

Bharat Matha Automobiles



“Yet another Monday morning. Yet another week starting with a new set of issues”

Mr. Singhania told himself as he entered the office. Offering his daily respect to Gandhiji’s large photograph in his room, he thought, “What went wrong? I was always so excited about Monday mornings. Where did it go wrong?”

Singhania was lost in thoughts when Malhotra entered.

Singhania’s father, known popularly as Kishorji, was a renowned freedom fighter. He started the most prominent company, Bharath Matha Automobiles, to make Indian cars in 1947. His close friend, Mr Malhotra, had joined as the co-founder.

Mr Singhania took over as the CEO after Kishorji’s death in 1955. Malhotra, now almost 80 years old, has been a source of strength and support for Singhania during the difficult period that Bharath Maatha Automobiles has been going through over the past few years.



Mr Malhotra walked in with Rahul, his grandson and, in his usual direct style, got into the subject. “Rahul is now back with his MBA from IIM. He is keen to do something in India. So, I have asked him to start by visiting our company. Let him go around and give us his feedback. Maybe we can learn a thing or two. What do you think?”

This was unexpected, but Singhania was happy. There was nothing to hide in the company. He had always conducted business with total transparency and trust. He expressed full support.

“Very good. I appreciate you, my son. It is unusual to find somebody like you in this generation. Everybody is waiting for a chance to go abroad and settle there. Only a few care about their motherland. Turning towards Malhotra, he said, “Chacha, you should be proud of Rahul.” Malhotra thanked Singhania and left.

Singhania called Suresh, the Operations Manager and told him, "Suresh, Rahul is a guest. Please do everything to make him comfortable and personally accompany him as he visits our factory. He is here for the first time."

He did not want Suresh to know that Rahul was Malhotra's grandson. He thought that that would allow Rahul to see reality without attempting to make things look better than they are.

Suresh: "Sir but..... I have two client meetings with SR Corporation today regarding the supply of critical parts for our new Deluxe Model, which is already late for the launch. So, Can I ask my deputy, Sharma, to take Mr Rahul around?"

Singhania: " Suresh, I know what is more important. Please send Sharma to negotiate with SR Company."

Suresh: "OK, Sir. I will do that. Mr Rahul, please come with me".

Singhania: "Please go with Suresh. Enjoy the visit. "

Rahul: "Thanks. I am sure I will learn quite a bit."

Rahul: Hi, Suresh; I don't know much about the new business initiatives of BMA. What are your plans?

Suresh: (Very proudly) We manufacture the Ambassitor cars. We are about to launch a Deluxe Model soon. But unfortunately, the launch date has got delayed due to many reasons.

Rahul: "Ambassitor! Do they still sell? I thought you had diversified or moved into collaboration with the Japanese car maker."

"Oh! No. We considered many offers. But I am sure you know our history. Kishorji, bada saab's father, started this comp. A great freedom fighter and a staunch believer in Swadeshi goods. I understand he was an ardent follower and disciple of Gandhiji. Singhaniaji still believes that we need to fight this battle and revive the Ambassitor brand. He does not like foreign goods or foreign collaborations. He believes it is commercial colonialism coming back. He says this is no different from the processed cotton fabrics that used to come from the mills in Manchester."

They moved on.

Suresh: Mr Rahul, this is our most extensive manufacturing department. The largest numbers of employees work here."

Rahul: This is really big.

Suresh sees an employee, drilling holes in a panel.

Suresh: (To the employee) "Are you still working on these panels? I thought they would have gone for painting. What happened?"



Emp: "Saab. These were sent to the assembling department, but they returned them. The specification for the drill holes was out by 0.2 mm. So, these were sent back to resize the holes".

Suresh: "Why can't you people do anything correctly? See how much I am trying every day. What is the use? You people will spoil all my hard work and my good name."

Rahul to the employee: "What is the problem? Were the correct specifications not given to you for that rejected set?"

Emp: "Saab, all the dimensions were correct. In our department, everybody works perfectly according to the given specification. But you know Saabji, some panels have to be reworked. (Then hesitantly adds) Actually, Saab, I might as well tell you. There was a slight error in the calibration of the screws. So many screws had come out slightly larger. So they requested us to increase the screw hole to match the larger screws."

Suresh: "Who asked you to resize the hole?"

Emp: (hesitantly) "Saab, Dada asked me to do it. (then trying to explain). The quality control department had rejected one complete set. Dada is trying to reduce the rejection rate."

Suresh: (getting angry) "What has Dada got to do with this department? Who is he to control everything? I must talk to him now. I am fed up."

Rahul: Who's Dada?

Suresh: Dada is the first employee of the company. He has been here forever. He should have retired a few years back. But the Board made an unprecedented decision to let him continue. God knows for how long!

At his office, Dada is very energetically engaged in a telephone conversation. He waved for Suresh to come into his office and sit down. Then, he finished the conversation and turned to Suresh.



"Suresh Beta. I have not seen you for a while. How are things?"

Suresh: Fine. Dada. Meet Rahul. He is a visitor."

Dada: "Visitor! Ha Ha. But how can you not know Malhotra Bhai's grandson?"

Suresh: (Totally perplexed) "Malhotraji's grandson?"

Rahul: "Yes. I thought you knew."

Suresh "No. Anyway, I am glad to know."

Rahul to Suresh): "But please do not introduce me as Malhotra's grandson."

Suresh: "OK. If you say so."

Suresh is now confused about talking to Dada about the problem and opening up a new set of issues in front of Rahul.

Dada: So what can I get for you? I have some Diwali sweets with me. (Calls another employee). Thivari. Please bring some Diwali sweets, Bhai. We have a very important guest today."

Rahul: "No thanks. We are fine. (to Suresh). I suppose you have something to discuss about the screw size."

Dada: (Not happy) "What about screw sizes?"

Suresh: (Very hesitant and defensive) "We just visited the manufacturing department and they were resizing the screw holes on some panels. When I asked, one employee mentioned that this was due to some errors in the dimensions of the screws manufactured here. I wanted to know whether that is true or not."

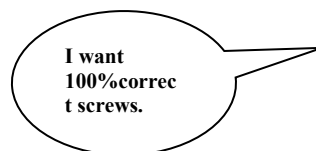
Dada: (Extremely angry) "Oh God! Who gave you such wrong information? Who is this person?"

Suresh: "I don't know his name. But he said that you asked him to do it."

Dada: OK, OK. Now I understand the problem. You see, Suresh Beta, these fellows gave us a new specification. You know, the recalibration of our machine takes several hours. The worst was that the production run was scheduled for the day before Diwali. Half the workers were on leave, and the others wanted to leave early. So I had to make a decision. The standard screws that we have been making for the past 30 years can be used. We never had any problems using these screws. All it takes is a small resizing of the hole. So, I asked the panelling department to do that."

Suresh: "Dada, but I heard that Mr Arjun from Quality Control rejected all those pieces. "

Dada: "Suresh, You know I am all for quality. But the quality control department has some young idealists. Take, for example, Arjun. He is unnecessarily creating problems. He had even rejected screws within error tolerance limits. I have seen and made thousands of cars. Many of them are still running out there. But these kids. But Don't worry. They will learn slowly."



Suresh: "Oh.... Dadaji, you have to look at things a bit differently now. Times have changed...we are not living in the same India which used to run our old cars. That was several years before. So now we want to make luxury cars to compete with imported cars...So all of us ...".

Dada: "(interrupts Suresh loudly) What has changed over 30 years? I am in the same department. A mere supervisor for the last 20 years! Many people who joined later have gone on to become managers. But you won't promote me. Why? I don't have

enough medals or certificates in my pocket. Nor an MBA that you get in 2 years by discussing hypothetical cases. You ignored me for the past 20 years, and now you think I have to change.! (Trying to control his emotions). I know the marketing department is making a big noise about this new deluxe model. Do you think the customers will see a big difference by changing a few panels and changing the dimensions of the screws? I know it is not my business. But let us be realistic."

Suresh: (backing Off)" OK. Dada. Let us discuss this later. I was not trying to argue with you. I know you will manage things very well in future."

Dada. "It is OK. I am an old man. We can talk about this later."

They move on.

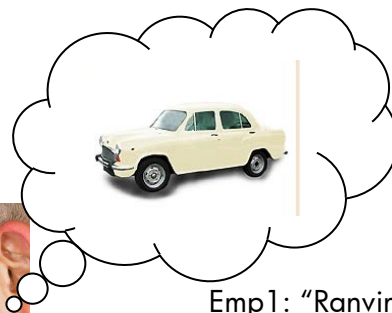
Suresh: "Dada is a difficult person to handle. I'm worried that they won't be able to get the right quality for this deluxe model."

Suresh: "I will show you our dynamic Advertisement and PR department. People are very creative, and they are finalizing the re-scheduled launch function for our new luxury car."

Rahul: "I always enjoy meeting creative people."

As they reach there, they hear loud noises.

Rahul: "I think some brainstorming session is on."



Emp1: "Ranvir Kapoor"

Emp2: "No. Abhishek Bachchan"

Emp1: "No Ranvir. He is the right brand ambassador for us."

Emp 2: "No Abhishek. Abhishek is much more handsome. His recent Ads are great."

Suresh: "Hello everybody. Meet Rahul. He is visiting our factory. Rahul has an MBA from IIM and he is our very special guest."

Employees become silent.

Rahul: "Hi. It is always a pleasure to meet creative people like you. This launch is obviously crucial for the company."

Employee 1: "Yah. Of Course. It is essential."

Rahul: "What is this launch all about? Whom is it targeted to? "

Employee 2: "Well. Good question. It is not our decision. The marketing department will finalize soon. There is an issue. Many believe it should be initially to our existing dealers. Some think it should be a gala public launch. The marketing department has been pushing for the more up-market dealers we finalized for the Deluxe Brand. We are only responsible for looking at the venue and some concepts for the event."

Employee 1: "We have been working on it quite a lot. But imagine what if Hrithik Roshan was to come. It's going to rock. And that will work for everybody."

The argument goes on. They move on.

Suresh: "Sir, this is the store. Here we keep all the raw materials."

Rahul: "Please call me Rahul. Why are these rejected parts here?"

Suresh: "I was also wondering. Last month I asked them to find out and report to me. These guys don't follow up. I had told them that this might damage the raw materials. Also, it is not safe."

Suresh calls the plant manager.

Plant Manager: "I don't know anything Sir. The store manager asked me to do it. So I had to keep it. So we kept it here."

Suresh phones the Store Manager.

Store Manager: (trying to show off in front of Rahul) "Sir, you know we are a learning organization. We have been researching the last two years on recycling rejected materials. For that, I have kept these here."

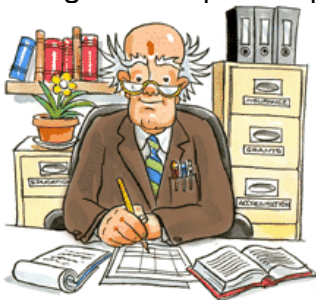
Suresh: "But who asked you to keep it in the store?"

Store Manager: "Ummm...Actually speaking, I don't know much about it. The internal auditor had instructed me to do it. So I did it."

Suresh: (Really angry) "Who do you report to? The internal auditor? Or me?"

Store Manager: "Of Course to you, sir."

Suresh (phones the Internal Auditor) "Mr Krishnamoorthy. Why did you ask the store manager to keep the rejected materials in the store?"



Krishnamoorthy: "What Sir? Who am I to instruct him? I had simply suggested that he might want to consider it if it were appropriate. It was possible that it might not have been appropriate. That is an operational issue. In any case, sir, I had suggested this to management in my 2015 audit report as an improvement project. I am waiting for management action in this. Now you can make whatever decision you want to make Sir."

They move on.

Suresh: (Desperate) "I will sort this out later. Rahulji, please meet our logistic manager, Mr Gill."



Gill: "Now see Rahul. The whole problem is with the management. Sales people think they can do anything. There is no coordination between logistics and sales. Actually, they don't understand logistics. They call last minute and order. We cannot get trucks without advance notice. It is expensive to send trucks without full loads. Real waste! I am waiting for the management action on this. But they are now busy with the new deluxe model."

You know there are so many issues now. Firstly, we will have a launch function, which is not finalized yet. As we are recruiting for the new plant, some people who took voluntary retirement now want to return to work. I was to attend an all-India meeting of logistics managers in Delhi where I am the keynote speaker. I was not allowed to go because some people in sales cannot plan their work. Suddenly they wanted several cars delivered to some political party in remote Tamilnadu. How can I be ever efficient under such conditions?"

The list went on...

Suresh: "Mr Gill, I will look into it. Let us meet sometime tomorrow. We have to move on. Singhaniaji has to meet Rahulji now."

They return to Singhania.

Singhania: "Welcome back. So how was the visit? So Rahul beta, are you happy?"

Rahul: "Yes, Uncle. I was shown the important departments."

Suresh: "May I leave now Sir? I must attend the client meetings with SR Corporation regarding our new Deluxe Model, which is already late for the launch. Sharma has run into some problems in the negotiations. He has sent me a message."

Singhania: "OK.OK. You can leave now. Thanks, Suresh."

Singhania: "Rahul Beta, let me tell you the real problem. Our sales have dropped. So, the revenues have declined. We need cash to invest in the deluxe model. Banks are getting strict with credit. What we need is one huge investment. That will take care of everything else. Basically, the cash flow crunch is creating all other problems. I am sure you have views about other things we can improve. There are always things that anyone can improve. So, what do you think?"

Assignment to the Group

- As Rahul, analyze the situation and prepare a summary of your observations and inferences. Do this individually first.
- Discuss in your teams and develop a 5 minutes PowerPoint presentation to Singhania.
- One spokesperson from each group should present.
- The case will be analyzed in plenum