

Strategic Management
Prof. Kalyan Chakravarti
Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur
Lecture No. 05

Case Study-Group Presentation on Case-III
From Calamity to creation: Rejuvenation of a Government Training Institution

Okay. The case, I will not give you the basics, the basic, how the company was setup, as everybody has already covered that. I will start straightly with the SWOT analysis. The biggest strengths that they have is A. K is well connected person in the government. One important point which nobody has mentioned here and which we would like to mention is that the nineteen sixties was always a very controlled economy. Everything was very very controlled. So, in such a case, where you need to have government contacts because everything used to run on quotas, it used to be which bureaucrat you know, where. They are very big players in sugar and cement and it seems to be a fairly growth industry because they were diversified and they have been able to grow substantially. They also have a very good name, which is very essential. They were one of the top fifty players in the Indian private sector; that also we feel is a very good strength of theirs.

They had technical excellence in their engineering unit. One of their main weakness is, it is essentially a one man show, which happens with small companies which are setup by a person- he generally recruit is people who are his friends and close to him. This becomes a weakness when he wants to diversify and make it into a corporation because what happens after him is very difficult to this thing, predict. The opportunities mainly are engineering, cement and sugar. This everybody seems to have covered this. The threats are, again the fact that it is a one-man show and then, conflict of vision, as was mentioned by Mr. John, between A. K and his son. There is also total lack of structure, which is seen and it is militant trade union.

Regarding the, and sector, function, functional-wise, marketing as I said earlier, it is a quota system. So there are not much marketing to be done as such whereas all these kind of industries need are contacts, which they already have. Then, manufacturing they are very competent but their one basic problem is the chief of their manufacturing, which is A. K's son, BK. He is not bothered about cost. Now, this becomes a big big big roadblock if they want to become say, cost leaders or anything else. Finance does not seem to be a problem because they have expanded fairly successfully without much problem. There doesn't seem to be any facts in the case, which say that they have a problem with their finances. With HR, that seems to be their biggest problem-After A. K, who? The sons, it says, is said in the case that he himself has expressed his opinion that he doesn't feel both of his sons will be able to withstand the pressures of being, of running such a company. In that sense, he has taken a step by recruiting a DGM who is from an insurance company.

One point which we feel we are not very sure, if there is not enough, but this is the judgment which we are making that since you are getting in from the insurance industry, which is again a

government run industry, probably he still has contacts. So, the problem of if A. K is not there, this probably probably, they have brought him in with a view, with his contacts and plus he has a very good track record, it is also another point to be noted. R and D: these industries which they have mentioned-sugar, cement-are not exactly very R and D intensive so that is the point which we have not addressed at all. Then, coming to the external factors-local and global. Global at that time, very difficult to get into India. Size of the sector: India was not not a very massively infrastructure, did not have great deals of infrastructure at that time. It was probably a small market and there seem to be two dominant players-Larsen and Toubro and Lalchand.

And profitability: sugar and cement seem to be very profitable because at no point in their existence have they had a problem because they have always been expanding. So, there doesn't seem to be any problem on the profitability side. Regulatory alignment: I mentioned at the beginning itself that sugar, cement are very highly controlled industries. So, the fact is that they are essentially running on contacts so that does not seem to be a problem with the recruitment of the new DGM. In the strategic plan, which we have envisaged in the next five years, we say strictly they do not diversify without having a structure and the management in place because there is no point. Okay, he has technical excellence but technical excellence alone is not is not the only criteria for running a company; you need managerial competence as well.

So, till you get those structures in place do not diversify because this is only a five-year plan and five unlike today, in those days, five year is not a very long time. In today, if this was today, five years a company can get wiped out. This is probably not the case in the sixties. What we are suggesting is you enter the private sector in sugar and cement itself. These are essentially when an engineering firm is doing turnkey projects for themselves and cooperatives. But there are other companies as presumably there are other companies in this field who are also expanding. Because they are expanding, so it is safe to assume that the others are also expanding because the market is growing. So, you have an opportunity there to undertake projects for them as well and consolidate itself in the sugar and cement industries. Another main important point which most of us have mentioned is getting professional management. That is all.

Advantage of one hour to follow the same work, which I suggested all right. So, it sounded better. But I will, I will weight it for that, you know. I will factor that in, okay? A point just struck me so I'll tell you. The last point made by the last speaker was 'expand'. It sounds very good on paper. Expand your machinery business, all right, into the sugar and the cement industry because that is a growing industry. You have people who are building new sugar plants, new cement plants? So, why not sell there because we don't have too much marketing expertise, instead of trying to go out and sell to other sector. Do you see any problem in this approach, strategically? You said the same. No problem at all. But another point, another point, another point which you don't overlook that a plan on paper must stand the test of a plan on the ground. Who are going to build cement plants? Partly those who are already competing with you for sale of cement so, therefore they are competitors. We have found in India, competitors are not very keen to help you by buying your product unless you have a monopoly or you have a hold on it. They rather buy from some non-competitors, one. Of course you will have an opportunity in new entrants coming into the cement and sugar sector. You can sell to them. So, I just wanted to caution you on this. Sometimes it doesn't work in practice, okay?

I have also been curious, two or three people mentioned, speakers, that you have a public limited company. I don't find it mentioned anywhere that it is a public limited. Okay. All right. Has the last group got the critique ready? Who just presented? Group six, all right. Let us start with that. Come. Let us limit time-limited to five minutes. Yeah okay. All right. Here, here is a critique by group six of the other groups. With group one, the only problem we had with bagasse and methanol. It is in nineteen sixties. Bagasse and methanol didn't come till the eighties. Bagasse was not a concept which was there in the nineteen sixties and that time India was not, I mean, it was not a car market at all for you to sell bagasse and sell methanol or anything else. Bagasse, these concepts came after the oil crisis. This was not there in the sixties. With group two, main problem was diversification into real estate. On what basis? That was our only problem, otherwise it was pretty okay.

Group four was almost consistent with ours so we didn't find much disagreement with them. With group five our problem was with their Michael Porter's model. In this case they are not in the industry for us to have a competitive model. They are still on the outside of the industry; they have not yet entered the industry. They are still on the borders of the industry. So, in fact they are one of the threats to L and T. They are not in the same, they are not jockeying positions, so you cannot draw a model for them. Then, distribution channels for machinery-we didn't get that point. Then, with group three, there was something about activity-based costing and which we really didn't try. Then they mentioned one of the weakness is, employer is tried and tested but this always happens with a single person who has setup a fresh company. He always recruit is, it is seen with every company unit. When we did Reliance, you saw that the closest people to him were people who he knew for a very long time. It is it always happens so it is not necessarily a weakness, because it always happens when you start off fresh, you always recruit people whom you know. It is not that you will directly go for professional based management. When you diversify later on, yes, you have to go for professional management. Then the rest.

All right. Thank you very much. I want to interject one thing here. Please don't confuse operations and management. The management can be a family management. They are competent. Remember one thing, which professionals miss out on sometimes. They don't have that stake because they are not deploying their money and often they don't have a business sense or a savvy, all right. And now that we are talking so much of corporate governance this is a weakness, which is coming through. The agenda, the objectives of professional management team may not be in alignment with the objectives and the vision of the corporation per se but it is a owner managed company, employing professional operating teams. Take the Ambani example. Mind you, there is no professional management there. Take it from me. It is owner managed-all policies, all the decisions which are strategic natured are done by the family, okay and one or two trusted people. But operations wise they hand pick the best in the country and let them do the operations, okay.

So, here there is a dichotomy, which A. K is, A. K is facing. See he has only two sons. Each one of us, if we buildup a business, we like the sons to come into the business and be the flag bearer and go. He makes a call that is his wish. But he is having problem here because on the one hand he sent B. K to MIT and so on, he became a very good engineer but somewhere he doesn't seem to exhibit much desire or aptitude for management. Someone said that he spent more time on the shop floor and studied the strength by making relationships with workmen but I suspect he

wasn't. He was really spending time with the production manager in planning how to execute the job better. How to make it more, shall we say features built-in and so on and so forth-unmindful of cost, unmindful of worker relations. Otherwise why will there be a strong militant union there? If the owner was building relationship on the shop floor, I do not expect there to be a militant union, okay? On the other hand, C. K you see, I feel sorry for actually A. K because C. K, he had no interest whatsoever in the business. Daddy just said you come I'll make you administrative director but he was not interested. He was more interested in the art world, okay and so what did A. K have to do? He had to bring in a DGM. Now, I am also a little worried about this DGM because he has got good track record but in the insurance industry whereas here we are thinking of someone entering the engineering industry.

Let me share with you, in L and T once we brought in a IR manager from banking industry. It was not a success. The kind of unionism, which exists in the banking and the kind of unionism, which exists in the industrial sector in this country, is different, okay? One is white-collar unionism; the other is blue color unionism. There are different forces, which act. Anyway that is another story. So, that is another point of concern, okay? Now, I ask the second group to make their observations. You don't want to mix it up? All right. They don't want to mix up. Come. Let us go by the fifth, fourth, third. Second. How do you want it? Come on. All right. Come on second group.

Well first of all, Ashwin had a doubt regarding what we said that we can diversify to... Well you don't have to rebut you have to critique. All right. I want you... Sir, I would like to criticize. After you finish this. Fine, after you finish this you can rebut because the main agenda is how you have seen the other presentations, okay? Regarding group one they told that the strength is, it is a well-integrated manufacturing unit a unit and at first they told that the government contact was their strength. Right now I have a doubt. Do you have anything in the case to cast a doubt on that? It is not a well integrated manner, I mean, nowhere it is being said it is very well integrated. It is not a strength. We feel so. It is an observation. Okay, but observation has to be backed by some the factual matters, no? Okay proceed. And the second thing is that at first...

Just a moment. He allowed B. K to recruit technical personnel for ABC engineering. B. K with the help of the technical team, recruited primarily by him, built ABC engineering into one of the best engineering establishments in the country. Now, to be the best I am only assuming that it had integration also as a manufacturing unit. So, how do you rebut that? It is right here. So that is why I told I have a doubt. Alright, go ahead. Well and the second thing was that they told that government contact was one of the strengths.

Yes. Later on most probably said it is their weakness. Yes yes. Do you think it is contradictory? I don't think so and many of my friends here don't think so. It is both. In the long run it may be a weakness because you are dependent on one section of your environment for your well being-just one. That means you have all the tongs in the same fire. But in the short run it is a very very strong thing. So that should be mentioned explicitly. Explicitly. You can critique that. Right. All right. I accept that.

Well, regarding the group group three. They have told about ABC. It was pretty good. When the company lacks even a proper HRD they are thinking about ABC. if you remember

yesterday's... Good good. Yesterday's presentation... Humor is always welcome you know to be added. What Professor Raghunathan said and Professor Dean was also there that why not change the layout of the shop floor, instead of going for ERP's? Quite right. It is something to be. I have my strong belief in that. Number four-they told trade union is a weakness. Again I have a doubt. I thought trade union is external to the company, it might be internal. Sir can...

It is, it is both. It is both. You know, the movement in India has been the trade union has been started as a political arm of political entities, okay, like political parties. So, here the INTUC, INTUC is the political arm of the Indian National Congress. You have the HMS and the BMS, you know, which are also of other companies. You have the CPM, which is a political party, all right and you have the CITU. CITU, which is the trade union now. You have the Shiv Sena; you have the BKS-Bhartia Kamagar Sena and so on. So, that is a history. But a weakness or a threat? So far as managements are concerned, it is a big weakness. Big weakness. All right. If you want to do it ethically, alright, read meaning into what I am saying because if you have your own internal employees who form a strong union you can manage them far more efficiently because both have stake in the company. Right.

For group five, they told about input substitution in the Porter model. In Porter model as far as we think it is the substitution means product substitution since instead of technology- cell phone something else comes... You are, you are right. It is not an input substitution. Yeah you are right. Okay. It is a point well taken. Number six. Not much to critique about. That was pretty good. And regarding your question, your doubt. In nineteen sixties DDA was going for lot of infrastructure investments. There was a chance and now at the present situation I can cite an example-Amubja cements, they are into infrastructure developments, so it is possible. Amubja is in real estate. What he means is construction. Construction. Housing. One moment. One at a time. Haan? What about L and T? One of the reasons they went into cement... No no. Because of ECC. The Engineering Construction group was even at that time the biggest construction outfit in India and the government spending was going to be in infrastructure so there would be growth. Therefore, they said that now from engineering we better go into cement; that was the rationale.

Let us, one moment, we will come. We will come, we will come. We will have a reasoned debate not a cacophony. One moment. Let us hear him. Finish it. Yeah? There are ways they could acquire. By acquisition they could grow. See, once you have plan in place the way you do it is different. One moment, one moment. One moment, I will come to you. Please listen, please listen. If you want to go fast, if that is your vision, you want to become a company the faster you are growing is by acquisition. Wait a, wait a minute. I think he, they are they are quite profitable. But but if you acquire and grow, then you require a strong team of human resource to marry and integrate. Otherwise it is a failure; you have to divorce. What happened, you know in Mallya group of companies. They went on an acquisition spree. They bought engineering, Beston Company they bought in Madras, many others. Now, they have come back to their core competency, okay, of alcohol. You wanted to make a powerful point, I know because you are getting excited. Tell me. Anything else? Any other questions? All right. Thank you very much. Hello there. Are you with us? You are lying on the back, you know. I can't see your screen up there. You can't, alright

Group one, we didn't understand what they meant by when they said the whole group should kind of focus into the engineering sector because the core strengths I say, sugar and cement So, I don't know whether they could lose focus in that way. I, I agree with him, you know. Why, why are you so gung-ho about them going? You see, B. K may have that but B. K doesn't, hasn't shown qualities of being a business manager. Even his dad is worried. He says I wish B.K had some idea about cost but he is very proud of him. He said I am very, naturally he is his son. He is proud of him, he is proud of him. He has faith that he will bring up some new ideas or new products but he is worried about his lack of business savvy, cost and so on. See, they have a flourishing sugar business and a cement business. In those days, sugar and cement were commodities. You didn't require much selling. You had to have a distributor channel and few dealers, all right?

Look after the dealer and it was administrative price, controlled prices. He had the government connection. He was very senior, ICS retired. So, he could even make government policy, you know or influence it, which the Ambanis did, so far as, you know intermediates of manufacturing of polymers were concerned. You know DMT; so many times we have seen them. Now, they are on this, in the short run this is a cash cow-it has life of another seven eight ten twelve years because in those days it was nowhere in the horizon that we are going to join the free economy. So why abandon that and convert this into a flagship company like L and T, particularly when L and T is already trying to exit from engineering. So, this is what I have not understood why the class is is so hung upon on that. Is it because only engineering has been talked about but in the background it says it is a profitable business of sugar and cement. Please continue.

B K had a vision of taking his company to top three companies of the country, engineering companies of the country so he he actually thought that his father or his brother would take up the rest of the teams and he would totally focus on the engineering department. That is why he was contributing too much and concentrating also on the engineering side. And once we have an engineer in the engineering department and he is constantly coming out of with the new machine breeds, new technologies, then probably the rest of the persons can concentrate on other businesses and he can lead the company.

Okay. You you made a point. That means he is not really bothered about the rest of the group. Who will, who will, who will look after it? His daddy is in the late sixties his his his brother is an artist.

So, then they have to make a strategy, all right, of getting professional operational managers for the others but whatever it may be, he will then have to have some role. He will be a director on the board of the Kapoor group of companies. He has to take part in management in some way. Unless later on when old man is no more they divide the company and he only goes off with the technical. That is one scenario. Yeah? That I don't accept. He is preparing, he is a canny old man. He is preparing for succession. He is doing succession planning. Okay the point he is making is valid but let me also assure you once, when you build a business as an entrepreneur it is not only your brain, you are emotionally attached to something. He says I know cement, he says yes hence I like the palm of my hand I can manage this business. That is his first love. He is doing well. The business is growing. If someone says you sell it off because after you die it will be sold in any case, do you think he will accept it? A strategic plan, a strategic plan has to take

into account the realities of the vision, all right, of the owner. In this case the owner has made this. Right. So far, he has started turnkey. He has started.

Okay, so what he is saying they do not have expertise in competitive selling of the machinery in the market. That is the point he is making. Okay. You continue. No no no. I won't excuse you. Let him continue. Then, you come back.

Continuing with the group one, they mentioned vision and mission of ABC as a weakness. When we talk about vision and mission here, we were talking about the vision and mission of ABC group and although A. K was calling the shots of the whole group but as far as ABC group was concerned since, is concerned at that time it was just growing and B K was calling all the shots there. So, his vision was very clear that we want to be among the top three. So, vision and mission probably could be a strength here rather than weakness. Can I interrupt for a moment? He says here that he even allowed me, mark the word, to recruit some own team that means old man was still doing the complete control. Yeah. He is allowing B K. If he said no he can stop B. K but he loves B. K. He is very proud of him. He is very proud that he is a brilliant chap. He says here he his brilliant that is why.

So...

Had B. K been in some other place, not his dad's company, B. K may have lost his job because the another view as the in charge the director in charge of manufacturing he has no business to spend all his time on the shop floor. He has no business do that. He is just doing the work of his production manager. He should be thinking about directions, all right, about his manufacturing. He is doing a job, which he should not be doing, that is another view. So, what I am saying is the ABC's mission was very clear, not probably not consistent with what A. K was thinking. ABC's mission I don't think was very clear. That was very clear to B. K but not to his dad. But dad was not interfering in what he was doing. Okay because because he felt the time hasn't come. The son has just come, you know, you sent him to MIT, he graduated, sent him to Germany to get little practical experience but he has concerns, he says, you know, and then he put C. K also in the same company.

He made a statement I was hoping that after I am not there these two sons will together, you know, like Anil and Mukesh take the flag of Kapoor group, hold the flag and go places but it doesn't seem to be happening, doesn't seem to be happening. So, I don't think that he is in control. Now, they are in transition. What may happen is frankly that he may have to get some some very top-notch administrator from outside because obviously his two people, his two sons, they are not exhibiting interest. Moving to group two. They mentioned ad hoc hiring, there was ad-hoc hiring was being done. We think actually except C. K's appointment, people-fairly competent people- were being employed. The employed DGM, they employed him for all the non-technical businesses of the concern. With technical they still kept with the old man who was the GM.

So, another point again we have problem with the real estate because since they are very raw in this sector-engineering sector. At that point of time, moving into the real estate sector, it would be according to us, asking for too much at that time.

Yes.

So, now...

One moment. Let let Ashish say. The point he is making is, without a process, you may be right this time you got a good man but as you become bigger and keep recruiting more people, you may not always be right. See, there is a there is a small point here, which you must note. Recruiting without a professional process is not wrong per se provided you are recruiting a right man for the right reason. But always when we say professionally not recruited what are we implying? We are saying through a guy who is not fit to be there; he is being brought in. Isn't that our implication? That is why I say professional recruitment is good. Often you get. You see, how did, how did Dhirubhai Ambani recruit? He just asked people who is the top man, let us say, in oil refining in India, okay. Both at the management level, operating level, middle level, give me a list.

You call it a process. Some may say it is ad hoc. There is no advertisement, there is no interview panel. All right? Let him complete then. Let him complete. Then we will... And they mentioned about controlling costs or the costs, which are borne, are too much. But, we think, that is if you have to look at the vision again, BK's vision, then costs have to be borne because they have to go for innovation and a rapid expansion at least in the engineering sector. So cost will obviously come there.

Group three. I think the group was more focused on the HR and OSD practice of the organization and as for the ABC costing, we didn't understand how they are different.

Again C. K is an eye sore. I don't know how well he can manage the PR and marketing departments etcetera whatever was mentioned there. Now, group four. There we had just one problem. Brand name actually can't be developed in five years straight away. And moreover, 'turnkey projects' was not an opportunity it was a reality. So, it was already happening. Again C. K, I am not sure about the, because they also mentioned about grooming C K.

Group six. Contacts are not sustainable as they mentioned. Contacts would be the strengths. Cost leadership is fairly difficult to achieve in five years time and this sector is R and D kind of intensive if not excessively intensive. So R and D has to be, there has to be thrust on that. And growth in sugar and cement, you cannot actually say how long. You can actually milk the cow, you probably need to. As long as you have mithai, sugar will be there. As a passing thought, Michel Porter's model is not only used by industries, which are already established also used by those entering into a new venture so...

Before you go, there was a question for you. Yes? It maybe a big threat, you are right because... You are right. Remember remember, what? Remember what A. K is saying. He says I don't know you. I will just read it out for you. First, he retires the GM by taking away all job you know. See, he is put a DGM so GM is out. He says, all right, he says that um 'told that GM, now you can relax and give more time to your ulcer and your blood pressure'. DGM would look after all the non-technical functions okay? You can concentrate on the technical side where we have developed tremendous competence during the past few years. But where can he concentrate because B. K does it himself and he is the boss there in the technical side. Then he says 'B. K who spends most of his time on the shop floor debating and working with the production manager would be a tremendous strength on the technical side anyway', okay. 'Anyway we older generation have to bring in and develop youngsters' which leads me to understand or that GM

wasn't too happy with all this, you see. He says here 'the deputy GM, chairman concerned to the here and he recruited a younger person from outside as deputy GM of ABC. 'DGM was an ambitious person with an aggressive style. He had established a track record as a successful manager in an insurance company, which was nationalized later.

Though the chairman did not know the new DGM personally, he accepted him on the basis of excellent recommendation of his erstwhile colleagues in the government. On recruiting DGM, A. K told GM so and so and so. All right? Probably his style... What did he tell the DGM? Let us see. It will give us a few insights. 'C. K is very young and has no experience. He loves art and culture and prefers to spend most of his time outside the company. I hope he would take more interest in the business.' So, what has he done? He has brought in an administrative chief, called him a DGM. The GM he has moved but the dichotomy is, on paper his son younger son, who has no interest is a chief of administration, the director. But he says you need not report to him. You can report to me directly. So, the entire thing is a mess, which will cause problems later particularly when you have a aggressive, ambitious fellow they may be a clash with the sons and this fellow. Anyway, any other thing? So, he is a staunch B K man. We wish him luck. Next.

Good evening all of you. Good evening. I would like to start critique on group three. First of all, let me tell you that if you go through the case you will find that the ABC engineering unit does not have a proper accounting department in place but they are talking about activity based costing. So it really looks...The point is made. Now, go on. The second thing I would like to state state that they also suggested to go for organization, put a structure, a proper organization structure in place. I would like to mention one point that if in a organization you have a militant trade union, you need to be very careful when you go for such restructuring. So, that may be a big problem if they don't handle this sensitive issue in a proper way. I think what they meant is except stores and purchase, which was strong according to A. K, personnel was not strong and A. K also says, 'Well I don't think we need to put any strengthening there now'. He also says that. But accounts, he says, we need to put something because of cost control may be. Yeah.

Not restructuring the entire organization... They want to put a structure in place. They want to put a department, a department with one or two people like that and he even says he he tells his DGM that you can even hire a few bright young people. He meant MBA's, I think, right for for the accounts and finance department. They they also, the group three also said about that B. K he has a poor business acumen. Well, I I won't say that the case reflects that he has got a poor business acumen. All, it seems he he is more focused about the technical aspects of the organization and improving the technical excellence of the company. So, it nowhere reflects his poor business acumen. He needs to just focus more on the management side so as to strike a balance and move with the company. This is, this is regarding group three.

Can I make some interjection here? Yes sir. Yeah. 'I know my own unit is', this is A. K talking, 'like in my palm'. 'I can manage our dealings with them, other products and other markets are not my expertise'. 'B. K is ambitious. He is brilliant. I hope he would also acquire the business knack pretty soon. Worried. I am in my late sixties and anything can happen to me anytime. B. K has to takeover the whole group one day, whole group. I hope he would not push the company into disaster by pushing it too hard and too fast.' These are strong words. Alright. 'I am bothered about his lack of concern for costs', okay? 'He is after technical excellence. I do not mind

technical excellence but at what cost? Moreover, do we need the degree of technical sophistication that B. K is dreaming of all the time? These are all hard nosed businessman's questions of strategy.'

Yeah. Okay. So, proceed. Father is very worried and I think also he has justification. I would rather go by what the old man's worry is. Now, I would like to critique on the groups group two. Well, during the SWOT analysis they said that they consider military union another threat but method...

Militant. You are not allowed to have a union by law. Sorry. I am sorry. The militant union under a threat but what I think is threats and opportunities are external to an organization. While this should be a point in the weakness of the company that because it is something internal because threat threats and opportunities are external. We consider it to be another technical mistake. Okay these are technical mistakes, alright. Anything else? Sir, I would also like to critique on the group five. Okay.

Group five told about the Porter's model. In Porters model I would also like to say the same point as Debdip said about the import substitutes. I would also like to say how they put the long-term player into the bargaining power of supplier and also the switching cost, which they had put under a substitute. So, that is not very clear to me. Alright. What else? And that is all. That is it? Thank you. How many groups left? How many groups are left? Is this the last group? Second last. Okay before I start justifying my presentation from... But you have to hurry up. Running, hurry up. Don't justify. You critique the other groups. Sir, just one point I have to justify, sir. Okay. I will just go on start with group let me complete.

I would start with group one. Group one maintained on their very first slide with 'strategic business unit is' as their highlight. So, there is nowhere it is mentioned or it is highlighted that the sugar mill is a strategy process unit, the paper plant is a strategy business unit. How they came to conclusion, we are not aware of that. Then, about the, which is already been mentioned, the bagasse and the methanol part, which is too advance a concept during nineteen sixty, which has come in very recently. Then, next about group two. Okay, the real estate part has been clarified as to what they Debdip meant so I wouldn't take up that but the other part regarding diversification into the auto industry and all that was far fetched. Ancillary. Auto ancillary, yes. Yeah. Even that is far fetched. That is a bit too far fetched. On what basis?

Excuse me. Let me complete. Alright. Then, then...Then coming to group four. Group four, group four went in for they were for they were for justifying that they had to grow in for cost leadership and all that. Now, how do go about cost leadership? This is where I would like to justify about the ABC part. See, in our first semester, wait, wait let me complete. In our first semester we have done about activity-based costing and I feel that the concept has not been absorbed clearly. Let him, let him, let him complete. Let him, let him make his point. See, activity based costing, that terminology has come in now. But it doesn't mean that activity based costing was never done. Activity based costing could have been done even with the bills that were there, even within the effort that was being put. So, it doesn't have to be that you have to use activity based costing terminology then and only then it has to come across.

I think ... Anyway, one moment. I I think, I think what ... Give me your attention. I think what is meant here not costing but cost control. This is this the issue here. Not costing. And the other part about was, going about innovation and branding, which how they would be proceeding was, that was not clear-cut mentioned. It was just put up as a few blips on the radar screen. Then next next comes about group five. I I think the, that was a very good presentation with the Porter's model. And group six was also a really good presentation and I have no comments on their presentations. Thank you. Very good. Last last group please.

Well, after having heard so many critiques it is difficult to really add perspectives. Now let me just make a few points on each of the groups. Group two because of that diversification into real estate construction, it is not really very, that doesn't seem to be very appropriate given the time period, given the resource constraint that the company is in, the experience they are in. I think it is a little too far-fetched. Not possible in the next five years. Group two, , there are several points, which have been already mentioned. Separating management and ownership, probably it is a difficult thing at this stage when we see the company because they are still managed by the father and his sons. And it is very difficult to separate and the size of the organization is not very large to separate them into management and ownership. It really can't happen it even if you wish for that.

There is, there is a point that I would like to make. It doesn't really reflect in this group three but then it was said that B. K has poor business acumen and he really doesn't fit into the nature of business he is in. Then you must understand that he was trained in the US, which is definitely twenty-twenty five years ahead of Indian situation. So, he is thinking in those terms, he is thinking of a global entity and not like his father, who is very local. So do you want to respect that and do you want to see that, that is what matters if you are thinking of vision? If it is the mission, if it is a five-year objective, and where there is a vision, a mission, maybe his point could be taken.

Today, you see, if you see, technology is driving business and he was focusing on technology, quality of the goods, machinery that he was producing. So, there is some strength that BK really has and it is not fair to brush him aside. Group four talked about saturation in demand in the next 5 years and I think it was really not the case in the 1960s and 1970s, unlikely it would have got the demand saturated in five years, both in cement as well as in sugar.

Well, there is one term, term 'trade unions' is treated by some groups as weakness. I would say that, even professor made some points on this, trade union, I would more of uh treat it as a threat and company union more of a weakness. The company people, employees are not organized on the philosophy or the vision of the company. That will be more of weakness or ability of the management to manage employees will be a weakness.

But trade union, which is actually controlled by the whole AITUC or other trade unions, that would be more of a threat. That is an external entity.

Group five, they talked about again the diversification suggested into cement and construction. Well, is it in the cement manufacturing and construction industry or diversification into machinery? That is the point and that is taken care of. Talk about branding again. Nineteen sixties, nineteen seventies, very very difficult and it is more from personal contact that you build

your business. It is an industrial product and doesn't go by brand, it is more of contacts, understanding, explaining your technical product. That really gets you business, not a big name. And only difference is here you can get a institutional background. Yeah.

That is, your brand is also the product but for the institution. That, if L and T builds it and ABC builds it there will be a difference in the quality and other features and excellence and so on. That is why we will find also that large amount of institutional advertisement is done by companies like Tata steel L and T and so on. In fact, Tata, Ratan Tata, my personal knowledge about it, he just got a, there's a lady who looks after his personal image building exercise. And that lady got an expertise from UK and was paid 6000 pounds a week. That was her charge just to help her to know how Tata could be putting himself in the public. So, companies do spend a lot, I guess, on image building exercises. That is the company logo, company image. But talking about the product branding, industrial products is not very fruitful. More of quality of products and personal relations, customer relations and services.

Group six. Well, I think they had the advantage of the rest of the groups speaking before them. And they talked about lack of structure and and let me just make one point that they they mentioned that five years is too short a time but too long a time for it is not a problem at that time and thus therefore not important. But if you are thinking of vision and mission, if you are not ahead of time, maybe you should have prepared at that time and that will take care of your future, that you are talking about-your vision and mission which is not five years but goes on to 10-15 years.

Okay. That is about it and as for the structure, it was just not a little clear. I think it has a structure for the moment but it is not prepared for the future BK is thinking of expanding. So, besides that, I don't have much. Now, we have come to the end of this session and we are still not clear about the strategy, which the company should adopt. Basically it boils down to should they stick to their core competency of the group or should they develop a competency which they have started to develop in engineering.

Thank you