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KIM JOURNAL OF MANAGEMENT CASES

(The Annual Journal of Kirloskar Institute of Management, Pune)

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TABLE OF CONTENTS

Gajanan General Stores (A)	1-12
<i>Ramakant Kulkarni, Mukund R Dixit</i>	
Gajanan General Stores (B)	13-23
<i>Ramakant Kulkarni, Mukund R Dixit</i>	
Resilience Strategy to revive, sustain and re-bounce	24-28
<i>Dipti Bajpai, Jaysri Murali</i>	
Chetan Business School and Local Agricultural Market Practice (A): The Intervention Decision	29-48
<i>M. B. Huli, A.H. Chachadi & V.M. Koravi</i>	
Is our future in the hands of Robots?	49-59
<i>Priyanka Dalmia, Vaishali Goel</i>	
Striving for Sustainability: A case on Rainwater Harvesting	60-72
<i>Shraddha Purandare, Bhuma Raman</i>	
Optimization of the Organization: A way forward to posterity	73-81
<i>M.A. Lahori</i>	
SBI Life: Focus on Digital	82-88
<i>Amol Gawande, Atul Kumar, Pooja Patil</i>	
DMart: Stellar Growth	89-94
<i>Atul Kumar, Vinaydeep Brar, A. B. Dadas</i>	
Exit of Harley Davidson from India	95-99
<i>Pooja Gupta, Mafruz Sultana</i>	
DLearning – Existential Dilemma: A path towards Sustainability and its relevance	100-104
<i>Neelam Raut, Ankeet Goyal</i>	

Optimization of the Organization: A way forward to posterity

M. A. Lahori¹

ABSTRACT

LaKa was a textile trading organization from the southern state. It has government affiliation and the sales turnover was 1500 million rupees. The product mix was textile, garments, home linen, upholstery, bedspreads, saris (cotton and silk) and hosiery items. It has a PAN India marketing network, procuring the products from its affiliated vendors and societies across the southern States. Organization was sound and earning profit and all was well. Mr. Danish a person from the civil services (IAS) with master's in management and had an experience of more than 2 decade in various field, transferred to LaKa as a Managing Director. On his review, everything was good and all was well. But he wanted to make the organization for the ages to go and healthier, better, and sound than what it was at present. He did the mapping of all resources, worked on the optimization and ramp-up all the activities by virtue of his 5-year planning and action thereto. Further, the concept of PLC focussed on growth and maturity stage of products and product diversification (new product line in time), performance linked incentive to all staff and 'do differently' strategy made wonders. In his tenure of 3 years, the sales gone up to rupees 2000 million from 1500 million and organization was on progressive path year after year and a satellite for the posterity.

Keywords: PLC, product life cycle, resources theory, consistency, product diversification, time element, growth, and maturity

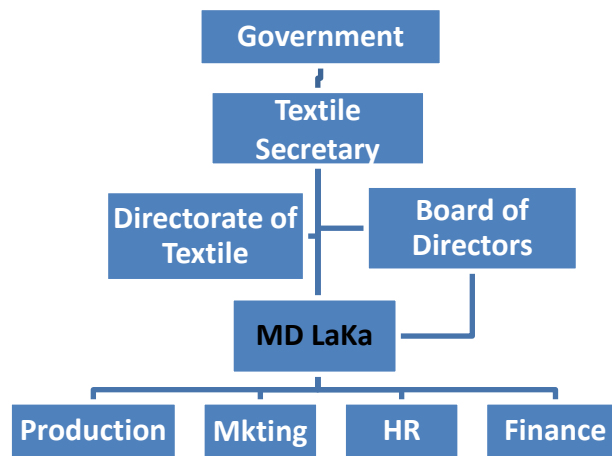
INTRODUCTION

LaKa was a PAN India marketing network organization, basically dealing with textile products, marketed by authorized showrooms across the country. Laka being on the Apex role, its marketing layout had Marketing Divisions in all important metros along with the retail showrooms located width and breadth of India. It had Managing Director mostly senior IAS officer at the helm, affiliated vendors (for procurement of goods) in the southern India, Export Division, and Design Development units. Each of the functional area like production, marketing, finance, and human resources were headed by the experienced persons. Organization had Board of Director, nominated by the ruling government and other government nominees. The following was the chart of the organization.

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Figure 1

Laka's Organization Chart



PERFORMANCE

The sales composition of the organization was from government schemes and its department, retail, and bulk sales from the showrooms. The critical analysis was read as ‘All was well’. It means that the sale was around 1500 million and registering the up to 10% increase in sales year-on-year and profit also. Employees of the organization, affiliated vendors were happy and in smooth sailing and the performance of the organization was good.

Mr. Danish was a civil services person and senior as well, with management executive course from IIM. Being IAS, he had experiences of various fields for more than two decades. The government in routine course of action transferred him and posted to LaKa as Managing Director. He was happy and comfortable to join at LaKa and in a weeks’ time, he took over the charge of the organization. On receipt of the transfer order to LaKa, he met all the stakeholders shown in above chart as protocol and assured them for the ‘Optimization and posterity of the organization.’ He was motivated by them.

He had red carpet welcomed by the all senior staff and his private secretariat. Soon after joining he had induction meeting with the Board of Directors. Thereafter, he met all the head office staff at the Board room as a part of the introduction, aftermath of that, he begun administrative work by getting the details from all functional heads. He found that, all are comfortable and complacent of their work, since everything syphoning on its own. The increase in sale up to

10% plus year-on-year was a result of inflation in the prices but in reality, quantity-wise it was diminishing. The profit was maintained since it was on formula of margin (profit) on cost. When he saw all the endowment and intrinsic mettle of the organization, he drew a line for the optimization of the organization's resources so to create a better posterity to all.

YARDSTICK OF THE CASE

Danish wanted to strengthen the health of the organization and wanted to make it long live. Accordingly, he started his planning and analysing with micro insight in all major areas of operation, for instance in the area of production (vendors), marketing and human resource. Being a man of civil services, he was shrewd, scientifically working on the task and had logical wisdom to deal with. He introduced the concept of 'Monday Meeting' of all functional heads. In one of the Monday Meeting, he asked all the functional heads to draw 5-year plan till 25 years based on the resources, envisaged challenges, and visualised risk factor if any. In the meantime, he visited the production centres, marketing regions and met to the maximum staff across the nation. During his visits, he collected information of LaKa products, competitors' strategies, customers' feedback, and employees' viewpoints.

In the scheduled Monday Meeting, Danish discussed the 5-year plans prepared by the section heads. It was enumerated on the following resources, challenges, and risk factors:

General:

Resources:

- a. It had government hand-holding by Govt. orders, departmental supplies, and rebate on the retail sales.
- b. Fortitude by paid up share capital.
- c. It had facility of low interest loan (subsidize) from NABARD (National Bank of Agriculture and Rural Development).
- d. Overall benchmark was healthy and congenial working environment.
- e. Working parameter was joint and severally accountable.

Challenges:

- a. Frequent transfer of Managing Director by government.
- b. Junior MD always in the trap of the politician.

- c. Any time government can disinvest.

Above were the major resources and challenges Danish could convert into the in-built stimulating power for the posterity of the organization. In due course, he analysed the departments as follows:

Production:

Resources:

- a. Well experience and knowledgeable staff.
- b. Affiliated vendors were always with the LaKa in supplying the goods.
- c. The logistic of goods from Vendors to showroom, on direct consignment.
- d. Vendors were adept in diversifying the products and new technology.

Challenges:

- a. Competitors' products were better in design and colour.
- b. Vendors' sometime were reluctant to continue the profession.
- c. Hosiery and knit wear product has greatest challenge.

Risk:

- a. The low productivity of textile has bleak future.
- b. The greater risk was the asymmetry of demand and supply in the sector.
- c. Number of dormant vendors increasing year by year.

Marketing:

Resources:

- a. By and large well maintained and good ambience of the showrooms.
- b. Availability of products and Govt., rebate on the products.
- c. A tag of government organization induce customer to step-in (better foot-fall).
- d. Quality of product, size and other dimension were correct.
- e. Sales points with experienced staff and good customer rapport.
- f. It has very good 'Customer-pull' and brand image in the market.
- g. Locations of showrooms were on all important places and at low expenditures.

Challenges:

- a. Staffs were retiring but no recruitment.
- b. Dearth of local sales promotion budget.

- c. Shortage of 'Invite' products like handkerchiefs, towels, napkins etc., LaKa was known for such products.
- d. Few showrooms had rent litigations, causing to vacate the showrooms.

Risk:

- a. Products becoming pricy, a risk of losing customer.
- b. Abolishing of government rebate.

Human Resources:

Resources:

- a. Senior and honest staff.
- b. Flock of the Staff mostly belongs to the sector itself.
- c. Performance-linked incentive and pay-out was on man-days.
- d. The zero per cent staff turnout, a good retention policy.

Challenges:

- a. Sometime political intervention in promotion and transfer of the staff.
- b. Enhancement in Pay-band after every three year, without considering the performance of the organization.
- c. Outsourcing talent was a tuff challenge, due to the pursuit of government.

Risk:

- a. The trust and confidence among employees getting dwindled.
- b. Age of the organization growing since there was no recruitment but natural retirement was happening.

DOING RIGHT EFFICACY

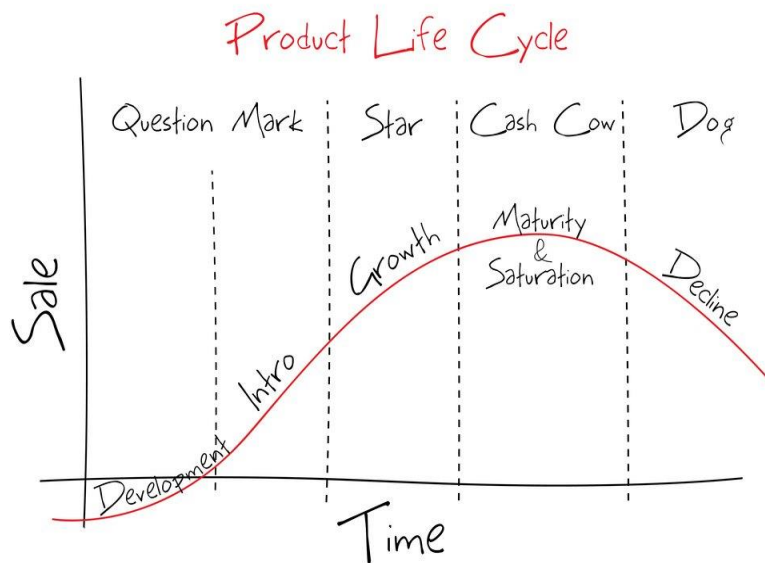
He was being a civil service man with better exposure and experienced, his firmed belief was *Doing Right* at source has more productivity than making thing right. After his Monday Meeting, he called his senior brass for brain-storming discussion to ramp-up the resources optimally. He was able to synchronize all the challenges and risk factor with its resources (mapping strategy) and a detailed action plan were drawn. He took the functional heads in confidence while mapping strategy as below.

Figure 2
Mapping Strategy

Challenges and Risk	Overcome strategy and Resources
General: <ul style="list-style-type: none">a. Frequent transfer of Managing Director by government.b. Junior MD always in the trap of politician.c. Any time government can disinvest.	<ul style="list-style-type: none">✓ The approval of action plan by the Govt., nominees, Board of Directors and consent of the section heads may help in continuity. It may stop frequent transfer and posting of junior MD.✓ Subsidized interest loan, healthy and congenial working environment can overtake the disinvestment plan.
Production: <ul style="list-style-type: none">a. Competitor's products were better in design and colour.b. Vendors were reluctant to continue the profession.c. Low productivity of sector has made the future bleak.d. Asymmetry in demand and supply.e. Dormant vendors were increasing.f. Hosiery product main challenge.	<ul style="list-style-type: none">✓ Experienced and knowledgeable staff.✓ Affiliation of hosiery vendors may be planned.✓ Vendors were always supplying the goods. Adept in diversification and new technology.✓ The magic of PLC, 5-year plan would have answered all the questions and opened a posterity path.
Marketing: <ul style="list-style-type: none">a. Staffs were retiring but no recruitment.b. Dearth of local sales promotion.c. Shortage of 'Invite' products.d. Showroom building in litigations.c. Pricy products risk of losing customer.d. Abolishing of government rebate.	<ul style="list-style-type: none">✓ Location of the showrooms, ambience, products quality, goods availability, brand, Govt. tag, rebate, and sales staff were good.✓ 5-year planning takes care of invite products, sales promotion, and staff.✓ Product diversification overtakes pricy and rebate.✓ Better franchise deal for litigated showrooms.
Human Resource: <ul style="list-style-type: none">a. Political intervention in promotion and transfer of staff.b. Enhancement in pay-band every three years.c. Talent-hunt and hiring was tuff.d. Dwindled trust and confidence of employees and growing age of the organization.	<ul style="list-style-type: none">✓ The progressive 5-year plan for the posterity of the organization could answer all the question, like age of the organization, confidence the staff etc.✓ Performance linked incentive overtakes the pay-band and other monetary benefits.

He was foresighted and could visualize the Organization's posterity, with strategic mapping of above challenges and resources. In every year, he was doing something new for the customer by way of product diversification, he never allows stagnation of product or any other services. He applies prudently the tool of 'Product Life Cycle (PLC)'.

Figure 3 **Danish's Insight on PLC**



His complete focus was on growth stage of the product (known as star) and maturity stage of products (known as cash cow). The products which were in growth stage were performing as planned and products in maturity stage were generating cash to the organization but Maturity in fact a twilight towards

saturation. Hence, he never allow products to stay at maturity for longer time, he immediately brings out the diversified (new products) products on continuous basis. When the products were on growth stage with its peak performance, was a real '**Time**' for getting ready with latest and new products for its launch. In the 5-year planning, this was one of the important focussed areas. This kind of planning and working on the schedules, Danish ensures optimization of the resources. Further, in his Monday Meeting he made all the functional heads to understand this line of working to increase the strength of organization by optimization of the resources. His analytical experience was indicated that the Time of product from growth to maturity was just 6 month or one season, in that duration next fresh products (diversification) or product line necessarily be ready with its attributes.

STIRRING TOOL

Danish's scientific approach was to make use of resources rightly with its optimum capacity for the posterity of the organization. He generated confidence in Board of Director, Functional Heads and all down the line staff by presenting the Mapping Strategy, 'Product Life Cycle' and his emphasize was on Growth and Maturity of products (time element) and importance of

the Research and Product Design Development. Further, he made this practice continuously and consistently for every season (new products), since the LaKa products were seasoned oriented. He brought lightning speed in the work by performance-linked incentive (M-tonic for greater level of motivation) to all staff. In real sense, the citizenship behaviour of staff also scaled up with greater level of job satisfaction since everything was inclusive in nature. This kind of strategy was really missing in the organization.

ANNUAL GENERAL MEETING AGM

In one of the AGM, Danish had an opportunity to highlight his strategies which made the organization not only high performer but stronger for the posterity. The sales have gone up to the tune of 2000 million plus and all the staff, vendors and affiliated members were happy because of better turnover and good dividend. His key policy was diversification of products when it (products) was passing through the stage of Growth and Maturity of its cycle. His constant focused on new products line for every season, was created a Tag line that, LaKa means 'Always New Products' among the customer and market. Further, it was so happened that, the product life cycle was popularly recollected by employees and stakeholders as *Organization Life Cycle – Diversification of products in Growth and Maturity stage.*

CONCLUSION

Danish was distinctive in his qualities. He was always smart in working with element of inclusiveness. His analytical ability, forethought, and encashing fountain of resources for the futuristic of the organization was beyond visualization. He was leading from front, his strategic management with sharp focus on growth, strong business process, and operational execution across diverse functionalities made the organization vibrant. His Monday Meeting was given total new vision and turn in the life of the organization. His approach of preparing 5-year plan up to 25 years was a great instrumental in the product life cycle. His uniqueness was the mapping of the challenges and resources made the optimization of the organization. Instead of making organization as a profit centre, revival of few units, downsizing, trimming activities, etc. made the organization healthier, increased the life of organization by induction of product diversification with help of research and development in the growth and maturity stage, which resulted into 'Optimization of the Organization: A way forward to posterity.'

Despite of planning, timely execution, and all efforts for the posterity of the organization, in the growth path of the organization, it has growing challenges and threats from the competitors, vendors and employees. The dynamic marketing avatar like E-commerce, digital and on-line

marketing, affecting the sagging future of the textile since it was low in productivity and pricing. The question comes as to how the present / new Managing Director would be able to overcome all such challenges and hurdles and lead the organization to new growth trajectories.

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