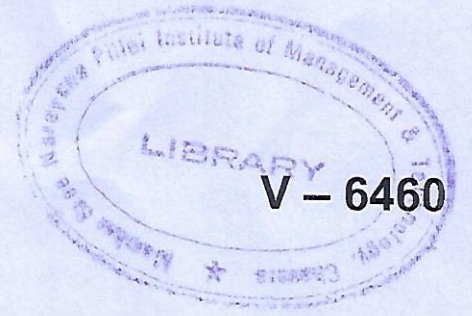
Questions.

- (a) Discuss the promotion strategy of Whole foods. Why or why not is it appropriate? Elaborate.
- (b) Discuss the Positioning of Whole Foods.
- (c) Do you think doubling the number of stores is a sound strategy when "Americans spend far less of their income on food than other nations". Explain your point of view.

(1 × 25 = 25 Marks)



(Pages : 3)



Reg. No. :

Name :

Fourth Semester M.B.A. (Full Time) Degree Examination, July 2025

MGTL 08 RETAIL SUPPLY CHAIN MANAGEMENT

(2020 Scheme)

Time : 3 Hours

Max. Marks : 75

PART – A

Answer **all** the questions. Each question carries **4** marks.

1. Explain the role of IT in supply chain management.
2. Explain the issues in space management.
3. Elucidate the concept of Green Retailing.
4. List down the challenges in Food and Vegetable supply chain management.
5. Write a brief note on B-Tailing.

(5 × 4 = 20 Marks)

PART – B

Write in detail on any **three** questions. Each question carries **10** marks.

6. Explain the role of warehouse in a modern supply chain. Explain various decisions to be made associated to warehouses.
7. What do you mean by Assortment Management? Explain the objectives and frame work.

P.T.O.



8. Highlight the measures for retail distribution and replenishment.
9. List down the characteristics of footwear retailing supply chains. How do you manage those supply chains efficiently?
10. Discuss the classification of Retailers.

(3 × 10 = 30 Marks)

PART – C

Compulsory

11. Over the past ten years, Walmart has become the world's largest and arguably most powerful retailer with the highest sales per square foot, inventory turnover, and operating profit of any discount retailer. Walmart owes its transition from regional retailer to global powerhouse largely to changes in and effective management of its supply chain. Walmart began with the goal to provide customers with the goods they wanted when and where they wanted them. Walmart then focused on developing cost structures that allowed it to offer low everyday pricing. The key to achieving this goal was to make the way the company replenishes inventory the centerpiece of its strategy, which relied on a logistics technique known as cross docking. Using cross docking, products are routed from suppliers to Walmart's warehouses, where they are then shipped to stores without sitting for long periods of time in inventory. This strategy reduced Walmart's costs significantly and they passed those savings on to their customers with highly competitive pricing. Walmart then concentrated on developing a more highly structured and advanced supply chain management strategy to exploit and enhance this competitive advantage. The main elements of a supply chain include purchasing, operations, distribution, and integration. The supply chain begins with purchasing. Purchasing managers or buyers are typically responsible for determining which products their company will sell, sourcing product suppliers and vendors, and procuring products from vendors at prices and terms that meets profitability goals. Supply chain operations focus on demand planning, forecasting, and inventory management. Forecasts estimate customer demand for a particular product during a specific period of time based on historical data, external drivers such as upcoming sales and promotions, and any changes in trends or competition. Using demand planning to develop accurate forecasts is critical to effective inventory management. Forecasts are compared to inventory levels to ensure that distribution centers have enough, but not too much, inventory to supply stores with a sufficient amount of product to meet demand. This allows companies to reduce inventory carrying costs while still meeting customer needs. Moving the product from warehouses or



manufacturing plants to stores and ultimately to customers is the distribution function of the supply chain. Supply chain integration refers to the practice of developing a collaborative workflow among all departments and components involved in the supply chain to maximize efficiencies and build a lean supply chain. Walmart has been able to assume market leadership position primarily due to its efficient integration of suppliers, manufacturing, warehousing, and distribution to stores. Its supply chain strategy has four key components: vendor partnerships, cross docking and distribution management, technology, and integration. Walmart's supply chain begins with strategic sourcing to find products at the best price from suppliers who are in a position to ensure they can meet demand. Walmart establishes strategic partnerships with most of their vendors, offering them the potential for long-term and high volume purchases in exchange for the lowest possible prices. Suppliers then ship product to Walmart's distribution centers where the product is cross docked and then delivered to Walmart stores. Cross docking, distribution management, and transportation management keep inventory and transportation costs down, reducing transportation time and eliminating inefficiencies. Technology plays a key role in Walmart's supply chain, serving as the foundation of their supply chain. Walmart has the largest information technology infrastructure of any private company in the world. Its state-of-the-art technology and network design allow Walmart to accurately forecast demand, track and predict inventory levels, create highly efficient transportation routes, and manage customer relationships and service response logistics.

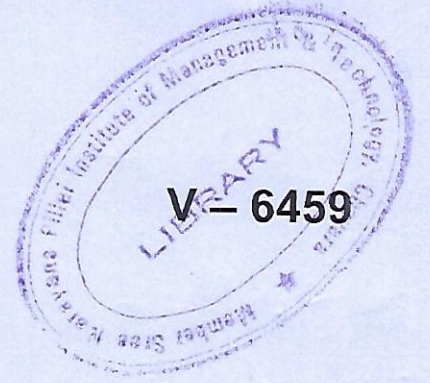
Required:

- (a) Mention the objectives of supply chain Management.
- (b) Explain the importance of Supply Chain Management.
- (c) Describe the components of Supply Chain Management.
- (d) Discuss the benefits getting after the adoption of Supply Chain Management by WalMart.
- (e) Explain how Walmart manages the Supply Chain Management.

(1 × 25 = 25 Marks)



(Pages : 3)



Reg. No. :

Name :

Fourth Semester M.B.A. (Full Time) Degree Examination, July 2025

MGTL 07 : REVERSE SUPPLY CHAIN MANAGEMENT

(2020 Scheme)

Time : 3 Hours

Max. Marks : 75

PART – A

Answer **all** the questions. Each question carries **4** mark.

1. Brief 5 R's of reverse logistics.
2. Explain the benefits of partnership of OEM and third party players.
3. Explain the governance structure of reverse networks.
4. Explain the characteristics of closed loop supply chain systems.
5. Brief the block chain technology.

(5 × 4 = 20 Marks)

PART – B

Write in detail on any **three** questions. Each question carries **10** marks.

6. Explain the concept and importance of reverse logistics and its evolution.
7. Explain how you integrate spent products' material in supply chains. List down the product properties desirable for remanufacturing.



P.T.O.



8. Discuss the key issues in Reverse logistics. Explain various alternatives for closing the loops.
9. Describe the major inventory models available for reverse supply chains.
10. Elucidate the management of 3PL in reverse logistics.

(3 × 10 = 30 Marks)

PART – C

Compulsory

11. New York-based Kozmo, the 3-year-old company announced that it would stop delivery service in all nine cities it operates. New York-based Kozmo, which dispatched legions of orange-clad deliverymen to cart goods to customers' doors, is the latest dot.com dream to evaporate in the market downturn. Amazon.com, venture capital firm Flatiron Partners and coffee giant Starbucks were among the investors in Kozmo. Kozmo said in December that investors promised a total of \$30 million in private funding. But last month the company learned that an investor had backed out of a \$6 million commitment. Kozmo executives had been working on a merger deal with Los Angeles-based PDQuick, another online grocer, sources said. The deal collapsed when funding that was promised to PDQuick did not materialize. Sources said Kozmo still has money but decided to close now and liquidate to ensure that employees could receive a severance package. Just last month, Kozmo Chief Executive Gerry Burdo was upbeat about Kozmo's future, saying he was looking to steer Kozmo away from its Internet-only business model and toward a "clicks and bricks" approach. But some analysts say Kozmo's business model only made sense in the context of a densely packed city such as New York. Vern Keenan, a financial analyst with Keenan Vision, said the service had a chance to work in only a few other cities around the world, such as London, Stockholm or Paris. "This seemed like a dumb idea from the beginning," Keenan said. "This grew out of a New York City frame of mind and it simply didn't translate." Kozmo was started by a pair of twenty-something former college roommates. They got the idea for the company on a night when they craved videos and snacks and wished a business existed that would deliver it to them. Kozmo offered free delivery and charged competitive prices when it launched in New York. Though customers loved the service, the costs of delivery were high. After co-founder and former Chief Executive Joseph Park stepped down, Burdo slashed Kozmo's overhead, instituted a delivery fee and oversaw several rounds of layoffs. The company also closed operations in San Diego and Houston. Burdo said last month that



profitability was not far away. The company had reached a milestone last December when it reported profits at one of its operations for the first time. Kozmo later saw two more operations reach profitability as a result of brisk holiday business. Online delivery companies have been among the most ravaged by the Internet shakeout. Kozmo's rival in New York, Urbanfetch, shuttered its consumer operations last fall. Online grocers such as Webvan and Peapod have also struggled, and smaller operations such as Streamline.com and ShopLink.com have dosed down. Peapod was days away from closing last year when Dutch grocer Royal Ahold agreed to take a majority stake. From the very beginning, supply chain management was to be a core competency of Kozmo. The promising dot.com would deliver your order everything from the latest video to electronics equipment in less than an hour. The technology was superior, the employees were enthusiastic, the customers were satisfied. But eventually, Kozmo ran out of time and money.

Questions.

- (a) What, in your opinion, is the major reason for the failure of Kozmo?
- (b) Do you think that Kozmo promised what its supply chain could not bear? What could have prevented its shut-down?

(1 × 25 = 25 Marks)

