Case Analysis & Instructors' Guide

for

CASE IN STRATEGIC MANAGEMENT
Indian Experiences

VOL. I-IV

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Dedicated to

our

Parents, Spouses and Children

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Index

Preface *7*

Acknowledgements *9*

Case Abstracts..... *9*

2 Takshila Engineering Corporation Ltd. *11*

5 Growth Bank..... *17*

7. Shipli & Co...... *25*

09/10. Mein Kamph (A) And (B)..... *29*

11 First National Bank..... *37*

13/14/15 Scooters India Ltd. (A), (B) & (C)..... *45*

16 Scooters India Ltd.(D) *57*

17 Apollo Hospital Enterprise Ltd. *64*

20. Vindhya Matsya Vikas Nigam Ltd. *73*

21/22/23 Parc Tauli Consortium Hospital (A), (B) & (C) *84*

30/31 Is Small Beautiful (A) & (B)? *97*

32/33 Is Small Beautiful (C) & (D)?..... *102*

34 Is Small Beautiful (E)..... *116*

35 Is Small Beautiful (F)?..... *127*

36. Is Small Beautiful (G) & (G1)..... *132*

38/39 The Fun Of Case Writing (A) & (B)..... *136*

40 The Power Of Check Listing *150*

41. Do We Matter?..... *155*

43. Time Estimates..... *159*

44. The Power Of Interior Design..... *167*

46 U.P. State Tourism Development Corporation..... *177*

47 Vindhya Pradesh Forest Corporation..... *186*

48. City Montessori School..... *191*

49. Indutrial Toxicology Research Centre..... *203*

50 Rewards Galore..... *211*

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51	***Promoting Excellence (A) & (A1)***	*215*
53	***Academic Resource Park***	*230*
54	***Management Case Tree From Barcelona***	*234*
58.	***Creation Of A Computer Centre For Training***	*240*
59	***Kingfisher Airline***	*244*
60.	***Power Of A Missed Meal***	*253*
63	***Adani Enterprise Ltd.***	*256*
64.	***Is Small Beautiful (I)?***	*266*
71.	***The Experiment***	*274*

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PREFACE

Case method pedagogy for imparting management education in the country has been in use for over thirty years now. There are a large number of case method users and the case writers too. However, the preparation of instructors guide is not a very common practice in this country. This has, to a large extent limited the usage of the inventory of cases developed by various scholars.

The instructors' guide can be very useful in increasing the effectiveness of instructors while conducting the class discussion. The purpose of such sharing of case analysis by the author is not to inform the instructors either about the correct analyses of the case situations, or about the best/ideal or correct solution, or even about the lessons that may be drawn through a particular case. The objective is only to reflect the case writer's views on the same. A case material is developed by the author often for his own use. Since he knows the context, contents and the purpose for which a case was written, he has little problem in deciding how, when and where to use it. Other users do not enjoy same advantage of familiarity, unless they have read and analysed the case themselves, preferably, more than once. A short commentary on the cases namely, their abstract, objectives and utility in various programmes and courses, short synopses and basic details such as the case length and complexity, the preparation time required and the duration of class discussion etc. may greatly help an instructor in picking up the case(s), to meet the teaching/training objectives.

There are other advantages too. The case writers have unique styles in terms of data arrangements, twists and catches etc. given in the case, to bring home the points, sometimes in a dramatic manner, in the class. The users (other than the case writer himself) may at times miss out some important points, twists and turns, which may lead to inordinate amount of time being spent on preparation, especially in Strategic Management cases that involve consideration of highly diverse set of issues. Secondly, the authors' analysis may also enrich the instructor's own analysis. Thirdly, the case writer may prescribe certain guidelines for conducting the cases in the class room. These may be extremely useful for instructors teaching the Strategic Management course/ conducting training programme on the subject for the first time. It may enable them to ask relevant questions and give useful hints to the participants, to guide the class discussion in the desired direction as well as facilitate class discussions if it gets stuck at some point. It may also help the instructors in concluding a stimulating

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class discussion by drawing relevant lessons in a cogent manner. Keeping the above in mind this instructors' guide for the book **Cases in Strategic Management: Indian Experiences**.

To facilitate the instructors in selecting the cases for their specific use, two charts showing the case settings and the salient features of each case has been given in the beginning. This is followed by a description of the case objectives and usage for each case. This should help the instructors in picking up and perusing the cases for use. Once an instructor has read a case and done his analysis, he may use the guidelines for conducting the case in the class room. To facilitate quick recapitulation of the case facts, a synopsis of each case has been provided alongside. Copies of the diagrams have also been given separately to help in preparation of transparencies. Furthermore, some readings have been suggested for each case and a bibliography on Strategic Management has also been given at the end as an additional help.

This book is not aimed at providing members of my academic fraternity with the analyses of the cases contained in the Casebook on Strategic Management, but to facilitate those who wish to start developing the cases on their own. Further the faculty members may also like to involve/ guide the practitioners/ students in the case writing for developing useful educational material. With the above in the mind two notes, one on "Writing a Business Case" and the other covering "An Experiment on Students' Case Writing" have been included. I hope the academic fraternity will benefit by them.

I hope the members of my academic fraternity, in India and abroad, will find this book helpful to them while using the cases contained in the **Case Book on Strategic Management**, for teaching courses or conducting a Management Development Programme on the subject of strategic management. I also hope that the faculty members in other countries will find it useful for having a better idea of Indian organisations and management practices.

This being our co-crafting effort in this area, there may be deficiencies here and there. We shall be grateful if they are brought to my notice to enable further improvement in this work.

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We are also grateful to Prof. James Nelson (University of Colorado at Boulder) for giving me the permission to use his note on "Writing a Business Case". Our special thanks to Ms. Anitha Rajmohan for fine typing support she provided in the preparation of this book. Last, but not the least, we wish to express my gratitude to our fathers, and spouses for sportingly sacrificing time due to them for completing this venture.

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CASE ABSTRACTS

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2 TAKSHILA ENGINEERING CORPORATION LTD.

2.1 Case Synopsis

Takshila Engineering Corporation Ltd. is one of the largest electrical engineering company of the country. The company had launched massive expansion plans to meet the growing requirements of power and industrial sector in the country. To expedite the decision making process, the top management had decided to install most advanced computer system at each of its plants and link them to corporate office.

There were difficulties in finding suitable person for managing various positions, right from that of head of the computer centre, to software development personnel. Due to organisational compulsions, a senior manager from fabrication division was made head of the computer centre. For software development, the responsibility was passed on to the heads of various departments.

Pramod Agarwal was an engineer in commercial department. He was sent for pursuing higher studies in management with specialisation in corporate planning area. On his return he was snatched away by the head of commercial department and assigned the job of developing computer based information system for commercial department, with very high expectations. Though disillusioned, Pramod realises that there was no appreciation of the relevance and magnitude of the task of developing computer programmes/system by the D.G.M. who only wanted them for demonstrating that he was also a "modern" executive who used computer outputs (print) in meetings.

Realising the need for bringing the appreciation, he starts working with some of the commercial engineers handling the power project sales and succeeds in his endeavour of bringing computer appreciation, when he is abruptly transferred elsewhere.

2.2 Suggested Readings

1. Krishna Kumar **Barriers to Change**, Unpublished Note; IIM, Lucknow.

2.3 Case Analysis

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The case has immense utility as it deals with organisational arrangements required for introduction of a change programme in general (like introduction of performance budgeting, performance appraisal system, corporate planning) and introduction of computer systems and its expansions in particular. Many organisations in India even today are at a stage when they have to start learning the use of computers. This case, like the Shilpi & Co. case, has yet not lost its gloss in terms of bringing home relevant points, despite over 13 years having passed when it was published and the case situation being over 15 years old.

The instructor can proceed for class discussion starting with the following questions.

Q.1. In your view has the computerisation programme been successful? Give arguments in support of your answer.

The instructor may start by splitting the first part of the question from the second, asking the participants to raise their hands and counting the number of people who answered in affirmative as well those whose views were in negative.

He may then proceed with those in whose view the programme has been a success and list out points in support of their stand. The following rationale for their stand points may emerge:-

a) The computer centre has been installed, one of the most advanced system of its time, at a huge investment of about Rs. 2 crores.
b) Each department has been developing computer programmes/ system for its application.
c) Many departments are using computer output.
d) The system is working very well, with very high uptime and computer infrastructure fully geared for use.
e) Although the people (specially the programmers) were facing some difficulty, these were usual hiccups of the initial stage and will vanish, soon.

Those who hold opposite view will point out the introduction of computer programme was not successful as it had not achieved the objective for which it was done namely, improving the effectiveness and speed of decision making. The computerisation programme was going parallel, if not tangential, to the actual executive decision

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making. If corrective measures were not undertaken, the process may follow the course of evolution rather than that of a purposive planned change, taking inordinately long time to materialise, if it succeeds at all.

Q.2. What, in your view, are the reasons for the change programme not progressing in correct way?

There are two reasons broadly speaking. One, there are several factors, i.e., barriers to change which were not properly taken into account. The second reason relates to the improper structural arrangements made for implementing the change.

i) The participant may hold the lack of relevant skills within the organisation as the main reason. The instructor may solicit additional factors. Gradually the other factors will start emerging, namely:-

a) The absolute lack of appreciation on the part of the heads of various departments, who are crucial link pins for the success of change programme
b) The lack of appreciation on the part of the users - commercial engineers, senior engineers, head of departments etc., who would have benefitted most by improvement in efficiency and effectiveness of their working,
c) Poor monitoring and control mechanisms for development of software. There seems to be production orientation even in software development (number of system developed become key figure for monitoring progress), so much so that the means seem to become ends (eg. number of pages printed, uptime etc. becoming measure of performance rather than use of computer and increase in efficiency and effectiveness of decision making process),
d) Computerisation programme becoming a means of acquiring manpower and other resources,
e) Personnel policies working at cross purposes with corporate strategy. A person groomed for corporate planning being totally misused in an area where he can't give even average performance with best efforts. It is shear waste of organisational resources and deliberate attempt, howsoever innocuous it may seem, to demotivate and frustrate an individual who wished to perform well and had capability to do so in a specialised field.

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f) Lack of understanding of the totality of the change programme. Only the technical part of the change, covering physical infrastructure to be created, was realised. The other, more significant change issues were not appreciated, especially the psychological, social and cultural barriers to change, do not seem to have been realised/considered.

The instructor at this stage can introduce the concept of force-field analysis for organisational change (see fig. 16.1). The major restraining forces have already been highlighted above. The major facilitating forces are the commitment of top management, availability of resources and to some extent perhaps the prestige of using high-tech. But it required a little more. The major restraining force is inertia. This arises on account of the lack of felt need for change, due to lack of realisation (appreciation) of the utility of the technology for improving/helping their functioning. Another major psychological barrier is the fear of their functioning being adversely affected, even jeopardised, by switching over to computer based working.

ii) The instructor may then draw the process of introduction of change as shown in diagram 1 by inviting the participants to do so.

The process may be shown through a transparency no. 1. (see fig. 16.1)

On this, the transparency II (see fig.2.1) can be superimposed to give various points which are responsible for not so effective implementation.

Q.3. If you were incharge of implementing computerisation programme in TECL, what course of action you would follow/ care you would take?

a) An organisational barrier that of lack of inhouse skills, is a real problem. It will definitely take time to develop it. But it will not happen on its own, unless there is a felt need for change among the people who can give impetus to it; the actual users, namely, the departmental heads. Developing competence is not that much big a task as creating felt need for change. It requires use of re- educative strategy (and a bit of power strategy besides facilitative strategy

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which was currently being used) to bring out appreciation among the users. This appreciation is not to be only in terms of what is

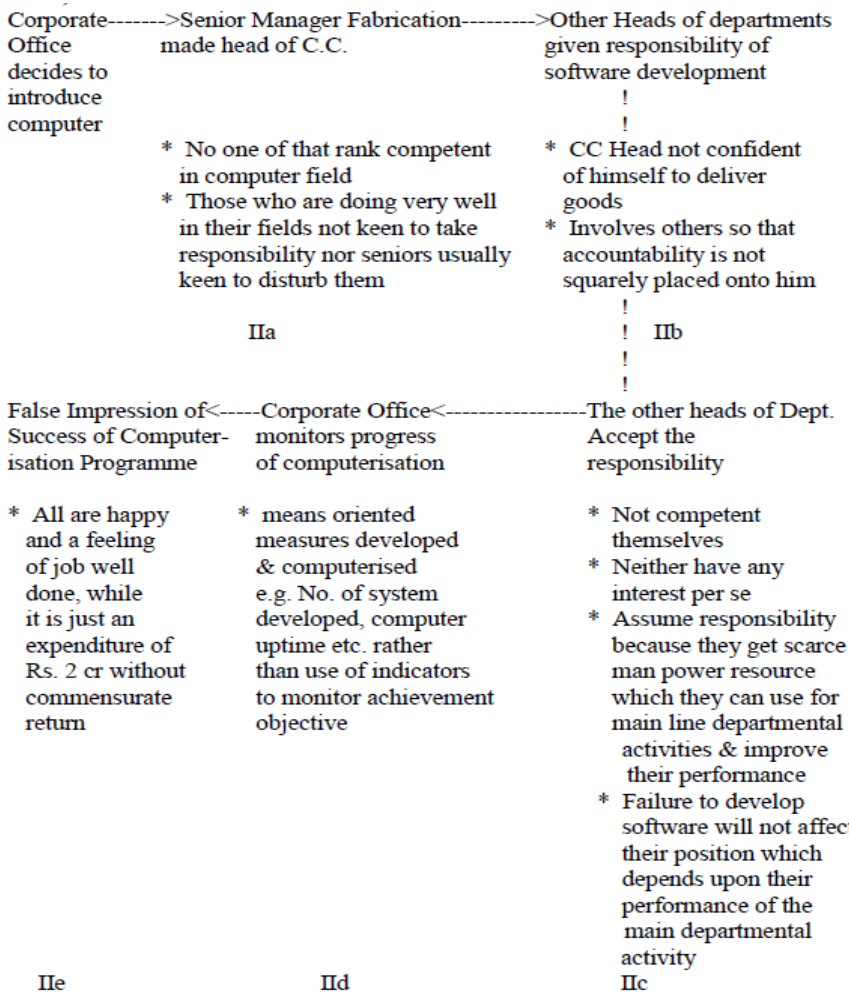

Fig. 2.1 Transparency for discussion

computer hardware and software, or by psyching the users with the power of computer, a typical approach adopted by some computer system specialists while imparting training to users. Such training often makes the senior executives overawed with new technology,

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making them apprehensive about their being able to use it properly. Lurking doubts loom large in their minds, which they do not express, perhaps not able to express. They don't need to know prowess of computer, but how computer will or can help them, in what way it will require change in their way of functioning, the real dos and don'ts in using computer as compared to manual system they are accustomed to. This requires hands- on user training, in which they are asked to express

What bites them in meeting information required for their functioning, and demonstrating them on the spot as to how the computer could help them? Missing this simple point has in many cases resulted in the key decision makers not using computers for decision making, but using it for at most routine work that is to be done by subordinate staff. Thus the real executive use of computer does not take off.

b) The allocation of manpower resources for software development has to be critically examined. Without the superiors being able to provide proper guidance the subordinates can't develop relevant software efficiently. Worst still, the smart ones may even take superiors for a ride. The software can be efficiently developed by a group in computer centre, who may get orders for the same from user groups. If the users realised the importance they will ask for it. In the present day, when PCs are easily available, user themselves can go ahead with use of computer through standard application packages.

c) The corporate office must monitor progress in terms of qualitative and quantitative changes in decision making and information supplied from each office to the other, rather than measuring only number of system developed etc. This will itself put pressure on the departmental heads to use computer. It has to ensure that the difficulty in moving speedily should not lead to development of a false impression of "having achieved success", a culture of using false indicators, which may be difficult to undo later. The corporate office also has to stop passing wrong signals by directing posting which make mockery of human resource development.

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5 GROWTH BANK

5.1 Case Synopsis

The case describe the managerial challenges Growth Bank, a leading commercial bank of India was facing. The competitive pressures were increasing and profitability declining. There was widespread dissatisfaction among staff and executives and they were experiencing high role stress. There were also indications that operating executives were making compromises on basics of business which was affecting banks profitability. The executive director was wondering how the human side should be managed and what kind of reciprocal relationship between human side and business ought to be struck to keep up the performance of the bank.

5.2 Suggested Readings

1. Krishna Kumar, **Cases in Strategic Management,** (1996) New Delhi, Global Business Press, pp. 19-22

5.3 Case Analysis

The case although short, is a complex one and provide ample opportunity to the instructor to add information required form his side from time to time. Places where instructor may add information during discussion are indicated by *.

The instructor shall benefit by leading the class discussion in the following order.

Q.1 Mr. Gosanvels feels that compromises were being made at various levels in operational efficiencies. Do you think it is true? What could be reasons for the same? What could be its' consequences?

The participants may try to find answer in the data given in exhibit 1 or qualitative information that the people were demoralised and hence not completing work in time or committing mistakes. But exhibit 2 gives some more concrete picture. The data on income over the years shows that income from interest and discount is

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decreasing and so is the income from Commission/Exchange and Brokerage which has declined from 10.3% to 7.22%. The reduction in interest income may be due to change in credit portfolio or due to change in interest rates. But how about the reduction in discount income or exchange and brokerage income? It could be on account of two factors. One, the branch managers were perhaps allowing waivers on exchange and brokerage, and second, the reduction in transactions on current account activities. This is also supported by exhibit 1, where there is steady decline in Current Account from 20.02% (from others) to 17.91 %. The observation of Mr. Gonsalves is thus seemingly well founded one, although, more detailed data is required to make a conclusive statement.

Why this decline? Because executives were perhaps trying their best to increase the deposits, by having more of fixed deposits, that too through interbank transactions, called "hot deposits".

What is hot deposit? It is a temporary accommodation sought from other banks for short term deposits which leads to payment of interest, without earning any income as the bank can not gainfully employ the available funds for lending, especially to high interest yielding commercial and institutional borrowers. It at best gets a very low interest on SLR/CRR, averaging around 5% only, that too a total of 40% of such deposits while paying a hefty interest on fixed deposits as shown of illustrative example given below.

Take a deposit of 100 rupees,

Assuming SLR (statutory liquidity ratio) @ 33% of total deposit (yielding 6% interest) and CRR (Cash Reserve Ratio) @ 7% of total deposits (yielding no interest); and that the balance of 60% could not be lent due to short time,

The bank earns 33/100 * 6/100 = 1.98% on 40 rupees,

While it has to pay 5% - 6% interest on short term fixed deposits. Hence it loses 3 - 4 % on interest itself.

The rise in interest expenditure in exhibit 2 substantiates this fact.

Q.2 Are Mr. Gonslaves concerns important ones?

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Yes, because it can have far reaching impacts. The executives/Officers may get into a culture of soft options, going for getting (or arranging) short-term interbank deposits to project high performance, as "Total deposits" seem to have become the most valued factor in performance appraisal of bank (and thus it's executives), despite its adverse effect on profitability and it reinforcing a culture of short cuts to impressive performance rather than performance based on hard work/sustained effort to enhance core banking activities in real terms. Once the organisation gets into this kind of culture, it may be difficult to get out of it.

Q.3 Why the people are too much concerned about total deposit figures?

It is because of two factors. First, the visible one, is the competitive pressure of retaining leadership position. The second, not easily visible is its linkage to promotions. The positions of top management are linked to deposit by RBI. This leads to other lower level position (which are linked to top level positions), also getting determined by the total deposits figure. Thus the whole organisation gets under pressure of increasing the total deposit, even if it meant compromising with operational efficiencies, until the profitability dips so low that it starts exerting as strong back pressure to nullify pressures of in increase deposits.

Q.4 What are the major challenges that the bank is facing?

The participants may respond with various reasons like:

i) Increasing deposits to maintain industry leadership,
ii) Increasing profitability/efficiency of operations,
iii) Arresting the compromises being made by people on operating efficiencies as discussed above,
iv) Managing the human side of the organisation, i.e., the executive motivation and role stress.

The instructor may then proceed to the crux of the problem.

Q.5. What are the challenges in managing executive motivation? How serious is the problem?

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The problem in managing motivation is arising due to problem of limited opportunities for growth. It should be appreciated that as one moves up in the hierarchy the % of people promoted reduces. Further, the compensation package and perks in nationalised banks (growth bank is a nationalised bank) are closely related, if not determined by the scale of pay one is in*. Promotions, thus, become very crucial for everyone, all along the organisation hierarchy.

The acuteness of the problem of motivation then can be very appreciated by closely examining officers in grade III.

If one enters the grade in any year he will be eligible for consideration of promotion to next grade only after five years. It takes about 1 year for the promotion exercise to complete *. Then there are seniority marks equal to 5% of total for every year up to 20% of total *. Thus even if one was outstanding, he may still not get promoted because he will have the handicap of 0 marks for seniority and has to compete with people who had 3-4 years seniority. 20% is a wide gap to compete. It may take a person to wait for 1 or 2 years in grade III to be able to compete for promotion. By this time he would have completed over 7 years in the grade, having reached the top of the grade and stagnating there till he was promoted, quite a frustrating experience for a good performer.

What happens if one is promoted? He stagnates at the top of the next grade from the very day is promoted. How? He would be at a basic of Rs. 2250/- when he is promoted. His pay will be fixed * by adding a notional increment (Rs. 75/-) in the existing scale (making his pay Rs. 2325/-) and be fixed at the immediately next stage in the higher grade i.e., Rs. 2400/- which happens to be the top of the scale he is promoted.

What are one's chances of being promoted? They diminish as the years pass. The number of people at lower scale (grade II) is much higher (above 800) than in grade III (about 200). The percentage of people promoted at higher level (grade III) is lower (15-20%) than that at lower level (grade II) i.e., 25%. Thus, if 40 people were promoted from grade III to grade IV, 200 were to join grade III on promotion. Next year the number will be 360. With every year passing the chances of one getting promoted go on reducing. The 5% - 10% difference will go on piling up in grade III. It leads to a very

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bad feeling if one not only misses promotion, but does not get even an increment at the end of the year (stagnating at top of grade III).

With the promotion chances becoming bleaker and bleaker, one may wish to avoid joining this rejection (rather than selection) exercise. Before Pillai Committee recommendation, there was a long running scale. People were picked up and promoted by top executives. If one was not selected, he continued his journey in the scale, without feeling embarrassed of rejection

The Pillai Committee divided a long scale into 5 scales, people were classified into 5 scales. A formal system of evaluation for promotion got introduced which had an eligibility criteria in terms of minimum number of years of service in a grade. It had two impacts. The bright ones had to wait even if they had outstanding performance. On the other hand it developed unnecessary expectations among those who did not perform very well, but became eligible for consideration as years of service rather than performance became first qualifying criteria. This also led to a large number of people to be evaluated for promotion, as all those who completed a fixed number of years of service in a grade had to be interviewed, rather than the number being limited to a few, say top 50 or 100 good performers.

This resulted in tremendous increase in the work of evaluation for promotion *. Several teams had to go on countrywide interviews, consuming lot of executive time. This also resulted in some not-so-good in the senior top management executive included in the interview committees more on the basis of their availability (on account of not being engaged in very important assignments) rather than competence of performance appraisal. This led to lot of variance in the selection and other than merit criteria also started playing role, resulting in lot of "surprises", pleasant or otherwise, when the results were declared *. This was creating lot of heart-burning, which was reflected in a large number of court cases.

The formal system also required applications to be made for promotion *. This frustrated people even more. They could not avoid humiliation of being rejected even if they were sure of it because not applying led to an impression of being a "shirker" created on the top management. The new scales and contingent formal evaluation system, thus, led to both frustration out of stagnation and humiliation

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of being rejected year after year. Further they had to face a transfer (which was associated) on promotion without commensurate, offsetting financial benefits, and also if they tried to avoid the "rejection exercise".

The problem of executive motivation was, therefore, a really serious one.

Q.6 What is the reason for high role stress among the executives?

Before addressing this question, the instructor may give to the participants some idea of the role stress in case the participants are not familiar with the concept and types of role stress. The participants may then be asked to point out the areas of high role stress (exhibit 4A). The role stress is highest in role erosion, followed by role isolation and inter- role distance. Others to follow are role expectations conflict, self- role distance and resource inadequacy. Interestingly role overload and role ambiguity is very low. We shall focus on the more important ones i.e, role erosion and the role-isolation.

To understand the reasons, we have to revert back to an earlier discussion. The importance of promotion would have been well realised by now by the participants which is buttressed by findings given in the exhibit 4 (B). Since promotion is linked to total deposits the promotion needs were apparently being by change in the mix of deposits; more in favour of fixed at the cost of savings or current deposits and also more in favour of inter-bank than from public. It must be noted the total number of transactions do not increase in same proportion in fixed deposits as compared to saving bank or current accounts*. Similar is the case of interbank fixed deposits as compared to deposits from public *. In nutshell, the physical level of activities do not increase commensurately with overall growth if the growth is achieved through interbank deposits or shifting the deposits mix in favour of fixed deposits. Thus the rate of growth of physical activities is not the same as that reflected by the growth achieved in financial terms.

It must also be noted that a good part of growth in deposits is generated on account of application of interest itself. For example, let us consider the deposit mix of 1981 (F.D.: S.B.: C.A. :: 56.8:

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21.44:21.30) and assume the interest rates of F.D., SB and C.A. as 10%, 5% and 0% we will find that at the end of financial year 1981-82, the total deposits would have grown as below by application of interest.

F.D. 56.8 (1981) -----> 56.8 * 1.10 = 62.48
S.B. 21.44 (1981) -----> 21.44 * 1.05 = 22.12
C.A. 21.30 (1981) -----> 21.30 * 1.00 = 21.30

105.90

Thus a growth of about 5.9% accrues due to the application of interest rate itself which does not result in any significant change in the actual work or physical activities of the bank.

Thirdly to some extent the growth is achieved because of inflation. For example if inflation rate compensated in a year was 10%, an account holder having Rs. 1000/- salary will have salary in SB A/c to the tune of Rs. 1100/- on account of inflation while the number of transaction in account will remain by and large the same.

The growth during 1981-82 in deposits was to the tune of 22.1% (see exhibit 1). The growth in physical activities or actual work will be much less, however, due to the three factors given above. The promotions in the bank were being given on the basis of growth of organisation in financial terms, rather than physical terms. What is the result? It is disastrous.

Assuming the growth of organisation in physical terms to be about 8-9%, promotions based on growth in financial terms of 20%, it will means that for every position, two officers/executives have been promoted. This results in division of an executive role into two (which is perceived by people as role erosion) or creation of new positions without any relevance for the same. Such positions hang loosely without any strong linkage with main line operations, thus leading to perception of role isolation.

The attempt to find solution to problem of promotion in fictitious growth, therefore, leads to role stress. Such solution only shift the incidence of problem, rather than solving the problem.

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Q.7 What in your view is the solution to the challenge of managing human side?

This is the crux of the case. If you have to meet the requirements of promotion once in six years, the organisation must grow in physical terms @ 16%. In financial terms it must growth @ above 25%. If it wants to have a long terms policy of promotion every six year, a cushion of 4-5% is also required. The organisation thus must plan for a target growth rate of about 30%. The existing business may not be able to meet this growth rate. Hence, diversification may have to be explored. But it must be realised the human side can't be managed without sound plans for business growth. This required conscious strategic planning and internal environmental pressure like minimum growth rates required to meet the growth aspirations of the people inside but be considered as a key element of it. It requires coherent and integrated working of personnel department and the corporate planning department without which the organisation can't meet the challenge it faces.

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7. SHIPLI & CO.

7.1 Case Synopsis

Dr. Patil is a qualified sculptor, who is fascinated with the idea of cosmetic prostheses, artificial limb manufacturing. He has personal skills of designing profiles of natural looking plastic limbs. He could also design mannequins. He had produced a few prototypes and was able to sell them also. He was thrilled with the opportunities in terms of possible applications. The proposal does not give demand projection but only his guesswork, to fill up the form of the bank for availing a loan. He feels that all the fields of application are his market, which differed in terms of production technologies required (i.e., from job shop to mass production) and not all of which could be exploited by him.

He does not have any other skills, neither marketing, nor (mass) manufacturing, nor financial management. He has limited resources at his disposal and has low risk bearing capacity. He seeks a small rented studio and wishes to go for mass manufacturing technology, using a centrifugal casting machine to be made by a local manufacturer as per his design. If the machine fails his project falls like a pack of cards.

7.2 Suggested Readings

1. Krishna Kumar, **Cases in Strategic Management,** (1996) New Delhi, Global Business Press, pp. 14-23

2. Bernard C.I. **Functions of Executive,** (1962) Cambridge, Mass; HarvardUniversity Press

3. Jauch L.R. &Glueck W.F. **Strategic Management & Business Policy** (1984), Singapore, McGraw Hill. pp 1-77

4. Rue, L.W. & Holland P.G. **Strategic Management- Concepts & Experiences**, (1986), New York, Mcgraw Hill. pp 11-29

5. Seymur Tiles "How to Evaluate Corporate Strategy" **Harvard Business Review**, Vol. 41, 1963 pp 111-121

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7.3 Case Analysis

The case flows smoothly with the help of question given at the end of the case. If the participants are asked to put themselves in the shoes of Mr. Hopkins and ponder for 5 minutes, then vote for yes or no, the class would typically be divided in about 10% people saying yes, a large number say 40-50% voting NO with most of the rest keeping their fingers crossed. On prodding, they are likely to say they needed more information to decide.

a) Illustrating A.K. Rice's model of Functioning of an Organisation.

The instructor may start with those saying 'NO', asking them to explain reasons. One by one they will cite various reasons like wrong market demands estimates, impossibility to tap all the market with limited resources, especially the manpower resources. Some will doubt the calculations of economic viability, too good to be believed. Those saying 'YES', may then be encouraged to respond. There answer will give clarity on concepts of potential vs demand.

<----Input ---------> Processing<-------------------------> Output

Finance Technology RM Power Water Space	Skills of Financial Mgt. Operating Planning & Control Inventory Mgt.	Organisation's Ability to Demand Asses & Exploit it Potential

The instructor may go on putting various objections raised by participants on the blackboard at appropriate positions, clubbing them in terms of output, processing and inputs as shown below, discusing each of the reservation is as much details as possible. The issue of skills and inputs will occur later in the discussion. It is quite likely that the issues of supplies, power, accommodation etc. do not occur to participant unless pushed to think exhaustively.

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Once the key points are put on the blackboard, the instructor may put the exhaustive list prepared by him on OHP, then superimpose a transparency showing input-process-output model and slowly remove the first transparency. The students will retain A K Rice's model which will go a long way in helping them recollect all the relevant items in a case situation, using the Rice's Model.

The instructor must not miss to point out that how only few points occurred to any single participant and, how the conceptual models can help them in identifying issues and problem areas. It will also enable them to realise that one typically did not go for exhaustive analysis but tended to reject the proposal on just one or few criteria.

b) Illustrating the Importance of Business Technology

Mr. Patil has suggested that he would contact a number of market segments which involved both the job shop as well as the mass production technologies. He does not realise that the two involve quite different types of marketing mix decisions and skills, manufacturing infrastructure and skills, different fixed and variable cost mix and hence pressure of breakeven points and capacity utilisation. He simply can't manage all that he proposes because he has only technical design skills and no other skills or organisational resources. As an enterpreneur with small resource base, he should develop sharply focussed strategy, using job shop technology only, that suits his design strengths.

c) Credit Appraisal

While using the case for credit appraisal courses, especially for development bankers the instructor may lead the issues as above and pose a question "what should Mr. Hopkins do?" The answer does not lie in accepting or rejecting the proposal straight away, but counselling Mr. Patil, an enterpreneur that the excitement of opportunity appearing should not blind Mr. Patil regarding the harsh ground realities of business. How much vulnerable he would be if he goes for self- designed and locally fabricated centrifugal casting machine that was not being manufactured by even the leaders in

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machine tools industry in the country? That he will have to operate at a very high breakeven point if he uses the casting machine that would put excessive demand on Mr. Patil to get large number of orders and successfully execute them. There is every chance of slippage given his background and then he is doomed. His strategy is very weak in terms of his risk bearing capacity, internal inconsistency and workability. At the same time he should not shelve the idea, he may start will tailor made items and as business pickup may go for mass production.

The case has been conducted over 25 Management Development Programmes of different organisations (including banking ones) and master level courses in Business Policy/Strategic Management over the last 12 years. Still it has not lost its gloss and relevance. It is one of the most favourite case of the author that never failed to impress and bring home the message to audience.

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09/10. MEIN KAMPH (A) and (B)

Case Synopsis

Takshila Chemical Industries Ltd. a public sector company is one of the largest company in the industry. The present company is made out of merger of two companies both of which were public sector companies (say A & B), each of which became manufacturing plants with head office of the company called Corporate Office, located at Delhi, away from plants. The merger was brought about on the recommendations of an enlightened general manager (of company A) who had vast experience and was determined not only to meet the increasing demands of the product but also make the company a name to reckon with in the world, through use of modern management techniques and an enlightened work force especially its officer/executive cadre. He believed in human resource development as a key to organisation growth, and started a number of innovative practices in human resource development which became not only industry practice, but a model for public sector later.

Anand was an officer, who in Tekdi plant (in erstwhile B Company). He was keen to pursue higher studies to enhance his managerial skills to be able to discharge his responsibilities effectively, as he ascended the organisation hierarchy. He was offered admission in a prestigious management programme. But, his request to pursue the same was not forwarded to the head office by the personnel department on the pretext that there were no rules. Fortunately for him, the Chief Executive came to learn of it and promised all help. The personnel department still did not forward the application. Anand persisted and finally his application was forwarded and the head office allows him to proceed on leave at nick of the time.

The miseries of Anand did not end here. The treatment of the organisation meted out to him baffles him. He keeps the head office informed of his performance, which encouraged him to think of the area in which he would like to work on completion of the course. He is promoted also in absentia by the plant management. On the other hand he was denied proper posting on his return to make use of anything he studied in four years. He was even likely to be superseded by his average performance peers (despite Anand having excellent performance in studies and his denial of attractive job offers due to his loyalty to TECL), when he decides to quit in huff to a substantially higher position. The period of his return was marked with

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total dissatisfaction with job and constant harrassment by even junior officers of personnel department. Even the general managers and executive director could not be of much help in saving him from the wrath of personnel department. At the same time he is able to prevail upon the personnel department in every encounter.

Suggested Readings

1. Jauch L.R. & Glueck W.F. **Strategic Management & Business Policy** (1984), Singapore, McGraw Hill. pp
2. Rue, L.W. & Holland P.G. **Strategic Management- Concepts & Experiences**, (1986), New York, Mcgraw Hill. pp
3. Kalra, Satish, K. **Human Potential Management'**, Working Paper No. 9605 I.I.M., Lucknow

Case Analysis

The two part case series leads to some important lessons for management of human resources development. A country like India, which has second largest population in the world, human resources can be a key competitive advantage, if managed properly. At the same time it can be biggest source of organisational problems if not attended to properly. The case raises some fundamental issues. What is the task and challenge of human resources development? What are different mechanisms or strategies available for the purpose? Whose responsibility is human resource development in an organisation? What care has to be taken to ensure that those who are involved in this critical managerial task, really understand the job and perform the function properly? What organisational mechanism may be necessary to do justice to the job? What are imperatives for the success of human resource development programme?

The instructor can highlight the above points guiding the class discussion with the help of questions given below. The instructor may also use role plays for bringing out the points.

Q.1 Do you think the Chief of Personnel had done any wrong to Anand Agarwal by refusing to act on his application for higher studies to make him feel upset?

The class responses to this is likely to be divided. Some participants will endorse the decision of Mr. Verma, because he was only following the

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typical line of personnel department's response to such "non-issues". To his knowledge there were no rules which permitted people to go for higher studies as they wished. If he starts accepting such requests to forward them to higher authorities as desired by employees, he will be piling up a lot of such requests, and may even be reprimanded by higher authorities for not performing the "gate keeping" function properly. The stand taken by the Chief of Personnel (Mr. Verma) is vindicated the stand taken by conduct of others, like the immediate supervisor of Anand, the Senior Manager (Sales) etc. who were all apprehensive of Anand's request. Indeed, Anand had to virtually threaten the latter to complain about the matter to the corporate office, that no one listened to the Corporate Office.

Some participants may support the case of Anand. He is after all applying for higher studies. He could not do it until he qualified and got an offer of admission. He is not an opportunist trying to make a career at the cost of the organisation. If he had any such desire, he would have resigned and gone, his bond notwithstanding. Further, he is applying for advance level studies in a field that is highly relevant for his assignments at senior levels, (the people with similar background were being recruited by TCIL, paying a premium). Should organisation meet such requirement of persons having highly specialised skills by recruiting people or developing them internally.

It looks fair that Mr. Verma as enlightened executive should have, forwarded Anand's request with recommendation to corporate office for a favourable decision.

Mr. Verma has failed in his gate keeping function also. He has simply applied the logic that since such things were not done in the past, they need not be done in future. He does not even examine the merit of the case. He has virtually behaved like an assistant in bureaucracy, who does not know when and how to use discretion in gate keeping function. Worst still he finally allows, albeit with inordinate delay, under pressure and out of fear when Anand tells DGM (Admn.) that provisions exists in the policies approved by the Board. This exposes Mr. Verma's total ignorance making him unfit for the position of chief of personnel department itself. If there was a policy, he should have known it. If there was none, he should have insisted on "No" to DGM (Admn.). By not doing either, he has demonstrated the arrogance of hierarchical power, misused. The very fact that the top management went out of the way to allow Anand to proceed for higher studies indicates that Mr. Verma who was in implied way

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responsible for human resource development as Chief of Personnel, was not even aware of the skill requirements in the organisation. A sad commentary on the assignment of human resource development responsibility in the organisation.

One key issue remains to be discussed. How should the Chief of Personnel use discretion in his gate keeping function. He surely has not done it well, but why?

Q.2 In your view, should the personnel department have forwarded the application? If so what would you do to ensure this?

The above question may look simple and quite innocuous at the first instance. But it is one of the toughest challenge that corporate management faces, that of corporate communication. The instructor must highlight that no one among those who were involved, at the plant level, in the processing of Anand's request for higher studies, had given impetus to his application viz. his Sales Manager, DGM (Admn.). They all did it on the persistence of Anand, bureaucratically and somewhat under the threat given by him to report the matter to corporate office. What does it speak of their understanding of human resources development? Higher studies are not considered one among several HRD interventions. Short duration training courses or on the job training alone seems to be understood as HRD interventions. The instructor may bring home the point of one's level of stakes in the learning process. Relevant, specialised, professional qualification result in a lot more relevant learning as stakes are high. A person would not go in for foregoing his salary, if it did not substantially add to his knowledge base for career growth.

The corporate management seems to recognise and value this, hence permits it, while the plant management does not. How does Corporate Office communicate it to plant level? The Corporate Office must ensure that such cases are not rejected, as the organisation may lose lot of good opportunities arising of enhanced competence of aspiring executives.

What can the Corporate Office do? Firstly, it must make its philosophy clear and explicit. Secondly, it must translate it into practice. The people at lower level understand the top management philosophy through policy, practices and actions. It must, however, be realised that often it is not possible to visualise all the policies to be developed. Policies are frequently developed or modified when an exceptional case comes for

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decision. There must be mechanisms to catch such cases. Needless to add that the persistent persons, like Anand, are budding change agents in the organisation, a rare specie, which must be protected. The Corporate Management must instruct the plant management to refer all the cases which come to it for decisions, for which there is no clear policy guideline for accepting or rejecting the cases. The plant management must not be allowed to negative or reject the cases where policy guidelines are not clear. This will give a signal to the plant management to be ready to change and align itself with the corporate philosophy as each case referred will be a messenger of changing corporate philosophy which will initiate cultural change in the organisation.

This practice may be used for all functional areas, as a general prescription for corporate communication, but it is especially relevant for personnel function, which is most powerful mode of communication as it affects each individual closely and directly.

After discussing the above issues with the help of Mein Kemph (A) case, the instructor may proceed to even more significant issues regarding human resources development policy and interventions and efficacy thereof. What is the objective of human resource development? Why and how do the HRD policies and intervention fail to fetch desired results and effects? What are complementary policy and practices required to fetch the desired results? What are structural mechanisms to ensure this? The instructor may lead the discussion on such issues with the help of question that follows.

Q.3 How effective has been the new HRD philosophy of the management (encouraging people to go for higher studies)?

After completing the course, Anand joins back TCIL, foregoing some lucrative offers as he says. It also appears from available data that he has done well in his studies. Thus, so far as augmentation of his managerial competence is concerned, the new HRD has been able to achieve the objective.

But is that the overall objective of the new HRD policy, just augmenting the skills and competence? Anand quit TCIL. The organisation has not benefitted from his augmented competences and skills, it is immaterial whether the exercise was taken or not. Perhaps, the organisation would have been better off without it. Ironically Anand has been able to quit

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because TCIL helped him develop the competences which were highly valued and relevant for other organisations as well. Anand was doing well in the organisation even before he proceeded for higher studies. By the exit of Anand, the organisation has lost even that, at a cost equal to study leave allowance for four years, a subsidised house etc. to the organisation. Even Anand had to bear high personal costs, e.g., foregoing his salary, bonus and other benefits (like some provident fund, gratuity and other allowances etc.) and to cap it all he also had to pay the bond money. The total investment by TCIL and Anand adds up to several thousands (if not lakhs) of rupees, to develop an asset which the organisation could not use. In business terms, it was a poor investment decision, creating an asset but misusing/ losing the asset. In this sense the new HRD policy has been ineffective.

The instructor must impress upon the need to ensure coherence of HRD policy to the corporate strategy (here developing managerial competence to meet help corporate strategy). Indeed, there should be system to **ensure** measure enhancement of technical and managerial competences being developed.

Q.4 Why did Anand quit? To what extent if any, in your view, it was due to the new HRD policy?

This is a very important question. Did he leave to make a career? Perhaps not. If he had any such desire, he should have left at the time of getting admission or while completing the course. But he steadfastly refused to resign on the earlier occasions and did not exploit job opportunities on the second occasion. What was he looking for? The data is not very strong on this point, but perhaps he liked the job and was sure of his career in TCIL itself and felt that higher education will help him in doing so. Then what were the reasons for his quitting TCIL? Firstly, it was total mismatch between his background and specialisation on the one hand and his job assignment on the other. It made him very frustrated. After all he too had made heavy investment at personal cost to acquire additional competences. All that was going to be a waste, as with the passage of time he was likely to lose the value of his education. None of his superiors, from his department and external like the plant and corporate personnel, bothered to look at his loses while trying to make use of his services to organisational tasks. Even here, every one used the bare minimum of his competence by following a policy of putting square pegs in the round holes.

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Secondly, Anand feels frustrated on being denied the promotion with retrospective effect. It is ironical that he has to bind himself with the study leave rules (framed after he had left for studies) which called for bond, while he is denied benefit available under the rules. When he raised the issue at the time of promotion, he was promised, impliedly, that his promotion will be regularised retrospectively. On his return however, he is told nothing could be done as he was not selected, a totally wrong and deceptive noting made by Personnel Department, either done purposely by Chief of Personnel (who seemed to be fed up with Anand questioning his referent and information power and wanted to teach him a lesson) or inadvertently as personnel department was not bothered as to how their mistake affect peoples' career. The threatening letters from Personnel department to withhold Anand's salary, making reference to his departmental heads and general managers all indicate a totally hostile personnel department, who was little bothered about the demoralisation being caused to him. How could Anand concentrate on his job, to excel? Wrong job allocation, threats of salary being withheld etc. alone are enough for a self-respecting officer to quit an organisation. What is his crime? That he increased his competence and grew out of his normal organisation mould to assume higher responsibility. Paradoxically the qualification is rewarded with a premium for outsiders. It becomes a crime if an insider acquires it. Thus one has to quit to rise, a serious deficiency in public sector personnel policies.

Three points ought to be brought at this stage. Firstly, it will be noted that the top management made even study leave rules to encourage people to acquire higher level of competences. But once it came to implementation, it was handed over to personnel department, which did just the opposite. There is a need to either 'man' the personnel department with professionals, who come from line positions and go back to the same, not by the people who are elevated from the clerical/ assistants ranks, who never had responsibility of business. Alternatively, there should be a separate grievance handling mechanism comprising line or staff specialists (other than personnel department), having progressive outlook.

Secondly, it must be realised that HRD policy will be ineffective without other complementary HRM policies, viz. motivational policies, (especially accurate performance and potential evaluation as well fair reward and punishment systems), placement policies. Different HRD intervention lead to different levels of competence development in staff, resulting in varying levels of aspiration level and market value of a person.

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Organisation which are unable to provide faster career track need not go for HRD interventions that result in substantial rise in competence/ aspiration levels and the individual's market value. It does not help the orgnisation as it may lose even the existing competencies, while trying to augment it.

Thirdly, it may be noted that none of the line executive could correct the mistake despite realising it, once the personnel department turns hostile. Why does it happne, even in an organisation where the line people headed the personnel function? Because line executives do not get any excitement in going into the nitty-grity of personnel issues and bank on subordinate officers in personnel department, who at times tend to play on information and referrent power. The question then arises: who has the responsibility of "managing people". Unfortunately the line executives often tend to believe that it is the job of personnel department. Unless each executive is made to believe that he has responsibility of HRM, including fair assessment of his performance and future potential ensuring fairness and justice in reward and punishment, need for HRD for his subordinates, making endeavour for it, and arranging for making use of his augmented competences in best possible manner. These are some of important missing links in HRM and HRD approaches including HRD training typically provided by various training establishments.

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11 FIRST NATIONAL BANK

11.1 Case Synopsis

The First National Bank is one of the largest commercial banks in India, having over 2000 branches spread over 22 states and hundreds of districts, with a staff strength of about 40,000 people. The bank was established as a private sector bank in the first decade of 20th century and was nationalised in 1969, along with 13 other large commercial banks of the country. Along with nationalisation also came the role of Development Banker: caterer of credit needs of agricultural and rural development, besides being a commercial banker, meeting the credit requirements of commercial and institutional clients. The organisation expanded rapidly, especially in terms of number of branches, with very low per branch business in semi-urban and rural areas.

The bank had reorganised in 1970, when a new layer ie., Circle Office was added between the Head Office and branches which had only one intervening layer earlier, that of the Divisional Office. The Divisional Offices were brought within the umbrella of Circle Offices, with a view to improve upon the decision making through collective wisdom of Circle & Divisional Managers and to provide cost effective specialist support (in the areas of planning, legal, personnel, agriculture, small scale industries, personal banking and C&I credit) to the Divisional Offices.

The number of Divisional Offices, however, gradually increased. Between 1972 & 1978 some of the Divisional Offices got shifted away from the Circle office, initially on the request of the state governments to have better coordination and subsequently on business considerations. The top management now was wondering whether it made business sense to shift the other Divisional Offices also close to their area of operation (branches). They were conscious of the recommendation made by the consultants regarding specialist support and use of collective wisdom for decision making at the Divisional/Circle levels, at the time of previous reorganisation. A consultant was appointed whose analysis is given in the case. A policy decision dis to be taken now regarding shifting of the Divisional Offices, away from Circle Headquarters.

11.2 Suggested Readings

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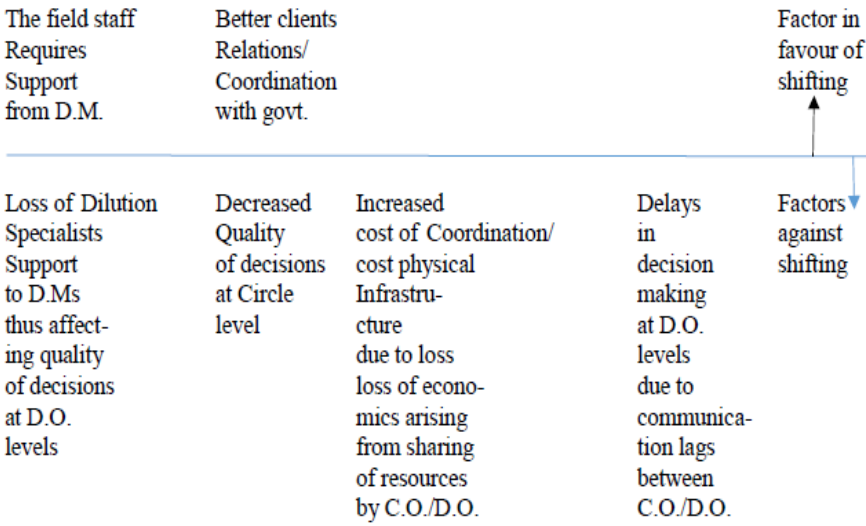
1. Jauch L.R. & Glueck W.F. **Strategic Management & Business Policy** (1984), Singapore, McGraw Hill.
2. Rue, L.W. & Holland P.G. **Strategic Management- Concepts & Experiences**, (1986), New York, Mcgraw Hill.
3. Krishna Kumar, **Cases in Strategic Management,** (1996) New Delhi, Global Business Press, pp. 39-40
4. Kazmi, Azhar; **Business Policy**, New Delhi (1992), Tata McGraw Hill, pp 233-260

11.3 Case Analysis

1 The case illustrates various consideration pulling for and against the issue of shifting the Divisional Offices, away from the Circle Headquarters. All the issues do not occur at the first instance. The best way to get the maximum from the class and to provide maximum learning to the participants is to throw a straight question given at the end of the case.

The participants are likely to be divided in their view, some pleading for and some pleading against the proposal for shifting. The instructor may only go on jotting the points on the board.

The factors which may be highlighted are likely to be one or more of the following ones:-



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2 Once the factors have been identified as above, the instructor can guide discussions on the following three lines:-

a) How strong are the factors which plead for shifting of the Divisional Offices vis-a-vis those which plead against the shifting?

b) How effective is the present arrangement (i.e, Divisional Offices in the Circle Offices premises itself), in terms of factors opposing the shifting of Divisional Offices away from the Circle Offices?

c) Is it necessary or desirable to shift all the Divisional Offices away from the Circle Headquarters. If in principle the consultants have suggested for shifting, why they are excluding some from shifting. Secondly, should even the Divisional Offices catering to the city or districts of the premises of Circle Offices also be shifted? Would it serve any purpose?

3 The participants are likely to express their reservation on the factors not favouring the shifting, rather than those which favour it. Still it may be worthwhile to push them to think whether shifting to the field (ie, closer to the branches) will achieve the purpose. Because, shifting alone may not ensure that purpose as it hinges, apriori, on the issue like the style of the Divisional Managers, whether their hearts will also move with them to the field.

This question will push the participants to look at the exhibits 2, 3 & 4 and in all likelihood, they will agree that the shifting should result in improved performance. This is especially so when one compares exhibit 3 & 4. The Divisions which have been shifted despite being within the same state have markedly improved their market share than those which were shifted from the Circle Offices cities to the state capital.

There is also a hidden point (for which data is not provided in the case clearly) that is: what is the message given to the Divisional Managers at the time of shifting why were they being shifted. The Divisions shifted to state capitals (exhibit 3) had an implied message of improving coordination with the state governments, while those shifted within the state had clear message that they were being

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shifted on business considerations. The difference in performance impresses upon the need for clear and express corporate communication at the time of any reorganisation, rather than an implied one, to have desired effect.

4 The instructor may also ask the participants to look at exhibit 9 indicating the percentage of clients contacted by the Divisional Managers. The difference is visible and although there is no quantitative data to support the point, it is not difficult to make the participant accept the point that it would have had a bearing on the business performance of Divisional Offices shifted and not shifted as highlighted in 3 above.

5 The instructor may then shift the focus of discussion to the factors against the moving of the Divisional Offices away from the Circle Office. Taking first point i.e., danger of loss of specialist support to the Divisional Managers. First, the participants may be asked to look at the exhibit 11. It will be realised that the Divisional Managers don't use the services of at least two of the specialist support available and use two others marginally. In the case of five services namely C&I, Legal, Planning, Personnel & Agriculture the Division drew the specialist support. (These positions perhaps have been created unnecessarily and should be dropped).

6 The discussion would now reach critical point. Would the specialist support to the Divisional Offices really dilute down if these offices were to move away from Circle Office? The answer to this lies in the answer to the question as to what do we mean by specialist support. If it means the specialist were doing the work of Divisional Offices, it is not specialist support in true sense, but more a issue of manpower and it costs, which should obviously go as an item under the head of Divisional Office expenses rather than that of the Circle Office. The economics of staff costs have to be seen as a separate issue under sharing of the common resources rather than be camouflaged under the head "specialist support".

7 The issue of real specialist support then pertains to C&I, Agriculture, Planning, Legal, Personnel and the International business.

The instructor must now lead a discussion on details of what these

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function may actually involve. There are no details provided on these functions. But a little background of the Indian banking and a general understanding of these functions would serve the purpose.

The nationalised banks have to play the role of Lead Banks and, thus, have the responsibility of developing District Credit Plans (DCPs) which goes to develop the State Credit Plans. Since the exercise requires expertise and the operating executive often do not like to involve in matters other than operations, the Divisional Managers used the services of planning staff extensively.

The reasons for use of legal and C & I specialist supports were quite different. The executives felt vulnerable in taking decisions on these areas requiring extensive analysis. They, therefore, used their service truly as expert opinion, to have faith in soundness of decisions they were making.

The issue of personal, banking, agriculture lending and international business required a lot of efforts for keeping track of organisational policies, rules and procedures which required not only knowledge of the subject matter, but people who had close understanding of the organisation itself. Hence the specialist support was used.

The question now arises as to whether and how these specialist support may be diluted with the shifting of D.O.s. The instructor must then introduce the concept of "time" in the decision making process. The advisory nature of C&I, Planning, Agriculture, Legal, Personnel issues do not require on line interaction of line executives with the specialist, as much as the interaction between the branch and the Divisional Manager. The latter may result in operating decisions getting delayed for want of clearance from the superior offices (Divisional Office), which piques the clients, thus affecting the business.

8 The same holds true for the Divisional Manager/Circle Manager relations and collective decisions making. These interactions can be programmed to take care of decisions. For instance, a weekly or fortnightly regular meeting may be programmed at Circle Offices for the purpose. The Circle Offices being in the state capital, the Divisional Managers in any case will have propensity to visit Circle Office city to meet the requirements of coordination with state

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governments and the travel won't be too costly a proposition any way.

9 It must also be realised that the interactions between Divisional Office and branches vis-a-vis Divisional Office and Circle Offices are of totally different order of magnitude. The former being more in number and also requiring immediacy, while the latter will be few and can be programmed. Secondly, the Divisional/ Circle Offices being in bigger cities, it is easy to communicate and travel, as compared to branches to Circle Office cities.

Divisional Office	Circle Office
Branch 20 - 60	4 - 6 Divisional Offices

These implication are not easy to realise. Indeed, it is at this point the case introduces a novel concept of cost of coordination and control, which has by and large remained ignored in the management literature. The instructor can dramatically emphasise this point by asking such questions as "what would happen if a branch in Bareilly Division in U.P. is on fire, and the Divisional Office is in Lucknow?". The participant will reply that the branch manager will try to contact the Divisional Manager? The instructor may then ask the question regarding mode and manner, when the following three point will strike every one.

i. The cost of contacting the Divisional Offices located hundreds of kilometers away (rather than few kilometers only if the Divisional Office was in Bareilly itself).

ii. If the telephone is out of order and travel is required to contact the Divisional Manager, what would be the mode, cost and time involved vis-a-vis if the Divisional Office was in Bareilly.

iii. The consequences and anxieties involved on account of delays in taking decisions and action.

10 The issue of cost of communication and travel (related to coordination requirements between the Divisional Office and branches on the one hand and the between the Divisional Office and Circle Office on the other) indeed, does not occur at the first

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instance. The expected cost of standalone infrastructure for Divisional Offices (that becomes necessary on shifting), estimated to be around Rs. 10 lakh per Divisional Office, weighed very heavily against the proposal for shifting. This indeed was one issue that the consultants found most difficult to handle. The issue became all the more difficult because it was not possible to have any idea of the operating cost of the Divisional Offices that were not moved away, since their expenses were shown in the Circle Office A/c as a consolidated figure. The consultant were, however, able to evolve an indirect method to decide the issue. They added the expenses of branches, Divisional Offices and Circle Offices, and calculated the staff and other operational expenses as a % of total deposits.(see exhibit 7). They then compared these ratios for circles where Divisional Offices had predominantly **moved** away, with those in which the Divisional Offices had predominantly **not moved** away. The expenses were observed to be on the rise in the case where Divisional Offices had not moved away as compared to the one where the Divisional Offices had predominantly moved away. Furthermore, although the base was higher in case of latter, within two year they were comparable.

The consultants introduced a further refinement (see exhibit 8). They subtracted the staff and interest costs which formed a high proportion of the total cost, but were not relevant to the issue of moving. The results were dramatic. While the initial costs were comparable, the rise in operational expenses was very steep in case of Circle Offices in which the Divisional Offices had predominantly **not moved** away, while it was more or less steady in the case of Circle Offices, where the Divisional Offices had predominantly moved away.

This was a very unique method of arriving at a conclusion in a complex situation, based upon the costs of coordination. The instructor may like to bring home this point to the participants, which is not easily illustrated.

11 Having established the need for shifting of the Divisional Office, in general, the instructor may then ask the participants as to why did the consultants not recommend shifting of all the Divisional Offices? This was on very close scrutiny of the infrastructural linkages between the branches and the state capitals (in which

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Circles Offices were located), as compared to those between the branches and District Headquarter of the Divisional Offices. For example it was found that most branches of Faizabad Divisional Offices were far more easily accessible from Lucknow than Faizabad. It was, thus, not considered to fetch any extra advantage, if the Divisional Office was shifted to Faizabad rather than being retained at Lucknow.

12 The top management accepted the recommendations of the management as a policy, but shifted out even those Divisional Offices which catered to the city of Circle Offices. This was done on consideration of forcing the Divisional Managers to develop as independent responsibility centres, rather than depending on Circle Offices for mundane things.

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Case Synopsis

Scooters India Ltd. (SIL) was set up by the Government of India in 1972 in Lucknow, Uttar Pradesh, to manufacture and sell two wheeler scooters, and three wheeler autorikshaws. The company was to get plant and machinery from Innocenti of Italy, which had stopped manufacture of the two items. It was not a typical foreign collaboration for transfer of technology, but only transfer of plant and machinery of an erstwhile production unit, on as-is-where-is basis. Whatever drawing available were also to be transferred, but nothing beyond. Besides the government of India, the Automobile Products of India (API, who had introduced the first scooter- Lambretta, in India) and Innocenti of Italy were also to contribute to the share capital. However finally only the government of India contributed to equity capital, with public participation later. The company started manufacturing scooters and touched a peak of about 33,000 scooters in 1981-82. The sales dwindled subsequently, however, when several other, more fuel efficient scooters and motor cycles entered the Indian market with Japanese collaborations. The company, never made profit ever since its inception. The conditioned worsened to the extent that the company had to almost close down its two wheeler manufacture in 1987-88. The accumulated losses wiped out the equity, debt equity ratio touched 8:1 and breakeven point crossed the installed capacity.

Suggested Readings

Since this is a comprehensive case, which is to be used at the end of a course or training programme, the participants would have done all the readings suggested earlier. No separate reading, therefore, is being suggested here.

Case Analysis

1 Foreign Collaborations & the Role of Supersystem

The company was set up with plant and machinery brought from another country on "as is where is basis". Taking a lead from this, the class discussion can cover different types of foreign collaborations and their implications. There are several forms of technology import:-

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1. Only plant and equipment,

   a) New plant and machinery
   b) Old plant and equipment available (as in this case)

2. Import of Technological know-how

   a) with or without import of plant and machinery (old or new, complete or partly)
   b) with or without equity participation

3. Import of know-why along with know-how, with/without 2(a) & 2(b)

Each of these routes have different implication for the management. If a technology is not known to the management, the management should obtain at least know-how (if not know why), else it has to develop internal expertise for everything, right from the product design, to project design, marketing etc. The management must try to contain, as much as possible, the demands of developing various technological resources (as defined by Rue and Holland). The issue becomes of particular significance if the competition is intense. The case illustrates consequences of lack of such a realisation. The import of plant and machinery, procured "on is where is basis", may be okay for augmenting the installed capacity as proposed by API, but one could not expect just the plant and machinery (that too the worn out ones) to produce a scooter. No one could ever estimate the manufacturing capacity of an assemblage of used plant and equipment, of varying ages, after digging them out, transporting overseas, and installing the same, without all the manufacturing and layout drawings.

The situation becomes all the more critical in the mass manufactured items, (where line balancing is critical), engineering products (where quality and tolerance become crucial) and for a product that provides critical service to the customer, where failures could result in unsurmountable inconvenience to the customer. All this could be better realized, if the product of the company is not visualised as a commodity but as the "service" it actually provides.

The brainwave of having a company to produce scooter, occurring to a person in the ministry (the supersystem) while perusing the application of API to import old, used plant and machinery from Innocenti, to augment capacity of Lambretta manufacture proved costly to the country, the

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company and the people. Good intentions alone are not enough. Technological expertise is as important, which was not available while perusing the project proposals.

This case also raises the issue of technology evaluation. Who evaluated technology? The only party having expertise in the team (that went abroad for the purpose of technology evaluation) seems to be API, which could not be expected to be happy to put its heart in the exercise when its own proposal (to augment the plant capacity) was snatched away, Hope of getting three wheeler might have kept their interest alive, but the loss of consultancy contract on the arrival of the first Managing Director seems to wane even that out. Thus, there was no technical expertise available within, when the plant was set up. One, therefore, could not expect any better performance.

The supply side linkages have an important bearing on the functioning of any firm for mass produced items. With several hundred components involved (like the scooters), it assumes critical proportion. In the case of Scooters India, it had additional problems of old, plant and machinery, which demanded closer proximity to suppliers to ensure proper quality and timely delivery. However, while taking the decision of location, the very issue of supply linkages seems to have skipped the attention of the ministry. The company did not have layout drawing from any expert (see Part C of the Case). Even whatever layout drawing were available, were also hidden by who so ever was able to grab them, just to project his proficiency. Incidentally, this seems to have happened in more than one case of import of technology from countries which did not have English language. The people trained abroad tried to possess all the knowledge to retain their importance, at the cost of company and the country.

2 Organisation Structure

The company had two distinct products; namely the two wheeler scooters and the three wheeler autorickshaws. The latter had enough potential as a standalone business. However, due to functional structure and two wheeler as a dominant business, the three wheeler did not draw as much attention ever, as it deserved, till the 2 wheelers almost lost the market. Incidentally, three wheeler had much wider application. While doing brainstorming sessions in creativity courses as many as over one hundred and fifty different uses emerged. The SIL case illustrates how the loss of sight from potential business can take place, due to the functional design of

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organisation structure, where a dominant product exists, especially if there is sharing of facilities or other inputs involved.

The inadequacy of organisation structure in terms of absence of certain key department (see Part B of the Case), like quality control, financial management (no functional head in top management team), etc. If the two business were taken as independent business the situation might have been different. Indeed, if each of the manufacturing shop was allowed as independent profit centre, the story of SIL might have been quite different a one.

3 Financial Structure

A close look at the balance sheet and profit and loss account over the years would reveal the role of capital structure in shaping the fortunes of a company. For instance the accumulated losses at the end of 1987 was Rs. 85 crores, out of which the interest burden itself was to the tune of Rs. 64 crores.

A high debt equity ratio in a manufacturing company (in which the fixed costs are high), with antiquated plant and machinery (where the production level can't reach the installed capacity) without any technical knowhow support, while using a mass production technology (which required quick, efficient and balanced manufacturing line) with a location of Lucknow (that multiplied the cost of bought out items substantially) with no idea of what is actual installed capacity (what breakeven on point?), is nothing short of committing HARA-KIRI. But it was perhaps never appreciated by the key people who mattered, who could correct the situation. If the initial debt/ equity ratio was not adverse, the compounding of interest burden could not have led to such a gloomy picture all along, setting complete demoralisation in the organisation. Even in 1982 (when the company produced as much as 33,000) it was at net loss, albeit only to the tune of interest burden.

The instructor may highlight the vicious circle of loss- more borrowing-> more interest (fixed cost) -> heightened breakeven point -> further losses.

4 Business Technology:

The case(s) help enormously in illustrating the importance of the concept of Business Technology. While people are normally familiar with the

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concept of production technology (e.g. mass production vs. job shop technology), typically they do not realise it's implications to other areas like marketing, financial management, personnel management, design engineering etc., and the significance of the concept in terms of demands on management skills. Keeping this in mind it is felt necessary to replace the word 'production technology' with 'business technology'.

SIL has a consumer good, which uses mass production technology. The investment in product specific assets goes on increasing as one moves from job shop to mass production and continuous process technologies, on account of increasing use of dedicated rather than general purpose machines and lack the flexibility of managing a product portfolio by switching over from one to another product. It is a situation of "all the eggs in the same basket". The high fixed costs (thus high break-even

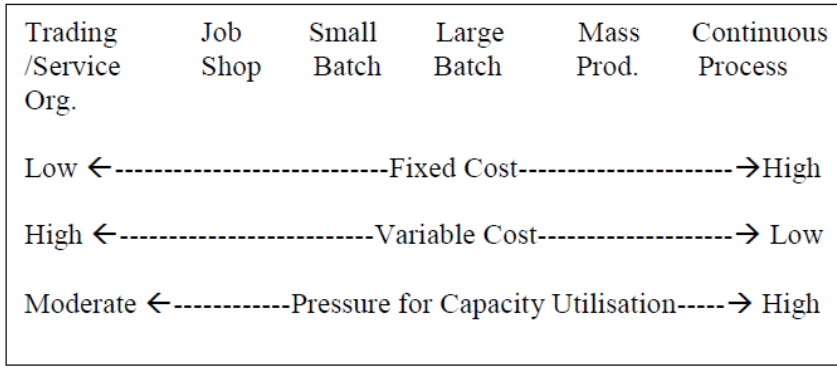

Fig. 13.1 Business Technologies

point) on the one hand and low flexibility to switch over to other products on the other, puts enormous pressure on the organisation and management for balanced line operation from procurement of inputs to manufacturing and to the marketing. A single breakdown or non- availability of a single component proves costly. Effective and efficient material procurement, efficient material handling and efficient distribution system on the one hand, and effective marketing on the other are critical for the success of businesses using mass production technology.

The company did not realise the criticality and significance of balance line operation in its manufacturing system that used mass production technology. Frequent design changes, low order sizes, inefficient material

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handling systems and lack of marketing effort are enough indication of this fact. The very layout and use of pre-fab structure of the factory shop floor, which did not provide even enough asle space for material movement, leave alone automated conveyer belt type of material handling system, indicate that perhaps the chief executive who had decided the design of layout and structure of shop floor, did not have any idea of demands of mass production technology, having had the experience of job shop earlier.

5 Marketing Mix Decisions

The marketing mix decision involving 4 Ps can be well illustrated with the help of the case (B). The company had foreign collaboration for import of worn out manufacturing plant and machinery, on "as is where is" basis. One would thus expect problems in maintaining close tolerances, lack of matching between various components and thus overall low quality. One would therefore, also expect a very strong after sales service network, backed up by expert mechanics, to take care of customers' problem due to inherently low quality of the product. Instead, the company went about recruiting fresh graduates to have dealership for providing after sales service. Providing employment rather than bothering for the plight of customers seem to dominate the concern for use of such a strategy, having 2 Ps (product design and after sales service) mismatched. This was possible because the company did not believe in the concept of marketing which implies customer orientation. The company perhaps did not even realise as to what business they are in, what need of the customer the company was meeting. It perceived itself in the business of selling a machine called scooter, rather than meeting the need of personal transport requirements of the people. If it had realised this, it would have surely realised the importance of safety and "surprise free" operation also for the customer and never committed the mistake of compromising on quality with deadline for putting the scooter on road, even when the scooter had not met the requirement of VRDI. Indeed, the very appointment of a brigadier as head of marketing function, where customer reigns supreme, epitomises the lack of marketing orientation in the organisation.

The same folly was repeated when the company introduced 100cc Scooter, booking orders even before the product had undergone test run. Moreover, in the latter case even 4th P, i.e., price was incorrectly arrived at, by overloading the 100cc scooter with almost full overhead costs, simply because 150cc was not selling.

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6 Break-even Analysis

The case facilitates illustration of the Break-even concept and its implications in its entirety. It can be done with the help of case (B) complemented by case (A). Case (B) gives details that allow identification of fixed costs and variable costs. The participants can be asked to work out the Break-even point for various years. They will be surprised to note that the break-even point is steadily rising and had crossed the installed capacity. They can be asked to ponder over how and why this had been happening. They will soon find out that a loss situation leads to financing by (fixed interest bearing) loans, which further increases fixed costs component and thus break-even point, making the task of achieving the B.E. point even more difficult one. The instructor may also raise a question as to what will happen if there was some uncertainty in supply of few critical components. They should be able to realise the killing effect of such a catastrophe, with 90-95% costs incurred but revenue not realised, resulting in increased requirements of high cost working capital.

The instructor may then let the class ponder over why the break-even point is high initially itself. What are fixed costs? Was it necessary to have that much? It will be revealed that a significant portion of fixed costs was salaries & wages, on account of a large labour force, disproportionate to the level of operations. The labour was recruited commensurate with an expected output of 1,00,000 scooter, a doubtful figure assumed, with no one having an idea as to what was actually the installed capacity. This is a common folly; creation of a large but unbalanced fixed cost asset base, which pushes the break-even point up, but which does not allow it to be achieved due to imbalance in the supply of various inputs, thus setting the organisation into vicious circle of losses and rising break-even, making the organisation ultimately a sick one.

The importance of using break-even concept as a tool for averting sickness should be realised by the participants. People know the concept generally, but its power for identifying points for integrated managerial actions, organization-wide, is often not fully realised.

7 Project Management

The project management is typically considered to be an administrative management subject. The need for providing guideline for project implementation, is often not realised. The provision of the guidelines

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becomes all the more important for the mass-manufacturing type of organisation. If due care is not taken in the area, it will lead to high fixed costs and thus to high break-even point, but no way to achieve full capacity utilisation due to imbalances.

The key to manage break-even point lies as much with project strategy as production strategy or marketing strategy. These strategies, reflected in terms of policies to guide functional management, flow from the concern of maintaining coherence among various components of corporate strategy. For example the company may have corporate production policy in terms of proportion of self-manufacture and bought out items (say not more than 30% of total items in value terms be manufactured within). This shifts the focus from all self-made, to only critical items and items providing higher economics of scale only, to be manufactured within, reducing the quantum of fixed assets, hence fixed cost and thus keeping the break-even point within manageable limits.

The project strategy facilitates creation of fixed assets gradually, in consonance with other inputs so that the fixed assets do not get created unmatched with other inputs, and thus create a condition of high but unachievable break-even point.

This is done by having a project strategy of (i) splitting the investment in assets, which leads to high fixed costs being incurred in as many small modules as possible (ii) creating facilities in a manner of backward integration. Typically this would mean that the facilities for final stage of production say assembly shop and created first, and then the facilities for subassembly and component manufacture are created. Even the assembly shop may be divided in as many small independent shop floor bays as possible, so that they can be added in modular form, as the product get acceptance in the market. The project strategy, thus, depends upon the nature of market and product. If the product is new, it may take a while to get customer acceptance. If it is a hot cake, the facilities may be created expeditiously.

The project strategy demands that the blue print of the entire project be developed in the beginning itself but creation of facilities be undertaken in modular form, so that high fixed cost infrastructure is created in tandem with market demand on the one hand, and supplies of various inputs on the other, thus ensuring the economic viability of the business at every point of time, by managing break-even point.

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8 Key Success Factors

Every business has certain key factors upon which depends the success of the business. These must be clearly identified and closely monitored and controlled. In a mass manufacturing company like SIL, there is a high amount of fixed assets, hence fixed costs and thus high break-even point. Capacity utilisation, thus, becomes a key success factor. The product (scooter) was in short supply and its price regulated. Hence among the four marketing mix decisions only the product design (quality) and distribution (after sales service) were critical parameters till early eighties. The pressure of high capacity utilisation required efficient, balanced line production, thus, material handling and procurement were other critical factors determining success of the company. The financial structure was yet another critical factor. After the government allowed import of technology the scene was changed totally, when not only the manufacuring but all the 4 Ps marketing became critical.

The company did not care for any of the key success factors. Perhaps the management never realised the key success factors of the business, which is very usual failure in management control design. The cases can fully illustrate the concept and importance of key succcess factor for effective management.

9 Leadership

The case also highlights the leadership weakness of the organisation. Strategic leadership requires vision including an idea of strategy and an understanding of linkages between the strategy and other strategic element that become significant while implementing the strategy, namely the imperatives of appropriate organisational structure, system, skills, staff motivation, style and key elements of functional policies. The case illustrates total absence of strategic leadership as the organisation messed up in designing all these elements i.e, there was total mismatch between strategy and all elements of the organisation. Worst of all the leadership style of the chief executive, which was autocratic and shortsighted. He offended even the most important key stakeholder of the organisation, the customer. For him the deadline for putting the product in the market was more important than the needs of the customer.

The other failure of strategic leadership was environmental insensitivity. The leadership failed ot realise the changes in environment and continued

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the policy of ignoring the customers throughout (even while introducing 100 cc scooter). It neither looked at organisations weakness not strength. Indeed it thought otherwise else neither three wheeler would have remained ignored nor two wheeler would have been arranged oxygen to survive.

The third failure was the lack of realisation that the poor initial design of organisation structure, systems, motivational policies, skill development and style have profound effect on evolution of malfunctioning organisation culture, a matching of wrong formal design of organisation with wrong informal organisation. Together they determine an archetype of low performing organisation, which is difficult to change, as it requires the task of organisation transformation.

10 The 7s Model

The 7S model (see p. 38 of casebook) is one of the simplest conceptual model to explain the complexity in organisation design and change. More importantly it helps in development of a sound corporate strategy as it enables one realise the tasks ahead in implementation while deciding the strategy itself.

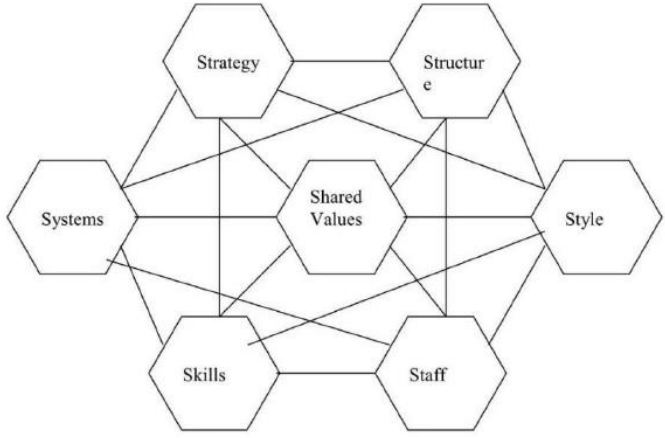

Fig.13.2 7S Model of Organisation Functioning

The case can be used to illustrate the above. A strategy of manufacture scooters through worn out plant and machinery required a very high level of quality checks and after sales service network, utmost care in trial run

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before introducing the product in the market, as failures and uncertainties in actual performance would be expected. The organisation however, goofed in creation of quality control system, both structurally and skill-wise. If there was new plant and machinery and new technology, no such demand on skills and quantity system would have arisen. The cases do not throw much light on organisation culture. How the organisation culture starts influencing various elements of 7 S model.

11 Strategic, Administrative and Operating Decisions:

Having discussed the above, the instructor can go to a higher level of abstraction to impress upon the Strategic Management as a subject, using the conceptual model provided by H.I. Ansoff (Corporate Strategy, 1964). All the organisational decisions can be classified in to three broad category namely; the strategic, the administrative and the operating decision. The Strategic and Administrative decisions fall under the purview of

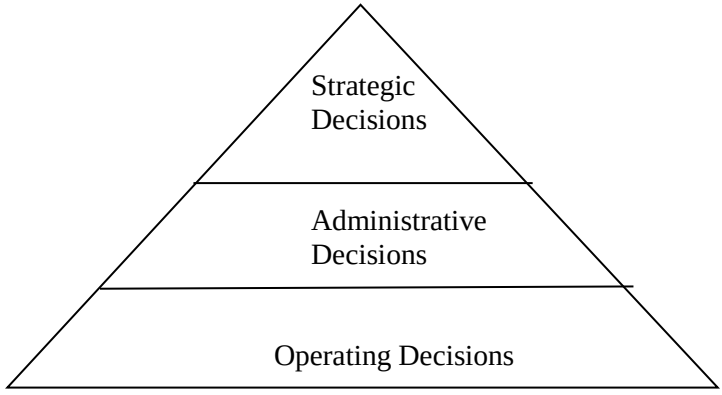

Fig. 13.3 Types of Organisational Decisions

Strategic Management (covering strategy formulation and implementation aspects respectively). The company started with a sound strategy (manufacturing scooters that were in great demand), but messed up badly a number of administrative decision (right from choice of technology, project management, market policy, manufacturing policy, financial policy, personnel policy, costing system, and so on), which finally bited company in terms of failures in operations. The company surely could not correct the situation through operating decision but could mend the situation by improving quality control system, structure, skills, style etc.

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When the environment changed (100 cc scooter introduced) company repeated the same mistake. It could also correct the failure through giving shift in strategy, focussing on 3 wheeler, but it did not do so and hence paid the price.

12 Corporate Strategy

The comprehensive case can finally be used to explain the concept of corporate strategy as a coherent concept, integrating decision in various functional areas. The strategic decision to make scooter having been taken. Should it have gone for obsolete and worn out plant and machinery on as-in-where a basis to start a company. The technology set the critical parameter for operations, marketing, finance and personal. Should it have gone for the design of prefab structure it used? Should have it gone for the kind of after sales service network it developed. Should have it gone for recruitment of new and kind of staff it did. Should have it gone for financial structure it did. What should have check the operational and management control system? Should it have organisation structure it had? The incoherence in various components of corporate strategy made the company ill equipped to face the challenge.

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16 SCOOTERS INDIA LTD.(D)

ABSTRACT

Scooters India Ltd. (SIL) was established in the year 1972, by the Government of India, as a public sector enterprise, by importing old plant and machinery from a defunct automobile company in Italy. The company incurred losses ever since its inception so much so that at one point of time (in 1989-90 it made a loss of Rs. 404 million on a sale of Rs. 103 million. It had accumulated losses to the tune of Rs. 2125 million. The worker unions were agitating and fought pitched battle among themselves, against the management and the government. The government almost makes up its mind to wind up the company and appoints a new chief executive, who pleads against the winding up and works for revival of the company. The company however, gets covered under BIFR in 1992, who also feels that it is a mortuary case only to be burried. Undeterred, the new Chief Executive collects the pieces and start building up the organisation again. After seven years of slogging the company earns a net profit for the first time, in its silver jubilee year, breaking many myths in the process.

16.1 Objectives and Use of the Case

The case illustrates the tasks, challenges and process of managing transformation in an ailing public sector company. It covers all the aspects of turnaround management; financial, marketing, production and above all the human resource management revealing the dynamic nature of the process of change. It reveals, how the leadership can get more than 12 times output from a substantially depleted workforce and wornout machinery. Indeed, wonder over the concept of installed capacity itself not only in terms of human potential to perform but even potential of machinery. How leadership can inspire people to give amazing performance. The cases raises some fundamental questions about exit policy so much talked about these days: When should we talk of exit, if at all? Are we giving up too soon, by following western fads of exit policy? Are certain western models of management practices relevant in the Indian context? Is there a need to hence a fresh look at Indian organizations' capacity to perform in general and of U.P. in particular? Is the concept of public sector enterprise relevant in the present day context? Is there a need for privatization of public sector companies in terms of shareholding? What is the role of BIFR, is it really useful

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rehabilitation of sick companies? Why is that only one PSU viz. SIL referred to BIFR succeeded in turnaround when all other failed?

The case can be used in the Strategic Management Courses at MBA level. It can also be used for Management Development Programmes on Management of Change, Turnaround and Transformation

16.3 Case Analysis

Although short in length, the case is a fairly complex one. It encompasses many issues, which may not occur to one in normal course, being unique to this country. The following questions may help in highlighting them.

Q.1. Critically analyze the context at the time of new Chief Executive taking over the charge.

The context of the change gives an insight of the challenge of change involved considered along with the task of change (which will be apparent in response to question number 3).

The key aspects of the context of change in this case are:

1) The company had been making losses ever since its inception, living as a poor performing public sector undertaking for nearly 18 years.
2) Had accumulated losses to the tune of over Rs.656 million (as at 3.3.96) funded through loans, which had pushed it into a vicious circle.
3) On account of (2) above company became a BIFR case, BIFR initially felt that company was beyond redemption and should be wound up.
4) The financial institutions were disinterested and not keen to extend further help.
5) The owner (Government) too was disinterested in carrying out the "dead horse".
6) There was violent trade unionism, compounded by officers joining it. There was complete demoralization at all levels.
7) The company had old plant and machinery, some of them being 30-40 years old.
8) The company had an installed capacity of 2500 3 Ws per annum, but had never produced beyond 1435 per annum till the new Chief

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Executive took over.

9) There was a market for 3W, but the company never realized it, neither made any sincere efforts to capitalize from it.

Q.2.Evaluate the achievements of the company during the 8-years period (1989-97).

The company gave an extra-ordinary performance during the period.

1. The sales went up from Rs.10.3 million to Rs.119.1 million (11.3 times).
2. The company earned a net profit 109 million in 1996-97 as compared to a net loss of Rs.404 million on a sale of 103 million in 1989-90.
3. The 3W production went up from 1435 to 15618 i.e., 10.9 times.
4. This was achieved, when the work force was reduced from about approximately 3000 to 2000 or so.
5. There has been no substantial change in the investment. Gross block increased from Rs.251 million to Rs.297 million (the net block indeed reduced from Rs.86 million to Rs.60 million).
6. The rise has not been overnight, but through a sustained effort, highlighting the slogging done in achieving the results.

The achievement becomes all the more significant in the context of the company before turnaround mentioned in Q.1. above.

Q.3.How the company has achieved the above performance?

1. A quick look at the profit and loss account and the balance sheet (Exhibit 1 and 4) would reveal that the company made a net profit (in 1997) by waiver of interest burden, which may be attributed to the rehabilitation scheme approved by the BIFR and endorsed by the Government of India and Financial Institutions. But that shall be a gross understatement of the gigantic efforts of the management and workers, as discussed in following paragraphs. Getting a waiver of interest reflects on the ability of the Chief Executive to influence external environment.
2. The profits of the company could increase either by increasing the revenue or by reducing the cost. The company has done both.

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3 The revenue can be increased, by increasing the price and volume. The company has done both. The price effect over the 8 years period is only to the extent of (11.3/10.8) i.e., about 50%.

4 The increase in volume could be achieved by penetration of 50% the same market or by expanding the market. The company has done more of the latter. In fact the company could not sell much in home-town, Lucknow, as the RTO Lucknow did not register any 3W since 1996-97. The company had to make extra-ordinary efforts for the purpose.

5 Increase in sales volume requires increase in production. This could be done either by augmenting the capacity or increase in the productivity.

The company did not have money to make investment for expanding capacity. So it banked on increasing productivity. This was not easy, as there were violent agitation against management. In any case getting over 10 folds rise in output with staff strength reduced to approximately 2/3, (comprising less competent people) is not an easy task.

This specific points needs to be stressed: What is our concept of man? Can productivity be increased 10 fold, given same plant and machinery? Any organization that could do it would be in profit. Scooters India case highlights how the immense organizational potential may remain untapped, on account of Hanuman effect and what result an appropriate leadership can bring out from the "written off" lot of people and machinery.

6 Even if the leadership was able to motivate people, could the production be increased without increase in the plant and machinery? How the company has been able to increase manufacturing capacity. The company has not made substantial investment in the plant and machinery; as can be seen from the Exhibit 4. How then the production is increased? From the Exhibit 3, it would also be seen that the installed capacity has been increasing steadily. How the installed capacity is increased? The explanation comes from Exhibit 11. The company undertook a serious exercise of Business Process Re-Engineering (BPR) and did lot of slogging on it. The Exhibit indicates the areas in which actions were taken, both for bought out items and for in- house manufacturing ones, which led to increase in the installed capacity.

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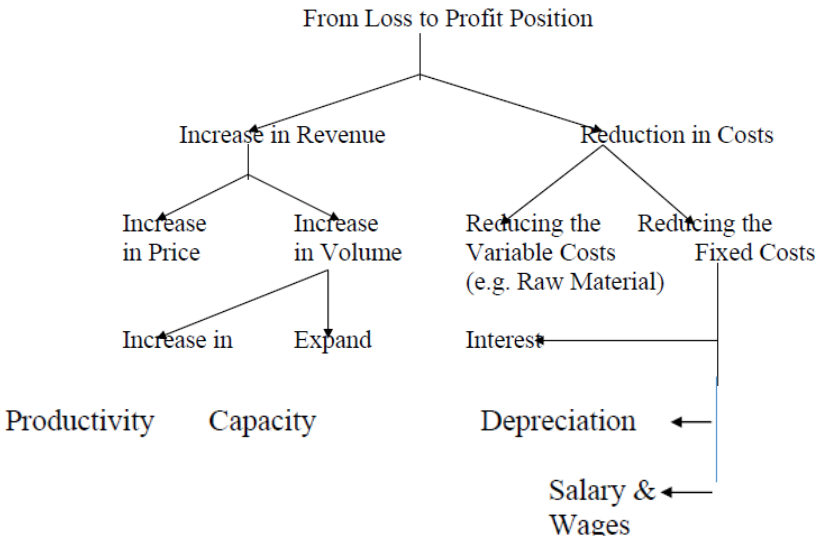
7 That is not all. The overall production capacity of a company is not determined by the installed capacity of plant and machinery for in house manufacturing alone, something that does not occur at the first instance. Development of vendors for raw material and components is equally challenging a job, especially for companies in the state in which SIL finds itself – the future hanging in balance with BIFR court and there being less chances of survival. In such a state it is not easy to convince suppliers to invest for expanding their capacity to meet the growing SIL demands for component.

8 Coming to the reduction in costs, the management did not allow the cost to increase, especially the manpower costs, despite all the pressures. By not investing in fixed assets, it kept depreciation at low level.

It is only on account of above factors that the Chief Executive was able to impress upon the Financial Institution to waive off interest and agree for one time settlement to be funded by the government. It was also able to make government agree to waive interest and write off non-plan loans given in form of payment of salary, rather than converting it into equity (first time for any public sector company in India). A signal achievement indeed, of course, it took 7 year to do it.



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9 A factor that may remain underemphasised, if due care is not taken to highlight it, is the role of BIFR. The fact that the company got covered under BIFR, created a level of organizational dis stress that was enough to make people panic, officers and workers alike; which was demonstrated by a large number of them asking for voluntary retirement. Unfortunately many of them could not settle down well (some even committed suicide). This made the others (who had not sought/did not get voluntary retirement) to come closer and slog together. It was matter of life/survival for them.

10 At the back of it all, there was also a factor of leadership, who fought and also negotiated well with all the key stakeholders (suppliers, workers, officers, customers, financial institutions including the government); and convinced them to make SIL a success.

The case highlights the following leadership characteristics responsible for the success of SIL.

a) Transparency in dealings
b) Genuineness and concern in dealings.
c) Values to be maintained.
d) Keeping the promises
e) Courage of conviction: sticking to guns where necessary.
f) Understanding of the business
g) High stress threshold
h) Environmental sensitivity
i) Empowerment skills
j) Integrative skills
k) Ability to develop plans and confidence to achieve them
l) Innovation skills

Thus, the major managerial action and the challenge faced were as depicted in diagram 1.

Q.4. What were the "myths", referred in the case, that were shattered, when the company made turnarounds?

There were several myths that the company shattered while making the turnaround;

1. For the first time in the country, a company made net profit after 25 years of its existence. It was a historical event. It gives hope

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to strategists of the future; a company can be turnaround at any point of time in its history.

2 The turnaround was not a cakewalk. It was out of sustained efforts of management and workers. Any company can be turnaround if it can increase it output by 10 times, without almost any increase in its plant and machinery and by reducing its manpower by 1/3.

3 The company shattered the concept of installed capacity by making efforts through business process re-engineering.

4 The company also questioned the myth that referral to BIFR means being a "mortuary" case. Indeed, it reinforces the role of BIFR as a body, which can make amends to thinking process of workers at large that can't assume survival of the company without slogging.

5 The case questions the relevance of EXIT policy the in Indian context without making a serious effort to manage, a fad that has gained popularity these days. When a company should call it a day? Is exit policy synonymous to failure of handling by the raising the issue as to the leadership issue?

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17 APOLLO HOSPITAL ENTERPRISE LTD.

17.1 Case Synopsis

Dr. Pratap C. Reddy decides to establish the first Corporate Hospital in India, to provide **Super specialty** facilities for the treatment of advanced ailments that were beyond the reach of ordinary citizens of the country. He decides in the favour of a **Corporate Hospital** to ensure effectiveness and efficiency in providing the services. The company faces several difficulties in the implementation of the idea. The local government was not inclined to give the land. The financial institutions refuse to extend loans for the purpose as hospitals were not considered an industry. The company could not hope to raise the money from the open market as the corporate hospital was a new concept in India and investors had no past experience of such ventures. The company, therefore, had to raise money from foreign banks which were costly proposition, especially on account of adverse foreign exchange rate fluctuations. The customs authorities imposed heavy custom duty on imported diagnostic and other hospital equipment, treating Apollo as a business enterprise, although such items were eligible for lower rates.

The company also faced the problem of adverse campaigns launched by some small, private nursing homes, which felt threatened by the establishment of a large super-specialty hospital.

All these compounded the problems of managing a high fixed cost, super specialty hospital, on account of costly diagnostic and other infrastructure facilities.

Undeterred, Dr. Reddy goes ahead with setting up the hospital, inviting renowned doctors from U.S.A., making them promoters also. These doctors, called consultants, were not employees of the hospital. They charged fees from patients and were provided clinic facilities. The hospital had other qualified specialists also to attend to patients, assisting the consultants. The hospital kept longer hours for entertaining patients and kept several support services open round the clock.

The hospital laid great emphasis on hygiene, dietary and guest care. It had elaborate cleaning and beverages arrangements. The medical, pathology and other services were priced at rate comparable to those charged by the private practitioners and nursing homes in the area.

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The medical and administrative wings of the hospital were clearly demarcated in that no doctors except the chairman was involved in administrative matters. The administrative wing was managed by professionals in the respective fields. There was personal supervision of patient care by the Chairman, Joint Chief Executive and General Manager (Operations), every day.

The hospital had elaborate medical record system for future reference and had computerised accounting system for efficient processing of charges for services rendered. Norms were fixed for various services.

Despite the initial adverse circumstances, the hospital did well from the very first year of its establishment, with high bed occupancy and reputation for quality medical care and has been generating surplus also.

17.2 Suggested Readings

1. Jauch, L.R. & Glueck, W.F. **Business Policy and Strategic Management** Singapore (1988) McGraw Hill Ch. 9-10, pp. 303-50
2. Anthony, R.N., Dearden, John & Bedford, Norton M., **Management Control System** Illinois (1989) Irwin
3. Kumar, Krishna **Organisation & Ownership** India (1982) Macmillan India Ltd.
4. Kazmi, Azhar; **Business Policy**, New Delhi (1992), Tata McGraw Hill, pp 233-303
5. Krishna Kumar, **Cases in Strategic Management,** (1996) New Delhi, Global Business Press, pp. 23-45

17.3 Case Analysis

There are three different aspects that should be highlighted. The first is the situational context at the time of establishment of the hospital and the management philosophy to go for choice of the Corporate Hospital. The situational context in Apollo case has four distinct dimensions, the ownership (a small company in the domestic private sector), the nature of business (hospital- medicare), the type of business technology used (a service organisation) and the leadership position (the first corporate hospital). Each of them create unique pressures and challenges to the management, which lead to unique organisation design.

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The second aspect that may be covered is the innovative way in which the management responded to the challenge in terms of design of organisation structure, systems, policies and practices, a very unusual kind of organisation design for hospitals in India. If the first aspect of situational context is realised it will become easy for the participants to understand the logics used in the organisation design. Depending upon his style, the instructor can go for establishing situational context first followed by discussion on the organisation design or vice-versa. Alternatively some dimensions of situational context may be established initially, followed by discussion on structure, system and practices leading to identification of other dimensions of the situational context.

The third aspect deals with the future of the hospital. How should the company grow in the future? What are the internal competencies and environmental opportunities? What should be the choice of strategy? What would be key implementation issues in the alternative strategies?

Q1 Identify the key managerial challenges Dr. Reddy faced in setting up the Hospital.

The issues and challenges arising out of the situational content are given below.

a) Nature of Business: Hospital, that too Super-specialty one

The medical profession in the country was held in high esteem as one of the noblest profession and the hospital were considered to be a place where people as human being were to be **helped** to recover from miseries and pains. Doctors and other medical professionals were presumed to work like missionaries, behave like angels. They were expected to help out of concern rather than for a business consideration. Establishment of a (profit oriented) company was, therefore, seen as something not expected of doctors, whatever be the underlying logic. The hospital had, therefore, to prove that it was not there to make money on the miseries of people. Cost effectiveness, from the view point of the patients, had to be visibly established and sustained.

Being a super specialty hospital compounds the task of recovery as more patients, who have been declared as a **gone case** by private practitioners, would come to such places, which demands higher expertise levels. The success rate had to be higher than expected from Apollo by public to be

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allowed to survive as a corporate hospital. To be a super specialty hospital it required expensive diagnostic and treatment equipment and machinery, making the fixed cost component in the total cost of a service rendered, higher. This, made the breakeven point high. The hospital had therefore to worry about **high capacity utilsation** from the day one. Exhibits 2 & 3 can be used for pushing home this point. Further, while it would be advisable to go for low volume high value strategy (in this case the **in-patient**) it is not so easy for the company, as being in a business of saving life it can't shoe away customers needing low value services (**out-patients**).

b) Nature of Ownership: Small Domestic Private Sector Company

The idea of setting up a super-specialty hospital had been sparked off from the death of a close friend of Dr. Reddy. The helplessness had moved him to the core that led him to develop an enterpreneurial commitment to the cause. Past experiences in U.S.A. came handy to let him think of the alternative of a Corporate Hospital. Having served in U.S.A. for several years as a established cardiologist, he might have got some idea of running such business. Being a cardiologist himself he also would have acquaintances in the professional circles, the specialist in the field, a key resource in the business of medical-care. But, he was a doctor not an industrialist. Unlike large and established business houses or public sector companies, the financial resources at his disposal could not be expected to be adequate to set up a large, super-specialty Corporate Hospital. There was hardly any cushion to fall back upon, putting heavy pressure for containing the project and other costs and for generating revenues as fast as possible. Expeditious completion of infrastructure and reaching high level of capacity utilisation (above the breakeven point) at the earliest, thus, were imperative for survival.

While ownership created these pressures, it also provided two advantages. The Chairman had full freedom to weave his top management team as he wished, rather than managing a **given team**. Secondly, as indicated earlier, there was absolute commitment to the organisation and to its activities on the part of the chief executive, the Chairman.

c) First Experiment

Being the first corporate hospital Apollo faced the wrath of adverse campaign owing to the concept of hospital as described above. The

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company also faced the challenge in organising the finance as hospitals were not recognised as industry. The banks and other public financial institution, therefore, refused to extend loan facility. That put heavy pressure on management for raising money from other channels. Being the first experience in the country, the stock market could not be expected to respond very enthusiastically, initially. Hence the company had to resort to borrowing from foreign banks at higher costs and mobilise private sources to the extent possible. High amount of loan pushed up the fixed cost and consequently the breakeven point further, increasing the challenge of capacity utilisation even more. Exhibit 2 & 3 can be used to lead the discussion on this issue.

The first experience also created problem in getting land and imposition of high custom duties, which were not applied to the hospital equipment in general. All this lead to delays in project completion, pushing up the costs (both on account of the inflation and also by virtue of interest on funds already used in creating infrastructure). The mounting expenses multiplied the challenge of capacity utilisation, threatening the very viability of the project.

d) Service Organisation

One of the key traits of the service organisations is the **absence of finished goods inventory** since the service is consumed as it is being produced. Thus, while the full infrastructure has to be available to provide the service, the service can be lost if there were no order or consumers present e.g., the operation theatres had to be fully ready to provide the service. If they were not ready even in part (e.g., the lights or air-conditioning not working) the **whole infrastructure is a waste**. This generated twin challenges, uptime for the infrastructure had to be close to 100% and very close linkage between the customer requirements and infrastructure availability had to be ensured. In the case of hospitals it is all the more important as it is question of life and death. A high uptime involves higher costs and loss of customer means the costs would not be covered, or they would have to be realised from other customers.

The medi-care is also a professional service with doctors as key resources, everything else is peripheral. Hence the whole organisation design had to be woven around these key resources and success depended on commitment and active cooperation from them.

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Q2 How does the hospital meet these challenges?

The pressures generated on the management can be summed up into one basic issue for action purpose, i.e., **achieving a high level of capacity utilisation,** around which the whole organisation design seems to have been developed. The **key success factor** for hospitals, especially under concerted adverse campaigns, is the **successful and speedy recovery.** The word of mouth promotion, based upon a high success rate is more appropriate in such businesses. This puts even greater pressure on the management for speedy recovery, which alone could meet the challenge of capacity utilisation and that of high fixed cost, to survive as a viable business unit. This challenge becomes even higher in case of Apollo, because having an image of super- specialty hospital, it gets more of such case which other private clinics branded as "gone cases".

The recovery process depends upon several factors. The case study demonstrates a very high level of clarity on the part of management on this important. These are the **correct diagnosis, appropriate treatment, a high degree of hygiene care and appropriate dietary support,** the last two assume added importance in the case of Apollo due to the fact that it was basically aiming at handling **advanced ailment cases**, especially the surgical ones (see exhibit 8A, B and C). Often the latter two remain neglected in the patient care.

The **hospital meets the challenge** of accurate diagnosis by **strengthening the diagnosis process** using high-technology, importing advanced diagnostic and other infrastructure equipment. The diagnosis and the treatment process can be facilitated through past case histories of the patients. An elaborate medical record system was, therefore, created to strengthen this process.

The treatment is taken care by patients being attended by experts alone i.e., the consultants, who were assisted by the specialists (Registrars) and by making specialists available round the clock. The recovery process is speeded up with appropriate post- operative care through string hygiene and dietary support. It may be noted that the patients come to hospital from different parts of the country (see exhibit 6). A faster recovery benefits them more in terms of overall cost and time commitments. Besides the comfort of the guest was an integral part of the service to the patient. The word of mouth promotion in such cases is as much, if not more than by those who attended the patients as by the patients themselves. Realising

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this the hospital laid emphasis and made elaborate arrangement for the hygiene and dietary care and guest care, although it involved heavy resource commitment. The hospital also charged reasonable rates for the pathological and other services provided and published a brochure for public, giving schedule of rates charged, so that one could compare and convince himself that the hospital did not exploit the patients. These details are not given here for the paucity of space. But exhibit 10, indicating the rates charged for food & beverages in general (a service that was not an obligation on the hospital and created heavy burden on the management) could be used to illustrate the point. **If the participants realised the importance of various components in the recovery process, it organisation design and policy emphasis would appear very logical.** After all the company benefitted more by handling more number of in-patients rather than keeping them in the hospital as the key resource was expert doctors and the patient turnover depended upon the number of recovery days.

The hospital had norms stipulated for patient and guest room service. It was an important aspect to meet the requirements of timeliness in dietary support, for improving its effectiveness and also to keep the **psychological state** of the patient under control. The treatment given to the guest also helped in the **socio-psychological support to the recovery process,** besides providing satisfaction to the patient and the guest. These norms also helped in prompt billing of the charges which was imperative for a company which was starving for fund for running the operations.

The hospital regularly monitored the recovery time (for in-patients) and the success rate (see exhibit 11A, B, C, D and E) to **ensure that it did not not slip on the two counts and thus allow adverse campaign to gain support.** This also helped the management is **improving the turnover rate of the in-patient to enhance capacity utilisation** (see exhibit 7B).

Q3 The hospital had developed strikingly typical organisation structure. What could be the compelling reasons for developing such a structure? Do you think similar structure could be prescribed for a typical government hospital?

The organisation structure of the hospital flows from the **pressures on capacity utilisation** and optimal use of **key resource** namely the **highly skilled doctors.** If the doctor's skills/expertise was to be exploited to entertain more patients, they had to be relieved of administrative work

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almost entirely.

However, this involved two challenges

(i) How to enthuse senior doctors to renounce administrative power (ego needs).

(ii) How to ensure that administration did not create difficulties for them but became a facilitator.

The first one was taken care through doctors working as **consultants rather** than employees and their **earning was based upon the performance**. Their earning would be less if they were to spend time on non-medical matters. Being **promoters their earning also goes up if the hospital excelled,** hence they paid adequate attention to patient and also had more time to do so, relieved of the administrative work. They would keep **administration on toes by demanding service,** instead of being indifferent and letting cases be delayed or unattended.

Administration was managed by professionals whose career depended on growth & prosperity of hospital for which doctors were the key resource. Hence they are more interested in improving and facilitating doctors than creating problem for them.

Despite above interlocks, it may not be easy to have similar structure for a typical government hospital and there could be clashes among administrative and medical wings if such a structure is tried. One key factor (coming out of **nature of ownership**) that took care of unwarranted ego clashes in Apollo case was the voluntary association of top team members, which is easily achieved in the domestic private sector companies (with owner was at the helm of affairs, who can tame any of the erring member/ trouble-maker), unlike involuntarily association of key executives in government hospitals.

Q4 What are the tasks and challenges ahead for Dr. Reddy? What strategy should he follow for the future of the enterprise?

The space availability was becoming a serious constraint for the hospital. Given this the issue becomes **how and where should the hospital grow?** Should it go to **other locations, outside Madras or even the state?** If so, the challenges involved would, inter alia, be that of **developing technically**

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competent professionals for different locations. Moreover, being at Madras, the Chairman could personally attend and supervise the operations of the hospital. Now he would have to go for remote control, which involved developing the **unique value system of Apollo** at the other locations as well a task as important as developing technical competence. Beside this, he could carry along the expert medical professional who had great **respect for the chief, as much if not more, as a reputed fellow professional**, as the chairman of the company. How to develop another leader at the other location was yet another challenge. Movement to other states has also to be carefully examined from the geographical spread of the new in-patients, as a shift in in-patient (admission cases) was possible from one location to another location (see exhibit 6).

The company also has to keep the issue of **patient portfolio** in mind for business in the future. Because of high cost of equipment and other infrastructure (super specialty) the hospital can be cost effective (to maintain profitability for survival), if it goes for high value "services". A hospital (nature of activity) can't, however, retain that feature as a policy and it has to, of necessity, cater to all kinds of patients. This builds up pressure for ensuring a proper service portfolio on the one hand and for efficient operations on the other. Even the low cost services become comparatively high cost as better overall success rate has to be shown to instill confidence in "high value" patients. The difficulty and the challenge is compounded by the fact that on account of the image of the "better" & super specialty" hospital generally cases declined by ordinary doctors come to such hospital.

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20. VINDHYA MATSYA VIKAS NIGAM LTD.

Case Synopsis

Vindhya Matsya Vikas Nigam Limited (VMVNL) was established with the mission of spreading prosperity among the people of the Vindhya Pradesh (V.P.) through a high volume of fish production. VMVNL was created in the year 1979 for the purpose of establishing modern hatcheries and producing fish seeds to increase the fish production in the state of V.P.

V.P. had got rich inland water resources in the rural areas. The government wanted to bring it under the domain of fish farming and thus increase the production of fish. It was felt that fish farming could help tackle the increasing food problem and also provide employment to many.

The company had three major activities, namely Fish Seed Production, Management and Construction of Hatcheries and the Fish Parlour Operations. The fish seed production business was highly seasonal one.

The Nigam produced fish seeds of Rohu, Katla and Nain, and supplied them to the fish farmers through Fish Farmers Development Agency (FFDA). There was large demand supply gap in the fish seed business. There was a threat of losing the monopolistic position due to shift in the government policy favouring total privatisation.

The company auctioned it's water bodies for production of fish. However, the production value was constrained as the corporation was left to develop lower value seeds of Katla and Nain varieties, although it produced seeds of high value Rohu variety also.

The organisation was exploring various alternative option to meet the challenge of privatisation of hatcheries and to tap the available water resources for fish farming.

Suggested Readings

1. Jauch L.R. & Glueck W.F. **Strategic Management & Business Policy** (1984), Singapore, McGraw Hill. pp 199-245, 263-298
2. Rue, L.W. & Holland P.G. **Strategic Management- Concepts & Experiences**, (1986), New York, Mcgraw Hill. pp 39-60, 148- 171

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3. Kazmi, Azhar; **Business Policy**, New Delhi (1992), Tata McGraw Hill, pp 147-176
4. Krishna Kumar, **Cases in Strategic Management,** (1996) New Delhi, Global Business Press, pp. 25-37

Case Analysis

This case was developed by students based upon their project work in the Strategic Management course. There were some mistake in preparation of exhibits, which could not be captured by them. Some important data like price at which the fish seed etc, were sold, were not collected. The case has been retained with these mistake as it served the following purpose.

i. Often the company records are not kept accurately. The inconsistencies must be reconciled. For example data on income and expenses given in the exhibit 7(A), 7(B), 8 Vs. exhibit 10.

ii. The executive should be able to weed out errors in the data presented to them through cross-checking of data. For example the data on production of fish seeds given in the exhibit 3 & 6 are in lakhs not in lakhs of rupees. Likewise data given on fish production and demand/supply is 25 crores, 55 crores, 100 crores not Rs. 25 crores, Rs. 55 crores or Rs. 100 crores. If during the class discussion the participants find it difficult to identify the errors and are getting confused, the instructor may give the correct figures.

Instructor are **advised not to give this case in the examination** where there is difficulty in announcing correction and students' stakes are high. The additional learning objective may not be achieved and unwanted problems may arise.

It is necessary for the participants to know about the nitty-gritty of the business, before raising strategy formulation issues to them. This can be done by raising the question given below:

Q.1. Briefly state the business of Vindhya Matsya Vikas Nigam Ltd.

In fish farming business, there are two main stages. One production of fish seeds and second growth of fish (called fish

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farming). The cultivable variety of fish can be bred in non-saline water only, with the help of harmonic injections.The breeding season is July and August. It is a highly season activity. Rest of the year the hatcheries can be used for fish farming.

The fish farming need not be done in the hatcheries only. It can be done in other water resources, both flowing water (like rivers) as well as still water (like ponds and lakes etc.). Different varieties of fish can be developed in a water body in fixed proportion, which can be changed with technological advancements only. Fish can be farmed with other crops as well.

The mortality rate of both the fish and the fish seeds is quite high and can change dramatically with level of water pollution. Fish is also perishable, which requires efficient transportation from water body to market after harvesting. Further, the harvesting has to be done in time, else fish may get over-ripe (the taste changes), which fetches lower price in the market.

Fish can be used for several applications, ranging from food to medicinal purposes. There is a large variety of delicious fish preparations possible. A large variety of applications are also possible in pharmaceutical preparations. Moreover, fish also has a good export market.

In a nutshell, the activities in which the company is engaged can be engaged are shown in figure 20.1 as below:-

Fish Seed Production		Sale to FFDA
Fish Production		Sale of Raw Fish in market
	Processing	Pharmaceutical
	Preparation	Food
Construction Maintenance of Hatcheries/ Waterbodies		Auctioning

Fig. 6.1: Activities of VMVNL

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The above factor determine the task, scope and challenges that an organisation involved in the activities related to business of fish production and sales faces.

Q.2. What are the environmental challenges that the company is facing?

The company is facing both opportunities and threats. An audit of various environmental segment would give the ETOP analysis as shown in fig. 6.1.

In specific terms, there seems to be very large unsatiated demand for fish seed, despite reasonably high rate of growth in production.

a) VMVNL faces challenge of cheap imports of fish seed from Candila, rising cost of construction material, threat of privatisation, reducing budgetary support from the government.

b) The instructor may ask a question as to how much is the demand supply gap and ask them to work out the other details. Due to mistakes in data given by the authors, the participants will tend to give the figures in crores of rupees, while it is number. The installed capacity is for 25 crores fish seeds, while the demand is 50 crores seeds.

c) The fish production was @ 24 Kg/hectare in 1992-93. The maximum possible, however, is up to 50 Kg/hectare. The problem faced in increasing production is that the seeds which developed faster, although produced in the hatcheries of nigam, are sold out to the fish farmers. If better quality seeds could be arranged, the yield could be increased to 50 Kg/hectare.

d) The parlour business, is not as attractive one, but can be easily expanded as compared to the other two, due to ease of expanding the infrastructures requirements, and can also help to some extent in increasing the fish eating habit as a front line activity dealing with the consumer.

Q.3. Which one is the most attractive business for the company?

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The comparative figures of profitability of the three activities (1992-93) are:-;

	Expenses (Rs. lakhs)	Income (Rs. lakhs)	%
Seed Production Unit	94.85	121.00	78%
Waterbody Unit	45.16	83.07	54%
Parlour Unit	7.81	8.00	97%

	Actual Profits	Profitability
Seed Production Unit	26.15	22%
Waterbody Unit	37.91	46%
Parlour Unit	0.19	3%

Fig. 6.1 : ETOP of VMVNL

Environmental Sector		Impact on the Company
SOCIO-ECONOMIC	-	Low purchasing power of fish farmers
	-	Low awareness of scientific fish farming
	+	Large demand-supply gap in feed seeds
	-	Increasing power of intermediaries e.g: contractors
	-	Land-locked state.
	+	Abundant natural water resources
TECHNOLOGICAL	-	High perishability
	-	Water pollution increasing.
	+	Cold-water fisheries possible
	-	Deep-sea fishing absence
	+	Integrated (paddy field) fishing possible
	-	Difficulty in producing 'A'category fish seed.
GOVERNMENT	+	High stress on fisheries as Export area
	-	Interference in day to day functioning
	+	Financial institutions support
	-	Policy shifting towards privatisation
CUSTOMER	-	Fish Farmer development Agent's increasing control
	+	Fish farmers/ societies in need of amenities and housing

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	+	Private sector in need of hatcheries
	+	City-dwellers with fish eating habits.
SUPPLIER	-	Increase in cost of construction material
COMPETITOR	-	Entry of private sector
	-	Lower cost fish seed import from another state
	+	Increase in the cost of end products of fish in restaurants and hotels.

It will be seen that waterbody units gives the maximum profits and highest profitability and parlour unit the minimum. The revenues are, however, highest in case of fish seed unit. From pure business (profit) point of view, the waterbody unit is most attractive, but on social objectives, the fish seed production unit is more attractive.

Q.4 Enumerate the strength and weaknesses of the organisation.

The concept of strength and weakness is quite relevant, but it can be better replaced by Strategic Advantage Profile (SAP) through functional audit of the company. The Strategic Advantage Profile (SAP) of the company appears as shown in fig. 6.2.

Q.5 Given the above, what strategic alternatives are possible for VMVNL?

Given the changing government policies - to allow private sector to enter, the most lucrative business of waterbodies unit is threatened. The funding is also likely to slow down affecting new hatcheries and the problem of manpower, that affects both the company has to look at various avenues and sharpen its competitive edge. It is necessary to look at the available opportunities.

Strategic Alternatives

The following are the strategic alternatives possible.

a) Expansion Strategy

Internal: Penetrative Entry into market

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- increasing supply of fish seeds
- encouraging fish farming
- expanding distribution channels to cover more market
- Add newer products - fresh water prawns.

External:

- Acquire small private hatcheries
- Merge with private Sector
- tie-up in terms of know-how with other state fisheries for related activities

Table 47.2 Strength and Weakness Analysis (SAP) of VMVNL

Internal Area	Competitive Strength/Weakness
MARKETING	- Narrow fish-seed product line (Katla, Rohu, Nain seeds) - Undeveloped marketing network - No market research + New products and areas of production of seed (Sewage fed fish + prawns) - Channels of distribution + Geographic coverage by offices
RESEARCH & DEVELOPMENT	- Research capabilities of Nigam + Duck-cum fish farming, cold water fish - Packaging developments being created - Laboratories - Trained and experienced scientists & technicians
PRODUCTION & OPERATIONS	+ Lower cost of production compared to private sector - Capacity to meet market demands + Effective and Efficient production hatcheries - Effective and efficient storage and transportation Facilities
CORPORATE RESOURCES AND PERSONNEL	- Shortage of employees

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Related & Horizontal Concentric diversification into seed production for-

- Cold-water fisheries (foothills of Himalayas)
- fish-cum duck farming (duck droppings can be used as fertilisers to ncrease fish production in farm)
- Integrated fish farming i.e., fish and paddy cultivated together.
- Developing products used for fishing boats, nets etc.

Unrelated:

Expanding the construction unit to undertake the construction work for housing complexes, community halls, hospitals, poultry complexes etc. for fishermen community apart from hatcheries construction.

Vertical Integration

Forward integration by taking fish-farming and ponds and lakes and fish production into the areas suggested above for diversification.

Active

Approach by greater emphasis on R & D to accomplish higher production/unit hectare, genuine methods of production, better transportation and expansion strategy.

b) Stability

Internal

Increase production/hectare and marketing efficiencies with the help of better marketing network and manpower plug gaps where required.

Related

Improve product services by improving transportation and storage functions keeping in mind the perishability of the products.

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External

Maintain market share.

c) Retrenchment

This strategic alternative would totally unapplicable in such a scenario, and thus, we are not considering it as alternative also.

d) Combination

Combination of above strategies like:-

STABILITY + EXPANSION

STABILITY + RETRENCHMENT

RETRENCHMENT + EXPANSION

Proposed Strategy

Focusing the alternative.

The organisation should follow, a combination strategy where in it expands internally, externally, horizontally actively and stabilises internally. The strategic choice we suggest is:-

Internal

Penetrative entry into market through supply of fish seeds, encouraging fish farming and expanding, distribution channels. At the same time internal stability is a must.

- Personnel requirement should be met immediately.
- a proper MIS should be installed with adequate controls.
- a spread out marketing network with market research wing

External

- help private sectors with knowhow and consultancy
- collaborate with state fisheries in technical and related products.

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Related and Horizontal

Seed Production:

- Diversify (concentric) into cold-water fisheries (Garhwal and Kumaon) and in the Terai region.
- Integrated paddy-cum-fish farming
- Fishing related equipment like boats, nets, feed etc.

Unrelated

Continue with construction units plans into diversifying into other constructions apart from hatcheries Increase Returns.

Vertical Integration

Forward integration in next 5 years after stabilising operations at seed production level.
Follow proactive approach.

The organisation has a competitive position in the state, the industry is in the growth stage and currently is not very large, so this calls for major resource allocation. This resource allocation is to develop a stable infrastructure to exploit the demand by increasing installed capacity and managing better through qualified personnel. Thus this resource allocation is contingent on determining why the organisation has been unable to obtain more production, more personnel and accordingly rectify any existing deficiencies specifically in HRD, R & D and Marketing.

Fish Farmer Development Agents (FFDA's) acts as intermediary between the organisation and fish farmer. Increased control of these people, who fall under the purview of the fisheries Directorate, might lead to fall in demand for the seeds, if they start making money in between. The fish farmers/fishermen societies are desperately in need of proper housing facilities and basic amenities. This is a good opportunity for the construction wing of the organisation, which gained an interest of 7.5% on an investment of 8 crore in such constructions. Another opportunity is in terms of the emerging private sector, who are in need for know-how and constructional help from the organisation. This can be a major revenue source of income for the nigam. The city-dwellers with fish-habits, who

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are yet to be tapped properly, some another good opportunity for the nigam to expand.

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Case Synopsis

The four small hospitals involved in the merger, were all located in Sabadell, a small town very close to Barcelona having a population of about 2,50,000 habitants. The hospitals were in close proximity with each other and were owned by three different agencies, namely Mutua Sabadell (an insurance company), La Caixa (a leading savings bank of the area) and the municipality of Sabadell (owning two hospitals). The hospitals were in poor financial health, having old buildings and equipment that were inadequate to meet the growing requirement of health care in the area. The three owners were finding it difficult to meet the financial obligations of these hospitals, including contribution to Social Fund of the National Government that was a serious default.

The neighbourhood of these hospitals also had a large building now belonging to the Autonomous University of Barcelona (AUB). The building was originally constructed to open a hospital, but the builder lacked the financial stength to move into it on completion. This building drew attention as a potential resource whenever discussion of health care infrastructure took place.

The Director of Planning of the state of Catalunya had done a detailed study of the infrastructure for the health services in the area in 1983 and had observed that there was thin spread of the health care resources in the area. Later (in 1985) he became minister of health in the state government. His interest in the subject remains alive. The Mayor of the municipality of Sabadell was very keen in improving the health services in the area. The owners, the mayor and the minister of health explore the possibility of creating a Consortium Hospital by merging the four independent hospitals. The AUB also comes forward to help offering its building for the purpose. Despite the diversity of their interests the parties decide to merge and create a Consortium Hospital.

The management team muddles through for almost two years implementing the merger programme. There were several tasks to be performed such as rationalisation of equipment and services, change in work-norms, design of work-groups, introduction of uniform personnel policies, revising patient care policies and charge for the services rendered etc., each one proving to be more difficult than the other, culminating in a

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crisis. Resolution of the crisis brings stability, leads to emergence of a clear management ideology, enhanced organisational commitment and communication. This all takes another two years but results in a transformed organisation, ready to play a leading role in health care services in the area. The hospital gets the honour of becoming an Olympic hospital for Barcelona Olympic.

Suggested Readings

1 Case (A)

1. Trautwein, Friedrich "Merger motives and merger prescriptions" **Strategic Management Journal**, Vol. 11 (1990), pp. 283-295
2. Goldberg, Walter H. **Merger: Motives, modes and methods**, Ch. 1,2
3. Lewin, Kurt **Field theory in social sciences**, Cartright D., (ed.) London (1952), Tavistock Publications
4. Kazmi, Azhar; **Business Policy**, New Delhi (1992), Tata McGraw Hill, pp 158-167

Case (B)

5. Buono, Anthony F. and Bowditch James L. **The human side of mergers and acquisitions: Managing collision between people, culture and organisation**, London (1989) Jossey Bass, Ch. 6
6. Dutta, Deepak K. "Organisation fit and aquisition performance" **Strategic Management Journal** Vol. 12 (1991) pp. 281-297

Case (C)

7. Hinings, C.R. and Greenwood, Royston **Dynamics of strategic change** Oxford (1988) Basil Blackwell Ltd.
8. Swift, Martin H. "Clear writing means clear thinking" pp. 94-102 and Harriman Bruce "Up and down the communication ladder" **Harvard Business Review** Reprint Series on Communication
9. Waterman, Robert H., Peters, Thomas J. and Phillips, Julien R. "Structure is not organisation" **Business Horizon** June (1980) pp. 14-26
10. Rue, Leslie W. and Holland, Phyllis G. **Strategic Management** Singapore (1989) McGraw Hill, pp. 177-179

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Case Analysis

In the Strategic Management course, Part (A) can go in the strategy formulation module and (B) fits in the strategy implementation module. Part (C) deals with the issue of strategy evaluation.

For the course on Management of Mergers and Acquisitions, Part (A) may be used for discussing the Motives for Merger and the process of evolution of the Top Management Power Structure which has significant bearing on the implementation of merger decision. Part (B) may be used for illustrating the Managerial Tasks involved in the implementation. Part (C) highlights issues which are not tasks but the process aspects of implementation. This part also integrates the contexual and task determinants of the performance of merger strategy.

The instructors using the case series may like to use the leading questions suggested for each of the cases to conduct the sessions. The instructors may also like to use some of the tips given below for designing their sessions.

8.3.1 Case (A)

This case can be used to illustrate two important points, the motives for merger and the determinants of the top management power structure in merger situations. The first impinges on the decision to merge and the second on the implementation of the merger decision.

8.3.1.1 Suggested Questions

Q1. Trace the factors that have been responsible for the merger of the four hospitals.

Q2. Do you think that the government of Catalunya should go for creating similar consortiums of hospitals in the other towns also where there may be several hospitals in bad shape?

Q3. As Dr. Sepulveda how would you go about implementing the merger decision?

8.3.1.2 Motives for Merger

To initiate the discussion on motives for merger, the instructor may use the suggested question no. 1. Since the decision for merger involves (major)

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change, Kurt Lewin's Model of Force-field Analysis can be used for conducting the discussion. The first response to the question is likely to be the financial condition of the hospitals. Although this is one of the most important factor, the instructors may not stop here and push the participants to realise the gravity of the situation which made the owners almost part with the organisations they promoted. This was not an easy thing at all for them to accept.

The instructor then should encourage the participants to identify other factors (forces) too, which were as important for the merger decision, e.g., the interest of the mayor of the municipality and the minister of health. If these two personalities did not have active interest and commitment, it might have been impossible to create Consortium Hospital. The instructor may also enquire about objectives of various entities that could be satisfied by merger, but for which the parties would not have agreed for the merger. The interest of the Autonomous University of Barcelona may not be easily realised. Its behaviour may look as the act of a "good samaritan". However, if the question "why AUB had taken the building in the first place" is raised, their interest would also be realised.

Another force operating for change was the concern of the doctors. This factor in merger situation would normally be expected to be a restraining force, but here it was working as a facilitating force. All in all, the situation was ripe for a decision on a major change with so many facilitating forces operating in favour of the change. The instructor may easily test the understanding of the forces among the participants by throwing the question no.2. The same forces may not be operating in other sick hospitals, e.g., the mayor may not be as keen, there may be no such readily available building as Tauli building, doctors may not be restive etc. Unlike Parc Tauli Case, the net of the facilitating forces in other cases may not be come strong enough to move for the change.

8.3.1.2 Determinants of the Top Management Power Structure

Another issue that can and should be discussed is the determinants of the top management power structure, its stability and cohesiveness. Despite apparent lack of data, it is observed that the issue can be discussed comfortably. Question no.2 can be used to guide this discussion. The issue is critical to the implementation of the merger decision. The power structure gets determined by the stakes of the partners and the capacity to contribute to the common cause. In this case the mayor, the minister and

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AUB did not have much to lose while they could contribute more to get the hospitals out of the prevailing conditions as compared to the owners. The emergent power structure was thus fairly stable and decisive. An unquestioned power of the governing council was an important factor in effectively implementing the merger decision seen in Part (B). The information on the composition of the governing council before and after the formation of the consortium, available in exhibit 1, may come handy for bringing home the point.

8.3.1.4 Managerial Tasks in Implementing the Merger Decision

There are several managerial tasks to be carried out in implementing the merger decision. Each of these involve a major change. There is apparently no data in the Part (A) to answer the question and the participants may even resent it. But the reality was this, as reflected in the statement of Dr. Sepulveda. The data on the subject would unfold in Part (B), but the participants may be put in the situation of such uncertainty as faced by Dr. Sepulveda. It may not be a surprise to know how few of these tasks occur to one at the first instance. The instructor may not push the participants hard on the issue at this stage but towards the end of the session he may request the participants to list out the tasks involved using the suggested question no.3 When Part (B) is discussed then it would become easy to realise various tasks involved and also the magnitude of change efforts required to carry them out, by comparing one's guess here with the actual story in Part (B).

8.3.2 Case (B)

This case deals with the process of integration of the operations of the four hospitals. The key issues covered here are the tasks involved in the integration and the dynamics of the integration process.

8.3.2.1 Suggested Questions

Q4. What were the challenges faced by the management committee while implementing the merger programme?

Q5. What were the reasons behind the crisis that took place? Was it avoidable?

8.3.2.2 Tasks Involved in the Integration Process

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There are several managerial tasks involved in the integration of the hospitals as enumerated below:

(a) Completing the legal formalities,
(b) Rationalisation of the equipment and facilities,
(c) Rationalisation of the personnel policies,
(d) Rationalisation of the work norms, redesigning the workflows, responsibility centres etc.
(e) Skill modification and development

Most of the above tasks look obvious and easy, but it is not so. If asked, the participants would generally tend to list out the task as mentioned above. However, the managerial challenge in carrying out the tasks may not be easily realised. Suggested question 4 can be used to initiate the discussion on the issue.

Once the list of tasks emerges on the black board, the instructor may then move the discussion to the difficulties the management committee faced in carrying out each one of them. For instance the lacuna in agreement resulted in a situation where the staff felt they were not bound by the decision of the management committee. The rationalisation of the equipment and facilities at the first instance may look an straight forward and a fairly technical issue. But the task is fairly complicated as it involves assessment and evaluation of useful life, investment required for a fairly obsolete equipment and facilities. How and when this assessment could be done? How accurately it could be done before the decision to merge is taken, given that the partners of merger tend to play a hide and seek game before a deal is struck?

The instructor may gradually shift the discussion to "below the surface" issues. The rational design of work groups may look highly clear cut task, but it has social dimension too. Procedure and systems design likewise may also look simple and technical, but operationalising it involves consideration of cultural dimension also because the organisations involved in mergers often have diverse cultures. The rationalisation of personnel policies involves attending to removal of a large number of anomalies arising on account of different histories of organisations.

8.3.2.3 Dynamics of the Integration Process

In usual course an organisation has a fairly stable organisational culture,

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clear relationships, expectancy etc. Hence the implementation isssues are more of technical design problems. The task of integration of organisations in a merger situation, however, provides quite different managerial challenges. The level of anomalies arising out of rationalsation of personnel policies, for instance, would easily be many more times than what may be typically faced by the management in any organisation in normal course. In a single organisation the equipment and facilities problems are typically of capacity augmentation or achieving balanced line. In the case of merger, the rationalisation of facilities involves relocation or retirement of surplus or obsolete equipment and facilities along with with the associated staff and executives, which lead to the problem of skill development and executive politics. Merger is akin to what is said to be the task of "assembling a Boeing 747 from two Boeing 737, airborne". It requires active cooperation of people under situation of acute anxieties. When people feel being uprooted from the earlier socio-cultural milieu, they tend to resist the change. Ironically the rationalisation can't take place without it and, therefore, the synergies expected on account of merger can't be realised. Failure to do so may render the merger strategy ineffective.

With so many tasks to be carried out, under situation of extreme uncertainties about people's acceptance of the different change programmes, there is every chance that the entire implementation programme is thrown out of gear, anytime. It requires enormous speed in implementation to show positive results, for which a mental blueprint of changes to be effected in a coordinated manner is imperative for the management. The management, as change agent may become nervous if it feels that the suggestions made may meddle with their blueprint for action. For, then they will have to cope with the unexpected consequences arising out of suggestions, some of them may be negative or may impede the introduction of change programme(s), which are generally based upon the assumption of success of other, concurrent change programmes. It is the confidence of the change agent, based on his skill and ingenuity to block such potentially dangerous suggestions that allows him to invite participation, else he may tend to avoid it. This issue comes out through the statements in Part (C) of the case.

To enable the participants assimilate these points, the instructor may take up the managerial tasks listed out as above, one by one, and draw force field diagrams, to realise the quantum of restraining forces operating against the integration programme. It will be easy then to visualise the

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quantum of facilitating forces required to overcome the restraining forces for change to take place. One key facilitating force is the expectation of better future prospects. Once this point is appreciated it would be easy for the participants to understand the pressure on management for quick results by exploiting the synergies arising out of the rationalisation process and hence the speed of implementation.

8.3.3 Case (C)

This part of the case is very short but is full of important lessons on corporate communication, management ideology and provides a conceptual model for understanding the task of integration on merger.

8.3.3.1 Suggested Questions

Q6 What significant changes have taken place in the functioning of the integrated hospital as compared to the four independent hospitals earlier?

Q7. Compare the organisation structure of 1989 (see case B) and 1991. Do you notice any difference? What are the implications of these differences?

Q8. What do people mean by the word transparent management? How did the management of the hospital achieve it

Q9. Critically evaluate the strategy of creating a consortium hospital by merging four independent hospitals. Overall how successful has it been?

Q10. In your view, what have been the key factors for success/ failure of the move?

Q11. What is the scope of merger strategies for the other non-corporate sector organisations? Are there situations likely in which such strategies may not work at all?

8.3.3.2 Organisation Transformation

The exercise of integration of the four hospitals was in the ultimate analysis an exercise of transformation of the four hospitals. It involved high degree of technical changes like physical shifting to Tauli complex, renovation of facilities, change in work flows etc. But what was equally, if not more important, was the changes in the underlying premises, the "core values", in the functioning of the hospital e.g., the patient care as the focus of all the activity, change in the norms of admission etc. Slow movement or

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mismatch between the technical designs and core values could lead to a failure in transformation (aborted excursions), prolonged uncertainties (oscillations) or movement on such other tracks as pointed out by Hinnings (see the suggested readings). This part of the case can be used to illustrate the concept of organisational tracks and requirements for transformation using conceptual framework provided by Hinnings.

Question no. 6 may be used to initiate the discussion on this topic. The participants, having gone through the Part (B) would tend to enumerate the hard, technical side of the integration tasks. A little pushing to glance at the exhibit 5 would help them realise the issue of new management ideology. The general acceptance of it and the involvement of people in the task of shaping the future of the Consortium (exhibit 7) would also be realised. The participation and communication are two key elements for the success of the transformation process. Much as the Part (C) of the case may look like focusing on the content part of the strategy formulation through formal corporate planning process, the purpose here is not to push the participant to develop the corporate strategy, but more to highlight the importance of the above two elements to the process of internalisation of corporate ideology which governs the behaviour of people in delivering the service and helps in successful transformation.

8.3.3.2 Corporate Communication

One of the most difficult tasks of top management, particularly in transformation situations is that of corporate communication. Executives are frequently baffled with the response of staff to well- meaning moves of improving the organisational performance. The problem arises on account of wrong understanding of the word communication. Often people commit the mistake of equating the problems of communication with difficulties of language and verbal expression. The roots of the difficulty in communication are often deeper and can be captured by what Martin said over forty years ago, in his celebrated article in HBR, "Clear writing means clear thinking". The problem often is with what one has to say, while it is taken as the problem of how to say it. In the case of corporate communication, the issue generally whether the top management is clear about the corporate strategy which it wants to convey to the masses? The works on corporate strategy and excellent organisations have brought out the importance of clarity and high level of commitment to mission and ideology by the top management of such organisations i.e., what the organisation stands for, what it values, what it wants to be, for effective

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corporate communication. Failure to do so leads to difficulty and confusion about the means, the communication strategy. Together they set a chain reaction of confusion about various elements of McKinsey's golden diamond (7S model), in designing the structure, the system, the policies etc. and eventually to action plans, with gross mismatching among these key design elements. Since the people in organisation take cue from different elements (each of which speaks louder to them than pronouncements made by the management about desirable things) for deciding their behaviour. In the absence of clarity of mission, objectives and strategy, they receive different, often conflicting messages through structure, policies and practices, and behave differently from what management expects of them.

The case can be used to discuss various aspects of this issue. The crisis situation, described in Part (B), impressed upon the need for such clarity and led to improvement in understanding about the "dos" and "don'ts" (the organisational ideology, the work norms etc.). As a director said "conflict situation arise even now in operations, but they are more easily resolved when someone refers back to the basics, the goals of the organisation, the ideology". The role and importance of corporate strategy and strategic planning is often not realised for corporate communication, both the internal as well as the external. From the point of view of management of change, the dilemma often faced is how much information to share and when to share it. While all the relevant information must be passed on, any additional information or shared with wrong persons, may create problems of communication distortion or misuse by the vested interests. The bold and emphatic announcement of new ideology, the close adherence to it in crisis situation, the reorganisation, the new work norms etc. in this case series, provide an opportunity to substantiate this important issue.

The instructor may use question 6 to initiate the discussion on this issue. Question 7 may be found to be very important in demonstrating the organisation structure as a means of conveying the ideology. The bordered portion in the organisation chart shows the activities directly related to the "patient care" with all the other activities emphatically declared only as the support services. It reflects that the patient care has to be focus of everyone’s attention. He can then proceed to have an exhaustive discussion on corporate communication, supplementing it with other points through open discussion.

8.3.3.3 Management Style

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The case highlights the use of participative style by management. The instructor may start by asking the participants to critically evaluate the style and gradually bring the issue of structure oriented vs. conviction oriented participation. The data sprinkled in the case (deliberately) can be brought in the discussion one by one, by raising questions no. 8, what is the level of involvement in planning (exhibit 7B), why the data of attendance (very unusual documentation) is collect at all, why the attendance has been high in the meetings, repeatedly, in various departments, what was the need of inviting the staff, and so on. The issue can then be raised as participation for what? Is the management helpless and has to invite? Mandatory participation situations e.g., board membership requirements, compulsory consultative committees etc. (as found in Indian corporate sector) can be used to highlight the point. The questions such as "why the management encouraged staff to take over the publication of the newsletter", "why the staff did not follow other hospitals i.e., go on full-fledged strike while demanding parity with the NHS run hospital staff" etc. will enable the instructor to bring home the point of "transparent" management as described by the staff. The importance of sincerity and unity of actions and words of the management, which does not go unreciprocated by the staff, can be well illustrated. The role of ideology in handling staff while following the participative style can easily be sensed.

These points are difficult to bring home as many issues that impinge on determination of participative style are often not realised, and participative style is occasionally thought to only as a matter of manager's choice.

8.3.3.4 Determinants of the Post-merger Performance/ Evaluation of Merger Strategy

Has the merger been a success? Given the condition the hospitals were in before the merger, there has been steady improvement in performance in terms of the services rendered (see exhibit 8a). The financial performance has also been much better with the losses steadily reducing and then a little surplus generated (exhibit 8B, 8C). The variances from the budgets are well within reasonable limits (exhibit 8D). The accumulated losses continue to be there but decision on writing them off does not lie in the hands of the Consortium. More importantly the health of the hospitals has largely been restored in terms of new core values which focus on "Patient Care" (which is often not very visible but important element for long term performance of any organisation). A climate of confidence and conducive

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industrial relations has set in, which can be sensed from the narrations by various people, given in the case (C). The overall situation thus seems to be far better than the time the decision for merger was taken.

What has led to this transformation? Is merger a desirable strategy? The researches have been observed to be reporting that there is often no substantial improvements than sum total of the pre-merger performance of the partner organisations. This case illustrates the reasons for the same (see the fig 10.1 on the next page). At the end of the discussion it may not be difficult for the participants to realise the proverbial "slips between the cup and the lip" associated with merger strategy. The case indicates that the context or the background of the merger situation sets/ determines the scope i.e., potential for improvement in the performance, and the task requirements determine the managerial challenges involved in converting the potential into performance. Management function is thus akin to a machine converting the potential energy to kinetic energy. For substantial improvement in post- merger performance, both the scope and the managerial ability needs to be high. This case provides enough scope and details to have a lively discussion on this interesting topic of merger strategy.

The instructor may use question no. 9 to let the participants come to the conclusion that there has been a steady improvement in performance. He may then go to question 10, which is in a way rephrasing question no 4 of Part (B). The instructor should then rearrange the factors brought out by the participants in the form shown in fig. 10.1. He should then use question 11, which is once again a rephrased question (no. 2). The instructor may request the participants to recollect Part (A) for the purpose. The points may then be rearranged as shown in the fig 10.1. The issue of synergy may then be added to it to conclude the model for explaining the task of integration in merger situations. The model complete in all respects also explains the determinants of the ex-post performance of merger strategy.

8.3.3.5 Strategic Management/ Alternative Strategies for Health Care (and alike) Organisations

The topic of Strategic Management has often been assumed to be a high talk, relevant only for large corporate sector organisations. The case situation being that of merger of four hospitals, the case can be used to establish the relevance, applicability and importance of the topic of strategy implementation in the health care organisations. The discussion

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then can be guided (by putting the points in general terms, wiping-off "hospital" from the blackboard) to establish its relevance to similar non-corporate sector, non-profit oriented organisations and public systems, such as the educational institutions, welfare organisations, technical and consultancy support services, public utility organisations etc. It has been observed to be easy to convince the executives from the non-corporate sector and public system organisations with illustrations from the non-corporate sector like this case series. Due to mental divide of corporate and non-corporate sectors, the use of corporate sector examples in programmes for the managers from non-corporate sectors, often lead to the situation of their "throwing away the baby with the bath tub", especially for topics such as those covered in this case.

Besides the concept of Strategic Management, the case also highlights the applicability of alternative i.e., merger strategies for the non-corporate sector and public system organisations. Acquisition and Strategic Alliance strategies may not sound as promising and congenial to the executives from the non-corporate sector due to the stigma of profit and growth attached to these strategies (which are often not the objectives they are pursuing), but merger strategies do not foul with their objective of improving the delivery of social goods, through exploitation of possible synergies and rationalised use of scarce resources.

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30/31 IS SMALL BEAUTIFUL (A) & (B)?

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Objectives of the Case

The case material is prepared to illustrate the:

1. Power of Strategic Management frame work to identify the task and challenges of strategy implementation.
2. The central role of leader whether of environmental developments are threats or opportunities.
3. Significance of various stakeholders in creating constraints.
4. How the strategic challenges in a small orgnisation could be managerially vary demanding.
5. How the unique context of an organization makes strategic challenges demanding and different.
6. How context creates unique constraints and thus managerial challenges of strategy implementation.
7. How a very confusing and complex situation be conceptualized in simple terms through use of SM framework.
8. The case help establish the significance of a new concept "the search for intermediate solution" as an integral part.

A new director joins IMP the fifth management Institute set by the SM thoughts & process set by the Min. of Human Resource Development, Government of India. Within a short period he faces the threat of strike by the non-teaching staff, demanding inter alia, promotion which seemed not possible due to MRHD's refused to allow time scale promotion before 12 years. There were several infrastructural and other contextual constraints makes other alternative options difficult to consider as a choice. The situation seemed to be so complex and complicated that resignation seemed a simple choice.

However, the strategic management frame work allows conceptualising tasks and management challenges associated with alternative option of meeting the strike threat with a positive growth option. The scenario gives the twist to help one consider a situation of threat to that of a wonderful opportunity.

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The case (A) and (B) are part of the series. "Is Small Beautiful (A), (B), (C), (D) & (E)",. The part (A) & (B) give the complexity of the situation faced"……..beautiful. The Case (C) describes the challenge of implementation. The Case (D) describe the process of converting the situation of threat to that of an emerging opportunity. Case (E) describes the full blows version of the situation of threat being converted into a situation of wonderful opportunities of growth and diversification making the organization a leading Institution making one believe "Is not small Beautiful". Case (C), (D), and (E) also demonstrate convincingly the significance and relevance of creative problem solving and management of change in the strategy implementation.

The case series can be used in conjunction with the case series "Fun of Case writing (A) & (B)" in association with the case "Power of check listing ", for the following purposes-

1. The relevance and power of conceptual frameworks in strategic management for preparing a checklist to visualize the tasks and challenges of strategic implementation.
2. The limitations of the problem of above frame works in finding the solution. While the master checklist can be developed using the conceptual frameworks the managerial challenges in two organization and situations may defer widely, some items not being a challenge as the context changes.
3. The cases illustrate how the wonderful opportunities can be lost and also how they can be created by leaders, (Ist small Beautiful illustrating the latter and the Fun of Case Writing (A) , (B) & Power of check listing illustrating the former).
4. The role of creative problem in opportunities and strategy implementation are amply demonstrated by contrasting the two case series.
5. The role of leader in creating and losing opportunities can also be illustrated.

CASE ANALYSIS

Q.1 What is the problem that the Director is facing?

A.1 The participants once invited to respond will start listing variety of problems each connected to central theme i.e., promotion, but expressed in variety of ways, ranging from problem of faculty,

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education, spouse's job opportunities, etc. Some may cite the problem from government, i,e., MRHD (meaning owners) etc. also. The instructor should keep on jotting the points on the blackboard.

The instructor can give part (A) to start with and supplement it with screening of Case (B) asking the participants to read it. It will take about 10 minutes. Alternatively he may give (A) part to one set of participants and (B) to another. He must to discuss part (A) and then part (B).

An appropriate time say after 15 minutes, the Instructor may switch the question to the next one.

Q.2 What should the Director do?

The response to this question again may be a wide variety ranging from director should resign to staff may be given mandatory incentive, to institute should conduct MDP's, to Institute should give promotion notwithstanding disapproval of MRHD etc. The instructor should entertain the suggestion and put on the black board also but carefully reject them by point out the constraints and government policies), to focus on the key point that if promoter is to be given what all is required to be done. After all is not promotion a key incentive for public sector employees?

Before the issue of growth is predicated for discussion there is a great opportunity to. The instructor can make use of the case situation to illustrate the concept of stakeholders by asking the following question.

Q.3 What will happen if the Director does not act? If there option is not given by the participants the instructor can throw it himself,

The consequence that is possible strike that may impact on smooth conduction of MBA/MDP etc. The participants these programme shall not take it lightly and the matter may go to Board of Governors. If the matter is not settle, it may draw attention of MRHD for action. Not acting to resolve/ defuse the situation will thus tantamount antagonizing the three significant stakeholders, the latter two having powers to seek resignation of Director, which was a first simple option that of resignation by Director, which,

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however, does not at all solve the problem of strike by non-teaching staff. Further how will he face the situation of being ridiculed and laughed by the fear group and public at large?

A.4 Once the attention of the class in focused on a positive note of giving promotion, the participants may be asked to list out the task to be performed for giving promotion by increasing intake, In a way the problem in restated as managing growth, which is a strategic management issue.

The case now run similar to Fun of Case Writing (A) and Power of check list where the strategic management concepts can be used for preparing the check list. The frame works allow development of a general check list of task to be performed.

Once the general checklist is prepared, it can be pruned to have fewer items by asking the following question.

Q.5 Critically examine whether all the items are required in terms of infrastructure to be developed, because many items may not be required as the Institute already has it.

It will be a great surprise for the participants to note that during the discussion itself the number of items get reduced to 50-60% of what was initially listed, each of which on normally cited as constraints by those who are not keen to expand, the change resistors, who abhor any such increase of preparing a checklist in black and white.

This part is one of the most critical aspect in strategy implementation as the change resistor at various levels in any organisation just does not want / allow meaningful discussion on identifying the task involved in successful executive/ implementation, because once, this exercise is complete, the problem is solved halfway.

The exercise also boost the confidence of strategists as there will be fewer gaps in execution, less surprise and pitfalls and lesser resistance. It will also be possible to anticipate from which quarters the resistance to change may be more.

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Q.6 Are there any other significant issues to be addressed that may complete the whole exercise of giving promotion?

It may not occur to people the significant of financial resource. The MRHD was not releasing plan to non-plan grant and asking for reducing the fees to Rs. 30000/-. It was not all an easy situation to expedite project work without money and the major resource provider was MRHD and there was a standoff, with MRHD and all the Institution and even faculty members were protesting again MRHD on issue of autonomy in general and reduction of fee in particular.

The Instructor may ask the last question now.

Q.7 How much time it may take to give promotion.

The participants may find it difficult to answer the question in view of the uncertainty of developing physical infrastructure. How if the instructor ask even if the physical infrastructure was ready in the promotion straight forward?

Firstly the ministry in unlikely to approve so many position at the officer level.

Secondly, if it how to convince ministry to approve position to give promotion to all? How much time MRHD may take? These are ticklish questions who answering are found in case (E). If the case (A) & (B) only are to be used, the instructor may read (E) Case to explain the difficulty and at the same time illustrate the job may be difficult but the Director can do it. How to sustain the patience of non-teaching staff till such time, is another interesting learning point from case (E).

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32/33 IS SMALL BEAUTIFUL (C) & (D)?

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ABSTRACT

A new director joins IMP from a distant place with no familiarity with the Institute and the culture as well as the contextual challenge that the Institute posed. At the same time he was facing a crisis. The Phase II of campus construction (covering 43 different units) was coming to a grinding halt, non-teaching staff was agitating for promotion and the promoters (Ministry of HRD) was not willing to release funds unless the Institute agreed to reduce fees from Rs. 100, 000 to 30,000. The second year students of the increased batch size of 120 were expected to join in 4 months, and the class rooms and hostel etc. them were nowhere close to completion. The Director was wondering whether he could do anything to meet the challenge of completing Phase II of campus construction to move forward on academics.

However, through innovative thinking not only the crisis was overcome, but the delays were converted into an opportunity, as a year later the institute was able to increase intake further to 180, fastest of all the institutions of similar eminence and also move fast to grow and become even leader in certain academic activities. The whole economics changes and the institute also start generating surplus and became somewhat autonomous, by meeting the recurring expenses rather than banking on government for support.

The cases highlight the importance and benefits of strategy implementation; the conceptual foundations, process of the same; and above all illustrate how strategy implementation skills can convert a crisis into and opportunity.

Objectives of the Cases

The cases can be used to illustrate

1. How to assess the leeway available for action to a new chief executive.

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2. The significance of detailing expertise of the chief executives, from broad to mundane issues, for expediting action in implementation.
3. The importance of integrative thinking for expediting project completion.
4. The role of project management as a confidence building exercise.
5. The role of speed in turnaround management.
6. The imperative of assertiveness and economic concern for "rocking the boat" to get results for establishing credibility as a change agent.
7. The importance of creative problem solving skills in strategic management, especially in the strategy implementation.
8. How the strategic management process is an eclectic, integrated one rather than two disjointed processes of strategy formulation and implementation.
9. How the innovative thinking can help in turning a messy project management into a situation of great opportunity.
10. How innovative thinking can help in better utilization of assets, through concept of multi utility.

Use of the Cases

Each case can take 1-1 ½ hrs of class discussions, and can be used in:

1. Strategic Management (especially strategy implementation)/ Project Management (behavioral aspects) and Management of Change/ Leadership (for Implementation) and creative problem solving courses in MBA programmes.
2. It can also be used for Management Development programmes on the above topics.

Suggested Readings

1. Rue, Leslie W. & Holland, Phyllis G. McGraw-Hill Companies (1986), p. 427
2. McKinsey's7sModel, http://en.wikipedia.org/wiki/McKinsey_7S_Framework
3. Barnard, Chester I, **Functions of Executive,** Cambridge, Mass, (1938) Harvard University Press.
4. Khandwalla, P.N., **Fourth Eye: Excellence through Creativity,** (1984) A.H. Wheeler, India,Ch. 4 and 5
5. Krishna Kumar, **Cases in Strategic Management: Managerial Experiences,** Global Business Press, New Delhi (1998)

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6. Jauch, Lawrence R. and Glueck, William F., *Business Policy and Strategic Management*, Singapore (1988), McGraw Hill

Conceptual Foundations of the Cases

Rue and Holland have highlighted that strategy implementation involves development/, acquisition/reorientation of 5 different types of resources (infrastructure) namely the financial, physical, human, organizational and technological (fig 1). Each one of them is important. However, often the attention of management is focused on physical and financial resources only, which are more obvious and create hurdles/ stop the whole process of implementation. The significance/ influence of human and organizational resources/infrastructure is not appreciated easily as they impact slowly and un-noticiable manner. The case (C) and (D) highlight the physical and financial aspects, but during the class discussion the participation will slowly appreciate the other two also. The case does not highlight the technological resources/infrastructure.

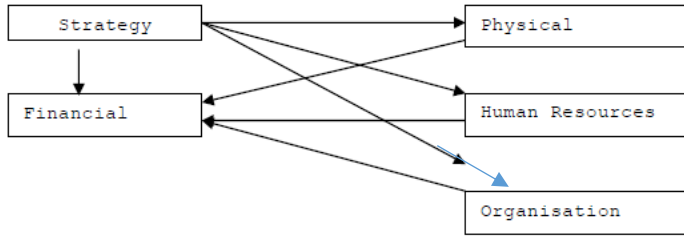

Fig 32.1

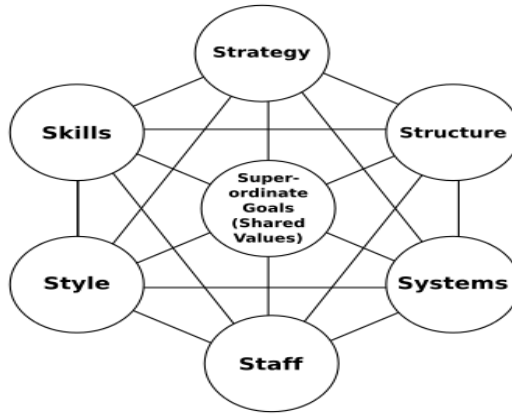

Fig. 32.2

The next model that is of direct use to illustrate complexities of strategy implementation is the McKiney's "7S" model (fig 2) which highlights

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the role of skills, staff, shared values, systems and structure for implementation, covered under the human & organization resources and infrastructure in fig. 1 above.

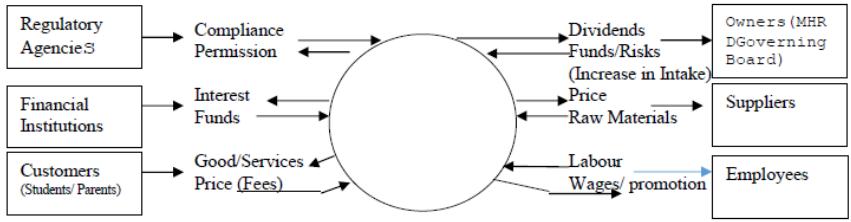

Fig.33.3 Constituent Members of an Organisation (Modifies for the Case "Is Small Beautiful?")

The third model is the one given by Bernard, (fig 3) which highlights the significance of stakeholders, described by Bernard as the members of organization (which he describes as a cooperative system). Without appreciating it, one would find it difficult to appreciate the real challenge of managing crisis and opportunities that lie ahead in the case (C) and (D) If the Director was unable to contain the non-teaching staff unrest, it could lead to other (the students, Governing Board and MRHD) also turning hostile. On the other hand if he was able to overcome the crisis, they all would support him for growth, which interlocks their interests in the Institute. After all the Director had joined with a promise to perform (howsoever implicitly) to MHRD while joining the institute. Likewise he had expectations from students and Governing Board that the institute will run smoothly.

The next significant input comes from literature on creativity to overcome the crisis, the work of Prof. Khandwalla, which helps in two ways. One in understanding (analyzing) the causes of slow progress on campus construction (through cause guessing ability) and in finding new solution in augmenting the physical infrastructure with little but significant changes in the guest houses and class room capacities (through his flexibility and originality skills). The first skill helps in diagnosing and solving problem through lateral thinking, described in case (C). The second one helps in augmenting infrastructure through creative thinking that creates and exploits new opportunities, described in case (D).

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Finally there is fourth model (see fig. 4) given by Krishna Kumar, modifying the model given by Glueck and Jauch. The model impresses upon the eclectic nature of strategic management; how strategy formulation and implementation and intertwined.

There are some serious problems in understanding strategic management subject as described below due to which the full appreciation of the subject gets jeopardized. One needs to be very clear about these pitfalls to benefit from the strategic management understanding and expertise.

(1) Strategic Management is process had two distinct and interviewing components (strategic formulation and strategy implementation)
(2) The latter is as much if not more important that the former
(3) While the strategy formulation involves only thinking, strategy implementation has two components-thinking and doing
(4) The thinking part of strategy implementation has to be closely linked and done together with strategy formulation and decided to gather before the strategy is finally accepted as a choice.

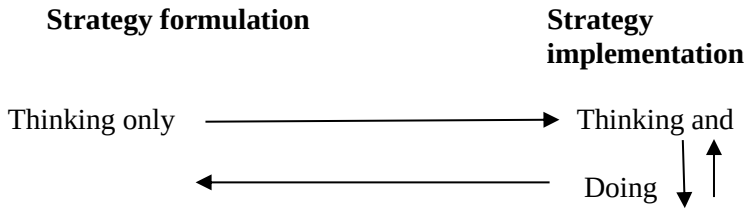

Fig. 32.4

(5) While not all the issues associated with strategy implementation can be thought through and decided (time & costs and mental power involved are quite high) at the stage of formulation of strategy (some bridges have to be crossed when we reach there), but if the significant items are not comprehended well and tentative solution not thought of in advance, the chances of getting stuck during implementation are quite high.
(6) Elaboration ability, integrative thinking ability and the past experience of handling similar challenges, help a lot in identifying implementation issues and in having necessary confidence in implementing (doing) the strategy implementation.
(7) Only when there is sufficient understanding of implementation issues and confidence to handle them.
(8) To the extent there is lack in comprehension of implementation

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issues and lack of ability/ confidence to see it through, the strategy is weak, and liable to fail with attendant consequence to organization's performance.

Finally one more point needs to be understood well to fully appreciate the eclectic nature of strategic management. Strategy implementation means augmenting existing organization infrastructure/ resources (mentioned in first paragraph above, to meet the requirements of future business (strategy), by acquiring new, developing or reorienting existing resources/ infrastructure. In the process of doing so, some extra resource/infrastructure get identified/ created or developed, which are not required by the strategy planned in the next cycle. (fig.5). Such extra resources/ infrastructure can help a lot in developing / exploiting new opportunities

While case (C) highlights the most of the above description, the last paragraph above is well illustrated through case (D).

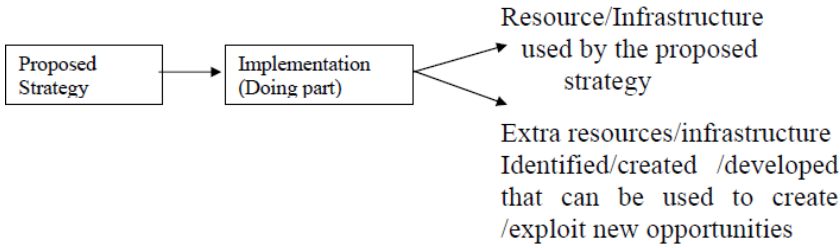

Fig. 32.5

The instructor must bring out the above conceptual inputs while summing up the case discussions.

The Instructor can now lead class discussion in the following way.

Analysis of the Case (C)

Q.1 What problem the Director is facing?

The response of the participants will be quite varied. They may indicate:

(1) The delay in competition of phase II construction in general
(2) Problem of delay in construction of class rooms.

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(3) Problem in getting money to settle bills.
(4) Delay in clearing bill by the project management team
(5) Delay on part of the builder
(6) Delays caused by institute staff
(7) Each one blaming the other
(8) Delays in taking decision
(9) Delays caused by architect
(10) Worries that MRHD official were visiting and the promise made by the Director to them may not be met.

The Instructor may keep on jotting the above problems.

At appropriate time he may indicate the problems are not the above ones, these are manifestations of far deeper problems e.g.,

(1) No one accountable for delays,
(2) The culture of passing the blame without any concern for the consequences of delay
(3) Superiors concerned about emotions being hurt, rather than academic being hurt
(4) No concern for inefficiency and losses arising therefrom. Therefore, Rs. 2.5 mn to be spent for a temporary class room that may be a waste in six months' time. But since Govt. pays, so even Board approves. Nobody even believes it was a waste and avoidable one.

At an even deeper level was the problem of lack of Director's familiarity with the people and the situation of labour and material supply that impeded action for expediting completion.

Q.2 Was the Director right in reprimanding the electrical engineer for failure to note the mistake in size of basin/ hole in the bathroom platform?

No. But he was trying to trace the real problem (the work culture of bluffing and passing the blame) and forcing people to act, even by threatening. The action brings out that people were not incompetent, but there was failure on the part of supervisory people, including Director, to set deadlines, monitor progress, and give decisions on the spot, to expedite action. As can be seen the work got done which indicates that it was possible to

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expedite, but not done as people had learnt to live with the situation of slow pace of work, partly contributed by labour and material supply problems, but equally due to lack of concern and accountability.

Q.3 Were there any other factors too?

One of key contributors to the delay in construction was also the terms of contract with builders, order being bagged at a price below the estimated cost, and deletion of cost exaction clause; which resulted in builder making loss from day one and indulging in practices that were not acceptable to the project management team, who refused substandard materials and wrong bills, which all also lead to delays.

Lowest tender acceptance is a compulsion under CVC guidelines, but mechanically complying with it also leads to problems. One must take utmost care to scrutinize the contractors' bonafides, cost detail etc. before putting order, to avoid such costly mistakes.

Q.4 Comment upon how the Director achieved the completion of guest house on time.

The Director had used several techniques one after another. On one hand he used his authority to issue threats (of nonpayment of salary) to push people to realize they were accountable for overall performance as a team, at the same time fixing individual responsibility and reprimanding for "passing the buck game". He was so harsh that he even chided the builder for promising performance during night. At the same time he joined hand to solve the problems that came in the way; from civil engineering to electrical engineering, saying "Yes" and "No" as required, on the spot. The concern and message was loud and clear. People had to perform and fast, beyond imagination, constraints notwithstanding.

The completion of guest house in 3 weeks surprised most, including the Board members, boosted morale and instill confidence that with team work things could be completed, despite difficulties.

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A significant part was the soothing touch he gave to hurt emotions of the electrical engineer (that happened when he rebuked the latter not for mistake which were not his responsibility, but for poking nose in a matter that was not in his jurisdiction, just to prick the builder). Director in "no-nonsense" tone had reprimanded him in full public view. But he did realize that with hurt emotions, done rightly or wrongly, the staff can't put his heart in the work. Hence he calls the engineer and explains and also seeks his confirmation on the basic philosophy of working as a family.

The Director thus displays ability of project management (monitoring, fixing responsibility, giving on the spot decisions on technical matters) managing human relations (arousing and containing emotions) and above all conveys that things can be completed expeditiously despite odds. This was not possible without his integrative thinking ability and project management experience.

Q.5 What would have been the consequences if the Director did not behave the way he did?

The project would have been delayed inordinately. This would have entailed a wasteful expenditure and given wrong message on wastage. The culture of indifference lead delay could have continued. It would have resulted in all other buildings too getting delayed. While the expenditure would have been mounting, the benefit would not be realized, thus a double whammy of expenses (the guests would have continued to stay in hotels thus hotel and local transport cost would have mounted).

Indeed, what may not occur easily to an inexperienced participant that the progress was down from envisaged 6% p.m. to 1.5% p.m. (40% completion of Phase II works in 24 months, which was to complete in 15 months). It would have taken almost 4 years to complete balance 60%. The cost overrun would have led to litigations that would install the growth of Institute. The Director, tied with phase II construction for meeting requirement of batch size of 120, would have been stuck at the

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level and would not have been able to do any meaningful exercise of growth. This would mean the very purpose of his joining would be lost, if he was not to make any contribution to academic, but could relish only being a ceremonial director.

Q.6 Why Director was behaving as a harsh man in hurry?

Ans. In light of the above discussion it is easy to bring home the point that he was trying to use guest house completion as a test case of identifying the critical issues and leeway available to make a difference. If there was no opportunity and no understanding of the issues that he could handle to manage growth, there was no chance to succeed and survive.

The "Issues" were serious including people's issues (as seen from the conduct of CAO, who could shout at Director, but had no ability beyond buying furniture items, leave alone handling project management). Developing a working relationship with CAO was as much a challenge as handling other staff members.

The case at the end conveys a message that the director, through the test case of guest house, was able to understand/ appreciate the challenge in project management, ability /competence of the people and the leeway available to him (through chunking, prioritizing etc.) to complete Phase II construction fast, which gave lots of advantages later as described in the case Is Small Beautiful (D)?

Analysis of the Case (D)

The Instructor case guide the case discussion in the class in the following way.

Q.1 What was the problem that the director was facing?

The project had come almost to stand still. The average progress falling to 1.5% per month instead of targeted rate of over 6%, with 43 units (including a class room complex, a faculty block, a married students hostel, 3 other students hostels, a shopping complex, a dining hall, Director's residence, 15 faculty houses, 12 officers houses and 8 subordinate staff houses) under different

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stages of completion. Indeed averaging to 1.6% does not indicate the real slowing down. It was less than 1.6% as the work had started at a higher speed.

Q.2 What was the gravity of situation?

The slowing down if not arrested, could create real problem as there was no place in hostels to accommodate students (now 240 instead of 180 in the previous academic year). There was classroom available for 2 sections of 1st and 2nd year students. Board had approved furnishing of library) temporary classrooms at a cost of Rs. 2.5 mn, but that was going to lead to a waste of Rs. 2.5 mn, because the actual classroom design needed different furniture. In any case, a classroom in the library could not be a permanent feature as it will defeat the purpose of library. The waste of Rs. 2.5 mm was Director's salary for entire tenure of 5 years, which he could not agree.

The gravity of situation could be understood from the fact that Board had asked the Institute to terminate the contract with builder and get the work done from another builder at the cost and risk of the present builder.

Q.3 How tenable was the suggestion of the Board?

A.3 The Board's suggestion is surprising and impractical. The builder is making losses due to terms of contract, bagging order at Rs. 18 crores against the estimate cost of Rs. 22 crores and the deletion of cost escalation clause. How can Institute find out another contractor to who could complete with same terms of contract, two years later, when costs have further increased?

Secondly, builder is a private company and a part of large business group waiting to quit a less making business. Does the Institute (with skeleton staff) have enough muscle power to fight out a long drawn court battle?

Thirdly, how the Institute will finalise the specifications for award of contract to a new builder? How it will measure 43 units in different stages of non- completion, from excavation of some, to 80% of civil work completion in the advanced buildings,

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spread over two hills, in a state where labour was in serious short supply and supply of even routine material not easy due to the city being a small city.

The Director had to face this situation and develop unique strategy to face the problem of slowed down work.

Q.4 What are wider ramifications of slowing down of work likely?

It would have entailed high cost and problem of justifying the same and no way to proceed for further growth of academics in the Institute, defecating the very purpose of his joining the Institute, thousands of miles away from family without any material benefit either.

Q.5 How did the Director solve the problem (of completion of phase II of construction) .

A.3 From the foregoing discussion it will be realized that the best course of action would not have been to go for terminating contract with existing builder and attempt completion with another builder, which would have been not only difficult to do, but also entailed a long drawn legal battle with existing builder, which in all possibility, the Institute would have lost, resulting in a double whammy of increased cost, lost time and draining out energy of limited staff. The better course of action was what director decided to do, get the work completed by the existing builder.

It was not an easy task else it would have been done earlier. The Director went for joining hand with staff, project management team, the architect and builder to solve the issues involved, rather than washing hands off and allowing game of passing the blame" to continue.

It involved empathizing with parties involved; at the same time making clear what is not possible for him to agree. For example accepting high cost or accepting wrong bills was not to be done, but still he could find a way to help the builder by promptly scrutinizing bills and making payment that helped builder in getting timely cash flows for making payment to labour, buying

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material etc. to expedite the work.

The Director's knack for detailing to get into issues and avenues for bringing improvement led to identifying opportunity to increase seats while expediting completion of classroom. His creative thinking to convert 36 seater classroom to 59 seater amphitheater type class room surprises even the architect.

By focusing on issues to be resolved, developing consensus among all concerned, concern for speed containment of cost, adding new features and working like friends to build an institution, makes other help him get out from an ugly situation of economic crises and conflicts.

The message of "Friendship" is loud and clear and it was a lesson that director also learnt.

Q.6 Do you think the director should have asked for changes in the design of hostels and classrooms?

In normal course, one won't like to suggest any change while expediting completion of a delayed project. Three things seemed to guide his action.

(i) His concern for containing and recovering cost of maintenance, housekeeping etc. There was one guesthouse and it would entail such costs, but no recovery.

(ii) The same would have been the case with the two married students' hostels as also the class room which were not utilized during lean periods of summers and outside PGDM classroom hours.

(iii) By incurring little additional expense be made all hostels multi utility buildings that could be used for conducting MDP/low cost FDRs/conf. etc.

As seen later the availability of the hostels led to Institute emerging as lender in Faculty Development in a short span of two years.

Similar alterations for adding seats helped in creating capacities in classroom and converting PGP hostel into a executive hostel,

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also had tremendous advantages in terms of increasing PGP intake 180 in the next year. All this on one hand increased effective in (increasing academic activities and also efficiency (by reducing cost and increasing utilization of assets created).

The moves demonstrate the tremendous contribution that creative problem solving can make in identifying and exploiting new opportunities for improving the performance in terms of both, the effectiveness and efficiency.

Q.8 Do you think the director would have been able to create capacities if the project was not delayed?

Prima facie it looks no. If the project was not delayed the classrooms would not have been possible to modify, so would have been the case of married students' hostel. It was creativity at work that converted a grave, threatening situation into a situation of great opportunity. Having said that it may be remembered that a creative person with concern for effectiveness and efficiency and concern for promotion to staff, would have done something even if the Phase II construction were completed on time. At least the two married students' hostels, a new multi utility hostel and converting 2x36 classroom into 2x59 classrooms would still have been possible.

Q.9 Do you think a delay in project completion is a bone or bane or boon?

As the case brings out it is determined by the leader how he look at situation and resources at his disposal (especially the manpower) and how much concern he has for performance of the organization to satisfy various stake holders.

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34 IS SMALL BEAUTIFUL (E)

ABSTRACT

A new director joins IMP a national institute of management set up by govt. of India. The Institute was still in infancy stage, with a intake of 60 students in MBA programme which was increased to 120 in 2003 in anticipation of completion of Phase II of 100 acres campus, which was only 40% complete after the scheduled date in May 2004. The second year students were to join in June, but neither the classroom nor hostels etc. were ready. The Institute, with a meager teaching and non-teaching staff, was also facing an uphill task of meeting the expenses that had skyrocketed once the institute shifted to its own campus in 2003. The problem was compounded by government asking for reduction of fees, agitation for promotion by the subordinate non-teaching staff which the government was not willing to allow unless the intake was increased further. The Director wondered "Is small Beautiful?" Three years later all the above problems were resolved and the Institute growing steadily, making him wonder "Is not Small Beautiful"?

The case illustrates how an organization can grow, using innovative approaches despite various constraints and odds in a government set up, which may look insurmountable to a person familiar and comfortable with challenge of facing the task of strategy implementation

Objectives of the Case Study

The case can be used to illustrate:

1. The basic conceptual models which one must understand and internalise for successful implementation of strategy. The case illustrates them in a simple way.
2. How an organization can grow despite severe constraints imposed by the meta system (here MRHD-not allowing increasing in manpower- teaching and non-teaching, without increasing in activity level, non-release of funds).
3. How innovative approaches can help in tiding over the constraints to growth.

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4. How and why the strategy implementation is not a straight -jacket exercise. Lot of wait and watch is involved and hence need for an intermediate solution (award scheme here) so that stakeholder (employees) do not lose faith and stop cooperation till final results flow.
5. How to solicit cooperation from various stakeholders and meta system (MRHD)
6. The intricate relationship between elements of human resources (skill, number and motivation), which allow one to leverage one element to overcome the deficiency in other. For example the problem of number can be overcome by better skills and higher levels of motivation to have better output and lower costs with lesser number.
7. The intricate relationship between organizational resources, human resources and physical resources to improve financial resources. For example with efficient system, structure and policies, critical resources (shortage of teaching and non-teaching staff) can be managed.
8. Finally, while "Is Small Beautiful" could be a big question mark and challenge, if the leadership has holistic view and equipped with necessary implementation skills, the same could make one wonder "Is not Small Beautiful?". The case illustrates various elements and conceptual foundations of strategy implementation

Use of the Cases

Each case can take 1-1 ½ hrs of class discussions, and can be used in:

3. Strategic Management (especially strategy implementation)/ Project Management (behavioral aspects) and Management of Change/ Leadership (for Implementation) and creative problem solving courses in MBA programmes.
4. It can also be used for Management Development programmes on the above topics.

Suggested Readings

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6. Jauch, Lawrence R. and Glueck, William F., *Business Policy and Strategic Management*, Singapore (1988), McGraw Hill

Conceptual Foundations of the Cases

Rue and Holland have highlighted that strategy implementation involves development/, acquisition/reorientation of 5 different types of resources (infrastructure) namely the financial, physical, human, organizational and technological (fig 34.11)

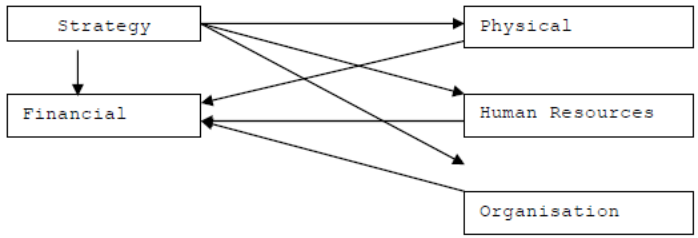

Fig 34.1

Each one of them is important. However, often the attention of management is focused on physical and financial resources only, which are more obvious and create hurdles/ stop the whole process of implementation. The significance/ influence of human and organizational resources/infrastructure is not appreciated easily as they impact slowly and un-noticeable manner. The case (C) and (D) highlight the physical and financial aspects, but during the class discussion the participation will slowly appreciate the other two also. **This case (E) elaborates the discussion human resource aspects. It also shows the final impact of managing properly managing the physical, human and organizational resources on the financial resources required for future strategy development.** Case (E) also very well elaborates how to draw cooperation from various stakeholders like employees and government for strategy implementation and formulation. The cases do not highlight the technological resources/infrastructure.

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The next model that is of direct use to illustrate complexities of strategy implementation is the McKiney's "7S" model (fig 2) which highlights the role of skills, staff, shared values, systems and structure for implementation, covered under the human & organization resources and infrastructure in fig. 1 above.

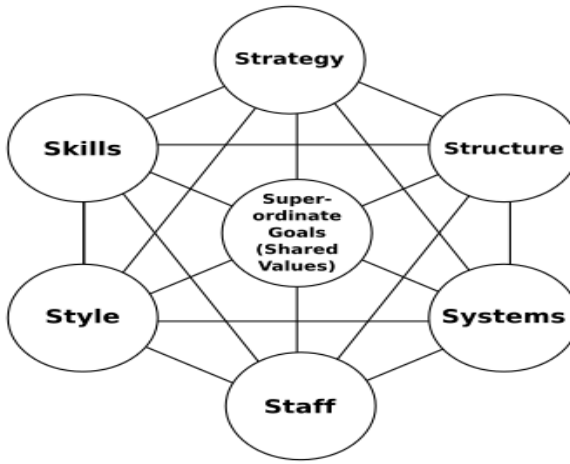

Fig. 34.2

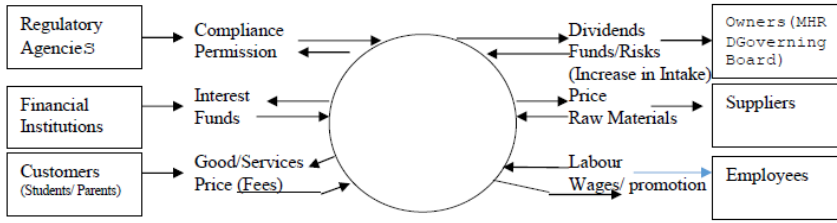

Fig.34.3 Constituent Members of an Organisation (Modified for the Cases "Is Small Beautiful?")

The third model is the one given by Bernard, (fig 3) which highlights the significance of stakeholders, described by Bernard as the members of organization (which he describes as a cooperative system). Without appreciating it, one would find it difficult to appreciate the real challenge of managing crisis and opportunities that lie ahead in the case (C) and (D) If the Director was unable to contain the non-teaching staff unrest, it could lead to other (the students, Governing Board and MRHD) also turning hostile. On the other hand if he was able to overcome the crisis, they all would support him for growth, which interlocks their interests in

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the Institute. After all the Director had joined with a promise to perform (howsoever implicitly) to MHRD while joining the institute. Likewise he had expectations from students and Governing Board that the institute will run smoothly.

The next significant input comes from literature on creativity to overcome the crisis, the work of Prof. Khandwalla, which helps in two ways. One in understanding (analyzing) the causes of slow progress on campus construction (through cause guessing ability) and in finding new solution in augmenting the physical infrastructure with little but significant changes in the guest houses and class room capacities (through his flexibility and originality skills). The first skill helps in diagnosing and solving problem through lateral thinking, described in case (C). The second one helps in augmenting infrastructure through creative thinking that creates and exploits new opportunities, described in case (D).

Finally there is fourth model (see fig. 4) given by Krishna Kumar, modifying the model given by Glueck and Jauch. The model impresses upon the eclectic nature of strategic management; how strategy formulation and implementation and intertwined.

There are some serious problems in understanding strategic management subject as described below due to which the full appreciation of the subject gets jeopardized. One needs to be very clear about these pitfalls to benefit from the strategic management understanding and expertise.

(3) Strategic Management is process had two distinct and interviewing components (strategic formulation and strategy implementation)
(4) The latter is as much if not more important that the former
(3) While the strategy formulation involves only thinking, strategy implementation has two components-thinking and doing
(9) The thinking part of strategy implementation has to be closely linked and done together with strategy formulation and decided to gather before the strategy is finally accepted as a choice.

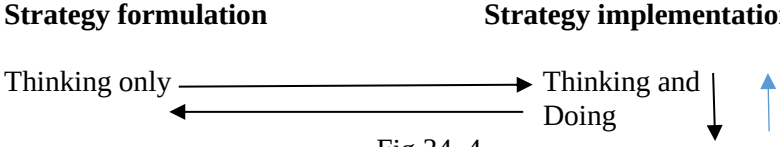

Fig.34. 4

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(10) While not all the issues associated with strategy implementation can be thought through and decided (time & costs and mental power involved are quite high) at the stage of formulation of strategy (some bridges have to be crossed when we reach there), but if the significant items are not comprehended well and tentative solution not thought of in advance, the chances of getting stuck during implementation are quite high.

(11) Elaboration ability, integrative thinking ability and the past experience of handling similar challenges, help a lot in identifying implementation issues and in having necessary confidence in implementing (doing) the strategy implementation.

(12) Only when there is sufficient understanding of implementation issues and confidence to handle them.

(13) To the extent there is lack in comprehension of implementation issues and lack of ability/ confidence to see it through, the strategy is weak, and liable to fail with attendant consequence to organization's performance.

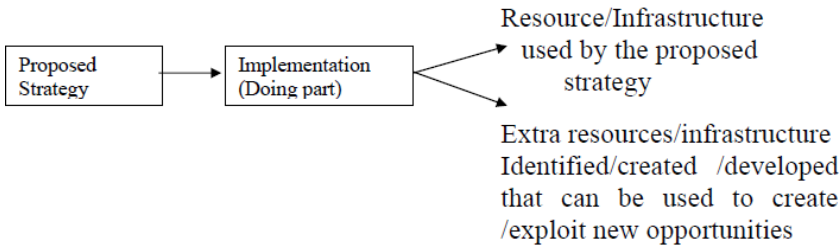

Fig. 34.5

Finally one more point needs to be understood well to fully appreciate the eclectic nature of strategic management. Strategy implementation means augmenting existing organization infrastructure/ resources (mentioned in first paragraph above, to meet the requirements of future business (strategy), by acquiring new, developing or reorienting existing resources/ infrastructure. In the process of doing so, some extra resource/infrastructure get identified/ created or developed, which are not required by the strategy planned in the next cycle. (fig.5). These extra resources/ infrastructure can help a lot in developing / exploiting new opportunities While case (C) highlights the most of the above description, the last paragraph above is well illustrated through case (D).

The instructor must bring out the above conceptual inputs while

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summing up the case discussions.

The Instructor can now lead class discussion in the following way.

Case Analysis

Q1. How complex was the financial problem?

A1. The Institute was heavily banking on MRHD, both for plan and non-plan grant (former for infrastructure development and latter for meeting the deficit in running expenses). The costs were increasing rapidly once the institute moved to its own campus, e.g. the electricity cost jumped from Rs. 1 mn to 8.4 mn. The MBA fees for students was fixed earlier at Rs.0.1 mn (when institute was in rented campus), while other similar institutions had fee paying from Rs. 0.15 to 0.175 mn). It therefore, could not go from expansion on its own and the government was asking for drastic reduction in fee, from Rs. 1,00,000 to Rs.30,000, promising making up the difference. Institute could not generate funds on its own as buildings of Phase II were stuck due to slow down by the loss making builder.

The Institute could not get over the problem without expanding. This was possible only if govt. gave money and both teaching and non-teaching staff cooperated. But the latter was instead agitating for promotion and the former was also opposing any increase in intake as there was no chance of getting new faculty substantially and quickly and existing faculty was complaining of too much of work load as the batch size was already was increased only last year (2003) to confirm the adhoc employee into regular service.

Q2. What was the problem in giving promotion to SNTS?

A2. The government (i.e., MHRD) was not willing to allow promotion before 12 years as possible under ACP (Automatic Career Progression) scheme. However if new posts were created- which was possible only if intake in MBA programme was increased further. Promotion thus required expansion and that inter-alia required non-teaching staff cooperation. But, as mentioned above they were agitating. In any creating infrastructure needed time and cooperation of teaching staff also. How to receive cooperation of

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non teaching staff, during the period itself was a challenge. It was a typical chicken-egg problem

Q3. Why the Director wondered "Is Small Beautiful?"

The Institute was having actual non-teaching staff strength of only 27, with 10 officers and 17 subordinate non- teaching staff (SNTS) out of which 13 were in one pay scale just below officer level and 4 as typist/stenographer level. Since the institute was small in activity (just an intake of 120 in MBA programme), and the MRHD used most stringent norms for sanctioning teaching and non- teaching staff compared to other senior institutions (which had 70 to 150 for same level of MBA-intake). Their strike could cripple the academic activities. Thus though the institute was small, it was operating at sub critical level. With little or no money, inadequate physical infrastructure, agitating staff, government's reluctance to release fund, the question "Is Small Beautiful?" haunted the Director.

Q4. Why it took so much time to award promotion? How the approval for additional post was managed?

This is one of the most important aspects of the strategy implementation, and one often terribly under-estimates the time involved in various actions. When the SNTS association served notice, the institution neither had infrastructure for adding third section in MBA for increasing intake, nor money to build infrastructure (which was not ready for even second section when the batch size was increased from 60 to 120). On the other had the faculty was opposing it and MRHD was reluctant to consider promotion without increasing intake. Thus institute was not having 3 of the 4 infrastructure indicated by Rue and Holland (see fig.).

The institute adopted very innovative approaches to augment physical infrastructure (see case Is Small Beautiful C & D), and through detailed insightful analysis identified the cushions available in class rooms and faculty workload, which also reduced immediate financial requirements for adding one more section. It also in very interesting way identified extra rooms available in the hostel, which had got created due to peculiar terrain of the campus site. It thus added one more section temporarily in an improvised

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infrastructure available for two sections (for 120 MBA intake) and increased the batch size to 180, which enabled it to claim more teaching and nonteaching posts within the stringent stipulation of MRHD.

Q5. Was there any fundamental deviation in approach for development? What was its effect on financial condition of the institute?

In a way the institute marked a beginning of new approach for development instead of input based planning it started output based development; academic activities expanded by stretching existing infrastructure and resources, and then creating proper facilities.

This approach changed the very economics of operations. The fee collection increased 1.5 times by increasing size. The MRHD , happy with increase in seat of MBA programme, allowed the increase of fees, 1.5 times, from Rs, 1,00,000 to Rs. 1,50,000 closer to other institutes. Thus the revenues went up from Rs. 17.5 mn in 2004 (175 students * Rs. 100,000) to 5.4 crores. (360 students *Rs.150,000). On the other hand costs were contained, with no significant increase in faculty and non-teaching staff and fixed costs of library, computer centre, hostels, security, lighting, maintenance etc.). By 2005-06 (total students 300 and fees of Rs. 150,000) the revenue covered all costs and generated surplus. By 206-07, it generated even more surplus.

Q6. What were other ramifications of "increase in intake?

A6. Since government introduced block grant scheme, the Institute got a block grant of Rs. 64.8 mnper year for five years, commensurate with intake of 180 students. Other sister institute, which did not increase intake from 120 to 180, got Rs. 45 mn block grant. The surplus generated and saved block grant was transferred to corpus fund and the institute got matching of equal amount. In three years' time, by 2008, the Institute corpus fund crossed Rs. 500 mn mark and by 2009 it reached Rs. 800 mn; giving the institute enough cushion to expand without waiting for actual flow of grants from MRHD for expansion in the future.

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Q7. What was the challenge of SNIS agitation? How and to what extent it was met?

The challenges faced from SNTS were two fold. One, how to sustain motivation till the sanction for additional posts was received from MRHD. The second and more ticklish was "whom to promote" when the sanction of additional staff was received, given that most of SNTS were in the same scale and almost of same seniority (having joined within a year or so) and no one had very different scores on ACR (annual confidential reports). In any case MRHD was unlikely to sanction all the 13 posts in one officer cadre in one go.

The institute resolved the first issue in highly innovative way through the introduction of award scheme for outstanding performance, a lump sum amount, not giving any special increment etc. which could tantamount to/ give impression of promotion which would have been in violation of MRHD guidelines.

The second issue was resolved through introduction of several new grades both at the upper and lower than the scales in which the SNTS were placed. This was most difficult exercise to do. Also a new merit promotion policy was introduced after due consultation with staff which had a component of interviews by external experts to judge competence for the next higher position. This did not allow all the persons to get promotion straight away on seniority basis alone. This allowed all but four persons to be promoted. Presence of 7 scales instead of two scales earlier allowed a new opportunity for future. There were only 17 persons. Creation of two posts at the top would in future lead to promotion of 14 persons as 12 could move to next higher level post which would fall vacant. Two posts will fall vacant at the bottom, which can be filled through open selection.

Scale 7	New Post
6	2
5	↑ 2 Promotion
4	↑ 2 Promotion
3	↑ 2 Promotion
2	↑ 2 Promotion
1	↑ 2 Recruitment

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An increases of intake of 60 students once in five years would thus allow the institution to create 1.1 * 120 = 13 new posts; which can sure create two positions at every level, thus guaranteeing promotion to everyone, subject of course to merit.

Q8. What made the Director to change his views from "Is Small Beautiful"? to "Is Not Small Beautiful?"

A8. The Director was happy that he was able to fulfill promise of promotion to all in 4 years' time 2004-2008. the sustained staff support allowed him to keep on creating physical infrastructure, run the institute efficiently, ensure promotion of faculty, create a sufficiently large corpus fund to meet contingencies, meet the expectations of the government and above all meet the growing requirements of young managers in the country, which was charter of the institute. The Board of governors was happy as there was no unrest, client was happy to get larger numbered of qualified high quality manager. This perhaps was not possible if the institute was large as personal touch and concern would have been lost, which needed different approach.

Q9. What skills helped the institute meet the challenges?

A9. The Institute adopted very innovative approaches, in creating physical infrastructure, significant detailed analysis at various points (faculty work load, identifying extra rooms etc), increasing fees but keeping it low compared to others, strict cost control. The real skill was in terms of having a clarity on all kinds of infrastructure and resources, innovative approached to use and augment them in tandem, which is critical for successful implementation of strategy.

Q10. How easy was the task?

A10. The task was not simple, given the fact that no sister institution had moved as fast as IMP in increasing intake in MBA programme. From 60 in 2002 the institute moved to 180 in 2005 and further to 260 in 208, a 4-fold rise in 6 years, a compound rate of growth of almost 25%.

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35 IS SMALL BEAUTIFUL (F)?

ABSTRACT

Institute was facing a serious strike situation by security and housekeeping staff. The institute had awarded service contract through open tender to two new parties as the previous service provider of both the services had not only refused the renewal of previous service contract but abandoned the service on the date of expiry of previous contract and not even come to collect the last payment and pay salary to the staff. It was turning into threatening invitation to and local political unions of national parties were supporting the strike allegedly to make entry into the institute. The Director was refusing to meet the union leaders as he had no locus standi to negotiate the issue.

The new service provider was drastically reducing manpower, almost to two-third of personnel deployment of about 120 workers who were all from the local area. There were only 25 faculty and 30 regular non-teaching staff at the institute. The workers were demanding 50% raise and government was asking for 10% reduction in expenses. The Director discussed the matter in detail with the head of security service provider and finally a mutually agreeable solution emerged and the security strike was defused. The housekeeping strike does not end and it leads to a delayed settlement following a very different process described in the case, "Power of missed meal".

Objectives of the Case

The case can be used to illustrate the following important points:

1. How to negotiate with various 4 special to resolve a crisis like a strike without compromising with larger long term interest of the organization.
2. The importance of situational analysis to understand leeway available for the purpose.
3. The economics of negotiation for win-win situation.
4. How integrative thinking and creative problem solving helps in developing amicable solution.
5. The role of growth strategies for creating opportunities for

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negotiation.

Analysis of the Case

The case can be analyzed in the following manner:

Q1. What was the situation faced by the Director in the morning of 1st July?

A1. The Director was facing a serious strike situation from security and housekeeping workers in a campus spread about 100 acres on two hills, (buildings only having glass doors and no common protection walls or gates). Thus it could be smashed in no time if workers started pelting just bricks and stones. There was no one to save it as the security staff itself was on strike against the new contract of security and the demand for hike in wages was not being accepted by the agency which was also not willing to accept all the staff but only 60 out of 80 security staff. The instructor can simplify the complexity by confining the discussion to strike by security staff only (the housekeeping workers strike resolution is a subject matter of another case).

The situation became all the more complex and demanding, if one considers that there were hardly 50 regular faculty and staff members (later mostly hiring outside the campus). The safety of our 350 students was also a matter of concern.

Q2. What were the reasons for strike?

A2. Prima facie there were two reasons. One, the agency which was given contract for security was not willing to accept more than 60 out of 81 workers who were employed by previous agency. Being a small city, it was not easy to get a new person from the city especially in a state like Kerala. The second was rise in wages / compensation.

Besides these two reasons there seems to be some other reasons. One of them one of them was allegedly the local political union who were trying to make an entry. The last one seemed to have the alleged tacit support by the CAO who was not happy with the award of contract through open tender, as he had been handling

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the matter himself and alleged in a benevolent manner providing job opportunity to local people, though not a verifiable fact but his reservations against the award of contract was not allowing the issue to be settled easily.

Q3. Why did the Director call open tender for the contract? Could he have avoided it?

A3. There seemed to be several reasons. One and the key one – at that way the guidelines of are to do so. Second, there was no way to get the best market rate. Third, the old agency has refused to renew the contract and there was no alternative, but to call open tender. Lastly, there were complaints about the conduct of some of the security workers who are the supervisors of previous agency were not able to control, leading to perhaps extra unwarranted manpower, which needed to be rationalized.

Q4. What were the alternative actions available to the Director when he heard of strike call from CAO?

A4. The Director had the following options to allow the workers to enter the campus and discuss the matter under advice of the CAO, which could have resulted in abandoning the contract awarded, with attendant consequence and give a free hand to manage the show and undermine the Director's authority and institutes policy of allowing open tender than awarding contract through personal contacts.

To face the situation head-on, not succumbing to pressure tactics instigating by insiders and outsiders by demonstrating that the institutes authority can't be undermined by sheer number game (Director, few staff and faculty member Vs a large force of workers), the Director requested Secretary (Home) of Govt. of India to send help. The latter sent I.G. (Police) with gun-mounted vans (through DGP of the state). The director decided to take the later course, which sent clear message that the contract issue can't be won by vested interest through power of local support.

Q5. How was the crisis resolved?

A5. The crisis was finally resolved through negotiation with the

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security agency, the Director did not deal with the workers or union directly or through CAO as he had no locus-standi to do so because he was not the employer, but a detailed discussion with supporting data led to a solution which was not easily seen or visualized by faculty members and CAO who analyzed and recommended award of the contract.

As a result it was decided that out of 81 persons

a. 7 persons were not to be engaged.
b. 11 more were decided as below:

i. 9 persons were to be accommodated by two new hostels which was completing soon and also dining halls that were getting completed.
ii. The agency would absorb the cost of 5 others.

The detailed discussions, completion of new buildings and gracious acceptance of the agency to bear the cost of 5 persons along with non-deployment of 9 persons / due to age bar and lack of interest in duty) led to resolution of crisis.

It may be noted while the institute would pay extra for nine persons and security agency absorbs the cost of only 5 persons, if time factor is considered it will be seen that the security agency was absorbing the cost of 120 man months, the institute was bearing additional cost of 54 man months (even if the building takes 6 months to complete) which is a fair negotiation and reducing the cost of 16 persons which establishes that 20% more manpower was engaged extra (which did not come to notice without open tender) that would be considered through better deployment.

Q6. Would the director have been able to negotiate if the new building was not coming up? Was it a chance occurrence?

A6. The instructor can lead the discussion to a high level as strategic management issue. Needless to add that if the Director had not been able to compensate for 9 persons salary for 3-6 months. Commander Nair, the in-charge of security agency would not have agreed to absorb the salary of 5 security workers. There

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could have been a stalemate. Some solution would have been worked out (as the situation could not last forever) but the solution would not have emerged with ease, speed and amicable way, to diffuse the tense situation fast (which had potential to turn ugly).

The new building were not a chance occurrence, they were designed to manage suo- moto increase in PGR batch size, which was not being done in many institutions. The growth lead to opportunity for expanding infrastructure , be it physical, human, financial or organizational, leading to economies of scale and emergence of opportunities to meet the demands of various stakeholders, including the poorest, the government and the society at large.

The second aspect that may not be easily realized if the fine art of detecting, which provided the guidelines for negotiation and guides decision making, (how much to give) budge and beyond that point, and no more. This detailing is possible, if only one cultivate integrative thinking in all its three dimensions, if horizontal thinking was absent, the resources available would not be realized, if vertical and future orientation lacked, the buildings would not have been coming up.

Q7. Is there any significance of strategic management for containing such crisis (with any stakeholders) and negotiating for a win-win situation?

A7. The answer to the sixth question lead to realizing how strategic management and concern for growth is useful to manage various resources by negotiating with different stakeholders, one by one, in a peaceful planned manner and attend to even a crisis (like in this case) swiftly and deftly without losing peace of mind and mental balance.

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36. IS SMALL BEAUTIFUL (G) & (G1)

ABSTRACT

Organizational politics is a matter of fact not choice. One may not engage in it himself, but can't wish it away. Fortunately, it is not large mass who wish to sabotage the growth policies, but few person who use every opportunity to mobilize support to sabotage organization development efforts. The case illustrates how the chief executives can fore stat such attempts through carefully designed systems and policies and taking clear stand on the same.

If case (G) describes a situation where a faculty member tries to stop the selection of a fellow faculty member for promotion to the post of Associate Professor, but fails to do so. Case (G1) describes how a subtle attempt made, to get a policy of incentive for admission interviews, which had wider ramifications, is nipped in the bud, which could have created a serious distortion in faculty incentive system.

Objectives of the Case

1. To illustrate how the people at senior level play politics in the organization.
2. How their misdemour affects, impedes the functioning of the organization.
3. How such misdemours can be contained through systems and policies.
4. What is the role and imperatives of leadership in containing the same.
5. How to be a learning organization?

Use of the Case

1. The case can be used in MBA Programmes, second year courses of strategy implementation to illustrate the importance of systems to contain politics.
2. It can also be used for Management Development Programmes.

Analysis of the Case

The instructor can discuss the case using the following questions

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1. Why Dr. Gogi is objecting to the selection of Dr. Geeta Chandran? Is he correct in doing so?
2. To what extent the issues will be resolved if the selection committee agrees with Dr. Gogi and rejects the candidature of Dr. Geetika Chandran.
3. What will be implications of rejecting Dr. Geetika on behavioural grounds?
4. Why has Director introduced an internal faculty for interviews while requesting him not to ask questions, especially to internal candidates? Should the procedure be modified by deleting internal member as advised by the external experts?
5. What are other issues that need to be attended to?

Q.1 Dr. Gogi is objecting to selection of Dr. Geetha Chandra ostensibly to protect the interest of institute by pointing out the conduct of Dr. Geetha; but the real motive seems to be somewhat different. He is a professor but in his own words his performance seems to inferior or as good as Dr. Geetha. One wonders how he became a professor when his performance is only as good as an assistant professor. Incidentally he is not objecting to Dr. Geetha's selection on performance grounds. Is he having an inferiority complex and wants to dominate through political maneuvering?

Further he narrates few instances of bad behavior none of them seems tenable. For example Dr. Geetha was not covering all the topics to keep outline in line with other IIMs, may not be a desirable behaviour, but is it the system that is allowing it? Why others are not sticking to course outline? How the topics of other subjects got covered in outline of his subject, which was designed and approved by other faculty members in the area?

The second case of shunning responsibility of 6 day-long MDP, reflects that there is lack of cooperation from others in the area like Dr. Gogi may be at the instance of Dr. Gogi. Can an Assistant Professor conduct a six day open programme all by himself? Why others are not cooperating who had asked him to take the responsibility? If it was area, then the other faculty members should have cooperated? Are similar instances taking place in other areas as well? If so, is the institutes culture and practices allowing faculty

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members to drop the programme without any consequence to them? If so, Dr. Geetha has fallen in the same trap of practice.

The third case of not going on admissions duty is genuine as he would have committed contempt of court, if he had gone for admission duty than court. Is Dr. Gogi not aware of this legal imperative when he is a senior professor?

The last instance of sending an email to all concerned seems a case of misconduct. The case does not give enough detail to have insight on the issue, but this can't be allowed as a reason for rejection. Firstly, what if the enquiry reveals a lapse on the part of former director and any violation of practice by others? It would get too involved an issue, especially because the students and former director have gone and no action can be taken against them. Secondly, in normal case a junior faculty member can't be expected to take such a stop against the director.

Q2 The case does indicate some aberration in the behavior of Dr. Geetha , but less than Dr. Gogi who is knowing the procedure but trying to precipitate an untenable issue. He knows the purpose of internal faculty in the selection exercise. Given that he reflects an inferiority complex, he could have jeopardized the interview by asking some difficult and trick question to stall Dr. Geetha's selection. Incidentally, when he himself was a candidate few months ago, he did not have any objection to the role of internal faculty.

In any case, the behavior of Dr. Geetha is unlikely to be altered favourably by rejection. He is already a confirmed regular faculty. On rejection he is unlikely to lose anything. By selection he would be an probation again when Director can demand change in behavior failing which his probation may be extended or he may be demoted. A selection will put him in a better mental state to listen. Also being internal candidate he is not going to get extraordinary benefit any way. The case is unlikely to be resolved if Dr. Gogi does not agree. Director would keep the selection in abeyance and refer the matter to the BoG., which may even reprimand Dr Gogi for violating the procedure approved by the BoG, after necessary investigation. The dissent of Dr. Gogi for not being allowed to ask question will not cut ice especially in view of his bias against Dr. Geetha and in view of the past practices. After all, the very fact that Director introduced the

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internal faculty (who writes the recommendation) in the system to have a check on him and ensure more transparency in the system, he is unlikely to allow politics in selection.

Q3 As mentioned above there is hardly any chance of improvement in Dr. Geetha's behavior by rejecting him; it may even worsen and unwanted hostility may increase which may affect the working further in every subject matter.

Q4.The Director introduced change in the system to put a check on bias in faculty selections. He did not want to have dominant say in the matter and get his candidate selected (which may not be in the best interest of organization).With so many persons involved, there is little scope of such maneuvering. At the same time he can take stand if anyone wants to vitiate fair selection.

Q5 The case throws some hints that there are occasional system failures like inappropriate course outlines, and non-coverage of total course outlines by faculty members etc., which come to knowledge by chance. Director may have to probe them diligently.

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38/39 THE FUN OF CASE WRITING (A) & (B)

Introduction

The case "The Fun of Case Writing (A)" is inspired by the categorical statements made by two senior executives of two leading multinational companies in India, in the 12th Annual Convention of the Strategic Management Forum held at IIM Bangalore May 27-29, 2009. Both emphasized the importance of "Strategy Implementation" and the role of "detailing" needed to be done for Strategy implementation, an aspect that is more talked but less taught in management institutes today. .

"The Fun of Case Writing (B)" follows Case (A) and is integral to the discussion "The Fun of Case Writing" (A) describes a difficult managerial situation in a very simple manner enticing for class discussion as to how can the situation be handled. "The Fun of Case Writing (B)" illustrates how things were actually done in the situation. Both cases are to be taken in conjunction case A followed by case (B) in a Strategy Implementation course. The Cases are aptly suited for the management learners to appreciate how organizational inertia holds the growth of an organization.

Of late a tendency in the class is observed that a good number of students do not read a long case of 10 pages or more before coming to the class, leave alone coming prepared for case discussion. This proves to be an impediment to the learning objectives intended for the session. It is a challenge for the Faculty nowadays to prepare case material, which is short in length but does not compromise with the teaching and learning objectives. "Check listing" is an important managerial tool for detailing in Strategy Implementation. This case highlights the importance of this tool for detailing in Strategy implementation. In 90 minutes 10-15 minutes may be assigned for reading the case. In extreme cases, when only few students have read the case, it can be displayed on screen by scrolling. Typically the participants are able to finish reading the case in 10-15 minutes. Although it is a little compromise in class discussion, under condition of under preparedness, it is better than skipping case method of teaching, which leads to compromise on assimilation part.

The key issues to be addressed in any problem situation are at two major stages.

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(1) Understanding and defining the problems and tasks to be managed.
(2) Finding out solutions to solve those problems.

The case "Fun of Case Writing (A) addresses first stage described above. "The Fun of Case Writing (B)" case focuses on the second question mentioned above. Both these stages require different managerial tools and orientations.

The Fun of Case Writing (A)

Intended Audience

The case(s) may be used in postgraduate and executive management programs in the courses on Strategy Implementation, Management of Change and Marketing of Services.

Teaching Objectives

The case can be used to illustrate:

1. The initial step of preparing checklist of all the various implementation issues/ tasks that will need to be performed for successful implementation of a corporate strategy.
2. How the strategy implementation skills can compress time frame to give impetus to growth of an organization, improve efficiency and bring all round benefits with increased acceptance and support of various stakeholders for future growth.
3. How opportunities can be generated with experimentation and development of ideas coming by learning from variety of experiences.
4. The transferability of experience / learning from one industry to another in general and from a service organization (hospital) to educational institutions (and vice versa).
5. How case writing can be a fascinating exercise as it can provide learning from a business organization, which gives confidence for action to improve a academic institution.

Suggested Readings

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1. Rue, Leslie W. & Holland, Phyllis G. McGraw-Hill Companies (1986), p. 427
2. McKinsey's7s Model, http://en.wikipedia.org/wiki/McKinsey_7S_Framework
3. Kumar Krishna, "Cases in Strategic Management: Managerial Experiences" Global Business Press, India (1998)
4. Rice, A.K. **Enterprise and its Environment,** Tavistock (Routledge) (2001)

Analysis of the Case

1. The Instructor can start with the question given in the case, "Can you draw the check list of what all needs to be done?" The instructor may ask them to give the points one by one. At every point the Instructor may prod by asking "is that all"?

   The points may come up in the following order;

   1. Classrooms
   2. Hostel
   3. Dining
   4. Library
   5. Computer Centre
   6. Faculty
   7. Sport Complex

   There are chances that the issue of builder, architect, land etc. may not crop up, which can be added. There is still an item, which may not emerge early in discussion i.e., "Money". There will still some issues, which will not come up with this case (A) and may have to be differed to discussion of the case "Fun of Case Writing (B)".

2. The Instructor can then project the conceptual models of Strategic Management shown in exhibit1 (by writing on the Board or displaying a power point slide), and then ask if it is not easy to recollect all the points quickly? The first model gives the flow of issues. The second model is popular 7s model which will be quite familiar to the students of 2nd year of MBA programme. But these do not provide an exhaustive framework to identify all

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the tasks. The 7s model captures human resource issues (Skills. Staff number & motivation and Style Issues) and organization issues (Structure, Systems & Shared Values). However it does not capture the physical resources and financial resources. Once the three models are displayed students will understand the importance of a conceptual framework, which will hold them from losing site of any resource/ infrastructure that needs to be acquired or developed. The first model will not let them forget that there is a change issue also involved whose order is to be understood before selecting strategy or proceeding on implementation. Finally the input, process, output model gives a holistic view to guide to ensure that all the issues have been covered.

3. The students may then be asked to indicate the time frame that each of the activity will take to complete, reminding them of the fact that the Institute had been operating with an intake of 30 for four years due to various constraints.

   The students are likely to be perplexed with the complexity of the problem, and may not be able to come to a conclusive set of action plan for addressing each of these issues. The instructor can keep further discussion in abeyance on the pretext of data. He may, however, impress upon the point that each one is demanding and resources are not easily available.

4. The instructor may also encourage the students to go to the sub-problems like buildings require land, water is also needed and so are other facilities like grocery shop, washing facilities, stationary shops, medical facilities, telecom, transport and keep on detailing. The students may be bemused, but the instructor may encourage to make the list as detailed as possible because the Institute will face problem later, if anything is missing from the list, as if one is arranging a feast and forgets salt. He may convince the students that the question at this stage is what is needed and the items available can be checked out later for making list of actionable items.

   It will interesting to note that the models in strategic management literature do not highlight physical and monetary resources emphatically, but in practice this it where the attention gets

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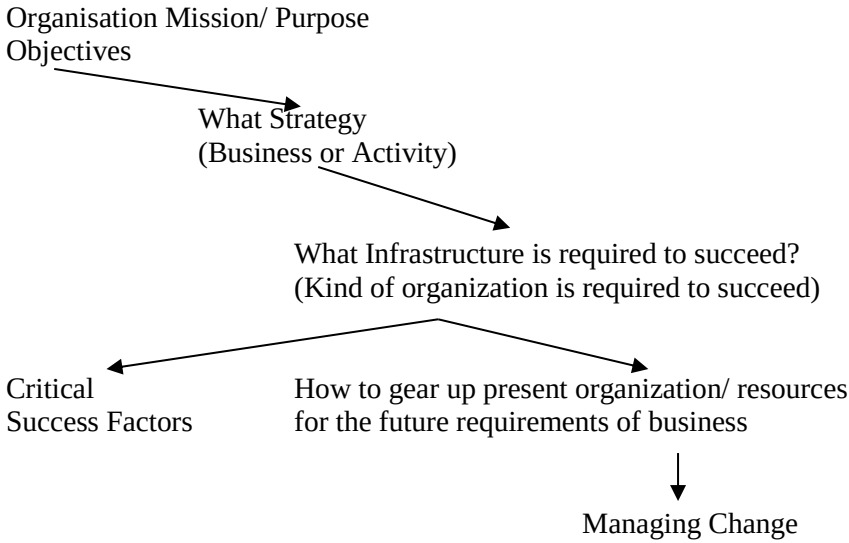
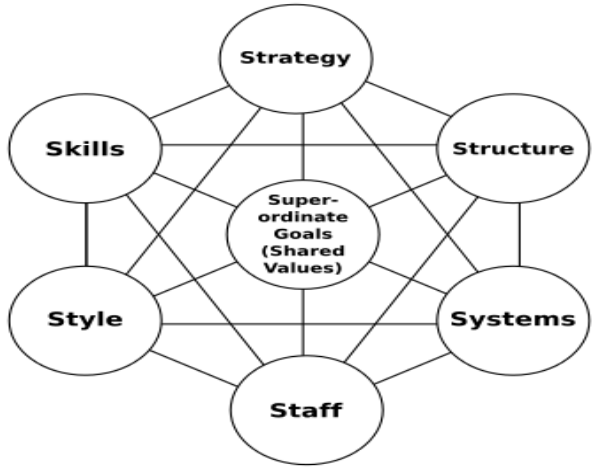
focused right away and not on human resources and organization resources. The attention on change issues does not occur even to many practitioners.

Exhibit 1





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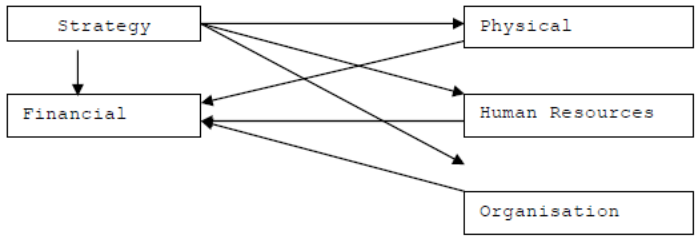

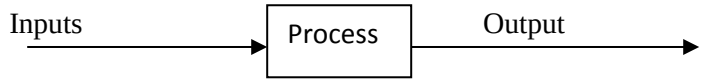

Models for Identifying Strategy Implementation Tasks

The students may be asked to list other task or challenge. This is to contrast with what all had to be done (discussed in case B), when they will notice that there were many which did not occur to them in the first instance. This will help them realize that many tasks have to be attended as we move towards implementation and one's past experience helps him in finding solutions and have confidence to successfully implement strategy. That is why strategy tends to be unique to strategist.

5. The instructor can now ask the question as to whether the intake can be increased like this elsewhere? The answer is conditional, because the case highlights the task of implementation in terms of supply side issues only, and does not address the demand side issues. This is where the input, process, output model holds one from rushing to manage growth, something that happened to many private management/ technical schools in India.

6. At some point during the discussion, especially in a senior level programme, the participants may enquiry why the case Apollo Hospital is cited in the case. Even if this question is not asked, the Instructor may raise the issue. The purpose the highlighting the generalizability and power of basic conceptual framework. This can be done by using the slides referred in point 3 and asking the question as to what was not common between Apollo Hospital and an Institute of Management.

Both are professionally driven organization. Do not hospitals

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need expert doctor (here faculty), don't they need operation theatre (here classroom), and don't they need wards (here hostels) and so on. The same is true for all the organizations. The conceptual framework is thus useful for all the applications.

6. At this point of time the participants may ask about the details of "organizational resources" as displayed in the power point slide. The Instructor can defer the discussion on the point to another session with other cases like the "Fun of Case Writing (B)".

7. The case comes to a critical juncture now. The Instructor may now ask ***is the growth so easy to come by, just by preparing a checklist***? Indeed, this question may be churning the minds of the participants also. The answer is both yes and no.

   No, because the growth cannot be achieved just by listing the problems/ tasks to be managed. After listing the challenge of how to attend and solving the problems is to be faced. The latter part (Stage II mentioned earlier) is a different exercise altogether which can be discussed with case "Fun of Case Writing (B)" to give appreciation of the issue.

   But without listing, the issue of addressing the problem does not arise. The listing of issue is imperative and common framework is possible to prepare the checklist. The preparation of check list in builds a mild pressure and superior can monitor the progress for timely completion of infrastructure development for starting activities in a time bound manner, to achieve growth.

8. Why organizations do not prepare such checklists. It is no straightforward answer. Purposive organizations, in which top leaders are concerned about growth to serve the society on an increasing scale, do prepare such list to monitor progress on implementation. Diffused and indifferent top leaders, who do not want to matter, avoid it. Organizations which are in laissez faire state, marked with large number of senior executives who are concerned with themselves only and indifferent to the organization, avoid making such a check list and use one or more items to cite as great problems due to which it is not possible to grow.

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The essence of the case is that ***the concern for preparing checklist of what all requires to be done for strategy implementation, is a measure of purposive organizations, having concern for planned growth through concerted efforts***.

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The Fun of Case Writing (B)

Abstract

This case is a sequel to the case "The Fun of Case Writing (A)" which describes how a leading management institute in India increase intake from 30 to 100 plus in late 80s.

The case B describes the way the Institute went about handling various tasks related to increasing PGP intake ranging from arranging Classroom, Dining Hall, computer Centre, Library, to arranging faculty facing staff resistance etc., in 4 months' time. Where case A highlighted the importance of preparing a checklist, the case B explains how preparing a checklist of all that needs to be done is important, but only the first step towards step towards strategy implementation. The case describes how a detailed understanding of organizational assets is required and assets existing in the organization are critical for strategy implementation. It also highlights in a very subtle manner the use of innovation in problem solving approach can make the strategy implementation task not only look deceptively simple, but can make strategy implementation really easy if organization management is keen for organization growth

Objectives of the Case

1. The case illustrates the importance of detailing required for implementing growth strategy.
2. The tasks make the participant realize that apparently simple looking task of formulation of strategy (the Fun of Case Writing (A) case) can be very demanding in terms of implementation.
3. The case demonstrates use of innovative thinking for strategy implementation.
4. The case illustrates that not all the tasks are visible when one formulates the strategy although many of them do occur at the time of strategy formulation, if given a thought. The case pushes one to be careful to list as many tasks as one can think of at the time of preparing checklist, to avoid being taken by surprise.
5. The case thus impresses upon integrative thinking ability (without which many critical tasks from "other fields" may not be visualized) as a key requirement for success in implementing strategy.
6. Last, the case demonstrates once again that when one is

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implementing strategy, there are unexpected consequences along with expected ones (i.e., as envisaged). The unexpected could be both negative as well positive (which go un-noticed). The case illustrates many unexpected positive developments, which change the complexion of the Institute in term of efficiency and effectiveness.

Use of the Case

1. The can be used in strategy implementation module in MBA courses.
2. It can be used for Management Development Programme on "Managing Strategic Change".
3. It can also be used for training programme aimed at grooming the Academic Administrators.

Suggested Readings

1. Krishna Kumar, **Cases in Strategic Management: Managerial Experiences,** Global Business Press, New Delhi (1998)
2. Khandwalla, P.N., **Fourth Eye: Excellence through Creativity,** (1984) A.H. Wheeler, India,Ch. 4 and 5

Case Analysis

The instructor can analyze the case using the questions given at the end of the case.

Q1. What were the tasks performed while increasing the intake.

The Instructor may ask the participants to list out all the ten tasks performed and compare them with the list the participants might have prepared while discussing the case "The Fun of Case Writing (A)", or else a fresh list may be prepared explaining the context.

The unexpected tasks are the issues like convincing the Ministry, convincing the Director, meeting the challenge of faculty and staff resistance, preparation of course material etc.

Q2. Was any innovative thinking done in the meeting the challenge

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of implementation?

Exhibit 1 of this teaching note gives the details of the way different problems were resolved. A glance at the same well show in attending to almost all the problems, there were over dozen innovative efforts marked as * in the exhibit.

Q3. What were the benefits of innovating thinking?

Benefits of some them went beyond the solving the problem of increasing the intake from 30 to 100 plus, like use of computer, switching over to xeroxing, reducing forms for registration etc. Some of them became a trendsetter for other Institutions in the course (e.g., making personalized letter to candidates). The use of computers reduced drudgery of result processing in the PGP office. The manual system followed earlier could not have worked smoothly and efficiently when the next increase in PGP intake was done in future. The reduction in politics is done in a subtle way by getting faculty members involved in a academic work more. The use of computers also helped in streamlining the procedures of the PGP office, fast deposit of fees, security in question paper etc.

Above al it dramatically changed the cash flows from Ministry that helped in fast completion of Phase I of construction, so that Institute could more speedily to its soon campus. The increase in number of students also helped in better for placement and reduced dependence on government grants for running expenses.

Q4. What are the net benefits and costs if any?

Benefits of Change

1) Increase in batch size
2) Reduction in politics
3) Increase in Plan & Non Plan Grants
4) Fast completion of Phase I of campus
5) Staff promotion, special increment
6) Project Management confidence
7) Better placement

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Cost of Change

1) PGP Chairman collapses

Q5. How much time is needed and what all required to be done for having the next increase in intake? What could be size of increase?

It may not be easy. Participant may start guessing, attempting even preparation of check list. They will soon realize all that is required in there check list is already done as the campus gets ready. The increase in intake can be straight by 120 students more as additional infrastructure of 120 students is getting to Institutes disposal of participants are not able to do so.

Instructor may guide them by pointing out this development.

At this point the Instructor may ask the participants to whether the Institute has lost any opportunity. It will not take much time to make them realize that the Institute could go for an intake of 220 as the old campus was operating with 100 students' batch size and new campus had created facilities for another 120. What required was addition of 6-7 faculty members to share the additional load.

The Instructor can end the discussion by asking why the Institute missed the opportunity and the whole discussion will get back to importance of preparing checklist highlighting the importance of detailing for strategy implementation.

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Exhibit 1

		Problem	Detailing	Solution	Remarks
1)	Arranging CR	Shortage No permission No money	Students common * room made classroom small chairs *		No Cost/ Additional Cost
2)	Dining Hall small	Small	Staggering/ * Extension of hrs		No cost
3)	Library	No Problem understanding the fact			No cost
4)	Computer Centre	Shortage CC Incharge wants New A./c. .C.C.	Project office shifting. CC created	PGP chairman disagrees, put PCs in hostel *	
5)	Hostel facilities	Shortage	New Bldg. taken Old agreement renewed at lower rate * Double occupancy	No problem since hostel were in rented houses	*Reduced cost/ student
6)	Persuading Ministry	Institute for Non.- Corp. Sector/Public sector No Grant Plan/ Non-Plan	Report PGP regd. Incremental cost Director apprised of CSIR		*Convincing Boss, Sup. office
7)	Problem with staff	Increased workload	You may get promotion		
8)	Faculty	Shortage Leaving Blocking Admission	Better utilization* Use of Computer* Form reduction* Personalized better* Offer for wait listing * Acceptance Fee 5 for * Computer statement for	Conceptualized	Min.2 courses for everyone * Adjunct Faculty * 6 day class* System streamin

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			depository fee * Spot delivery of Lib/ Lib identity cards * Result processing through computer* OP CC+ Cyclostyling		g* Switching over to Computer based working *
9)	Course material	Cyclostyling Commencing	Xeroxing *		Reduced cost *
10)	Class Scheduling	Faculty choice	6 days Afternoons only for PGPII / visiting faculty	Benefits	

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40 THE POWER OF CHECK LISTING

40.1 Case Synopsis

A group of young faculty member of leading management Institute of India were asking their senior colleagues about the some interesting experience in the past 25 years of growth of the Institute Prof. Chindambaram narrates the experience of increasing the intake in the Institutes MBA course from 30 students (One section) to over 100 students (two sections) in the 5th year of the Institute. This was done by preparing a check list. Intrigue by the similarities of experience, another senior colleague narrate the strikingly similar case when the intake was increase form 2 sections (of 60 each) to 180 (3 sections) in the 13^{th} year of the Institute. This case describes the situation when the Chairman of the Board asks a faculty member on the Board of Governors as to how the increase in the intake can be effected, the faculty member replies that this can be done if the institute is asked to prepare, a check list for the same, and the intake increased to 180 (3 sections) next year.

40.2 Objectives of the Case

1. The case reinforces the use of conceptual framework of the strategic management to identify the critical tasks' involved in the implementation of a growth strategy.

2. The case brings out the criticality of preparation of check list as a tool for top management to put pressure on subordinate, executive authorities to be serious with strategy implementation.

3. It illustrates how the tool of checklist is useful for corporate Governance, as it pushes the management at all levels to keep development of growth strategy as an ongoing exercise, then overcoming the organizational in difference to strategy formulations, for growth of the organization.

4. It high lights how opportunities are missed in the organisations?

Use of the Case

It can be used in conjunction with the case "The Fun of Case Writing (A) & (B)". Case (A) deals with the preparation of check

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list for the first increase in intake and case (B) describes how the tasks identified in case (A) were performed. The case then highlights how a wonderful opportunity of increasing intake to 180 was missed when the tasks associated with first increase in intake were completed, which later took six more years to do, The case can be used as a one session (1-11/2) module in :-

(i) Strategy implementation module in MBA courses
(ii) It can be used in Management Development Programme on Strategic Management.
(iii) It can be used for senior Management Programme on Managing Change and Transformation.

40.4 Case Analysis

The Instructor can guide the discussion using the questions given at the end of the case

Q1. Do you believe that increase in intake could take place if one prepares a check list

The participants who have read the case "The fun of Case Writing (A)", would in all probability say yes, especially if they have read the case "The fun of case writing '(B)' also. It one or more are still not convinced, the instructor can point out that it is second time that the preparing of check list led to increase in intake. The class in all likelihood will then accept the Power of the Tool.

Q2. How this increase took place?

The participants may not be able to realize the importance of the question and the tool of Check List.

They may start writing the tasks, but that is not the objectives of the case. The subtle point is that the Board asked the Institute (read Director) to do so, a job that he was not doing on his own volitions, while it was his role. Once under instruction to prepare the Check List, the focus, shifts from indifference to being serious with growth related implementation tasks. Essentially the power of deciding "whether to increase intake" is taken away

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from the Director and he is to focus on the "how do it".

The case thus highlights the Power of Checklist as a management in the hand of top executives at senior level to focus on implementation issues attached to growth strategy, a tool that is very important for corporate Governance.

Q3. Can you prepare the checklist for increasing intake from 120 to 180?

This question is to push to question no. 4. Let the participants prepare the list.

Q4. In what way the checklist different from the one prepared while discussing the case "The Fun of Case Writing (A)".

The participants may be asked to put the two lists in column A & B.

The instructor should then ask the participants whether all the items were common. It will be noted that not all the item were applicable equally as the context (in term of infrastructure required) changed from first increase to second to third and so on.

To bring the appreciation the instructor can dramatize the situation by ask to prepare the checklist of task that were required to be completed when the institute was started (going from 0 intake to 30) and what will be required to go from 180 to 240.

The participants will quickly realize the exercise is similar to exercise of removing organizational bottlenecks on an ongoing basis.

Q5. In your views when the intake could be increased to 180 to 240.

The participants may tumble for a while and say 3 years or 5 years etc.

The instructor may then ask for how many students the physical infrastructures existing at the old place when the institute was

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shifting in its own campus. Answer will be 100-120.

The Instructor may then ask for how much intake the infrastructure was built at Institute's own campus, at the time of shifting to campus, Answer again will be 120.

The Instructor can then point out that at the point of shifting, the physical infrastructure available at the Institute's disposal were 200+, except that there was a shortage of faculty (30 required and 25-28 available).

If the Institute wanted, it could increase intake to 200 + and become the largest institute in 8th year.

The Institute thus missed a wonder opportunity to become leader in terms of size, only because it did not prepare check list.

The case thus can bring out the Power of Check Listing, both as a top management control tool and also for warding off the loss of opportunities for achieving a stable, planned growth.

The Instructor may also push the participants to undertake analysis of economics of increasing intake, by broadly identifying marginal increase in costs and proportionally larger increase in revenues, to make students understand the benefits of growth strategy.

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41. DO WE MATTER?

Case Abstract

An executive engineer of an electric Board, visit a commercial engineer of a company that manufactures equipment for power station visitor, with the request to repair some components of steam turbine so that the generating set can be put back in service the young engineer was feeling frustrate with nature of work assigned to him, (spares & repairs job) that was not perceived to be "prestigious job. He reluctantly accepts to the job which was "almost impossible to get done on urgent basis. He was somehow able to get it done in two days. He sends message to the Executive Engineer, who was found missing. Two days late he appears in CE's office. An altercation follows at the end both of them realize how important they were, not only for their job, but far beyond, due to large of realization of their rules. This short case is a very powerful changing their perspective to realize the critical of their roles and how can they expand their rule to serve the society is an increasingly meaningful ways. The case highlighted "mattering" is a matter of choice and motivations can be earned by them. The issue is not whether they "could matter". But more of whether "would like to matter".

Objectives of the Case

1. To bring home the critical importance of every one's role for not only himself, him department, his organization, his industry, country's economy and global economy.
2. To bring home the realization that they "could" matter a lot if they "like to matter".
3. It can considerably enhance one's perspective, by punching them to introspect them returns in term of the way they are playing their organizational roles.
4. If can synchronies "mind (loran)" and "soul" (heart), something that is critical as managerial problem solving attitude, as if heart orders mind to solve a problem, mind solves the problem. If not same mind develop sound alibis

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to convince others" why things can't be done. It converts "constraints" into managerial problem to be solved, a fact that is seen every day managers attitude.

Case Use

The case can be used as a:

1. 1½hr module different levels of management development, programmes on managerial effectiveness, management of change, and strategic management.
2. It can also be used for Graduates and Postgraduate Programmes in management for a session of 1-1½hr.

Case Analysis

Q 1. As Mr. Govindram justified in reprimanding the E.E. The obvious answer in the class would be yes because the loss E.E. has created. Although the participants will not be able to asses if accurately, but rarely the class will disagree that the loss in less that few crores, if not few hundred crores.

The responses may be noted on the black board.

Some may argued that Govindram was not justified as E.E. had come on time given by Govindram. The Instructor may take the opportunity to highlight two points:

a. Part of the anger was because Govindnram had to spend some anxious hours waiting for "missing" E.E. Both did not know exact time the job would take. Govindram was not sure that he can get it done, as spare and repairs was not considered an important job. This highlights organization culture that laid emphasis on manufacturing new set to create new power generating capacities in the country that manufacturing spares undertaking repairing to reduce be markdown and its impacts to be able to generate electricity in an uninterrupted manner from existing capacity.

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b. The second point is that Govindram did not believe in his ingenuity, to get job done. Still he hoped and tried to get the things done. There was no such concern apparent from the behaviour of EE. He never inspected the job could be done faster as he himself was not a "speed" concerns man, not realizing his role in power generation. If he was concerned, he could have remain these to expedite or at least check the progress from where ever he was.

c. The event also highlights that within the organization rules, policies and cultural boundaries, there is scope to improve, to expedite if one is concerned with outcome, which he feels is important. Thus opportunities are as much a part of change agent's efforts, "Karma" as externally developed, Change agents also created opportunities them only exploiting it.

d. The anger of Govindram was also because he was excited in getting an "impossible test" done. Instead of getting a put on the back, he faced far cases and retorted. However, at the end, he had realized the importance of his job and the spares/repairs work. It became a "motivator" for him than a drudgery, as the job played a very important role.

e. He also enlarged hi role by suggesting that the spares be an integral part on "main set" order, thus making the spare & repairs job as a significant portfolio comparable to other commercial engineers handing "main sets" order.

Q 2. The Instructor can move to the next question for whom this case is relevant. Why? The case is relevant for all, almost all the participant would say. The Instructor than can ask at which level one operates and proceed to ask at which level they would like to aim at, by asking the following question:

1. Do I matter for my department?
2. Does not department matter for my organization?
3. Does my organization matter for my industry?
4. Does my industry matter for Indian economy?
5. Does Indian Economy matter for global economy?

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The Instructor can them ask the question -which level one has focused so far and to which level he/she would like/ aim to matter?

These two questions would definitely churn the participants to list out where do they find is an opportunity to enlarge their roles. This will push them to think on how to enlarge their role. If the instructor whished, he ask and the class by seeking a resolution from the participant that they would short mattering.

Summing Up

https://www.youtube.com/watch?v=FYeG3OTp1X0

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43. TIME ESTIMATES

ABSTRACT

A senior professor of a government funded management institute was upset with the delay in the installation and commissioning of a set of personnel computers in the office. He meets the chief engineer to enquire about the reasons for the same, who replies that the job will be done in a month's time. An interesting, friendly dialogue results in the job being done in 3 days' time. It could be finished even in half day.

OBJECTIVES OF THE CASE

The case highlights the behavioural side of project management. Sandwiched between the beginning and end of the management control session on projects management, this case illustrates the importance of behavioural side of management control of projects, usefulness of the insights of project management for expediting completion of projects, and above all the indifferent/ negligent attitude of the responsibility centre heads in many government funded projects, resulting in a lackadaisical approach to project management.

Deftly handled the case can bring out the project management abilities as critical ones for successful implementation of strategies.

USES OF THE CASE

The case can be used in MBA courses and Executive Development Programmes on:-

1. Project management,
2. Management Control of Projects, and
3. Strategy Implementation.

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CASE ANALYSIS

The importance of this short case was realised by me while I became the Director of IIM Kozhikode and struggled to overcome the enormous delays in project completion, which was strangulating the growth of the Institute. It was further buttressed when I was conducting the session on management control of projects in Management Control Systems course of the Post Graduate Programme in Management at the Indian Institute of Management Rohtak recently.

I invited the participants to initiate class discussion by asking what all they knew about the topic. All of them being engineers, they knew Bar chart and distinguish it from PERT and CPM as control technique. I asked them to draw PERT diagram. The started drawing the same assuming some activities and the time estimates therefore. However there was a pin drop silence in the class when I asked how they estimated the time required for completing various activities. Further probing led to even more lively discussion as to how to get the correct values and what is importance and process of knowing the same for the organisation and the managers who are not connected with the project management. Drawing PERT and CPM and decision of "crashing" as a technical exercise is one thing, but understanding how much crashing can be done also depends upon the understanding of the steps involved. A little serious detailed probing can dramatically change the assumed values of the time estimates of various activities and the extent of "crashing" that is possible and the benefits thereof.

At this stage of the discussion, this short case was presented through .ppt. The Instructor can conduct the class discussion now onwards as below.

Q1. How much promised time for commissioning of the computers?

The students are likely to respond as "one week".

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Q2. How much time was actually needed?

The students are likely to respond as "3 days", which is 1/10 th of what was replied by the Chief Engineer.

The Instructor may, however, point out that 3 days is the time actually taken. What was needed was only ½ day. What is quoted time is thus 60 time of what I the time actually needed to finish the job, if the Chief Engineer really wanted to get it done.

Q3. Why was the time quoted as 1 month in the first place?

The Project manager was a retired Chief Engineer. The fact that finally he got the work done in 3 days means that what he was quoting in the first instance was a figure given off the cuff.

The very fact that he got the work done fast was because perhaps no one probed him as Prof. Jamboonath did, through step by step query, almost cornering the Chief Engineer, through statements that the latter could not back out. Probing from the user groups is a critical act in project management. Left to themselves, the project engineers, from builders to project management consultants to the organisation's own project staff, can keep on delaying completion in a never ending manner. Indeed, they do it as often they have no appreciation of how the delay are going to impinge on the non- achievement of user's business targets.

This brings us to a new level of discussion.

The project related engineers have concern at the most for time and cost over runs. But often they do not have concern for revenue / benefits under runs, which could be substantial. Then users, on the other hand, typically tend to avoid getting engaged into details and lack familiarity/ expertise and

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understanding of project management, and generally get anxious when drawn into details of monitoring for control. They tend to disown this as an area of responsibility. In the extreme cases incompetence, they even tend to use it as an alibi for non- achievement of business targets.

The Instructor can now ask the next question to bring home the above point.

Q4. What are implications of the delay in commissioning?
The students are likely to respond in terms of time and cost over runs. The instructor can allow the students to assume any value. It not show any significant importance.

Pushed to think further the students may start thinking why the computers were being installed in the first place? The faculty is not able to prepare course material/ do the analysis for the class that requires use of computers. In a nut shell the academic rigour is going to be compromised. Once this point is realised, they will be able to understand that the quality of programme is being compromised/ undermined (else there was no pint in installing then computers if they were not to be used), without anyone noticing it. Since there is no pressure to use it and no accountability, no one cared for the delay.

Q5. Why Dr. Jamboonath is pressing for expediting the commissioning?

This is a subtle point. He wanted to work towards achievement of a part of the perspective plan: Development of relevant course material. Since others are not as much concerned about it, not owning the perspective plan itself, and there is no adverse consequence to anyone individually, no one is concerned.

A glimpse at the advantage of computers for the above purpose can be had from the fact that typing speed (30 pages

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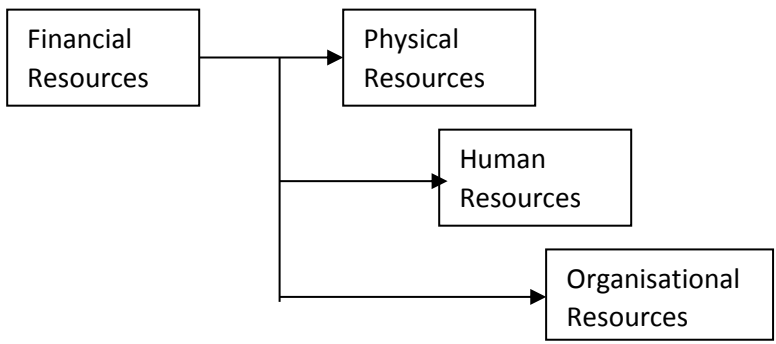
typed by an in a single day which even MIS professor did not believe), while normal typing might have given only 10 pages. The use of computers would have thus given at least 3-fold rise in efficiency and reduced the handling time. Thus, 3-fold rise in business levels was possible with same secretarial costs, which no one appreciates.

In a way, the lack of concern meets the objectives of the faculty. If physical infrastructure availability was increased, faculty/ director would be under pressure to increase activity levels which would increase their work load. Hence they do not pressurise fast commissioning of the computers.

Q6. In what way the case learning are useful for strategy implementation? How relevant is the case for strategy implantation?

The case can be used to illustrate the challenge of strategy implementation.



Strategy implementation means augmenting/ reorienting or supplementing the existing physical, human (skills, styles, staff number and motivation) and other organisational resource (structure, systems, shared values & organisation culture) / infrastructure to meet the requirements of future business (strategy) of the organisation. Each one involving several elements becomes a project management exercise. Since financial resources are also required for the same,

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which are arranged through different channels, which need different amount of time, this also becomes a project to be managed.

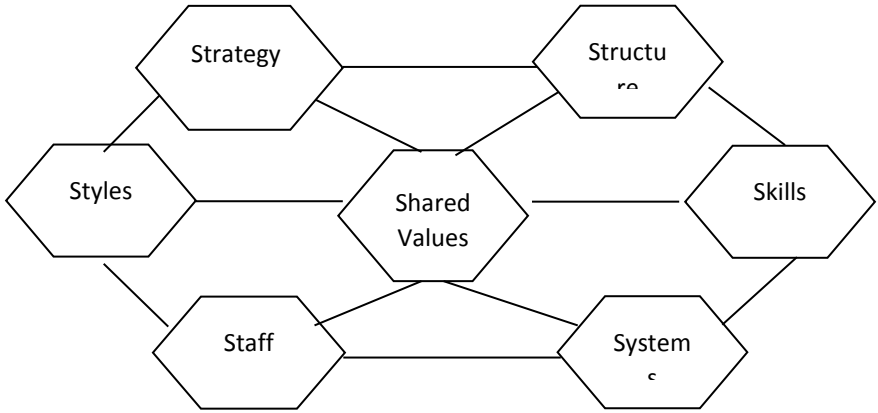

Fig. 3.5 McKinsey's 7s Model

The four groups of activities are to be arranged in tandem. Together, they form a complex project management task. The challenge of strategy implementation is thus nothing but managing a complex project, requiring a variety of different activities, in much the same way as a physical project involves (designing building, excavation, raising foundation and walls, plastering, wood work of making doors & windows, plumbing & sanitary work, external & internal electric work and connection, getting necessary permissions from different authorities etc.). They all are interlinked and some of them can't proceed without completion of others. PERT technique helps in controlling various activities for completion of them in tandem.

The PERT diagrams of other three resources are also required to be developed and gelled with physical infrastructure. An understanding of various elements is required for developing and using the PERT and CPM of all the 4 types of infrastructure individually and together, in tandem.

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This simple case illustrates the significance of behavioural aspects of a small part of physical infrastructure. All the points made in question 1-5 above are equally valid for development of large physical infrastructure, be it a building(s) or a colony or factory, albeit with a more complex PERT and CPM charts. The insight provided in the case are more and more relevant as the size and complexities increase.

The learning coming out of the case is relevant for the other three resources/ infrastructure. Given that strategy implementation is nothing but a more complex and large project, the project management competences are of critical significance for strategy implementation. This also highlights why **strategy implementation is a tougher task than formulation, and why organisations after organisations fail in implantation of strategy, leading to failure of strategy itself.**

Summing up

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44. THE POWER OF INTERIOR DESIGN

Abstract

This short case study describes the process of expansion in the Postgraduate Programme in Management (MBA) in one of the youngest management institutes set the Government of India. The case starts with the task of increasing 85% of intake in seats required under OBC reservation quota (in the first year itself), which was considered a very difficult challenge, even in 4 years, by other well established institutes, and traces back the efforts to increase the intake two times recently, making the Institute grow 4.5 times in 6 years. The innovations introduced, including interior design, also helped significant diversifications in academic activities leading to sound financial position

OBJECTIVES OF THE CASE

The case can be used to illustrate:

(i) The highly eclectic nature of strategic management (Strategy formulation and implementation) process.
(ii) That the opportunities are also created than developing independently in external environment. The same environmental developments may therefore be a threat for unprepared managers and an opportunity for those, who are ready to grab it.
(iii) The concept of multi-utility assets, both tangible and non-tangible is a very important one for optimal utilization of assets.
(iv) Project management (and interior design) skills can come handy in better utilization of asset created and exploitation of emerging opportunities.
(v) Small innovations can be leveraged a lot for extra ordinary gains and meeting competition.
(vi) Role of entrepreneurial style in strategic management.

USES OF THE CASE

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The Case can be used in for 1 ½ hrs sessions in the following programmes:

1. MBA level courses on Strategic Management, Management of Change, Project Management and Entrepreneurship courses.
2. It can also be used for Management Development Programmes for senior level executives on the above topics.

CASE ANALYSIS

The Instructor can use the case using the questions given at the end of the case.

Q1. What is the growth rate of the Institute?

	Growth	**2002-08**	**20**
1	Student intake in PGP	4.3 times	5
2	Student population	3.7 times (261+180)/120	4.7
3.	Income	3.6 times (2528/692)	
4.	Expenses	2.8 times (1970/685)	
5	Surplus before Dep.	8.8 times (1963/ 205)	
7	Average salary	1.6 times (10.6 /6,4)	
	Average salary for top 120 students better than No. 2 Institute		

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Q 2 Differentiate between the process of strategy formulation and implantation. Was there any conscious strategy?

There was a conscious strategy by choice as borne out by following data on how the increase in size took place at different points of time (External Environment. Vs. Internal push)?

a) i) 2002-3 → Govt. pushed

ii) 2004-5 → Own Volition

iii) 2008-9 → OBC Reservation → in 1st year own volition
2009-10 ----------10% Excess over Reservation – own volition

b) Infrastructure Augmentation

CR → 2004-05 → Modification

Lib → No change

CC → No change

Hostel → 2007-08 (by Interior Design → making attractive)

Dining Hall → New (Innovative Design)

Other Amenities Data not available

Faculty → No significant rise inn number

Use of → Improving

Motivator

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Optimization → motivation

Incentive (Hygiene factors)

c) Yes it looks so → High Attrition → replacement
Policies/Procedure

(better utilization)

External

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Linkage

Adjunct Faculty

Q 3. What strategies for managing change were used?

a) The case depicts highly eclectic mode of strategy formulation and implementation. When

existing strategy was being implemented, new strengths were created, which lead to

exploiting new opportunity (which may be perceived as threats by others).

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b) This gives a new twist to the process of strategy formulation and concept of opportunities.

Opportunities are as much a factor of external environment development as the way the development is seen by strategist. The OBC Reservation seen as an opportunity (while other thought it as a threat)

c) It would not be correct to say that there was no conscious strategy. It may not have been

made explicit/public. But the resources/infrastructures do not get created over night without any conscious strategy. With little prodding in the class, the Instructor can push the point that extra space and facilities were being created by increasing the number of seats in the class room complex whose construction was delayed (2004). Was delay not a threat and creating anxieties? But the same was used to the advantage, not only to meet the requirements of elective courses, if the batch size was increased to 180 (which was no where in consideration in 2004). Indeed the increase in seats in classrooms of phase II became a trigger point for increasing intake to 180 in 2005. Thus small change in number of seats in class room was leveraged to increase the intake to 180 in 2005, when the first batch of 120 was graduating. This was further leveraged to increase the seats in the year 2008 to 260.

d) Likewise a small innovation through interior design was leveraged not only to allow use of a PGP hostel (which is used only for 9 months in a year) for conducting Management Development Programmes during 13 weeks of summer (when the PGP classrooms are also free) but also allowed low cost infrastructure (as only marginally higher furnishing cost was incurred) for conducting Faculty Development Programmes and

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organizing National/International Seminars and Conferences. Although the Institute did not think of increasing intake in PGP further, when the opportunity (threat for some other Institutes) came in the form of mandatory increase of 54% in 3 years time under OBC quota, it could leverage the innovative design of hostel to meat the challenge of reservation.

Q 4. The major benefits according to the Institute were:

a) A steep rise in PGP Intake.
b) The expeditious release of grants for building (which could not to be used for making buildings, buying land etc. immediately) but generated interest income.
c) Substantial increase in income without commensurate increase in expenses
d) Institute came closer to other institutions established, resulting in substantial savings seen in fast growing corpus fund. The entire surplus was generated due to innovation thinking. The monetary value of benefits due to interior design can be estimated to the order of Rs 5 million (fee of Rs. 3 lakhs multiplies by number of additional students in two years).
e) The Ministry gave money for land, which earned interest until land was bought. The land can be leveraged for further growth of the Institute, which was a serious constraint.

Q5. The case facts described indicate the following interesting managerial orientation and actions.

a) A serious concern for optimizing the available physical infrastructure.
b) Conscious/concerted effort to have "bit more of facility" created, at every stage by marginal investments and

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using them for new activity or expanding existing activity.

c) It lead to "additional facilities" getting created when the existing facilities were created for a planned growth. The "additional" facility was created in "highly innovative way".

d) Thus, with every case of implementation a strategy for growth or diversification based upon concern for utilizing current strength, new strength/ capacities were developed, which were utilized for further growth and diversification.

e) In a sense, the interesting part of the growth strategy is that the Institute expands/takes up new activity in an improvised infrastructure, and creates full infrastructure "on follow through". This action actually creates some new, infrastructure for additional activity/expanding activity (PGP hostel furnished for conducting MDP/FDP used for increasing PGP intake further). This additional infrastructure is created in very innovative and subtle way.

Q6. The Instructor can now introduce the approach of creating multi utility buildings than creating

dedicated infrastructure for various activities to do so.

The instructor at this stage can ask the students whether expansion of diversification needed only physical infrastructure like class room or hostel etc.?

The participants would then realize that these are physical infrastructure required (like library, computer centre, dining hall etc) and whether growth can be achieved without managing human resource or organizational infrastructure. Although no data is available the participants would realize some similar action would have been taken on those aspects also. In concrete terms:

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a) First the "extra" infrastructure already available (like library, computer and under utilized,

part of facility available) in identified.

b) New academic activities are than identified through which this "extra" strength is utilized (like class room, library etc,)

c) Manpower also comes in chunks, not in incremental manner. For example, if a faculty in marketing or finance specialization is required, he can not be fully utilized right away, it will be either over used or under utilized. The "overused" faculty is to be "induced" to accept that temporarily through "incentives" until a new one is added, which is needed only if the activity level is increased. Further, when a new faculty joins, he is partially under utilized.

d) The dynamic utilization of physical and human resources is highly/ involved process, but is also an engrossing and exciting exercise for the leaders who see the organization as a tool to serve the society on an increasing scale. Like optimal utilization of multi utility physical infrastructure, the faculty is also treated as multi portfolio faculty, by starting new activities like Faculty Development Programmes, organizing Conferences, Interactive Distance Learning programmes etc. (see the case "Is small Beautiful (F) case". And faculty members encouraged to involve in these activities also, instead of routine academic activity of 'PGP alone.

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e) Similarly the non-teaching staff was converted into multi skilled staff (Drivers doubling up for store keeping, Despatch, Horticulture dept., etc., Peon doubling up for serving tea, emergency driver, typist, photocopying, reading document etc.). to keep them fully occupied and still not making them unhappy, as they improve overall efficiency of the organization and could expect rewards.

f) The Instructor can now focus on the chance factor. The mandated increase in PGP on account of OBC quota reservation, through an Act, was a significant environmental development. But it could be used as an opportunity as the Institute had classroom seats available and so was the case with Library, Computer Centre etc. But hostels were not available. It was an innovative idea to created attractive double occupancy hostel that helped the environmental development being seen as opportunity than threat.

f) The Instructor can also impress upon the point of foresight. When phase II classroom capacity was modified upward there was not even a faint idea of OBC reservation. But concern to have a "little more room" to reap the benefit form an opportunity coming on the way, helped in benefiting from the opportunity should not organization keeps a little leeway to move faster to exploitation of an opportunity.

The Instructor can wind up the case by asking whether the increase to interior design or due to change in hostel design (double occupancy

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Case Synopsis

UPSTDC was set up in 1974 as a public sector enterprise by the state of UP to facilitate the Directorate of Tourism in promoting and developing tourism in the **plains of UP**. Its activities involved the construction and maintenance of Tourist Bungalows and Wayside Amenities, Hotels and Restaurants, and also operating them. It had advance reservation centres in 6 places. It also provided coaches for use of tourists, through an agency called UPTOURS.

The organisation was headed by a Chairman. The Managing Director reported to him. Both were drawn from the state civil services. The company was functionally organised with each of the functional division; namely Accounting, Personnel, Projects, Transport, Hotel & General Administration being headed by Chief Managers.

The number of units (hotels etc.) had increased from 6 to 47 since UPSTDCs inception in 1974. No. of beds, however, had increased only two times. The company made profit for the first time in 1990-91,but return on equity plummeted from 8.26% in 90- 91 to 0.24% in 91-92.

The company was facing the challenge of low occupancy of the its hotels, reducing profitability and resource crunch from the state government which had been financing its business in the past as and when necessary.

Suggested Readings

1. Jauch L.R. & Glueck W.F. **Strategic Management & Business Policy** (1984), Singapore, McGraw Hill. pp 57-79
2. Rue, L.W. & Holland P.G. **Strategic Management- Concepts & Experiences**, (1986), New York, McGraw Hill. pp 91-95
3. Kazmi, Azhar; **Business Policy**, New Delhi (1992), Tata McGraw Hill, pp 73-92
4. Krishna Kumar, **Cases in Strategic Management,** (1996) New Delhi, Global Business Press, pp. 23-36

Case Analysis

The case discussion may be directed as following:

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Q.1 What are the key problems that the UPSTDC is facing? What are the reasons for the same?

The Corporation is making losses. The reasons include, inter-alia, the low occupancy of the hotels (see exhibit 6). Except the category 3 all the other categories have occupancy rate less than 50%. Why this state of affairs? Is the arrival of tourist reduced or they are staying at some other hotel? Or the capacity created is much higher than the tourist potential?

The data does not support the first reason; but the second and third arguments find due support from the data. The case indicates deficiency in the staff, who do not seem to be well equipped to serve the guests. Not only they are not properly groomed, they tend to treat the job as routine 10 a.m.- 5 p.m. government job. They seem to lack the customer orientation, which is basic requirement in the hotel industry.

The other factor that seems to be contributing to the low occupancy levels is the construction of hotels well above the tourist potential at difficult sites. The hotels were constructed by the corporation but the sites and specifications were decided by the Directorate. There is obviously a mismatch between the tourist potential and the number, size and type of accommodation constructed at various sites. The infrastructure creating agency i.e., Directorate is outside the organisation (UPSTDC). It, thus, does not bear the consequences of wrong choice made in the infrastructure development, in terms of financial performance of UPSTDC. There is every chance that these decisions are based not purely on business consideration. The Directorate being a government department, this is quite likely.

While this problem is arising out of the actions of supersystem i.e., government some problems seem to arise out of the confusions prevalent in the key elements of strategic management, in the definition of the mission, objectives, strategies and the long range action plans. The strategies, the long range action plans and even the tactical, operating decisions are clubbed as objectives. A quick glance at the list of objectives will reveal that most of the items listed as objectives are the tasks or activities to be carried out. Even the strategies are not distinguished from action plans. It does not in any way indicate the priority among them. The means are confused as the ends. Thus, the construction of hotels, carrying of various entertainment activities, providing transport of different kinds,

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are all to be done without guidelines is in - built in the statement of objectives. The objectives do not give what the organisation actually wants to achieve, but tells as to what activities it may carry out.

The lack of clarity in objectives transcends to the lack of clarity in strategy. Should UPSTDC provide transport? If yes what are the guidelines e.g., which routes should be selected, which type of transport be provided, should it be provided through own staff or by hiring or facilitation. Should it cater to the individual requirements or that of the group i.e., package tours? Should there be a mix.

No doubt all the activities are relevant, but the viability consideration also have to be kept in mind and so is the issue of cost effective design. One can't cater to all the locations and routes for providing all the activities. It requires lot of analysis and estimates of tourists before decisions on various activities can be taken. It also requires, conscious decision whether the corporation is going to follow proactive strategy (i.e., pulling the tourists to U.P.) or reactive strategy (i.e., catering to the requirements of people who have decided to visit UP). The two approaches involve totally different tasks, challenges and opportunities.

Q.2 To what extent UPSTDC has been able to fulfil it's mission?

The success of the organisation is to be determined by the level to which a particular need of society is met. The financial performance (profitability, revenue etc.) in a way do indicate the level of fulfilment of mission also. If more tourists come, if they spend more, the revenues and profits will increase. But direct measure may also be necessary for managerial actions. For example how many tourists came to visit various places in U.P.? What was their geographic, demographic and economic profile etc. It will guide the decisions on promotion and setting up of relevant infrastructure and fine tuning between the two.

Such measures have become confused and inapplicable in the case under consideration because there is confusion in the definition of the mission itself. The mission of UPSTDC has been defined (p.56) as "to promote and develop tourism in the plains of U.P.", which is O.K.. But appended is the statement "besides promoting tourism in already developed tourist centres, **it (UPSTDC) was also expected to develop new tourist attraction centres in the plains of U.P."**. The latter conveys, in an implied manner, that the corporation has to necessarily engage in physical activity

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of site development etc.

The mixing of mission and action programme, non-delineation of objective, strategies and the action programmes, and some of the key action programmes being undertaken by the Directorate - all generate pressure for utilisation of infrastructure created; thus shifting the emphasis from tourism promotion, to (by and large) taking care of tourist coming to the state.

The difference that the definitions make in the managerial tasks can be easily realised elaborating a little on "Promote and Develop Tourism" as the mission.

What would be the tasks involved? They will begin identification of customer needs, which will, in turn, require identification of the customers. This will require apriory, a definition of the geographical area or market.

Demographic	International	National	Local
	Different Countries	Different States	Within U.P.
Age Group			
Income Group			

differentiation in the customers and their requirements. For example, a person of U.P. is familiar with socio-political environment of this state and also with the transport infrastructure available. He is also comparatively more familiar with the tourist spots in U.P. and may have several friends and relatives in those locations. He is also familiar with vernacular language and thus can easily understand message in that language. In case of any difficulty, he can interact with people on the spot to have familiarity wherever he needs it.

The case is quite different for a person coming from another state. Not only his requirements of boarding & lodging will be more, but so will be his requirements of knowledge of relevant details, his anxiety level will also be high thus requiring much higher level of clarity, certainty and reliability of information. His food habits are likely to be different and thus anxiety about health while taking different food will also be higher. He

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will also have great anxiety about his security in moving in a different place. Attracting tourists from other states thus multiplies the demands on management in terms of knowledge (clarity, reliability and certainty), but also in terms of infrastructural support (transport, boarding/lodging convenience and comfort).

Another dimension that gets added is the financial/economic one. The value of each day in terms of time and costs increases with the remoteness of the customer from U.P. terms of time and costs. If he has lost even a day on account of sickness, dislocation of his programme and lack of infrastructure he is going to curse it.

The customers' above requirement tend to be more stringent and his anxiety tends to be more acute once he crosses his national borders. The additional problems arise on account of limitations imposed by transport carriers (baggage limitation), customs barriers, currency exchange, visa required etc. The customers want to be many more times sure, clear and certain about all the above, being a stranger in a foreign land. The requirement of knowledge, surety, certainty, safety, reliability at times out way his concern for comfort and luxury etc., which management tends to focus upon.

The demographic characteristics of the tourists also vary considerably across countries and so is their economic profiles. People in Western Europe, for example, travel a lot as tourists, often in different groups of similar ages; children go through their schools, young/ adolescents go in small groups and old age persons in independently with wife, unlike in India where tourists typically move with family. The requirement of people in different age groups, and their paying capacity is quite different, so is the preference for sites or locations. It requires intensive studies to ascertain these differences and estimate of the tourist potential. Needless to add the assumption of homogeneity is not tenable and negligence on knowledge and other softer issues cited above is a costly error.

The difference in approaches, as a caterer of tourist requirement and as a promoter of tourism, thus involve different strategies. Further, the strategic option may be quite different. For example as a caterer of requirements of tourists visiting the state, the hoteliers, the entertainment providers, transporters etc. in the private sector become the UPSTDC's competitors. On the other if the role of UPSTDC is visualised as promoters of tourism, the role of the above agencies become complementary to that of UPSTDC.

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Indeed, UPSTDC may then become the facilitator and the coordinator for the infrastructure development in private sector as well and play only minor role in the sites development through its own staff.

Q.3 As the Managing Director of UPSTDC, what course of action you will follow?

The issue relates to making strategic choice. It therefore, requires a critical evaluation of the environmental opportunities and threats as well as the strengths and weaknesses of the corporation.

The data on environmental analysis shows the following opportunities and threats to UPSTDC.

Opportunities

1. World over tourism is a $300 billion industry. India's share is only 0.4%. This is clearly too small for a country with immense potential.
2. UP is one of the seven states (the first though) to declare tourism as an industry.
3. Liberalisation of the economy and financial reforms like full convertibility however, may give a fillip to the tourism.
4. Other developments like allowing private air taxis are also favourable.
5. UP also has a long history to its credit. It has lot of pilgrimage spots like Kashi, Hardwar etc. Blending of Indian and Islamic architecture has given UP wonders like Tajmahal, Fattehpur Sikhi etc.
6. Development of fax and computer networks would make this business more efficient.

Threats

1. Due to resource constraints the budgetary allocation from state government has decreased from Rs. 90 crores in 1990-91 to 80 crores in 1991-92.
2. The image of India in general and UP in particular is one of a very disturbed state. Kashmir problem, terrorism in Punjab, Ram Janambhoomi and communal riots may dampen the enthusiasm of tourists.

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3. UP has got extreme climatic conditions. The rich flora and fauna are also fast disappearing due to increasing pressure on land.
4. UP is characterised by the worst national average literacy rate.

The strengths and weakness profiles appears as below:-

Strengths

1. UPSTDC usually appoints diploma holders in Hotel Management. MBAs are selected for senior positions. Other diploma holders are selected for junior staff.
2. The organization has a culture of respecting authority.

Weaknesses

1. Waiters are unqualified and organisation doesn't impart any training. Their behavior badly reflects on the organisation in terms of hospitality.
2. There is poor information dissemination, forecasting of arrivals and feedback mechanism from tourists. Tourists are fixed and controlled. Segmentation of the market is done on the basis of low income, middle income and high income groups.
3. There is no coordination between the Kumaon Mandal Vikas Nigam, Garhwal Mandal Vikas Nigam (responsible for hill area tourist development) and UPSTDC. So tourists don't get comprehensive package.
4. No coordination between other authorities like Roads & Bridges, Horticulture Dept. etc. for overall development of tourist spots.
5. They have to generate funds internally as resources from the government is dwindling down.
6. UPSTDC faces acute shortage of rooms in peak seasons at profit making units.
7. There is a low morale due to political interference in employment, transfers and also promotion.

Making Strategic Choice

The UPSTDC has to critically examine its' role to decide the strategic option. It need not go on opening hotels as it requires heavy investment. The huge investment requires very high level of hotel occupancy, which demand efficient and effective customer service that does not seem to be a

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strength of the corporation. It can't effectively compete with the private sector hotels. It is not a **Competitive Advantage** but looks more like **Key Vulnerability.** So is the case with transport operation. The strength of the corporation lies in being corporation of a government that wants to promote tourism. The Corporation may benefit more by arranging the tourists, which a large corporation with international networks can do, (which becomes a **Competitive Advantage** for UPSTDC as the small tour/taxi/transport operators may not be able to do it.

If the Corporation decides to assume such a proactive role, then it has to focus on identifying the customer needs through intensive studies rather than waiting for the tourists to to come, entertain them, working on various assumptions.

Drawing from the discussion on question 1 above, it can be deduced that the key tasks involved in the business of managing tourists are:-

i] meeting the knowledge requirements of the customers about interesting sites,
ii] meeting the certainty requirement regarding their travel, stay etc.
iii] meeting the hospitality requirements like boarding/lodging etc.
iv] making their visit a memorable one, by ensuring their safety, comfort and pleasant stay during their visit to the state.

UPSTDC can play significant role in (i), (ii), (iv) above, apart from that associated with (iii). Out of the four, it is only the activity (iii) which is involves heavy investment and therefore, has to be necessarily run efficiently. This can be better done by promoting hoteliers, transport operators etc. If we take the example of a manufacturing company, the corporation should assume the responsibility of taking care of the whole of the tourist requirements (like Maruti Udyog does for delivery of a car), but not undertake all physical activities involved but develop private operators for providing the same, (as Maruti does, developing vendors for manufacturer of most of the components and parts, which requires heavy investment).

In nut shell the corporation needs to become a nodal agency for meeting various needs of the tourists like booking of the of hotels, guest houses, paying guest accommodation, transport, travel, excursions, cultural shows etc., supplementing the private sector and providing critical services as and where necessary (which could not be undertaken by them). This requires

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accreditation of private accommodation, transport, travel agencies etc. in terms of quality and price rates. Rich worldwide experiences are available for this purpose and UPSTDC can draw upon very well from the experiences of European tourist agencies.

It also requires a rich computer based data base, regarding tourist excursion places (with relevant details), so that enquiries of tourist can be easily answered and their programmes and travel plans frozen on the spot i.e., confirmed bookings can be done on-line. Luckily UPSTDC has the advance technologies (both the computer and the communication) now easily accessible to it for the purpose.

The networking and database opens up opportunity for meeting the customers' requirements of knowledge, in tailor made fashion, at high speed. The information can be made available in different Indian and other popular international languages. One does not need to invest too much on printed matter, in book form. Printout can be taken as desired at the other end.

The access to customers can be through networking with counterparts i.e., travel agents in other countries. The international connection are not difficult to arrange. Likewise it may have strategic alliance with other state corporations to help meet the requirements of knowledge and bookings for tourists coming from other states. The alliance may also be made for jointly opening offices in countries where there is potential for high tourists traffic to India. The alliance may also facilitate in designing packages of tours to India which can be jointly promoted. Another key job of the corporation would thus be design attractive tourist packages and programme which shall pull the tourist from outside the state.

Needless to add this all requires a clarity about the role of UPSTDC, "What business they are in". This will require a deep, re-thinking of the mission of UPSTDC, revision of the objectives, and clarity and flexibility in the statement of strategies.

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47 VINDHYA PRADESH FOREST CORPORATION

47.1 Case Synopsis

The Managing Director of VPFC was wondering what changes in the management control system can be introduced to improve the performance of the corporation. The organisation was doing very well, but he felt that there was scope for better performance but no internal pressure on the senior executives to make them stretch to do their best.

The main business of the VPFC was felling and sale of trees, as well as collection and sale of other forest produce like Bhabad grass, endu leaves etc. The corporation had monopolistic rights to fell the trees earmarked and licensed by the forest department every year, for which VPFC paid royalty to the department.

The operations responsibility of the organisations were shouldered by two General Managers, one incharge of Hill regions and the other for the Plains. Below them were 9 Regional Managers, five looking after field operations of the hills and four to those of plains.

The corporation was established in 1974, carved out of the state forest department, with the aim of stopping the illegal felling of trees, exploitation of labour by private contractors and preventing the latter from having excessive profit margins.

The Regional Managers were assisted by the Divisional Logging Managers (DLMS) and Divisional Sales Managers (DSM) as the key functional units. The DLMs and the DSM were responsible for felling/ transportation and the sorting/storage and selling of the logs respectively. After felling the trees, the logs were transported by trucks and waterways to DSM for sale. The transfers were made at actual costs. After meeting the requirements of firewood of local people railways etc. (which was nominal) the sale was made by auction, with floor price being fixed. If the bids fell below the floor price twice, the DSM could reduce the floor price by some percentage and then re- auction. If the bids fell below the sale price once again the Regional Managers could reduce the floor price by a percentage before re-auctioning. Timely felling, efficient transportation, proper sorting, judicious auctioning at centres that fetched maximum price were important for getting maximum revenue and profits. The corporation was not engaged in any down-stream processing of the forest produce it was

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handling. They could not engage directly into activities of increasing plantation etc. which was the responsibility of the forest departments.

The target for various activities were decided through a budgeting process, starting with the receipt of statement from forest department about the trees earmarked for felling in the ensuing financial year. The estimates of expenses and revenues were worked out and approved by the Head Office, which formed the basis for operations during the year. No formal cost, revenue, profit or investment centres were created in the organisation, as there perceivably no leeway or flexibility to operate in the activities of the corporation, where key factor (supply) was outside the control of the organisation.

47.2 Suggested Reading

1. Anthony, Robert R. et. al. **Management Control Systems** Singapore (1989) Irwin, Ch.1-5
2. Kazmi, Azhar; **Business Policy**, New Delhi (1992), Tata McGraw Hill, pp. 312- 333

47.3 Case Analysis

The case discussion can be guided with the help of following questions.

Q.1. What in your view are the objective of the corporation? Do you think they are appropriately defined?

One of the key problems in the design of any management control system is the lack of clarity and appropriateness in defining the objectives of the corporation. The participants will tend to repeat the objectives as listed out in the text. A little discussion however, will reveal that the objectives are not described properly:-

i) The first objective is not an objective of the corporation but was the objective of government at the time of setting up the corporation, which has been achieved at the time of setting up the corporation.

ii) The fourth objective is not an objective at all. The objective of no enterprise can be to pay minimum wages. Not doing so would be an offence. Further, it can be at best a functional policy.

iii) The fifth objective too can also not be called as objective of the

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corporation. Recruitment is determined by requirement of business and can't be an end in itself. Recruitment will increases if business grows. Therefore, even if increasing employment may be desire of the government, it has to be reflected in terms of business growth.

The objective is further confused by qualifying it as employment of educated ones.

iv) A part of first objective, the second objective, the third objective and the last objective relate to the way the business ought to be carried out. However, the third one need not be expressed separately as it only indicates the desire for efficiency, which can expressed in some better, over all terms rather than in terms of reduction of waste.

The organisation was carved out of the forest department to manage the forest produce efficiently and effectively on business lines. The operating objectives must be stated in a way which reflect this thrust. The objective number one and two indicate the product-market scope which is more a statement of mission than operating objective. The objectives can thus be defined in modified terms like:-

a) augmenting the revenue and profit generation from forest produce,
b) meeting the firewood requirements of common man
c) meeting the timber requirements of key sectors like railways.

Q.2. In your view, does the organisation have appropriate structure for Management Control commensurate with its' objectives? If not, what would you like to propose?

The typical responsibility centres are the Cost Centres, Revenue Centres, Profit Centres and Investment Centres. The participants may, however, be averse to creation of profit or investment centres in view of the fact that there is hardly any flexibility to operate to maximise profits (as perceived by the executives). They may agree for creation of DLMS as cost centres and DSM as Revenue centres.

The participants may then be asked to reflect as to how in any organisation the profits can be increased. This will make them realise that profit can be increased by not only increasing revenues but also by decreasing the costs.

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They may then be asked to list out key success factors for increasing the profits which may be under the control of DSMs. It will be realised that there are several such factors as given below.

1. Arranging auction timely and properly
2. Taking due care in sorting by size and quality
3. Taking due care for storage of logs so that the quality does not deteriorate
4. Identifying most suitable markets for auctioning, negotiating inter-regional transfers with concurrence of Regional Managers
5. Deploying manpower through proper scheduling so that optimum utilisation takes place
6. Containing expenses for managing the sales
7. Exploring opportunities for value addition through down- stream processing.

The last one is a very high potential area for increasing the sales and profits considerably.

The advantage of creating Profit Centre rather than Revenue Centre is that it makes people enhance revenue while keeping the rise in costs associated with it, rather than independent of it. The tradeoff between increase in revenue generation and rise in cost is of utmost important to sustain economic viability of the organisation in the long run and should thus be underlying philosophy in designing management control system. In case of revenue centre separate measures for efficiency may have to be incorporated. By creating profit centre the pressure gets generated internally for exploiting the available opportunities through optimal utilisation of resources.

The DLMS can be made Cost Centres but, often it may result in the DLMS not doing the maximum amount of felling and collecting activity to reduce costs, or may not spend enough on maintenance of vehicles etc. Separate measures may then be required to have a control over these factors. Costs centres concept may be used at places where the cost and revenue relationship may be difficult to establish like legal department, R & D etc. If DLMS are also made profit centre, they will try to contain costs for achieving efficiency objective, without unduly economising on various expenses. At the same time the responsibility centre head would like to complete the felling and collection activities to maximum extent possible and also to arrange most efficient transportation of goods to depots to

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realise the revenue and profits fast. This will generate enough pressures to not only do the felling and collecting activities efficiently but also pay attention to proper maintenance of various assets and their optimal utilisation.

The major investment decisions are related to providing transport infrastructure, depot creation, purchase or disposal of tree felling tools etc. These are under the control of Regional Managers. Their purchase and replacement has to be done commensurate with the level of activities of DLM and DSMs. These can thus be made investment centres. The two general managers can thus be relieved of the day to day operating responsibilities and they may devote to the task of policy planning, maintenance of effective external linkages, new business etc. in their area of operations.

Q.3 What should be transfer price from logging divisions to the sales division?

The existing transfer price from the logging division to sales division is the actual costs incurred. This is wrong. It results in the logging division passing off all the inefficiencies of logging division to the sales division (and thus to the customers, VPFC being a monopoly). This also results in piecemeal calculation of actual prices and transfer to the sales division.

The transfer must be based on standard costs, worked out in advance at the beginning of the financial year if efficiency of logging division is to be ensured.

This will introduce standard costing system in the corporation. This is very important for judging the efficiency of not only logging divisions but also of the sales division. It will be possible to introduce control through variance analysis, segregating the influence of external variables from the internal ones. This helps, on the one hand, in fixing the responsibility of non-performance on the concerned person, and facilitates taking correctives measure on business side.

The instructor must point out the importance of linkages of responsibility centres to the incentive system failing which the control system will be ineffective. This however, is outside the scope of this case.

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48. CITY MONTESSORI SCHOOL

Case Synopsis

City Montessori School (CMS) is a 34 year old institution, currently having 22 branches in Lucknow city. The mission of the institute is stated as `Sarva Bhute Hite Ratah'. The school aims instilling a global vision, encompassing a love for all mankind in the young children. The school believes in overall personality development, bringing out the latent talents of children.

The founder Shri Jagdish Gandhi had set out two objectives in starting a school:-

(i) to inculcate, in the children, a value of one world,
(ii) provide quality education to children.

Gandhis faced several problems at the time of starting the first school namely; arranging finance, physical infrastructure and competent teachers

To meet his financial requirements he had two options - to go for soliciting central or state government aid, or to meet the funds requirements only through fees. For better control he chose to meet his requirements through fees and donations only. Mr. Gandhi had also set up a teachers training college simultaneously, while opening its first school for training the teachers of the school.

The schools gradually pickup and by 1994, CMS had a strength of over 20000, students spread over 22 schools at different locations in the city of Lucknow. The school were rated quite high among the schools in the city of Lucknow. The boys had occupied very high ranks in merit list of high school and intermediate (10+2) examinations conducted by the Secondary Education Board of the state which was largest not only in the state, and the country, but perhaps the whole of the world. Over 16,00,000 students used to appear in it's intermediate examinations itself. The CMS students had won International Robotic award for the successive years. CMS also organised several "international students' meets" successfully, being the only school in the state to have achieved the feat.

By 1994 CMS group was well established. However, it was facing the dilemma of aging "agile" management i.e., Mr. Gandhi and his wife, on

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the one hand, and reduced growth rate on the other. The second line in command was not yet ready for taking over, the reigns. CMS could not expand its' chain of school outside the city of Lucknow on account of this fact. How to prepare the second in command was the question with which Mr. Gandhi was grapling with.

Suggested Readings

1. Jauch L.R. & Glueck W.F. **Strategic Management & Business Policy** (1984), Singapore, McGraw Hill.
2. Rue, L.W. & Holland P.G. **Strategic Management- Concepts & Experiences**, (1986), New York, Mcgraw Hill.
3. Greiner, Larry, E. "Evolution & Revolution as Organisations Grow", **Harvard Business Review**, July-August, 1972
4. Hinings C.R. & Greenwood, Royston **Dynamics of Strategic Change** Oxford (1988) Basil Blackwel
5. Krishna Kumar, Cases in Strategic Management, (1996) New Delhi, Global Business Press, pp. 37-45

Case Analysis

The case discussion in the class should aim at highlighting the importance of McKinseys' 7S model for strategy implementation. The case provides rich information to understand each of the elements of the 7S model. It will also be easy to convey the concept of organisation 'Archetype' (proposed by Hinings, which constraints the strategy formulation.

The case discussion in the class can be initiated with the help of following question:-

Q.1 What, in your view, were the factor responsible for the success of City Montessori School?

The participants will be able to highlight one or more of the elements, e.g., skills, structure etc. It may not be easy for them to emphatically bring out the leadership and mission issues. The instructor is advised to use the following information for guiding the discussion to bring out all the elements.

a) Strategy

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CMS follows the strategy of growth through market leadership. It ensures that the performance of the students is outstanding which in turn ensures high achievers joining the school. In typical strategic parlance it follows a penetration strategy. It does not compromise on its' autonomy to follow this strategy. It goes for fees differentials, the students paying fees based upon their guardians capacity to pay. It does not deny opportunity to a poor student if he was academically promising.

The school also organises many activities which allow students to stretch themselves, thinking of new vistas. It tries to inculcate an "international perspective" among its students through such activities as:-

* Visits by foreign teachers also contribute to the propagation of world brotherhood.
* Sending students abroad for youth camps, exhibitions and competitions, to give them a first-hand experience of the culture of various countries.
* Keeping pace with technological progress. It has installed about 200 computers to help impart education to its students in these areas.
* Spreading spiritual message. The organisation has fixed 1991-2000 as the decade of divine education.
* Having hour long prayer meeting. Students have couplets from various religions in their daily prayers, to facilitate spreading of the message of one religion.

Some of the above things may look gimmicks or eccentricities of the enterpreneurial manager. But it looks more of thinking ahead of the times, shattering the traditional mould of a routine education.

b) Structure

The organisation structure has been depicted earlier. At every level of the organisation there is a clear cut division of authority and responsibility. The duties and responsibility of the teachers, principals, inspection Dept. and the founder manager is clearly demarcated without any ambiguity. The very nature of the matrix structure, however, ensures that all decisions are jointly taken and are in harmony with basic organizational objectives.

Manager

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The founder - manager Mr. Jagdish Gandhi is the overall in-charge of the organisation. He is in constant touch with all branches and is the upholder of the institute's mission. His functions are,

* inculcating commitment to the organisation's philosophy, objectives, and mission, amongst the teachers,
* public relations job for the institute, recruitment and promotion of staff,
* monitoring the performance of the various branches,
* monitoring the performance of the entire student community.

Director

The Director looks after the financial aspects of the organisation which is a centralized function. The organisation is managed on fees and donations and does not receive any grants - in-aid from the state or central governments. It is run entirely as a private organisation.

Inspection Department

The inspection department forms the heart of the institution. The Assistant Inspector monitors the scholastic advancement of City Montessori School students, looks into the teaching work and organizes periodical in-service training programmes for teachers.

Principals

They are responsible for the day to day functioning of the school. They are responsible for motivating teachers and students for better performance of the school in competition with the other branches and other schools.

Teachers

CMS maintains a 15:1 students to teacher ratio in the pre-primary, primary and Jr. High School and classes. It also maintains a 10:1 students to teachers' ratio in the senior classes. The teachers are a highly qualified and motivated lot.

c) Skill

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The skills possessed by the organisation are mainly,

* managerial,
* academic,
* infrastructural services,

Mrs. and Mr. Gandhi, co-founders of the City Montessori School, have been also involved in the foundation of various other academic institutions. Their vast experience in the area of planning and organising, accumulated over the years have been directly applied to the management of City Montessori School.

The Principals of all the school are well qualified people of proven merit in their previous designation. Apart from being in charge of their respective schools they also add to their managerial skills by way of organising various activities in the inter branch competition for cultural and other events.

Teachers are recruited on the basis of written examination and/or recommendation from Principals, the basic criteria being merit. Besides, the school had started a teachers' training college to impart necessary skills.

The organisation ensures that a teacher should possess the following qualities,

* love for students,
* faith in students,
* friendliness,
* purposiveness,
* enthusiasm,
* sense of humour,
* imagination,
* sincerity, and
* high personal ideas.

d) Style

The founder Mr. Gandhi leads by setting an example. He is a hard worker putting in about 18 hours of work every day during which he makes it a point to visit at least two branches.

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The manager's example is emulated by the principals and teachers who also work beyond the normal office hours, which is quite unusual feature vis-a-vis other schools in the city. Particularly striking is the fact that staff in the head office works in two shifts. All inspection reports are typed during the night and sent to the respective branch early in the morning before the commencement of the classes. There is, thus, great emphasis on quality control which is one of the organisation's strengths.

While the operations are decentralised and the policy decisions are centralized. The manager motivates the staff by giving incentives in kind and cash. The management always feels the greater the handicap the firmer the determination. Hence they seek opportunity in every adversity.

One of the striking aspects of the organisations performance is the high degree of flexibility that is maintained. The manager Mr. Jagdish Gandhi believes that no rule is so rigid that an exception cannot be made if a need arises. This belief is reflected in the liberal allowances that are made by management with regard to leave, compensation, transfers or any such matters, over and above the normal allowances when the request put forth by staff member is deemed as justified.

e) System

Meetings lasting 2-3 days of all branch principals are convened every six months to reiterate the organisation's goals and chalk out the future plans .

Daily reports on schools are prepared and forwarded to the manager by the inspection department.

Close monitoring of students performance is done when they exposed to external competition like class X, class XII and scholarship examinations.

Centralised examinations for High-School and Intermediate classes are conducted to ensure uniformity in the quality of education. This is the simulation of the external examination to benefit the students. This also helps cross check the performance across branches.

Sub-committees chaired by different Principals are set up for the various activities - academics, sports, cultural. The sub-committee chairpersons can convene meetings as and when required.

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The major activities like celebration of Annual Day are jointly conducted by all schools in the City Montessori School family.

f) Staff

The institution has a strength of 1600 teaching and non-teaching staff. The school ensures that there is adequate academic staff to be able to give personal attention and guidance to the students. The staff-student ratio is 1:10 in the high school and intermediate school. In the lower levels the ratio is 1:15.

To motivate the academic staff, CMS takes several measures as given below:-

1) The teachers are given remuneration according to their qualification, teachers who have additional qualifications and experience are paid higher than the teachers without. CMS ensures that its teachers are among the highest paid teachers in Uttar Pradesh.
2) The school organizes various felicitation programmes for his teachers.
3) The teachers are given various rewards in cash and kind to keep them motivated. These incentive schemes use the performance of the students as a barometer of the teacher's performance.
4) The organisation has established a pre-primary teachers Training College. This besides imparting teaching skills, also helps it to mould teachers according to the vision of the founder so that the organisation's philosophy is always upheld.

g) Shared Values

The organisation tries to inculcate the following belief among its staff, which is in tune with the corporate strategy:

a) Teachers are not born, they grow (hence every effort is made to improve the abilities of teachers)
b) Will power and determination help in overcoming obstacles in any walk of life.
c) There is no short cut to success and fame. This can be achieved only through hard work.

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d) Any job to be done should be done immediately. Procrastination is anathema to the organisation.
e) All decisions are jointly taken and responsibility jointly held by the principals, inspection department and the founders.
f) Love for children helps in imparting knowledge.
g) Everyone must have a global outlook.
h) Progressiveness is necessary to stay in tune with the changing environment.

Mr. Gandhi has impressed upon the staff and student community alike, his belief of "JAI JAGAT". This has been done by him with the express purpose of encouraging broad minded thinking amongst everyone as against narrow minded ideas (i.e. Thinking of the world as against thinking of the individual or the country etc.).

It will be noted that the organisation has grown successfully through a very coherent relationship among 7S elements. Gandhi started the school with a dream to make good citizen by providing good education. For growth/success of the school it requires a motivated staff with appropriate skills. The organisation has developed policies and infrastructure to ensure

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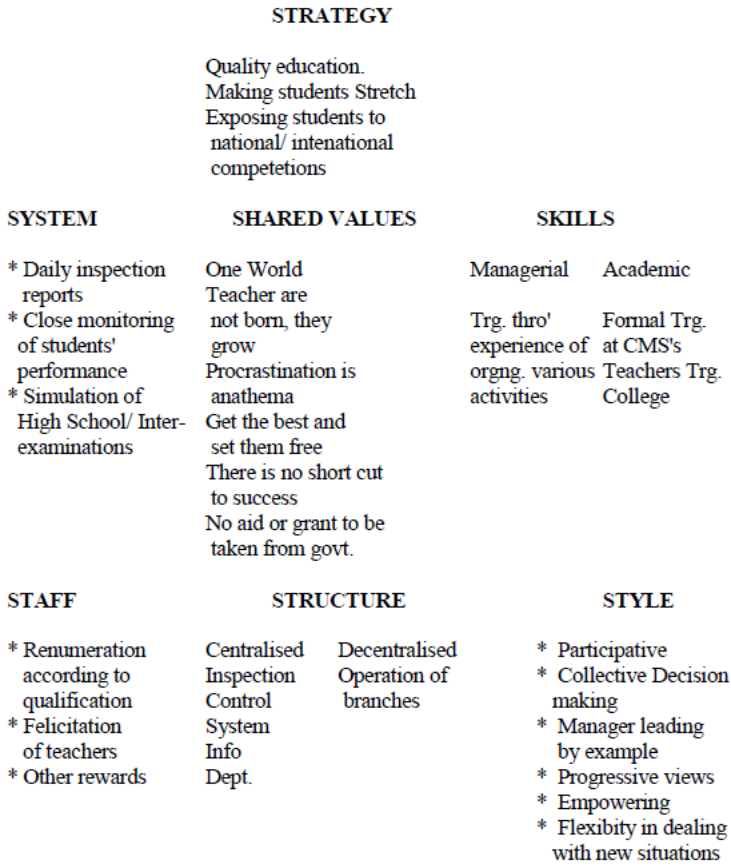

Fig. 48.1 7S Coherence in CMS

it. It required decentralised structure to have effective and efficient operation (impacting education). The organisation structure has been designed likewise. The differentiation in roles has been done well. The branches are encouraged to stretch and excel. At the same time interesting integrating mechanisms have been developed in which branches work collectively like annual function, international meets etc. A very tight control system is in place to ensure quality and thus performance. It may look ruthless, but key parameters need to be guarded carefully. The style of Mr. Gandhi is a typical enterpreneurial one, leading by example, leaving his footprints on almost every event and aspect of functioning of the schools. It will not be wrong to say the school almost revolved around him. The formal systems have been buttressed with activities that reinforce them through acculturalisation process, impressing upon the need to have world view and excel reminding them of its mission almost every day.

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The 7S coherence can be shown with the help of diagram shown in fig. 48.1.

Q2. Identify the important tasks to be carried out in institution building?

Fig. 11.2 Growth Stage of City Montessori School

An organisation passes through several stages in its development and growth path. Greiner points out that the managerial tasks and challenges at each stage is different from others.

CMS has also passed through this path. Its path can be traced as described below in Fig. 48.2.

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Mr. Gandhi had recognised that teachers were a key resource for quality education and so he decided to set up a teachers training college simultaneously with opening the first school.

The school being the first one to start Montessori education in the city, Gandhis had to toil hard to establish. The trained and committed teachers, however, enabled the students of the school to perform better. This increased the reputation of the school and hence the number of interested students. The financial problem were gradually resolved and Mr. Gandhi could concentrate on increasing infrastructure. The first six years proved to be a rapid growth with nine new branches being set up.

Consolidation followed through setting up efficient organizational structure and system.

The organisation avoided bureaucratization by laying emphasis on team work. Finally the organization has evolved as centralized in finance, recruitment and investment decisions, but decentralized in operations of the branch.

The balance between differentiation and integration has been rightly struck by providing autonomy to principals for operations of the school while control and information systems handled through the inspection department which is in charge of ensuring that quality education is being provided. The organisation structure thus underwent changes as explained by Greiner.

Q3. What challenges CMS faces in future?

The 7S coherence has over the years become an archetype given by Hinnings. It enables the school to retain its' market leadership position in the city of Lucknow. There is very strong leadership protecting the archetype. The leadership has strong commitment to the ideals around which he has woven the organisation, which allows him to work hard on continuous basis.

Ironically it is the same strategy that holds the growth of the CMS as an organisation. Any strategy that does not fall in the archetype may not be acceptable e.g. high growth strategy by moving outside Lucknow. It can use only penetration strategy. It is simply not geared to grow through market expansion strategy, and thus fully utilise its strengths. The leader

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can't manage through remote control, personal supervision being his key strength and intimate knowledge of every bit of the organisation' nuts and bolts allows him to take care of every issue himself.

The school is facing the typically dilemma of the succession of the first generation of highly successful enterpreneur. The second in command is yet to be developed. Indeed, it is not easy to develop, giving the towering personality of the Gandhis. This question was pointedly raised by the case writers during the trial run of the case. The students asked "After Jagdish Gandhi, who? " and Mr. Gandhi admitted smilingly that it was a difficult question. "Even my children are not keen to take up the reigns" he said. The organisation may have to undergo the trials and tribulation of "organisation swings" between archetypes before making a transformation to a new "archetype", unless Mr. Gandhi himself takes initiative to relieve himself by empowering his second line, i.e., principals for the top management roles, and decides a visible succession plan.

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49. INDUTRIAL TOXICOLOGY RESEARCH CENTRE

Case Synopsis

ITRC was established almost 30 years ago by the Council of Scientific and Industrial Research (CSIR), Government of India. ITRC has been doing pioneering work in the country in the field of pollution control. However, the task was enlarging in an explosive manner. There was no dearth of market for ITRC, it was exploding. ITRC had been able to develop fairly advanced level of expertise in the field. However, it has been doing more of "research" work, not putting them into commercial use in a significant way. It had been conducting research in areas identified by government. In this way, it had been opening up many frontiers of research activities, at times at the cost of frittering away of organisation's critical resources.

The funding of ITRC was been primarily coming from the central government (through CSIR). However, of late, the funds from government were declining, thus increasing the pressure on ITRC to go for exploring avenues for resource generation. There were opportunities for generating resources through marketing its services (like pollution checking and control) and selling its' technologies, but there were apprehensions that the research temper of the organisation which promoted research on the identification of sources of pollution and analysis of its' impact on society, as well as the scientific effort to develop technologies for pollution checks and control, may be vitiated. What innovative organisational arrangements may be adopted to cope with the resource generation demands without impairing the scientific orientation of people with business orientation is an issue bothering the management of ITRC.

Being funded primarily by the government, ITRC also felt constrained at time with government policy guidelines e.g., restrictions on appointments of scientists, use of merit as the sole criteria for career advancement of scientists, as it had to abide by the government's reservation policy. ITRC had also been facing the problem of "ageing" senior management and thus an inverted pyramid structure, due to the ban on recruitment of scientists. How does the organisation cope with the manpower recruitment and development, especially in view of increase in the scope of activity and

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resource generation demands, was a critical question facing the management.

Suggested Readings

1. Ansoff, H. Igor **Corporate Strategy: An Analytical Approach to Business Policyfor Growth and Development,** Boston (1965), Division of Research, Harvard University.
2. Jauch, Lawrence R. and Glueck, Willium F., **Business Policy and Strategic Management**, Singapore (1988) McGraw Hill
3. Rue, L.W. & Holland P.G. **Strategic Management- Concepts & Experiences**, (1986), New York, Mcgraw Hill. pp 39-60, 148-171
4. Kazmi, Azhar; **Business Policy**, New Delhi (1992), Tata McGraw Hill, pp 147-176
5. Krishna Kumar, **Cases in Strategic Management,** (1996) New Delhi, Global Business Press, pp. 27-37

Case Analysis

The case provides an opportunity to discuss strategic alternatives. The instructor should lead the discussion in a way that the participants understand the generic form of strategic alternatives, given in Fig. 8.1 below:-

Market	Product		Technology	
	Existing	New	Existing	New
Existing	Penetration	Prod. Dev		
New	Market Dev.	Diversification		
Existing			Tech/ Market Related	Market Related
New			Technology Related	Unrelated/ Conglomerate Diversification

Fig. 49.1: Strategy Classification given by Ansoff

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	Expand	Retrench	Stabilise	Combi-nation
Business Definitions	Pace	Business Definition	Pace	Business Definition	Pace	
Prod-ucts	Add New Products	Find New Uses	Drop Old Products	Decrease Product Devlop.	Maintain Quality Improvemnt	Make Packing Changes/ New Products	Drop Old While Adding
Mark-ets	Find New Terri-tories	Penetrate Markets	Drop Distrib. Channels	Reduce Market Shares	Maintain Market Share, Focus on Market Niches	Protect Custom- While Finding New Ones	Drop old
Func-tions	Forward Vertical Integration	Increase Capacity	Become Captive Company	Decrease Process R & D	Maintain Product-ivity/ Effici-ency	Improve Capacity and Produc-tivity	Improve

Fig. 49.2. Strategy Classification given by Jauch & Glueck

Q.1 What are the changes taking place in the environment of ITRC? What are implications of the same?

The instructor may then go on jotting down the points made by the participants. The following environmental changes may be brought out emphatically.

Threats:

1. Government funding is declining and the trend is likely to continue, putting more and more pressure on the organisation to be more efficient in operation and reorient itself to meet the requirements of funds substantially on its' own. It may also constraint the centre in developing the infrastructure for scientific work which may affect competitive advantage of ITRC.

2. There is a freeze on recruitment as per the government directive, since 1992. Besides, for several years the recruitment was confined to

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category only. The organisation is thus facing inverted pyramid and in a period of 5 years or so may face a declining scientific manpower, which may seriously affect its competitive edge.

3. The organisation does not perceive any threat from the private sector presently, because of rush of government demands on an increasing scale. However, the scene may be different if ITRC starts looking up to non-government market for revenue generation purpose.

Perceived gaps, strategic conditions, and alternative dimensions.

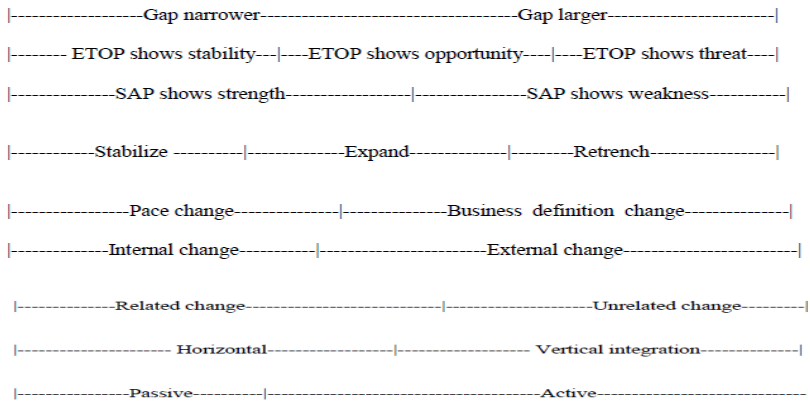

Fig. 49.3 Selection of Strategy (Guidelines given by Jauch & Glueck)

Opportunities:

4. The growing environmental consciousness is not only increasing the market but even scope of market. The rapid growth of industrialisation, increasing use of chemical fertilisers and pesticides in agriculture increasing urbanisation (hence urban pollution) are all increasing the task of identification, measurement, impact analysis, development of curative and preventive anti-dotes (which involves not only development of the methods for each of these tasks, but also administrative ways of implementing them, in a given social, economic, political and cultural meliu) is an exploding matter. As pointed out in the case, there is no dearth of market but the task of developing organisational abilities to meet the growing demands is a daunting one.

5. The centre also perceives opportunity for commercial application of its' expertise in manufacture of cosmetics, development of eco-friendly bio-technology, recycling of industrial wastes and affluents. In nut

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shell the existing and potential markets for ITRC seem to be as shown in the table 8.4.

Industrial Pollution	Due to Production Processes	Chemical Industry Foodstuff Industry Power Generation Cosmetics Industry	Water Pollution Food Poisoning Air Pollution
Agricutural Pollution	Due to use of Fertilisers & Pesticides		Soil Pollution Water Pollution Crop Pollution
Urbanisation	Due to Sewage Disposals Creamations Exaust of Automobiles Overloading of Water Supply and Sewage Systems		

Fig. 49.4 Markets of ITRC

Interventions

There are several interventions undertaken by ITRC as shown in Fig. 49.4.

Activity	Intervention	
	Direct	Indirect
1. Identification of		
- Sources of pollution	_/	_/
- Nature of Pollution	_/	_/
2. Measurement of		
- Quantum of Pollution (geographical patterns)	_/	_/
3. Development of Curative/ Preventive Anti-dotes	_/	
4. Administration of Anti-dotes	_/	_/

It will be noticed from Fig. 49.4 that out of five key interventions as many as four can be made by ITRC indirectly, through other parties. It would however, require development of necessary cost effective kits for use by non-scientist, in the field, and imparting adequate training.

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From the above it can be concluded that ITRC, for the present, by and large, caters to the demands of the government as a client, the key resource provider, whose funding is gradually declining, while the market is expanding in the private sector also, perhaps more than the government, because of growing environmental consciousness and regulatory requirements. The increasing demands for ITRC expert services can be it either directly or indirectly.

The instructor would quickly realise the inappropriateness of the conceptual framework given earlier, which is developed from the context of product or commodities while ITRC is primarily a service organisation. The product can however, be equated with the type of pollution and market with the source of pollution. For example type of pollution in cities is primarily air pollution out of smoke emitted by automobile exhaust. Water pollution is on account of improper sewage disposal. On the other hand the water pollution in rural areas is out of application of fertiliser, pesticides, common use of pond water for drinking, bathing, washing etc. There is little air pollution except due to smoke from large petrochemical industries, thermal plants etc. The methods of handling the pollution in different markets may be technologically different. It may be through bringing social conscious through information dissemination, measurement of pollution at source (and other points) and providing anti-dotes, to suggesting long term preventive measures. In each of these ITRC can involve directly or indirectly.

The instructor is therefore, advised to hold back the above framework towards the end, which is a more generalised version for developing strategic alternative.

Q2. Is ITRC geared to meet the expanding demands of changing environment?

ITRC has a vast, exploding market, but too limited infrastructure and (shrinking) manpower resources to exploit (or serve) all the demands. The demands differ in terms of in-house and field activities. For example developing the method of measurements for various kinds of pollution and developing Anti- dotes are relatively high-tech, research oriented, in-house activities. On the other hand, collecting actual samples from different sources, for the purpose of analysis, administering anti-dotes, attending to requirements of industries and other individuals/local body to check pollution it is comparatively low- tech non-research oriented field work. The output of the first one leads to publication of research work in scientific and allied research publication giving professional recognition to the

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scientists. On the other hand, the latter type of activities involves development and manufacture of low-tech "KITS" (which also provides opportunities for revenue generation), and handling socio-political and legal engagement required for the purpose.

The latter type of activity may not provide as much a professional recognition as the former one. Besides, it is not possible to carry out the second type of activity whole heartedly by people having "research" orientation. Indeed, any pressurisation may be counter-productive, in the sense that scientist may not be able to carry out the second kind of activity in a business-like manner, but in the process they may lose the scientific orientation, or may feel frustrated on account of losing out rewards to others (who focus on revenue generation), due to their failure to live up to the expectations in performance evaluation in terms of revenue generation.

Continuance of the emphasis on only research, is on the other, fraught with the risk of ITRC unable to take up meaningful research work on account of resource crunch. The management, thus, faces the dilemma of retaining the scientific makeup of the organisation, which remains its key strength for exploiting the growing market. Indeed, the challenge lies in acquiring/ developing newer administrative strengths of increasing its pollution handling capacity, the field side with market orientation for an activity to be run on business line, rather than "reforming" the scientist to be business men also, both in qualitative as well as quantitative terms.

This also provides a challenge to structural changes necessary to manage the change equation which is inevitable with the change in bases of power (scientific achievement e.g., no. of papers published vs. business achievements, i.e., revenue profit generated).

Q.3. How can ITRC cope with the situation?

Given the fact that there is an exploding market, the organisation may opt for the expansion rather than stability strategy, so as to retain its leadership position in the field. However, it may be seriously constrained on account of three factors, namely the increasing resource crunch, the risk of losing scientific makeup of the organisation and the ban on recruitment.

To meet the challenge imposed by these constraints the organisation has to acquire newer strengths of marketing its services at large scale. The data indicates that there may be no difficulty in generating revenues to cover such cost and perhaps generate some surplus also. To overcome the other two problems, the organisation may create a separate, sister concern which deals with field administration jobs i.e., the large scale handling of

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pollution checking and control business. The scientists may remain in their traditional activities with a little increased emphasis on application side. The sister organisation may be a business organisation sharing the profit on say 50-50 basis with the "research" wing of ITRC, which shall allow investment in research work. It may be worthwhile to identify the scientist having pure research, applied research and commercial orientation/ aptitude and interests. The latter may be transferred to the commercial organisation.

This will also require independent performance evaluation systems for the two parts of ITRC, development of appropriate, accounting system for business wing, and acceptable transfer pricing system.

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Case Synopsis

The case describes a series of perceived penalties that a professors who served an institution for a over two decades, assuming various institution building responsibilities. However, it also conveys in passing how the institution misses out number of opportunities in the process. The cases then raises question on how all this happens without any body realizing this. Finally it leads to important issues in corporate governance.

The cases title it kept somewhat misleading so that the issues in corporate governance do not become obvious right away instead of emerging through class discussion to make one realize the issues as quietly they take place in the organization.

Objective of the Case

1. To illustrate the governance issue of a public sector organization.
2. To illustrate how inadequate governance can lead to tremendous loss of growth and development opportunities for an organization.
3. To highlight how the institutional leaders can get away after damaging the orgsnisation if the governance system is inadequate.
4. To elucidate how this happens in a subtle manner without anybody even noticing it.
5. How the change agent are gagged in an organization to deter them from effecting change that create challenges of implementation for ill-prepared leaders

Use of the Case

The case study can be used for a 1 ½ hrs session towards end of strategic management courses in MBA programmes.

It can also be used for management development programmes on corporate governance and strategic management, especially governance of educational institution.

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Case Analysis

Q1. How many rewards(!) he got?

1. Deferment of Increment date
2. Non-fixation of pay as per deputation
3. Wrong fixation of pay
4. MCDC @
5. Not sent abroad when selected
6. Transport
7. EIMC @
8. Travel Expenses
9. Xeroxing
10. Transport
11. IIML Case Series
12. Book
13. ARP @
14. FDP Centre @
15. SM Teaching
16. SM Training
17. Conference 1994, 1998
18. SMF @
19. Collaborations @

If one prepares a list ramblings by Dr. Chatterjee, it may cross a dozen. Some are genuine and long term penalties, some are comparatively less or compensated.

Fortunately penalties did not deter him from trying and losing new ideas and occasionally implementing them. This all did result in some experience that led to his getting opportunities to play bigger roles as one would tend to believe. Else he would not have continued to be there for 25 years.

Q2. Did Institute lose anything?

1. MCDC
2. EIMC
3. ARP
4. FDP Centre
5. SMF

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6. Collaborations

The Institute lost lot more. If it had created MCDC, it would have been marked ahead of all other institutions in meaningful internationalization. Its contribution would been lot more if it had accepted and created EIMC whole heartedly, If it had implemented the perspective plan ti would have been providing 25 faculty (which would have been enough to establish a new Institute every year. It is had implemented academic resource park, it would have been galvanizing efforts to meet the course material requirements of various management institutions of the country. It would be a signal contribution of an institution single handedly, which would have perhaps made it not one among but the leader institution.

Q3. How this all happened?

From the case data it look the Board of Governors was not following up the progress on the decision taken by it on developmental issues. Perhaps it was too much bogged down with mundane routine matters more or perhaps the Board members were indifferent to the roles they were supposed beyond attending occasional meetings indifferently. How else they could just these major lapses. There is a provision to present action taken report on decision taken in the previous meetings. Since mostly Board members don't attend all the meetings and are substituted every 3-5 years, they often are unable to keep track of developmental issues.

It can be corrected by regular monitoring of inconclusive action in every Board until the action taken is complete or it is consciously and decision dropped with a resolution to that effect.

The Governing Board could have also impressed upon creating a stron Planning and Development department exclusively focusing on shaping the future of the Institute

Q4. Can MHRD do something?

Yes. It can monitor the attendance of various members and advise them of their roles. Online web-based systems are possible now for monitoring the presence.

The MHRD can also advise the independent Directors to record the specific contribution they have made in every meeting and monitor the

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same. This will ensure that Board Members play a meaningful role in governance of the Institute.

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51 PROMOTING EXCELLENCE (A) & (A1)

51.1 Case Synopsis

The case describes the introduction of Higher Academic Grade (HAG) scale in IMX institute of Management, (established by Government of India through Ministry of HRD (MHRD), as an autonomous body), as a part of pay revision under sixth pay commission. MHRD had introduced the scale to promote excellence by prescribing performance as mandatory condition, and notified that the scale be introduced w.e.f. 18.8.2009. The Institute appointed a Performance Review Committee (PRC), which developed elaborate performance evaluation criteria and evaluation system, but introduced the scale w.e.f. 1.10.2012 (more than 3 years later from the date notified by the MHRD)

The case gradually unfolds to indicate over half a dozen mistakes in the introduction of HAG scale. It later turns out these were not mistakes, but a part of major manipulation by the Institute, hoodwinking the Board of Governors (BoG) and in blatant violation of three major notifications MHRD in letter and spirit, raising questions on the use of autonomy by the autonomous institutions.

A little more prodding can lead the discussion to conclude that the very scheme of performance evaluation is not for promoting excellence but a fancy, elaborate tool to perpetuate mediocrity, defeating the very concern of GoI for introducing the scale.

The case highlights how a nice policy can be manipulated by vested interests while implementing the same, to derail the policy. The analysis also leads to serious questions on the competence and ethical behavior of some faculty members, director and some board members. The case also illustrates how similar or even ***better results can be achieved without being unethical***, if both the ***heart and mind are used*** in top management decision making rather than mind only.

The class discussion has to be lead slowly and gradually to illustrate how the government policies are manipulated in a subtle manner to show “all is well and wonderful”, while the policy is being thwarted, leading to opposite results than envisaged.

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51.2 Objectives of the Case

The case can be used to illustrate the following:

1. How a well- intended policy gets derailed during implementation.
2. How vested interests manipulate the process to do so for petty personal interests.
3. How they do it in a subtle manner, hoodwinking the controlling authorities as high MHRD.
4. How some faculty members/ boards/ directors of autonomous bodies, who demand more and more autonomy, work incompetently and indulge in unethical behavior with impunity.
5. How the above can be contained.
6. The role of ethics and heart (than mind alone) in managerial decision making for win-win situation for all.

51.3 Case Analysis

Case (A)

Q1. Why MHRD had introduced the scale?

A1. MHRD seems to have introduced AGP of Rs. 12000 (later HAG scale) to promote excellence by rewarding performance (like a promotion) that is why it restricted it to 40% (i.e., to top 60%) of professors. It even prescribed criteria for performance evaluation. It was not to be given on seniority (alone).

Further, it prescribed minimum six years' service and performance was to be evaluated for the entire service as professor (not just six years). Therefore the performance had to be evaluated in the same way as it is done in case of promotion.

Q2. What is consequence of changing the date of implementation?

A2. The consequence of implementing the scale w.e.f. 1.10.2012 was that all the professors who were qualifying for HAG scale on 18.8.2009, lost arrears of 3 years, due to seniority consideration.

Moreover, the senior most faculty with 22 years' service as professor was denied even consideration for HAG scale, which

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also resulted in life long penalty of lesser pension than his juniors (we can conclude on the point after scrutinizing his performance in case A1)

Q3. Is Institute right in changing the date of implementation? Why?

A3. (i) It does not seem to be right, because of the two reasons given above.
(ii) It violated MHRD notification on date of implementation.
(iii) It did not seek reconcurrence of MHRD, which had approved the Performance Evaluation Scheme subject to the condition that government rules be followed (see ii above)
(iv) The decision resulted in denial of natural justice against Prof. Pathak, which is violation of fundamental right.

Q4. Have there been any other mistakes in implementation of HAG scale?

There have been several (11) other (is it 11?) mistakes-

(v) Juniors assessing the performance of substantially senior colleagues.
(vi) Candidates themselves evaluating performance of others (conflict of interest).
(vii) Not considering performance of the entire period of service as done in the case of promotions.
(viii) Weights are somewhat arbitrary. Some items given more / less weightage in Performance Evaluation Scheme than the Workload Norms.
(ix) Criteria useful for work of Assistant/ Associate Professors applied to Senior Professors, who are supposed to help and guide younger colleagues, initiate new activities/ augment existing ones etc. The criteria used will perpetuate people continuing with existing role than developing for higher level responsibilities.
(x) Qualifying criteria are minimum workload norms, not for excellence that is why everybody in the seniority list qualifies.
(xi) There is no penalty for not sustaining the performance once a person get HAG scale.

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(xii) Performance criteria more stringent for those who are selected for role of Chief Executive of National Institutes.

(xiii) A significant item like the award of HAG scale was put up in the Board meeting as last minute any other item with the permission of Chairman, depriving many independent members an opportunity to peruse the issue and respond.

(xiv) Beneficiaries present in the Board meeting for approving their own case.

(xv) Pay revision which had to be applied with retrospective has been applied with prospective effect (1.10.2012) and new performance evaluation criteria (which should have been applied with prospective effect) has been applied with retrospective effect.

Q5. Do you think the contention that "if the date of implementation was not changed then a junior will supersede a senior professor" is true? Is the reality opposite?

A5. Reason forwarded to Board by the Director for shifting the date of implementing by 3 years (i.e., "some seniors will be superseded by juniors) is counter to facts (senior most faculty member superseded by junior). If two senior most professors were losing even after over 20 years of service, why such a concern for **some** others and accommodating them by shifting the date of implementation?

Q6. Was PAC Committee trying to save Prof. Pathak's honour by shifting the date of implementation to his post retirement period?

A6. At this point it is difficult to make a conclusive comment on the point for want of relevant data. But a glance at exhibit 5 indicates that with so many firsts, he may not be a very poor performer. One may think that the Committee had the concern to save his honour by subjecting him to scrutiny of performance.

Three facts however, question this proposition. Firstly, another senior colleague, Dr. PP was not shown any such mercy and pronounced "not meeting performance criteria". Secondly, in the PRC committee report of Aug. 2010 itself had floated the idea of shifting the date of implementation, well before even MHRD shifted date to 18.8.2009. Thirdly, PAC Committee in its report

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of June 11, 2012 had made an unwarranted assumption that the recommendation would be implemented with prospective effect, not with retrospective effect, which is counter to sixth pay commissions (and all the pay) revisions and general practice, which the members knew well.

Q7. Who all would have got HAG scale by Oct. 1, 2012 if the same was awarded w.e.f. 18.8.2009 in view of exhibit 6?

A7. A cursory glance at exhibit 6 shows that as on 18.8.2009 there were 25 professors and only 10 (40%) of them with HAG scale. Which means that (with Prof. PP declared deficient), up to Prof. BKM would get the scale (including Prof. Pathak). If Prof. Pathak does not get it, up to Prof. AB will get it. Prof. Mukri won't get on 18.8.2009 and will be eligible on 18.11.2009 when 4 persons get professorship. But then will get junior to Prof. BKM /AB.

The position would have remained same even on 1.10.2012 (although Prof. Pathak, JKD and SN retired/ resigned and thus total number of professor is reduced to 26), because HAG scale once awarded can't be withdrawn. This is same as what was approved when the date of implementation was shifted to 1.10.2012.

Indeed if Prof. Pathak was given HAG scale on supenumerary basis, or also found unsuitable, not only Prof. Mukri but even Prof. SSI would have got HAG scale on 18.8.2009 itself.

Apparently thus, the Professors who got HAG scale would have remained same whether the HAG scale was awarded on 18.8.2009 or 1.10.2012, as mentioned by Prof. Pragyan in his letter.

Then why the date of implementation was shifted?

If some one or two Professors from sl. No. 3-9 were also found deficient, then HAG scale would have been awarded up to Prof. SN/ NKG, and thus those Professors would have become junior to not only to Profs. Mukri and SSI but may be even to Prof. SN and NKG if the latter were qualifying on various criteria.

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None of the deficient professors will get HAG scale even when Prof. SN retires in July 2012 as total no. of Professors would be 27 (30-Prof. Pathak- JKD-SN) and only 11 will be eligible. But up to Prof. Mukri (or SSI have already been awarded HAG scale. They won't get it even after Prof. NKG retires as number of professors would drop to 26 and only 10 will be eligible.

Thus if the HAG scale was awarded on 18.8.2009 and one or two of Professors from sl.no. 3-9 are found deficient, they won't get it even on 1.10.2012 and have to wait until some more persons are promoted as professors, which happened on 21.12.2013.

But if the scale was awarded on 1.10.2012 (by which time they have overcome deficiency), then there would be 28 professors and 11 will be eligible. Thus he won't become junior to Prof. Mukri or SSI. Indeed, the PAC Committee had ***again lied*** to recommend that up to Prof. SSI could be covered, by maintaining that there were 29 (not 28) professors as on 11.6.2012 and thus 12 professors could be given HAG scale. This was their way of resolving the crisis so that there is no noise by Prof. SSI who was tied in seniority with Profs. BKM, AB and Mukri. However, the Director corrected the statement in his note to the Board given in exhibit 8.

Who knows this? Only the PAC Committee members; two of them Prof. Charlu and Prof. DRR are also candidates. Is it because any one of them was also found deficient on 18.8.2009 and OK by June 11, 2012 that the date of implementation was shifted on the argument that "if the date of implementation is not shifted some seniors will become junior, and that would create serious anomaly"?

Only the data on performance of professors on 18.8.2009 and on 1.10.2012 can reveal the story.

But by shifting the date for accommodating a deficient (incompetent) professor, all others who were eligible along were penalized, besides Prof. Pathak who also perhaps got shot in the process, being worst hit as he loses on pension also.

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Q8. Was Prof. Pathak really incompetent and deserved the treatment?

A8. Data on Prof. Pathak's performance (see exhibit 7 A and B), indicates that he was not so incompetent to be denied the scale, if it was applied w.e.f. 18.8.2009. He qualified on criteria A1, A2 and B, both if performance was measured on six years' average 1998-2004 or entire 17 service as professor since 1987 to 2004 (he was on leave granted by the institute from 2004-2009). The point is buttressed by his performance when he returned in 2009 and before he retired in 2011. His performance was surely not less than Prof. PP who was awarded HAG scale on superannuation. If the HAG scale was awarded w.e.f. 18.8.2009, he would have got it at least on superannuation in 2011 and not lost on pension also.

Q9. Comment on performance evaluation scheme given in exhibit 2.

A9. There are two aspects in the question. One, the suitability of the scheme for promoting excellence. The other aspect is how it has been introduced.

On the first aspect, the scheme is well intended, impressing upon performance. But the fact that all who met the minimum workload norms (criteria A1) have got HAG scale. Even those who were not qualifying, got it in the first instance itself, by shifting the date of implementation.

The scheme considers performance only for six years (A1), that too only at a point of time. If a person ***does not continue to perform nothing happens*** to him (Dr. Bisaria's point is contested here see last para of exhibit 11 on page 26) as has been the case of Prof. PP after he got appointment as professor in 1986.

The second deficiency is that it perpetuates the professor's role as a middle level professor. It does not consider role that senior professors should play in building the institution, like faculty development, literature/ course material development, organizing research based conferences on contemporary themes/ emerging issues, launching new programmes, sparing time for

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development of management education etc., which are pretty time consuming compared to routine teaching/ training, guiding trainee researchers etc. Indeed it penalizes those who engage in such activities by not considering them under criteria A1 and B. Why would a person spend time on these activities? Institute may be passing resolutions after resolution but nothing will happen.

The scheme consider six years' performance is tilted towards criteria which are applicable w.e.f. 2003-04 onwards as new activities like FPM in place, increase in size of PGP etc. thanks to the pains taken by "senior professors" in long formative years.

The criteria for reward (HAG scale) are not given when the game started but developed after the game is already played (as happened when sports persons are showered awards post-olympic.

The other aspect is how the scheme is introduced. It is introduced with a delay of 3 years, thus ***depriving performers and awarding the deficient ones.*** More importantly it is awarded to super annuating persons without considering performance at all. Nothing more could perpetuate mediocrity.

Q10. As member of the Board what course of action Mr. Bishnoi should follow?

A10. As Member of the Board, the least one should do it to get the facts verified, whether the scheme has really been implemented wrongly, resulting in only the senior most faculty member denied HAG scale, despite reasonable if not outstanding performance. If Prof. PP could be given the HAG scale on superannuation, Proff. Pathak also needed to be treated accordingly.

Q11. What action Prof. Pragyan/ Prof. Pathak should take, if Mr. Bishnoi does not respond?

A11. Prof. Pragyan and Pathak could take the matter to court or media. If Prof. Pathaks performance was good an he really qualified on various criteria. However, it will surely bring the institute to disrepute. Whether Professor Pathak would like to do it against an institute for which he has done so much to bring up from

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scratch, will be decided by his feelings for the institute. They can surely bring the matter to knowledge of the Chairman of the Board.

Case (A1)

Q12. Was the issue resolved by changing the date of implementation to Oct.1, 2012?

A12. The issue of inter-se seniority seems to have been resolved, but a cost of

(i) Justice to all the professors who were qualifying on 18.8.2009 itself but awarded HAG scale 3 years later (losing seniority and arrears for the period).
(ii) Justice to Prof. Pathak, who lost most despite sustained good performance over a period of 25 years.

But the more significant outcome of the action is the message it sends. A person who sincerely follows advice of director, takes up activities/ initiative in direction the Board wants the institute to grow, helps youngsters by vacating courses he established, move in uncharted waters to create path for others is penalized by manipulation.

Will institute grow to take up new activities by killing such change agents?

Equally important is the casualty of performance enforcement with people being given HAG scale as a gift on superannuation, thus defeating the government policy in letter as well as in spirit, losing one time opportunity bestowed by the government to work towards excellence.

A point that may go un-noticed is the initial premise made for assessment that the PAC Committee had to decide the date of implementation because "the decision of Board and MHRD were silent on the issue". Was it so? Exhibit 12 rebuts such contention where the MHRD notification was brought to the notice of all by the Director vide his circular dt. May 16, 2012, just 25 days before the PAC submitted its report. ***Why did the Committee lie***?

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It had two finance professors, two Deans and FA-cum-CAO, some of whom had been Chairman and member of Board's Audit Committee. Did not they appreciate the implications? Hey did it just save seniority of some deficient professor at the cost of injustice to so many. ***How many more lies they might have been making as Deans and other responsibility holders.*** Can the Institute trust them? Is the Institute safe in such hands? Can they be role model and given further responsibility like Director? Can they continue even as professor?

Q13. What had led to the "zero sum game" situation? What could be alternate course of action?

A13. The problem surfaced due to force fitting performance criteria developed (especially B) in 2010, (based upon new workload norms enforced strictly since 2004-05) for measuring the performance retrospectively. It suits for the period 2006-12, but not to the performance in the prior period, when the context was different.

Introduction of performance criteria has origin 6th pay commission based pay revision, which introduced AGP of Rs. 12000/- (later HAG scale) which was to be applied w.e.f. 18.8.2009. If it was done w.e.f. 1.1.2006 when the pay was revised in 2009, many people might not have qualified on stricter criteria (see exhibit 13). That is why in August 2010 itself the PRC had indicated introduction from "another date as the Board may decide", which got shifted to 1.10.2012.

The best thing perhaps would have been to apply the criteria on performance measured from 2005-06. The HAG scale could have been given on seniority basis w.e.f. 18.8.2012 and later (2012 onwards) on the basis of performance measured on new criteria. The case of Prof. PP and Pathak could have been taken up separately on one time basis.

Prof. Pathak could have been considered on supernumerary basis as provided in the PRC scheme approved by the Board and MHRD, if the Board found his performance OK.

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If this was done HAG could have been awarded up to Prof. BKM on 18.8.2009. On 18.11.2009, the number of posts would be 12 (40% of 29) and thus up to Prof. Mukri would have been covered, what actually happened when scale is awarded on 1.10.2012. Thus it would have benefitted all the faculty members.

But will this be acceptable to Prof. SSI whose performance seems to be OK and is tied in seniority with Prof. Mukri? He can't get it even on 7.02.2012 or 21.8.2012 (i.e., before 1.10.2012), when the number of faculty would be 28 and eligible will be 11.2 (rounded to 12). He will be eligible only on 20.12.2013 when number of full professors goes to 32 and available post will be 13. He will thus be junior to BKM, AB and Mukri by 4 years, while he became professor along with them. Board may consider and award him also along with Prof. Mukri w.e.f. 18.11.2009 as a ***onetime case*** to remove anomaly. In any case this was done to accommodate Prof. PP (which became a spontaneous policy decision for future as well). This would have benefitted all.

If this was done,

(i) MHRD notifications would not have been violated. The Institute would have given HAG scale on 18.8.2009.
(ii) There would have been no loss of any kind to anyone.
(iii) The Committee members would not have make a wrong statement (that they did not know date of implementation)
(iv) Director had not given wrong impression to Board regarding loss of seniority to anyone.
(v) HAG scale would not have to be given to candidates declared deficient due to inappropriate application of performance criteria.

It would have been win-win situation for all.

The award of HAG scale on superannuation should be given on the longtime service basis (not as a routine), provided a persons has done minimum work under A1 criteria and has been denied HAG scale due to 40% limit. If it is given as ex-gratia, it should

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be for longer service at least 10 years or so not minimum service basis.

Why such decision don't occur to the committee? A lot depends up on the role heart plays in such decision situation. If people emphathise with seniors these solutions will occur to them. If not, decision will be taken to favour some even if it makes all others lose.

Q14. What changes in the performance evaluation scheme may be necessary to help the institute moving towards excellence?

A14. Besides the above, the performance should be measured and HAG scale should be continued on 6 years rolling average basis on criteria A1, so that post HAG scale award the performance does not drop as used to happen earlier. If a professor fails on this for 3 successive years, HAG scale should be suspended till he improves and a vacancy arises. Failing this he may get it at the time of superannuation.

Q15. Comment on the review by expert Board member, Chairman of the PAC (see exhibit 11)

The Expert Board members Dr. Bisaria has made some important comments which seem to carry weight in Board discussions.

First he mentioned that since he did not have information he was not able to comment on implications of change (shifting) the date of implementation. But it is difficult to digest that an experienced person like him could easily visualize that at professors' age many people are old and might have retired. Especially to note that Prof. Pathak's mention is missing in the discussion, who had been with him in PRC and known at Board level. If he had brought this point, Prof. Pathak's case would have come to notice of Board members and the latter would have got HAG scale on merit (qualifying on criteria A1 and B) or like Prof. PP on superannuation. Or both Prof. PP and Pathak would have been denied. But ignoring his case from the consideration of HAG scale in the name of seniority of a much younger professor(s) does not seem to be just and pardonable.

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The second point he mentioned is that in such pay revision, ”some gain and some lose”. But the point is who gains and who loses. The case does not give full details, but Prof. Pathak’s case does not seem to be even put for perusal and consideration of BoG (as per the provisions of para 2of Modus Operandi given in exhibit 2), due to predisposition towards implementing w.e.f. 1.10.2012. Thus due to deficiency of some professors, may be one or two, all others who were qualifying on various performance criteria, lost their seniority and arrears for 3 years, besides Prof. Pathak who seems to qualify under above mentioned clause of exhibit 2)

The Expert also Prof. AKJ’s argument of seniority, but at the same time endorses 3 year’s delay in implementation purely on the seniority considerations of junior professors. Perhaps a better option would have been to give HAG scale on the basis of seniority and on performance basis after six years from 2003-04, when new workload norms were applied.

The Expert also under emphases text book publication. This may adversely impact on literature development for teaching and training rightly emphasized in the vision of the institute.

Q16. Comment on exhibit 14.

Exhibit 14 gives letter of Prof. Pathak to the Chairman. What did it say? Pointing mistakes (which turned out to be lies, seeking justice for all who lost because some deficient professor was to be accommodated, pointing out that the Committee members neither had heart (to understand the sensitivities involved), nor mind (not to speak lies, search for better solution that benefits all), and asking to probe the issue and take corrective action. What is wrong in it? Who is Prof. Pathak, a person who himself had been head of a sister institution and understands the importance of probity in public life. He won’t write to Chairman if he did not feel something has gone wrong. And it turns out that he was not wrong.

Chairman seems to handle issues by favouring and does not like someone who points out mistakes (there were several, more than a dozen mentioned in answer 4).

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Q17. Has Prof. Pathak been discriminated? What are its ramifications?

A17. Prof. Pathak is a loser, but whether he has been discriminated is difficult to say. The data was taken from the Deans' offices. It was not cross checked with Prof. Pathak as done in the case of Prof. PP. Some data was given by Prof. Pathak to the Director in his parting letter of June 2011, which is indicative that he was not abysmal performer.

But the contention of the PRC Committee that the Committee had to assume a date of implementation because "the decision of BoG and MHRD are silent on the issue" is negated by the circular of Director on May 16, 2012 (see exhibit 12). This raises doubt on the basic assumption and gives an impression that Prof. Pathak was discriminated.

The ramification of omission or denial of HAG scale to Prof. Pathak are several. The professors would continue to stick to their eggs and would not take their neck out for new activities (which are time consuming till they stabilize) and be comfortable with present activities. How then the institute would grow to excel, which means surpassing the past performance. The institute may remain successful as a good institution but not become an excellent one, or good one on sustained basis.

Also, the elder professors would not sacrifice for youngsters to help them grow. There will competition between child and father. Youngsters will then not have any concern and respect for seniors. Whether that will be a desirable option, the institute will have to decide.

Q18. Comment on the reply of the Chairman to Dr. Pathak's letter.

The reply of Chairman is unusual. He is sour over the tone of the letter than focusing on serious matter being brought to his notice; Committee members, Director misleading the Board, injustice being done etc. He was contemplating some way to help Prof. Pathak (which he was not asking) and leave the matter to be settled as per rules (that Prof. Pathak was asking), which of course did not get attended.

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If the issue of HAG scale was introduction was regularly monitored in Action Taken report, 3 year's delay might not have taken place. If a policy matter was not allowed to be taken always as last minute as "any other point with the permission of Chairman", some other Board members (who were not present in the meeting) might also have applied their mind and suggested some other course of action, and mistakes as discussed above might not have occurred. Lastly he should not have allowed the beneficiaries to attend the Board meeting during such discussions.

The Institute should also have taken care to guard against many mistake listed in answer A4.

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53 ACADEMIC RESOURCE PARK

53.1 Case Synopsis

The case describes a situation of an aborted initiative in a management institute. The Director of an institute requests a professor, through an office order to start an Academic Resource Park as desired by the Board of Directors of the Institute. The Professor, although inclined to assume the responsibility, stipulates certain conditions for accepting the offer. Then director does not respond and the initiative fails to take off.

53.2 Objectives of the Case

The key objectives of the case are:

1. To illustrate the organisational barriers to change.
2. To explain the process of loss of opportunities for growth and diversification.
3. To illustrate how such loss of wonderful opportunities are not even realised and growth of the organistion gets hampered.

53.3 Use of the Case

The case can be used for final year post graduate courses in management/ executive development programme on

1. Management of Change
2. Strategy Implementation

53.4 Case Analysis

The instructors can conduct the case discussions using questions given at the end of the case.

Q1. What was the purpose of Academic Resource Park?

This question is very important and we will return ones again to this at question number 4.

ARP was a significant initiative with a purpose that was of a great national relevance, i.e., developing and disseminating course

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material to meet the growing and emergent requirements of the management education.

The course material that is developed within the country would be embedded in the socio- cultural context of the country. It would be more relevant to meet the needs of the country, meaningfully, and substitute/ compliment the literature available elsewhere in the world. The exercise of course material development is also a powerful exercise for faculty development, in terms of enhancing domain knowledge and clarity, and in identifying issues for research to bridge the gaps in literature. Low cost will be an added benefit.

The instructor can gradually lead the discussion to force field analysis by helping participants understand the facilitating forces (support of the Board) for introducing change, the felt need for change in an important stakeholder. The next question will give plenty of restraining forces.

The participants may be asked whether an office order was not a powerful facilitating force (power strategy), but it would soon be realised that the same is not effective enough as it lacked commitment (discussed later). It would also be noted that power strategies are not effective all the time. (see discussion on Q4.)

Q2. Why Dr. Bhajan regretted his appointment as Chairman, Academic Resource Park?

The answer to this question lies in the reply given by Dr. Bhajan and his remarks at the end of the case. His points indicate many barriers to change (instructor can elaborate more depending upon the time available) as given below:

1. Lack of change climate.
2. Lack of clarity on motivation policies.
3. Deficiencies in organisation structure (delegation of authority), for new initiatives..
4. Lack of accountability for non-performance.
5. Improper resource allocation process.
6. lack of skills.
7. Resource constraints
8. Inappropriate leadership style.

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9. No control over the Director for flouting rules and getting away..

Thus in strategic management framework, the barriers to change were in terms of physical resources, organisation structure, systems and policies, skills, staff motivation, leadership style and the shared values. With all the 6S (of McKinsey's &S model) and physical infrastructure working as constraints (restraining forces) how could the strategy (ARP) be implemented successfully?

These powerful barriers to change could not be overcome only through just formal approval of the Board and issue of an office order by the Director.

Q3. If you were the Director, what course of action you would have taken?

It is true that not all the conditions/ demands put forward by Dr. Bhajan could be straightaway be accepted. But many of them needed a careful consideration, without which the ARP could not work. Physical facilities were one of them. His grievances too could be looked into. Most of them looked genuine and could be examined for facts and accepted/ corrective actions taken accordingly. Dr. Bhajan himself seemed to be amenable to it. He could have called Dr. Bhajan and explored what all could be possible.

Indeed he could have explored possibility with other faculty members also. But it is doubtful that any other person was inclined to accept the responsibility, else Dr. Bhajan could not have asked the Director to do so.

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Then there was also shelter of the Board, which could be used as necessary for corrective action. Indeed some enthusiastic Board members could have been requested to extend a helping hand. There seems to be need for creating a planning and development department manned by a person with futuristic orientation as head.

But the moot point is whether the Director himself was interested in the initiative or wanted only a formally to be completed for the purpose of informing the Board that action has been taken.

Q4. What was the final outcome? What are its wider implications, if any?

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The final outcome as obvious is that the ARP was a non- starter. A novel and noble initiative got killed ab-initio. The wider implication is that the country missed an opportunity to develop high quality course material, to support management education.

The other implication is more serious. The director got away without implementing new initiative that Board had approved. It is an act of Director totally ignoring Board's instruction and Board is not responding.

What does it imply? This may not be limited to this initiative. One does not how many such new initiatives might have been killed, as there seems to be no mechanism to know it. The Director(s) might have ignored many other academic agendas approved by the Board and made the institute lose out wonderful opportunities to help management education and emerge as an institute of eminence. What is then the purpose of Board giving approvals?

Q5. Whom do you hold responsible for the same?

Prima facie, the Director seems to be responsible for ARP becoming a non- starter. But one may ask as to how the Director could get away, ignoring the Board. Was there any deficiency in the functioning of the Board itself? How could the Board miss ensuring implementation of a noble initiative? Did action taken report not indicate the same? Or there was no action taken report on the decisions taken by the Board from time to time?

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54 MANAGEMENT CASE TREE FROM BARCELONA

54.1 Case Synopsis

This is an interesting case that narrates a series of 20 new initiatives by a faculty member, over a period of 20 years. Each one of them was significant one and first ever for himself/ his institution/ his country. Each one was different in nature. Some of them sustained, but most could not. The case illustrates how wonderful opportunities are lost in developing countries due to the socio- cultural context of the organisation and the country that shapes forces working for and against the new initiatives. The case is written in a building block manner, not every issue is addressed in the same case, but several short cases are embedded in the first case, so that it is easy for the instructor to conduct this complex case in a controlled manner. Although the case has the background of an academic institution, but it captures the issues of a typical public sector, government promoted autonomous body.

The case is in the form of a power point presentation and powerfully impacts on the audience. The add-on cases are available separately through hyperlinks.

54.2 Case Objectives

The case illustrates:

1. The exploration of opportunities.
2. The role of "initiative" in creating the opportunities
3. How an organisation loses emerging opportunities to build strengths and diversify.
4. The power of strategic alliances and the limits thereof.
5. The benefits of case writing.
6. The add-on cases are useful for illustrating various barriers/ resistance to change.

53.3 Use of the Case(s)

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The case(s) can be used for the participants of final year MBA and the Executive/ Faculty Development programmes as a part of courses on

1. Strategic Management
2. Management of Change.
3. Case Writing.

The case has been given trial runs in all the above programmes.

54.4 Case Analysis

The instructor can start the case discussion by first playing the power point presentation and then guide the discussion using the following questions (given at the end of the slide show).
The case has been conducted in PGP course to inspire students to take initiative and impress upon the point that they can play a significant role in the society. It can be preceded by the case "do we matter" (the latter being a useful one for introductory session in any of the above mentioned management programmes). Interestingly was used even for illustrating how seemingly unrelated business at a point of time, were in fact related at one point of time in the history. This happened when the author was discussing a paper "why ICI chose to de-merge" (HBR) in the Mergers and Acquisition course, when participants were not able to appreciate how ICI as a chemical giant had an unrelated pharmaceutical company also. The case brought the point very well how a case writing (Parc Tauli Consortium Hospital A, B, and C) can lead to creation of a professional body in the country (Strategic Management Forum).

Q1. How many outcomes were listed in the Management Case Tree during 1991-2010-11 period (question should be asked after minimising the slide show)?

The participants would guess a few. The instructor can help probing. When the participants come close to 20, he can maximise slide show, and make participants realise that indeed there were 20 outcomes. The instructor should minimise the slide show again.

Q2. How many outcomes were repeat ones?

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After a minute of silence, the class may come to conclusion that indeed none of them were repeat ones. They were all different.

The Instructor may then ask how many years these outcomes spanned over. The participants may not remember. The Instructor may show the first slide, which indicates the period 1991-92 to 2010-11, i.e., 20 years.

Then instructor may then ask the class whether it was true that there were 20 different/ new outcomes over 20 years. If the class responds "yes", he may ask whether 20 new initiatives over 20 years are possible for one person. The may tend to agree. Once this point is reached, he may ask "should not one try to take initiative and try to do at least one new thing every year and continue to innovate year after year? This will buttress the point that everyone can matter a bit, if he decides to do so life long.

Q3. If so many outcomes are possible from writing one case, why not a case yourself?

This case brings home the importance of case writing for a faculty member. In passing the instructor may point out how useful case writing is for the participants (show slide no).

The instructor can stop at this stage, if the case is being used in a Executive Development Programme and discuss the case writing as an analytical use for improving one's decision making, by converting a critical, biting decision making situation into a case form, to analyse the decision situation peacefully and dispassionately as a case writer.
Once he does so, there is a better understanding of the situation for analysis and decision making. This is so because all the situational analysis he would be doing implicitly earlier, will become explicit, will all the relevant points that need consideration come on a piece of paper, with gravity of situation and importance of every point described on the paper. A clearer understanding of situation described on a piece of paper in a peaceful and dispassionate manner may open up even new ideas and alternatives to solve the problem. The executives will now be better prepared to face the problem and be more clear in terms of course of action he could/ should follow.

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Q4. Does the above description (20 outcomes) capture the magnitude of achievement?

At the first glance it may look "yes it does", but really it does not. Each outcome is quantitatively and qualitatively different. Writing a case is one thing, but designing and conducting a full new MBA course/ Executive Development Programme for the first time in the country are two very different achievements altogether. Similarly writing a teaching note and making it a research paper giving new model to understand the managerial tasks for successful managers are two different levels of achievements qualitatively. Likewise, getting a case study done from students and seeing it as the first case series of the institute, leading to the first case book of the country on the subject are qualitatively different levels of achievements that demanded different levels of efforts and abilities. Creating a professional body supported by several leading management institutions and getting around 50faculty development programmes conducted in a single discipline over 8 years period (which none of them cold do alone) is a very different feat.

Thus overall the impact of outcome is very different qualitatively and quantitatively than what may be concluded from a number (20)

Q5. Any observation on how these tasks were performed?

The instructor at this point of time may lead the discussion on strategic alliance. A close look will reveal that most of the outcomes from writing a case to conducting management teachers programme) are events of strategic alliance. It also gives an insight into quantum that is possible through strategic alliance. While individual institutions find it difficult to organise even one Management Teachers Programme in a year (for various reasons), together they did almost 5 programmes a year on the average to meet a critical requirement of the country.

Should not the business organisations, of a large country like India, should look forward to internal strategic alliances to meet the emerging and growing requirements of the country, which they are not able to do all by themselves? or find non-viable due to resource

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constraints? There may be plentiful of such opportunities that are getting lost. Not doing so results into neglect of critical services needed in the country, while we continue to cry that the services are critical.

Q6. Is this case a story of success or failure?

This question is very perplexing to the participants. Having been impressed with the slides show, they find it difficult to appreciate the question. They are unable to understand with so many meaningful outcomes, how there could be question of failure.

But with a little prodding by the instructor they will see and understand the loss of opportunities. To do this the Instructor may now use the version 2 of the slide show (without disclosing it), which highlights that there was no second case book, there were only few management teachers programmes, few conferences, one professional body floated. Could there be more? Definitely "yes", if someone in the institute wanted to, and this leads to the next question.

Q7. Are there some other hidden stories in the case?

Yes there are many. Why could not institute exploit the above mention opportunities? Because there were many forces working against the changes implied in each of such initiative most of them were new ones. These forces are referred in the literature as restraining forces.

The Instructor can now use version 2 of the slide show having hyperlinks in many slides. Each hyperlink has a short story narrating what were the problems faced in carrying out the activities. Each story indicates some or the other restraining force or resistance/ barrier to change. Most stories narrate some new factor and some factors that were common to other stories. Each story is a narration of managing a small change, shifting the gears of change to display a large varies of barriers to change. Together they illustrate how the barriers to change make organisations lose out wonderful opportunities individually and collectively.

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This particular case does not allow one see all the stories hidden, as the case can become too lengthy and unwieldy. Some stories are under preparation, but some are available through active hyperlinks links to bring home the points. For these links the Instructors must contact the author. Some of the stories are written in the form of short cases mentioned below

1. Academic Resource Park
2. Power of Check Listing
3. Time Estimates
4. Essence of Case Writing
5. Rewards Galore
6. Research Incentives

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58. CREATION OF A COMPUTER CENTRE FOR TRAINING

Abstract

A part of short case series, this case was written for the participants of Management of Change & Transformation course in Working Managers' Programme (WMP) of IIM Lucknow. This was aimed to illustrate how one can identify opportunities for bringing improvements in his/ her organisation, as a change agent. The case describes how change agents of opportunity are not passive externals but an integral part of opportunity creation process as mentioned in the book "Culture of Enterpreneurship" by (Prentice Hall, 1995).

The case is sequel to similar cases Is Small Beautiful (A, B, C, D)? and the Power of Interior Design (see www.smgi.in/cases/ cases.htm). Put together they illustrate opportunity identification and change implementation in similar way in different contexts, highlighting the use and power of creative problem solving techniques and skills in Strategic Management (strategy formulation and implementation). Used together with the case "Do we matter? (see www.smgi.in/cases/ cases.htm)", they can increase participants' interest and confidence to work as a change agent and practitioner of strategic management, to bring dramatic improvements in their organisations.

Objectives of the Case

The key objectives of the case are:-

1. To illustrate how a manager can identify opportunities to bring improvement in his/ her organisation.
2. To highlight the importance of ability to identify bits of different resources (physical, human and organisational) lying around in the organisation, and
3. Leverage them to create wonderful opportunities.

Uses of the Case

1. The case can be used as a part of Master level courses on Management of Change for 1 ½ hrs session.

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2. It can also be used for Management Development/ Faculty Development Programmes on Management of Change/ Managerial Effectiveness.
3. Together with the cases Is small beautiful (A, B, C, D) and Power of Interior Design, the case can be used as a part of Strategic Management courses, especially to highlight the eclectic nature of strategy formulation and implementation.

Suggested Readings

"Culture of Entrepreneurship", Prentice Hall (1995).
Khandwalla, Pradip, N., "The Fourth Eye", A.H. Wheeler (1984)
Ch.
Cases Is small beautiful (A, B, C, D) and Power of Interior Design (www.smgi.in/cases/cases.htm)

Case Analysis

The Instructor may use the multimedia projector to let the participants read the case (preferably in parts) as many participants don't read even such short cases before coming to the class.

The case provides an opportunity for having a short quiz also, after the students have read the part 1 (page 1). The participants may be asked to draft a suitable reply to the letter from the Head Office. Only few among those (who have not read the full case), may be able to draft reply as given in the following page.

After collecting the answers the Instructor may use the following leading questions given at the end of the case.

Q1. What was the surprise?
Q2. Do you think Mr. Vaishampayan has only tricked the H.O. people to his way of thinking to get the centre created?
Q3. Draw the process of creation of computer centre.
Q4. What lessons if any can be drawn from the experience?

A.1 The surprise involved is that how the computer centre was created at the cost of Rs. 0.6 mn, instead of over Rs. 10 mn. (because many costs were not incurred).

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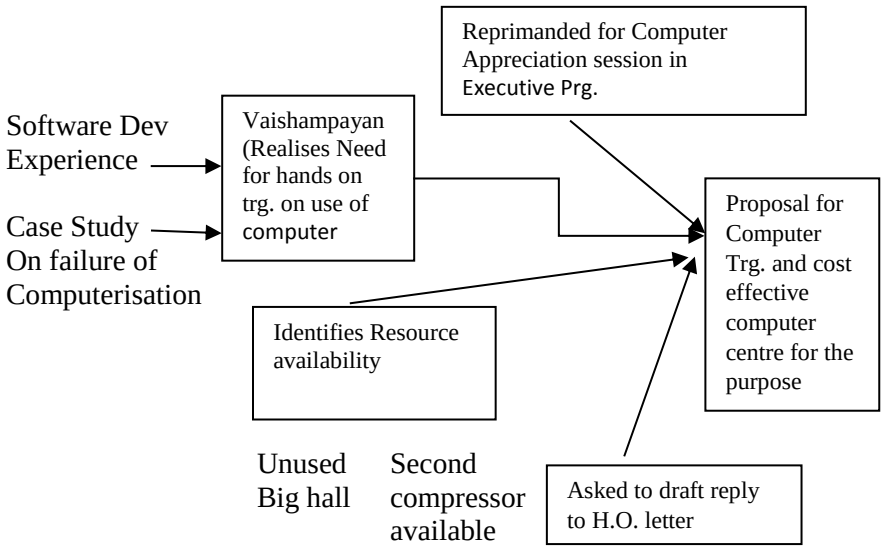
A2. Mr. Vaidyanathan had not attempted to hoodwink the Head Office. He whole proposal was holistic exercises for making introduction of computers in the bank a success (see the case TakshilaEngg. Corpn. www.smgi.in/cases/cases. htm for comparison). Not only the logic was explained, but necessary data is also provided to explain the economic viability.

A3. The process of development of proposal for creation of computer can be depicted as below:-

- The creation of computer centre was not an obvious, one shot, mechanistic process (it could have been very costly as expected by H.O.).
- It was preceded by
  - Mr. Vaishampayan experience in software development.
  - Case study on failure of computerisation in company.
- Identification of two resources (lying idle) by Mr. Vaishampayan.
- Reprimanded for holding computer appreciation session in the programme for executives.
- The trigger comes with environmental change (agreement between Indian Banks Association and Unions)



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Thus the creation of computer centre for training for the first time in banking industry was as much caused by an environmental trigger as the identification of idle resources and idea of leveraging it, both aspects due to Mr. Vaishampayan's past experience and his concern to bring improvement (see case "Do we matter", www.smgi.in/cases/ cases.htm)

A4. The case highlights a critical aspect of creation of opportunity, the role of change agent who sees the environment triggers as an opportunity in light of his ability to use the bits of resources scattered at different places in the organisation which are under or unutilised, and leverage them to convert an environment development into an opportunities, rather than taking them as a threat.

The author has come through variety of such experiences in the industry and other organisation described in the cases mentioned above to give dramatic shifts and leaps to organisation performance,

Summing Up

https://www.youtube.com/watch?v=iKw7GboAVE0

*MukoKahanDhunde Re Bande**Kabir***

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Rise & Fall of

59 KINGFISHER AIRLINE

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59.1 Case Synopsis

The Kingfisher Airlines, acclaimed as one of the finest airlines at the time of its launch in 2005, became market leader in little over 3 years winning several domestic and international awards. However it ran into all kinds of problems and is struggling to survive in the industry. The lessors grabbed the aircrafts and tax authorities froze bank accounts. The company had to enforced lock out as workers went on strike asking for payment of seven months unpaid salary. Oil companies and striking workers forced it to ground all its aircraft and license suspended, banks threatening to recall loans and force liquidation of guarantees.

59.2 Case Objectives

The case study aims to illustrate:

1. The role of financial strategy in the success of a company's corporate strategy.
2. The challenges of strategy implementation in general and merger & acquisition strategy in particular.
3. The managerial challenges of inorganic growth strategy.
4. The challenges of unrelated diversification strategy.
5. Differences between the manufacturing and service businesses.
6. The significance of Mission and Vision for the success of an organization.

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7. The consequences of under emphasis on strategy implementation at the formulation stage.
8. The impact of personal values and background of top management/ promoters in strategy formulation and implementation.
9. Importance of Management Control System for success of corporate strategy.
10. The significance of background of promoters.
11. The role of regulator in the success/ failure of companies in LPG era.

59.3 Use of the Case

The Case can be used in

1. Advanced courses of strategic management in MBA programmes.
2. Management Development Programmes on strategic management, mergers and acquisition.
3. The case can take 1.5- 3 hrs of class discussion for illustrating all the points.

59.4 Suggested Readings

1. Glueck and Jauch, "Strategic Management & Business Policy", McGraw Hill (1986)
2. Krishna Kumar, "Cases in Strategic Management", pp.
3. Krishna Kumar, "Determinants of Ex-post performance of Mergers and Acquisitions" in
4. Andrews, K.R. Concept of Corporate Strategy, pp.
5. Ansoff, H.I. Corporate Strategy, pp.
6. Anthony, R.D. and Govindrajan, V. Management Control Systems, pp

59.5 Case Analysis

The instructor can build the discussion and bring out relevant points using the following leading questions:

Q.1. Trace the performance of the company over the years.

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A.1. The company was launched in May 2005 as a luxury airline with several features like high seat pitch, personalized entertainment, home delivery of tickets, valet services etc. ahead of the competitors and benefitting from the brand Kingfisher which had become an icon of "King of all time". The very look of aircraft distinguished it from others. The business grew and revenue leaped steadily up till 2011 and then declined in 2012 and by the end of the year. The airline was grounded with suspension of flying license in Oct 2012. The market share peaked in 2009 but then declined in next two years, coming to zero in Oct 20th 2012.

However, on the profit side, the company has been negative all along, shooting up to alarming proportion up from the year 2009 onward.

Q.2. Why did the company crash?

A.2. The Airline crashed on Oct 20, 2012 due to suspension of its flying license by the Directorate General of Civil Aviation (DGCA) which got concerned over safety of passengers and frequent cancellation of flights. The DGCA had served a notice to the airline to submit its revival plan which it did not submitted in time. In view of engineers on strike, the flights could not get air worthiness certificates. With pilots going on strike, the flights were cancelled frequently and airline refusing to accommodate the passengers.

The engineers, pilots and other 3000 employees were agitating for payment of salaries for over seven months. The company declared a lock in response to the strike. The DGCA, the Ministry of Aviation and leaders of the opposition political parties were all upset because the airline was not putting proper survival plan to ensure cooperation of employees along with agitating staff. The DGCA could not expect sustainable operations, the sentiments turned over more hostile when spouse of an employee committed suicide. The news of hardships faced by staff were making headlines in the newspapers and so were the indifference of the management to solve the issue of safety seriously, attending to Formula One race and other interesting things.

Q.3. Why the company was not paying salary?

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A.3. The Company was not able to pay salary due to cash crisis. The operations were not generating enough cash to cover various expenses to pay:

a) Salary
b) Interest on loans to banks' consortium which financed the company
c) Lease rent to aircraft lessors
d) Parking charges to airports
e) International Air Transport Association
f) Custom and other taxes to authorities
g) Outstanding to oil companies etc.

This led to frequent cancellation of flights causing inconvenience to passengers and annoying DGCA, Ministry of Aviation and political leaders. In effect the airline had annoyed all key stakeholders making them turn hostile, one by one. More importantly, each one losing trust in the management and doubting its intention to address the problems the airline was facing.

Q.4. Why the cash crisis happened?

A.4. The tax authorities froze the bank accounts. The consortium of banks refused to accommodate further and pump in more funds. Their dues, which were not paid in time, were piling up with penal interest on outstanding amounts.

The operations were not generating surplus to cover up all expenses from day one. Every assets, be it aircrafts or parking slot was a fixed cost with definite charge. The only variable cost was ATF (which was soaring every year) and also food and beverages, which was also costly, though not very significant, but offered on complimentary basis.

Airlines being a service business tend to have more of fixed cost component in its total cost, leading to a very high break-even point. Capacity utilization thus becomes a major management challenge.

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The cash crisis was compounded with heavy interest burden which eventually led to refusal of banks to further accommodate. The final shot came in form of freezing of bank accounts by tax authorities. All this led to strike by engineers, pilots and other employees. This in turn led to frequent cancellation of flights resulting in passengers' inconvenience, safety risks and ultimately suspension of flying license.

The biggest mistake was in financial strategy In a business where there are doubts about profits, one would like to go for funding through equity than debt. However, the airline went other way round and funded mostly through debt.

As if that was not enough, KFA a loss making company acquired another loss making company (Air Deccan) even before stabilizing its operations to cover up the cost and report profits. Even here, the company did not change its financial strategy and continued highly leveraged financial structure, leading the company from frying pan to fire. Adopting inorganic growth strategy without stabilizing its operations to generate surplus and gaining financial strength, the company almost committed 'Harakiri', difficult to say knowingly or otherwise.

Q.5. How unrelated was diversification strategy of UB Group to enter into aviation sector and acquisition of Air Deccan? Why it acquired Air Deccan?

A.5. Entry of UB group into airlines (Kingfisher Airlines) was very much unrelated in terms of business technology from manufacturing to service business) and product (from beverages to airline). Hardly there was anything common between KFA and other businesses of UB group except the brand value of Kingfisher and a part of beverages which were served in-flight. This was inadequate to make up for experience of the business of airline, which the promoters of competing airline Jet Air had. Entry into a very much unrelated business without any experience in a highly competitive industry with highly leveraged financial structure is a recipe for disaster abs-initio. The company did not take any cue from sustained losses for three years that something was going wrong. Up to that stage the situation was still under control.

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But with acquisition of Deccan, the company ensured its doom. It further compounded managerial challenges by trying another unrelated mode – "from class to mass" and "fancy Airbuses to frill-free ATRs".

The confusion between "class" and "mass" led to mixing of two businesses instead of keeping them distinct in way that customer understood and prepare to pay more or less as their pocket could bear. The challenge of rationalization was very high and time very short due to intense competition. The innovations like frequent fliers was not adding a new features but imitation based, replicating what others were doing, and the company lost sight of what customer needed most – punctuality and certainty. The whole concept of Kingfisher Red flopped, adding cost without commensurate increase in revenue.

If a company had stuck to time tested golden rule of "value for money" innovation, the lattert would have been on perhaps different lines. The case does not provide sufficient data, but somewhere costing seems to have gone haywire and concern for controlling losses seems to have been given a go by.

Q.6. Why did the company go for inorganic growth and despite working losses acquired a loss making company?

A.6. This is the most fascinating part of the case and perhaps key reason for the fall of KFA. The acquisition seems to have two major reasons:

a) Getting license to fly internationally as indicated in the case
b) To become industry leader by 2010 as mentioned in the Mission statement

While there is no concrete data to conclude on first rationale, it could be a possible reason in view of acquisition of high end aircrafts in during2005-06 period, which was ideal for international flights. The Air Deccan had more of ATR and smaller aircraft linking smaller cities and also helped in qualifying the merged entity for international flights. But

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whether KFA could attract enough international passengers to justify the large fleet of Air Deccan's ATRs, staff and associated costs. In all possibility, it could not get more than 10% of international passengers (Kingfisher also had its own luxury class fleet to cater to a good part of such traffic).

Q.7. How appropriate is the Mission statement of Kingfisher Airlines

A.7. The other rationale seems to be more powerful as reflected in the Mission statement. The concern of becoming market leader in terms of market share seems to be concern. This obsession led to the acquisition of Air Deccan that inherited all problems.

Could becoming market leader by 2010 be an appropriate mission of an organization? It could be an objective measurement of how much the market is appreciating the service offered by the company, which is meeting the transportation need of society. Setting "higher market share" as a Mission led the company to a very different path, which distracted it from central focus on "customer" and catering to his needs. The relationship with all the stakeholders became that of transactional matrix, with no one prepared to make any sacrifice or concession for a national cause, "meeting the needs of society".

Q.8. Why such a statement of Mission?

A.8. Such statements emanates from personal values of the top management. No other stakeholders shares that, be the customers, the suppliers, the financers, the staff and even the Government. The company thus faced wrath of all at the end, with no sympathizer including JD(U), a political party which made Mr. Vijay Mallya a member of Rajya Sabha.

Q.9. How appropriate is the Vision statement?

A.9. The Concept of Corporate Strategy as propounded by Andrews seems to be most appropriate way of describing the Vision of an organization. His description includes both the strategy formulation and implementation as an integrated whole.

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Andrews had described Corporate Strategy as a "statement of Mission, Objectives, Strategy and major policies and programmes of action, described in a way that conveys to all concerned what business we are in and why".

The case highlights the problem of implementation issues not being considered properly at the time of entering the business or expanding through inorganic strategy. There seems to be no analysis of projected profits or loss for 2-5 years under various scenarios and remedial actions. The sole concern seems to be grabbing the market share come what may. There also seems to be no concern for all the stakeholders else the indifference to staff, which jeopardized operations and led to suspension of flying license.

Q.10. Can you sum up the failure of Kingfisher Airline in one sentence?

A.10. To sum up, the fall of Kingfisher Airline is due to following an unrelated diversification strategy with no visible strategy of its own in a highly competitive environment, compounding it further with inorganic growth (with further unrelated diversification) through the acquisition of a loss making company, funding business all along through high levels of debts, emanating from a wrong mission pursued by company due to personal values of the promoters that were not conducive to the business.

Any company that follows this approach is destined to meet the same fate as it violates all the fundamentals of sound strategic management. Surely if one was to enter the shoes of Mallya, he would have to think of alternate routes to growth with appropriate a different financial structure.

Q11. In what way the failure of Kingfisher could be attributed to the open-space policy of the government? What could its long term ramifications?

A.11. It is difficult to say exactly what would have been the impact of government policy on Kingfisher, but surely it would have affected the strategy. From the case description it is seen that

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the Kingfisher had idea of international flights and expected that the government would waive the condition of minimum flying experience for the purpose, which was not imposed on foreign investor. This is atrocious. Because if a foreign investor without flying experience could start the airline, why an Indian industrialist could not? The domestic airlines already have several disadvantages like brand name, ability to raise resources from global markets etc. Adding another condition puts the domestic operator in serious disadvantage. Kingfisher was tapping a definite market niche initially and with the services it provided it could tap a reasonable chunk of international passengers travelling to India. This could perhaps helped the company have better chances of making profits and avoid falling in trap of inorganic growth strategy.

The policy could have major long term ramification for Indian aviation Industry. There is no major domestic player left except India, and the entire domestic market is left to foreigners, albeit in the name of NRI. Does government of India want to increase domestic competition or allow foreigner to capture Indian sky by giving them undue advantage?

Concluding Remarks

The case analysis is only an indicative guide for the instructors. They may suitably modify the same for conducting the class discussion in different programmes depending on the need of course design, class response and the instructors' own experiences.

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60. POWER OF A MISSED MEAL

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Abstract

The institute had to advertise for two services, security and housekeeping and security. There were pressure from the government to reduce cost but the workers demanded a raise in wages. The security service provider could find an amicable solution but the housekeeping service provider failed to reach any agreement. There were alleged interferences by local politicians. The clash of interest lead to an unwarranted situation where housekeeping work suffered for 15 days. While negotiations were on, the director of the institute decided to remain hungry with the agitating workers and this turned the whole situation. When coercion failed a humanitarian move worked miracle.

Case objectives

The case study aims to illustrate:

- The issues emerging from outsourcing
- The challenges of balancing the conflicting interests
- Behavioural Issues in Strategy Implementation
- Influence Tactics
- Indian Values for the Workplace
- Conflict resolution strategies
- People orientation vs work orientation
- Leadership and Power
- Strategic measures to cope up with govt. policies

Use of the Case

The Case can be used in

- Advanced courses of strategic management in MBA programmes
- Management Development Programmes on Strategic Management
- Organisational behaviour

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- Leadership
- Conflict management

The case can take 1.5- 3 hrs of class discussion for illustrating the points.

Case Analysis

The instructor can bring out relevant points using the following leading questions:

Q1. How far and under what circumstances the strategy can still work in Indian organizations?

A 1. The strategy adopted by the Director will always work in Indian organizations. The reason is that it embodies Indian ethos and value system. Importance of relationship and concept of *Karta* are integral aspects of Indian way of management. Every organization is a subset of the social system hence is deeply influenced by the way society behaves. Belongingness, affection, empathy would always instill confidence in the raging factions of the organization. Gandhi ji had realized and gainfully used this for a bigger cause as it has roots in Indian social value system. In any kind of strife, between two groups, whenever the head of the institution would display motherly affection towards the striving factions, this strategy would work. It is similar to a mother not taking meals when her angry kid refuses to eat. The critical aspect of success of this strategy is the element of sincerity and honesty displayed at the time of crisis.

Q2. What type of leadership approach is displayed in the case?

A2. Leadership is the art of securing desirable actions from the people voluntarily and enthusiastically through the maximum application of their capabilities. The case presents an interesting disposition of leadership. It can be best understood with the help of Managerial Grid as the leader in this case shows the highest combination of concern for people and concern for output. He does not compromise on any of the terms and conditions of work but at the same time stands by the agitating workers. The news of his refusal to take meal in support of agitating workers turns the table in his

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favour. The workers look up to him as their savior while the service provider feels humbled by the attitude of the director. Hence he achieved what he aimed for.

Secondly, the success of the director's strategy can also be explained through the traits theory, that the leaders have certain characteristics which differentiate them with non leaders, these traits can be summarized as under:

- Multi dimensional personality
- Power to influence: position/expertise/other
- Understanding of human behaviour
- Foresight to anticipate future
- Ability to inspire: charisma
- Willingness to take Responsibility
- Represent the group

As we look at the director's personality through his ponderings in the case and his behavior, it is evident that he displays most of the traits of a leader hence is bound to succeed in his strategies.

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63 ADANI ENTERPRISE LTD.

63.1 Case Synopsis

Adani Enterprise Ltd. (AEL) is one of the fastest growing business groups of India. The company started as an exports house in 1988 and started diversifying in mid 1990s, and grew to become a large diversified conglomerate in a span of 15 years, with business portfolio ranging from trading, shipping, port management, creation of special economic zone, real estate, power generation and transmission, vegetable oils, logistics, coal handing, agro-products etc. making a mark in each one of them; either becoming a market leader or at least key player in each one of them. The company improved its corporate ranking in terms of income from 33 in year 2003 to 21 in 2013. Gautam Adani joined the elite group of top 10 richest man of India in the year 2014.

The apparently unrelated business portfolio of the company and very high vertical integration in some of the businesses defied established strategy prescriptions as the company not only grew at a CAGR of around 20% in the last decade, but also had reasonably good profitability, ROI and earning per share even in the era of low economic growth in the country. The Debt/ Equity ratio was also maintained within reasonable limits despite huge investment in infrastructure businesses.

The case highlights how the Indian business environment and government policies have helped the companies grow in a highly turbulent environment and at the same time somewhat distracted them from meeting certain challenges economy is facing in the 256iberalized era. It also highlights certain entrepreneurial traits which enable one see opportunities in situations which others may perceived as threats. The case also highlights unique ways of managing growth by suitably adjusting organization structure and policies to exploit opportunities and avert threats.

63.2 Objectives of the Case

The case, discussed in a buildup manner, can be used to illustrate the following;

1. Conducive business environment for fast growth

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- Freedom to import technology
- Freedom to enter any industry
- Easy availability of domestic/ foreign funds
- Freedom to go global
- Benefits of tax heaven locations
- Freedom to disinvest

2. Role of enterpreneurs in creating opportunities.
3. Growing through Innovative strategies for managing seemingly unrelated and vertically integrated companies, not advised by western scholars.
4. How to have necessary management control (control assets of Rs. 1,20,000 Crs. Through private equity of Rs. 90 Crs only) by cobweb of

5. Have to maintain cordial relationships with government/ government cos,/ competitors.

6. How to create corporate veil through complex accounting system.
7. How to manage management failures.
8. National Responsibility of Business

63.3 Use of the Case

1. The case can be used in Strategic Management courses at the stage of discussion strategic options.
2. It can also be used in the entrepreneurship courses to illustrate the role of enterpreneurs crafting opportunities in a turbulent and fast changing environment in countries like India.
3. The case can also be used to discuss organisation structure and policies in strategy implementation courses.
4. Finally the case can be used in Management Development Programmes on strategic management and management in developing countries.

63.4 Suggested Readings

1. Ansoff, H.I. Corporate Strategy
2. Krishna Kumar, “Organisation and Ownership, McMillan, (1982)

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3. Prahalad C.K. and Hamel Garry, "The Core Competence of the Corporation", Harvard Business Review (v. 68, no. 3) (1990) pp. 79–91.
3. Krishna Kumar, "Old Guides for New Era Strategists"
4. Krishna Kumar, "Integrative Thinking"

63.5 Case Analysis

Q1. Evaluate the performance of the company. What are the achievements of Adani Group?

A1. In financial terms the company AEL has been performing reasonably well. Its sales and other income increased fivefold from Rs. 11055 crores in 2003 to Rs. 55067 crores in a span of 10 years , recording a CAGR of over 20%, improving its corporate ranking from 33 in the year 2003 to 21 in 2013. Of late EBIT/ Sales has also steadied at around 10%. The Debt / Equity ratio has also stabilized within reasonable limits after 2009-10. Return on Investment (ROI) too has been hovering around 5% despite huge investment in infrastructure projects. The return on shareholders funds has been maintained over 10% and earning per share is remarkably high, helping the company achieve high market cap. The company has not frittered away distributable profits as dividends but retained it as reserves and surplus which helps in D/E ratio at a reasonable rate despite the company's business demanding huge investment.

But should the performance be measured in monetary terms only? Is measure of effectiveness only revenue (sales and other income?). If the purpose of business (mission) is to be meet the growing and emerging needs of the society, the measure of effectiveness is to be meet the growing and emerging needs of the society in physical terms, the measure of effectiveness is to the extent the company is meeting the needs of the society. Looked from this perspective, the performance of AEL is quite impressive (listed under achievements below). It meets the requirement of electric power (through power generation; on its own and also helping other state governments as well), which is an item of acute shortage in every state of India. Likewise it was helping in arranging coal supply (another item of acute shortage), from foreign sources as well as the domestic ones. It was also engaged

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in setting up solar power plant. In each one of these businesses it was market leader (meeting requirements in physical terms, not by price alone as marked by market leadership in physical terms).

Likewise the group was promoting SEZ to facilitate experts. The same was the case with agri- business, be it meeting the requirements of edible oils or facilitating shortage of crop product handled by Food Corporation of India: The company is quick to identify the societal need (including railway line, transmission lines etc.) and executing projects of break neck speed (at times even running with difficulties because of it (see exhibit 6).

Q.2 How many businesses the company has in its portfolio? Should the company have gone for unrelated diversifications? To what extent it makes the company vulnerable?

A2. The participants may be asked to list out the businesses one by one. The following list will emerge.

1. Power generation
2. Power transmission
3. Coal trading
4. Port operations
5. Shipping
6. SEZ development
7. Edible Oils
8. Agri-business
9. Real estates
10. Gas Distribution

The company looks in fairly unrelated business if one considers individual companies, which are really fully controlled subsidiaries. Each company, in some way supports or gets supported by other companies, which reduces risk. They all are having a common managerial core competence that of managing logistics, fast movement of goods and commodities

The better appreciation of it can come by looking at organization structure shown in exhibit 3. To make participants with working of the group companies and how management controls them the participants may be asked to chart relationship between various

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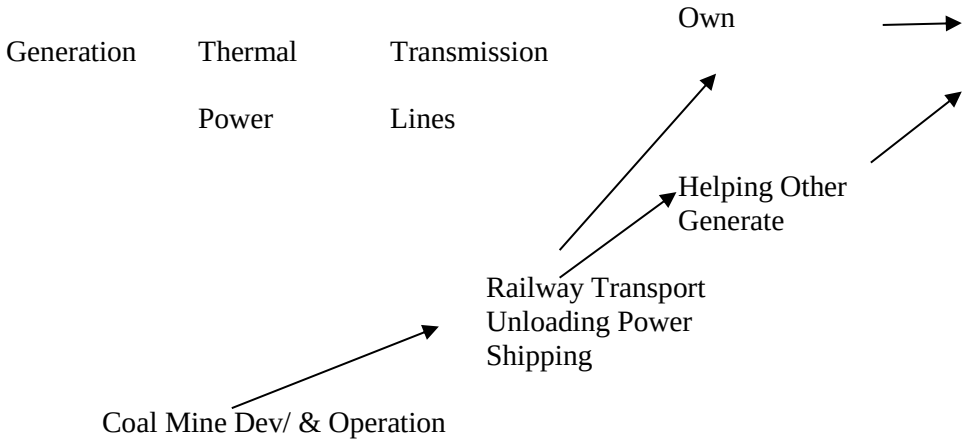
companies. It will be noticed that except a few all company are step down subsidiaries/ joint venture where holding is rarely less than 50%, which allows full control for all purposes (80% group stake holding being with promoters). This also allows them to keep reserves & surplus as shareholders' funds without risk. High reserves also allow raising debt without difficulty. High earning per share allows raising money from market at the same time preserving and increasing market cap.

Q3 Is the company vertically integrated? Is it desirable? Does it make the company vulnerable?

A3. The company looks like enormously vertically integrated both forward and backward.



- Domestic Sources
- Foreign Sources

However, a closer look will indicate it is truly not so. The company is managing portfolio at every stage, through own use and supplying other customers, often varied (like multi commodity port/terminal) which allowed is to share risk through business, and by drawing support from other stakeholders like government (be it helping generation of power, coal supply to PSUs, warehouse to Food Corporation, shortage and handling of apples in Himachal Pradesh.

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The company by and large engages in items which are essential and in short supply (power, coal, edible oil) gas distribution etc.) or government priority items (like shortage for Food Corporation storage and handling of applies etc.). It supplements every business with import/export help.

Q4. How does the company manage its wide conglomerate business?

A4. The company manages various businesses in a mutually exclusive and collectively exhaustive manner. Each business is an independent business managed through typically 100% owned subsidiaries. Half of them are private limited companies. The others are also companies where the control lies with the group. . Thus the over group control is by the key promoters who hold 80% stakes. The private limited companies allow full control and at the same time ease to launch and wind up disinvest (seen A.R. 2012-13 when 27 subidiaries were closed or disinvested).

Type	# of Co.
Private Ltd.	52
Pte*	11
PT*	23
Trust*	2
Pub	39
Total	127

The group does not distribute too much dividend and retains them as reserves and surplus. Which allow the company to have good shareholders' funds on which loans can be raised and then given to subsidiaries as need be. It does not allow wastage of loan funds. With parent companies standalone share in the market and reasonable profitability the stock value is high, which helps in keeping market cap reasonably high even if a subsidiary is not doing well as happened in the case of Adani Power during 2011-12 and 2012-13. Having too many private companies does not expose every sub-business open to public scrutiny.

The company is thus able to necessary management control

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(control assets of Rs. 1,20,000 Crs. through private equity of Rs. 90 Crs only) by cobweb of companies

Q5. To what extent the company's performance is attributable to government policies?

A5. It goes without saying that AEL's performance is greatly influenced by government policies, both at the centre as well as at the state level. If the government had not liberalized policies and given export incentives, it would not have excelled in exports in the first place. If the government had not liberalized joint ventures there would have been no joint venture for salt farming for export which went phut later but led to utilization on of the acquired land for creation of SEZ. If govt. had not open operations of Port in private sector, there won't have been a significant port business. So would have been the case with Electric Power Generation. Indeed, if the government had not opened up investment abroad, there would not have been significant coal trade business from mines acquired in South Africa, Indonesia and Australia. Opening up various (erstwhile) reserved sectors, free import of technology, liberalized foreign investment in India and investment in foreign countries (including providing, necessary foreign exchange support), helping acquisition of land, allowing joint ventures with government companies are some of the major factors that helped company grow, with profitability.

The other factors contributing to AEL's performance were the inability of other players, who were allocated coal mines, to develop and operate the mines allocated. The mine allocations were so messed up an affair that it led to cancellation of all but 4 allocations. It helped AEL in several ways. One, providing opportunity to go for Joint Ventures for setting up and operate thermal plants (in Gujarat, Maharashtra and Rajasthan). Second, it helped in supplying them coal through imports, which was strength of AEL. Thirdly, it helped in Ports business. Fourthly, it helped company in getting in business of developing and operating mines allocated to PSUs through JY. Finally, to some extent it might have facilitated getting favorable treatment for setting up thermal powered station on its own as the country was facing acute shortage of growing thermal power demand, especially when the companies like RIL were arm twisting government for price rise

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by stopping natural gas supply to gas based power plants, which helped in getting good rates also for selling power on merchant basis.

The most significant factor of all, however, seems to be the entrepreneurial style of Mr. Gautam Adani; his ability to see opportunities (even it situations of threat) which others could not, taking bold steps to scale up each business swiftly (and increasing income by meeting requirements of customers), managing risk by portfolio. The enormity of skill of strategy implementation, efficiently and effectively, is central to his company's growth.

A very interesting feature noticed is the fact that all the details of the way subsidiaries /joint ventures are managed and other details are given an Annual Reports (which also won best annual report award) and they are available on websites. This openness and transparency is often not seen in many Indian Corporates

The wider ramifications of the growth strategy followed by the company, however, is a significant and serious one from the country's point of view. The company Adani Export Ltd. AEL, the largest exporter of the country in 1998-99, earning highest foreign exchange (see exhibit 4) had become 9th highest drain of foreign exchange by 2012-13, when the country needed more foreign exchange. The export business, which could have helped the country a lot as it lost focus and attention from exports to domestic business needing increasing level of foreign exchange. An analysis will indicate the Adani Group has joined that elite group of top ranking firms which constitute 80% of balance of payment problems. The irony is that the company was capable of generating foreign exchange at an increasing scale.

With leaders attention being shifted to grow through domestic business, through imports, leaving responsibility of earning forex to private transfers and software industry (which is getting increasingly crowded by foreign companies), how can India meet the economic challenges of future, marked with low investible surplus, increasing dependences on foreign countries not only for technology but even raw material and supplies. Will India remain truly independent or will be back to pre-independence colonial era

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of selling natural resource to import value added products for domestic consumptions?

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Adani Enterprise Ltd.

Exhibit 5

Performance Parameters	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
SALES & OTHER INCOME	15008	12343	16953	19649	26273	26019	26827	39356	46462	55067
PBIT	144	174	229	433	584	1068	3273	4322	3711	5873
Int. Expense						604	634	1826	3493	5351
PAT	122	135	173	370	505	919	2476	2020	1218	2646
Assets	1593	2227	5534	8726	15632	25398	55104	106997	111919	118254
Shareholders' Funds	743	853	1151	2125	3019	6038	17514	19362	21286	23757
Share Capital	23	23	25	25	25	50	110	110	110	110
Loan Funds	844	1366	4533	6211	12084	17439	32763	48894	48850	49584
Forex earning	10852	2739	3696	6057	6998	4743	2171	3195	2371	
Forex spending	10192	5229	5033	6911	11301	19649	17963	17117	23666	
Net Forex Earnings	660	-2491	-1337	-854	-4303	-14906	-15792	-13922	-21295	

Rate of Growth	20%	18010	14812	20344	23579	31528	31223	32192	47227	55754
EBIT/ sales	0.96%	1.4%	1.4%	2.2%	2.2%	4.1%	12.2%	11.0%	8.0%	10.7%
ROI	9.04%	7.8%	4.1%	5.0%	3.7%	4.2%	5.9%	4.0%	3.3%	5.0%
Return on Shareholders' Funds	16.4%	15.8%	15.0%	17.4%	16.7%	15.2%	14.1%	10.4%	5.7%	11.1%
Earning per share	5.3	5.9	6.9	14.8	20.2	18.4	22.5	18.4	11.1	24.1
D/E	1.14	1.60	3.94	2.92	4.00	2.89	1.87	2.53	2.29	2.09
Annual Gr. Rate		-18%	37%	16%	34%	-1%	3%	47%	18%	19%
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14

Exhibit 6 available at
www.smgi.in/adanisubsidiaries.xls

64. IS SMALL BEAUTIFUL (I)?

Q.1 What were the new academic activities at the Institute? What were reasons for diversification?

A.1 The new activity taken up was primarily the Fellow Programme in Management. It may appear that IDL, FDP, MDP and Conferences were there already, but they were sporadic, once a while not a thrust of the institute, being organized at a significant level.

The deviation from the past was the thrust, concerted efforts being made to take up the activities to a significant level, despite infrastructure constraints and other odds like cost of organizing these activities, location disadvantages and attraction of making fast buck which could lead to the steady dilution of academic standards due to excessive focus on money and low intellectual content academics.

Q.2 Were the diversifications related or unrelated?

Activity	Physical Infrastructure	Human Resources . Faculty	Organisational Resources Staff, System	Financial Resources Rev. Gen Cost
Research	L	H	L	L H
FPM	L	H	L	L H
FDP	M	M	M	M
CONFERENCES	M	M	H	L M
PUBLICATION	L	M	M	L
PGP	H	M	H	H
IDL	L	M	H	H M
MDP	H	M	M	M
OPEN SPONSORED	H	L	L	H L

Prima facie the diversification look are related being a part of academic activities. But once, they are subjected to test of resources required, they

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start looking so very different. That is why the organizations are shy in scaling of many important activities and percolate some requiring more of physical infrastructure like PGP. Sponsored MDP's etc.; a mass production factory model than job shop, high tech activities like research and genuine problem solving consulting which require very high level of human resource (competent specialist that command respect from the user groups).

Q.3 Compare and contrast the ways in which the activities were managed.

A.3 The common thing among all the activities was

(i) Concern for each one of them to speak up
(ii) Structural intervention on ensure that only those who wanted to contribute to growth an activity would have a say in the matters governing that activity; be it IDL or FDM.
(iii) People were encouraged to come forward to conduct that activity; be it organizing conferences, conducting FDP or MDP
(iv) No extra-ordinary monetary incentive for any, especially low intellectual content activities.
(v) Putting limits to on incentive to routine activities of PGP/FPM so that people contribute to others as well.
(vi) Guidelines for taking up every activity so that people start thinking of taking up neglected activities of organizing conferences, conducting FDP and engaging in MD.

The activities differed in terms of costing-

Full cost vs Direct cost for pricing (latter for FDP & conference) which could not hear full cost) and would not take off if full cost approach was adopted.

At the same time the direct costs were brought down significantly and opportunities for funding from other sources like AICTE was explored to cover up a significant gap.

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Also faculty members were allowed upto ½ credit which meant a little over 15% of the regular compensation, to bridge balance of the gap. Reduced level of room rent etc. was allowed to fill the underutilized/unutilized capacities in guest houses/married student that were created already.

Thus, though prima facie, it looked these activities were loss making, actually they were not. Novel method of accounting and charging to other stake holders like AICTE/MHRD (cost of building) instead of only the participants, allowed the institute take up/scale of activities that were /being neglected by other institutions, helping the institute assure leadership position by better and effective utilization of infrastructure available.

IDL restructure was aimed to grow in a unattended although small market which on one hand was expected to grow (and allow institute to assume leadership position on a sustained basis) and on the other hand could allow institute to grow despite physical infrastructure constraints caused by limitation of land.

Q.4 Is the Institute Effective? Is it efficient?

A.4 This is one of the most important point of discussion. Unfortunately the literature in Strategic Management does not discuss this core point. It is best discussed in the books of Management Control System.

Efficiency and effectiveness are often measured using surrogate monetary yardsticks, surplus generated. At times effectiveness is also measured in revenue terms. On both these bases the institute seems to the performing very well.

But are they good measures? Perhaps a better measure of efficiency would be whether the institute is doing more activity with same cost or same activity at lesser costs. It will be seen that the revenue is increasing but at a faster rate than costs. The description also indicates every effort is being made to cover up the costs even for those activities which are considered to be typically loss marking ones like conferences, FDP, etc. and therefore, not undertaken). Information is not provided in the case, but the instructor can show exhibit to indicate that quality

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is not reduced (look at the job placement figures) and leadership positions achieved in IDL, FDP's and Conferences despite physical and human resource (faculty) infrastructure.

If the effectiveness is measured on the scale of objectives, it will be noted the institute was scaling up the activities as also diversify in to cover the entire set of objectives which many institutions of the country are not doing on their own violation

Q.5 Comment on Mission, Objectives and critical success factors.

A. The expansion, restructuring and diversification of academic activities are embedded in the Mission statement. The Institute wanted to emerge as a:

I. Fully integrated→ Emphasing research to help faculty and literature, development to support meaningful education, training and consulting
II. Society relevant → Change low fee, support activities that can be done at low cost (FDP, Conferences) and cater to sections unattended through IDP programmes due to inability to expand residential programme.
III. Leader Institution - by of national and international reckoning by becoming fully integrated, fastest growing institution:-

→ Faster growth reaching size which other had taken long time (PGP, FPM etc.)
→ Taking up activities which others were shy of, due to high costs (FDP, Conferences etc.)
→ Catering to unattended sections of society (to meet varied and growing requirements of the country.

The Institute guided by mission had an uphill task due to severe constraints of location delayed projects, financial inadequacy.

The mission was transferred to first objective emphasing higher learning to hold it form temptation of low intellectual content activities (like sponsored junior management level programme) which could take lot of money and incentive to faculty, but done permanent damage as a culture of low intellectual institute which could not become as a leader institution

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of (national/international) reckoning. This needed different approach to reduce cost, create varied infrastructure despite limited resource in a compressed time frame.

The second objective emanates from the concern for reducing subsidy and remain customer centric, economically viable and relevant. Any activity that is largely paid by end user will remain relevant and sustainable. With this concern, there will be pressure for being efficient, especially if one wants to serve increasing number of users (effectiveness). The third objective gets explained by this and the concern for diversification to cover entire set of academic activities.

The fourth objective is more emphatic to ensure sustain support of all; students, staff, faculty, governing board, suppliers and society at large to ensure sustained cooperation of all. The fifth objective to make the institute stand, out rather than becoming "just another institute, which puts pressure for excellence which is duly supported by next objective.

The last two are very different to push institute to seek collaboration to undertake those activities which are difficult to do alone or where joining hand is necessary. The last one is to guard against compromises, shoe cuts to success which are aiming at earning.

We now come to critical success as factors:

Given the fact that the Institute had limited sources and contextual constraints for physical, human and financial resources and did not have organization resources for many new activities (conferences, FPM, FDP's /MD), it had to work within their limits. Should the Institute have bogged down with these constraints or courageously worked to break the mould of constraints and get going? It depended upon how much it was passionate about the mission.

Since the director had made to presentation to governing board, faculty and staff members, he went ahead to expand, restructure and diversify, using the principles outlined in critical success factors.

1. Better utilization of capacities (see case ISM © & D) and power of Interior Design)

    - Modifying classrooms.

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- Modifying guest house
- Modifying hostels
- Starting activities in improvised infrastructure making every building multi-utility to leverage them for expanding diversifying activities.
- Similar efforts were made for human resource, through multiskilling the staff (see Case ISB- E).
- Developing inducting faculty for multiple activities through incentive policies and not allowing excessive indulgence in any.

At this point the instructor may ask whether the institute would have gone for developing and using the concept f multi-utility buildings (physical infrastructure) and multi0skilled staff and multi portfolio faculty (human resources) for growth through optimal utilization of infrastructure and other aspects mentioned above in cases referred earlier, if the director was not passionate with mission? This brings out the role of heart and mind in management, a neglected field the literature of management except occasions references.

The management literature typically highlights the importance of rational thinking in decision making and perhaps rightly so, to avoided do nuisance of heart the crucial managerial decisions. But while use of baring is good for rational analysis (not neglecting any relevant information, alternative etc.) for strategy formulation, it undermines the role of heart and emotions in strategy "implementation, and in generating alternative solutions to proceed on implementing strategy instead of abandoning the strategy for compromising with it, ignoring the mission itself, thus changing or drifting from the director of organization had set itself. For the mission, objectives and critical success factors indicates not only what the organization aims to be but also signifies to all concerned how it is going to be that.

Few more points may be in order. One, the human resources in contrast with physical resources get more and more developed as they are exploited, through learning curve. Hence the phrase "Augmenting resources by exploiting them. Second, a sound concept of overcoming constraints through external linkage (using guest visiting faculty from industry and a broad; joking FDP in collaboration with SMF, seeking grants /from AICTE etc.).

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Synergizing individual efforts was another QIP status efforts to get best out of the faculty and staff expertise through encouragement for collaborating with each other wherever possible. (Conferences, FDP, MDP, IDL), by making suitable structural arrangements (allowing taking up activities by those who wanted to contribute and disallowing dysfunctional vetoing poser musing political maneuvering). The synergetic effect was reinforced by another statement "magnetizing organizational efforts" to convey collaboration among staff, faculty and offices, and bring gap that may crop up if attention was not paid by all. People had to cooperate not by order but on their own violation to achieve necessary organization growth effectively and efficiently as everyone's prosperity depended on collective efforts as sustained cooperation also required that people do not heart each other emotionally as Rahim said "Rahiman Dhaga Prem ka Mat Todo Chatkaye, Tute se Phir Na Jude, Jude Gaanth Par Jaye"

Finally the phrase "Switch on the light" was coined to overcome a typical malady of organization culture with every one claiming that the job is done but final results not forthcoming as many link are missing for which no one felt responsible and assuming somebody must have done it.

The instructor now can conclude by asking one more question, would the Institute have gone ahead with all that it did without have an emphatic presentation to key stakeholders the Governing Board (which also had MHRD representatives) staff and faculty members, getting their broad consent on approach for growth (given the context) of course not all the strategies, policies, systems, procedures and cultural issues were clear at that stage. But the institute would have been able to grow as fast, through optimal utilization of resources at every stage thus going from one stage to next in an eclectic manner, which incidentally also helped in improving financial position. The role of heart in formulation of strategy (the mission/objectives) and implementation (not getting differed by constraints but overcoming /leveraging them through invocating thinking and creative problem solving).

All in all, a short and crisp case series ISM (A-I) demonstrates the use of strategic management for growth and development of an organization against all odds and constraints.

It is possible that some students may still not be able to appreciate the power of strategic management. The Instructor may show exhibit (not

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given in the case) shows how much was done in five years which took others twice, thrice of the time to take up the activities even if they did not face as severe constraints that this institution faced.

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71. THE EXPERIMENT

Case Abstract

The Director of IMP Institute of Management was keen to create a Post-doctoral Research to give impetus to research work in a neglected area of outward globalization of India. He felt that the country is focusing on doctoral research only to develop research scholars, who may do meaningful research for 30-50 years. However, after doing Ph.D. they typically start grooming next Ph.D. scholar, instead of doing postdoctoral research. Research work in the country was thus only being done by trainee researchers rather than trained researchers. Little effort is being made to galvonise postdoctoral research efforts and magnetise them. Concerted/ focused efforts on specific topics were required for the purpose.

Towards this he developed low cost infrastructure catering to a gathering of about 500 persons, using the concept of multi-utility buildings. He had given push for faculty development programmes and conferences/ seminars etc. in which large number of faculty members from all over country participated, despite poor train and air connectivity. He also mobilised Rs. 5 cr. p.a. funds to support the activity, which would be useful for other high end revenue generating activities. The case raises question whether these are enough for the purpose. If not, what else is required and how the institute should gear to meet the challenge?

Objectives of the Case

5. To illustrate close relationship between strategy formulation and implementation.
6. To illustrate how can one create low cost physical infrastructure using multi-disciplinary concept.
7. To explain the task and complexities of strategy implementation in simple terms.
8. To highlight the importance of resources other than financial resources and physical infrastructure.
9. To explain how strategy may take a different direction due to inability of developing required resources and availability/ ease of development of other resources.

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Case Use

The case can be used as a

3. 1½hr module different levels of management development, programmes on strategy implementation.
4. It can also be used for Graduates/ Postgraduate/ Doctoral Programmes in management for a session of 1-1½hr.

Case Analysis

Q1. What was the institute doing?
Q2. What was the purpose of the experiment?
Q3. Was the experiment complete/ successful?
Q4. Any observation on the experiment?
Q5. What else is required to make the experiment a success? How difficult is the task?
Q6. How much the institute will lose if the experiment fails?

A1. The institute had created 24 double bed rooms in 3 guest house, including conversion of two unused married students' hostels to start Faculty Development Programmes (FDP) and Management Development Programmes (MDPs). The Institute did not have executive hostels for training and due to locational disadvantage the success of MDPs was not assured. Creation of dedicated infrastructure could have created problems of recovering the overall cost of MDPs.

The Institute's FDPs had clicked, and the Director was keen to create low cost infrastructure for the same as he seemed to be keen to recover total cost (fixed and variable) instead of out of pocket costs only. Towards this, he modified designs of class rooms to convert 60 seater class rooms into 79 seater and 35 seater into 59 seater. Once the class rooms' problem was resolved he aimed to create low cost residential infrastructure by utilizing PGP hostels (which were used only for 9 months in a year), by converting them into double occupancy hostels and furnishing them into executive hostel style. It was done in a way that the additional capital expenditure could be recovered in 5 years' time through FDPs and 2-3 years if used for MDP.

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A2. The Institute was keen to give impetus to post- doctoral research efforts. However it required infrastructure, which might not be fully utilized easily. Converting PGP hostel into executive hostel was a way out, to recover full cost and give impetus to FDP/ MDP and Post- doctoral research activities, keeping the price low. Towards this a 30000 sq ft. area in library/ computer centre was also identified and developed.

A3. The experiment was half way as not all the resources were mobilized. There are four different types of resources required. Financial, physical, human and organizational. The Director had mobilized only two thus far. Unless the other two are also mobilsed, the experiment would not succeed.

A4. The whole exercise can be described with the following fig. 71.1

1. It will be seen that the creation of facilities and augmentation of activities is hand in hand. Activities starting in improvised infrastructure and as they pick up regular infrastructure is created.
2. Improved utilization of infrastructure, reducing fixed costs, to be able to cover full cost even by keeping price low.
3. Institute can thus scale up low cost activities like FDP, seminars, conferences several –fold.
4. Multi-utility hostels overcaome a severe constraint of land.

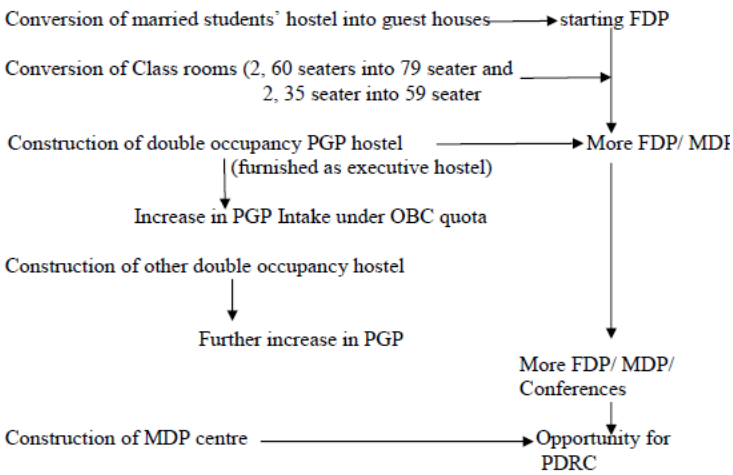

Fig. 71.1

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A5. The task is not only difficult but uphill. It required different type of human resources (faculty) and organizational resources. The Institute has faculty who has proven graduate level teaching ability, which may to some extent be adequate for training entry level faculty and managers. For senior/ top level MDP/ FDP it required different level of competences and credibility of good research, industry experience and literature development. It also requires ability to develop databases and networking with academic institutions and industry. The organizational infrastructure for running PGP will not do. Getting participants / delegates for MDP/ FDP and Conferences can't be done through PGP admission process and so on.

A6. Strange but true. Even if the PDRC experiment fails, the Institute may not be seen unsuccessful, as it can use the infrastructure conducting low end sponsored MDPs/ FDPs or at least further increase PGP (for which there is a bee line of aspirants) by augmenting PGP level faculty. Each one of them is a money spinner and surplus generator. The Institute will be patted for success in monetary terms. ***The more it fails in higher intellectual level activity as an institution of higher learning (for which the low cost infrastructure was created), the more it may be admired as successful.***

Thus availability/ ease of development of other resources (Human and Organizational) can detour the proposed strategy (PDRC) to something else, without anyone noticing it.

This is happening at large scale in the Institutions of higher learning in India. As a result of which the country is having many institutions emerging as institution of higher learning to make India a global leader and be contended as a global player by size due to large market (population).

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