



A Depository of Indian Cases

CASTLE

The Case Journal of Jansons School of Business

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Case Submission Guidelines

Contributions are invited for the forthcoming issue of CASTLE. The case authors can follow the guidelines given below for the submission of their work.

Format:

Caselets and Full-fledged cases will be considered for possible publication in CASTLE. Caselets can have a length of around 600 words and Full-fledged cases can have a length of around 5000 words. It should be an original and unpublished work. The completed work should be submitted as a word document. The text should use single-spacing and the Calibri -11 size font, with equal margins on all the four sides of the page. The tables and drawings need to be included at the relevant places in between the text.

Source:

The work can be based on either primary data or secondary data. While the primary-data-based cases (written based on the interviews/discussions with the company officials) should obtain case-release permission from the respective organisation, the secondary-data-based cases (written based on information available in public domain like newspaper, magazine, internet sources etc) need not have to obtain this. However due credit needs to be given to the source at the end of the case in terms of references.

Narration:

The cases need to take a story-telling style and should end with a thought-provoking question for the readers. The content should be written in the past tense and should take an unbiased neutral stand throughout.

Additional teaching material:

Each case needs to be supplemented at the beginning with (i) Teaching objectives (what concepts/models/theories can be explained through this and what course this is suitable for) (ii) Key issues (what main issues/problems are being addressed) and (iii) an Abstract of not more than 100 words.

The case needs to additionally have at the end (iv) A Teaching Note (to explain as to how this case can be administered to students, what possible approaches are available for solving the key issues and how a specific solution can be executed)

Copyright:

The author needs to provide in writing that the case is his/her own original work and is not submitted to any other publication. The author needs to assign the copyright to the Journal. However, the authors are permitted to use the cases for their personal requirements of teaching.

Submission:

The soft-copy of the Case can be submitted at editorcastle@jsb.ac.in

Depending on the date of submission of the case, it will be considered for possible publication in any one of the subsequent issues of CASTLE.

Review process:

Each case will undergo a blind review process and the feedback given by the reviewers will be discussed with the authors subsequently.

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FROM THE EDITORIAL TEAM

March, 2017

Dear Readers,

We are pleased to present to you the new edition of CASTLE - The Case Journal of Jansons School of Business. It features cases presented at Case Conference 2016 which was organised at Jansons School of Business, Coimbatore during May 23-24, 2016 in collaboration with The Case Centre, UK.

The first case, 'The Making of an Indian Film – John Snow and his Right Move' which was awarded the First Prize in the Marketing Track, makes an unusual prediction on how film-making will soon turn into a business decision based on scientific analysis. The case goes on to interestingly describe how the protagonist explores the various choices for his film with the help of a film-business consultant. The case on Beedi Industry which won the Second Prize in the Marketing Track narrates how several environmental factors have spelt the death knell to an erstwhile successful firm. Green Valley Coconut Oils is a case about the journey of two entrepreneurs who attempt to scale up their business from a mere coconut farming activity to a consumer-brand marketing initiative. The case was awarded the Third Prize in the Marketing Track.

The case, 'Aligning HRM Practices with employee expectation at AxiomBPM' which won the First Prize in the HR Track narrates the story of a real-life BPM firm that grew from a single 5-agent-office entity to a global 250-agent-firm and highlights how high attrition rate plays spoil sport in its growth now. The Second Prize in the HR Track was awarded to the case on State Bank of India which points out the measures adopted by this banking giant to improve employee productivity. The case with a Shakespearean title, 'To Be Or Not To Be' which won the Third Prize in the HR Track, boldly reveals the bitter truth of millennials' disregard for conventional teaching methods and unfolds the story of a veteran teacher who turned around a new leaf at an old age in order to make himself relevant to the new generation of students!

The subsequent cases featured in this edition focus on real-life business challenges of Haldiram's, Dove, Shoppers Orbit, GVK-EMRI & some more and make for interesting reading. The last case related to Unilever emphasises on the need for 'sustainability' in business and describes how HUL goes about achieving its ambitious mission of delivering value for all the stakeholders involved. The soft-copies of these cases are available for download at our website. We wish you all a wonderful reading and we look forward to seeing your valuable comments at editorcastle@jsb.ac.in

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The Making of an Indian Film – John Snow and his *Right Move*

Teaching Objectives:

This case is intended for use in Business Research, Analytics, Statistics, Economics, Marketing Strategy and related courses for teaching Probability and Conditional Probability, Bayes Theorem, Hypothesis Testing, Normal Distribution, Exponential Distribution and Chi-Square Goodness of Fit.

Key Issues:

Indian filmgoers' behaviour and influencing factors, Payback period estimation for movies, The effect of star cast, genre, awards, ticket pricing and release timing on films' success.

Abstract:

The case revolves around a dilemma faced by the protagonist, John Snow who is a famous film maker looking to enter the Indian Film Industry. He seeks expert guidance from Cyrus Ganguly who owns the film consultancy firm, 'Right Move Consulting' based in India. Snow has a reputation of taking informed decisions backed by strong statistical evidence. Hence, he expects to get relevant statistics related to the indigenous film industry in India in order to decide upon the details of his proposed film. Their discussion broadly revolves around possible revenue based on factors such as ticket pricing, time of release, genre, star cast, language, awards and marketing strategy. Snow hopes to achieve success as well as gain profits by following tried and tested strategies based on the historical data provided by Ganguly.

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John Snow at the Nigeria Film Festival

John Snow, a passionate international film maker was reminded of his longtime dream of making an Indian film after seeing the number of Indian film makers present at the Nigeria Film Festival in 2014. His visit was to witness his film being premiered in the festival. Along with the live feedback on his film, he also drew an inspiration for making an Indian film in the near future. Being aware of the fact that the Indian film industry was highly competitive and dynamic in nature, he wanted to plan this film-making process cautiously. Though he was sure that he would succeed in his new attempt if he approached it the right way, he could not help becoming a little skeptical about certain aspects of Indian film making. One of this was related to the misconception that the Indian audience had a very different taste for movies and so global ideas might not be accepted well in the country.

Snow had earmarked a budget of Rs.50 Crores for this Indian film. He was planning for a film of comedy genre, assuming that it could fetch him the best returns. One of his friends belonging to the Association of Cinematographers had suggested meeting a well-known 'Film Consultant' from India who was also present at the festival. Snow had arrived a day in advance and his film was to be premiered at the festival the next day. He was keen on using the

available time productively by discussing the possibility of an Indian film with this consultant. While waiting to meet this consultant, Snow was contemplating the guidance needed: what would be the best decision with respect to language, genre, budget and region, given that the Indian audience were a diverse lot? Was his initial plan of making a comedy film at the proposed budget justified?

The Indian Film Industry – an overview

During the 20th century, Indian film industry along with its counterpart from US (Hollywood) and China, became a global enterprise. As of 2013, India ranked first in the world in terms of annual film output followed by Nollywood (Nigeria), Hollywood and China. The Indian film industry generated overall revenues of \$1.86 billion (about INR 93 billion) in 2011. This was projected to rise to \$3 billion (about INR 150 billion) in 2016. India produced 1,602 feature films during 2012.

There were many positive developments in the industry. Enhanced technology paved the way for upgrading the established cinematic norms of delivering product, thus considerably altering the manner in which the film content appealed to the target audience. There were several Indian enterprises such as AVM Productions, Prasad’s Group, Sun Pictures, PVP Cinemas, Zee, UTV, Suresh Productions, Eros Films, Ayngaran International, Pyramid Saimira, Aascar Films and Adlabs who were involved in the production and distribution of films. Besides, the provision of 100% foreign direct investment had made the Indian film market attractive for foreign enterprises such as 20th Century Fox, Sony Pictures, Walt Disney Pictures, Warner Bros and so on.

Al Jazeera, a global media network, had made the following observations about the evolving Indian film industry in 2014: “...It's been around for a century now, but Indian cinema is more active than any 100-year-old you know. Bollywood - the Mumbai-based, primarily-Hindi-language film industry - crossed several milestones in the year gone by...The earlier benchmark for box-office success - net collections of Rs 100 crore (about \$16m) - became passé as three films each earned double that figure within India according to trade reports: *Chennai Express*, *Krrish 3* and *Dhoom 3* (A Blast: Part 3)...In this hero-dominated industry, the star who raked in the most money at the turnstiles in 2013 was a heroine: Deepika Padukone was an equal partner to her leading men in critically acclaimed roles in three money-spinners, *Chennai Express*, *Yeh Jawaani Hai Deewani* (This Youth Is Crazy) and *Goliyon Ki Raasleela: Ram-leela* (A Love Dance With Bullets: Ram-leela)...And independent cinema uncharacteristically made big news when the art-house English-Hindi film *Ship of Theseus* was marketed nationwide more heavily than any Indian movie before...”

About John Snow

John Snow, an international film producer known for producing films in several countries across the globe was keen on tapping into Indian market next. He saw each film more as a smart investment rather than an art of creativity. He was a smart investor but also a passionate film maker. He was known for his uncanny style of taking decisions related to choice of films. He would begin any new film project only after a thorough scientific analysis. His image of a reputed film producer earned him many friends in the various markets of the international film industry. Snow had a successful record of launching medium-scale films in countries such as Nigeria, Iran, Turkey, Egypt, Mexico and Brazil. He always wanted to spread his wings worldwide to as many countries as possible catering to the specific preferences of the local audience. He was also an ardent follower of world cinema and had always kept himself abreast of the technological developments and new trends in film-making.

Snow was awaiting an opportunity to enter Indian film industry despite his several reservations. He realised the challenge of regional diversity and knew that there was no set formula for attaining success in Indian market.

About Cyrus Ganguly and Right Move Consulting

Right Move Consulting was a media consulting firm founded by a business analyst named Cyrus Ganguly. Given his love for films and multimedia, Ganguly decided to focus in his business predominantly on films and their performance. Most of the films launched with the guidance of Right Move Consulting were successful and many were

blockbusters. Ganguly, a favourite among many new age filmmakers, offered guidance related to release, revenue, marketing and several operational aspects.

Ganguly was a smart marketer too. He attended events associated with films across the world to network with the international film fraternity. Though most of his visits were based on complimentary passes provided by his clients, he was raring to pursue his interest on his own otherwise too. He used all the interactions for making enthusiastic pitch to filmmakers. He was always looking forward to expanding his consulting business abroad and in the meanwhile bringing quality film-making to India as well.

Nigerian film conclave held annually is one such event that he never wished to miss. It served as a hub for various mid-scale filmmakers from different cultural backgrounds to interact and showcase their respective masterpieces. The event helped in celebrating some of the world's best films and also set a benchmark for local artistes to raise the bar. Nigeria being the world's largest film producing nation next only to India naturally helped Ganguly in identifying and targeting his potential clients each time.

John Snow meets Cyrus Ganguly

Snow was looking forward to what he believed would be an enriching interaction with Cyrus Ganguly. The much awaited meeting with this consultant happened finally. Ganguly took Snow for a cup of coffee and gave him an insight on the Indian film industry. He started explaining the two types of filmmakers present in India. One who would make films for personal satisfaction and the other who would make for mass audience targeting commercial gains. The former was not much worried about the business of films. The critical acclaim was what drove them to make films and they were eager to showcase their work in international film festivals. On the other hand, the latter aimed at raking the box office moolah i.e. their primary focus was on the business of the film! The skyrocket of revenue in the range of Rs. 100 crores to 200 crores really excited them. On saying this, Ganguly could notice that Snow was for doing serious business and he became excited about the scope for large returns.

Ticket Pricing - A Game Changer!

Ganguly went to explain as to how the new age cinema was so dynamic that the buzz spread like wildfire when a film had a good opening. The first weekend for any film contributed 60% of the box office revenue that a film would finally make in total. Justifying the varying ticket prices, he explained that the morning and afternoon shows were for college goers, house wives and a vast majority of contract workers. So the ticket prices were kept relatively cheaper. However, the crowd was huge at night shows and even a 100% margin was wise because more often than not tickets were sold out! Ganguly could see that Snow's eyes light up on hearing this. He continued, “Ticket prices skyrocket during weekends and holidays, as people throng the theatres”. Subsequently, he explained the price fluctuations (Ref: Exhibit 11). Enthused by Ganguly's details, Snow became more attentive to know further.

Sipping his coffee, Ganguly continued, “Ticket prices are decided largely upon the Actors, Directors and Producers involved in films. It's a given that an 'A' listed actor will attract more crowd to theatres and the ticket prices usually soar up for them”. (Ref: Exhibit 6). Snow became a little pensive, as the dilemma of actors and release date engulfed him. The instant questions on his mind were: Should it be an 'A' listed actor or others? Should he be bothered about the release date? Ganguly described the monopoly of big banners with big star cast in show business. The screens were booked even 6 months before the release date. The screen allocation numbers reflected the fact that a big banner movie would get filled faster. (Ref: Exhibit 3). The common belief among the producers was that a holiday release could boost up the film revenue by 100% if 'A' listed actors were involved due to the increase in ticket pricing as well as the increased availability of the audience, even after accounting for the discount provided by multiplexes. (Ref: Exhibits 11 to 21).

Doubts galore!

Snow wanted to understand the returns that films can make in India. He was planning for a short period of stay in India and expected a quick return on his investment. Snow wanted to specifically know how films rake in money in the opening weekend and the subsequent days. He was looking for information on how long it takes for a movie to roughly

gather all the money invested in it. Snow was also interested in knowing the difference in outcomes in terms of revenue and consumers' acceptance between regional language films vis-a-vis Hindi films. Considering the fact that he wanted to make a comedy film in Hindi, he wanted to find out if there were better alternatives available to him. He was also keen on knowing the right age group that he could target for quickest returns. Snow realised that star cast was quite essential to the success of any film. He could see a difference in the pattern of revenues with different star casts. Realising that better star cast implied higher cost of salaries, Snow wanted to know the best option for him to go with. He wanted to have clarity on the different streams of revenue possible for a film in india that could give him some basis for his future plans of film investment.

Fortunately, Ganguly had several insights to offer related to all of Snow's queries. He assured Snow that he had all the information derived from past statistics and subsequently mined through the data available with him to offer the required solutions. His results were pertaining to revenue, actors' salary, the possible outcome of a Hindi comedy film with dubbed versions in Telugu and Tamil against that of any other genre of film. (Ref : Exhibits 3 to 9)

Answers one by one!

With the support of his statistics, Cyrus Ganguly helped Snow find answers to his queries one after another.

Genre and Star Cast:

Snow's inclination for comedy genre with a budget of Rs. 50 crores did not go very well with Ganguly who in turn, suggested an '*action genre*' with a budget of about Rs. 70-80 crores. Ganguly validated his argument by quoting the statistics related to past 10 years. Snow wanted to have the star cast that could pull crowd to the cinemas. He wanted to probe the success rate of big and small stars of India. Ganguly explained that most of the stars were associated with one of the clubs and to get the right combination of actors, one needed to make a contract with the associated club. Ganguly explained how a star's remuneration was dependent on his / her fame in the industry and also on the past success rate. He supported this with some statistics of the Hits and Flops of the big and small star cast (Ref : Exhibit 3). Snow referred to a cover story that he came across regarding Indian viewers' preferences. Ganguly supplemented this with his own survey findings (Ref : Exhibit 23). Snow requested Ganguly to examine this further through a detailed study.

Timing of film's release:

Snow being an astute investor was keen on identifying the right time to release his film in India so that he could maximize his profits. His basic understanding of Indian film launch pattern revealed that films were released mostly on Fridays, National Holidays or during regional festival days (Ref : Exhibits 2, 19, 26 & 29). Ganguly explained how India was a country of diverse cultures with several religious festivals celebrated almost every month throughout the year unlike US or other western countries. He highlighted the major film releases pertaining to previous year and described how high-profile stars preferred festival launches. The details that Ganguly provided on the success pattern of Indian films gave Snow ample room for further decision-making. What Ganguly said further set Snow thinking deeply.

“India is one of the most religiously diverse nations in the world with varying religious societies and cultures. The three national holidays in India namely the Independence Day, the Republic Day and the Gandhi Jayanti, are celebrated with zeal and enthusiasm across India. Besides, there are several other regional festivals pertaining to the particular religious and linguistic demographics. Being a multi-cultural and multi-religious society, any one part of India may always be on a celebration of something or other”.

Subsequently, Ganguly went on to explain the concept of dump months and their impact on film releases. Dump month was a term used in the film community for the two periods of the year when there were lowered commercial and critical expectations for most of the new releases. This period attracted smaller audience compared to other periods and so no prominent film releases were really planned during this. January and February were usually referred to as dump months and sometimes even August and September were included in this description. Nevertheless, it did not mean all the films launched during this period went into oblivion. He supported his perspective with some statistics.

Having got a hang of release timing basics, Snow became eager to know about the impact of simultaneous film releases on each other. Ganguly explained, “Indian film industry has around 6 superstars who release films every year. To get the best profits possible on a superstar film, producers plan each release in such a way that there is ample time-gap between two superstar films.”. He explained that gap had a huge impact on the box office in terms of success rate, revenue, theatre availability and so on. He used his statistical analysis of annual gap pattern for the past three years and explained this further (Ref : Exhibit 4). Ganguly went on to explain the peer comparisons and stiff competitions among stars.

The role of promotions

Ganguly highlighted the importance of promotion for films. “Indian actors invest a lot of time and energy into promoting their films. No wonder then that they are becoming masters of this trade too”. Snow expressed his desire for gaining recognition in Indian film industry besides commercial gains and felt that achieving critical acclaim was based on the choice of director, script writer, screen play writer, music director, dialogue writer and the right crew for every aspect of film-making. Ganguly helped Snow understand the awards targeted by films in India from Government sponsored National Awards to privately-held FilmFare Awards and other recognitions.

The Outcome

Snow enjoyed his interaction with Ganguly and found every piece of advice very valuable for his plan. Months later, using this guidance, Snow went on to plan, create and launch his film in India which became a huge hit at the box office. Impressed by this success, Snow sought Ganguly's consulting help again even for his foreign films. Ganguly's joy knew no bounds, as he finally gained an entry into the international market that he was eagerly looking forward to!

Questions for Discussion:

1. What was the action plan that Ganguly pointed out to Snow?
2. How was the analysis of data by Ganguly so precise and helpful that working for one such client almost catapulted his career forward?
3. Would Snow have done a good job anyway without Right Move Consulting?

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ANNEXURE

Exhibit 1: Quarterly Releases & Hits

Quarter	No. of Films Released	No. of Hits
January - March	40	10
April - June	34	7
July - September	28	5
October - December	40	8
TOTAL (per annum)	142	30

Exhibit 2 a: Holidays and Festivals in a year

Date	Day	Holiday
Jan-14	Tuesday	Makar Sakranti / Id-E-Milad
Jan-26	Sunday	Republic Day
Feb-27	Thursday	Maha Shivratri
Mar-17	Monday	Holi
Apr-13	Sunday	Mahavir Jayanthi
Apr-18	Friday	Good Friday
May-01	Thursday	May Day
May-14	Wednesday	Buddha Purnima
Jul-29	Tuesday	Id-UI-Fitr
Aug-15	Friday	Independence Day
Aug-18	Monday	Krishna Janmastami
Aug-29	Friday	Ganesh Chaturthi
Oct-02	Thursday	Mahatma Gandhi Jayanthi
Oct-03	Friday	Vijaya Dashami
Oct-06	Monday	Bakri Id
Oct-23	Thursday	Diwali
Nov-04	Tuesday	Muharram
Nov-06	Thursday	Guru Nanak Jayanthi
Dec-25	Thursday	Christmas

Exhibit 2 b: Films released during National Holidays and Festivals

Date	Day	National Holidays / Festivals	No. of Releases	No of Hits
Jan-14	Tuesday	Makar Sankranti / Id-E-Milad	4	2
Jul-29	Tuesday	Id-UI-Fitr	4	2
Aug-15	Friday	Independence Day	4	0
Oct-03	Friday	Vijaya Dashami	4	0
Oct-23	Thursday	Diwali	4	1
Dec-25	Thursday	Christmas	4	1
Total			24	6

Exhibit 3: Star Cast & Film’s Success

	Hit (H)	Flop (F)	Total
Big star cast (B)	11	25	36
Small star cast (S)	19	87	106
Total	30	112	142

Exhibit 4: Time Gap Between Films of Super Stars

Stars	Time Gap between 2 big releases (in months)
Superstar 1	1
Superstar 2	4.5
Superstar 3	0.5
Superstar 4	2.5
Superstar 5	1.5
Superstar 6	2

Exhibit 5: Stars & Return On Investment

ROI/Star	Mean Average No. of days taken for Different ROI		
	Star A	Star B	Star C
20%	1	3	2
40%	2	6	3
60%	4	11	5
80%	5	17	10
100%	7	25	17
120%	11	37	26
150%	17	48	39
200%	30	64	49

Exhibit 6: Stars’ Salary & Film Revenue

Movie	Star A		Star B		Star C	
	Salary (in ₹ Crores)	Sales (in ₹ Crores)	Salary (in ₹ Crores)	Sales (in ₹ Crores)	Salary (in ₹ Crores)	Sales (in ₹ Crores)
1	2.5	46	1.2	45	4	66
2	2.8	25	1.5	35	4.5	87
3	3	45	2	47	5	94
4	3	57	2	17	4	67
5	3	12	2.5	69	5	52
6	3	19	2.5	14	5	65
7	4	78	2.6	24	5.5	82
8	6	15	2.6	39	6.5	79
9	6	35	4	60	8	83
10	5	15	1.5	18	12	118
11	9	17	1.5	19	12	90
12	9	46	6	88	12.5	156
13	9.5	58	8	96	15	120
14	10	60	8	98	18	145
15	12	95	10	105	22	135

Exhibit 7: Sources of Revenue for Films (in %)

Mode / Film Certification	U/A	A	U
Theatres	58	65	59
Satellite/DTH	25	15	21
Music	12	13	11
DVD	5	7	9

Exhibit 8: Day-wise Cumulative Revenue for Films

Day	Cumulative Revenue in ₹ Crores for films of different Languages				
	Hindi	English	Telugu	Marathi	Tamil
1	15	9	12	5	11
2	18	13	15	6	14
4	21	16	18	7	16
7	23	18	20	8	19
14	30	24	24	11	24
21	35	27	27	13	26
30	40	31	32	15	30

Exhibit 9: Region-wise Film Revenue: Genre Vs. Age Group

Age (in years)	Region	Revenue in Crores Vs. Genre					
		Thriller	Action	Comedy	Horror	Family Drama	Social/Art
<10	North	0.7	0.7	2	0.4	0.3	0.15
	South	0.4	1.2	3	0.6	0.5	0.2
	East	0.3	0.5	2	0.3	0.2	0.1
	West	0.5	0.4	2	0.4	0.3	0.15
10-20	North	2	3	3.5	1.5	1.5	1
	South	3	5	2.5	2.5	2	0.7
	East	2.5	2.5	2	2	1	0.5
	West	2	3	4	2	2.5	0.9
20-30	North	4	5	7	3	4	3
	South	5	8	4	5	3	2
	East	3	6	4	2	4	2
	West	4	4	6	4	5	3
30-50	North	2	1.5	2	1.2	2	2.5
	South	1.5	2.5	1.5	2	2.5	1.5
	East	1.5	2	1.2	1	1.5	2
	West	2	1	2.5	1.5	3.5	2.5
>50	North	1.5	1.2	1.5	1	1.2	1.8
	South	1.2	2	1.5	1	1.5	1.2
	East	1	2	1	0.8	0.8	1.5
	West	1.5	1	2	1	2	2

Exhibit 10: Distribution of Film Show Timings Vs. Screen

Screen	Morning show	Afternoon Show	Evening Show	Night Show
Screen-1	10:00	12:40	16:30	21:00
Screen-2	09:30	12:15	16:15	20:00
Screen-3	10:00	12:40	16:30	21:00
Screen-4	09:30	12:15	16:15	20:00
Screen-5	10:00	12:40	16:30	21:00

Timings are subject to change (+/- 45 minutes) depending on the runtime of the film.

Exhibit 11: Basic Ticket Prices for 20 films based on Timings and Days

Timing	Ticket Prices in Rupees (Bronze/ Silver / Gold) during Weekdays	Ticket Prices in Rupees (Bronze/ Silver / Gold) during Weekends
Before 12:00 Noon	90/120/150	120/150/180
12:00 Noon – 4:00 PM	120/130/150	150/180/210
4:00 PM – Midnight	150/180/210	200/250/300

Exhibit 12: Basic Ticket Prices for 30 films based on Timings and Days

Timing	Ticket Prices in Rupees (Bronze/ Silver / Gold) during Weekdays	Ticket Prices in Rupees (Bronze/ Silver / Gold) during Weekends
Before 12:00 Noon	120/150/180	150/180/210
12:00 Noon – 4:00 PM	150/180/210	180/210/240
4:00 PM – Midnight	180/210/240	250/300/350

Exhibit 13: Customers for different film show timings

Audience Expected (on an average)	Film Show Timing
150	Morning show
200	Afternoon show
160	Evening show
320	Night show

Exhibit 14: Revenue for different film show timings

Revenue Expected	Film Show Timing
8%	Morning show
25%	Afternoon Show
18%	Evening Show
49%	Night show
Total: 100%	

Exhibit 15: Distribution of 5 Screens for different genre of films during first week

Genre	Screens allotted
Kids	2
Universal	4
Adult	3 or 4

Exhibit 16: Basic Ticket Prices for 20 films during National Holidays and Festivals

Timing	Ticket Prices in Rupees (Bronze/ Silver / Gold) during Weekdays	Ticket Prices in Rupees (Bronze/ Silver / Gold) during Weekends
Before 12:00 Noon	120/150/180	150/180/210
12:00 Noon – 4:00 PM	150/180/210	180/210/240
4:00 PM – Midnight	180/210/240	250/300/350

Exhibit 17: Basic Ticket Prices for 30 films during National Holidays and Festivals

Timing	Ticket Prices in Rupees (Bronze/ Silver / Gold) during Weekdays	Ticket Prices in Rupees (Bronze/ Silver / Gold) during Weekends
Before 12:00 Noon	150/180/210	180/210/240
12:00 Noon – 4:00 PM	180/210/240	210/240/270
4:00 PM – Midnight	210/240/270	280/320/360

Exhibit 18: Basic Ticket Prices for B Listed films (only 2nd)

Timing	Ticket Prices in Rupees (Bronze/ Silver / Gold) during Weekdays	Ticket Prices in Rupees (Bronze/ Silver / Gold) during Weekends
Before 12:00 Noon	70/100/120	100/130/160
12:00 Noon – 4:00 PM	90/110/130	130/160/190
4:00 PM – Midnight	130/160/190	180/230/280

Exhibit 19: Films’ Success Vs. Release Period (out of 600 films)

	During Holidays	During Non-holidays	Total
Hit	70	130	200
Flop	30	370	400
Total	100	500	600

Exhibit 20: Pattern of Ticket Sales in a Day

Total tickets sold per day	: 50,000
Tickets booked online	: 25,000
Tickets booked offline	: 25,000
Number of online tickets given discount	: 6,250
Discount on online tickets	: 20%

Exhibit 21: Allotment of 5 Screens for Actors

Type of Actor	No. of Screens allotted
A - listed	3 or 4
B-listed	1 or 2

Exhibit 22: First Weekend Revenue for Films

Number of Films	Revenue during First Weekend
10	>80% of total revenue
20	>70% of total revenue
26	>60% of total revenue
45	>50% of total revenue
5	<50% of total revenue

Exhibit 23: Indian Filmgoers’ Preferences for Stars

Name of Star	Filmgoers’ Preference for the respective Star’s Films (in %) (Based on the survey by a popular newspaper)	Filmgoers’ Preference for the respective Star’s Films (in %) (Based on Ganguly’s own survey)
SANJAY	0.10	0.13
ROHIT	0.11	0.17
KAMAL	0.09	0.06
BHARATH	0.15	0.04
KRISHNA	0.15	0.10
ARJUN	0.40	0.50

Teaching Note

This case will be helpful in facilitating students' understanding of important statistical concepts.This can be achieved by guiding them to answer each one of the specific questions given below.

1. John Snow is curious to know the importance of a holiday release in the success of a movie. He already has the data which reveals that of last 100 movies released during holidays 70 have been hit. While out of 500 released during non-holiday seasons only 130 have been hits. Is the holiday factor really important?

Motivation

With the continuous repetition about the holiday bubble in film industry by Cyrus Ganguly, John snow becomes so curious as to find whether holiday release irrespective of it being a National holiday or Festival holiday release (Ref: Exhibit 19) played that important role in the business of the film. He has the following data with him given by the analyst.

	Holiday (H)	Non holiday(H’)	Total
Hit (A)	70	130	200
Flop (A’)	30	370	400
Total	100	500	600

Method

John decides to use Probability Theory to assess the problem and arrive at a solution. Below are the approaches which can help him obtain the respective results:

S.No. Number	Question Result	Approach
1	Probability that film will be a hit when releases on holiday	Bayes Theorem/conditional Probability
2	Probability of a film being a hit	Simple Probabili ty
3	Probability that a film being hit, given it was released on a festive day	Conditional Probability

Mechanics:

The Joint probabilities, Row conditional probabilities and column conditional probabilities are as follows.

Joint Probabilities

	Holiday (H)	Non -Holiday (H')	Marginal
Hit (A)	0.1167	0.2167	0.3333
Flop (A')	0.0500	0.6167	0.6667
Marginal	0.1667	0.8333	1.0000

Row-Conditional Probabilities

	P (Holiday)	P (Non - Holiday)
Hit)	0.3500	0.6500
Flop)	0.0750	0.9250

Column-Conditional Probabilities

	Holiday)	Non-Holiday)
P(Hit)	0.7000	0.2600
P(Flop)	0.3000	0.7400

Let h be the probability of film releasing on holiday,

$P(h)=100/600=0.166$

Let A be the probability of film being a hit,

$P(A)=200/600 = 0.33$

Probability that given the film was hit, what is the probability that it was a holiday release,

$P(h/A)= 0.35$

Probability of film being hit provided it was a holiday release,

$P(A/h)= P(A \text{ and } h)/ p(h)=0.1167/0.1667= 0.70$

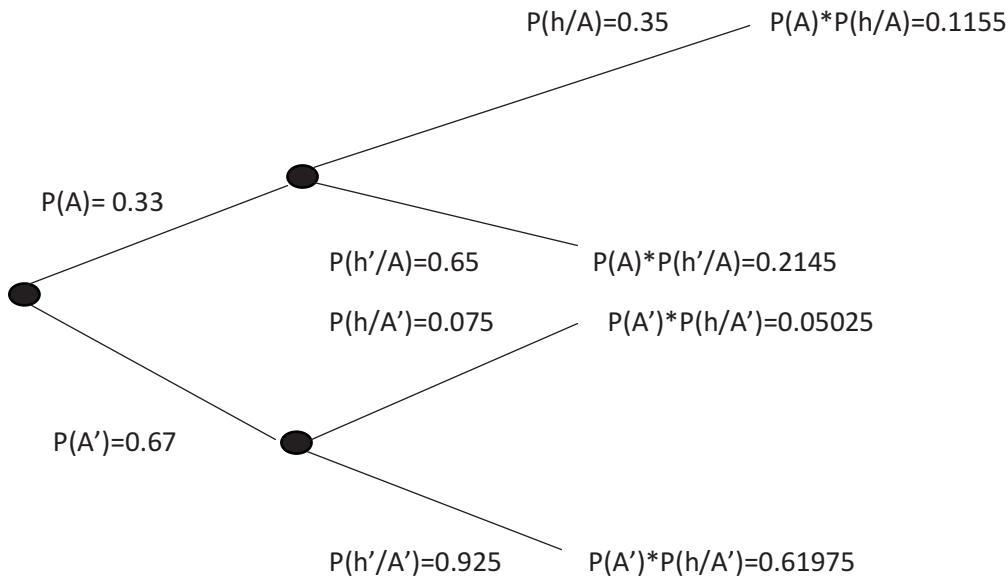
Bayes Theorem can also be used to arrive at this solution

$$P(A/h)= p(h/A)*p(A)/(p(h/A)*p(A) + p(h/A')*p(A'))$$
$$=(0.35)*(0.33)/(0.35*0.33)+(0.075)*(0.67)$$
$$= 0.1155/0.1657$$

$P(A')= 0.67$

$P(h/A')= 0.075$

By substituting value we get, $p(A/h) = 0.6968=0.70$ (Approx)



The Tree Diagram of these probabilities is as above

Message

After analysing the probability results, John Snow came to the following conclusions:

- » Holiday plays an important role in deciding the business of the film with probability that the film becoming a Hit if released during Holidays at around 70%.
 - » The students can be encouraged to find $F(A/H')$, it would be the probability of the film being a hit if released during Non-Holiday season.
2. John Snow is not able to digest the fact that movie gets 60% of its total business in the first weekend itself and wants to prove that it cannot be true. He examines the last 50 films released and their respective collection figures. He finds that 26 films have earned more than 60% of the revenue from its first weekend. Is his belief right?

Motivation

After making a lot of efforts to digest the fact that first weekend of the film provides 60% of the revenue, John Snow wants to prove that hypothesis is wrong. He has the following data as sample regarding from Exhibit 22.

Number of Films	Revenue earned during First Weekend
10	>80% of total revenue
20	>70% of total revenue
26	>60% of total revenue
45	>50% of total revenue
5	<50% of total revenue

Method:

John decides to use Probability Theory to assess the problem and arrive at a solution. Below are the approaches which can help him obtain the respective results:

S No. Number	Question Result	Approach
1	Probability that film collects 60% revenue during first weekend	Null hypothesis
2	To calculate the Z value in a given confidence interval	Z value method

Mechanics:

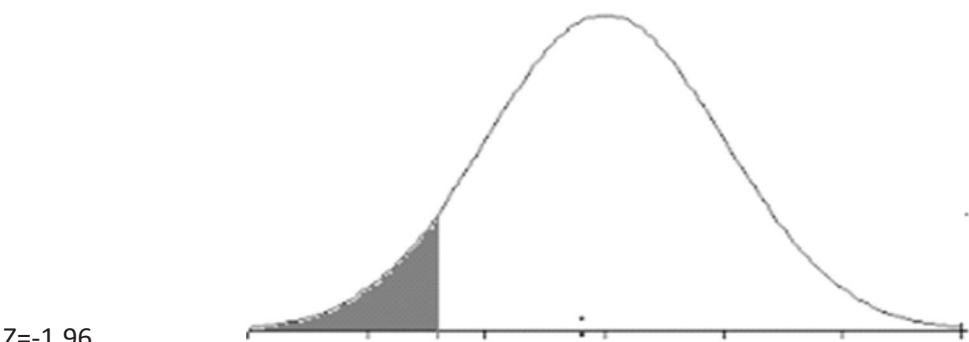
Ganguly claims that 60% of the films' revenue is earned during first weekend itself. It can be considered as a one sample proportion test where the population proportion is given as $P = 0.6$. But the same given in Exhibit 22 is $n=106$. Sample proportion say $Sp = 56/106=0.528$ since among 106 films from the sample, 56 films got revenue above 60% during their first weekend. Standard deviation =Square root of $(0.6(1-.6)/106) = .0475$

Null hypothesis : Movie collects 60% of revenue from its first weekend $p \geq 0.6$

Alternative hypothesis : Movie does not collect 60 % of revenue from its first weekend $p < 0.6$

$Z = P-Sp/s.d = 0.6-0.528/0.0475 = 0.072/0.0475 = 1.51$

Z value at 95% confidence level is -1.96. The rejection region lies in lower tail



$Z = -1.96$

So we don't have enough proof to reject null hypothesis.

Message:

After analysing the probability results, John Snow comes to the following conclusions:

- » First weekend collection is majorly responsible for the revenue of the film and nearly 60% of the movies collection is done during its first weekend itself
- » If we plan his film in such a way that attracts audience during the first weekend, then it will be a profitable affair.

3. John Snow wants to know

- a) Probability of a film being hit
- b) Probability of a film being “hit” given that it has a big star-cast
- c) Probability of a film being hit, given it was released on a festive day

Motivation

John Snow wants Cyrus Ganguly to find the success pattern of the films released during the National Holidays and Festivals. Ganguly using his analysis is to find the probability of the film being hit, if the film is released on a festival occasion. He has collected historical data of the past year and is tabulated as given below:

Table 1

Date	Day	National Holidays / Festivals	No. of Releases	No of Hits
Jan-14	Tuesday	Makar Sankranti / Id-E-Milad	4	2
Jul-29	Tuesday	Id-UI-Fitr	4	2
Aug-15	Friday	Independence Day	4	0
Oct-03	Friday	Vijaya Dashami	4	0
Oct-23	Thursday	Diwali	4	1
Dec-25	Thursday	Christmas	4	1
Total			24	6

Snow also wants to know the star cast to be roped in. He is very particular about the lead characters of the film as he believes that it plays a prominent role in bringing crowd to the cinemas. He wants to know the success rate of the big / famous star cast and small star cast. Using his analysis, Ganguly needs to find the probability of a film being “hit” given that it has a big star-cast. He has a database of the past year which is tabulated below.

Table 2

	Hit (H)	Flop (F)	Total (T)
Big star cast (B)	11	25	36
Small star cast (S)	19	87	106
Total	30	112	142

Method:

Ganguly decides to use Probability Theory to assess the problem and arrive at a solution. Below are the approaches he will be following to obtain the respective results:

Serial Number	Desired Result	Approach followed
1	Probability that a film being hit	Simple Probability
2	Probability that a film being 'hit' given that it has a big star-cast	Conditional Probability
3	Probability that a film being hit, given it was released on a festive day	Conditional Probability

Mechanics:

Serial Number 1: Probability that a film being hit

Let A be the probability that a film being hit. From Table 2,

$P(A) = \text{Number of hits/Number of movies released} = 30/142 = \mathbf{0.21}$

Serial number 2: Probability that a film being 'hit' given that it has a big star-cast

Let B be the probability that the film being 'hit' given that a big star cast is involved in the crew.

$P(B) = \text{Number of hits when film had abig star cast} = 11/36 = \mathbf{0.3056}$

Serial number 3: Probability that a film being hit, given it was released on a festive day

Let C be the Probability that the film being hit if it is released on a festival. From table 1,

$P(C) = \text{Number of hits when film is released on festival/Number of films released on festivals} = 6/24 = \mathbf{0.25}$

Message:

After analysing the probability results, Snow comes to the following conclusions:

1. 21.16% of the films were hit among all the films released in 2014. This is indeed a very useful information to predict the success rate of Indian films.
2. 30% of the films were hit if it had a big star cast out of 21.16% hits in the year 2014. There is an immediate need to decide whether to cast a big star or a small star in the upcoming film.
3. 25% of the films released during festive season were hits when compared to overall hit ratio of 21.16% in the year 2014. This is indeed very critical information to decide when to release the upcoming film in order to increase its chances of being a hit.

4. Snow wants to verify the success rate of the star cast films using test for goodness? Ganguly needs to confirm the claim of the news article.

Motivation:

The survey findings of a news paper have listed the stars that Indian filmgoers would prefer to watch. Ganguly's task is to confirm the claim of this newspaper. Ganguly's own survey data is to be considered as observed data.

Hence Chi-Squared Goodness-of-Fit can be used to test the claim of the newspaper article.

He has the news article view which can be considered as expected probability for the star cast and Data from Ganguly can be considered as Observed probability.

Star Cast Name	News Article data can be considered as [Expected Probability (Fe)]	Ganguly' sown survey data can be considered as Actual Probability (Fo) observed
SANJAY	0.10	0.13
ROHIT	0.11	0.17
KAMAL	0.09	0.06
BHARATH	0.15	0.04
KRISHNA	0.15	0.10
ARJUN	0.40	0.50

Method:

Ganguly decides to use Probability Theory to assess the problem and arrive at a solution.

News Article data can be considered as Expected Probability (Fe) while Ganguly's own survey data can be considered as Actual observed Probability (Fo)

Below are the approaches he will be following to obtain the respective results:

Serial Number	Desired Result	Approach followed
1	Test of goodness for the success rate of the Star cast	Chi Square Test

Mechanics:

	SANJAY	ROHIT	KAMAL	BHARATH	KRISHNA	ARJUN
Null Hypothesis	= 10%	=11%	=9%	=15%	=15%	= 40%

Alternate Hypothesis: The above percentages are different

Let Fe be the Expected hit probability

Let Fo be the Actual Hit probability for the past year

N is the number of values, N = 6

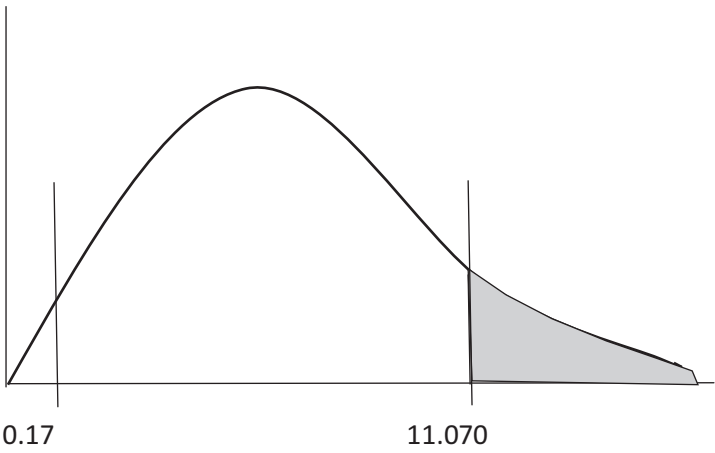
Degrees of freedom = N-1 = 5

Chi-Square value for 95% confidence level for 5 degrees of freedom is 11.070

Starcast Name	Expected Hit Probability (Fe)	Actual Hit Probability (Fo)	Fe-Fo	(Fe-Fo) ²	(Fe-Fo) ² /Fe
SANJAY	0.1	0.13	-0.03	0.0009	0.01
ROHIT	0.11	0.17	-0.06	0.0036	0.03
KAMAL	0.09	0.06	0.03	0.0009	0.01
BHARATH	0.15	0.04	0.11	0.0121	0.08
KRISHNA	0.15	0.1	0.05	0.0025	0.02
ARJUN	0.4	0.5	-0.1	0.0100	0.03
					Σ((Fe-Fo) ² /Fe)=0.17

Chi Square value for the observed values is found in the above table = 0.17

As the value is less than 11.070 we do not reject the Null Hypothesis.



Message:

After analysing the probability results, Snow comes to the following conclusion:

As the Null Hypothesis is not rejected, he can decide which star cast to be hired for the film based on the Probability table, with Arjun having the highest probability of giving a Hit film.

5. Snow wants to identify as to how long it will take to recover the investment on an Indian film, depending on the star cast?

Motivation

Snow wants to achieve quick returns on his investment in films and was eager to recover it in the first week itself. He asks Ganguly to help him find the probability of recovering the entire investment in the opening week for each star based on the historical data available with him. This will also help Snow in deciding on the star to be hired for his upcoming movie.

Method:

Exponential distribution can be used to find the probability of recovering the entire investment of Snow within the 1st week of release. Data provided in Exhibit 5 can be used for this.

Mechanics:

ROI	Mean Average No. of days taken for Different ROI		
	Star A	Star B	Star C
20%	1	3	2
40%	2	6	3
60%	4	11	5
80%	5	17	10
100%	7	25	17
120%	11	37	26
150%	17	48	39
200%	30	64	49

Expected Value or Mean = μ

Cumulative probability for exponential distribution,

$$P(x \leq x_0) = 1 - e^{-x_0 / \mu}$$

For Star A,

Mean value of no. of days taken to recover 100% investment for Star A= μ = 7 days

Hence, Probability that it will take a week or less to recover 100% investment for Star A,

$$P(x \leq 7) = 1 - e^{-7/7} = 0.6321 = 63.21\%$$

For Star B,

Mean value of no. of days taken to recover 100% investment for Star B= μ = 25 days

Hence, Probability that it will take a week or less to recover 100% investment for Star B,

$$P(x \leq 7) = 1 - e^{-7/25} = 0.2442 = 24.42\%$$

For Star C,

Mean value of no. of days taken to recover 100% investment for Star C= μ = 14 days

Hence, Probability that it will take a week or less to recover 100% investment for Star C,

$$P(x \leq 7) = 1 - e^{-7/14} = 0.3939 = 39.39\%$$

Message:

The following conclusions can be drawn based on the findings by Ganguly:

- » There are not very strong chances of recovering back Snow's entire investment in the opening week itself. Perhaps, he should not lose hope even if it takes over a week to recover his investment as it is not in keeping with the trend of the Indian film industry judging by the records from the past.
 - » The probability of recovering back investment within the first week is highest for a movie starring Star A while it is the lowest for a movie starring Star B. Hence, Snow stands the best chance of recovering back his initial investment at the earliest if he hires Star A for his upcoming movie.
6. Snow wishes to examine the relationship between the salary paid to the star cast and the revenue generated by that film. How significant is the relationship between these two factors?

Also, he wishes to predict how much revenue will be generated by a film if a salary of INR 8 Crore's is paid to the star cast.

Motivation:

Snow has a reputation of never engaging in unprofitable projects and he wants assured returns on his investment devoid of uncertainty. Thus, he is keen to know the strength of the relationship between the salary paid to the star cast and the revenue generated by the film to mitigate potential risk of his film failing in the box office. He asks Ganguly to predict how much revenue he can expect his film to generate if he hires a star with a pay package of INR 8 Crores irrespective of the star being of category A or B or C.

Method

A scatter plot can be used to study the relationship between Sales and Salary. Correlation analysis can be used to measure the strength of association between the variables.

Regression analysis can be used to predict the value of the dependent variable (Sales) based on the value of the independent variable (Salary).

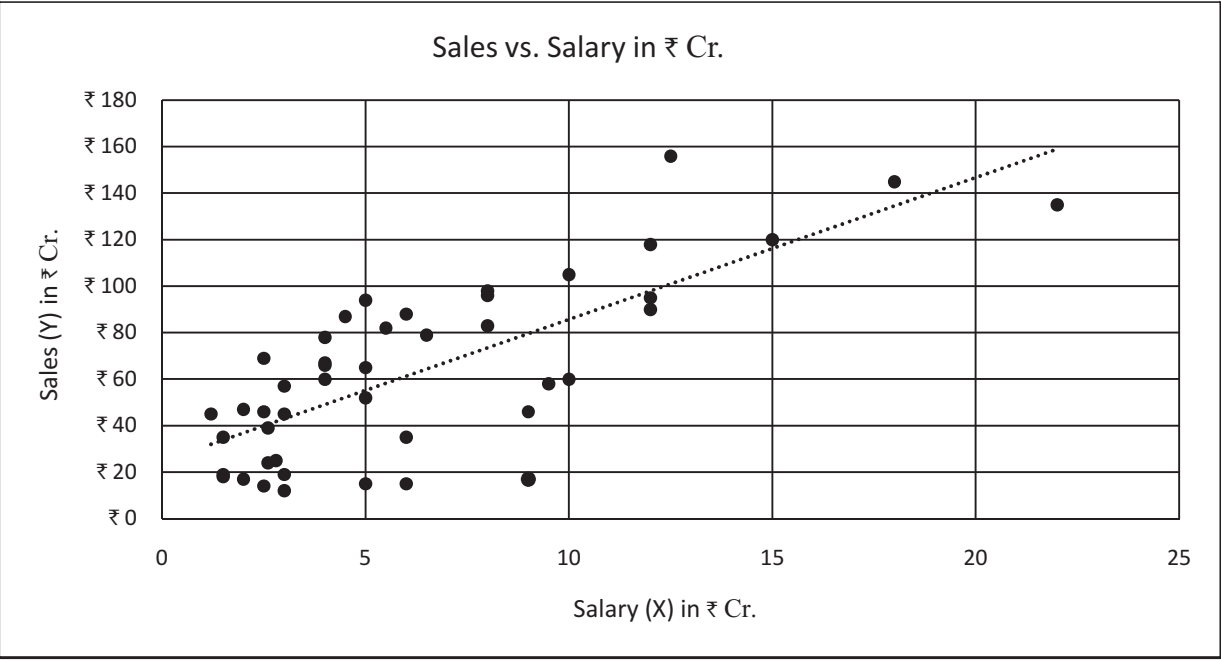
Mechanics:

Movie	Star A		Star B		Star C	
	Salary (in ₹ Crores)	Sales (in ₹ Crores)	Salary (in ₹ Crores)	Sales (in ₹ Crores)	Salary (in ₹ Crores)	Sales (in ₹ Crores)
1	2.5	46	1.2	45	4	66
2	2.8	25	1.5	35	4.5	87
3	3	45	2	47	5	94
4	3	57	2	17	4	67
5	3	12	2.5	69	5	52
6	3	19	2.5	14	5	65
7	4	78	2.6	24	5.5	82
8	6	15	2.6	39	6.5	79
9	6	35	4	60	8	83
10	5	15	1.5	18	12	118
11	9	17	1.5	19	12	90
12	9	46	6	88	12.5	156
13	9.5	58	8	96	15	120
14	10	60	8	98	18	145
15	12	95	10	105	22	135

Let, Dependent Variable (Y) = Sales in ₹ Cr. AND Independent Variable (X) = Salary in ₹ Cr. The Consolidated data for all stars:

Salary (X)	Sales (Y)	Salary (X)	Sales (Y)
2.5	46	4	60
2.8	25	1.5	18
3	45	1.5	19
3	57	6	88
3	12	8	96
3	19	8	98
4	78	10	105
6	15	4	66
6	35	4.5	87
5	15	5	94
9	17	4	67
9	46	5	52

Scatter Plot for Revenue vs. Salary



This shows that there is a low degree of linear relationship between Sales and Salary. The regression output confirms this. Only 55.85% of the variation in Sales is explained by variation in Salary paid to star cast. Hence there are other factors responsible for the overall sales of the movie.

For reference the regression output from Excel is herewith shown.

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.747355128
R Square	0.558539688
Adjusted R Square	0.548028728
Standard Error	25.54258476
Observations	44

ANOVA						
	df		SS	MS	F	Significance F
Regression		1	34669.00273	34669.00273	53.1387902	5.6161E09
Residual		42	27401.79272	52.4266363		
Total		43	62070.79545			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	24.75668582	6.570764069	3.767702745	0.000507501	11.49634707	38.01702456	11.49634707	38.01702456
X	6.096771953	0.836361667	7.289635807	5.6161E-09	4.408925777	7.78461813	4.408925777	7.78461813

Coefficient of determination,

$$r^2 = \frac{(\text{Regression Sum of Squares})}{(\text{Total Sum of Squares})} = \frac{SSR}{SST} = \frac{34669.002}{62070.792} = 0.5585$$

$$0 < r^2 < 1$$

Thus, some but not all of the variation in Sales is explained by variation in Salary.

55.85% of the variation in Sales is explained by variation in Salary paid to star cast.

Regression Equation is,

$$Y = \beta_0 + \beta_1 X$$

Though it would be a bad decision to predict sales of a film based on the Price tag of the actor, still for information purpose we can estimate the sales of the film based on star salary as follows.

$$Y = 24.75668582 + 6.096771953X$$

Thus, Predicted Sales for a salary of ₹ 8 Cr. paid to the star cast,

$$\text{Sales, } Y = 24.75668582 + 6.096771953X (\text{Salary})$$

$$= 24.75668582 + 6.096771953 \times (8)$$

$$= ₹ 73.53 \text{ Cr.}$$

Estimated Sales for a salary of ₹ 8 Cr. paid to the star cast is ₹ 73.53 Cr.

Message:

Based on the analysis provided by the consultant, Snow is able to make the following observations:

- » There exists a low degree of linear relationship between the revenue generated by a film and the salary paid to its star cast.
- » The Sales revenue of a film is proportional to the salary paid to its star cast. 55.85% of the variation in Sales is explained by variation in Salary paid to star cast.
- » Snow can expect to generate a revenue of approximately ₹ 73.53 Cr. with his planned budget of ₹ 8 Cr. for the star cast in his movie. Since the Model is not very good, caution needs to be observed.



Will Beedi Industry Go Up In Smoke? – A Case Study

Teaching Objectives:

This case is intended for use in Marketing Management, Strategic Management, Human Resource Management and Operations Management courses for teaching Environmental Analysis, Strategic Planning, Competitive Advantage, Retrenchment and Raw Material Procurement Planning.

Key Issues:

Impact of social and legal environmental factors on business, Scarce raw materials and procurement planning, managing decline in market potential, retrenchment planning.

Abstract:

Beedi known as the poor man's cigar has replaced hookah and chewing tobacco due to its low cost and portability. Beedi industry has been providing livelihood for a large section of semi-skilled rural populace. V.P.R College Beedi was established in the year 1952 to cater to the needs of tobacco consumers in Erode District. It started out as a partnership firm with all the four partners playing multiple roles of production, marketing and finance. The company grew from strength to strength due to the business acumen of the partners. The company employed novel sourcing and marketing strategies, which enabled it to capture a sizeable market share in Erode and neighbouring districts. During the 1990s, the company was very successful, employing more than 1200 people. However, regulatory changes in the procurement of tendu leaves (the basic raw material), ban on advertising tobacco products, wide publicity on health hazards of tobacco consumption, levy of excise duty and sales tax have all adversely impacted the fortunes of the company. The company is now facing ever shrinking market and is wondering what strategies it should adopt to overcome this crisis.

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During the 17th century, Hookah smoking and tobacco chewing were most popular among people. Since Hookah was tedious to carry, an alternate form of cheap and portable smoking was developed. This gave rise to the emergence of Beedi (leaf-rolled cigarette made of coarse, uncured tobacco, tied with a string at one end). Also this product was found to be cheaper than the imported cigars. By the middle of the 20th century, beedi manufacture had grown into a highly competitive industry.

Of all the prevalent smoking forms of tobacco, beedi is the most popular product in India, especially in rural areas. It is estimated that one-third of all tobacco produced in India is used for beedi making^{1&2}. Across 17 states in India that are involved in beedi production, 95% of total production comes from 10 states. In 2005-06, the beedi manufacturing firms contributed 0.50% of the total sales and 0.60% of the gross value added to the manufacturing economy³. In 2008, the industry produced between 750 billion and 1.2 trillion beedi sticks per year⁴. There are about 300 major brands of beedies, but there are also thousands of small-scale manufacturers and contractors who account for the bulk of the beedi production in India. The one fact that best describes the fragmented nature of the industry was that none of the 300 major brands commands even 5% market share in India⁵. On the whole, the beedi industry contributes around Rs.4500 million annually as revenue⁶.

According to WHO report 2008, there are around 1.3 billion smokers in the world. Of this, 10% of the tobacco consumers come from India (the second largest consumer of tobacco in the world)⁷. As per the Global Adult Tobacco Survey (2009-10), there are around 120 million smokers in the age group of 15 or above. In India, 34 per cent consume tobacco in the form of beedi, 35 percent snuff and chew tobacco and 22 percent consume it in the form of cigarettes⁸. This shows that the size of the market for beedi is much bigger than the market for cigarettes. Since this product served as a poor man's cigar, most of the people started consuming it and slowly it replaced the tobacco chewing habits among male consumers. Tobacco consumption continues to grow in India at 2–3% per annum⁹.

With an intention to create a beedi market in Western region of Tamilnadu and to carve a niche in the growing industry V.P.R & Co - a small scale beedi manufacturing company was started in Erode in the year 1952 as a partnership firm (with four partners namely V.P.Ramasamy, P.Ramasamy, K.Chinnuswamy and Nagappan). The initial investment for the start-up was Rs.1000/person. These four people excelled in beedi rolling and did not employ any other workers for producing the beedi at the initial stage. Also, the company occupied only a small space of 11'X11'. They started producing beedi by procuring the tendu leaves and tobacco powder from the local market. At the starting stage, beedis were thus produced by the partners themselves and distributed among the relatives and friends. The marketing was done through word-of-mouth, and the partners individually sold the beedi on the streets of local market. In 1960, the Government of Tamil Nadu granted permission for this Group to start an Arts College in the district. This led to the company to changing their company name as 'V.P.R College Beedi' targeting the rural youth.

Throughout the period of 60 years since its inception, the company continues to manufacture Beedis. Their core product has not been changed yet. The raw materials constitute tendu (Scientific Name – Diospyros melanoxylon) leaves and tobacco powder. Only tendu leaves were used for rolling since the texture, flavour and the workability of the tendu could not be matched by other leaves. It is a hand-made process. Even in the industry as a whole there has been no technological innovations in production process. This is because the product needs to be cheaper and the beedi rolling is a form of art that could work out well only with human hands. Due to increased regulations during 1950s and 1960s, factory based production declined and Beedi-making became a cottage industry¹⁰. After it became a home-based production, women workforce was predominantly engaged in beedi rolling. Since the company focussed only on low profile rural consumers, the product needed to adhere to the local taste and affordability.

At the initial stage, the raw material for the production was procured from local market (Erode & Nearby areas) and that too from the intermediaries (Contractors & Suppliers of tendu leaves and tobacco powder, who procured their materials from Gujarat & Maharashtra). The non-availability of Registration Certificate (RC) and Central Sales Tax (CST) registration restricted the company from entering into other states for procuring the material from the source. After 1968, the company was formally registered and it obtained RC & CST certificates. This allowed the company to procure the raw material from Gujarat, Madhya Pradesh and Maharashtra. The procurement of raw material from other states enabled the company to produce quality beedies and eliminated the intermediary cost. This in turn resulted in expansion of beedi market to nearby rural markets (outskirts of Erode District) at a reasonable cost and thereby increase in profit margin by 1-2 percent.

From 1952 onwards, the length of a beedi has been 5.5 cm with 2 to 3 gms of tobacco powder filled and rolled in a single dry tendu leaf. The same product continues even now. Since the product is sold at low cost and the profit margin is low, the company has not taken any risk in terms of modifications, additions or extensions of the product. But the other marketers have expanded their products in terms of herbal beedis and flavoured beedis.

In 1970s the price range of the tobacco powder was Rs.5 – Rs.10 per kg based on the variety and the tendu leaves ranged from Rs.10- Rs.12 per kg. When tendu leaves were purchased from the local market in the 1960s, the cost of tendu leaves for 10 tonnes was Rs.45,000 (with 10 tonnes of tendu leaves 50,000 beedies could be manufactured). While the company procured the tendu leaves from other states, the cost of material for 10 tonnes was only Rs.25,000 (inclusive of transportation cost). This made the company foresee the cost advantage in terms of procuring cost. The company's personnel travelled extensively to procure the raw material at source after 1968. In 1972, the tendu leaves were purchased from the traders of Chandrapur of Maharashtra, tobacco powder from Dolkhpur of Maharashtra, Nipani & Mysore of Karnataka and Anand, Sarsa and Baroda of Gujarat. Since the materials were procured from its origin, this led to improvement in quality of final product and cost advantage for the company. This action led to increase in profit by 2-3%.

During 1960s-1970s, the collectors of tendu leaves were exploited more by the traders. The Madhya Pradesh Government decided to reserve the rights of collection and trade of tendu leaves by declaring the tendu as a nationalised item. The Madhya Pradesh was the first state to nationalise in 1964 followed by Andhra Pradesh in 1971 and Orissa in 1973¹¹. The collection of tendu leaves job was done by the state in partnership with private contractors from 1964 to 1987.

The company with an intention to increase their profit and improve the quality made a bold decision to participate in the tender announced by the Maharashtra Government during 1986. The tender was about the leasing of tendu-grown area on a contract basis for a minimum period of 3 years. The total processing and participating cost in the tender was around Rs.1,00,000. To participate and to process the tender, every participating company had to pay one-third of its total bid as a deposit. In that year, the company won the tender and acquired the land of 10 Km radius in Betul District of Madhya Pradesh. The leaves could be harvested by the company within these 10 Km radius and stored in the local warehouse. Once harvested, the information on the inventory had to be passed to the State government. The cost for the procurement would be calculated on the standard bag. (1 Standard Bag = 1000 bundle of tendu leaves; 1 bundle = 50 leaves). The cost of one standard bag ranged from Rs.800 to Rs.2500 based on their quality. Along with this cost, additional cost was incurred for transporting the raw material from the leaf growing area to the warehouse, where the goods were weighed. This helped the company to cut down the intermediary cost and saved 17% of their procurement cost. Later in 1987, the tendu growing forest was not leased and the complete control of tendu harvesting and selling was taken care by the Madhya Pradesh Government. Thereafter, the Company started procuring its raw material from the government and this led to 1.5% hike in their procurement cost. But at present, the cost of quality tobacco powder ranges between Rs.120 and Rs.150 per kg and the tendu whole leaves ranges between Rs.200 and Rs.220 per kg. The company procured about 210 tonnes of tendu leaves for the year 2015 and produced about 14.4 million beedies in the same year.

With some marketing initiatives and expansion to nearby districts, the company could attain a profit growth of 12%. With no compromise on their quality, the product price was increased to Rs.2.50 / dozen beedies in 1990s. (Initially the product price was Rs.0.90/dozen beedies).

By the middle of the 20th Century, beedi manufacture had grown into a highly competitive industry. The company planned to expand its market further as the industry as a whole saw a lucrative growth among the rural consumers. The company sold its products in local market by word-of-mouth/referral. By 1984, the company launched a campaign in local theatres by placing still advertisements during the break. The company sponsored the local Jumbo circus with the elephants carrying their brand embossed on clothes. The brand is popularised in every show of circus. The company also sponsored music shows and magic shows that were conducted as a part of temple festivals in the villages where the company had planned to expand. These marketing efforts helped the company to extend their growth up to 5% and marked a strong presence in the district.

From 2000 onwards, the company understood that marketing was essential for increasing volumes and profits. The company invested in sponsorship of events such as Kabadi match, Cycle Race, Children's Sports Talent Fest and so on. For ten consecutive years, the company sponsored District Kabadi matches and the tournament was held in memory of their founders V.P.Ramasamy & P.Ramasamy. On the eve of local festivals, the company sponsored the prizes for several sports activities conducted by various associations. Besides, the company organised various entertainment programmes in the various parts of Erode district and also in a few places in the districts of Salem, Namakkal, Tirupur

and Coimbatore. These were programmes like Music and Dance Show, Drama, Film, Magic Shows and Debate Shows. The company also reached the target people through outdoor advertising. Flux / Banner advertisements and hoardings highlighting the company name were placed at all the prominent spots of the festive areas. They sponsored the expenses associated with the print of posters and invitations for various temple and political functions which gave the company the much needed visibility in the market. Mobile vans bearing the electronic banners were made to run across various villages during the festive seasons. The company continues the practice of distribution of beedies through mobile vans with the company advertisement painted all over the vehicle. The deserving meritorious school students in the district who approached the company were provided with Scholarship for pursuing their higher education. Every year 2 or 3 students benefited this way and some of them were the kids of the company's employees two.

The company's profits grew at the rate of 11.76% from 2001 to 2011. Some of the factors which attributed to the continuous growth of V.P.R. College Beedi were competitive pricing, aggressive promotion and intensive distribution in all the rural areas of Erode, Namakkal, Salem and Coimbatore districts. Most of their competitors namely K.C.R Village Beedi, Sangu Co-operative Beedi, E.A.Berran Beedi and No.10 A.S.Beedi were out of business soon. In addition to the strong competition from V.P.R. College Beedi, there were other reasons which contributed to the fall of these companies such as ineffective distribution, lack of marketing efforts, absence of advertising, unexpected death of proprietors, personal problems leading to dissolution of firms, lack of market expansion.

The Cigarettes and Other Tobacco Products Act, 2003 (COTPA) was enacted in 2003 by the Government of India for a more effective regulation of tobacco business in India (Act No.32 of 2003). The act prevented smoking in public places except in the special zone reserved for smoking¹², prohibited advertisements for products relating to tobacco¹³, selling tobacco products without appropriate warnings¹⁴ and established provisions for punishments for any of these violations¹⁵. The Act brought in several challenges for selling tobacco products such as cigarettes, gutka, panmasala (containing tobacco), cigar, cheroot, beedi, snuff, chewing tobacco, hookah and tooth powder containing tobacco. From October 2008 onwards, smoking in public places was prohibited nationwide under the Prohibition of Smoking in Public Places Rules, 2008 and COTPA¹⁶. Rules mandating display of pictorial health warning on all tobacco products packets came into force from 31 May 2009¹⁷.

In 2011, the government tightened the rules further by strictly following the regulations pertaining to the ban of advertising beedi and tobacco related items. And there were larger number of promotional campaigns launched nationwide to educate the public on COTPA. In 2016, the amendment of Cigarettes and Other Tobacco Products (Packaging and Labelling) Amendment Rules 2014 insisted on pictorial warnings covering 85% of packet of tobacco product¹⁸. The marketing of beedies became too very difficult for the company.

In 2014, the beedi manufacturing companies employed approximately 3.4 million full-time workers comprising about 0.7% of employment in all sector³. As per Standing Committee on Labour, there were 49.90 lakh beedi workers in India (Ministry of Labour and Employment, 2011)¹⁹. The All India Beedi, Cigar, and Tobacco Workers Federation estimated that women comprise around 90 per cent of total employment in beedi manufacturing, majority of who are home based women workers²⁰.

V.P.R. College Beedi started with 4 employees in 1952 (employees were none but the four partners). To expand their production capacity, the company raised the employee strength to 120. The company employed more women workers during 1960s who worked from their home. Subsequently, women took up rolling beedis as their full time occupation and rolled an average of 500 - 1200 beedis in 8 to 12 hour/day. During early 1990s, there were around 550 employees engaged in the production of beedies. Beedi workers were only on a contract basis earlier, as they worked from home. In 1992, the company employed permanent workers and gave them the benefit of provident fund under the Provident Fund and Miscellaneous Provisions Act, 1952. After 10 years, there were around 1253 employees registered as permanent workers.

Even though the industry as a whole provides livelihood to 20 million industry workers (both part-time and full-time workers) and contributes over Rs.70 billion to government earnings²¹, the Indian Council of Medical Research (ICMR) argues that the health care costs of tobacco use for India far outweighed the economic benefits²². By 2020, it is predicted that tobacco will account for 13% of all deaths in India⁹. Due to total tobacco ban and implementation of COTPA and related acts, the livelihood of the beedi workers has been affected on a large scale. Many of the trade

unions plead for viable alternative employment opportunities for these workers before implementation of any anti-tobacco policies. After the implementation of COTPA in 2003, V.P.R. College Beedi started cutting down the size of the workforce. In 2013, the company reduced its workforce to 627 assuming that the stringent rules of the government would in no way support the industry's sustainability.

According to Global Adult Tobacco Survey (GATS) 2010, of the nation's 120 million smokers, the bidi smokers make up 34%⁸. In 2013, the bidi industry contributed less than 3% to the government's central excise collection from tobacco products²³. Taxes on bidis were very low, averaging only 9% of retail price²⁴. The tax per thousand was Rs 14 for handmade beedis and Rs 26 for machine-made ones²⁵. The government thought raising taxes would be an appropriate control policy to curb smoking and reduce consumption of tobacco products. According to WHO, a 10% price increase on tobacco products could cut consumption between 2% and 8% in developing nations²³. Raising beedi taxes to Rs 98 per 1000 sticks would add Rs 36.9 billion to tax revenues and prevent 15.5 million current and future smokers dying prematurely²⁶. V.P.R. College Beedi started paying its excise duty from 1996 onwards (Rs.5.5 per 1000 beedies). As per budget 2013, the company is paying Rs.14 per 1000 beedies as excise duty (for the past 3 years there is no change in the excise duty for beedi). The annual sales of the company were nearly Rs.16 crores (As per the Balance sheet of the company 2014-15). Now the company is paying Rs. 2.3 million as excise duty. In 2013, the government levied 14.5% as sales tax on the manufacturers of beedi and tobacco related products. This made the company incur additional expenses of Rs.0.8 – Rs.1 million per month as sales tax. This resulted in 2% drop in profit.

At present 4,80,000 beedies are manufactured per day and 25,000 bundles per month. Almost 20,000 bundles are sold per month and the remaining bundles are accumulated as finished inventory. The finished stock is utilised during crisis situation such as monsoon outbreak, natural disaster and other form of disruptions in the supply of raw material. At present, the employee strength has been reduced to 560 (a number sufficient to produce a day's inventory). Currently, the sales remain constant (i.e 20,000 bundles are sold per month) with the current production of about 50 – 60 million per year. The profit margin has been 2% of sales only.

Change in smoking trend, hike in procurement cost, ban on advertising campaign, raise in tax, decrease in market size, outdated product nature, change in lifestyle, increased awareness on health, increased anti-tobacco policies and severe government restrictions pose a threat for the growth of beedi industry. There seems to be no space for growth in this industry. With these challenges, the survival of beedi industry becomes a question mark.

Questions for Discussion:

Issue 1: Operations Management

V.P.R College Beedi could achieve significant savings in raw material cost by buying the tendu leaves at the source. When tendu leaves collection is nationalised, how can the company maintain its competitive advantage in sourcing its raw materials?

Issue 2: Marketing Management

V.P.R College Beedi used to adopt various marketing initiatives such as displaying slides in cinema, sponsoring sports events, distributing pamphlets during temple festivals, circus performance and so on. With the introduction of COTPA Act 2003, direct advertising of tobacco products is banned. The liquor industry also faces similar ban. However, the liquor industry promotes its products through surrogate advertising (Eg. Seagram, KingFisher). How can the company promote its product in the present context?

Issue 3: Human Resource Management

The awareness of ill effects of tobacco use and the ban on advertising together threaten the very survival of the beedi industry. The industry employs a very large number of semi-literate, less skilled and economically weak workforce. The possible closure would lead to the denial of the livelihood to the millions of beedi workers. This may result in social unrest.

Debate the pros and cons of beedi industry from the public health and employment perspectives.

Issue 4: Strategic Challenges

The survival of the beedi industry is under the grave threat due to the following-

- a) Pictorial warnings on the beedi labels.
- b) Public awareness about the harmful effects of tobacco use.
- c) Availability of cheap imported cigarettes posing serious competition.
- d) Beedi smoking being perceived as reflecting low status among the younger population.
- e) Increase in excise duty and sales tax adding to the final cost of the consumer, for whom the low cost is the major attraction for using beedi.

All these above factors pose serious threats to the very survival of the beedi industry in the long run. Already many competitors have left the industry due to such challenges.

- a) What is the strategy that V.P.R College Beedi should adopt for its future survival and growth?
- b) Is diversification a possible solution to the problem? If so, which industry would be appropriate for diversification in order to provide continuous employment to the large workforce?

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Green Valley Coconut Oils (GVO) - A strategy in the making

Teaching Objectives:

This case is intended for use in Marketing Management and Strategic Management courses for teaching the concept of segmentation, targeting, positioning, marketing mix and their real-life applications.

Key Issues:

Forward integration, Branding a commodity, Pricing challenges, Establishing Marketing Channel, Planning Marketing Communication.

Abstract:

The case is about two agripreneurs who have been traditionally into coconut farming. Facing various challenges as traders of coconuts, they planned to go for forward integration. Their analysis of the value chain revealed the various opportunities and challenges that come with such a strategy. The first phase planned was a move from coconut traders to copra traders to mitigate the risk of spoilage and price fluctuations. The second phase was to evolve from copra traders to oil extractors, initially meeting the local market needs but to expand their market subsequently. But an expansion would be possible only with some marketing efforts and the development of a brand. The next phase was about increasing their market share, both in loose oil and in the branded market. But the third phase had several challenges. Their plan to penetrate into the branded market was becoming difficult due to the absence of good distribution channels and marketing efforts. The agripreneurs always believed that good quality would lead to sales growth and never gave any importance to marketing. The loose oil market had competition from very low priced adulterated oils. Marketing was not in the fore in the first and second phase as it was more to do with dealing with distributors and wholesalers, with forward integration they have nearly reached the retail customer and sustaining the demand is going to be a challenge. With just one product with packaging differentiation, the agripreneurs are exploring ways to compete in a changing health conscious market.

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Background

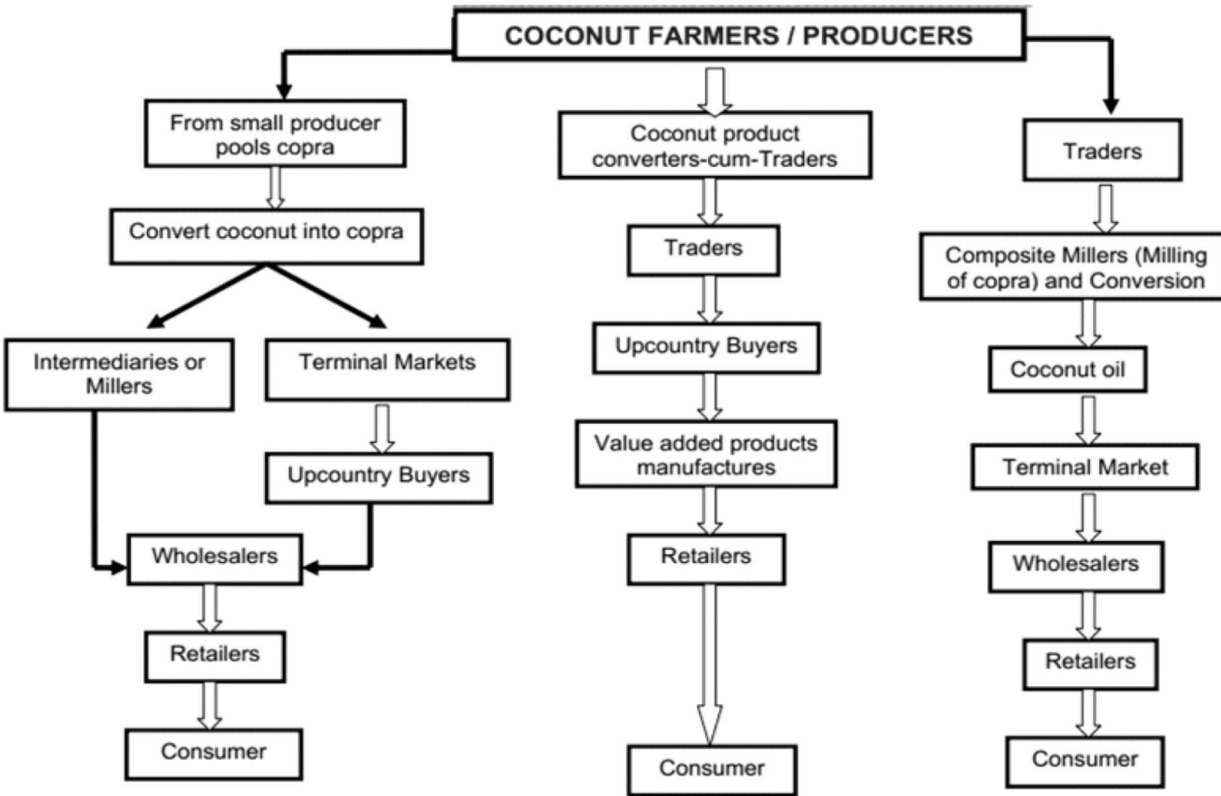
Agriculture contributes substantially to the Indian Gross Domestic Product (GDP) and Coconut is closely associated with the socio-economic life of huge number of small and marginal farmers in our country. About 12 million people in India are estimated to be dependent on this crop's cultivation, processing and trading activities. With an annual production of around 17,000 million nuts, coconut's contributes about Rs. 15,000 Crores to GDP. Coconut palm is

rightly eulogized as KALPAVRIKSHA (Tree of Heaven)on account of the versatile nature of this crop and the multifarious uses of the coconut products. Coconut is a source of food and is used for making beverages, medicines, natural fiber, fuel and so on. Coconut is also used as raw material for producing a variety of goods. Kerala has the largest area for this crop with 41.6% of national acreage. Coconut is grown in almost all homesteads in the state. Predominantly it is grown in small and marginal holdings. During the period from 1950-51 to 2010-11 the area under coconut increased from 409,400 ha to 788,000 ha and coconut production from 2026 million nuts to 6239 million nuts. Kerala was contributing 61.7 % of coconut production in the country during 1950-51. Its contribution subsequently increased to 69.4% during the year 1960-61. However, its share in production was diminishing (65.53%) during the decade ending 1970-71. By the end of 1980-81, the state's share in production further declined to 51.1%. But the period from 1980-81 to 2010-11 saw an increase of that state's coconut production. While the state's annual growth rate of production was 2.43%, that of the area cultivated was 0.56%, indicating that the increased production was more due to increase in yield. The yield per ha in Kerala was 4948 nuts in 1950-51. It made modest increase to 6921 nuts/ ha in 1956-57 and was followed by a declining trend which bottomed at 4533 nuts in 1977-78. Over the period from 1980-81 to 2010-11 yield per ha varied from 4557 nuts to 7918 nuts per ha in the state. 90% of coconut production is from Kerala, TamilNadu, Karnataka and Andhra. In Kerala the coconut palm population is approximately 1800 lakhs. Kerala produces 3974000 metric ton coconuts as per 2011-12 statistics. 30% is used for culinary purpose, 60 % for oil and the remaining for ball copra. Though the figures give a positive picture of the coconut palm cultivation, the high cost of cultivation and the low price that the primary produce fetches leads to a decline in popularity of this sector.

Introduction

Joseph and Thomas owned 30 acres of coconut farming in Kerala.Coconuts from their farm were sold to the collection agents, distribution agents and coconut oil mill owners for a long time. This proved to be a loss making business for them in the recent years and one of the major reasons for this was that the collection of coconuts was inconsistent and in intervals. This resulted in the stored coconuts reaching the level of decaying as well as sprouting. These coconuts are rejected during collection. This resulted in the risk of commodity spoilage and commodity price fluctuations which led to the cost exceeding the returns from selling raw coconuts.

Figure 1
Coconut Value Chain



The risk prompted the agripreneurs to analyse the Coconut Value Chain and instigated the forward integration to converting the coconuts stored to copra. Copra having a longer shelf life helped mitigate the risk of commodity spoilage due to erratic demand from raw-coconut traders and fetched better price margins from the copra traders/ mills.

Forward Integration - From Coconuts to Copra

Green Valley Agro started its operation in August 2000 in a small village in the State of Kerala . The unit is a copra processing unit. Copra is the dried kernel of coconut from which coconut oil is extracted. The unit was established as a REGP unit and the proprietor Joseph was visualizing a slow but steady growth for his unit in the years to come.

Table 1
First Phase ('000 ₹)

SI No.	Particulars	1 st Year	2 nd Year	3 rd Year
A)	Capacity Utilisation	80%	90%	100%
B)	Sales	11520	12960	14400
C)	Cost of production			
	Raw Material	9672	10881	12090
	Labour	480	528	581
	Power Charge	96	115	138
	Repair & Maintenance	43	43	43
	Depreciation	103	103	103
	Insurance	11	11	11
		10405	11681	12966
D)	B - C	1115	1279	1434
E)	Interest On			
	Term Loan	127	113	85
	W.C. Loan	17	22	27
	Total E	144	135	112
F)	Administrative Overhead	25	28	30
	Selling expenses	230	259	288
	Total (F)	255	287	318
G)	Profit before taxation (D-E+F)	716	857	1014
	Provision for tax	215	257	304
	Net Profit	501	600	710
	Add : Depreciation	103	103	103
	Net Cash Accruals	604	703	813

Cost of the project

1. Building	:	Rs. 2,50,000
2. Machinery and Equipment	:	Rs. 5,00,000
3. Genset	:	Rs. 1,00,000
4. Electrification Charges	:	Rs. 15,000
5. Preliminary Expenses	:	Rs. 15,000
Total	:	Rs. 8,80,000
6. Working capital	:	Rs. 1,20,000
Grand Total	:	Rs.10,00,000

Moving forward one more time - From Copra to Coconut Oils

As any agripreneurs would envision, Joseph and Thomas thought of the next best value addition to copra. They started focusing on the possibility of venturing into the coconut oil market. Green Valley Oils started its operation focusing on unbranded (loose oil) segment so that it can be cost effectively marketed to wholesale distributors and local retailers. This thought culminated in designing a small unit in the village of Kanjirapuzha, a rural remote village of Mannarkkad, in Palakkad district of Kerala State .

The unit got registered as a REGP unit and the cost of the project was INR 10 lacs. The unit aimed at providing employment to 20 people directly from the same village. 90% of the project cost was given as loan by Union Bank of India and the rest was the proprietors' own investment. The Unit aims to achieve 80% capacity for the first year and attain 100 % utilization by the 3rd year. The working capital requirement for the first year of operation was Rs. 1,20,000 for which a cash credit facility of Rs.1,08,000 would be availed.

Table 2
Second Phase (‘000 ₹)

SI No.	Particulars	1st Year	2nd Year	3rd Year
A)	Capacity Utilisation	50%	60%	70%
B)	Sales	11520	13824	16128
C)	Cost of production			
	Raw Material	10112	12134	14157
	Power Charge	53	64	74
	Salary and wages	423	465	512
	Repair & Maintenance	40	40	40
	Depreciation	90	90	90
	Insurance	10	10	10
D)	B - C	792	1021	1245
E)	Interest On			
	Term Loan	118	105	79
F)	W.C. Loan	25	30	34
	Total E			
	Administrative Overhead	60	66	73
G)	Selling expenses	230	277	323
	Total (F)	290	343	396
	Profit before taxation (D-E+F)	359	543	736
	Provision for tax	108	163	221
	Net Profit	251	380	515
	Add : Depreciation	90	90	90
	Net Cash Accruals	341	470	605

Cost of the project

1. Building (Land owned)	:	Rs. 2,65,000
2. Plant and Machinery	:	Rs. 5,04,000
3. Other Assets	:	Rs. 11,000
4. Transportation Charges	:	Rs. 10,000
5. Electrification Charges	:	Rs. 20,000
6. Preliminary Expenses	:	Rs. 10,000
Total	:	Rs. 8,20,000
7. Working capital	:	Rs. 1,75,000
Grand Total	:	Rs. 9,95,000

The opportunity ahead

The initial project plan was to sell coconut oils in loose containers for the local market. Over the first few months it was realised that there was a tremendous opportunity for branded coconut oils and they needed to develop a strong brand. They were keen to scale up the business. This triggered the thought of establishing Green Valley Oils as a brand. The effort has to begin from the local market and then build up the expanse gradually. The loose oil is still the revenue generator and the oil is preferred by local distributors and retailers. This also showed the derived demand enjoyed by the channels of distribution. Green Valley Oils – as a branded consumer packaged product was launched into the market. The loose oil sales continued as it was through the same channel. With a view to keep the cost of marketing to a bare minimum, advertisements were given the last priority. The proprietors still believed that the product would speak to consumers and each customer would speak about the goodness to others. Thus, GVO would grab enough market share this way! This conviction kept the company restricting the marketing efforts only to reach the local market.

The initial promotion campaign included participation in the various exhibitions organized by the REGP directorate which attracted large visitors wherein a stall was regularly booked for displaying, marketing and selling of Green Valley Oils. The subsidy for the stall and consistent footfall were the attractions. The Consumer packing of the GVO gained visibility soon. GVO started reaping returns on their marketing investments through these exhibitions which were organised throughout the state at different periods of time each year. Appealing brochures were prepared with the help of the proprietor's brother who was a B-School Professor. These efforts paid off and GVO achieved brand awareness and recall value. The company made considerable revenue from exhibition sales. However, the loose oil continued to generate a higher return than the branded oil.

Countering the challenges

The market continues to be highly competitive at present in both the branded coconut oils and loose oil categories. GVO is yet to capture a significant market share in the domestic market i.e. Kerala. But the company is keen on building a strong brand and also scaling up its business. It calls for overcoming several challenges that lie ahead for them. GVO needs to achieve product differentiation at first. Adulterated oils infest the market, despite the prevalent Government rules and regulations that provide strict guidelines for the maintenance of quality standards. The standards are overlooked and manipulation is done using some chemical process that helps in meeting edible standards dubiously. It is a common practice in the market to sell loose oils adulterated with mineral oils and other cheap petroleum variants. These oils are packed and branded by the local players targeting the local consumers. Consumers can in no way realise the oil quality. The addition of coconut oil aroma goes on to disguise the adulteration and to make it smell like a pure oil. They are priced lower than branded oils and are sold by strong push by small retailers. However, they snatch a large share from the standard brands. On the other hand, health-conscious consumer segments switch to olive oils, virgin coconut oils and so on. Oil-less cooking is also of late becoming a common practice by staunch health-conscious segment.

GVO produces only a single quality coconut oil and there are no other variants available with them. The product packs range from Pet bottles of 1 litre, 500 ml, 200 ml, 100 ml sizes to Pouches of 1 litre, 500 ml and 200 ml, to 5 litre Jerry-can. The product is positioned as 'Free from Sulphur and Smoke' propagating the cold process used by GVO in treating copra to extract oil that results in a better quality of oil compared to other oil manufacturers. The process generally followed by other manufacturers is harmful for consumers, as it involves cooking the copra already multiple times for more convenient oil extraction, cost effectiveness and continuous turnout.

Pricing is yet another challenge for GVO. The copra is bought at the daily market price and the paper price paid while procuring copra keeps the raw material cost fluctuating resulting in variation in production cost. Thus price is marked up at a premium for GVO. Hence the selling price includes a margin of INR 15 to INR 20 on an average per litre.

Expansion of the distribution channel becomes vital to scale up and capture a larger market. The C&F agent at Ernakulam takes care of the Central and South Kerala market, while direct Distributors and retailers form the marketing channel in North Kerala at present. Job orders for exporters are also undertaken by GVO. This forms a small portion of the revenue, but gives the company access to otherwise unavailable markets.

Advertisement and Sales Promotion have never been a priority for GVO. These are restricted to brochures, websites and retailer merchandising. An integrated communication approach is needed for achieving better consumer reach. GVO needs a robust marketing mix strategy to achieve synergy as well to lay foundation for scaling up of the business.

Questions for Discussion:

- 1. Is there a scope for achieving differentiation thus a better positioning for GVO in the present environment?
- 2. What should GVO do to build a strong brand? What are the major decisions needed for GVO related to various elements of marketing mix for achieving this?

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Aligning HRM practices with employee expectation at AxiomBPM

Teaching Objective:

This case is intended for use in Organisational Behaviour, Human Resource Management and related courses for teaching Attrition and Retention Management Models, their applications and specifically the challenges associated with Talent Management in BPO industry.

Key Issues:

Challenges related to Attrition, Retention, Talent Management, Managing Telemarketing agents in BPO industry.

Abstract:

The case deals with the BPO industry with a specific reference to Axiom BPM Pvt. Ltd. Ahmedabad. AxiomBPM was established in 2004 at Judges Bungalow in Ahmedabad. It had started its operation with 5 agents and one centre and at present, it has 8 centres across the globe with 450 agents. The case showcases the AxiomBPM's Growth. Organisation Structure, Operations and its HR Practices AxiomBPM is growing leaps and bounds. But it is also facing the challenge of high attrition rate since January 2013. Almost 55% of the employees have left the organisation and the attrition rates are continuously rising. The foundation of the case lies in discussing the HR Practices in BPO industry and issues in Talent Management w.r.t AxiomBPM. Based on the details available related to the attrition rates in past months, the case attempts to explore the causes of attrition.

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Note: This case is meant for class discussion and is not designed to present illustrations of either correct or incorrect handling of administrative problems.

Axiom Business Process Management (AxiomBPM), Ahmedabad - July 11, 2013.

Sandeep Matta, Operations Head, was called for a meeting by Vishwas Daswani, Director who straightaway asked, "The attrition rates are around 55% per month (Exhibit:1). What should be done to initiate new lead generation campaign in the current situation? Every month time and money is invested on training agents and we are not able to bank on them to grow our business. The agents get themselves trained here and after six months or one year, they want to quit. Agents give some reasons or other".

Daswani was willing to initiate new lead generation and sales campaigns to keep the profitability of the organisation on track. "I cannot delay it, we will have to initiate the campaigns by next month, and for that to happen we need a staff of 200-250 agents", Vishwas Daswani said to Sandeep Matta.

Sandeep Matta left the room thinking as to how to overcome this challenge. Next morning, he called the HR Head, Nirali Hambardiker to discuss the possible reasons behind the rising attrition at AxiomBPM.

BUSINESS PROCESS OUTSOURCING

Outsourcing means the transfer of certain important contributing activities, processes and services to the premises of one's own or an agent. Outsourcing is done largely to save costs and for the principal to increasingly focus on its areas of key competence. One of the most common forms of outsourcing is Business Process Outsourcing (BPO). BPO started around the mid-90s in India and since then it has grown very well (Ref : Exhibit : 2). After the economic liberalization in India some global airlines first began outsourcing their back office work to India—and later IT and other companies followed the trend. A few initial players in the Indian outsourcing market were Texas Instruments, American Express, Swissair, British Airways and GE, who started captive units in India. Over the years, the industry has built robust processes to offer world class IT software and technology-related services.

According to a Research by the National Association of Software Services and Companies (NASSCOM) the factors that make Indian BPOs attractive are Quality orientation among leading BPO companies, 24/7 services, India's unique geographic location and Investor friendly tax structure.

India is globally attracted as a BPO destination due to three basic factors i.e. cost, people and environment. Cost includes employee cost, infrastructure cost, management cost and the tax structure. People factor consists of size of the job market, workforce education level, language barriers, past outsourcing experience and employee retention. Environment includes country risk, infrastructure, cultural compatibility & proximity. The globalization has increased the opportunities for more jobs being outsourced to India. The outsourcing development has brought with it a vast number of new opportunities to India.

Since its inception, the Indian BPO industry is characterized by:

- » Working in Night shifts
- » Monotonous work
- » Attrition
- » Digestive disorders
- » Stress
- » Fun work environment and
- » College like atmosphere

Of the above, the major area of concern for the Human Resource Department in BPOs is, escalating rate of attrition. This is giving rise to a new paradigm to the Indian BPO industry— that it's a serious career and not as a temporary solution.

GLOBAL ATTRITION RATE IN BPO SECTOR

Attrition rate in Indian BPOs has increased to 55% in the last four months mainly due to erratic working hours and perceived lack of long-term career growth in the sector, as per an industry chamber study.. During December 2010-April 2011, the attrition rate in the business process outsourcing (BPOs) has increased to 55% from about 40% in the same period previous year, as per Assocham study. The main reasons for employees leaving include better career opportunities outside India, monotonous and stressful work, leaving for higher studies, strong job market, attraction to branded companies, health-related reasons, lack of career advancement, job security, and growth prospects elsewhere (Budhwar.P et al, 2006).Their research had highlighted that the expected shortage by 2008 to be 262,000 employees and moreover the BPO industry would struggle retaining of talented employees to a greater extent. The people factor has been viewed important for the growth of the Indian software services industry, because the industry works on human resources (HR) augmentation mode (cited at Ilavarasan, Vigneshwara .P, 2008). BPM is concerned with the main aspects of business operations where there is high leverage and a big proportion of added value (Zairi, Mohamed, 1997).

ABOUT AXIOMBPM

Axiom is a Business Process Management organisation which provides both inbound and outbound services to its clients. Axiom was initially established in Pune in 2003 as a consulting firm. The organisation was formed by four friends Vishwas Daswani, Pratik Hambardiker, Kapil Sangwan and Monty Menghani. Vishwas Daswani and Monty Menghani had an experience of working in a call center, Kapil Sangwan was good at operations management and

Pratik Hambardiker had expertise in technology.

In 2003, Axiom started with third party centers but soon they realised that it was difficult to operate in third party setup. The problem with third party setup was limited control on operations. Therefore, in 2004 they decided to establish their own center. Partners found that it was not feasible to start a center at Pune as the cost of infrastructure and salaries of employees were not economical. Considering the limitations, partners who were from Ahmedabad did some market research in their home town. They identified that opening a center at Ahmedabad was feasible compared to Pune considering the costs, manpower and infrastructure.

Axiom opened its first center with a rented space at Satellite road in 2004. Initially it started with 5 agents and presently it has base of 450 agents across 8 centres. These 8 centres are spread across Ahmedabad, Gandhinagar, Delhi, California, and Philippines (Ref : Exhibit 3) with the passage of time Axiom has diversified from consulting to inbound and outbound service provider.

AxiomBPM is a stronghold marketing company with over 12 years of experience at providing call center services, BPO support, online marketing services, accounting & taxation expertise, telemarketing proficiency in domestic and international markets.

VISION AND MISSION OF AXIOMBPM

Axiom BPM's vision is to be the trusted outsourcing partner of their clients on a long-term basis. With this, Axiom BPM constantly seeks to live up the best standards of processes involved in the stages of outsourcing, such that their clients reap better productivity in the run of time. Their vision is to fulfill other's vision, and their mission is to carry out excellent services in every work they do for their clients.

AXIOMBPM INFRASTRUCTURE

The infrastructure of Axiombpm includes:

- » State-of-the-art computerization with fully automated call desks
- » Uninterrupted and backup power supply
- » Fully redundant voice and data communications with security
- » Dedicated high speed internet connectivity
- » Scalable capacity
- » Multiple Leased fiber optic circuit from India to US, Australia and Europe
- » Duplicated system to ensure uninterrupted call reception and uninterrupted internet connectivity

In terms of Data Security, AxiomBPM takes pride in having the following:

- » Manned and logical data security at entrances
- » Layered access to physical locations and data
- » Commercial grade firewall
- » Network intruder detection system for extra data security
- » Layer 4 switching with advanced router module for intelligent data routing, monitoring and security

AxiomBPM adopt a complete BPO migration and transition management operations which consists of the following activities :

- » Understanding the business of the client
- » Identification of outsource activities
- » Client interaction
- » Documentation of operating plan with performance requirements
- » Pre-process training
- » Client specific process training
- » Implementation of project

- » Continuous quality control and removal of irritants
- » Completing the transaction
- » Implementing the client feedback
- » Continuous interaction with the client
- » Comprehensive Implementation

In these stages, the client first develops and implements a comprehensive process that is then integrated with their technology and knowledge, and their efficient management architecture as they claim.

OPERATIONS AT AXIOMBPM

AxiomBPM knows every step of the way and has mastered the art of making outsourced services an ease for clients.

Axiom operates in six campaigns mentioned below. Campaign is the assignment received by Axiom from its clients in the US. Clients in the US outsource these processes and Axiom operates/executes them at its centre in Ahmedabad. (Ref : Exhibit 4)

1. Auto Finance Campaign
2. Credit Line Campaign (Ref : Exhibit 12)
3. Auto Insurance Campaign
4. Health Insurance Campaign
5. Education Campaign
6. Student loan consolidation Campaign

Campaign-wise staff numbers

Vertical	No. of agents
Auto loan/Auto Insurance/Health Insurance*	83
Education	28
Credit Line	44

*Auto Loan/Auto Insurance/Health Insurance comprise 83 employees as they are maintained by one Team Leader therefore it is not differentiated. Note : All the above mentioned staff details are for one centre of Axiom based at Satellite, Ahmedabad.

The above mentioned campaigns were carried on by a total of 155 agents at one center in Ahmedabad. Considering the nature of operations the agents are recruited both on part time and full time basis. Part time shift is on for 4 hours 30 minutes and full time shift is for 9 hours. Part time shift is evening shift and so college students prefer to work in part time shift. Full time shift comprises students who are pursuing their graduation through distance learning mode, they do not attend classes but have to work hard during exams. People who are pursuing their career in BPO or have parked themselves till they get another job also work in full time shift. Attrition rates are high in full time shift, while the part time shift does not have any such issues.

HR PROCESS AT AXIOM

Initially Axiom did not have a separate HR department as the number of agents/employees was less. With the growing number of employees and the amount of work, Axiom set up the HR department in the year 2009 (Ref. Exhibit 5). Axiom deals with different verticals and requires different expertise for each vertical. Therefore; recruitment is a major concern at Axiom. Since, Axiom is diversifying and expanding its activities, the need for workforce keeps multiplying. Recruitment is a continuous process at Axiom and therefore, 10 to 12 telecallers contact the potential agents for different levels / positions constantly. The data related to these potential agents are obtained from three job portals namely; Monster.com, Naukri.com and Timesjobs.com.

The recruitment process begins with an initial telephonic interview by telecallers. They filter the candidates based on good communication skills. The second round of interview is conducted in person with the HR executive. During the personal interview the candidate is required to fill the form which is called as Client Relation Management (CRM) (Ref. Exhibit 6), which is highly customized to the needs of Axiom.

Recruitment of Telemarketing agents at AXIOMBPM

The selected agents further go for the final round with the Head HR and negotiate the commercial aspects. Finally the candidate is either selected or rejected.

Sources of recruitment at AXIOMBPM

- » Calling prospective candidates from the available database
- » Newspaper Advertisements
- » Placement drives in colleges
- » Employee Referrals (if the referred candidate works for a minimum period of 3 months)
- » Social media (has its space in almost all the job portals and social media platform of version 2.0 (Ref : Exhibit 5.1)

Following aspects are considered while recruiting an agent at Axiom

1. Candidate should be Graduate or pursuing Graduation.
2. Candidate should possess excellent communication skills.
3. Candidate should be of the age of 18 years or above
4. Candidate having prior work experience, in any field or preferably in call centres.

Training and Development

The selected candidates undergo a six-day induction-cum-training programme at the head office in Ahmedabad. (Ref : Exhibit 7) On the first day of training, HR manager provides basic information about BPO industry and operations of Axiom. In the forthcoming sessions training is provided on product knowledge, mock calls and bargaining of calls.

Career path at AXIOMBPM

At an agent level, an employee who performs well is always promoted to the post of Team Coach. Alternatively if an employee has capabilities he could be directly promoted as a Team Leader. During the time of Internal Job Postings if the employee choose to get into a Quality Role, they move to the post of Quality Coach or a Quality Analyst. After promoting to the Team leader role, depending on the experience and delivery in the respective job. When they do well, they are promoted as Project Manager. If they find an employee who wished to get into HR and has some experience or qualification in HR, she / he could be given a role in HR department as well. (Ref : Exhibit 8)

The main attractions in AXIOMBPM’s carrier include a salary package with components namely, basic pay, medical allowance, postpaid connections, incentives involved in auto insurance project with highest salary bands which are not offered by any other BPO services firm.

Retention policy at AXIOMBPM

Retention of telemarketing agents is a major issue in BPOs. The salary in this industry for the post of telemarketing agents is highly competitive. Organizations try to retain the employees through attractive perks like free travel (pick up and drop) facility, health insurance or group insurance and so on. Axiom tried to retain its telemarketing agents through attractive bonus. Bonus was offered every month. It was based on the monthly targets. Besides, certain contests were organised to keep the telemarketing agents motivated, those were:

- » Movie tickets
- » Best performer cap
- » Various days' celebration (traditional day, chocolate day and the like)
- » Hall of Fame and Hall of Shame (The top performer and the worst performer are identified)

Axiom provides certifications to top performers across the campaigns, from Full time and Part time shifts. They are handed over in the presence of the entire staff (Top Management to Bottom). Employees love to be appreciated and so HR department is determined to continue the practice for all the 12 months. Over and above this, the outstanding performer in the respective field / department is awarded a Trophy.

Notwithstanding such HR practices, a few employees always share among their peers their distress. Some of them are given below. “I am always feeling a kind of stressed with this monotonous job, hope you would not be the only one?”, “Yeah that's true, I at times feel I should take up higher studies for a better prospects”, “I have already put my papers down for the same reason”. With such instances frequently found within the organization there were never a downfall in the attrition rate among the employees.

Back to the conversation between Sandeep Matta told Nirali Hambardiker :

“We need to identify what made the agents leave the organization. Every month, out of the number of people we recruit either half of them or atleast 30% of them leave the organization, this not only adds to the cost but our efforts are getting wasted. It makes me wonder despite having competitive compensation and retention policy why aren't we able to retain our telemarketing agents”.

Nirali Hambardiker “with the current attrition rates it seems tough to initiate new campaigns”.

Questions for Discussion:

1. When AXIOMBPM Services Private Limited's HRM practices are intact and aligned with the expectations of the employees, why does it have an attrition rate of 55%?
2. If you were the Head HR, what decisions would you initiate to resolve this issue?

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Exhibit 1: Monthly Attrition Rates from January to June 2013

January 2013			
Total Employees	New Joinees in Feb 2013	Employees left in Jan 2013	Difference
158	41	32	9

February 2013			
Total Employees	New Joinees in Mar 2013	Employees left in Feb 2013	Difference
167	10	16	-6

March 2013			
Total Employees	New Joinees in April 2013	Employees left in March 2013	Difference
161	47	34	13

April 2013			
Total Employees	New Joinees in May 2013	Employees left in April 2013	Difference
174	24	23	1

May 2013			
Total Employees	New Joinees in June 2013	Employees left in May 2013	Difference
175	43	44	-1

June 2013			
Total Employees	New Joinees in July 2013	Employees left in June 2013	Difference
174	54	20	34

July 2013			
Total Employees	New Joinees in Aug 2013	Employees left in July 2013	Difference
208	0	0	0

Source: Data provided by Axiom BPM to the case writers

Exhibit 2: Status of ITES and BPO in India

Financial Year	Revenue Size (in billion US\$) (trend indices)	Employee Strength (in no.) (trend indices)
2001-02	1.6 (100)	42,000 (100)
2002-03	2.8 (175)	1,71,000 (407)
2003-04	3.9 (243)	2,45,000 (583)
2004-05	5.8 (362)	3,48,000 (829)
2005-06	7.4 (463)	3,95,000 (940)
2006-07	8.3 (519)	4,15,000 (988)
2007-08	8.4 (525)	5,53,000 (1,317)

Note: Trend indices have been compiled taking 2001-2002 as base year
Source: Pricewaterhouse Coopers (2005), NASSCOM-Mckinsey Report (2005);
Retrieved on August 20, 2013 www.rediff.com/money/2007/jul/12bpo1.htm

Exhibit 3: Year on Year Growth of AxiomBPM

Year	Initiatives
2003	Establishment of Axiom as a third party call centre
2004	Closing stages of third party call centre and initiating a private (own) call centre
2005 - 06	Added various verticals at a single call centre in Ahmedabad
2007	Initiation of one more call centre in Ahmedabad
2009	Added 2 more centres one in Ahmedabad and another Gandhinagar
2010 - 13	Added 2 more call centres one in California and another in Delhi

Source: Data provided by Axiom BPM to the case writers

Exhibit 4: Operations at Axiom

1. Auto Finance Campaign -

Axiom provides services to Auto Finance sector as it is a booming segment in the US. There is a good market of second hand vehicles; specifically subprime category citizens are keen to purchase second hand vehicles. The telemarketing agent at Axiom calls the potential customer and asks whether the customer is willing to take a car loan at the competitive rate of interest in the market. When the customer agrees, the agents would then start qualifying the customer for it. After the entire call is done, the customers are told that they shall be contacted by a dealer in and around their zip code / area, shortly. Upon this confirmation, the agent shall submit the lead in the system at Axiom. The Quality executive would listen to the call, check it, and further submit the lead to the client.

2. Credit Line Campaign

Axiom operates in credit line services. This is a sales campaign / process. It is like a virtual card which consumers can use online to shop over a variety of merchant outlets. Consumer can avail good offers and discounts from the client's website. Agents cannot authenticate or pass the information to clients unless the customer allows them to do so. Once the agents get approval from customer they pass the information to the clients. Clients receive an order processing request and on the basis of that request, they debit the account of customers.

3. Auto Insurance Campaign

Although auto insurance is a part of Auto Finance but it's a standalone campaign in itself. Axiom has put two teams to work on this campaign. One team pitches for auto insurance to consumers, they speak of auto loans with them. And the other is a standalone campaign where they call and pitch the consumers to provide them better deals through which they can save. Agents collect all relevant information and submit the leads to the Customer Relation Manager. The Quality executive would listen to the call, check it, and further submit the lead to the client.

4. Health Insurance Campaign

Agents call consumers and ask them if they are looking for a health insurance plan for themselves or for their family. A lot of consumers in the US get an insurance support from their respective organizations. This type of consumers is not attracted by health plans.

5. Education Campaign

Unemployed consumers, who are on (Social Security Income) SSN benefits or consumers who say would like to cover their family as well, opt for such private health insurance plans. These plans are more expensive in comparison to Government approved Health plan or a plan availed by their company. Dealers only look at a genuinely interested consumer who wants to know about health insurance plans and work around some minimal percentages of conversions for themselves.

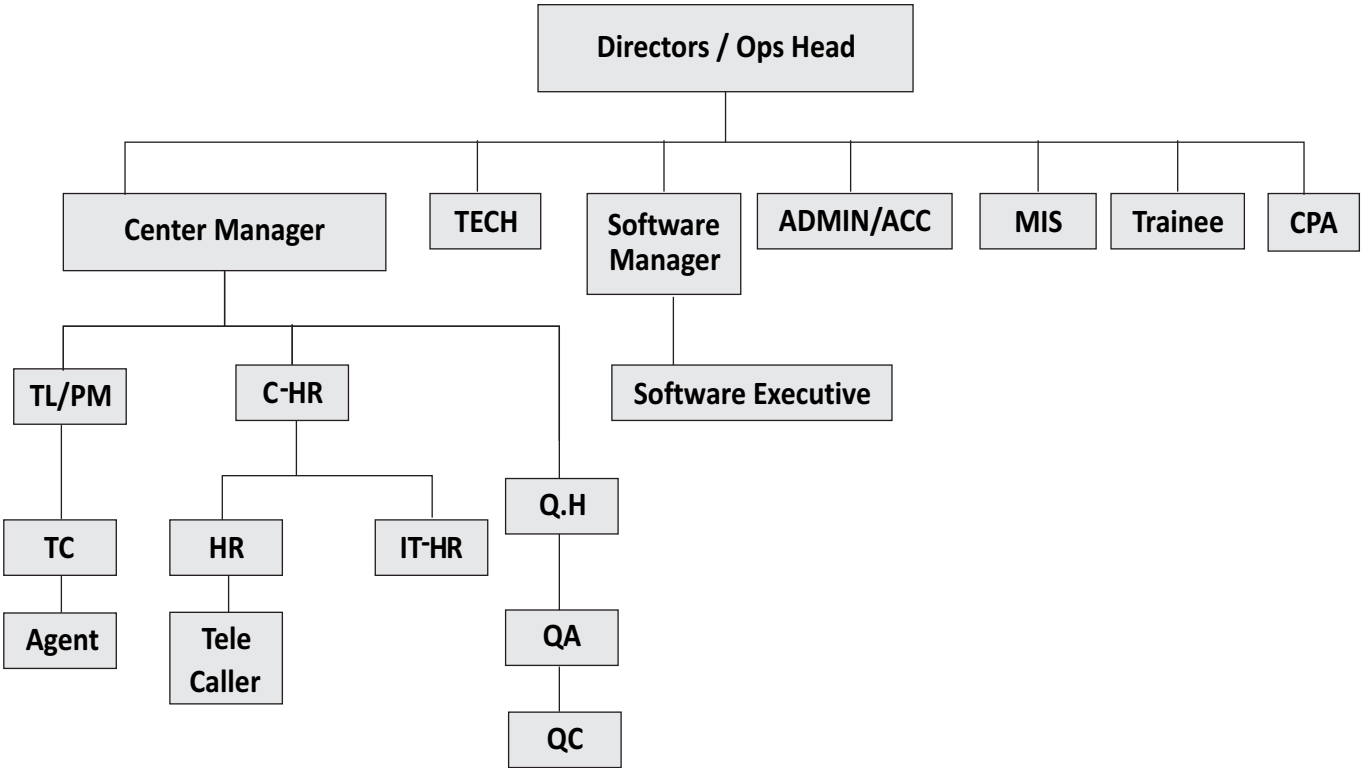
6. Student loan consolidation Campaign

Agents randomly call the school or college drop outs and ask if they are interested in going back to College. If they agree, agents would qualify the users and submit the leads to CRM. There is also another process where the agents transfer the calls to clients on this campaign. The agents at the client's end would offer the schools / colleges that are relevant to the concerned student. There are two kinds of leads that get generated on an Education campaign. One of it is for the users who are looking for pursuing online education. The other is an on campus in which students need to attend classes daily.

Depending on a few other parameters, agents match them with best possible schools or colleges and speak out names of these schools. The users can get matches up to 3 such schools on an average and they would hear back from these schools with reference to the course / area of interest of their choice. This is primarily for the consumers who have availed education loan during their college studies but are not able to repay it. Agents call and offer to help them in consolidating their loans (only federal student loans - i.e.government approved) by lowering a small portion of the interest they pay. So it actually helps them to save money.

Source : Data provided by Axiom BPM to the case writers

Exhibit 5: Organisation Chart – AxiomBPM Services Private Limited.



- TL: Team Leader
 - TC: Team Coach
 - C-HR: HR head at Central office in Ahmedabad
 - IT-HR: HR in Information and Technology department
 - QH: Quality Head
 - QA: Quality Agent
- QC: Quality Coach
 - Admin/ACC: Administration/Accounts
 - MIS: Management Information System
 - TECH: Technology (Information & Technology Dept.)
 - CPA: Certified Public Accounts
 - Ops: Operation

Source: Data provided by Axiom BPM to the case writers

Exhibit 5.1: AxiomBPM Services Private Limited's advertisement on Monstor.com job portal

Jobs

My Monster

Career Resources

Network

Sign in

Sign Up

Job Summary

Locations:
Ahmedabad, Gandhinagar

Experience:
0 - 3 years

Keywords / Skills :
bpo, Call Center, Voice Process, International Call Center, International bpo, Outbound, Inbound

Function:
• Customer Service/ Call Centre/ BPO
• Sales/ Business Development

Role:
Customer Service Executive (Voice)

Industry:
ITES/BPO

CSR-US Process-Gandhinagar

Axiom BPM Services Private Limited

All Jobs by this Recruiter

Posted On: 23rd Feb 2016

CONVERGE

FUN & EXCITING CAREER

Job Description

1) Handling Inbound-outbound Calls

2) Salary+Incentives+Cab Facility/Petrol Allowance

3) He/ She should be Excellent in English communication in verbal.

4) Desired candidates should be time flexible along with being ready to work in a competitive and challenging environment.

5) Understand the customer's query and provide accurate resolution

6) He/ She should have all relevant documents related to Graduation and/or Previous Experience.

Key Skill(s)

bpo

Call Center

Voice Process

International Call Center

International bpo

Outbound

Inbound

Share

APPLY

Rate this job | View Similar Jobs

Exhibit 5.2: Employee reviews about AxiomBPM Services Private Limited on Glassdoor portal

https://www.glassdoor.co.in/Reviews/Axiom-BPM-Reviews-E513910.htm

Overview

4 Reviews

3 Salaries

1 Interviews

Benefits

Jobs

More

Follow

Add a Review

Your trust is our top concern, so companies can't alter or remove reviews.

Employee Reviews

Sort: Popular | Rating | Date

7 Dec 2012

"I have very good exprience to work with this company"

★★★★

Current Employee - Customer Service Representative in Ahmedabad

■ Recommends

■ Positive Outlook

I have been working at Axiom BPM full-time (Less than a year)

Pros

here you can achieve your goal

Cons

I have not find any negativity in this company yet...so no comment please...

Advice to Management

keep it up we are with you...you guys are going good

Helpful

Jobs You May Like

Walkin for fresher and experienced candidates
Cogzidel Technologies – Madurai

Agency Development Manger
Rajarajeshwari Job Consultancy – Madurai

Customer Support Executive
SKILL VENTORY – Madurai

Management Executive
Agriculture
Ekgaon Technologies –

Exhibit 6 : Sample CRM form

Department : _____ Post Applying for : _____

Personal Details : _____

First Name – Father's Name : _____ Last Name : _____

Current Address : _____ Email Address : _____

Date of Birth : _____

Contact: (M) : _____

Education Qualification:

Highest Degree of Education: _____

Work Experience: Fresher () Experienced ()

Where did you hear about us?

Call from consultancy () Newspaper Advertisement ()

Friend Referred () Registered with portals ()

Call from the Company () Email ()

How long you plan to work with Company? _____ Years

Shift time preferred: Part Time/Full Time

Availability of vehicle: Yes/No Expected Salary/Month: _____

How soon can you join Axiom: _____

Source: Data provided by Axiom BPM to the case writers

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Exhibit 7: Induction & Training Schedule

Days	Training description
First	General introduction of AXIOM and some games- an ice breaking session- this session is taken by HR manager
Second & Third	Product knowledge session (content is more on the verticals like education, auto insurance, health insurance and credit). This training is provided by team leaders or coach
Fourth	Orientation on quality parameters of the job. This session is handled by quality analysts of AXIOM
Fifth	This is a mock call session. Here face to face call training is provided so that the agent is ready to attend the actual calls.
Sixth	This session is called as "Barging of calls". The agent listens to the calls made by his senior and tries to understand the accent and the ways to manage some tricky questions.

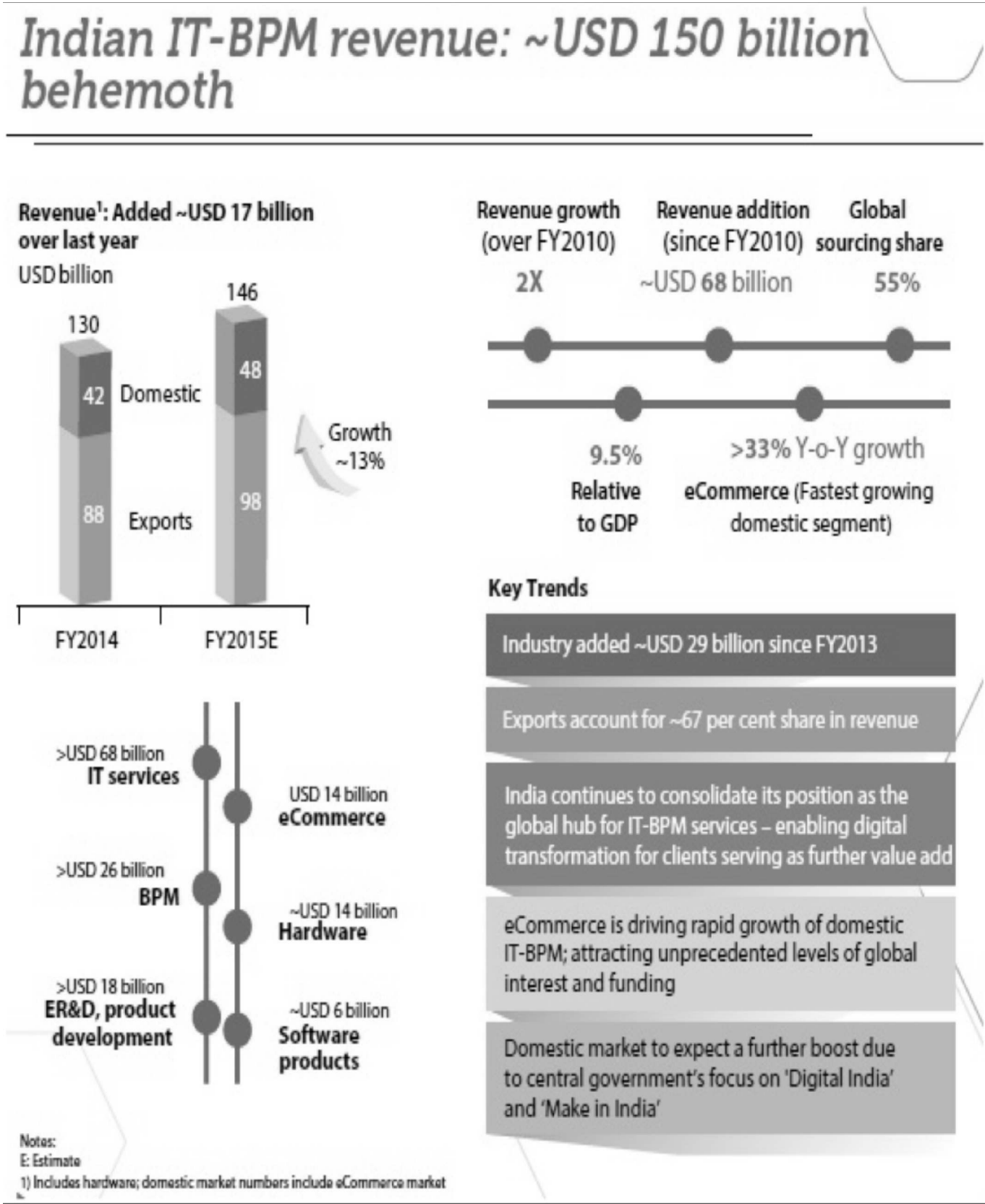
Source: Data provided by Axiom BPM to the case writers

Exhibit 8: Career Path at Axiom:



Source: Data provided by Axiom BPM to the case writers

Exhibit 9: NASSCOM's Indian IT-BPO industry



Source: Retrieved from <http://www.nasscom.in/indian-itbpo-industry>

Exhibit 10 : AxiomBPM logo



Exhibit 11 : AxiomBPM Walkin - Advertisement

WALK IN INTERVIEWS

NIGHT AND DAY SHIFTS

Get recruited for best BPO in Ahmedabad/Gandhinagar for US/Australian Process.

REQUIREMENTS : Verification Officers
Customer Sales Representatives


ELIGIBILITY : At least 12th Pass out, Fluent in English, Comfortable to work in night shifts

SALARY : Best in the Industry + Attractive Incentives, Pick & Drop facility

Axiom BPM Services P. Ltd.
403, Abhishree Complex, Opp. Star Bazaar, Satellite Road, Ahmedabad.
URL: www.axiombpm.com | Email: career@axiombpm.com

Inverse BPO - A-104/105, Mindspace SEZ, Koba Circle, Gandhinagar.

Opportunity knocks only once, don't miss it!



Call us now: 079-40029005




Exhibit 12: AxionBPM JD on Naukri.com portal

CSR, Sr CSR, HR Exec, QA & TL, Ahmedabad

Company :	Axiom BPM Services Pvt Ltd.	Jobs in Ahmedabad
Job Location :	Ahmedabad	BPO Call Centre Jobs
Experience :	0 - 1 yrs	
Contact Person :	Walkin Mon - Fri After 5PM At: Axiom BPM Services Pvt Ltd. B-31 Corporate House Opp Pakwan Restaurant Judges Bungalow Road Ahmedabad - 380054 Phone: 079-40030418	
Skills :	MS Excel, MS Word, Leadership, Good English, Managing People , Sales	
Salary :	10000-18000 per month	
No. of Job Positions :	25	
Reference Code :	(52523) - Posted on 26-11-2010	
Job Description	<p>We have vacancies for the above mentioned positions in our organization for NIGHT SHIFT. We are a 5+ year old organization, delivering our services to clients based in the United States and pioneer of Auto Loan and Credit Line Campaigns in India. Currently we are a team of 100 members and looking forward to increasing the Head Count to Two Hundred. We are looking forward to hiring candidates for various designations, like, Tele-Caller/ Verification & Sales officers, Quality Analyst & Team Leaders.</p> <p>JOB DESIGNATION/ ROLE/ POSITION:</p> <p>Verifying/ Sales Officer: As a Verification/ Sales officer, the Job Description Includes, Verifying the details of customer who have applied online for Auto Loan/ Credit Line. Selected candidates are also expected to up sale various products to the customers.</p> <p>JOB LOCATION:</p> <p>Selected candidates shall be reporting to work at our office based at Ahmedabad on Sarkhej Gandhinagar Highway.</p> <p>JOB RESPONSIBILITIES:</p> <p>Selected candidates are expected to achieve their Daily/ Monthly targets on consistent basis and work as at team player.</p> <p>CANDIDATE REQUIREMENTS/ QUALIFICATIONS/ EXPERIENCE/ SKILLS:</p> <p>Candidates applying for the above mentioned position should have excellent communication skills, good command over English, self motivated, Team Player and desire to achieve their targets consistently. Minimum Qualification required would be 12th pass. Candidate possessing minimum of 6 months experience in International BPO would have added advantage. Freshers can also apply.</p>	

Google

Web www.naukri2000.com Search

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The SBI: No More A Laid-back Giant

Teaching Objective:

This case is intended for use in Organisational Behaviour, Human Resource Management, Performance Management and related courses for teaching Organisational Culture, Change Management, Performance Management Process and Appraisal Tools specifically the application of bell curve and balanced score card methods.

Key Issues:

Employee Unions, Employee Productivity, Performance Appraisal, Project Saksham

Abstract:

In an outdoor campaign in 2005, State Bank of India (SBI) described itself as the bank which has more customers than the population of Australia. A decade later, this giant has only grown further in stature. It remains the single largest player in Indian banking industry and its performance is keenly watched by its industry peers and experts. SBI is in no mood to vacate the pole position. However, SBI has never been in the top ranks as far as employee productivity is concerned. It must take nimble steps to remain the leader now. Taking along 2.22 lakh employees in pursuit of excellence is a huge challenge. Financial techniques and tools may improve the business per employee ratio, but may not contribute to a better workplace. In the past, several attempts like Parivartan, Udaan and Citizen SBI were made to put the employees to overdrive mode. Of late, the current Chairperson Arundhati Bhattacharya introduced a new career development system by the name 'Saksham', with inputs from consulting major BCG. Employee unions were apprehensive about the implementation of the plan, which gave options for employees to earn additional financial incentives. An appraisal process is often viewed as a performance metric and as a threat. The case study looks at steps and measures to improve work culture and employee performance at SBI.

Jaidev Poomath

Associate Professor

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Too Big for Quick Moves?

During 2005 State Bank of India (SBI) ran a nationwide campaign titled 'Surprisingly SBI'. It shouted from roof tops through hoardings and propagated its achievements. The catchiest one among them was: 'Which bank has more customers than the population of Australia?' Below which was a seemingly humble comment, 'Surprisingly SBI'¹. Many in the country started their banking experience with SBI or one of its cousins. The SBI emblem was omnipresent. The tide turned with entry of new generation banks. Like an aging superstar in tinsel town, it slowly made way for the young and spirited ones. But the old warhorse had seen too many ups and downs to get bogged down. It tried reinventing itself in many ways, to stay relevant and stay in lead. SBI had a huge team which could change its fortune.

Past a decade, in the earlier months of 2015, SBI's Chairperson Arundhati Bhattacharya brought a major change in the way performance was viewed and measured. The traditional performance appraisal process was on its way out, with a more dynamic one to follow. SBI, being one of the largest employers in the country, had more than 2.22 lakh employees on the rolls. Managing such a large workforce was indeed a challenging task and the management was determined to increase the performance levels of individual employees.

On the basis of employee costs, SBI stood third in the country², with only TCS and Infosys ahead of it (both IT companies). TCS had close to 3.3 lakh employees on its rolls, more than a lakh compared to SBI. Infosys was a more comparable company with more than 1.87 lakh employees on board. SBI spent Rs.23537.07 crores on its employees, according to its Profits and Loss account (March 2015), which was 15.04% of its net sales. Three years ago, they spent only Rs.16974.04 crores and the cost now stood at close to 39% higher than that in 2012. This also happened to be a period when large scale recruitment happened. ICICI Bank, its closest competitor, had a far lesser amount spent on employees. At Rs.4749.88 crores, the employee costs for ICICI Bank were only 9.68% of net sales. It had fewer employees too, less than one third of SBI. Clearly the competitors were doing smarter work with their employees. They were able to extract productivity at a much higher rate than SBI.

Digging Deeper

As of March 2015, SBI had 2, 22,033 employees on board. Out of these, 36% were officers³, whereas clerical staff accounted for 46%. The remaining 18% constituted sub staff. Women employees constituted 21% of total work force. Reports by Reserve Bank of India⁴ showed that when industry benchmarks like Business per Employee (BPE) and Profit per Employee (PPE) are considered, SBI often lagged peers. Even when SBI and its associates are considered, they have shown better results in BPE and PPE, compared to SBI standalone. It was just not the case of public sector banks underperforming. In fact, banks like Corporation Bank, Bank of Baroda and IDBI Bank put up stellar performances. New age players like ICICI had better PPE, compared to SBI. In 2013, ICICI Bank had a PPE of 1.4 million rupees compared to 0.65 million of SBI. There was indeed scope for improvement. As per the annual report for the year 2014-15, PPE slid further to a level of 0.602 million. Yet, this can be seen as an improvement over the year before, when it hit 0.485 million.

Yes, it can be argued that BPE and PPE do not really reflect the quality of performance of a bank. A bank like SBI plays multiple roles. It has a lot to do in supporting developmental and inclusive growth policies of the government and it brings banking to the unbanked. It may not be as profit oriented as its peers in private sector. But it is also surprising how some PSUs manage to bring out better results, especially in the case of employee performance. Is it because the performing banks are smaller? Not really, when one sees Corporation bank and Bank of Baroda among them. Is it because the employees' performance is managed better, or in other words viewed, studied and analysed better?

Project Saksham: Career Development System (CDS) and Manpower Planning:

The word 'Saksham' meant competent and capable. Consulting major BCG⁵ (Boston Consulting Group) was roped in to devise a programme to bring objectivity and transparency in measuring employee performance. Earlier, the performance was measured using a score sheet which had a maximum score of 100. The tool was found to be inadequate and faulty. It failed to differentiate performers and identify laggards. It was often noted that majority of employees scored more than 90 marks when the score sheet was used. An organisation which aimed at 'excellence in services⁶' could not afford such appeasement. If people were to grow in an organisation, honest (brutally honest at times) feedback was a must. The plan was rolled out from 1st of April, 2015.

The old appraisal system was subjective, since it allocated budgetary and non-budgetary key result areas and targets, which confused employees and supervisors. Since it had one too many KRAs, supervisors ended up giving more than satisfactory scores for all concerned. A new performance appraisal system was the need of the hour, which was simple to comprehend and administer. A scientific way of manpower planning was needed to ensure proper staffing and workload allocation. Project Saksham also looked at redistribution of employees⁷ so as to increase efficiency of business units and support expansion plans. In the past, transfers and placements were decided after discussions between management and employee federation. With new CDS in place, management will be empowered to make rational decisions.

How Project Saksham aimed to make a difference?

As per the new system, employees of similar profiles will be compared with each other. The system also created benchmarks for routine, daily activities. For example, account opening activity was to be completed within a standard turnaround time of 2.9 minutes⁸. 70% of the rating was based on key result areas (KRAs) and the rest will be based on assessment by the immediate supervisor. Employees, based on performance, will be graded into 5 categories, namely AAA, AA, A, B and C in order of excellence. Project Saksham also incorporated monetary incentives for high

performers. This was a long departure from the old school system. Going forward, all promotions were to be decided on the basis of performance appraisal.

It was a custom to get a retirement extension term upto a maximum age of 60. With the new plan in place, employees who got the lowest grade for three consecutive years would not be granted a term of extension beyond 58.

Role of the Employee Unions

State Bank of India had two recognized employee associations⁹. They were:

- 1. All India State Bank of India Officers' Federation (for the supervisory staff)
- 2. All India State Bank of India Staff Federation (for workmen and clerical staff).

Majority of employees were members in these two. The associations had frequent interactions and discussions with management regarding welfare of employees and their rights. It was practically impossible to drive a major change without support from them. State Bank of India was divided into 14 circles. Officers Associations of various circles promptly sent out circulars to employees expressing their dissatisfaction and airing their concerns.

They were apprehensive about the role played by BCG, and how the management seemed to adapt recommendations from them without proper consultations. For example, it was argued that the turnaround time (TAT) suggested by BCG was far beyond what is stipulated by Reserve Bank of India (RBI). For issuing a demand draft (DD), the time stipulated by RBI was 10 minutes, while according to Project Saksham it was a mere 1.1 minute¹⁰ The Hyderabad circle of SBIOA (affiliated to All India State Bank of India Officers' Federation) was quite vocal about their displeasure.

There were also concerns raised about the new categorization of branches, where 'number of officers in a branch' is also a criterion. Argument was that if branches were to be classified based on number of officers, it was bound to give a skewed picture. Earlier, business volume was the criterion for classification of branches. They also reasoned that even though many customers enter a branch, all of them need not result in business. The Chennai circle of SBIOA commented that¹¹ 'SBI cannot be compared with any other banks of the country because of its size, customer base, operational outreach, structure and the history'. It had a major social role to play in many under developed states, and hence comparison of SBI with other banks which had a bigger profit motive was uncalled for. They also stated that after using the services of SBI for implementation of various welfare schemes of the Government, it was unfair to call them inefficient. All India State Bank Officers' Federation had sought an urgent meeting with the representatives of BCG to discuss their grievances¹². They also warned that a wrong assessment of manpower requirement would have far reaching impact on bank performance and employee morale.

Project Saksham also had the inherent risk of being perceived as a threat. Employees could see it as a ploy to identify non-performers. The management, however in a note to all regional offices, maintained that the new CDS is indeed a positive step, to identify efficient workers and promote competitive environment among employees. Barely three months ago, Tata Consultancy Services (TCS-the most valued company in India based on market capitalization) laid off employees who were considered to be low performers in large numbers.

Performance Review and After Shocks

Towards the end of 2014, TCS decided to terminate services of employees who were rated as low performers. Thousands of employees were sent communication to this effect and it snowballed into a major issue. It was rumored that 25000¹³ employees were being sacked. The company clarified that these were baseless claims. It maintained that all were just part of annual appraisal process¹⁴, and hence normal.

TCS eventually had to go slow on its plans. Later, the company shared a huge onetime bonus of Rs.2628 crores¹⁵ with all its employees. This issue was raised and discussed among employees in various sectors. It still needs to be seen if it was a failure of performance appraisal process, or a debacle by the Human Resources/PR team.

Organisational pressure to perform makes people burn out faster. Intense competition forces employees to chase business figures and often personal needs are sacrificed. The New York Times came out with an article recently which discussed how employees of Amazon.com, the e-commerce giant, were driven constantly for performance. In the article titled '*Inside Amazon: Wrestling Big Ideas in a Bruising Workplace*' Bo Oslon, an ex-employee of Amazon

claimed that “nearly every person I worked with, I saw cry at their desk¹⁶”. SBI had strong employee unions, which raised employee issues to management. In November 2014, employee unions of public sector banks had a nationwide strike demanding pay revision which was due from November, 2012¹⁷. United Forum of Bank Unions (UFBU), an umbrella organisation of leading bank employee unions called for the strike. The combined employee strength of public sector banks touched 8 lakhs and had branch strength of 50000 across the nation. At the end of negotiations, settlement was reached between Indian Banks Association (IBA) and Bank Unions in which it was agreed to provide an increase of 15% in salaries. IBA also agreed partially to grant a five-day week structure.

New Age Customer Meets New Age SBI

It is a cliché to say that a customer is smarter today and has a variety of options to choose from. Customer has moved beyond the pull of a unique selling proposition (USP). Nowadays banks offer convenience of internet banking and mobile banking and there is little to choose or differentiate from. The spread of branches may matter to some customers, especially those from suburban, rural areas. With more focus on fee based income, banks have become financial supermarkets.

User Experience and How it made Sense

Customer is discerning when it comes to user experience. USP may not matter anymore. Take the example of E-commerce companies like Amazon, Flipkart and Snapdeal. One can buy any branded item from any of these service providers or aggregators so to say. Brands don't matter in a way, but where one buys matters. Banks have also turned aggregators in a sense, with banks playing the role of intermediary to other financial services brands. With customers having multiple accounts, where one goes to take a DD matters. Convenience at a bank counter matters more to the customer than the bank itself. User experience in banking sector may be divided into two: client-bank interaction experience and service delivery experience. While banks score well in overall service delivery experience, a lot is left desirable in client-bank interaction experience.

In 2015, Brand Equity along with Nielsen conducted a survey on the most trusted brands in India. SBI was ranked 35, and was the only bank in the top 100¹⁸. The bond was so strong that marketing of products and services was done more inside the branch than outside. Now, this can be a positive factor as well as a negative one. A prospect may be easily converted once he/she has enquired about a particular product/service when he/she is in the branch. SBI had started the practice of using substaff for helping walk-in customers as part of its 'Parivartan' programme way back in 2007. For example, security personnel were told to greet and help customers. But it was doubtful if such steps helped in making a significant difference in customer experience.

Wind of Change : Parivartan

The leadership of SBI had long realized that it was on a tough battle with time. Other banks grew fast enough to beat them at their own game. It was during the tenure of O.P Bhatt (as the Chairman of SBI) that a major initiative by the name 'Parivartan'¹⁹ was launched. A new department called Corporate Communications and Change was also formed, to drive the change. Parivartan meant transformation, change. The idea was conceived and developed in house. The plan was to connect and communicate with all employees of SBI to in two days so as to prepare for changing business environment. Many employees had their professional lives in time warps, without acknowledging changing market dynamics. Parivartan was officially launched on 16th July, 2007, across all fourteen circles. Employees across various hierarchy levels were addressed in this mass communication programme. They pledged that they will exist for customers and that they will greet customers with a smile. The aim was to make SBI the preferred bank for customers. The challenge was to get the buy-in from employees of different hierarchy levels.

The vision and mission statements of SBI were rewritten in 2008, with inputs from employees. The statements reflected their ambition level. The new vision statement showed ownership and purpose. The new statement was as follows: “*My SBI, My Customer First, My SBI: First in customer satisfaction*”

Citizen SBI

During September 2009, a campaign called Citizen SBI was launched, which was conceived and developed in association with Illumine Knowledge Resources Private Limited. The objective was to change the employee value system and attitudes, through a series of human resource activities. Another objective was to bring in behavioral

transformation of employees by inviting their active participation. This was another attempt at changing the core belief system of employees.

Udaan: A Sequel to Parivartan

During the later part of 2010, a sequel for Parivartan was launched by the name 'Udaan'. The plan was to share the achievements over the last four years in the path of transition. The objective was to share the ambition of becoming one among the top 25 banks in the world. The programme was on the same lines as Parivartan, where employees were connected and communicated through a one-day exercise. All of these plans had a common goal: to make employees familiarize and get committed to organisational goals.

Leadership and Change

After taking leadership baton from A.K Purwar in 2006, O.P Bhatt brought in the change and transformation agenda through Parivartan and Udaan. His tenure was followed by the leadership of Pratip Chaudhuri, in 2011. His primary objective was to clean the books of SBI through adequate provisioning. The bank under his leadership took some customer friendly decisions such as making branches airconditioned and doing away with the preclosure penalty in home loans, even before it was mandated by regulatory authority. By 2013, leadership was handed over to the first woman Chairman in the history of SBI, Arundhati Bhattacharya, a veteran who joined the bank in 1977 as a probationary officer. She was to be in charge till 2016.

If one were to compare the leadership of SBI with that of leading competitors, for example, ICICI Bank, a clear difference will be seen. For the period 2005 to 2015, SBI saw four leaders at its helm. Meanwhile, Chanda Kochchar remained the CEO and Managing Director of ICICI from 2009 to till date and is expected to continue for the immediate future. She succeeded K.V.Kamath²⁰, who was the CEO from 1996. In the case of HDFC Bank, CEO Aditya Puri is the longest serving chief²¹ of any bank in India. He assumed charge in 1994. If we take the case of Axis Bank, the MD and CEO Shikha Sharma is leading from front since 2009.

This too shall Pass?

On a closer look, one finds that these competitor banks have taken huge strides in growth and profitability during the last decade. Employees too feel continuity of strategy, plan and operations. Every leader, however capable, brings his or her perspective for driving growth. That may/may not be compatible with the strategy of his/her predecessor. When employees are driven for a particular goal, they might think that 'this too shall pass'. Hence, changes may appear, but may be cosmetic in real. Even after repeated attempts, the bank has found that the core beliefs have not really changed. Customers may feel change to an even lesser extent.

The Mirage of a Turnaround

Companies often go behind the lure of a turnaround in operations. But such an effort needs to be time bound. It cannot be in a perpetual turn for perfection. When leadership changes are frequent, new leaders in their effort to make a genuine difference try different things and the turnaround process may appear longer than intended.

Changes in performance appraisal Worldwide

Leading companies across the world are revamping their performance appraisal systems. Earlier methods were subjective in nature, which included confidential records and reports by supervisors. These were of qualitative nature and hence skewed.

Later, methods like the bell curve and balanced score card addressed these problems to a certain extent, by bringing in quantitative assessment. In spite of these efforts, performance reviews were always perceived as a major reason for discontentment among employees. Managerial discretion often played its part in spoiling the party.

Performance appraisals give a chance to the employees to get a fair feedback about their performance. How many employees come forward/ look forward to being judged by their superiors is another question. Superiors also may try to dodge the employee review/feedback session. There is no fair method to analyse the effectiveness of a rater. This adds ambiguity to the process.

Performance Review and Linked Incentives

It only seems rational to link employee performance to pay. Companies are encouraged to take this route and offer hefty financial incentives for extraordinary performance. Moreover, decisions related to career development and succession plan are taken based on reviews. A lot seem to be riding on the year end rating. With too many decisions riding on a single annual exercise, the current appraisal systems are found wanting. Often feedback is shared after the damage is made. The current business scenario is too dynamic to depend on a single annual process. Brands are made in a few months and new leaders emerge within a short period. Companies should be flexible enough to adapt.

New Approaches towards Performance Management

Companies like Deloitte and GE²² are in the process of reengineering their appraisal processes. The current one is a formal, annual exercise. This will be replaced by an informal and periodic review, where in employees get a chance for course correction, if need be. At GE, the managers now rely on periodic touch points to share informal feedback. This is to be based on customer needs and feedback. Accenture, a leading management consulting and technology firm is also in the process of restructuring their employee appraisal process. Advanced technology has brought transparency in several areas like attendance and governance. Mobile apps are also developed to make appraisal processes live and current.

How Banking Jobs have changed in a Decade

Banking was earlier perceived to be a finance job, which included ledger entry and posting. Nowadays with core banking systems, the baking part is taken care by the system software and employees are left with enough time to market their products and services. Banking is more of a marketing job right now. Banks too look forward to have more of fee based income from transactions and have become financial supermarkets. The expectations of an employee while joining and the variance he/she experiences impacts performance.

What makes SBI a preferred Employer?

During the year 2013, SBI received a record 17 lakh applications²³ for 1500 vacancies of probationary officers. It would be interesting to study the reasons for the popularity of SBI as an employer. Is it the job security it offers? Or is it the pride of being part of the nation's banker? According to the then Chairman Pratip Chaudhuri "This time, we had given the advertisement a good profile, highlighting the position of SBI and describing the compensation package in detail, which attracted a lot of attention".

Earlier advertisements carried only eligibility criteria and information about the job. Perquisites offered and career path were also detailed in the advertisement. Another attraction was the promise of official accommodation offered. In cities like Mumbai, this was a major incentive in itself.

Better Customer Connect

Under the current leadership of Arundhati Bhattacharya, SBI has taken aggressive steps to connect with customers through social media. They wanted to stay relevant to Gen Y customers. The earlier attempt to connect with Twitter was a failed one, with scores of customers posting negative comments about their unsatisfactory experiences with SBI. But now, followers on Twitter has crossed 4 lakhs and in Facebook 39 lakh. SBI has also launched 'State Bank Anywhere' app for smart phone users. SBI had 7.71 crore transactions²⁴ worth Rs.11,662 crores on the mobile platform to emerge the market leader in that space. A digital wallet by the name 'Buddy' was launched for non-banking customers. A feature phone version of the same by the name 'Batua' is also in the offing. These were some of the signs that the banking giant is getting its act together.

Project Saksham : Challenges

Though delayed, SBI has put in a Career Development System (CDS) with Saksham. Though there are issues raised by employee unions, the project is well on its way to full implementation. The delay in execution gap is an Achilles heel for SBI. The time taken to fully implement project Saksham may prove to be counterproductive.

Though the system will be able to identify (even though it is not an objective) low performers, they might still continue because of loopholes. The supervisors, who are used to giving 90% marks to subordinates, will find it tough to proceed with an objective assessment tool.

The acceptance of employee unions too will play a part in making it a success. If employees feel that they are incomparable with the rest of the companies, they might be running away from harsh realities. Customers flocked to SBI at all times. The question is: how can they be served better?

When the going gets Tough...

Banking industry is going through major changes. RBI gave 'in principle' approval²⁵ to 11 payment banks which include heavy weights like Reliance, Aditya Birla Nuvo, Vodafone and Airtel. New age players like PayTM have joined the race. New players like Bandhan have got their banking licence and has started operations. Soon, majority of transactions may be done through payment apps and mobile wallets. The going is soon to get tougher. For a giant like SBI, which has weathered many a battle, this too can be negotiated, if the will is backed by speed of action. It needs to be seen if 'Project Saksham' is the wonder drug to enhance employee productivity. Can the model work and result in sustained performance?

Annexure

1. State Bank of India: Profile²⁶

State Bank of India's revenues stood at 2, 269,445.7 million rupees (\$37,672.8 million) during FY2014, which showed an increase of 13.2% over FY2013. The operating profit was 144, 894.7 million rupees (\$2,405.3 million) in FY2014, which showed a decrease of 20.9% when compared to FY2013. The net profit of the group was 141, 737.8 million rupees (\$2,352.8 million) in FY2014, 20.9% lesser when compared to that in FY2013. Number of employees as of 31st March 2014 is 2, 22033. Head office of the bank is situated at State Bank Bhavan, Corporate Centre, Madame Cama Marg,Mumbai, Maharashtra. As of March 31, 2014, the group had 15,869 branches and 40,768 automated teller machines (ATMs). SBI has five major business units: retail banking, corporate / wholesale banking, treasury, insurance business, and other banking operation.The bank has a healthy CASA (current account, savings account) ratio which denotes low cost deposits. Several Government initiatives are driven through SBI.

2. Business per Employee and Profit per Employee

Year	All Scheduled Commercial Banks		Public Sector Banks		SBI and its associates		Nationalised Banks (Includes IDBI Bank Ltd)	
	BPE	PPE	BPE	PPE	BPE	PPE	BPE	PPE
2008-09	73.98	0.55	73.44	0.47	65.02	0.44	78.32	0.49
2009-10	86.23	0.6	86.43	0.53	73.74	0.47	93.59	0.57
2010-11	99.03	0.7	101.67	0.59	79.05	0.42	115.25	0.7
2011-12	109.95	0.78	114.68	0.64	91.38	0.55	127.85	0.69
2012-13	121.33	0.83	127.47	0.63	101.97	0.6	142.23	0.65

Year	Private Sector Banks		Old Private Sector Banks		New Private Sector Banks		SBI	
	BPE	PPE	BPE	PPE	BPE	PPE	BPE	PPE
2008-09	67.76	0.56	63.84	0.47	69.18	0.59	55.6	0.47
2009-10	77.27	0.7	69.75	0.42	80.38	0.81	63.6	0.45
2010-11	82.6	0.81	81.04	0.56	83.13	0.9	70.47	0.39
2011-12	86.23	0.92	87.23	0.63	85.89	1.01	79.84	0.53
2012-13	94.06	1.07	97.24	0.75	93.03	1.18	94.39	0.65

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Teaching Note

SBI is among the leading employers in India. How it adapts to change forms the crux of the case. The employee strength can be an advantage as well as a liability and it all depends on how the asset is managed. The case brings perspectives of organisational change and employee performance in the context of a new performance appraisal system. SBI is in the process of transformation, a need driven by forces of the market in which it operates. The organisational performance was always being tracked. Now, employee performance is also under lens.

Teaching plan:

The duration of class should be 90 minutes, so as to facilitate discussions. Students may be divided into groups with 5 members each. Sufficient reading time should be provided to the participants. Each team may be provided with a hard copy of the case, with soft copy of the same available in online courseware for reference, ideally a day before class discussions. The students should be asked to make note of important points and deliberate within the team before presentation/discussion in the class.

They may also dial up an employee working with SBI to know the recent developments and to understand employee perceptions regarding 'Saksham'. This could be a revealing experience. The participant may be able to know the effect and impact of corporate communications. They will also get inputs on employee involvement. Online discussions may be facilitated through course management software, to make things more interesting. The faculty member may also give his comments and queries there. The representatives from each team are supposed to send their presentations and findings to the concerned faculty member before the class. The faculty members may share presentations with the rest of class to encourage participation.

The opening of the case may be done through cold calling. Individual responses are solicited, where students are asked 'what the case is all about?' Soon, others are asked to contribute. The question here should be 'are there issues which are beyond the obvious?'

Class discussions are done using group presentations. Suggestions and findings of a team should be questioned and challenged by the rest of participants. PowerPoint presentations may be used to highlight important points. Participants should be rewarded on the extent of primary and secondary research data presented, which should be from reliable sources. On conclusion of discussions, participants may be asked to present key learning points and share his/her thoughts about the same. They can evaluate merits and demerits of options discussed. The case study is closed with faculty remarks given at the end. Remarks may also be uploaded on the course management system. It would be ideal to track the developments in SBI for continued learning.

Possible Questions and Assignments:

- » Attempts to measure performance output are often flawed. How can performance be objectively measured when performance is a team result? Can inputs be measured or counted in a realistic manner? (Individual submission of opinions and findings to be done through course management software, which may be followed by discussions in the class)

Suggested answer: Employee inputs may be measured in terms of development of self and that of team, and the measure can be investment made by the leader/employee. However, these tend to get a lesser weight when compared to actual performance displayed. There may be cases whereby an individual gets undue advantage due to external/market factors. For example, how a senior executive gets paid additional incentives in a bull market. The increase in share price of the company may not be caused by the actions and strategies adopted by the executive. Similarly, employees tend to get paid less when macroeconomic factors are negative, in spite of stretched performance inputs. The key to success is in designing rubrics (standards of performance) so as to value inputs.

- » A lot depends on a single annual exercise of performance appraisal: promotions, increments, incentives and ESOPs (Employee Stock Options Plan). Will it not create perception biases and shortcuts which include recency and halo effect? (Open discussion in the class - may also be administered as a debate)

Suggested answer: Employees tend to highlight their achievements when it is known that performance appraisal is due. This may lead to biased opinions, which impact annual rating processes. One way to negate the effect is to have informal and periodic reviews where achievements are noted down and non-monetary recognitions are given, where due. But if not done properly, periodic (say, monthly) reviews tend to be perceived lightly, and may not help the overall cause. Quantifying performance data will help a superior to identify real performers vis-à-vis the ones who blow their own trumpets.

- » NTPC, a PSU is often ranked among the 'best places to work for' in India. How different is the work dynamics in a manufacturing concern when compared to that in a service sector? One can also find service organizations among the top ranked in such ratings. What may be the reasons for the poor representation of financial services organizations there?

Suggested answer: Participants may be asked to go through such rating processes and find out the evaluation criteria. The objective should be to gauge what makes a good place to work. The participants can also find out factors which foster or hamper a good working atmosphere. May be there are patterns. For example, IT and ITES companies are often ranked among the top in such surveys. Things may also change based on the type of industry (manufacturing/service), since work demands are different. The employee satisfaction may differ on the level of customer interaction needed. (Students may be encouraged to search for research articles to support their findings.)

- » Bombay Stock Exchange (BSE) was challenged by the entry of National Stock Exchange (NSE) after recommendations by Pherwani committee in 1991. NSE had better trading platforms and support of technology to threaten the very existence of BSE. It will be interesting to see how BSE managed to stay relevant. What similarities do you see from the rise of BSE to that of SBI? Where do similarities end? (This may be allotted to specific groups for supplementary analysis. Their findings and suggestions may be shared online.)

Suggested answer : It may be noted that both are from financial services sector. Both enjoyed market dominance, and both were threatened by the influx of technologically superior competitors. It may be also noted that the key

stakeholders, i.e, share traders and brokers were swift enough to acknowledge a threat, mend their ways and adapt. Being traders, they would have been financially motivated by the prospect of a better, revamped BSE. The upper limit of earning potential for them was practically unlimited. This may not be the case with SBI, where stakeholders are salaried people, whose financial incentives are limited and regulated. They may also be less ready to acknowledge a threat from the macro environment.

- » Do male employees and female employees respond to performance appraisals and reviews differently? Do their drives differ, in the context of a traditional PSU? Does age matter in acceptance of new challenges and initiatives? The aging work force is an asset on account of their experience and expertise or a liability? (This should be debated in the class.)

Suggested answer: SBI has 21% female employees on its payrolls. They play a significant part in improving workplace dynamics. Even then, the motivational drives could be different. Men *may* prefer to chase monetary incentives; whereas female employees *may* value stability and work-life balance. SBI has for the first time, a woman heading its operations. Its competitor, ICICI Bank had a woman as head of organization for the last few years. ICICI Bank was also successful in grooming leaders like Kalpana Morparia and Shikha Sharma, who later went on to head JP Morgan and Axis Bank respectively.

Age may also be a critical factor here. The new generation banks have a younger workforce, which can anticipate change and move swiftly. For example, according to a report in Business Today (Businesstoday.in, 2013), average employee age in Axis Bank is 29. (According to the same magazine, a report in 2011 shows that the average age of SBI employees is over 50.) On the other hand, the veterans of SBI may be subject experts with their knowledge in core banking, but less flexible. With core banking solutions, the sort of expertise needed in day to day transactions may be lesser. A younger lot of workers may take to sales easily than a group of senior employees. Sales add an element of customer orientation and bring opportunities for customer delight.

- » What is the role played by employee unions in times of business uncertainty? New goals and norms are the need of the hour. How can a leader take union leaders along and get their participation? (Participants may be asked to post their views online, which are used for further discussions in the class.)

Suggested answer: Employee unions have a strong impact over the work culture in SBI. They might have caused a direct impact on the desirability of employment with SBI. Active employee unions have been successful in representing employee grievances to management. But, it seems that the leaders of unions are not taken into confidence at the time of roll out of 'Saksham'. It is also important to study how employee unions were used to address the need for change.

On the other side, employees would be too comfortable to venture out and try something new as long as protection of jobs and assurance of extension of terms are there. When an employee joins an organization hoping to have a 'safe' innings, it is difficult to make him/her go the extra mile.

Suggested additional reading materials:

- » Carmine Gallo (2012). *The Apple Experience: Secrets to Building Insanely Great Customer Loyalty*. McGraw Hill:
- The book has several anecdotes which illustrate how employees make excellent organisations.
- » Jerry I. Porras and James C. Collins (1994). *Built to Last: Successful Habits of Visionary Companies*. Harper Business Essentials:
- A classic, with valuable insights on the DNA of visionary companies.
One can find here several comparable examples.

To Be Or Not To Be?



To Be Or Not To Be?

Teaching Objective:

This case is intended for use in Organisational Behaviour, Human Resources Management and related courses for teaching the concept and practice of Change Management, Workplace Innovation and Technology Adoption.

Key Issues:

New generation students, Teaching woes, Classroom management, Innovation in Classroom Techniques.

Abstract:

ShivShankar, a Professor in General Management with a teaching experience of 25 years at a prestigious management institute in Bangalore was at crossroads and was seriously pondering whether to continue his profession of teaching or not. The behaviour of his students was getting on his nerves and he was finding it extremely difficult to have a check on his anger. Classroom management had become a nightmare and he found it increasingly difficult to focus on anything. Whatever happened in the classroom in the past few months left him fuming and he was at his wits end. Pressure was slowly and constantly building up and clearly he had started to wilt under pressure. He decided that his teaching career had to end and approached the HR of the management institute to put in his papers. Gupta, the HR Manager, was taken aback and felt sorry for the professor who was considered an asset for the institute. Gupta vowed to find out what was wrong and had a one-on-one conversation with the professor. He also shared the contents of a latest report, 'Creating Knowledge Environment in the Classroom' with the professor. The findings were considered to be an eye opener not only for Gupta or ShivShankar but for everyone involved in higher education in India. Once the problems were identified, quick brainstorming led to a host of solutions to the problems. Today ShivShankar is a happy man, a satisfied professor who enthral his students and kicks himself for even thinking about chucking this profession which was very close to his heart. This case is a real life story of a senior professor who had problems adjusting to the attitude and mind-sets of modern students and was averse to using technology in class room management. The report, 'Creating Knowledge Environment in the Classroom', used in this case study is based on original research conducted in a leading B School in Bangalore. The data and the exhibits have been prepared using the primary data from the research.

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ShivShankar, The Professor:

I stare at the clock as if I can reverse the ticking of the hours and minutes. The familiar cold, hard lump of dread settles in my belly. There is a constant pounding in the head, a fluttering in the chest and ragged breathing as I struggle to focus on my favourite programme on Discovery channel.

“Have you ever wondered why salmon die after spawning? Salmon make their way up to their spawning grounds from the oceans to the rivers, crossing various hurdles, fighting strong water currents and in this process their adrenal glands become hyperactive. The constant cycle causes the control mechanisms to fail and the adrenals

keep pumping. After spawning, salmon do not die from exhaustion of swimming upstream fighting the strong water current. It dies of constant pumping of adrenals and excess of stimulation. If you remove the adrenal glands immediately after salmon spawn, the fish live on”. The television continues to blare on as I sit blankly watching the television screen. Am I a salmon who has lost complete control because of constant provocation from the students? I have been pondering about this for almost more than a year.

I switch off the television and move towards the bedroom with a sigh. Sleep eludes me and the mind goes on reminiscing the past few months and how unhappiness and a mortal fear had crept in to me. I decided that I will hang my boots as a professor and put in my papers the next day.

Gupta, The Head of HR:

When Professor ShivShankar knocked on my office door I was pleasantly surprised because not every day do I get to interact with accomplished professors like him. He is a very experienced professor, knowledgeable in his area of specialisation and a highly respected person with strict ethical standards. I set aside the report that I was currently reading. The report was on 'Creating Knowledge Environment in the Classroom'. The research had been conducted by one of our own experienced faculty members using our own students as the respondents to the study. As I usher Professor ShivShankar in to my office I notice that he looked very uneasy.

“What can I do for you Mr. Shivshankar? It has been a very long time since we met. Hope things are fine at your end.”

The professor shifted uneasily in his chair and mumbled something which clearly made me jump out of my chair.

“I want to resign my job” declared Professor Shivshankar.

“But, Why?”, I exclaimed.

“The world does not need experienced people like me. Old hags like me fail to capture the imagination of today's students. The students belong to a whole new generation where Google teaches them almost everything. They do not need a teacher and definitely not an old hag like me” replied the professor.

I could clearly make out that the professor was deeply hurt. I did not want to antagonise him further by asking many more questions. But, I had to find out the truth if I really wanted to help the professor and also stop the institute from losing such a renowned professor. Over a cup of hot steaming coffee, I gently prodded him and finally he was pouring his heart out. The poor professor had so much of pent up emotions and I sat there wide mouthed gaping at him as he started talking about his miseries and how class room management had become a disaster.

ShivShankar, The Professor:

I did not need too much of persuasion to pour my heart out to Gupta. I told him about all the small insults I endured day in and day out, the growing brazen behaviour of the students, their sly remarks, their body language and above all their intolerance and impatience in learning. I quoted many instances which had left an indelible mark in my memory including use of phones in the class, messaging around during class hours, use of internet to search answer for each and query. The list was growing....

Why should the students of today have no respect either to the subject, faculty or to the institution of higher education? I pondered out loudly as I got ready to narrate to Gupta the incident that happened yesterday which was the last straw.

It was a busy Monday mid-morning class of MBA. As I was labouriously explaining the concept of 'Span of Control' to the class I could feel the look of disdain on the faces of the students and a growing unrest amongst them. I could see that majority of the students had not even opened their notes and only a handful of them were making notes. I called upon a student and asked him to recapitulate whatever I had taught in the class till then. He stood up showing the most disinterested body language and said in a cool tone that there was no need for notes and he can download the notes anytime from the internet. Hearing his comment, the entire class burst into peals of laughter with a loud thumping and howling as the student added the last comment saying that I should teach something new which is already not on the internet. This was the nail on the coffin. I walked out of the classroom vowing to myself that I will

never subject myself to this humiliation again. My face was red with anger and I hurried to the sanctuary of my cabin in the faculty room. As I slumped in to my chair a barrage of questions flooded my mind

Where did I go wrong?

What should I do to bring back student interest in the classroom?

Will I ever be able to face a classroom again?

Gupta, The Head of HR:

I sat before the professor wondering whether any words of comfort would really relieve him of his hurt and pain. The classroom incidents explained by the professor gave me an impression that the professor believed in running the classrooms the old fashioned way and wanted to have the students always on a tight leash. No doubt he was the best in the subject but, his expectations from the students was little out-dated and did not match the current mind-sets of the students. But, I wanted to clearly impress the professor about changing with the times and having an interactive class session to evince interest in the minds of the students.

“Professor, Please humour me with your answers” I requested him as I mentally got ready to ask him a barrage of questions.

“What is your favourite teaching pedagogy?” I enquired the professor.

The immediate answer from the professor was “Black board teaching and circulating notes to the students on the important topics”

I could almost imagine a monotonous monologue from the professor and the students getting impatient in the classroom looking for various avenues to kill their boredom.

“Don't you allow the students to discuss, debate, deliberate and ask questions?”

“No”. The answer was emphatic and the professor added stating that “I like to have pin drop silence in the classroom. I consider the classrooms to be temples of knowledge and it is important to maintain the sanctity”.

“But, don't you think healthy discussions; encouraging free flow of ideas will make the student more interested in the subject?”, I looked expectantly at the professor

“I consider all these as attention diverting tactics which come in the way of completing the syllabus on time. Moreover, if you allow too much of freedom to the students there is the danger of classrooms turning in to a circus with free for all show” replied the professor

“With so much of innovations, technological advancements, advent of multiple gadgets, and overload of information available to the students over the internet don't you think that teaching pedagogies should also change? “I looked curiously at the professor. “Moreover, the same syllabus can be taught to the students using innovative techniques like videos, group discussion, case study etc. Use of innovative classroom techniques will ensure that students learn the concepts in a relaxed environment. Learning is no longer a dreaded chore if there is fun in learning”

“You definitely have a point to ponder” replied the professor. He seemed to be in a pensive mood. May be he was doing a self-introspection. I remembered the report that I was currently reading. May be the contents of the report would help the professor realise about the classrooms of today and the expectations of the students in general.

“I am reading a report on a similar matter and I will be glad to share it with you “, I told the professor and got up to retrieve the copy of the report (Ref. Annexure) and handed it over to the professor.

ShivShankar, The Professor:

I was feeling very light after pouring out my feelings to Gupta. With a spring in my steps I gathered the report and made my way towards the faculty room, eager to read the report. As I went through the pages of report, I felt as if someone had understood my problem and had offered solution to my problems. It looked like the report was meant only for me. I sat mesmerised looking at the report.

‘CREATING KNOWLEDGE ENVIRONMENT IN THE CLASSROOM’

A Report prepared by Professor ShenGupta

Introduction:

In this day and age, gadgets have become part of everyday life and it's no wonder that it has entered the classrooms as well, impacting the teaching methods. The advent of technology has widened the scope of learning and the traditional classrooms are fast turning into knowledge centres through interaction, exchange and intellectual discussions. However, these are not without contradictions or conflicts.

The students of today expect to be taught or learn more than what's covered in the ambit of the syllabus, while the teacher's objective is to cover the syllabus prescribed. The source of gathering information or knowledge is not limited to just books and teacher notes but envelopes the vast database over internet and social networking media. No discussion is deemed to be complete unless and until there is some reference to Google, Yahoo, Bing and this means that there's a constant battle to search for more information, even as time ticks up adding to teacher's pressure points.

As for the teachers, they are also equally concerned about how much the student learns and understands and how to make the classroom more compelling. The teachers want to impart knowledge by captivating the attention of students whose attention-span is worse than a flicker of a dying flame.

There's this famous saying - 'If all you have is a hammer, everything looks like a nail'. If there has to be a good synergy in traversing the end objective of knowledge imparting and student's success then the teacher will have to look into the tool box full of implements.

This report is based on the experiences of the researcher in the classrooms and about the tools and strategies used by the researcher to impart knowledge in the classroom. This report discusses in detail the various tools used in the classroom which were successfully deployed and is an attempt to disseminate such information for teachers across the world to benefit and enjoy the fruits of new techniques.

'The more you learn the more you come to know how little you know and how much more there's yet to be learnt'

- » When students are actively involved in the learning task, they learn more than when they are passive recipients of instruction. All genuine learning is active, not passive. It involves the use of the mind, not just the memory. It is the process of discovery in which the student is the main agent, not the teacher
- » Tell me and I'll listen. Show me and I'll understand. Involve me and I'll learn.
- » I hear, and I forget. I see, and I remember. I do, and I understand.

Eminent personalities in India have always expressed the view on the dismal performance of the higher education sector and how it has failed to deliver its promises. Enrolment in higher education is supposed to be a life changing event for the students, but, it has become a life churning event not only for the students but also to the teachers who are saddled with additional responsibilities. It is a sad state that Higher education is turning into a nightmare because what is generally offered by teachers does not match the expectation of the students.

The students' idea of a classroom is non-conventional, fun learning, non-theory based, application oriented. The teacher has the constraint of completing the syllabus on time; prepare the students for the exams and hence pressure cooked for time, quality and coverage of topics.

Add to this the newly evolved expectations that is growing even faster than India's population - the aspect of fun in classrooms. Therefore, the need to finely balance the expectations of the students and the role and responsibilities of the teacher cannot be over emphasized and it is the core of this report and the research as well.

Caught in between these two poles of expectations, education has become diluted and there is an increasing hue and cry to make classroom learning more fruitful to the students.It is true that fruits of higher education are sweeter and more valuable when it promotes the blossoming of natural talent that enriches students to enhance their value as a catalyst for their own growth. But, the scenario today is that of students who have no adequate

subject knowledge, lacks communication skills, are not industry or job ready and do not have or give credence to ethics.

This is where active learning instructional strategies come handy to teachers in upgrading their teaching skills and delivering what is required for effective classroom learning; thereby meeting the expectations of students and finding new avenues to successful knowledge centres (the new name for classrooms).

Exhibit 1:

Students Expectations:

Make the Classroom interesting and mix fun with learning. Boring has to be a forgotten diction.
Teaching should not be rhetoric but should be more attuned to absorption levels of studentsStudents' attention should be function of making them yearn for more not just an academic activity
Bring in more references for completing the canvas of knowledge elements for retention purposesHighlight the methods by which students can apply their knowledge and develop deeper understanding
Be able to compete with peers and meet the demands of the industry through personality development

Exhibit 2:

Challenges faced by Teachers:

Need to cover the course content within the set time frames that is already compressed for learning ease
Deploying new classroom strategies involves too much of prior preparation and content researching
Lack of adequate infrastructure and resources could hamper implementation of new strategies
Faculty knowledge of the technique and the essential training needed in do's & don'ts of strategies
Inevitable comparison by students across other Colleges leading to added teaching pressure
Deriving success out of large cross-section of a class that is filled with those capable, not so capable and even the dumb
Making the fun element an embedded aspect of teaching without that hampering the purpose

Exhibit 3:

Meeting Students' Expectations:

Students' Expectations	Strategies that can be adopted
Fun at Learning and Making classroom interesting	Understand what makes Student's wanting to learn
Absorption levels / Attention-span	Involving, Engaging, and Interacting is the driver
Topic Coverage, References, Enriching knowledge base	Referential Data points from a Variety of Sources
Industry Readiness / Personality Development	Focus on Developing Student's Understanding ability
Faculty being able to apply various Strategies	Training and Enhancing Teaching Aids will power this
Finishing within Set Time lines and Course Content	Detailed plan shared in advance. Debates/Seminars
Deriving Success across large cross-section of Students	Strategies that encompass majority will help

Active learning instructional strategies include a wide range of activities that share the common element of —involving students in doing things and thinking about the things they are doing in a classroom to forge understanding of the subject. Active learning instructional strategies can be created and used to engage students in

1. Thinking differently, creatively
2. Expressing their ideas and exploring the ideas either as individuals or in a group

3. Reflecting on the class room learning, evaluating the learning process, validating the learning process
4. Giving feedback and receiving feedback

These active classroom learning strategies can be used extensively in the class, can address the needs of the students singly or in a group, can use technology or absolutely no technology at all. These strategies when employed effectively can forge better bonding between the students and the teacher and will go a long way in making teaching as well as learning a fruitful exercise.

Objectives of the Study:

This study was conducted on a control group of students. Learning and instructional strategies were employed by the researcher to find out the effectiveness of each strategy in creating new knowledge in the classrooms. Therefore, the main objective of the study was

- » To study the effectiveness of the various class room strategies and arrive at the most successful strategies and the least successful strategies.

Research Methodology:

The students were asked to rank the various strategies used in the classrooms for imparting knowledge in the classrooms. The strategies included, Group Discussion, Debates, Just-in-Time Teaching, Role Plays, Role Reversals, Recapitulation by Students, Case Studies, Story Telling, Video Prompt, Think Break, Two minutes Debate, Profiles of Admirable Personalities, Crossword Puzzles, Impromptu Speeches and Connecting Course to Current Events

Discussion, Analysis and Interpretation of Primary Data:

A questionnaire based on Likert Scale consisting of 43 statements divided into five sections was employed. Random sampling technique was adopted to distribute the questionnaire to 122 students. A list of the various classroom learning strategies that were used in the institution for imparting classroom knowledge was prepared. Questions on the listed strategies were based on Likert scale and score points ranging from five to one was allocated to each response. The following table gives the score points obtained by different strategies used in imparting classroom knowledge.

Likert scale is described as the most apt scale for studying the attitude. Attitude studies are best done on a five-point scale and therefore, this study was done based on a questionnaire set to Likert scale. There were five scales namely Strongly Agree (SA), Agree (A), Neutral (N), Disagree (DA) and Strongly Disagree (SD).

The following table gives the various score points obtained by different strategies which were introduced in the classroom learning in the particular institute.

Exhibit 4:

Score points obtained for different classroom learning strategies:

Sl. No	Strategies	Total
1	Story Telling	411
2	Profiles of Personalities	419
3	Video Prompt	545
4	Recapitulation at the start and end of each class	498
5	Case Studies	355
6	Connecting course content to current events	448
7	Think Break	441
8	Crossword Puzzles	437
9	Two minute Debates	482
10	Group Discussions	373

Source: Primary Data

The top five strategies which are very popular and are successful in classroom teaching are as follows:

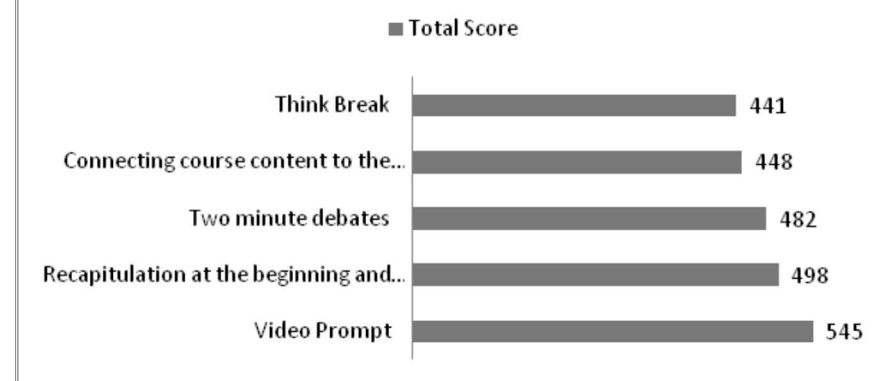
Exhibit 5:

Top Five Strategies:

Particulars about classroom learning strategies	Total Score
Video Prompt	545
Recapitulation at the beginning and end of the class	498
Two minute debates	482
Connecting course content to the current events	448
Think Break	441

Source: Primary Data

Top Five Classroom Strategies based on Total Score



Picture or video prompt was the most popular strategy which seemed to appeal to a majority of the students. True to the adage that a picture is worth thousand words it has topped the list of favourite strategies bagging a total point of 545. Students opined that pictures, videos and clips showed in the classrooms helped them to understand and remember the topics better. Students were able to recollect the videos shown in the classroom like videos on Google, Facebook, Zappos, APJ Abdul Kalam etc. and they stated that those topics were still green in their minds because of the videos. No wonder videos are the students most favourite classroom tools.

Almost all the students were in favour of the recapitulation done in the beginning as well as the end of the class. Opportunities are provided to the students at the beginning of the class to summarise and recapitulate the lessons taught in the previous class. These practices of summarising the previous class keeps all the students on their toes and help them to come prepared to the class. Students will be expected to recapitulate whatever lessons were taught in the current class. This also gives the students the responsibility to be alert in the class because any student may be asked to recapitulate at the end of the class. This practice of recapitulating is yet another popular strategy used which has also been voted as a favourite strategy by the students.

The two minute debates conducted regularly in the class improves the communication skills, depth of arguments and thinking capabilities of the students. The class is divided into two groups and a topic related to the day's lesson is announced. One team argues in favour of the topic for two minutes. At the end of two minutes the opposite team is asked to present the points which the first team has not provided or has forgotten. The second team gets extra points for their contribution. Now it is the turn of the second team to talk against the topic for two minutes. At the end of two minutes the first team will be given an opportunity to list out the unnoticed points from the second team. This method has proved to be a hit amongst the students because in a short time the entire class is

encouraged to think quickly and present the discussions on the topic. This has markedly developed the quick thinking capabilities of the students and the entire discussion may take just a few minutes.

Connecting course content to current events has been yet another popular strategy adopted in the classrooms to enhance learning. Particularly in HRM and Marketing subjects aligning the current happenings with the course content has improved the understanding capabilities as well as enhanced the connecting capabilities of the students. Topics such as breaking the glass ceiling, women empowerment, succession planning, mergers, acquisitions, organisational restructuring etc. have been taught very effectively by connecting the course content to the current events happening in the country.

'Think Break' or pause times during an one hour class is another effective strategy and has been well appreciated by the students. The students are given a small two-minute or three-minute break during class. This gives the student the much awaited break and encourages the student to mentally acknowledge the topics that has been taught in the class.

The score points for other strategies deployed are as follows:

Exhibit 6:
The Next Top Five Strategies:

Particulars about classroom learning strategies	Total Score
Crossword Puzzles	437
Discussing profiles of famous personalities	419
Story Telling	411
Group Discussions	373
Case Studies	355

Source: Primary Data



Cross word puzzles to cull out the knowledge of students on special terms connected with the topics has also evinced interest among the students. Particularly, the finance related terms are better retained by use of crossword puzzles. Group discussions and case studies rank very low in the popularity chart of the students. May be the students still think that these are recruitment tools and not learning tools. But, the researcher had good experience with the concept of story-telling. Linking management thoughts to the great epics of India like Ramayana, Mahabharata and also encouraging the students to indulge in story-telling and connecting it to the management

Learning Index:

The various strategies were given weights by dividing the number of positive responses with the number of respondents. The result was multiplied with the scores of each variable and summated. The index of each respondent was divided with the highest index and multiplied by 100 to arrive at the Learning Index.

$$\text{Empowerment index} = \frac{\sum_{i=1}^m (f_i/n) X_i}{\text{Max} \sum_{i=1}^m (f_i/n) X_i}$$

Where n = Sample size

f_i = frequency of positive response for i^{th} variable

X_i = Score of i^{th} variable

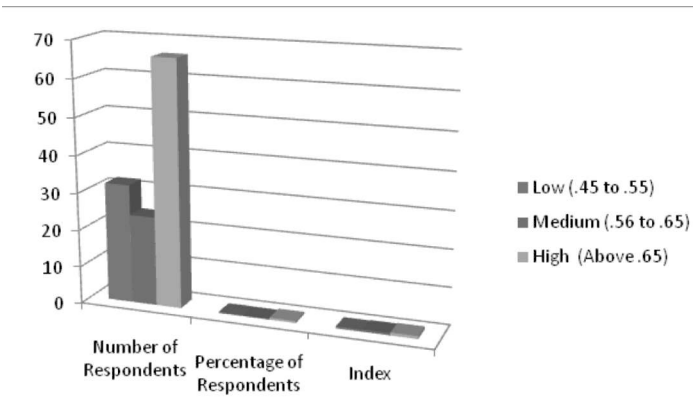
m= Number of variables.

The respondents with an index of 0.45 to 0.55 were categorized as low on the learning index, 0.56 to 0.65 was categorized as medium and above 0.65 was categorized as high level of learning index.

Learning Index:

Learning Index	Number of Respondents	Percentage of Respondents	Index
Low (0.45 to 0.55)	32	26%	0.49
Medium (0.56 to 0.65)	24	20%	0.61
High (Above 0.65)	66	54%	0.77

Source: Primary Data



The study indicates that the use of different strategies in the classroom has improved the students which are indicated by the learning index. Learning index is very high and medium high for 74% of the students. It is a clear proof that use of effective tools improves the classroom learning experiences of the students. Only 26% of the students have fallen in the low learning index. If the institution focuses on these students and deduce the right strategies these students can also be brought to the high learning index in the future.

Conclusion:

The research has conclusively indicated that the modern classroom tools and techniques definitely evince interest in the minds of the students. It also bridges the expectations of the students with the expectations and responsibilities of the faculty members. Fun in learning makes it a pleasurable and memorable experience for both the stakeholders namely the faculty members and the students.

ShivShankar, The Professor:

A wave of sheer relief washed over me as I gingerly put the report down. Why did I not understand that my teaching pedagogy should have changed to suit the requirements of the modern students? Why did I not supplement my classroom teaching with fun activities? Why did I have a warped opinion that learning should only be traditional black board learning?

I chided myself for not changing with the modern times and vowed that I will make necessary amends in my teaching pedagogy. The next one week was spent on finding out the new innovative techniques that I can use in classroom teaching. I was really excited with the new found knowledge I had and I was waiting impatiently to show my new avatar to my students.

The next day when I walked into the class I had no jitters. I was excited and could feel the adreline rush to my head. I secretly smiled to myself as I walked into the classroom with my new armour.

“Students, I wish to continue my previous lecture on 'Span of Control'. Let us all watch together a video on the topic and follow it up with a class discussion.”

The entire class erupted in joy and seeing the excited faces of the students and their animated interest. I was happy that at last I have reached the destination. Better late than never.

Gupta, The Head of HR:

I am so happy to see the excited face of Professor ShivShankar. When I see him deeply in discussion with a classroom full of interested students I am glad that the professor has understood the real need to change with the changing times. I am sure that he will continue to be the best professor that he is, added to this is his recently acquired knowledge about modern classroom techniques. I am sure that he will be kicking himself for even thinking about resigning the job and running away from problems.

At the end of the day I am happy and relieved because I was able to motivate a professor and stop him from resigning his job. I know that I was only a small instrument in bringing a change in the thinking of the professor. I must also acknowledge that the report prepared by Professor ShenGupta, 'Creating Knowledge Environment in the Classroom' provided the empirical evidences required and spoke emphatically with facts and figures. For whatever reason the professor had a change of heart, I am elated at the outcome. After all, “All is well that ends well”.

Change is the only permanent thing. Instead of resisting the changes if we embrace the changes with open arms it will be better for all concerned. Every problem has a solution. I was able to convince the professor about accepting changes in the pedagogy of teaching with the help of a research report. I could save one ShivShankar. But who is going to save all the other ShivShankars out there in the world grappling with the same problem?

Questions for Discussion:

- 1. How can modern classroom techniques be used for effective teaching in classrooms?
- 2. What can be the individual faculty member's responsibility to increase the interest level of students in the classrooms?
- 3. What can the Higher Education Institutes do to address this problem of updating the faculty about current trends and motivating them to use latest classroom techniques for imparting education?
- 4. Discuss the various models on change and change management.

Teaching Note

This case study can be used to explain Kurt Lewin's three step model namely Un-freezing-----Movement-----Refreezing

- » Un-freezing – unlearning of old things in order to learn the new things
- » Movement-the individual is ready for the new behaviour
- » Refreezing-new attitudes, values and behaviours are established

The case study can also be used to explain Kotter's eight step model on change and how to overcome resistance to change. The suggested teaching strategy can be any of the following

- » The class can be divided into small groups and a group discussion can be done
- » Role play can also be done
- » Case study analysis can be done by individual students as assignments by answering the assignment questions
- » A debate as to which is a better strategy to evince student interest in classrooms can be held too

Teaching Plan:

1. Introduction (15 minutes)

Introduction can be done about the need to accept changes and how and why resistance to change can happen. Reasons for resistance to change and the various strategies that can be adopted to overcome resistance to change can be discussed. The class can be introduced to the concept of challenges faced by faculty due to rapidly changing innovations and introduction of newer teaching techniques. Reference to modern teaching strategies can be made and it can be contrasted with the concept of traditional teaching strategies. The three indicators of boredom among students in a classroom can be highlighted, the concept can be analysed and the students can be encouraged to come out with solutions for this problem.

2. Diagnosis of the problem and discussion (45 minutes)

The discussion can centre on the following topics:

- » Change management and its implications in an organisation
- » Expectations of the students from the teaching fraternity
- » Challenges faced by the faculty members at workplace
- » Can the problems faced by the students and faculty members be averted all together?
- » How can the student expectations be fulfilled?
- » How should the institutions help the faculty members realise the problem and motivate them to get updated?
- » Various new innovative techniques to be used in classroom teaching and learning

3. Action Planning (45 minutes)

- » Continuous checks for constant upgrade and use of current trends in both teaching and learning
- » Individual responsibility for being latest, current and technologically savvy. Stress on the importance of how individual's role is important in improving the overall classroom experience for both the learner and the teacher
- » The responsibility of the organisations to care for their employees and making the workplace a stress-free and meaningful place to work by training the employees on the recent trends

4. Conclusion (15 minutes)

The discussion can relate change management with various available models such as Kurt Lewin's model and Phillip Kotter's models on change management. The discussion on the case study can be concluded by stating that it is very important for higher education institutes to constantly check for the expectations of the very important stakeholders, comprising students and facultymembers. The expectations should be very effectively met by charting out innovative teaching techniques and also training the faculty members on using these techniques. Individual awareness and fulfillment with the right amount of organisational support can help solve this problem.

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From Bikaner To Pan India – The Case of Haldiram's

Teaching Objective:

This case is intended for use in Marketing Management and related courses for teaching the process of Planning and Implementation of Marketing Mix Decisions and Development of Competitive Strategy.

Key Issues:

Competition from unorganized market, Pricing challenges, Food Safety, Need for Creative Promotion

Abstract:

The two slogans: 'Don't eat at home today' and 'Shopping is just an excuse' appeared as part of the advertisement by Haldiram's for its outlets in Delhi. From a Bhujia maker to Ready-to-eat food manufacturer having Pan India presence Haldiram's has come a long way. The Indian consumers are well informed and the millennials, in particular, are open to cuisines from all parts of the world. In this context the sojourn of Haldiram's in the modern era is quite interesting. The case explores how Haldiram's strives to overcome stiff competition from unorganized players, manage controversies related to food safety and retain consumers' confidence.

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Food and Beverage Market in India

The Food and Beverage market which is growing fast in India comprises four key segments namely Confectionery, Bread, Fun & Snack food and Food Juices & Concentrates. Among these four, the fastest growing is the Fun & Snack food segment. The reasons attributed to this growth are the changing life styles due to double income in the house hold, priority towards convenience in a fast-paced life style and the enthusiasm to try something new among the Gen Y and Z. The involvement of children in the buying decisions has also added to the spurt in demand for Fun & Snack food segment. Furthermore, the Indian tradition of snacking between meals is a fuel to the growth prospects.

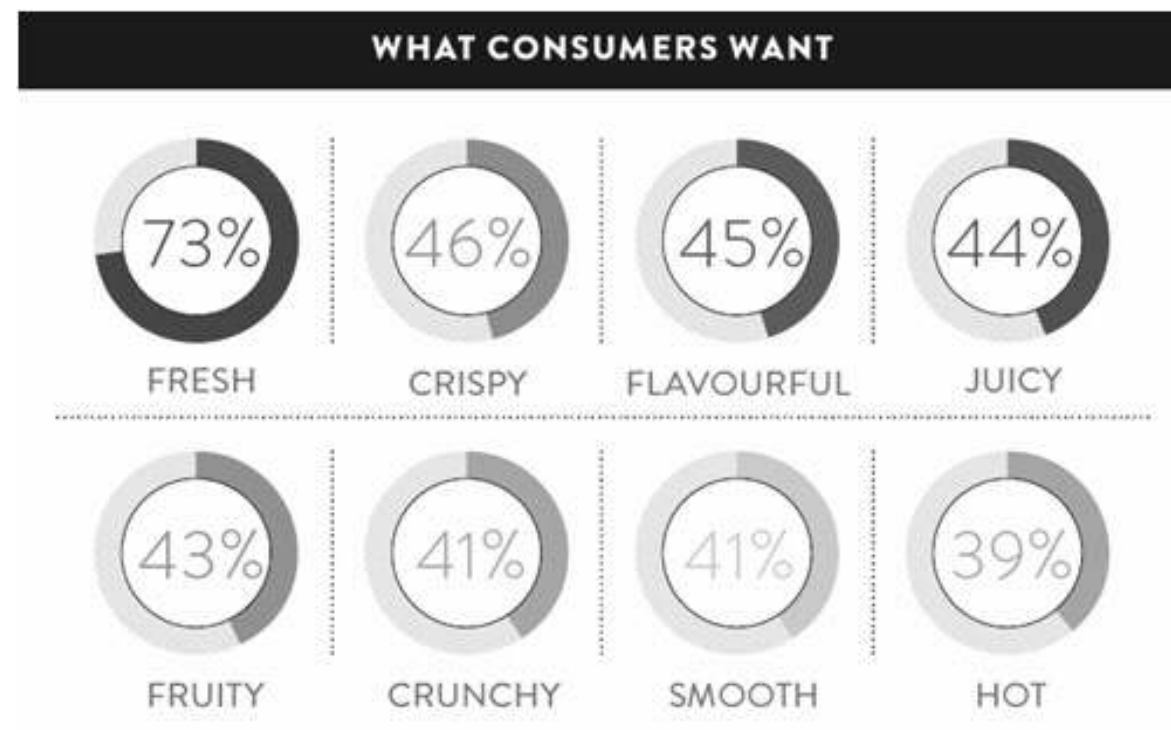
A Nielsen Survey (2014) states that from Rs. 8,000 crores in 2004 to Rs. 47,000 crores in 2013 the snacking segment has grown more than six fold. The survey has analysed close to 100 companies in the snacking segment and identifies several factors which go to make a successful brand (Ref. Figure 1). It further explored the attributes consumers want in their snacks and found that freshness as the top criteria when choosing a product (Ref. Figure 2) The study revealed that Taste is the biggest USP and it could never be compromised with other benefits like health.

Figure 1



Source: Nielsen Survey (2014)

Figure 2



Source: Nielsen Survey (2014)

About Haldiram's

The Haldiram's brand can be traced back to 1937. It was started just as a sweet and savoury shop in the city of Bikaner in Rajasthan, India. It was setup as Haldiram's Foods International Ltd., in 1970 by Shivkisan Agarwal with a manufacturing facility in Nagpur. Subsequently a chain of retail outlets and showrooms were established. During 1992, a sophisticated manufacturing centre-cum-showroom was established in Main Mathura Road, New Delhi. The Delhi operations of Haldiram's operate under four categories namely Haldiram's Manufacturing Company Limited for Namkeens, Haldiram's Marketing Limited for Sweets, Haldiram's Snacks (P) Limited for Papads and Haldiram's India Private Limited for Syrups & Sherbets.

The Haldiram's Group operates out of three locations Bikaner, New Delhi and Nagpur. The unit at New Delhi caters to the neighbouring states such as Punjab, Haryana, Uttar Pradesh and Bihar. Apart from these locations, it has three showrooms in Delhi located at Lajpat Nagar, Chandni Chowk and Main Mathura Road.

Haldiram's products are also exported worldwide to countries like Japan, Thailand, Australia, Canada, United Kingdom, United States, New Zealand, United Arab Emirates, Thailand and Australia. The company was ranked at 55 among the India's most trusted brands according to Brand Trust Report in 2014. It is also a recipient of International Food Award and a leading global player in the snack food sector.

Product Mix

One of the biggest strength of Haldiram's is its range of products. From Namkeens to Sweets, Bakery products, Sherbats, Pappad and Ice Creams, Haldiram's offers consumers an array of products to choose from.

Haldiram's has understood that within India the taste and preferences of customers varies from one state to another. For example, they offer 'Murrukku' which is a South Indian Snack and also 'Bhelpuri' which is a favourite for people residing in the Western part of India. Much of the company's revenue comes from their Namkeen (salt-based) products. The company has created a niche of its own in the Namkeen category. The products are available in different quantities such as 30, 35, 65, 75, 400 grams and so on based on the type of the product.

Figure 3

Some sample products of Haldiram's



Source: www.Haldiram's.com

Figure 4
Haldiram's Product Mix

Namkeen	Sweets	Sherbets	Perishable Sweets	Cookies	Chai Time Snacks
Plain Bhujia	Rasgulla	Rose Syrup	Moti Choor	Jeera Cookies	Namkeen Tit Bit
Bhujia	Jamphal	Khus Syrup	Ladoo/Boondi Choor Ladoo	Atta Cookies	Masala Tit Bit
Karanchy Mixture	Cham Cham	Orange Crush	Plain Burfee	Ajwain Cookies	Masala Suvali
Navrattan	Kesar Rasbhari	Pineapple Crush	Dhoda Burfee	Coconut Cookies	Namkeen Suvali
Nut Cracker	Kalam Petha	Lemon Crush	Moong Dal Burfee	Butter Badam Cookies	Methi Puri
Khatta Meetha	Keasar Ganderi	Mango Crush	Besan Ladoo	Kaju Pista Cookies	Trikoni Kahsta
Bombay Mixture	Kaju Ladu	Kala Khatta	Atta Ladoo	Choco Chip Cookies	Tit bit
Chana Dal	Kaju mix	Badam Kesaria	Pinni		
Masala Moong Dal	Gulab Jamun	Thandai Kesaria	Kaju Gunjia		
Moong Dal	Peanut Chikki		Anjeer Burfee		
Boondi Masala	Raj Bhog		Mix Sweets		
Boondi Plain	Dry Petha		Mix Sweets		
Dal Biji	Karachi Halwa				
Ghatia	Soan Papdi				
Kabli Chana	Soan Cake				
Bhavnagri Sev					
Aloo Masala					
Mathri					
Samosa					
Bhelpuri					
All in One					
Aloo Bhujia					
Nimbu Masala					
Long Sev					
Methi Sev					
Salted					
Peanut Masala					
Chana Jor Garam					
Bombay Chana					

Source: www.Haldiram's.com

Pricing

The snack food market is vastly unorganised in India and there are several local players who compete with established brands in each market. Considering this, Haldiram's has a very conscious approach towards pricing its products. Most of its products are available in 5 varying quantities. This is an important step towards addressing the price conscious Indian consumer. The consumer is given the choice of selecting the quantity based on his affordability. It is a win-win situation for both the consumer and the company. The company does not lose customers who can afford very less say Rs. 5 by offering a product in that category and the consumer also gets what he wants at an affordable price.

Physical Distribution

Haldiram's has an established distribution network for its products. From the manufacturing facility, the products reach the Carrying and Forwarding (C&F) Agents who in turn deliver the products to the distributors. The retail outlets get the products from the distributors. The Delhi and Nagpur units of Haldiram's have 25 C&F agents each. While the Delhi unit has a network of 700 distributors, the Nagpur Unit has 375 distributors. With the help of this strong channel system Haldiram's is able to reach 6 million retail outlets in India. In addition to the above, the company operates through 35 sole distributors in the International Market.

Haldiram's products are widely available in India in supermarkets, sweet shops, provision stores, bakeries, ice cream parlours and so on. It is also sold in shops available at railway stations and bus stations.

Promotion

Promotion of Haldiram's products has gained momentum in the recent past. The company has given a serious thought about it with the entry of MNCs in the Snack Food segment. It has engaged an Advertising Agency named 'Profile Advertising' for increasing the visibility of the Haldiram's brand. A number of slogans and taglines were developed. Advertisements appeared on newspapers and magazines print media. Hoardings and posters have also been placed at crucial points in various cities as part of the campaign. Brochures containing information about the products are also made available to customers. Direct Mailers are sent to corporate clients.

With the help of Profile Advertising, Haldiram's launched a creative campaign called, 'Recipe Remix Campaign'. Through this campaign the company has tried to change the way people perceive the brand. The campaign aimed at repositioning the brand from a traditional one catering to the age of 30+ segment to a dynamic brand catering to the younger generation. With the tag line of 'Taste Mein Naya Twist' the campaign tried to send across the message that the Haldiram's products can be eaten in different ways by recreating from a single pack instead of eating it simply out of the pack. Haldiram's has set up Recipe Remix counters in its four outlets in Delhi and Gurgoan to test market the concept.

Packing

Packaging is a crucial influence on the sales of food products. Haldiram's products are packed very attractively to meet the expectations of customers. Haldiram's Products are packed in Nitrogen-filled pouches using latest packing technology. The shelf life of Haldiram's products is higher when compared with those of its competitors. Gift packs in different combinations are made available to consumers during important festivals like Diwali, Dusserah and so on.

Point of Purchase Display (POP) has always been a top priority of Haldiram's. Consumers find Haldiram's products displayed on special racks outside the retail outlets or near the cash counter and at prominent spots in any stores.

Competition

The competitors of Haldiram's are Lehar, Pepsi, Frito Lays, Bikano, MTR and also the several players in the unorganised Sector. Frito Lays, a strong competitor of Haldiram's launched innovative products and backed them with highly intensified publicity. Though Frito Lays is more western in origin, they introduced traditional Indian snacks with innovative taste and design. But the price range of Haldiram's gave an edge over Frito Lays.

Haldiram's in Indian trains

The 2014 Railway Budget spelt out engaging three catering firms to conduct trials on supplying pre-cooked food in trains and one among them was Haldiram's. This food was to be heated up and served to passengers. The choice of the Railway Ministry was because the food does not turn stale within certain duration and does not contain any toxic preservative.

Future plans

The main expectation of Indian Consumer is freshness of the snack product apart from the taste. This is in stark contrast from the global consumers elsewhere who accept frozen products. Haldiram's has sensed this as an opportunity for growth. The research is also underway to develop frozen technology for Indian snacks like samosas, kachoris etc and make them acceptable to the Indian consumers.

Exports

Haldiram's foresighted the demand for fast foods especially Namkeen in US and UK. With highly competitive quality, packaging and pricing, Haldiram's products were exported to many such countries in the west and also to the middle east. The products became famous not only among the Indian population in these target nations but also among the native people of these markets. The export was also extended to Australia and Russia, where the demand was raising for such products.

Major blow to Haldiram's

During the year 2014, Food and Drug Administration of USA, claimed that they had identified high traces of pesticides in the Haldiram's products and they ceased the import of these products. The ban came in a row at the same time when Nestle was facing a similar hurdle in the US and the Indian Market. Haldiram's cookies, biscuits and wafers were among the products banned and the ban was until the first half of the year 2015. The allegations were related to the high level of pesticides, mold and bacteria, which were prohibited or yet not allowed in higher volume in the food products. A spokesperson of Haldiram's defended that Haldiram's products are completely safe for consumption by saying, “A pesticide that is permitted in India may not be allowed in the U.S. And even if it is, they may not allow it in the same concentration as it is here”.

This controversy created challenges for Haldiram's in exports and also gave rise to some agitations for banning them in India. However, Maharastra government after various laboratory tests on the samples collected from Nagpur plant, gave a clean chit to Haldiram's in July, 2015.

Questions for Discussion:

- 1. Suggest an effective re-positioning strategy for Haldiram's to gain market leadership once again?
- 2. How could Haldiram's present itself as a better alternative to local sweets and savouries shops?
- 3. How would the e-Commerce marketplace alter the course of actions of Haldiram's?

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Awakening The Real Indian Beauties –DOVE

Teaching Objective:

This case is intended for use in Marketing Management, Consumer Behaviour, Integrated Marketing Communication and related courses for teaching Concepts of Self, Consumer decision making process, Cause related marketing and marketing communication planning.

Key Issues:

Consumer Behaviour, Concept of Self, Cause related marketing, Advertisement campaigns.

Abstract:

Dove had successfully run its Real Beauty Campaign all over the European Union, UK and US. The Case is at a juncture where the Marketing VP in charge of the brand Dove is contemplating which approach to adopt and adapt for Indian circumstances. The case initially traces the Real Beauty Campaign of Dove all over the world and does an analysis of the various campaigns to get a better understanding of the same. While mulling over the shortcomings of the various options if implemented in India, the team also collects data about the perception of the primary target that is women regarding their own beauty in order to have an overall view of the concept of beauty before taking a decision on the campaign choices to be made.

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Rita Dhawan was on her lunch break when she started observing the women in the restaurant. She noticed that they came in all shapes, sizes and shades. She was the Senior VP - Marketing of Unilever India and had just had a meeting with her team to discuss the options of using their leading soap brand Dove's international campaigns in India. She had asked her team to analyse the advertising campaigns and also to get a feel of the market to obtain the real woman's perspective.

The Real Beauty Campaign – Dove

Media definitions of 'Beauty' have created an unrealistic picture of the concept. Women world over grow up seeing flawless, thin and tall airbrushed models staring out of bill boards, television sets and computers. That has prompted women to set high and unjustifiable benchmark for 'Beauty'. The inevitable comparisons that she is drawn to, right from childhood, underestimate her confidence in her own looks and gradually she forgets to appreciate her own beauty. The result? More and more underconfident women who prefer to hide themselves, despite their innumerable talents.

Unilever was one of the companies to understand this plight of women. A survey conducted by Dove's PR agency, Edelman, in 2004 among 3000 women in over 10 countries revealed that only 2 percent of the surveyed women thought that they were beautiful¹. The others considered themselves as less endowed with good looks compared to

the crazy standards they set for themselves, which was in turn influenced by various environmental factors around them. The survey results came as a big surprise to the company executives and they saw a definite need to trigger a conversation about what beauty was, to let the women explore the till date unspoken concerns about beauty and self-confidence. The executives at Dove thought that it was important to do their homework as they were venturing into beauty supplies and soaps. The end result was the carefully engineered Campaign for Real Beauty which called upon all women to appreciate their physical differences and feel good about their own looks and be happy, content and confident about what each of them was. The campaign was received with great enthusiasm by women across the world. The result was more number of women became confident about their looks and more number of women interpreted beauty as a broader concept than just external looks. The campaign resulted in \$4 billion in sales which was a substantial increase from \$2.5 billion sales the company had before the launch of the campaign².

The Campaigns

The Real Beauty campaign was designed to be a global one, but was initially launched in Europe. The UK initiative started off with the Real Curves campaign featuring curvy women in lingerie. Billboards and videos were launched calling on people to vote whether the women were 'fat' or 'fit'³.

The Evolution campaign generated greater response than the first campaign and was the first major breakthrough for Dove. The video featured the computer editing process of a model for a billboard advertisement. It was a straightforward visual explanation of how the actual looks of a model were appropriated beyond perfection to give her the looks commonly featured in billboard advertisements. The campaign won numerous awards and was the first commercial advertisement to bag first double Grand Prix award at the International Advertising Festival⁴.

The following campaigns that Dove ventured represented the impacts of the-hard-to-attain benchmarks set by the media on young women. The focus was to highlight how insecure young women felt with all the comparisons and impractical benchmarks thrown at them by the media and the cosmetic industry. The campaign called on all mothers to assure their daughters of their looks before 'the cosmetic industry started influencing them'. The video featured a little girl who was exposed to innumerable advertisements on beauty and perfect looks that made her underconfident about her looks. The video was widely shared across YouTube and other video sharing sites⁴.

This was followed by the Real Beauty Sketches campaign. The campaign featured a sketch artist belonging to the police department making two sketches of different women - one based on how these women describe themselves and a second one based on how the women were described by other people. The second sketch in all cases were prettier than the first sketch, indicating that the women who actually described themselves as less beautiful were actually perceived as good looking by others.

The latest campaign from Dove was 'Choose Beautiful' which was launched on April 7 2015, Dove set up signs above side-by-side doors in five cities around the world. In each city, one door read 'Beautiful' and the other 'Average'. A camera crew then observed the way women reacted to the marked doors -- and which one they ultimately walked through. The results depicted how many women perceived their own beauty. The video was shot in Shanghai, San Francisco, London, Sao Paulo and Delhi. Most of the women walked through the 'Average' door.

As a part of the Choose Beautiful campaign, Dove interviewed 6,400 women between the ages of 18 and 64 in 20 countries around the world about how they perceived beauty in themselves and other women. Ninety-six percent of women surveyed said that they did not see themselves as beautiful, but 80 percent believed every woman had something beautiful about her.

The purpose of the campaign as stated by Dove in its press release was `Feeling beautiful is one of those choices that women should feel empowered to make for themselves’.

Analysis of Campaigns worldwide

Exhibit 1: Real Beauty Sketches

Real Beauty Sketches Campaign	
Central Characters	Randomly chosen women who think that they do not look good enough due to various reasons such as getting older, genetic characteristics, etc.
Setting	The setting focuses on bringing out the difference between how a woman sees herself and how others see her.
Influencer	A forensic expert who painted the central characters only based on the description given by them as well as some strangers who were made to interact with the central characters without actually having seen the central characters.
Analysis of Advertisement	The advertisement portrays how women who are not confident about their looks perceive themselves in the form of a painting. It also portrays how the same women are perceived by people who interacted with them. It showed that the paintings based on the description of the other people were much beautiful, captured happiness and looked positive than the ones based on the description given by the ones who were painted.
Inferred Consumer Segment	The advertisement is targeted at women who are not happy about their looks and who think that their looks play a major role in how others perceive and judge them.
Inferred Benefit Segment	Dove claims that its products are aimed not just at making a person ‘look good’ but also ‘feel good’ . As such, the products will be beneficial to all the consumers who want to make themselves not only look beautiful but also those who want to make themselves look happy, energetic, positive and friendly.
Components	The advertisement makes use of the factors such as sadness, longing, and inferiority complex to identify how a woman perceives herself. It makes use of the factors such as social acceptance by others, positivity, friendliness, approachability as seen by others to reflect how a person is perceived by others.
Motivation Function	The advertisement focuses on the difference in the way a person perceives himself and in the way the person is perceived by others. The advertisement brings out the fact that a lot of people do not realize how beautiful they are, both at looks and at heart. A person is much more beautiful than she thinks that she is.

Exhibit 2: Evolution

Evolution Campaign	
Central Character	A model, who is relatively less beautiful in real life compared to how she looks in the advertisements that she appears in.
Setting	The setting focuses on bringing out the fact that the beauty of a woman does not lie in what she has but in the way what she is projected to others.
Influencer	With no dialogues, it is the background score of the advertisement that so effectively synchronizes with the mood captured in the advertisement and as such as the musician of the advertisement is the influencer.
Analysis of Advertisement	The advertisement shows how a model whose physical attributes, especially her face, undergoes an astonishing transformation as needed for a billboard advertisement. The model is made extremely beautiful reflecting that fact that a person does not actually have to look good physically to be seen as beautiful by others.
Inferred Consumer Segment	The advertisement is targeted at women who are not happy about their looks and who think that their looks play a major role in how others perceive and judge them.
Inferred Benefit Segment	Dove tries to motivate and make women feel positive about themselves by showing how a woman can be made to look beautiful. As per the advertisement, Dove aims to boost the self - confidence of women about their physical attributes.
Components	The advertisement makes use of factors such as self -confidence, determination to look good, optimism in order to project the fact that any woman can be seen as beautiful by others no matter how beautiful one actually looks.
Motivation Function	The advertisement focuses on boosting the confidence of women who are not happy with their look by projecting how a less beautiful woman can be made to look extremely beautiful.

Exhibit 3: Real Curves

Real Curves Campaign	
Central Characters	Two female models who are happy with their bodies and who believe that what they possess is much more beautiful than what is seen by others as an ideal body.
Setting	The setting focuses on reflecting the fact that being happy with what we have is what defines real beauty rather than dreaming of things which we do not possess.
Influencer	The central characters are the influencers as they beautifully depict the fact that if a woman is happy with what she has, she will feel that she looks beautiful and never worry about what others think of her looks.
Analysis of Advertisement	The advertisement shows two women who compare their bodies with the picture of a body that is considered to be the ideal body. Even though the bodies of the women are not as attractive as that of the one in the picture, they still prefer their own bodies than the one in the picture. They convey the message that possessing an ideal body is beyond one's reach and that every person is unique and that uniqueness is the ideal scenario.
Inferred Consumer Segment	The advertisement is targeted at women who need to increase their self - belief about their bodies and who feel inferior about their looks. It aims to benefit all the women who need a dose of positivity about their physical appearance.
Inferred Benefit Segment	As per the advertisement, Dove can make boost a woman's self - confidence, make a woman feel good about herself and feel positive about the way others look at her.
Components	The advertisement use the factors such as positivity, happiness, self - belief, inner satisfaction and self-confidence to portray the fact that what image we have about ourselves is more important than what others think of us.
Motivation Function	The advertisement focuses on the importance of women to feel confident about themselves, to be happy with what they have, not to worry about what others think of them and being real is more important than trying to be ideal.

Exhibit 4: Choose Beautiful

Choose Beautiful Campaign	
Central Characters	Women from different countries who ‘choose’ to call themselves as average looking women irrespective of how they truly feel about themselves.
Setting	The setting focuses on distinguishing a woman's feeling when she considers herself to be good looking and when she considers herself to be average looking.
Influencer	The campaign is an interesting one providing two options for entering a building. One door supposedly meant for good looking women and the other meant for average looking women. The choice made revealed the woman's decision on how beautiful she thinks she is.
Analysis of Advertisement	The advertisement shows women from different countries walking through the door that read it was meant for average looking women while skipping the door that read it was meant for good looking women, that did not make them feel good about themselves. However, when an opportunity came for them to take the other door, it made them feel positive and more confident about their bodies and looks.
Inferred Consumer Segment	The advertisement is targeted at women who make the wrong choice when it comes to deciding how beautiful they look. The advertisement aims to boost the self-confidence of all woman are neither confident nor pleased with their looks.
Inferred Benefit Segment	As per the advertisement, Dove can make a woman feel more independent about the choices she makes in her life and not be affected by the perception of others about them.
Components	The advertisement uses factors such as decisiveness, attitude, emotions, etc. to make a woman understand that how beautiful she thinks she looks matters than what others think about how she looks.
Motivation Function	The advertisement points out that every woman has a choice when it comes to deciding how she looks. The advertisement beautifully differentiates how thinking of herself as good looking makes a woman feel happy and confident about herself and thinking of herself as average looking makes a woman feel less happier and less confident about herself.

Impact of campaigns

The campaigns drastically boosted Dove's sales. In 2004 Doves global sales surpassed the 1-billion-dollar mark. Sales of Dove's products increased 700 percent in Europe. In the US, sales of products featured in advertisements increased 600 percent during the first two months of the campaign. Not only has this campaign helped Dove successfully increase its sales from 2.5 billion to 4.5 billion dollars further on but also increased women's confidence in themselves.

The campaign then and now found that more women today describe beauty on a wider variety of qualities outside of just looks, such as confidence. The PR team took a unique stance and chose to not use a typical model but use regular people, a tactic not seen in the beauty industry. The significant increase in global sales reveals that this Dove campaign has had a positive impact on women all over the world. Dove continues to expand on this campaign due to its success and the positive impact it is having on women.

Indian Beauty - The Campaign Choices

These campaigns were much talked about in the west and went a long way to boost the sales. However, it failed to create much resonance with the Indian audience. This was primarily because the campaigns featured either white or

black women or none of an Indian descent until the latest Choose Beautiful Campaign. A campaign tailor-made to the Indian audience would have gone a long way to enhance sales and goodwill for the product, given that Indian women are greatly swayed by the media induced criteria of beauty. This is particularly because of the harsh comparisons that an Indian woman is subject to regarding her looks. And narrow definition of beauty is not a problem confined to women alone, but in the society at large. The campaign does indeed have a social dimension.

Fair and flawless skin are the most coveted features that most Indian women vie to achieve. The fairness cream and lotion market is worth Rs 2,940 crore. This is what Shogun, the 22-year-old software engineer from Gurgaon said about the push for fair complexion: 'I have a dusky complexion, a little less fair compared to Punjabi standards. My mother and elder sister complain that I am not fair and that it would affect my prospects of finding a good groom. I was also worried that this would influence my career prospects. There were a number of fairness creams available in the market and I had avoided using them all these while. And I was forced to buy one but I stopped using it rather quickly, because it showed no effect and I thought that it was an absolute waste of money'. The number of women who share the same plight as Shagun is quite large in India and Real Beauty Campaign would go a long way to boost the confidence of such women.

Exhibit 5: Demand for fairness cream

Category	% Volume	% Value
Antiseptic Creams	14	13
Astringents	1	1
Calamines/Foundations	2	6
Cold Creams	13	8
Fairness Creams	48	56
Moisturizing Creams	17	11
Snows	1	0
Vanishing Creams	4	5

Another criticism regarding the campaign is that all most all women featured are somewhat good looking and had flawless skin, and hence fails to strike a chord with women in general. Having a skewed sample does not represent the entire women customer segment and it fails to achieve the intended results of the advertisement. Yet another problem regarding the campaign was that women are displeased when it was pointed out that they have low self-esteem.

Consumer Insights

The Consumer Insights team conducted a survey among Indian women to obtain their evaluation of their own beauty and how they perceived beauty in general. The questionnaire comprised five questions to assess the respondent's perception of beauty from four different angles.

The first and the second questions were to understand her general perception of beauty and whether complexion was the prime criteria she chose to rank a model beautiful. Most of the participants chose the model with Indian features and also duskier skin tone.

The third question was to assess how the respondent rated herself. 50 % of the respondents rated themselves as average. But the value given by five others averaged gave a higher value for 77 % of the surveyed individuals. The fourth question was designed to understand whether the actual self-image, ideal self- image or social self-image were the prime criteria for the respondent to identify herself as beautiful. It reveals that social self-image is the most important in considering oneself beautiful. The fifth question was designed to measure whether her perception of

beauty is swayed by media endorsed definition of beauty. It reveals that there was a slight edge for media induced icons over ordinary people.

Cause related marketing initiatives in India

There were many companies which used cause related marketing in India. The prominent ones were Tata Tea, P&G, Lifebouy, and Maruti Udyog. 'Cause related marketing proves to be beneficial for both the brand and the cause. The cause gains much needed public attention and a platform to raise the issue. On the other hand, the brand, being closely connected to the social cause improves its goodwill in the eyes of the customers. Tata Tea's Jaago Re campaign, which aims at creating awareness about voter registration and the importance of our duty as a good citizen, instantly creates a brand image which highlights qualities such as honesty, responsibility and integrity. Such values are reinforced because the brand is connected with the cause. So on one hand the brand image is getting strengthened and on the other hand people are getting to know about their duties as responsible citizens. It is quite evident that cause-related marketing can be a mutually rewarding experience⁵.

Making a choice

The next meeting saw Rita and her team debate over their new findings. Rita was happy to get an insight into the perception of Indian women and what she actually thought about her own beauty. But still certain questions persisted. As one of her teammates had pointed out, she was unsure whether they were doing their Cause Related marketing right! What aspect of personality trait did Dove focus on through its campaigns and how is it actually applicable? Taking into account the results of the survey, how can the Real Beauty campaign be redesigned for the Indian audience?

Exhibit 6: Survey Questionnaire

1. Which one of these models looks beautiful to you? Why?



- 2. Rate how beautiful you are on the scale from 1 to 6.
- 3. The survey also collected and averaged five other people's opinion on how beautiful the respondent is on the Scale from 1 to 6.
- 4. When have you realised that you are beautiful?
 - » When someone compliments you
 - » When you look at the mirror
 - » When you get dressed in a very attractive dress
 - » You have never felt that way
- 5. Who is your perfect icon of beauty?

Survey Findings

Exhibit 7a: Respondents' Preferences for Models

Model 1	7%
Model 2	40%
Model 3	50%
Model 4	3%

Exhibit 7b: Why a model is preferred

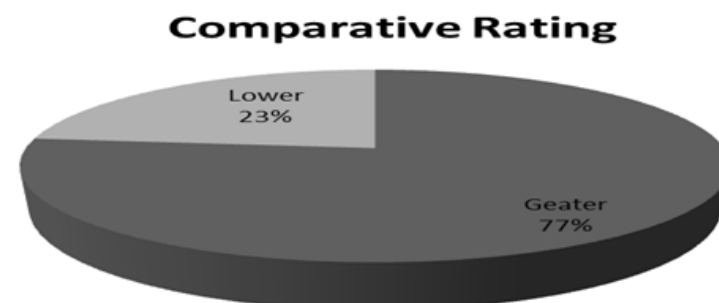
Features	63%
Complexion	37%

Exhibit 7c: Self-rating of respondents



*50 % of respondents gave themselves a rating of 3 on a scale of 1 to 6.

Exhibit 7d: How others have rated the respective respondents



*77 % of respondents were rated higher than the ratings they gave themselves

Exhibit 7e: When do you realise that you are beautiful?

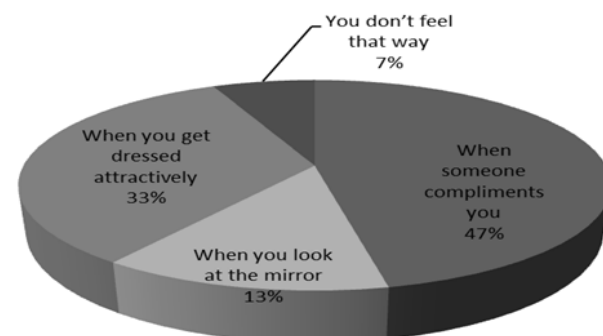
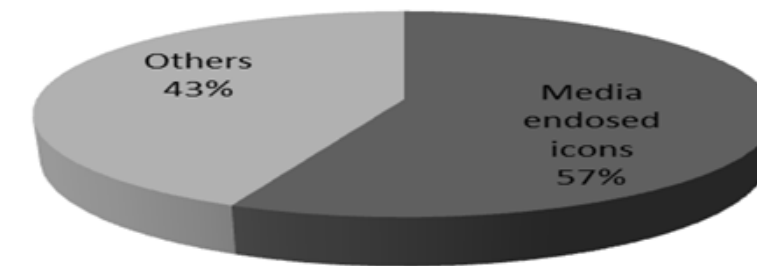


Exhibit 7f: Who is your Beauty Icon?



Questions for Discussion:

1. What is meant by Cause-Related Marketing? Which Indian companies use it and how?
2. What are the Strategies to be considered in Cause Related Marketing to make it a winner?
3. What aspect of personality trait did Dove focus on through its campaigns and how?
4. Taking into account the results of the survey, how can the Real Beauty campaign be redesigned for the Indian audience?

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Teaching Note

The case can be used in a session of 90 minutes. The duration for discussion of each case question and the possible answers are given below.

1. What is meant by Cause-Related Marketing? Which Indian companies use it and how? (25 minutes)

Cause related marketing can be defined as a type of marketing wherein the corporates take up a valid cause to indirectly promote their product such that ultimately the corporate as well as the cause is benefitted. The forerunner of cause related marketing is American Express Card which took up the cause of restoration of Statue of Liberty. This increased the American Express Card usage by 28 percent in the initial few months following the campaign launch. Recently, Nike in collaboration with Lance Armstrong launched the live strong bracelets to create awareness and raise funds for cancer. Being sold at \$1 each, the bracelet has now become a popular accessory, with over 70 million bracelets sold.

The Companies in India which use Cause related marketing¹:

Tata Tea's Jaago Re Campaign :

Tata tea started its Jaago Re campaign in 2007 with an aim to increase the number of voters. Jaago Re essentially means a social awakening. It targeted the youth and emphasized that in order to change the nation, they need to take some responsibilities and select their representatives carefully. The campaign is so successful that Tata Tea and Jaago Re are now synonymous with each other.

Procter and Gamble :

P&G has pioneered the concept of cause related marketing in India. It launched project 'Drishti' which tried to restore sight to visually impaired girls across India. For every pack of Whisper (a P&G product) sold, Re. 1 went towards Project Drishti. P&G has also started a programme called 'Shiksha' which aims to provide education to children. Its tagline is 'Padhega India, tohbadhega India' which highlights the importance of education.

Lifebuoy :

It brought personal hygiene to the fore front. It contributed 50 paise from the sale of every pack of lifebuoy soap towards a diarrhea project.

MarutiUdyog Limited :

Maruti tries to promote road safety rules among people. It distributes handbooks about road safety and safe driving in association with State Transport Departments.

2. What are the Strategies to be considered in Cause Related Marketing to make it a winner? (15 minutes)

- » At first the brand should have belief in the cause i.e. the ideology of the cause it supports.
- » It should also be a cause which people can identify and relate with and also acceptable to the prevailing culture.
- » The publicity should be done subtly so that the association between the brand and the cause should be established but without much noise so that it comes across as genuine.
- » The contribution to the cause by the brand should be revealed so that customers trust the brand to make a difference.
- » Above all, the image of the brand should fit with that of the cause. If low association is perceived it might not be so effective.

3. What aspect of personality trait did Dove focus on through its campaigns and how? (30 minutes)

The aspect of personality trait focused by Dove in this case study is the Self-concept or Self-Image of Women. Self-concept is the sense of being separate and distinct from others and the awareness of the constancy of the self. Self-concept is a term that broadly refers to how people think about, perceive, understand or assess themselves. This not only involves the personal or physical dimension, but also the psychological dimension, i.e., the way they understand their capabilities, worthiness and how they distinguish themselves from others. Self-concept influences what consumers buy to a large extent. Consumers select products or brands that align with their self-concept and work to enhance them. Self-concept is formed over a period of time from the life experiences of a person and the environmental influences that the person is subjected to. Self-concept is the embodiment of four elements. The Actual Self Image – How a person perceives himself/herself, Ideal Self Image – How he/she would ideally want to see himself/herself, Social Self Image – How he/she feels others perceive him/her, Ideal Social Self Image – How he/she would like others to see him/her ideally. Thus a person's definition of beauty is an embodiment of what his/her thoughts and the standards by which others appreciate beauty. This theoretical model explains how media enriched definitions of beauty influences the way each person perceives himself/herself and how he/she thinks others perceive him/her.

The incongruence creeps in when the gap which usually exists between the actual self-image and the ideal self-image under the influence of environmental factors widens. It was this gap that was reflected in the survey results conducted among 3000 women and it was exactly this that Dove targeted to boost the self-confidence of women too. The campaign was designed with the objective that women should feel confident about themselves and that confidence would enhance the real beauty. A more confident person will be seen as more beautiful than one with relatively lesser confidence. In the case of Dove, all the campaigns were aimed at making women realize that every woman should feel good about her looks and body instead of worrying about possessing the ideal body, looking better than the others or worrying about how others think of her. The first step towards achieving this objective is to rip down the Ideal Self greatly influenced by media gimmick. The trick behind the media perfect models had to be exposed for this purpose. The second step was to influence the Social Self-Image by making the

women understand that people around them perceive them as more beautiful than what they think themselves to be. The third step was to make the women comfortable with the whole concept of beauty and the social assessment of it. Comparing them to their mothers and encouraging them to expose themselves to the public were aimed at achieving this objective. As could be seen from the of Dove campaigns, a daughter may see herself as a reflection of her mother. This went a long way to reassure women about their looks and to fortify their confidence in themselves.

4. Taking into account the results of the survey, how can the Real Beauty campaign be redesigned for the Indian audience? (20 minutes)

India is a country which is multi-cultural in nature. The difference in culture can be seen not just in the way people look or dress but also in their lifestyles and in the way people socialize. In such a scenario, it is important for the people, especially for women to be their natural selves and be able to feel good and positive about themselves. For example, women from rural areas may not be as outgoing and socializing as women from the urban areas. Therefore, it is important for the women from rural areas to be at ease with the women from the urban areas when situations bring them together. The Dove campaign may try to inculcate a feeling of positivity and improved self-confidence among women so that they all get along well with one another. With the increase in urbanization, the campaign will bridge the gap between the urban and rural women and also add a social dimension to it which will be appreciated by the Indian audience. As seen from the survey we can understand that one's perception of beauty stems from external factors (complement received from others) and is not from their inner confidence in their beauty, this is exactly what the campaign aimed to disprove when launched. A similar campaign in India showing native Indian women (preferably from both the northern and southern part of the country) and run on similar lines as the original evolution campaign can be a tipping point for Dove to make inroads into the Indian market.

In India, looking beautiful, especially for a woman, is not seen as a quality that complements her other more meaningful attributes such as being kind, being dedicated, etc. but is seen as a quality solely based on which a woman is judged. How a woman looks is what most people take into account while trying to assess what kind of a person she is. When it comes to social customs like marriage, one of the major qualities that are inadvertently expected of a woman is looking beautiful. How she looks on the outside takes priority over who she is as a person. But not always does a woman have control over how she looks. However, she should have complete control over how she feels about herself. A woman as a person should be defined by her determination, attitude, self-belief, humility or anything, but these qualities should not be overshadowed by how she looks. The Dove campaign should center on this concept and make women feel more confident about themselves and not be bogged down by their looks. The campaign can try to bring out the inherent beauty of a woman that can be defined in terms of her tenderness, selflessness, grit, etc. that would make any woman take her strides with a proud face.

The results of the survey revealed that Indian women perceived themselves as less beautiful compared to how their colleagues and friends rated them. The response to the question on models revealed that most women like to relate to a model whom she can relate to – i.e. with Indian skin tone and features. The survey results also point out that most women also require others to compliment them to realize that they are beautiful.

From the above conclusions, Real Beauty campaign can be redesigned with Indian models to reach out to women who feel underconfident about their beauty. In order to boost her confidence about her looks a campaign can be launched wherein her near ones actually take a minute off to complement her for her looks and appreciate her the way she is.

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4. Varadarajan P. Rajan & Anil Menon (1988); *Cause related marketing: A coalignment of Marketing strategy and corporate philanthropy*. Journal of Marketing; Vol. 52; July, pp 58-74.



Shoppers Orbit

Teaching Objective:

This case is intended for use in Organisational Behaviour, Human Resources Management, Organisational Development and related courses for teaching the concept and application of Change Management.

Key Issues:

Shopping Mall, Low footfall, Inhospitable environment, Cultural change, OD interventions

Abstract:

A Management Institute has recently opened its premises in a Shopping Mall, in a suburb of Pune. It soon realizes that unlike other up-market malls, these premises leave a lot to be desired. The premises are unclean, safety and security are an issue, toilets are dirty, hawkers and locals from the slums have free access – all of which go towards creating an environment that is unpleasant and unsafe. Obviously, footfalls of genuine buyers are low, business is poor, and the offices manage with whatever facilities are there. The shopkeepers have not formed any association, the builder is not involved at all, and individually everyone complains but also has a fatalistic and pessimistic attitude about any change really happening. The situation is far from ideal for a Management Institute. The options would be either to leave and go elsewhere, or to mobilize the stakeholders and bring about a positive change in the 'CONTEXT' that would benefit everybody – those running their businesses in the Mall, as well as the local community. The Management Institute decides to take the initiative, confronts the problem head-on, and attempts to bring about a culture change in their environment. The process is continuing and forms the basis for an interesting case study.

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The mall and its location

Shoppers Orbit is a mall situated at the busy Vishrantwadi junction in Pune. The mall is owned and operated by the Kolte Patil group. It has a total built up area of 1, 67,500 sq. ft. Vishrantwadi is a fast growing suburb in Pune and lies on the route to the religious shrine of Sant Dhnyaneshwar in Alandi. It is a well-known resting place of varkaris (pilgrims) on their annual pilgrimage to Alandi. Though, pre-dominantly consisting of middle-class Marathi speaking Maharashtrians, with the growing development and the emergence of Pune as an IT hub, it is now the home to Malayalis, Tamil and Telugu speaking families. Vishrantwadi, although a suburb is well connected to major parts of Pune like Deccan Gymkhana, Shivaji Nagar, F. C. Road, M. G. Road (Camp) etc. by road and the newly operated BRTS (Bus Rapid Transit System) buses operate frequently on the Vishrantwadi route. The Pune airport and the railway station are situated within a radius of 8 kilometers.

Shoppers Orbit project by Kolte Patil group was completed in the year 2008. It has 171 shops /offices. The Shoppers Orbit Mall is a four-storied (ground + 3) building. The ground and first floors have 69 shops each and the second and third floors have 16 offices each. It has a spacious parking lot for office staff and shoppers in the basement and also in

the front just off the main road. The mall is divided into three parts namely A, B and C wings. The A-wing is almost fully occupied followed by B-wing and the C- wing is the least occupied. Some of the major establishments in Shoppers Orbit are Big Bazaar, Dominos Pizza, Union Bank and Bank of India, besides the offices which are mostly call centers. The general lay out of the mall is shops in the first two floors and the offices in the next two. The shops are mostly eateries, clinics, beauty parlors, coaching classes, saloons, eat-outs, opticians, estate agents, ladies fashion garments, ornament shops, patisserie etc.

The normal requirements of a good mall i.e. approachability, centralized location, parking, facilities etc. are all present, but the mall as a whole is faced with a peculiar problem - No / less customer footfalls. This is in stark contrast to the 'Phoenix'and 'In-orbit'malls in Pune, which have tremendously high footfalls and customers would take almost half an hour to park their vehicles during week-ends.

All shops across all categories at Shoppers Orbit complain about:

- » No or less customers and hence less business and low turnover.
- » High rent.
- » Lack of proper facilities- security, sanitation and cleanliness.
- » Safety of female staff/employees.

The inhabitants of the mall have not yet formed an association of their own. The facilities are still managed and are under the control of Kolte Patil group.

Some of the concerns that are peculiar to the mall are:

- » It is unclean with a lot of people spitting, littering and a very low civic sense. (The mall inhabitants call it the '3 S syndrome' - Shit, Spit and Sin). People spitting in corridors, on plants, in the lift is a very usual thing.
- » It is a haven for couples who want to spend some private time away from the general public. These 'pairs' are found in the basement, stair cases, corridors in various compromising positions, seriously driving away families who visit the mall.
- » The mall does not have a monitored entry or exit. 'Anyone' can enter and leave. This is a potential security risk as well.
- » A series of hawkers have parked themselves on the entry to the mall. (Local political clout is suspected). Hence the customers are 'arrested' at the entrance and do not visit eateries inside in the mall.
- » The toilets are unmanned and un-supervised. Anyone can use and go at will. Hawkers use water from the toilets to wash vessels and clean their wares outside creating serious health concerns.
- » Locals from the nearby areas use the facilities / toilets without proper sanitation.
- » Other shops create huge waste dumps that are not cleared by Local Municipal authorities on time, because of the size of the dump involved.

As a result of the above, families only visit Big Bazaar, Dominos Pizza etc. Shops are on the verge of closing due to lack of business and many offices are lying vacant. The business is lackluster.

The entry of SCMLD

A management institute named Sadhana Centre for Management & Leadership Development (SCMLD) has recently shifted to Shoppers Orbit. It has two offices for its Management Development Programmes (MDPs) in the mall on the third floor. The management of the institute soon realized that the atmosphere in the mall was not at all conducive for imparting corporate trainings. A female employee of the institute, found a teenage boy from the nearby locality inside the ladies toilet, ogling, creating a panic situation amongst all female employees on the floor. Even the toilets were not safe for lady staff.

The institute could hardly think of bringing in corporate to this venue and under such circumstances. conducting MDPs in this premise was out of question. Since the institute was relatively new in the mall, it was decided that a task force will be formed comprising a senior professor, Akash and an administrative staff, Raju, who were both well conversant in speaking Marathi and a general meeting of all mall shop owners/offices would be held in the institutes' office on the third floor.

The First Meeting

Akash and Raju had been associated with SCMLD for a long duration of about 11 years. Their plan of action was simple. They decided to visit all shops and offices the very next day. The main agenda was an invitation for the meeting. Since the shops would open late by 11.00 AM, they had decided to target the offices first on the top two floors.A register was made with the details of the- Shop / Office No., Name of the Shop, Name of the Contact Person, Mobile No., E-mail addresses and comments etc. Their approach was also simple. They would introduce themselves, meet the concerned person, tell them about the meeting and invite them, and at the same time reassure them that the meeting will not take more than 15 minutes of their business time.

Their experience was mixed; they were treated warmly and professionally in the offices whereas the shop owners were very busy and could hardly give them more than a few minutes. They soon realized the importance of time for shop owners and made their introduction quick and precise too, emphasizing the point that they wanted a get together that would make a good business sense for the shop owners. At the end of the day Akash and Raju ensured that they met almost everybody. A few shops and offices only remained to be contacted as the concerned contact persons were not available. It would be covered the next day. Akash was sitting in his office pondering over all the reactions that he had heard. He decided to jot them down, so that it would be more comprehensive.

Akash's jottings:

The following are the reactions from the mall shop /office owners recorded by Akash:

- 1) Yaha kuch nahi hota(Nothing happens here)
- 2) Apke pehle be bhi bohot logo ne koshsh ki (A number of people had tried this before you...without any results)
- 3) Why do you want to do this? Aap ko kye milega?(What will you get out of this?)
- 4) Bhaiyya kaam se kaam rakho. (Do your work and do not meddle in other people's affairs)
- 5) Hum ko is musibat me nahi phasna. Hum nahi ayenge meeting ko. (We will not come for the meeting)

Akash had also realized that the office owners were more receptive compared to the shop owners.

All said and done, 40 people had committed to attend the meeting. The meeting was scheduled on the '1stth of August, 2015 at 3.00 PM'. The afternoon hours suited the shop owners as there would be lesser number of customers. The Training Room of SCMLD was suitably prepared for the occasion. Akash and Raju had the plan of action ready. The Founder Director, SCMLD, would address the gathering for five minutes, concerns would be shared and the builder's (Kolte Patil's) representative would also be present. It was a simple plan like this. Akash thought that at least an ice-breaking session would take place and that would lay the platform for further developments.

Day: 1stAugust 2015

Time: 2.55pm; No. of people present in the SCMLD training room-ZERO

Akash and Raju were becoming pensive. Not even a single participant five minutes before - it was not an encouraging sign. They were standing outside near the corridor and they could see most of the people who had committed to come and they seemed to be in no particular hurry to attend at all. Finally after 10 minutes, two shop owners walked in.

Time: 3.10 pm; No. of people in the SCMLD training room - TWO

Desperate situations called for desperate measures. Raju and Akash decided to spread out and visit all shops and offices again reminding them about the meeting. Raju would take the ground and the first floor, while Akash the next two. It was not very encouraging, some were busy, others had forgotten and still others did not care.

After this activity was completed....

Time-3.30 pm; No. of people in the trainingroom- TEN

But there was no representative from the Builder's side so far.

The meeting started. The Founder Director's address was brief and to the point. He emphasized on

- 1) Cleanliness
- 2) Security
- 3) A sense of ownership of the mall

After the meeting, tea was served and it was decided that SCMLD will get back to all the mall shop and office owners this time addressing their concerns specifically.

Certain points that stood out in the meeting were:

- » Concerns on security, safety and cleanliness.
- » Hawkers eating into routine business of eateries in the mall.
- » The Public Sector banks though present for the meeting did not care much as their customers would visit due to compulsion. (The customers were mostly pensioners)
- » The builder was not represented.
- » Most of the branded stores like Big Bazaar, Dominos Pizza etc. did not attend the meeting because they were 'busy'.

Most of the issues were primarily because of

- » The complacency of the shop/office owners as they had permitted indiscipline and chaos to be a part of the routine affairs over time
- » The 'don't give a damn attitude' of the builder.

Planning for Meeting No.2

By this time Akash and Raju had the email contacts of a majority of the mall inhabitants. As a part of Plan-2, the following e-mail was sent to all mall inhabitants.

Dear All,

Good Morning!

Greetings from SCMLD, Vishrantwadi, Pune.

Firstly, sincere thanks to all of you / your representatives for sparing some time at your respective offices when we visited you.

We would kindly like to invite you for a small interaction (Maximum 15-30 minutes) in the afternoon on i.e. 17/8/2015 at 3.00pm followed by Tea at our office no. 306, 3rd floor, Shoppers Orbit.

This will help all participants/ business houses / shops/ medical consultants in the mall to have increased footfalls, better cleanliness, and greater customer satisfaction and at the same time maintain discipline and hygiene in the mall.

We intend to make cleanliness the main USP of our mall in such a way that shoppers literally orbit the mall.

Looking forward to meeting you. In case of any queries please feel free to call the undersigned on 09325XXXXXX.

Sincerely appreciate your sparing time for the meeting. We will not take up more than 15-30 minutes of your precious business time.

With warm regards and have a great day ahead.

For more details regarding SCMLD, please visit us on www.xxx.xxx

With warm regards

Akash,

Senior Faculty

SCMLD

By this time all the people in the mall had started knowing who Akash and Raju were. They were the 'SCMLD ke log

(SCMLD's men)'. People had started getting informal with them. They were invited for tea and quite often some or the other 'shocking story' would follow. Some of these were as follows:

- 1) AFC was a shop that sold non-vegetarian burgers and other non-vegetarian fast food. The store was managed by Mrs. Patil alone.The shop would normally have clientele till late in the night as ladies hostels, working women and others would stay close. Though late it was normal for them to have a quick bite at around 9.30pm -10.00pm.Quite often in the night a lot of men, most of them drunk, would come in late and started making lewd comments on the ladies having their meal. This went on for some time. The ladies at the store were getting uneasy with the mob. Mrs.Patil would call for the security guards but no one would come. The customers at AFC started declining and some of them never returned again. Mrs. Patil lost customers and at the same time was seriously wondering if she should shut shop by 9.00pm, seriously affecting her business.
- 2) Dr. Hiten Gujarathi had recently shifted his homeopathic practice to the mall. His clinic was on the ground floor in Wing- B. Just opposite his clinic was a popular patisserie. The students who would come to tuition classes on the first floor would celebrate birthdays of fellow students there, loudly and mess up the place with cake and pastries. The families who would come in to meet the Doctor would be taken aback by the loud noises of celebration, and the hooliganism of the students and they would appear pensive or would simply leave. This part of the mall was also not well lit and hence a lot of young couples would sit there, seriously making the families who visited the clinic uncomfortable.
- 3) Another shop owner told them that Big Bazaar was located in the Wing-C. There would be a lot of loading and unloading of goods that would take place in the basement. The cardboard boxes were left lying around in the basement and had piled up to such an extent that if someone accidently lit a cigarette and threw the match stick there, the entire place would be up in flames. Also, a lot of expired or outdated bakery items would be stacked there having moulds and fungal growth on them. It was a serious health hazard and the boxes were also blocking natural light from entering the basement making it darker and thus a breeding ground for drunkards and anti-social elements.
- 4) It was normal for the lift to be like a normal spittoon, and once it was found that a man from the nearby area had come to go to the toilet, found the toilet locked and hence relieved himself completely at a corner near the stair case.

As things started becoming clearer and more familiar, both Raju and Akash looked forward to the second meeting. The mall had now accepted them and the mall members also appeared to be slightly more receptive for Meeting No.2

MEETING -2:

17th August, 2015 (40 members had again confirmed); Time: 3.00pm

As usual the first to arrive were the same as last time, Akash thought, “So far so good. Now, for the remaining 38!”

Time: 3.45pm; No. of people in the training room: still 2

Both Raju and Akash had learnt their lessons. They repeated what they had done last time and went to all the floors and requested everyone to come.

Time: 4.00pm; No. of people in the training room: 25

The Founder Director thanked everyone for attending. He empathized with the mall members and told them that most of the negativity that was associated with the mall was because of lack of cleanliness and the same could be sorted out if all mall inhabitants would come out and support a *kaizen activity* collectively immediately outside their respective shops / offices, every day from 3.00pm to 3.15pm. This he said would create a movement, a sense of camaraderie would develop amongst all mall members. They would send a strong signal out to the customers, hawkers, neighbors, and the like, that the mall was one and that lack of cleanliness would be dealt with seriously. It would initiate a movement of cleanliness. Imagine 200 plus people engaged in cleaning the premises. The Director even had a name for the campaign. It would be called, 'Swachh Mall' Campaign.

Akash was keenly observing the reactions of the participants. Some were bored, others were looking at the ceiling but there were a handful that was attentive. It was almost as if '*this problem*' was an SCMLD problem and not a mall issue. Strange Akash thought, some days back the question was - What is SCMLD? Now the question was – Why does SCMLD want to do this? What benefit does it have??? All in hushed tones.

Creating a movement.

In the meanwhile, and also as a part of the greater plan of increasing footfalls-SCMLD contacted a local school nearby and invited its students for classes in SCMLD's training rooms on computers and learning English language communication absolutely free.

A lady staff from SCMLD, Ms. Bharti visited the school and after numerous meetings with the management, it was decided that interested students from standard VIII and IX students would attend SCMLD's training programmes for them. But this was preceded by a meeting with the parents of these students who all resided close by. Their participation was considered crucial in making the mall in to a happening hub as they resided nearby.

Akash had informally met a few popular hawkers and had thrown open an idea. They could (subject to approval) come in to the atriums of wings A, B, and C at a nominal rent. Their activities would thus become more legitimate and they would be selling in a mall and not simply hawking.

After a lot of deliberations, discussions and meetings, the Founder Director finally called Akash, Raju and Bharti for a brain storming session.

However, there was no participation from the builder till date.

Brain-storming Session-I

Founder Director: How is the environment in the mall now?

Akash: It is more receptive than our first time. At least they know us.

Raju: But they want to know what our motive behind all this is. How will we benefit?

Founder Director: And what about the school?

Bharti: Sir, the school is willing to send its students. Thirty students have already registered so far.

The Founder Director: Good. Raju, Akash, please tell them that we are doing this for no financial or ulterior benefit. We want to make the mall a respectable customer centric business place. That way it benefits us and also the others. We do not have any other motive but the motive of a normal shop /office owner, like them.

Akash: The Swachh Mall initiative is fine but I seriously doubt participation. We had to really work hard to even get to a number of 25 for the meeting. Secondly, there are a lot of shops that are rented and those people do not feel like attending, as it is the owner's responsibility.

The Founder Director: Yes, you will all have to work very hard and rally around them. Get to know them well. That will prove to be a great platform on which the *SwachhMall* initiative can be launched.

Akash: Yes Sir!

The Founder Director: We will have a review meeting in one week's time.

Work started in earnest. Bharti would liaison with the school and Akash and Raju would interact with the mall representatives. Their Director was right as people saw them working hard and trying to meet and understand their problems, their relations became healthy and co-operative.

One week later.....it had now become 'normal' for mall inhabitants, mall staff, security staff, etc. to request for a meeting with Akash or the Founder Director and express their concerns and inhibitions.

Brain-storming Session-II (one week later)

The Founder Director: How are things now?

Bharti: The school has started opening up. We have already addressed the parents of more than 30 students who would like to attend the programme.

Akash: Sir, we are also progressing slowly. Now they do not doubt our intentions. On the other hand, they call us whenever they have a problem.

The Founder Director: Good, change is like that. Slow and gradual to come. Imagine if the first mall inhabitant would have resisted un-cleanliness and indiscipline, things would not be this bad. No one from the builder's side has attended so far. Bharti, please arrange for a meeting with the HR of the Kolte Patil Group. We need to involve them as well.

Bharti: Yes Sir. They are planning to send a representative to meet us in a few days' time.

The Founder Director: Good. Good. Market the Swachh Mall Movement.

Akash,Bharti and Raju (all in unison): Yes Sir.

Akash: But Sir, I still think we still need an X-Factor. Something to engage energies and re-enthuse all the mall inhabitants. Something, which captures their attention.

The Founder Director: That is correct. Well said. I will give you exactly that Akash. Be Patient.

The meeting was over.

Akash then met the local radio FM channel. It was decided that they would cover the campaign and at the same time air an interview of the Founder Director and Mall inhabitants regarding the significance of the Swachh Mall Campaign.

The X-Factor

The Founder Director was seriously thinking over what Akash had said. He realized that an event would have to be created. Something to shock all mall inhabitants to action. A person, an event, a show, something. Then out of the blue, he had an answer. Right or/ wrong, he did not know, but a shock it would be.

Emergency Meeting at SCMLD

The Founder Director: Akash, Raju, Bharti. Remember Akash speaking about the X-factor. I think I have got it. I have spoken to Dr. Kiran Bedi. She has consented to inaugurate the Swachh Mall campaign.

Akash - I suppose that is an X-factor which is good enough.

There was a pleasant shock in the meeting room.

The Founder Director: Yes, Yes. We need to plan her visit, her travel, invite all concerned, inform the local municipal counselors, police etc. and inform the press. Come on Aakash it is action time. You have your X-Factor and we have an event.

Bharti and Akash, ask the school to clean its premises. Tell them Dr.Bedi is visiting. Speak to their management if possible and it will be a unique exposure for them and the students as well. Akash and Raju, inform the mall people. This is the movement that the mall needs. Also tell the builder that Dr.Bedi is visiting.

She is an icon and the school will feel proud to be associated with her and when she visits the mall she will guide all the mall inhabitants on how they should take their struggle forward.

Needless to say, Akash, Bharti and Raju were surprised- A Swacch Mall Campaign, the link to a local school, the cleanliness of the mall, Dr. Bedi's Visit - All seemed so unrelated. Just minutes before there was nothing and now a major event was born.

As per plan now, the second email-to all mall inhabitants was sent.

Dear All,

Good Morning!

Once again sincere thanks for taking time out and visiting us at our office on the 17th. We sincerely appreciate your kind gesture.

Please note that SCMLD has invited Dr. Kiran Bedi for the inauguration of the Swachh Mall campaign. She will be visiting us on the 25th of September; 2015. We would definitely want you to be a part of the main interacting team, with her, on behalf of our mall - Shoppers Orbit.

Her address to the inhabitants of the Shoppers Orbit Mall is supposed to start at 2.35pm. Hence, we would sincerely appreciate your presence at our Office no. 306 by 2.15pm. You will be free by 3.30pm.

Kindly block the above date and time in your diary.

With warm regards

Akash,

Senior Faculty

SCMLD

Akash, Raju and Bharti now had an event to plan for. After all a celebrity was visiting. They had come to the following points that need to be completed urgently.

- 1) Inform all concerned i.e. the mall inhabitants and the school with invitation cards.
- 2) A huge banner welcoming Dr. Bedi had to be put up outside the mall.
- 3) Media had to be informed vide press notes and briefings. The local FM channel representatives were to be informed.
- 4) The local corporators- ward wise had to be informed about Dr. Bedi's visit and that included the local Police stations as well.
- 5) Finally the Municipality ward representatives in charge of waste/garbage disposal had to be informed.

Surprisingly things were indeed looking up in the mall. Akash and Raju invited all mall inhabitants for Dr. Kiran Bedi's visit and they seemed to be positive. Most of the lady staff all over definitely wanted to meet her or were in absolute awe of her. “*Sach me ayegi, Kiran Bedi*” was their major concern.

Some of the noticeable changes that started happening were as follows:

- » **Local Municipal Corporators Became a part of the movement:** In the meantime Bharati had contacted the offices of two local corporators. Surprisingly, their response was very warm. They were invited for the event with their families. They had committed to clear the entire waste from the basement and in and around the mall. Special municipal garbage trucks were deputed for the task. The truck had to visit the mall almost 15 times for the entire garbage dumps to be cleared. The truck can easily lift two to three tones of garbage per visit. So, the bulk of garbage that was removed can be imagined. The corporators also deputed a JCB to flatten the land by the side of the mall and huge decomposable waste was buried and the ground levelled and cleaned. Akash was surprised to see light in the basement for the first time after they had occupied the mall. The Big Bazaar management was also very cooperative and had teamed up with the municipal authorities to plan garbage lifting in the future.
- » **When Bharti visited the local police stations,** they were more than eager to meet their icon, Dr. Kiran Bedi. In fact the Inspector in Charge, Vishrantwadi Police Station commented, “*I want to personally come and salute Madam*”. The Police also committed to have at least two to three patrol vans visit the mall after 10.00 PM in the night to ensure security.

- » **The cleaning crew of the mall** that was left with the thankless job of cleaning the mall and the in-house security were informed that they would be felicitated by Dr. Bedi individually in a special function.
- » **The corporators were also asked to interact with the local hawkers.** Several models were being discussed. Whether they could come in the mall in the atriums at a small rent, or if they could sell their wares without obstructing the entrance.
- » **The local eateries** were becoming more conscious of dumping waste outside.
- » **The Kolte–Patil group** was also approached by SCMLD. Their representatives had come to visit the Founder Director SCMLD. They had committed the following:
 - a) Surveillance cameras
 - b) Manned entry and exit
 - c) Paid parking
 - d) White-washing the staircases and cleanliness of the mall.

Dr. Kiran Bedi Visit

25th September, 2015; Time: 2.35 PM

The visit of Dr. Kiran Bedi was indeed very successful. In fact, it was a complete sell out. The 40 chairs (by habit) that were arranged felt grossly short. The number of people in the room were around two hundred plus including the municipal corporator, police department representatives, press, the management of the school, students and so on.

Dr. Bedi's address emphasized on three main issues:

- 1) Formation of an association and taking over the professional functioning of the mall.
- 2) Enforce discipline.
- 3) Make Cleanliness the new mantra.

After her speech was over, there was group photograph taken and all the cleaning and security staff were felicitated individually by Dr. Kiran Bedi. There was also a mad clamor for selfies amongst the ladies in the audience. The local corporator had got his daughter especially to meet Dr. Bedi.

All the thirty volunteer-students were given a book on the life of Dr. Kiran Bedi. Dr. Bedi spent an hour at the school interacting with all the students and their parents. She lauded the cleanliness initiative and told the children to participate in making their school the cleanest.

Shoppers Orbit - Post Dr. Kiran Bedi's visit:

- 1) The mall inhabitants are in the process of forming their own association.
- 2) In house security and surveillance has been beefed up by the builder.
- 3) The cleaning staff feels very invigorated and takes cleaning assignment very seriously. At times, they have blasted people who litter very badly and together with the security guards have evicted such people from the premises.
- 4) Big Bazaar has systematically started liaising with Municipal Authorities for lifting their waste.
- 5) The local tuition classes have had classes on discipline in the mall and on how they should conduct themselves.

When Akash, Raju, Bharti met the Founder Director, he had only one comment, “Jack Welch once said, 'Change before you have to'. I guess Shoppers Orbit had reached that point. Whether the change would sustain.....that is the issue now!”.

Exhibit 1: Shoppers Orbit – A Diagrammatic Representation

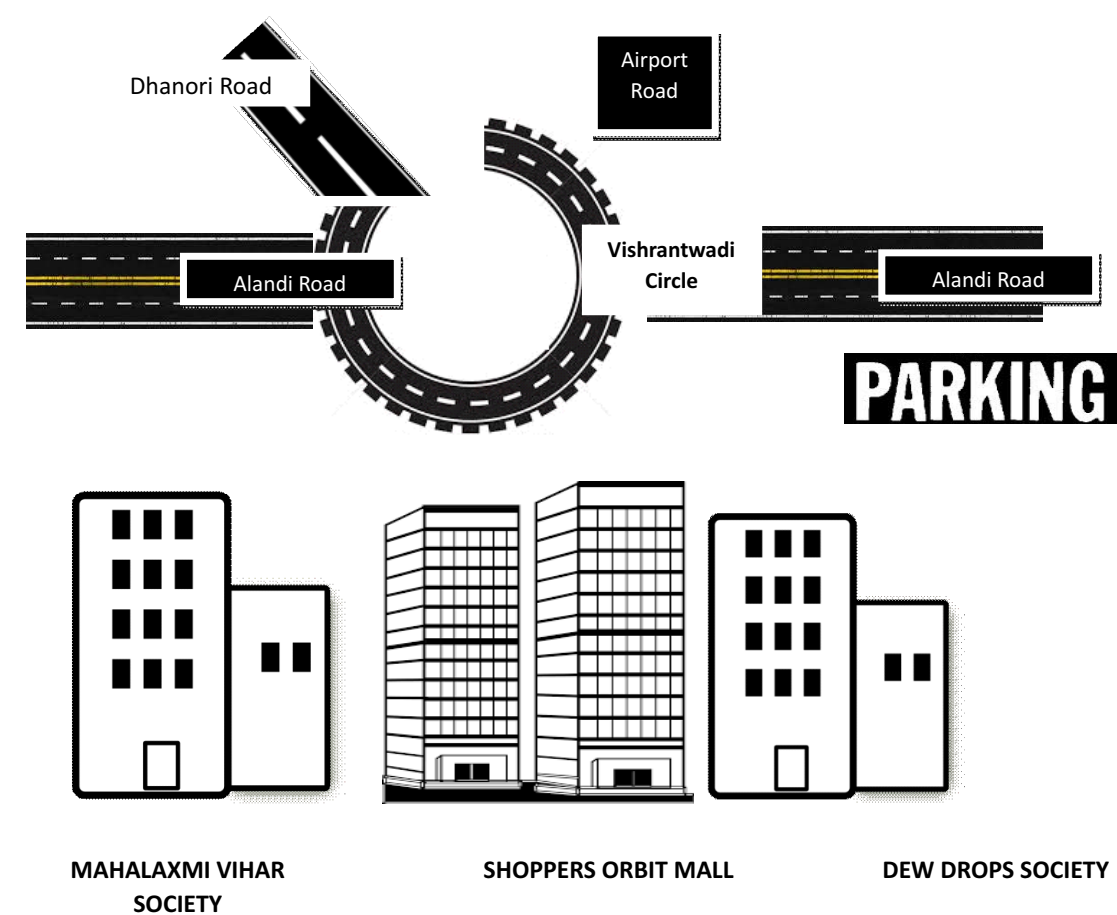


Exhibit 2: Shoppers Orbit – Actual Photographs

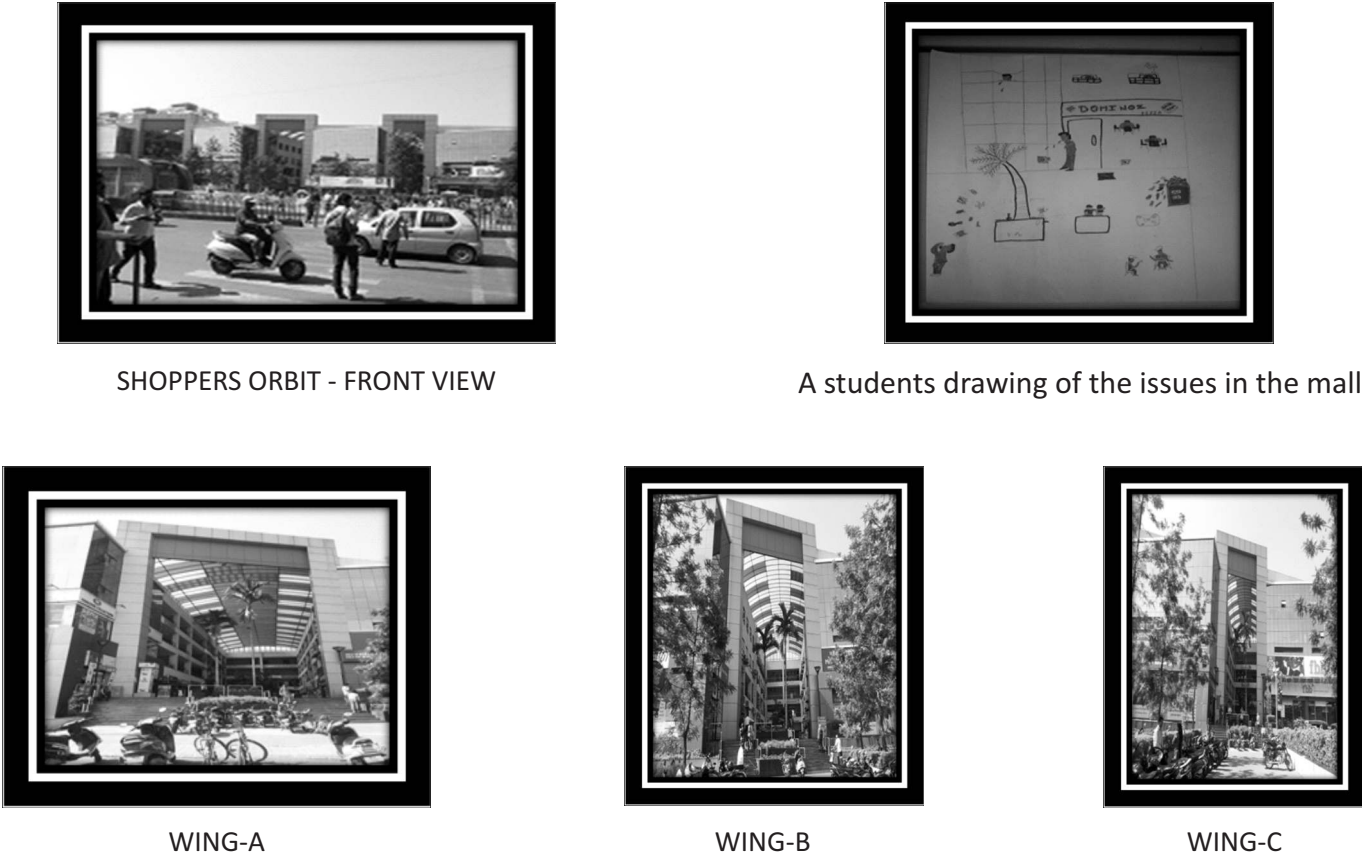


Exhibit 3: Dr.Kiran Bedi with students during her visit to Shoppers Orbit



Questions for Discussion:

- 1. What factors form the 'Context' for any given situation?
- 2. How can the 'Frames' through which a situation is seen, be broadened so that the impact of one's actions on all stakeholders is visible?
- 3. How can a group of diverse individuals be brought together and take ownership of actions to improve their immediate environment?

Suggested readings:

- 1. Cummings & Worley. *Organisational Development & Change*. Thomson, 7 Edition.
- 2. Philip Atkinson. *Creating Culture Change: Strategies for Success*. Jaico.
- 3. V.G.Kondalkar. *Organisational Effectiveness and Change Management*. PHI
- 4. Donald L. Kirkpatrick. *Managing Change Effectively: Approaches, Methods and Case Examples*. BH.
- 5. Graeme Martin. *Managing people and Organisations in Changing Contexts*. Elsevier

Teaching Note

The mission undertaken by SCMLD is to make their environment CLEAN and SAFE. The problem however is that unlike a Business entity, where a directive can be issued and a clear hierarchy exists to carry out the decisions – this mission needs to be carried out in the Public domain, where there are no chains of command, and no direct authority available that can be exercised. Hence any change that is sought to be brought about will have to be through persuasion, influence, and in order for it to be sustainable, must involve a change in the mindset amongst the occupants of the mall, a change in the culture of the environment.

Factors to be discussed would include:

1. When something is seen as everyone's responsibility, it becomes no one's responsibility. Cultural conditioning plays a significant part – it is assumed that cleanliness – just outside of the boundaries you occupy – is somebody else's responsibility. The builder, the Corporation, the Government, it is their duty to clean up – everyone is responsible but us. So, we can complain but do little to improve our own environment. When the Locus of Control shifts from the External to the Self – that is when Change happens.
2. Creating awareness that cultural change is nothing but individual change multiplied many times i.e. it happens when a group of people all want the same thing to happen. Change at the individual level occurs when an Individual wants to move from Point A to Point B. For culture change, a large group of people want to move from Point A to Point B. Getting people together to visualize a common desired goal, builds synergy and moves them out of their lethargy.
3. Discussion of ways and means by which a diverse group can be steered towards a common goal – specially, when there does not appear to be a clearly visible common thread in their regular activities.
4. Geert–Hofstede's 5 Dimensions that demonstrate how Values in the workplace are influenced by culture also provides a useful framework for understanding the difficulties in bringing about a cultural change.
5. The other concept to explain this would be to understand the influences that shape individual or collective actions in human behavior – the role of Individual specific influences (like Age, Gender, Education, Values etc) and the Situational influences (which could be Issue related or Context related eg. Level of authority, bureaucracy, perception of rewards, Group norms etc).

Learning Objectives:

1. Participants would become aware of what forms the “Context” for each of the concerned parties i.e. What are the “Frames” from which each of them sees the existing situation.
2. Obstacles that are foreseen as coming in the way – awareness of the other objections or rationalizations that people come up with for avoiding action. These become Limiting Beliefs which prevent them from taking action.
3. Ways by which these limitations can be overcome, and actions that can be experimented with.
4. Other Factors that make cultural change so complex
5. Importance of networking and using power centers to weaken stubborn resistance – appreciate the synergy created by groups working together.

Teaching Approach:

1. Participants are expected to have studied the scenario individually and formed their opinions about what needs to be done.
2. The case lends itself well to small group discussions, ideally, after people have formed their individual views. Approximately, 30 minutes can be given to groups to come to a consensus regarding what they would actually do in such a situation. These groups are then asked to present their conclusions to the larger Group.
3. At the end of the group presentations, debriefing is done by the faculty, during which the learning concepts are summarized and doubts clarified.



Pradhan Mantri Jan Dhan Yojana (PMJDY) - A Bane Or Boon For Indian Banks?

Teaching Objective:

This case is intended for use in Economics, Financial Management, Commercial Banking and related courses for teaching the concept of Microfinance and working of Indian Banking System.

Key Issues:

Indian Banking System, Microfinance, Unorganised financial system, Unbanked population, Non-Performing Assets, Loan recovery.

Abstract:

The Prime Minister of India introduced a financial inclusion scheme during August, 2014 to cater to needs of poor and termed it as Pradhan Mantra JanDhan Yojana (PMJDY). Prior to launching PMJDY scheme it was found that only 58% of Indian population had access to banking. This scheme had the primary objective of providing success to banking to the entire population in India. Successful PMJDY efforts will substantially mitigate problems over money remittances by those working in unorganised sectors with no access to banks. These poor consumers were unable to open bank accounts, as they did not have necessary documents to open them. These poor men/women used to be at the clutches of moneylenders. They will be free from the vicious circle of high-interest loans now. As far as banks are concerned this is an additional responsibility and repayment of money lent to these people living below poverty lines is a big question mark. This case which is based on secondary sources of information and direct interactions with some bankers, aims to discuss the pros and cons of PMDY scheme for Indian banks.

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Terming the Pradhan Mantri Jan Dhan Yojana (PMJDY) the most successful financial inclusion programme, President, Pranab Mukherjee²¹:

“320000 crore worth of deposits have been mobilized for over 21 crore account holders under PMIDY”.

Swaminathan S Anklesaria Aiyar, Chief Economist, Economic Times of India¹³:

“Is it 750000 crore loan mela as suggested by Debashish Basu? Indira Gandhi nationalised banks in 1969 to promote financial inclusion. In 1974, Differential rate of interest scheme (loans at 4% for the poor), which was marked by limited reach and massive leakage”

PMJDY and People of India

The Prime Minister of India introduced financial inclusion scheme In August 2014, to cater to needs of poor and termed it as Pradhan Mantra JanDhan Yojana (PMJDY). Prior to launching PMJDY scheme it was found that only 58% of Indian population had access to banking. This scheme had the primary objective of providing access to banking for the entire population in India. PM had experienced such difficulties at a very young age and wanted to help poor people. He used to assist his nearby relative in operating small tea shop. Successful PMJDY efforts will substantially mitigate problems over money remittances by those working in unorganised sectors with no access to banks. These poor consumers were unable to open bank account as they did not have necessary documents to open them. These people living below poverty lines ended up paying only interest and principal amount repayment was a distant dream for

them. People can open this PMJDY account with zero balance and overdraft facility up to Rs. 5000 will be permitted. People, who open PMJDY accounts, are provided with upto Rs.1 lakh accident insurance cover and an additional Rs. 30,000 life insurance cover. Earlier, they were unable to save any money and in the event of any big occasions like daughter's marriage or education of son /daughter they were forced to borrow money from money lenders. These poor men/women used to be at the clutches of moneylenders. A moneylender in Chennai used to charge interest of one percent per day from about 15000 vegetable vendors. If vendor does not pay back in time then he/she will get life threatening calls from local thugs. Also, since the amount transacted is not accounted for, leads to generation of black money. Now they will be free from the vicious circle of high-interest loans. Corruption will be reduced with the direct deposit of welfare money into the PMJDY account. As far as banks are concerned this is an additional responsibility and repayment of money lent to these people living below poverty lines is a big question mark. Micro credits are successfully managed by Rang De, Bandhan Bank and Grameen Bank at Bangladesh Moreover this scheme may increase their NPAs and effect financial performance of banks or banks may prosper if repayments are made in time and these poor people inculcate saving habits.

Earlier governments had come out with loan melas. Some leaders would advise the new borrowers of money that it was given as a gift from new Government and not to repay. During a particular scheme of loans earlier given by Indian Minister Janardthan Poojari, he had asked banks to generously give loans to people. This scheme was called 'Loan Mela'¹³. The borrowers did not obviously pay back and the banks had to forego this loan amount. This in turn significantly affected their NPAs.

Unorganised remittances – prevalent practice in India

The following examples show how rampant the system of unorganized channel of remittance in our country is. Shardul Majid, a 28-year old construction worker in Mumbai, had a side business that earned about Rs. 20,000 extra every month. Many of his fellow villagers from Bengal were in Mumbai. They were working in the construction field or as maid servants, watchmen and roadside vendors. Majid helped them send money back home. He collected the money for them and deposited it in the bank accounts of his relatives in Bengal. "My relatives withdrew the money from the home branch in my village and delivered it to the beneficiaries," he says Majid, collected on an average Rs. 4-5 lakh every month from fellow villagers. He charged Rs. 300 to Rs. 1,000 per Rs. 10,000 sent, depending on the services. He used Mumbai branches of banks to deposit money in different lots, but not more than Rs. 49,000 a day. Any deposit above Rs. 49,999 requires the depositor to provide details of his income tax account number and may prompt queries from branch managers cautious about rising money laundering cases. There are also agents who deal with higher remittance volumes, as much as Rs. 30-40 lakh a month. There are risks. Agents sometimes face threats from local goondas, who track them to the depositing branches and rob the money.² When these innocent people are told about the minimal fees that banks charge, some of them expressed interest in getting enrolled, but are clueless about how to do it. "We are not aware of it but if somebody takes us to a bank branch, we are keen to open accounts," said Sharma, who hails from a village near Varanasi and works as a watchman in Mumbai.

This informal remittance services were not illegal, but they were costly. Sending money through formal banking channels costs 0.25% to 1.5% of the transferred amount; Majid charges as much as 10%. His customers weren't complaining though - they did not have access to banks. So there were few faster ways to send money to their near and dear ones, and most of them were ignorant about formal financial services. Trustworthiness is the biggest asset of these agents - in most cases, they and their agents were from the same village. Even if it was a high commission, as Shanu, a 40-year-old domestic help said, "It was hassle-free for us." And in case of defaults, she said, "the village panchayat will help us extract the money from the agents' families".² According to CS Ghosh, chairman and managing director of Bandhan, a microfinance institution which set up a commercial bank, unorganised remittance agents were active in cities like Hyderabad and Bangalore as well where lakhs of migrant workers don't have bank accounts. "Our new bank will focus on this area while tapping the business opportunities."²

Indian Banks after PMJDY

PMJDY, aims to provide every household with access to banking services. “With the help of the, PMJDY the reach of banking can definitely be expanded, making migrant workers aware of different services," a senior executive from Bank of India said Experts say banks could use the service of unorganised remittance agents by making them their business correspondents, who take banking services to places that are far away from bank branches.Fino facilitates

sending money to bank accounts using NEFT or IMPS - a different form of electronic transfers. It charges 0.75% to 1.50% of the transfer amount. Money reaches within three to six hours.¹¹

Banks were trying to bring more unbanked people under their network. Some banks had tied up with mobile telecom operators allowing customers to send Rs. 5,000-10,000 to beneficiaries who don't need to have a bank account - they can use an authorisation code sent on the phone to withdraw the amount through ATMs. Similarly, through instant money transfer, one can transfer funds online swiftly with a fee of Rs. 25 per Rs. 10,000 for domestic remittance. Extensive consumer education programmes could lead more people to use the services.

RBI on PMJDY

Successful financial inclusion efforts will substantially mitigate problems over money remittances by those working in unorganised sectors with no access to banks, says KC Chakrabarty, a former Deputy Governor of the Reserve Bank of India. "All stakeholders need to make earnest efforts in this direction."²

The Reserve Bank warned the banks to be more careful while opening accounts under the PMJDY. RBI stated that a single individual could open multiple accounts in the lure of Rs. 1 lakh insurance cover, RBI Executive Director P Vijay Bhaskar said that people could open accounts in different banks using different identity documents like PAN card, Aadhar among others in the lure of getting insurance cover of Rs. 1 lakh from all the banks. The banks should have a single information sharing system by which this possible misuse could be stopped. The RBI official said that in this case, hawala operators would split the whole amount into several small units beyond the threshold using several bank accounts and send money overseas. The last was "money melas" by which an individual would operate through another person's bank account. Former RBI Governor Raghuram Rajan had cautioned banks on the risks involved in just hunting for numbers with regards to PMJDY scheme. He asked them not to compromise on core objectives of the programme. "When we roll out the scheme, we have to make sure it does not go off the track. The target is universality, not just speed and numbers," Rajan had said. The scheme can be a "waste" if it leads to duplication of accounts, if no transaction happens on the new accounts and if the new users get bad experiences, he had added.¹⁰

Bankers' Perspectives

The following are the views expressed by some of the senior branch managers of the leading bank, 'Bank of India'.

- a. Bank of India corporate office has fixed targets for opening of PMJDY scheme.
- b. No additional manpower is deployed for keeping a track of PMJDY. No incentives were given to bank staff for achieving PMJDY scheme targets.
- c. The focus was on opening of new PMJDY customers and in the heat of getting these new customers and due to lack of additional manpower, Bank of India has not checked about the duplicate PMJDY accounts.
- d. There are zero balances in most of these PMJDY accounts
- e. Poor PMJDY account consumers had no savings and most of these accounts showed the Government subsidy amounts only.
- f. The main focus of Bank of India was on reduction of Non-Performing Assets (NPAs) and the bank staff were carrying out opening of PMJDY account as they were instructed to do so.
- g. The impact of PMJDY scheme on bank performance will be known in the long term as this was first full year of operation of PMJDY scheme.

PMJDY Accounts of Private Vs. Public Sector Banks

Private sector banks were way behind their PSU peers when it comes to opening financial inclusion accounts under the PMJDY, with just about 30 lakh in over four months. The state owned banks have opened 8.62 crore such accounts in the same period. The number of such accounts opened by even regional rural banks stands at 1.92 crore. Private banks have a market share of about 20 per cent, but their contribution in this flagship financial inclusion programme of the government is only about three per cent. As per Finance Ministry data, 13 private sector banks have opened 30.47 lakh Jan Dhan bank accounts as against 8.62 crore by state owned banks as on January 7,2015. The initial target was to open 7.5 crore such accounts, but the later it was revised upwards to 10 crore to be completed by January 26, 2015²³.

Exhibit 1
Rising Duplicate Accounts under Pradhan Mantri Jan Dhan Yojana (PMJDY)
Accounts under PMJDY as on March 09, 2016

Banks	Total (million)	Aadhaar Seeded	Balance in accounts (Rs crore)	% of zero balance accounts
Public sector banks	107.1	79.3	27,108.32	28.45
Regional rural banks	37.5	11.3	5,883.77	23.91
Private banks	7.6	2.6	1,268.08	38.81
Total	212.2	93.2	36,260.07	28.02

Source: Pradhan Mantri Jan Dhan Sureksha website.

Exhibit2
Survey results of consulting firm Micro save

The following are the results of Micro save survey carried out including a sample size of 18162 customers across 17 states of the country.

1. The number duplicate accounts (those already having a bank account) are growing.
2. 33% of the customers indicated that PMJDY was not their first account in comparison to 14% in wave II survey (conducted in July, 2015 and wave I in December-2014). Most of these accounts are not used.
3. RBI Governor, Raghuram Rajan earlier raised concerns on this issue of duplicate accounts and also stated that it means wastage of resources.
4. As on March 09,, 2016, 212.2 million accounts under PMJDY were opened. Only 93.2 million accounts were Aadhar seeded
5. During initial days, many PMJDY customers had a misunderstanding that if you open PMJDY account, you can get Rs 5000 as overdraft which you do not have to return. According to a senior bank official, several customers rushed to bank to open PMJDY even though they already had bank account.
6. The banks were chasing account opening targets and there was shortage of manpower to check if customers have already one account earlier. This has led to duplicate account as stated by a senior bank official

Source: Business Standard, 12-03-2016, p 03

Government to link healthcare schemes with PMJDY

The people living below poverty have no means of health care covers and find it very difficult to raise funds during illness to reduce their financial stress. Indian Finance Minister, Mr Arun Jaitley, stated that NDA government has planned to link healthcare schemes with PMJDY. With the opening of accounts under the PMJDY scheme, he said, "The poor people of the country now have access to bank accounts. Besides Rs 1 lakh accident insurance cover and Rs 30,000 life cover, the Jan Dhan accounts would be linked to pension schemes. Under the Direct Benefit Transfer (DBT) scheme, subsidy amount is directly credited into bank accounts of consumers even as they pay full amount for LPG cylinder at the time of purchase". The banks were asked to open at least one account of an adult member in every household.

Inclusion in Guinness Book of World Records

PMJDY enters Guinness records, 11.5 cr accounts opened within about five months from launching PMJDY. The NDA government's plan to transfer annual subsidy of around Rs 51,029 crore directly to bank accounts of 15.45 crore beneficiaries in the next year, plugging system leakages. "Most of India today is included in the banking system," said finance minister Arun Jaitley. The government has already rolled out direct transfer of benefits for various programmes. This includes the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in 300 districts that is expected to cover 4.3 crore beneficiaries with a fund flow of Rs 15,000 crore annually besides transfers under various pension and scholarship schemes. "Full rollout will take total beneficiaries under MGNREGS up to 10 crore with Rs 33,000 crore funds flow annually," said financial services secretary Hasmukh Adhia²¹

Smartphone Era: PMJDY threw up opportunities for app developers, handset makers

Smart phone has become a very useful device for millions of people including the poor. The problem faced in rural area is poor infrastructure, slow speed of broad band connections and no or irregular power supply. If these issues are resolved, the smart phone can transform the consumers' lives. By a click of mouse or swipe of a finger, the smart phone user can carry out financial transactions, health services, farmers of crop cultivation etc. It can also be used to link PMJDY scheme with Aadhar cards to ensure that PMJDY does not open duplicate accounts. The smart phone invention threw up opportunities for Indian app developers, hand set makers and the entire manufacturing ecosystem. This also opens tremendous opportunity to Indian software programmers to develop content and apps that the government needs to deliver digital services. With Make-In-India initiatives and Chinese economy slowing down a significant opportunity is open for developers in India. The experience and skills they pick up in executing these projects will help them in commercial endeavours everywhere²²

Microfinancing

Grameen Bank

Grameen bank was started by Muhammad Yunus, a Nobel Laureate with the basic objective of serving poor people in Bangladesh. He began to expand micro credit as a research project together with the rural economic project at university of Chittagong to test his method of providing banking services to rural poor. In 1976, the village of jobraand near university of Chittagong became eligible for services from Grameen Bank. Proving successful, the Bank project with the support of Bangladesh bank was extended in 1979 to Tangail district. Grameen bank's success continued and services of this bank were extended to other district of Bangladesh. Bank project was authorized and established as independent bank as per Bangladeshi government ordinance on 2, October, 1983. Yunus received help from the Ford foundation. Grameen Bank had a setback in 1998 due to floods in Bangladesh but recovered in subsequent years. But beginning 2005, this bank had loans over USD 4.7 million and by end of 2008 they had disbursed loan to the tune of USD 7.6 to the poor²⁵.

Rang de

Rang de is an internet based peer to peer micro-lending website. It empowered moneylenders to lend to a rural entrepreneur in any part of India. It started operations in 2015 and made a big headway. Krishna Ayyakanu was picking waste at age of 8. He is now 28 years old and is picking and selling waste to feed his family. About 2 years ago, he was approached by Hasiru Dala of waste pickers association who provided with identity card duly authorized by BBMP

(Bruhat Bangluru Mahangar Palike). He was provided with waste management safety equipment like gloves, boots and a jacket. He knew that he can turn waste segregation into business but biggest challenge for him was to raise capital. Krishna Ayyakanu was helped by Hasiru Dala and told him to obtain loan from Rang de for Rs. 40000. Krishna Ayyakanu now owns and runs a dry waste collection centre near Domlur in Bengaluru.

Smita Ram, Co-founder and chief impact officer at Rang De said that they have progressed on multiple fronts. She said that they have disbursed less than one crore as low cost loan in 2010. They have now raised and disbursed Rs 40 crores as low cost loans which had impacted over 38000 low income households in India. Presently rang de has 25 active partners in 16 states. “Rang De has also diversified into different sectors such as handloom weaving, handicrafts, waste segregation, loans for people with disabilities, and education. Smita added that the diversification has a sole aim of reaching out to underserved communities and individuals, who have never had access to credit from a financial institution. Smita touches upon another aspect of how the last five years have shaped up the team at Rang De, “Over the years, we have developed the expertise to customise our intervention to meet the needs of the community. Our intervention with a tribal community in Jharkhand is very different from our intervention with a handloom weaving community in Karnataka.” Looking at their Nobel cause, they are funded by World Bank, and NABARD.

Bandhan Bank

Bandhan Bank was founded in 2001 by Mr. Chandra Shekhar Ghosh . It is involved in giving loans to small borrowers who have no access to formal banking services. BSFL has earned excellent reputation and credibility for giving financial services to SMEs. In past 15 years, BSFL has a network of 2022 branches spread across 22 Indian and union territories. They employ over 15000 people. As on 31 March 2015,BSFL had a loan book of around 9524 crore and repayment rate of over 99 percent. BSFL is the largest micro financing organization in India. BSFL public shareholders include International Finance Corporation(IFC),Small Industrial Development Bank of India (SIDBI), Caladium investment Pte ltd, Bandhan Employee Welfare Trust and a few individuals. These 2022 BFSL branches are coveted into doorstep services centres for Bandhan Bank.

Started with 501 branches and 50 ATMs on day one. By end of fiscal year 2015–16. This bank has planned to have staff strength of around19500,12000 branches and 150 ATMs across 27 states. Bandhan Bank received in principle approval of the RBI for setting up a universal bank in April,2014. Indian union Finance Minister, Jaitley inaugurated Bandhan Bank in Kolkata on 24 August, 2015. RBI gave them a final nod in June 2015 to form a bank²⁴.

Questions for Discussion:

- 1. Will Indian banks be able to increase their profit margins after increasing the customer base through PMJDY (boon to Indian banks) or will this lead to an increase in NPAs and thus will be a bane to Indian banks?
- 2. What payments recovery strategies need to be framed by lending banks to recover the payments from consumers who do not pay on due date?

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Teaching Note

Teaching Approach:

- 1. For this case, the class may be divided into to two groups of students. One group in favour of feels that banks be able to increase their profit margins after increasing the customer base through PMJDY. Second group of students feel that PMJDY will lead to increase NPAs and thus will be bane to bank PMJDY. This discussion needs to be summarised and concluded by students with the help of a faculty acting as a facilitator and moderator. This approach can be used if the class strength is about 25 to 30 students.
- 2. If the class strength is more than 30, then the case can be mailed to students about 1 week in advance and students need to come prepared for class discussions. The faculty can open discussions and write down all points suggested by students and faculty can express his/her views in the end.
- 3. Invite a banker for discussing this case so that students can learn and know the banker's views also.
- 4. Give a live project to various groups and ask them to make a presentation in the class. Invite a banker for judging best solution to this case. An award can be given to the best solution by a banker.

Possible answers to the case questions:

- 1 Will Indian banks be able to increase their profit margins after increasing the customer base through PMJDY (boon to Indian banks) or will lead to an increase in NPAs and thus will be bane to Indian banks?

Students who feel that banks will be able to increase their profit margins after increasing the customer base through PMJDY (boon to Indian banks) may express:

- i. The poor man will have money on his hand and the government will be directly responsible for it. This is not a mere bank account, but has other benefits including a RuPay debit card and insurance benefits. A poor man can go to a hotel and use his debit card to settle his bill, just like any other person
- ii. This will mitigate problems over money remittances by those working in unorganised sectors with no access to banks
- iii. The Indian banks will be able to create a blue ocean strategy.
- iv. Banks will develop saving tendency for new customer segments i.e. people who were unable to open their bank accounts as they do not meet the qualifying criteria of banks.
- v. With banks offering extended credit facility by overdraft facility will boost confidence in banking system and help poor customers to repay such amounts by lower interest rates and will encourage them to repay loans within reasonable limits.
- vi. Corruption will be negated with the direct deposit of welfare money into the poor man's account.
- vii. These new class of customers will have freedom from financial untouchability
- viii. This will boost employment and give boost to overall economy.
- ix. This will give social security to people living below poverty line as they will be insured also.
- x. This scheme will boost mobile and telephone markets as these new segment of consumers will be carrying out mobile banking transactions
- xi. Banks will prosper if repayments are made in time and these poor people inculcate saving habits.
- xii. The poor classes of society have more self-prestige and are willing to repay loans. For example, the noble Laureate Dr. Muhammad Yunushad opened a Grameen Bank in Bangladesh by giving loans to beggars and these new set of customers were the first one to repay loans.

Students who feel that PMJDY will lead to increase in NPAs and thus will be a bane to Indian banks may express:

- I. Banks to be more careful while opening accounts under the Jan Dhan Yojana as a single individual could open multiple accounts in the lure of Rs 1 lakh insurance cover
 - ii. People may open accounts in different banks using different identity documents like PAN card, Aadhar card among others in the lure of getting insurance cover of Rs. 1 lakh from all the banks. The banks should have a single information sharing system by which this possible misuse could be stopped.
 - iii. Hawala operators would split the whole amount into several small units beyond the threshold using several bank accounts and send money overseas.
 - iv. For banks are concerned this is an additional responsibility and repayment of money lent to these people living below poverty lines
 - v. Bank NPAs will go up, as banks will have no control. Monitoring of this micro credit will be difficult.
 - vi. The Government will not be able to enforce strict measures in case of non-payment of borrowed money by these new classes of poor consumers.
 - vii. There will be some people who will advise the new borrowers of not to repay money saying it is given as a gift from new Government.
 - viii. Present moneylenders will discourage these illiterate people and even threaten those who have already borrowed money from them earlier.
- 2. What payments recovery strategies need to be framed by lending banks to recover the payments from consumers who do not pay on due date?

Banks need to

- i. Monitor these payments on a monthly basis and keep separate cell to control these defaulters.
- ii. Develop separate programmes giving advantages of early payments.
- iii. Offer special incentive schemes for those consumers who keep balance of RS 500 in these accounts.
- iv. Run a special TV promotion advertisement informing benefits of early payments
- v. Run road shows on educating these consumers on benefits of early repayments.
- vi. Direct mail or message from Finance Minister and Prime Minister covering a good message on early repayments of loans.
- vii. To send SMS messages to defaulters.
- viii. Bank staff that are given this task of recovery of Jan Dhan scheme should be either given additional increment or duly promoted depending on their performance.

Concluding remarks:

PMJDY scheme is a step in the right direction. It gives financial freedom to poor people who are at the bottom of pyramid and they are removed from the clutches of moneylenders. It will reduce their hardship and tendency to commit suicide. Banks to follow business model and practices of successful micro finance companies like Rang De, Grameen Bank or Bandhan Bank. On successful implementation of PMJDY, banks will improve their performance and they create new customers. Black money will also reduce due to PMJDY scheme.



Post-Merger Integration Issues

Teaching Objective:

This case is intended for use in Human Resources Management, Mergers & Acquisitions and related courses for teaching the effective management of Business Mergers

Key Issues:

Mergers, Culture shock, Integration issues, Employee performance, Human resource management.

Abstract:

The case revolves around the issues a company faces post-acquisition. The case aims to highlight that while considering a decision on restructuring, human capital synergy should also be given equal weightage like financial and operating synergy. Though the sale deal might be financially sound, if the employees of the organization are not convinced, it will have an impact on their individual performances which will ultimately adversely affect the organizational performance, as a whole.

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Corporate restructuring has become a vital business activity and it has become inevitable in the modern era. Any merger or acquisition will always strive towards one common motive of synergy. All aspects of a company are considered while taking a decision on restructuring like financial, operating and managerial synergy except for the human capital synergy. Post-acquisition all businesses come across a common challenge called culture shock. The organizational climate changes post-acquisition that has a diverse impact on the employees especially of the selling company. There are issues confronting the employees of the purchasing company as well which relate to unwillingness to accept people from outside as colleagues all of sudden.

Declining Performance

George Thomas, the Managing Director of Tasty Bites Ltd was perplexed and amused by looking at the number of resignations that reached his office on a Monday morning. To top it all, there were complaints from several Team Managers that their respective teams were not performing well and they would not meet their sales targets as they used to do, before acquiring Wonderland Ltd. Thomas was devastated with these statements made by his managers.

About Tasty Bites Ltd

Tasty Bites Ltd, a company set up in the year 1985 with their classic product “Oriv” Biscuits that falls into the category of cream biscuits. After the launch of the product and its success in India the company decided to introduce the product in China too. Finally, after a lot of deliberations with their marketing team the product was introduced in

China. Even after six months of its launch, sales were not picking up. The sales manager called for a meeting to discuss reasons behind the poor performance. The team swung into action and conducted market research to explore the real causes. The research findings were quite surprising. People in China did not prefer anything 'big in size'. Oriv was a biscuit that had a thick layer of cream in vanilla flavor with a thick layer of biscuits on either side. The size of the biscuits and the sugar content in the biscuits were not preferred by the Chinese.

Understanding the consumer preferences, the company relaunched the biscuits with the necessary changes. Within just three months of its new launch, the product started selling like hot cakes. Their sales increased three times of their competitors. Tasty Bites believes in hard work and supports creativity. The company was of the belief that too many layers of decision-making will delay the implementation time. But the employees of Tasty Bites value multi-culturism. They are open to acquiring competitors' businesses and embracing new work cultures.

About Wonderland ltd

Wonderland was a company founded by Joseph Jose who initially started with manufacturing chocolates. It soon became the most sought after chocolate brand in India. The company later diversified into biscuits and other related products. The culture prevalent in Wonderland Ltd is more family-like. The company provides a more friendly-feel for its employees and they are strongly networked. They attach a lot of importance to loyalty and friendship.

The Acquisition

Both the companies were contemplating restructuring of their respective business. Tasty Bites Ltd came forward to acquire Wonderland biscuits for a sum of Rs 250 Crore. After the acquisition, Wonderland Ltd got merged into Tasty Bites Ltd and the employees of Wonderland Ltd became the employees of Tasty Bites Ltd.

The main reason behind the decision of Tasty Bites to acquire Wonderland was to achieve profitable long-term growth. The company also wanted to broaden its product horizon and to enter into the chocolate category. The acquisition helped Tasty Bites strengthen its brand, achieve better revenues and thus fulfil its goals. Merger usually helps organizations in reaping the fruits of successful business practices of both the sides. A proper early integration of both the systems will ensure this. The merged entity enjoys the benefits of diversity and thus an improved decision-making process.

After acquiring Wonderland, the management style of Tasty Bites underwent a few changes. On the other hand, Wonderland became a part of Tasty Bites and thus its organization structure, HR policies, direction and control aspects got transformed into a different style. Tasty Bites does not rely on inputs from local managers while making decisions. They focus on control rather than autonomy. According to Thomas, there were many reporting layers in Wonderland and hence decision making takes a longer time.

Post-Acquisition

This was a win-win situation to both the companies as they were the market leaders in their own area of business. Individually, Tasty Bites as a company has good market presence, an excellent customer base and a strong marketing team, while Wonderland has a good distribution channel and an employee base that is ready to go out of its way to work for the betterment of the company. Post the acquisition the company was expected to be strong in its marketing, distribution and production functions.

The merger was completed successfully. But within a few months into acquisition, many top performing employees started leaving the company who were otherwise considered as the 'brain-powers' of the company. The synergy that both the companies expected was not visible post acquisition. Thomas was worried whether this will lead to a huge impact on the performance of the company in the coming days.

Questions for Discussion

1. What are the post integration problems that a company can face? What is the issue in this case?
2. If you were hired as a consultant to sought out this issue, what would you do and how?
3. Draft a changed organisation structure for Tasty Bites by neither eliminating key employees of Tasty Bites nor Wonderland.



Centralised Bargaining at GVK-EMRI

Teaching Objective:

This case is intended for use in Human Resources Management, Managing Employee Relations, Labour Unions and related courses for teaching bargaining techniques and resolution of industrial unrest

Key Issues:

Industrial relations, labour unrest, Pattern bargaining, centralized/decentralised bargaining,

Abstract:

GVK-EMRI (Emergency Management and Research Institute) is a pioneer in emergency management services in India. It is a non-profit organisation operating on the Public Private Partnership (PPP) mode. GVK-EMRI (108) is the largest professional emergency provider in India at present. The Organization is, of late, facing severe unrest in several states organised by its employees' unions. The drivers (pilots) and paramedical staff (Emergency Medical Technician -EMTs) working with 108 ambulance services go on indefinite strike angered by the management's indifference to their demands. The major demands of the striking employees at various states include the implementation of minimum wages and regulation of working hours. This case highlights the concept of decentralised bargaining system at various states, informal pattern bargaining and their dire consequences. It drives home how the centralised bargaining will be a valuable approach for GVK EMRI Organisation for addressing the menace of labour unrest.

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GVK-EMRI (Emergency Management and Research Institute) is a pioneer in emergency management services in India. It is a non-profit organisation operating on the Public Private Partnership (PPP) mode. GVK-EMRI (108) is the largest professional emergency provider in India at present. GVK-EMRI handles medical, police and fire emergencies through the '108 Emergency Service'. The 108 service employees have been rendering their services to the patients even in harsh conditions like inclement weather. The firm is operating in 11 states namely Andhra Pradesh, Gujarat, Uttarakhand, Goa, Tamil Nadu, Karnataka, Assam, Meghalaya, Madhya Pradesh, Himachal Pradesh, Chhattisgarh and in two union territories, Daman & Diu and Dadra Nagar Haveli.

The Organization is,of late, facing severe unrest in several states organised by its employees' unions. The drivers (pilots) and paramedical staff (Emergency Medical Technician-EMTs) working with 108 ambulance services go on indefinite strike angered by the management's indifference to their demands. The major demands of the striking employees at various states include the implementation of minimum wages and regulation of working hours. Whenever the employees go for unrest the local GVK-EMRI Management of the state deals with it using a decentralised bargaining approach i.e. a separate bargaining for each state. However, this decentralised bargaining table demands pass informally on to the other states of the organisation and the respective working employees (EMTs and Pilots) also look for similar demands. These common demand includes providing Job security, salary hike, eight-hour duty, stopping harassments after availing leave and undue transfers or suspensions of employees. So, there is a pressing need for national level bargaining system for the entire organisation.

Introduction

Collective bargaining trends in India, China, South Africa and some countries have often moved in the opposite direction compared to global trends over the past twenty years. When collective bargaining is decentralised in other countries, it is more centralised in the above countries. One of the reasons for this trend being the increase of trade union density as well as the extension of collective bargaining institutions in the public sector. Large national public sector bargaining councils led to unionization of almost all the public servants.

Literature review

Many research studies have examined this trend across the world. In a particular study of industrial relations trends in countries such as Australia, France, Germany, Italy, Japan, South Korea, Taiwan, United Kingdom and United States of America, Ou chi and Araki (2007) observed that there are some common tendencies in all these countries. The labour unions in these countries are declining and labour density is decreasing over the years. The determination of working conditions at the enterprise level is gradually becoming widespread. Also the pressure for disadvantageous modification of working conditions in return for employment security is growing and derogation and deregulation are being more widely needed and accepted.

Generally, negotiations take place at three different levels, industry level, company level and workplace level. Agreements at the industry level was gradually less detailed in the post-war era. Basically such agreements only covered minimum wages and some general terms of employment like working hours. Those agreements were therefore supplemented with bargaining at the local and workplace level (shopfloor bargaining) as observed by Davies et al (2004) and also by Marchington, Goodman, Berridge (2004). However, countries such as India, China and South Africa have also experienced something in common with the rest of the world namely the pursuit of increased flexibility in the regulation of labour by employers. As standing (1999) has pointed out, this growing labour flexibility has been wide-ranging. It entailed wage and labour cost flexibility, employment (numerical) flexibility, and work process (functional)

flexibility. The researcher observes that calls for flexibility as 'little more than ill-designed masks for proposals to lower wages or worker protection'.

Objectives of the present case study

- » To analyse the Collective Bargaining practices of GVK-EMRI (108) organisation.
- » To identify and give appropriate suggestions for the implementation of Centralised/ Industry level bargaining at GVK-EMRI (108) organisation.

Need for case study

GVK-EMRI (108) is a public-private partnership oriented organisation operating across various states of the country. However the company is, of late, facing severe Industrial unrest with its employees. The employees of GVK-EMRI organisations (Emergency Medical Technicians and Ambulance Drivers) located at various places went on for a strike/lock out with several demands like hike in salaries, improvement of working conditions, job security etc. The public utility services were seriously affected (lack of ambulance service for normal public) during their strike every time. This clearly indicates the absence of a good industrial relations approach in the company and the need for identifying solutions to enable both the parties (GVK-EMRI Management) and Trade unions to work in a peaceful manner.

Problem statement

Specific demands of the striking employees (Pilots & EMTs) across various states of the country:

- » Hike in salary of Pilot (Ambulance Driver) and EMT (Emergency Medical Technician).
- » Reduction in working hours in accordance with labour laws.
- » Posting in native districts for better performance.
- » Bail to the pilot if a speeding ambulance meets with an accident in Insurance coverage and compensation in case of injuries in accidents.
- » Employment protection and no removal of a single employee without government's knowledge.

During the recent times the GVK-EMRI Management and trade unions located at various states met with each other to fulfil the common objectives of various demands. Building on commonality of purpose, the parties had negotiated with one another and worked together several times. However, experienced labour negotiators intuitively understood their adversary's wants, needs and desires, juxtaposed to the economics and operational needs of the business. In sum, the collective bargaining process is a blending of personalities, economics and business operations considerations. Though the GVK-EMRI(108) is implementing Decentralised / Enterprise level bargaining practices across states like Andhra Pradesh, Tamil Nadu, Karnataka, Gujarat etc,, the problem still persist due to unsatisfied demands of the employees.

Need for Centralised Bargaining/Industry Level Bargaining

It has been observed that local trade unions at various states of GVK-EMRI (108) organisation have to centralize the bargaining to strengthen their leverage at the bargaining table. Although in many cases unions prefer centralised bargaining (to take working conditions out of competition) and management prefers decentralized bargaining (to respond to local conditions and gain whipsaw advantage). Nevertheless, the parties' preferences are not always so simply ordered. In some cases, for example, unions prefer firm-level over Industry-level bargaining because the former gives them a power advantage. In some other cases, both large employers and their unions favour industrywide bargaining as a device through which they can 'cartelise' the industry and drive out low-cost competition.

If emergency services are suffering with huge strikes/lock outs of employees, it is better to implement centralised or Industry level bargaining to resolve the issues between GVK-EMRI (108) organisation and Trade unions. It is very important for parties to establish bargaining councils in the organisation, which negotiate agreements that are extended to the rest of the sector. The collective agreements that extend beyond the immediate work-place or company level are rightly seen as unique institutional features of the European & South African model.

Conclusion

Collective bargaining is affected by different factors. One of the main issues in collective bargaining is the choice between centralised and decentralised bargaining. In general, trade unions are more likely to favour centralization, as it tends to strengthen the position of workers. At the same time, the amplitude of the scale of bargaining promotes greater labour market coverage, employment and also equality in wages and working conditions. The decentralised bargaining process in the context of conflict between the Employees and Management have not been a successful technique for preventing the Industrial disputes in GVK-EMRI (108) organisation located at various parts of the country. There is a need for nationwide negotiations and collective agreements for demands across several states. Thus, Centralised Bargaining / Industry level Bargaining is the right approach.

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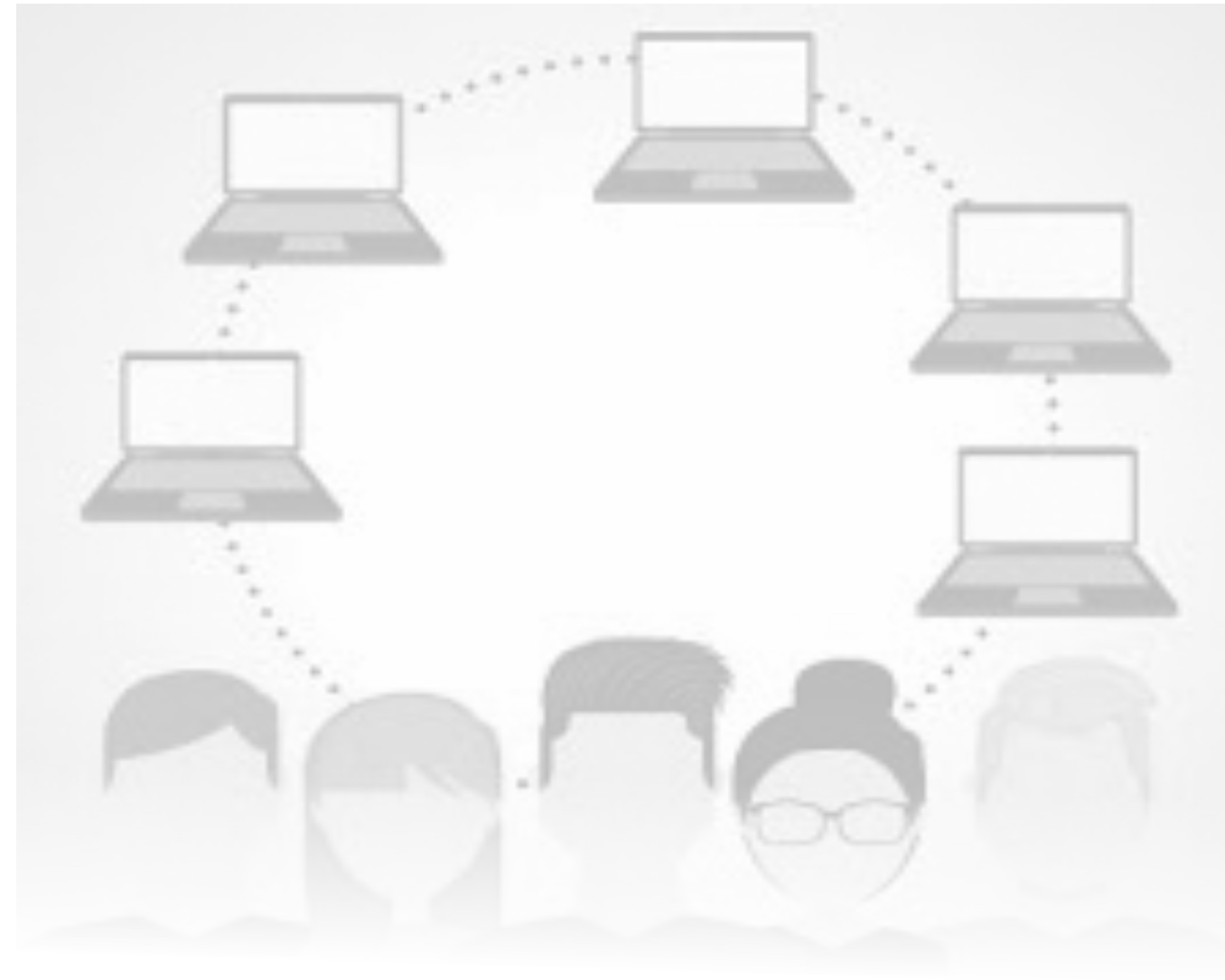
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X Institute - Survival Woes

Teaching Objective:

This case is intended for use in Strategic Management and related courses for teaching the concept of Environmental Analysis and Strategic Planning

Key Issues:

Survival woes of an educational institution, IT growth and recession, Placements, Location dilemma

Abstract:

The case is about a higher educational institution named X Institute, once a successful institute but is presently struggling for its existence. Even its location inside the IT Technology Park and the world-class academic infrastructure fail to attract the best students and companies. It is attributed to the evolving business environment that is not favourable to the institute anymore. The question now is whether the institute should move to Red Oceans to compete with big giants like IIT or should it try to develop its own niche? Eminent group of management research scholars and students were chosen over professional consultants to look into the plight and offer feasible solutions.

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The founding Director of X Institute envisioned a highly research oriented and world-class quality academic institute equivalent to globally renowned ones such as IITs, IIITs, IIMs, IISc and so on. The institute primarily focuses on Information Technology (IT) and its applied domains healthcare, agriculture and the like. The Institute started its operations in the millennium year with one-and-a-half-year PG diploma in IT (E-governance) with an annual intake of 30 students. Of late, it faced substantial challenges in student quality, poor recruiters' response and related issues in spite of its presence in the Technology park campus. The situation has worsened and presently the institute is struggling for its existence. The Governing Council is contemplating several options to overcome the crisis. To solicit out-of-box solutions and also to avoid exorbitant consulting fee, the institute preferred to entrust the task to bright management research scholars and students over private business consultants.

It was the early spring morning and six-member-team of students from premier management institutes were waiting in the board room of X Institute to discuss this assignment. The others present were Heads, Deans, Director and other Governing Council Members. They had completed their meetings and brain storming sessions earlier with faculty members, staff, students and IT Technology park companies to gather much-needed insights related to the issue. The brief findings of the students' research are summarised below.

India's Higher Education System:

Takshashila in ancient India was the first university in the world. Education was always important to this land as history proves it. India got independence from British Colonial regime in the year 1947 and since then many significant progress can be seen in the Indian education system. Many universities and institutes of repute were opened and student enrolment increased in an exponential way.

The higher education ministry MHRD and regulatory bodies such as UGC, AICTE and the like, enforced the quality, quantity intake and course categories of individual institutions. Presently there are approximately 46 Central universities, 343 state universities, 180 deemed universities apart from around 25,000 higher degree colleges in the country.

Central Universities

Central Universities are established by the act of Parliament and present in almost all the states and union territories of India. Generally they offer Diplomas and Bachelor Degrees, Post-Graduation and Doctoral courses for wide range of subjects. Some provide affiliation to colleges to run various courses. Funds to these universities directly come from central government. Admissions to these institutes are done usually by national level entrance exams. The education is very affordable and supporting funds are provided by the government itself.

Indian Institute of Technologies (IITs) and Indian Institute of Science (IISc)

There are some highly specialized institutes in the country recognised as the institutes of national interest; they also receive monetary support from the government. These are the premier institutes well-known for providing education related to the engineering and science domains. These institutes provide education from bachelors to post-doctoral level programmes. Admissions are done through JEE and GATE which are national level competitive exams. In recent past they have started to focus on management education as well.

Indian Institutes of Information technology (IIITs)

These are the institutes that provide education mainly related to IT and its application in other fields. These institutes are run by government,private partnership (PPP models). Courses offered by these Institutes range from bachelor's level to post-doctoral level.

Indian Institutes of management (IIMs)

These are premier institutes for providing education related to business management. They focus on management specialisations including Finance, Marketing, Systems, Operations, and HR. They offer PGDM, FPM and additionally short-term programmes such as MDP, FDP etc. These institutes are partly funded by the government. The seed money and initial resources are provided by the government. These institutes are posting healthy balance sheet year by year and major part of the operational cost has been transferred to the students.

Other than the above set of institutes several thousands of engineering, management, pharmacy, degree level colleges are run by private and government bodies.

IT in India

Service sector contributes maximum to the Indian GDP and information technology is a major component in this. The outsourcing jobs by US IT companies provided a huge employment and decent salaries to the aspirants in this field. This led to a kind of IT revolution and many big companies providing IT and support services emerged. Bangalore is known to be Silicon Valley of India. IT companies' presence is high in almost every state of India. IT industry gives higher job market than any other field. As a result, every year a majority of students choose IT over other domains considering their future growth prospects. There is an unstructured growth seen in a number of IT institutes in the past decades. But in the recent past three years the demand for IT domain has decreased significantly. Year after year, every other institute has vacant seats in IT streams even after many counselling rounds. This has created a huge demand and supply gap. Due to vacant seats many institutes gradually shut down. X Institute is one such institute affected severely by this slump.

About X Institute

X Institute was established in the year 2000 to promote higher education related to IT and its applied domains. The institute is autonomous and registered under section 25 of the Companies Act. The management of the Institute includes eminent industrialists, IAS officers, academicians and other government officials.

Vision and Objectives

- » To be an Institute of excellence in Science and technology
- » Professional development of high calibre talent imparting high social and ethical values

X Institute is located within one of the IT Technology Parks in India. This enables the institute to be updated with the recent development in the IT arena. The institute has its own back bone of good IT and library infrastructure. IT-infrastructure of the institute consists of advanced computing and analytics facilities as similar to world standard institutes. The institute's library consists of the best e-resources. The library databases of subscriptions updated regularly as per the emerging demands.

The faculty members of the institute are drawn from the best institutes in the world and are specialists with rich experience in the respective field of expertise. The faculty members have specialised in highly advanced topics in computing. Several research projects have been successfully implemented by the institute faculty members and scholars. Institute always aims to offer the cutting-edge special courses in IT and allied fields. Institute started its operation with PG Diploma course in IT (E-governance) in the year 2000 with an annual intake of 30 students and faculty strength of 5. PG Diploma in Agricultural Informatics and Bioinformatics started in the year 2002 keeping in mind the future need for application of IT in Agriculture and Biology. Due to increase in demand in the IT in allied fields from 2005 M.Sc and PhD courses were also introduced. Presently it offers three M.Sc courses, a M Phil, two PG diploma and PhD courses. Presently the institute faculty strength includes 12 full time and 6 visiting members. The salary structures of the faculty members are as per the AICTE norms. All of the above courses are not accredited by AICTE. Presently Institute offers following courses and certificates are offered through the state university.

Master of sciences in

- » Data analytics
- » Computational Science/Machine Intelligence
- » GIS

M Phil in

- » Ecological Informatics

PG diploma in

- » E Governance
- » Agri-Informatics
- » Bio-informatics

Doctorates in

- » Computer Science and allied fields

The annual intake for each M.Sc and PG Diploma courses is 30.

Organisation Structure

The organisational structure of the institute consists of Governing Council Board of Directors, CEO (Managing Director), Faculty Members, Registrar and Deans.

Admission

Admission to all the courses is made through highly competitive national entrance exam conducted by the institute. In case candidates having a valid GATE score, the need not appear for the entrance exam. Such candidates along with entrance qualified candidates have to appear for the interview. GATE qualified candidates and candidates with research experience given more preference. Doctoral admission are made on the basis of the strength of CV, research experience, publications and interview performance.

Fellowship :

The institute charges nominal course fees for each course as similar to other higher institutions in the country.

Type 1 Fellowship:

Stipend of 8,000 INR is given to all the master students, who have CGPA of 7 of above on a 10-point scale in the

qualifying exams. The aim of these scholarships is to cover all the learning expenses and a relaxation in marks given to the reserved candidates.

Type 2 Fellowship:

Total 15 number of scholarships are awarded to the SC/ST candidates from Government of India for pursuing the 2-year master programmes. The scholarship covers all the learning expenses that include tuition fees, examination fees, books, and other grants along with a laptop grant.

International Collaborations

Presently Institute has a number of collaborations and MOUs with the universities in UK, USA, ASIA and Australia. Collaborations enable students, faculty members, research scholar to exchange knowledge. Master degree students have an option to spend a semester or two at the partner universities. Similar facilities are given to the faculty members and research scholars.

Laboratories

Presently X Institute has Seven well equipped laboratories. Each laboratory is dedicated to the different specialisation of IT and computing. Each laboratory is connected to high speed internet network and interconnected to each other.

Library

Library of the institute is having its own state-of-the-art IT and networking infrastructure. Library infrastructure includes high end multimedia labs for recording and forecasting lectures, smart technologies to make operations easy and efficient. Library has huge collections of journals, books, Wikipedia and daily newspapers. Digital collections consist of databases, open source and other paid journals, electronic depository of thesis etc.

Recognitions and Awards

X Institute regularly wins several awards. Given below is a list of a few:

- Sun System centre of excellence for its world class computing laboratory.
- Digital library of the institute gets the UNESCO Recognition
- Several other awards for the research contribution by Indian government.

In a nut shell, X Institute provides the best academic, IT and library infrastructures as similar to the other best institutes in the world.

Problem faced by X Institute

Since the inception X institute was doing well. But Institute is presently facing several problems related to its regular operations and sustainability is in a big question. The problems include both short and long term which are explained below:

Land issues

Presently X Institute is operating in a rented building of IT Technology Park. Due to its prime location, it is made to pay very high rent at present. The institute area is approximately 9,000 square feet, due to which it fails to get AICTE accreditation as admitted by one of the officials.

During an interview with a senior professor who works since its inception, it is understood that IT Technology Park allotted 15 acres of land at the inception, but reallocated the same to an IT giant to get better price. Now institute is having following three options:

1. Wait for the final decision on allocating the 15 acres of land by IT Technology Park. The Secretary of IT Technology Park agreed to allocate space in the nearby 200 acres land that they would buy soon. This will help the institute in availing AICTE accreditation for the desired courses. The allocation will be for 25 years and on lease payment.

2. To buy 100 acres of land that is 75 kilometres from the present location and a bit interior from the prime place. Then the whole campus will be shifted to the new location. It requires a high initial capital requirement to establish everything from scratch and a time period of at least 5 years. As government of India has announced to come up with new IITs and IIITs in the same state, it will be useful for X Institute to compete with these institutes in the long run.
3. Nearby state university is ready to give 15 acres of land to the institute which is located 250 kilometres from the present location. The place is at the outskirts of the city and away from IT complex resulting in difficulties in inviting IT experts and resource persons for special lectures etc.

Raising Funds

Presently institute sources funds required from the state government, student fees and research projects undertaken. Since 2004, the operating expenses of the institute were increasing by 5% YOY. This questions the self-sustainability of the institute in the long run. Institute charges one lakh INR semi-annually to the students of PG Diploma and M.Sc courses. For MPhil and PhD courses, the charges are similar to other private institutions like VIT, KIIT. The Institute is planning to apply for AICTE approval, for its new Master in Technology programmes which will have a maximum of 20 students per batch. Hence, from each M.Sc and PG Diploma courses 10 seats will be reduced for initial 5 years. Based on performance AICTE may approve the increase of seats but only after five years. Presently institute's recurring expenditure is Rs. 29.6 million. If institute relaxes its fees by Rs. 1.1 lakhs per annum, it needs to admit at least 150 more per annum to offset recurring expenses. In this regard institute administration is considering options as 1) To introduce three to five B. Tech courses each of 60 intakes per annum, 2) Short term courses as per industry needs.

Attracting bright students and premiere companies for placements

During initial periods the institute admitted bright group of students from all over the country but is recently failing to do the same. In spite of attractive scholarship schemes candidates are not turning up. On interviewing the students, it is understood that high GATE score candidates do come and take admissions but they left out immediately when they came to know that the courses are not approved by AICTE. The Director still believes that good education does not require any approval. While most of the stakeholders of the institute feel otherwise.

During the initial years, institute saw top companies visiting their campus and recruiting students in good numbers. But in the last few years, placement has worsened drastically. During brainstorming sessions, a few pointed out that it was due to the IT boom before and the present recession. Others felt that due to students' poor performance in campus placements, companies do not show interest anymore. A few others attributed the failure to lack of awareness creation and marketing efforts on the part of the institute.

Failure to establish relationship between IT Technology Park Companies and Institute

Though institute started its operation in IT Technology Park campus with an expectation to build a rapport with IT companies, it failed to synchronize. Institute has some collaborative laboratories with companies like Sun, IBM etc. Institute was targeting the IT park employees for short term certificate courses but failed to attract them. In spite of its presence in the technology park campus, companies are not showing any interest for collaborative research. On interviewing few Technology park top officials, it is understood that Industry research is more practical, dynamic and has very less time to react; on the other hand. academic research are long term and theoretical. There is a big gap existing between academic and industry research. Industry research is more complex and needs team work, whereas academic researches are more personal and done for publication purpose.

Successful institutions are built based on elements other than mere quality education now-a-days. “My contention is that creativity now is as important in education as literacy, and we should treat it with the same status” – Sir Ken Robinson

Questions for Discussion:

1. Which alternative mentioned in the case related to land issues will be beneficial to X Institute?
2. Where did the institution fail as a whole? Develop a strategic plan for X Institute.



The Accidental Entrepreneur

Teaching Objective:

This case is intended for use in Entrepreneurship and related courses for teaching the process of creation, management and growth of a small business venture

Key Issues:

Start-up issues, fund requirements, sustainability, expansion

Abstract:

The case, which is prepared based on an interview with an entrepreneur, narrates the challenges undergone in the creation and management of a poultry business.

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Tamilarasu took over his father's poultry business during the year 2000. The farm was situated in a village in Tamil Nadu. Tamilarasu had his higher secondary education in a Government School and he could not pursue his college education. However, he took up the job of servicing of electronic goods in a nearby town. He had to travel to several places to attend to the complaints of household as well as business customers. However, he was enjoying his profession. He was indeed interested in the field of servicing of electronic goods. He had not had any proper education or specific training related to it. But he became good at it soon due to his sheer involvement and experience. During this period, there was a major change in the electronic product systems and computerisation was catching up as a major trend. After serving in business for about 4 years, he had to leave the field, as he could not equip himself with the new knowledge and skills required for servicing electronic products of advanced technology. He contemplated starting a new business. But he could not seek guidance or support from any sources. With no other options available, he was finally compelled to get into this poultry farming business. It was a traditional poultry farm established by his father in the year 1985. The initial capacity was 1100 layer birds. The farm capacity was increased to 2200 birds during 1990.

During his initial phase in family business, he did not comprehend the nuances of poultry farming. There were no major fund requirements for his family business and luckily, he did not have any challenges on this front. Besides, the other sources of income from agriculture and cattle farms helped him meet the requirements in poultry business. He could not come to grips with the poultry business yet and he spent his time without planning for any expansion or modernization during 2001 to 2005.

Subsequently, the poultry industry went through a major change with farm modernisation and automation. He became keen on modernising his existing traditional farm. He availed a loan of Rs.1 lakh from a private financier and converted his traditional farm into modern farm (Cage System) with an increase in capacity of 4200 birds. During the period 2005 -2007, the poultry industry received a jolt due to the outbreak of 'Bird Flu'. The industry had a tough time with the reduced demand in the domestic market and also several issues related to egg exports. Somehow, Tamilarasu managed to sail through the crisis through his strong determination. He could develop new ideas for resolving issues related to farm management, labour, marketing and bird management. He also planned to develop his business further. After the completion of the existing loan, he availed a loan of Rs.2 lakhs from a public sector bank and expanded the farm capacity to 6000 birds.

At present, he has repaid all his loans and the farm capacity is 12,000 birds. Even though there was a scope for further expansion of his business, he is not interested in availing loans anymore. His fear of possible loss prevented him from taking any new loans. He wanted to only attain a steady growth using the profits earned from the existing business. Poultry is a continuous process involving birds in different stages like chicks, grower and layer. Unlike other businesses, profits cannot be calculated either periodically or batch wise. It can only be done by calculating the total expenses against the price of eggs sold from a particular month of the year to the next year i.e. in a 12-month-period. In today's context, poultry farms of the size of 1,00,000 or more birds can sustain and generate good profits. Banks are also keen on financing such poultry farms.

Questions for Discussion:

1. Is Tamilarasu really successful in his poultry farm business?
2. What is it that Tamilarasu needs to do to develop his business further?



Unilever : Sustainability Unlimited

Teaching Objective:

This case is intended for use in Marketing Management, Strategic Management and related courses for teaching the significance of business sustainability, concept of sustainable marketing and linkage between leadership, vision, mission and strategy.

Key Issues:

Business leadership at Unilever, Sustainable practices in business and marketing, Achievement of Mission 2020

Abstract:

In 2010, Unilever chartered a new direction in its business approach with 'Mission 2020'. This aimed at an ambitious target of turning green in every aspect of business from manufacturing to all the way to the consumption of the product. Though this grand green mission is being implemented across the globe the case predominantly covers the Indian market. The case travels from the vision of the leadership to the last mile implementation. The author traces the specific projects, processes and marketing campaigns that were taken up towards actualising the mission. The author presents the case in various perspectives from strategic to functional, particularly marketing. The case details on the achievement of targets in various projects of the mission.

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In 2009, Paul Polman took over as CEO of Unilever, the world's second biggest FMCG Company having business operations in 170 countries, and set out with a mission of improving the wellbeing of people and halving the environmental impact of its consumer products by 2020. He came with long years of experience in FMCG sector. Polman has spent more than 25 years in P&G in various roles across US and Europe. He has also been a CFO at Nestle before joining Unilever. He is currently the Chairman of the World Business Council for Sustainable Development, a member on the Board of the UN Global Compact and the Consumer Goods Forum where he co-chairs the Sustainability Committee.

Sustainability – The Unilever Way

Sustainability is generally referred to conservation of natural resources, and it is emphasized that people and organisations follow processes that will help endurance of resources for future. But, endurance or sustainability is not just limited to natural environment but also to the business. For the business to grow and sustain over long term, it is necessary that the markets are promising and there is a healthy engagement with market forces. Unilever believes that businesses which work with other stakeholders to address both the social and environmental challenges will thrive in the long term. Based on this belief, it launched 'Unilever Sustainable Living Plan (USLP)' in 2010 with an aim of doubling the size of Unilever's business while separating the growth from environmental impact.

The plan was implemented in November, 2010 with the following three major objectives.

1. To help more than a billion people to improve their health and wellbeing by 2020
2. To halve the environmental foot print of its products by 2020 and
3. To enhance the livelihoods of a million of people by 2020.

It is a highly ambitious plan that requires a lot of commitment from the company, employees, investors, suppliers and consumers over a period of 10 years. For example, it requires the company's manufacturing plants to consume 50% less water. Unilever has already made significant reductions in the water used in manufacturing, where its factories have disposed 19 million lesser cubic metres of water in 2015 as compared to 2008. This equates to a reduction of 37% per tonne of production.

It also involves persuading the consumers to halve the water usage when they wash their hair with a product like Dove shampoo. This is a huge challenge for Unilever's scientists and marketing specialists.

Unilever exhausts around 300 million tonnes of carbon from its own manufacturing process and supply chain; from raw materials to packaging in product verticals like food and detergents. Polman wants to cut this by 40%.

Polman was quoted as saying, “It is a big ambition. It scares us. But it is no good if you are comfortable about it. It scared the Americans when John Kennedy said he wanted to put a man on the moon within 10 years, but they did it”

Unilever planned to implement this sustainable business programme through a lot more initiatives like the following:

1. Limit the calories in Children's ice creams.
2. Cut diarrhoea by encouraging hand washing, which will result in higher sales of Lifebuoy.
3. Provide clean drinking water to millions by selling more of Unilever's Pureit water filter.
4. Improve oral hygiene by selling more of tooth paste.
5. Source all agricultural materials in a sustainable manner within five years and
6. Bring half a million small businesses in developing countries into the company's supply chain.

All these strategies on sustainable environment, sustainable living and business have been integrated into USLP. Achieving these objectives is not an ordinary task. It needed a lot of coordinated efforts to be put in by all departments i.e., Marketing, HR, Finance, Production & Operations, R&D etc. In every process, innovation and continuous improvement were initiated to achieve timely implementation of projects and plans to actualise the mission 2020.

“For us, sustainability has always been integral to our way of doing business, and the Unilever Sustainable Living Plan puts sustainability at the heart of our business” said the former HUL (Hindustan Unilever) CEO and MD Nitin Paranjpe in a press interview.

Along with this lofty sustainability programme, Polman had a business goal of doubling the group's turnover from £30 billion by 2020.

Talking about deciding for the sustainability programme, Polman was quoted as saying that 'there is no alternative because that is what consumers want and they are starting to vote with their wallets on responsible products'.

This strategy was chosen based on studying consumer expectations. He felt that because of power of internet and social media, the consumer is increasingly becoming aware and connected. People will reward

the companies that are responsible and punish that are not. He asserted that companies which listen to this consumer orientation will get a competitive advantage and others will be at risk.

Polman has been taking coordinated efforts to realise the sustainability mission as well as to put the company back into the track, which had missed its growth targets for few years, by infusing more money in marketing and revising the salary structures and personnel.

This effort has been hailed by Sir Jonathan Porritt, former director of Friends of Earth, who said, “To be honest, I've never seen a process quite like this” on Guardian Sustainable Business website. He called it 'vast undertaking, the best plan for big global companies'.

Projects to achieve the Mission 2020

Following are the various projects initiated globally under USLP and their performance over the years. Some of the projects are discussed in Indian perspective.

Health & Hygiene:

Unilever identified Water, Sanitation and Hygiene as critical areas and named it as WASH. Programmes under WASH are spearheaded by brands **Lifebuoy, Domex and Pureit**.

Hygiene: By 2015, Lifebuoy aimed to change the hygiene behaviour of 1 billion consumers across Asia, Africa and Latin America by promoting the benefits of hand washing.

Lifebuoy hand washing programme: 'Khushiyaon Ka Doli'- 'Caravan of Happiness' is Lifebuoy's promotional message in rural India. Lifebuoy's behaviour change model for hand washing with soap to help prevent child mortality due to diseases like diarrhoea & Pneumonia has helped around 65 million people through various hand washing programmes by 2015.

Lifebuoy hand washing behavioural change initiatives promote the benefits of hand washing with soap at key times. 'Help a child reach 5' is a hand washing programme in Madhyapradesh state in which the urban school contact programme has reached 3 million people in the last 4 years.

It has a hand washing programme in Bihar state through a partnership with CIFF (Children Investment Fund Foundation), Govt. of Bihar through which it has reached 1 million people and totally 45 million are expected to benefit.

Sanitation: It introduced Domex Toilet Academy (DTA) to improve sanitation. According to World Health Organisation and UNICEF, there are more than 620 million people engaged in open defecation due to lack of access to proper sanitation and 60% of all open defecation is in India. According to another statistic, 597 million Indians defecate openly. DTA aims to build 100000 toilets by 2020, to be executed through tie-ups with local social enterprises and micro entrepreneurs. Toilets are made accessible and affordable. 5 DTAs are already operational in Maharashtra, Odisha and MP. Since 2014, it has reached 15000 people by building over 3000 toilets in Odisha, MP, UP, Maharashtra and Bihar. It has trained over 100 local entrepreneurs.

According to a HUL spokesperson, “We aim to provide innovative solutions and create self-sustaining delivery models which generate both public health benefits and business growth while simultaneously enhancing livelihoods by enabling local ownership and entrepreneurship”

Safe Drinking Water: According to UN estimates, over 2 billion people have limited access to safe drinking water. Pureit provides water 'as safe as boiled' without needing electricity and at an affordable price to World's lower middle class consumers at a running cost of 30 paise or .5 cents / litre without boiling and tap water. Pureit has already provided 68 billion litres of safe drinking water by 2015 in countries with limited access to safe drinking water.

Improving Oral Health: Tooth pastes prevent tooth decay, a very common disease. Pepsodent runs an extensive school contact programme, creates awareness on good oral hygiene habits, educates children between the ages 6 &14 about the importance of brushing twice a day. This has reached 1 million children in 6 cities.

Pepsodent reached out to 1 lakh consumers through innovative partnerships with 48 'bhel (a savoury Indian snack)' vendors in Mumbai, through paintings of children on oral hygiene.

'Swachh Aadat, Swachh Bharat' - Sustainability route to brand building:HUL has taken advantage of the Swachh Bharat project of Indian government. In December 2015, it launched “Swachh Aadat, Swachh Bharat (Clean Habits, Clean India)' initiative which aims to promote health & hygiene, among people. It has achieved the target of reaching 200,000 people by 2015. This brings together all hygiene based projects linked to Lifebuoy, Domex and Pureit.

The company's mass media campaign with the tagline 'Haat mooh aur Bum, Bimari Hogi Kam' (Annexure) is targeted at children, considered as the change agents in families. This campaign has already reached 75 million people by 2015. HUL has its mobile based radio station aimed at rural India which has a reach of 40 million consumers.

Swachh Basti is another extensive urban outreach programme, currently being pilot-tested in the slums of Mumbai and Delhi in association with local municipal authorities with an objective of educating children and parents about clean habits via skits, demos and engagements with social influencers like local doctors and NGOs.

To ensure seriousness, HUL plans to monitor the programme on a continuous basis. Commenting on a report about underutilisation of sanitation infrastructure, the CEO of HUL, Mr. Sanjiv Mehta said in a press interview “It is important and necessary but not sufficient. There has to be a change in habits, behaviour and some very deeply ingrained beliefs.

Nutrition: By 2020, the company is planning to motivate around 100 million people to take its 'Heart Age' test for better and healthier lifestyle. It has been gradually reducing salt levels in its products, without affecting the taste. It aims to reduce up to 5mg/day based on global dietary guidelines. It has already maintained the recommended level of 5 grams of salt per day in Unilever's food portfolio, about 70% of food portfolio is compliant to 5gram salt/day.

It is committed to reduce saturated fat and transfat in different products. Towards removing transfat, Unilever is not using any raw material containing PHVO (Partially hydrogenated vegetable oil). It is also working towards reducing sugar and calories in food and beverages. By 2015, it has achieved a reduction of 11% sugar in ready-to-drink teas as against the target of 25% by 2020. By 2014, Unilever achieved the target of 110 Kilocalories or less per portion in its entire range of Children's ice cream, whereas it has achieved target of 250 Kilocalories or less per portion in 91% of its packed ice creams by 2015.

Unilever has committed to double the proportion of food portfolio that meets the highest nutritional standards for salt, saturated fat, sugar and calories.

Other Projects on Sustainability

Waste foot print: Packaging materials end up as waste. HUL plans to reduce packaging in order to save materials, energy and transport. By 2020, Unilever will reduce the packaging materials by a third and it plans to provide refills, so that the primary pack is reused. Sachets and pouches are an efficient use of packaging, creating less waste by weight per millilitre of product than bottles and also play an important role in making everyday product affordable and accessible to low income consumers.

It has joined hands with Bharti retail to implement a programme called 'go recycle', where consumers are educated and informed about the practice of waste segregation. As part of this programme, consumers were encouraged to bring empty plastic bottles and pouches of any brand from selected FMCG categories for availing discount coupons for redemption.

In 2015, Unilever sent 97% less waste for disposal as compared to 2008. CO2 emission per tonne of production in India has reduced by 39%. It also disposed 37% less water per tonne of production. This has been possible due to continuous innovation in improving the efficiency in operations.

Water foot print: According UN estimates each person needs 20-50 litres/day for drinking and other routine tasks. As water shortage is expected, Unilever is committing to halve the water requirement associated with the consumer use of its products.

Lever has launched a dry shampoo that does not need water and a conditioner that does not need to be washed off. When the dry shampoo is sprayed on, it absorbs oil from hair.

Lever assures that after wash laundry product, 'Magic' liquid can reduce water usage by two-thirds. It has introduced Comfort one rinse in Vietnam that reduces the use of water.

It has launched a detergent that cleans at room temperature doing away with the need for hot water at 70 degrees centigrade in washing machines.

Most of the greenhouse gas emissions come from the hot water needed for the use of company's soaps and shampoos in the shower. So, company is persuading consumers to take shorter showers. But, the company has found it challenging when it comes to water consumption and Greenhouse gas impact associated with consumer's use of company's products. While the overall consumer waste disposal from Unilever's products has reduced by 29% since 2010, the water consumed in consumer's use of Lever's products has fallen by around 1% only and the greenhouse gas impact associated with consumer's use has risen by around 6%.

Better Livelihood : Levers provide better livelihood through Fairness in work place, empowerment of women and inclusive business through enabling small farmers and traders. The company has put in place resources and systems to achieve this. An all women factory in Haridwar, empowerment of around 70000 Shakti ammas or Shakti entrepreneurs till 2015, and supporting and educating small farmers & traders are some of the initiatives to note.

Sustainable sourcing: As of 2015, 60% of agro raw materials sourced globally are produced sustainably. Hindustan Unilever sources nearly 90% of paper and board used for packing the products from Certified and Sustainably managed forests.

By 2015, a total of 222 tea estates in the states of Assam, West Bengal, Kerala and Tamilnadu are certified as 'Sustainable estates' by Rainforest Alliance and Trustea (Industry code to embrace sustainability, safety and quality in sourcing).

A public-private partnership project has been formed between Hindustan Unilever and Maharashtra Government for sustainable sourcing of tomatoes. In 2014, 85% of tomatoes used in Kissan ketchup were sourced from sustainable sources.

Conclusion:

The health and hygiene conditions in emerging economies, developing and under developed economies have posed a challenge to FMCG companies in selling their products. At the same time, as markets, they have presented a huge opportunity for the companies, and Unilever has decided to take advantage of this. Many Lever brands offer health and hygiene benefits and these products can be extended or modified to suit the specific needs of people in these

countries. Unilever has taken many initiatives under the leadership of Paul Polman which seem fruitful, although half way through. While reviewing the USLP, Paul Polman said, “We see our brands with sustainable purpose accounting for half the company's growth in 2014 and growing at twice the rate of our other brands. Consumers are voting with their wallets”. This holds true in 2015 also. A massive programme like this would definitely take time. Implementation is challenged by changing consumer behaviour, climate change and widening inequality. Years 2020 and 2030 would pronounce the verdict on the trade-off taken by Unilever and Polman between routine business targets versus targets in sustainable programme. In fact, Unilever believes that there is no trade-off between sustainability and profitable growth. USLP is creating value for Business, Society and Environment.

Questions for Discussion:

1. What emerging factors of business environment really necessitated the Unilever Sustainable Living Plan?
2. How does Unilever view sustainability?
3. Critically analyse the case from the perspective of strategy formulation.
4. What challenges did Paul Polman face in implementing his grand green mission?
5. How did Unilever communicate and enable the target consumers to buy into these initiatives?

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Annexure:

'Swachh Aadat, Swachh Bharat (Clean Habits, Clean India)' initiative, which aims to promote health & hygiene had planned to reach 200,000 people by 2015. The target was met. The company's mass media campaign is targeted at children, considered as the change agents in families.

Tagline of the campaign:

“Haat mooh aur Bum, Bimari Hogi Kam'-(Hand, Mouth and Bum, illness will come down)



Teaching Note

Discussing Leadership, Vision and Mission:

This case can be used to discuss the concepts of vision of leadership, formulating mission, objectives and strategies to meet the objectives.

Unilever's new CEO Paul Polman had just taken over the reins at a very crucial phase in the world as there is an increasing dearth of resources and emerging bipolar markets. On one side, there are wealthy but saturating markets; On the other side, there are potential, untapped markets with poor purchase capacity. Resources like water and power are dwindling all across the world. The future scenario on natural resources and environment is precariously staring at the world. At this juncture, Polman took over in 2009 and set a grand green mission for the organisation to be achieved by 2020. The mission had a very clear focus on serving the mass and underserved markets with sustainable products that will have minimum impact on the environment. The strategic choice was with the leader of the organisation between deciding the routine business objectives and taking a bold initiative of sustainability in business.

It demanded strenuous efforts from all divisions, and departments of Unilever as it called for innovations and inventions all across the product verticals.

Paul Polman has very clearly understood that consumers of future would reject any product that cares less for environment in its making, using and disposing. This basic understanding resulted in lofty goals as given in the case. All those sustainability programmes were not at the cost of growth, but they were aimed at growth. So, Polman is not just an astute marketer and businessman but also an environmental activist. His professional affiliations highlight this.

He linked the sustainability programmes to business. This has also called for cooperation from investors to stay put with the Unilever for a prolonged period to get the expected returns. He was sure of long gestation period required for the programme.

Unilever and Polman had to make a choice between taking the giant leap towards Sustainability/ Sustainable marketing and continuing the current business practices like all other players. They decided for sustainability initiative and although this helps build a better tomorrow for the people on the earth, it also promises better tomorrow for Unilever. Because, all these sustainable projects were well crafted that they suited the growth of mass-consumed products of Unilever. This strategy of sustainability in business and marketing will create competitive advantage in the long run which will provide a great edge for Unilever.

Students can be asked to debate on the mission set by Paul Polman. They can take sides on sustainability and pure business commercials. They can also be sensitised on the reflection of the personality of the leader on the vision and mission of the organisation.

Discussing Sustainable marketing:

This is a case on long term decision-making with a focus on sustainable marketing. Sustainable marketing is defined as 'an approach to marketing that ideally aligns internal organizational processes and organizes resources that create value for stakeholders (owners, shareholders, employees, value chain partners) and through which the external natural and social environments are enriched by the activities of the firm'. This approach is used effectively by organizations that have clearly stated their mission, values and goals for their desired effect on their own economic viability, as well as relevant external environments like natural and social environments. The concept,'sustainable marketing' includes making strategic decisions for the long-term benefit of the entire system within which the firm operates.

Apart from the four Ps of marketing, a sustainable marketing strategy might adopt four other tactical dimensions; first, *customer solutions* that go beyond product or service-based benefits to providing benefits that address consumers' societal or environmental concerns; second, a commitment to *customer costs* that incorporate the social and environmental costs of products throughout the product life cycle; third, *customer communications*, that show the firm's transparency; and finally, *Customer convenience*, in which firms go beyond the concepts of sales or customer lifetime value to practices that include access, sharing, and alternative models of product use and disposal.

This case narrates the various ways in which Unilever has been trying to change the consumer behaviour, particularly in brands like Lifebuoy, Domex and Pureit. The concept of sustainable marketing can be discussed with various projects undertaken by HUL on consumer education and product usage.

Appreciations came for this programme from different quarters. Environmentalist John Elkington called it a 'brave initiative'. He also believed that, 'simply modifying consumption is not the answer to environmental concerns and consuming less is the only truly sustainable future'.

It has been implemented so effectively that there is coordination within the organisation as well as outside with external agencies like state and federal governments, and non-governmental agencies. Brand building and increasing the mass consumption has been the focus. The promotions are focussed on the children who are the consumers of future and currently decision makers or influencers. This could also be helpful to make use of pester power of children in household purchases.

Students can be asked to list various products and brands of Unilever and they can be asked to discuss the possible sustainability features that can be integrated into the product. There could be a discussion on the practicality of the sustainable marketing projects of Unilever. Students can also be shown the consumer education and brand building campaigns of Unilever and a discussion can be led on the sustainable marketing platform.

Discussing sustainability in business:

Apart from sustainable marketing, Unilever has been focussing on its concern for environment which is emerging as a popular sentiment influencing consumers and other stakeholders.

Unilever has focussed on economic empowerment of rural consumers in operating the hygiene projects like Domex Toilet Academy and toilets. Sourcing has been made from rural disadvantaged people. This is also an economic empowerment which results in increased purchases of FMCG products as it avoids middlemen, therefore better prices for farmers.

There has been invention and innovation on frugality and eco-friendliness in manufacturing, products, and consumption. There is also an enormous level of consumer awareness creation.

Here again, there can be a classroom discussion or debate on the possibilities and practicalities of economic empowerment of the sustainability projects of Unilever. Other similar opportunities with other brands of Unilever can be explored.

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