

# **SOUTH ASIAN JOURNAL OF MANAGEMENT RESEARCH (SAJMR)**

**Volume 4 Number 2**

**July 2012**

## **Contents**

### **Editorial Note**

- |  |     |
|--|-----|
| <b>The Story of Professor Dr. A. D. Shinde – A Visionary Educationist</b><br>Dr. P. C. Shejwalkar  | 331 |
| <b>The Contribution of Gross Domestic Capital Formation<br/>and Savings to GDP in India During the Post-reform Period</b><br>Dr. A. Vamsi Krushna, S. Marulu Reddy       | 334 |
| <b>An Analytical Study of Various Dimensions Leading to<br/>Employee Empowerment in Manufacturing and<br/>Service Sector Organizations in India.</b><br>Dr. Shaju George | 339 |
| <b>Behaviourial Analysis of Investment Preference of<br/>Retail Investors</b><br>Dr. G. S. Kamble, Shivkumar L. Biradar  | 350 |
| <b>Turn-around Story of the Kolhapur Steel Ltd.</b><br>Ganesh K Iyer, Hemant G. Dhage, Sadanand G. Pose  | 361 |
| <b>Book-Review</b><br><b>The Marketing Book</b><br>Dr. M. M. Ali   | 367 |



**Chhatrapati Shahu Institute of Business  
Education and Research (CSIBER)**

(An Autonomous Institute)

University Road, Kolhapur - 416004, Maharashtra State, India.



# SOUTH ASIAN JOURNAL OF MANGEMENT RESEARCH (SAJMR)

ISSN 0974-763X

(An International Peer Reviewed Research Journal)



Published by

**Chhatrapati Shahu Institute of Business Education & Research (CSIBER)**

University Road, Kolhapur – 416 004, Maharashtra, India

Contact: 91-231-2535706/07 Fax: 91-231-2535708 Website: [www.siberindia.co.in](http://www.siberindia.co.in)

Email: [sajmr@siberindia.co.in](mailto:sajmr@siberindia.co.in), [sibersajmr@gmail.com](mailto:sibersajmr@gmail.com)

**Patron**

**Late Dr. A. D. Shinde**

**Editor**

**Dr. T.V.G. Sarma**  
CSIBER, Kolhapur, India

**Editorial Board**

**Dr. Babu Thomas**  
Sr. Aloysius Inst. of Mgt. & IT, Mangalore, India

**Dr. Francisco J. L. S. Diniz**  
CETRAD, Portugal

**Dr. R. V. Kulkarni**  
CSIBER, Kolhapur, India

**Dr. R. A. Shinde**  
CSIBER, Kolhapur, India

**Dr. Paul B. Carr**  
Regent University, USA

**Dr. M. M. Ali**  
CSIBER, Kolhapur, India

**Dr. D. K. Lal Das**  
RSSW, Hyderabad, India

**Dr. M. Nand Kumar**  
Goa University, Goa, India

**Dr. Babu Zachariah**  
CSIBER, Kolhapur, India

**Dr. Gary Owens**  
CERAR, Australia

**Dr. K. Pradeepkumar**  
CSIBER, Kolhapur, India

**Dr. R. M. Bhajracharya**  
Kathmandu University, Nepal

**Dr. P. R. Puranik**  
NMU, Jalgaon, India

**Prof. K. R. R. Mahanama**  
Colombo University, Sri Lanka

**Dr. Yogesh B. Patil**  
Symboisis Inst. of International  
Business Pune, India

**Dr. Rajendra Naragundkar**  
IFM, Bangalore, India

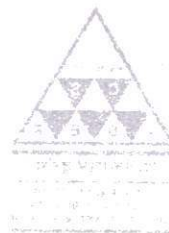
**Dr. K. V. M. Varambally**  
Manipal Institute of Management, India

**Dr. R. L. Hyderabad**  
Karnataka University, India

**Dr. B. U. Dhandra**  
Gulbarga University, India

**Academic Assistance**

**Mr. V. Ravi Kishore Kumar**  
CSIBER, Kolhapur, India



## Editorial Note

In the last six months the business sector in India is experiencing a slow growth phase. The favorable policy environment put in place by the Government does not seem to be encouraging the entrepreneurs. In such a slowdown of economic activity there is a need for multi pronged strategy to revive to business activity in the different sectors.

Accordingly in the present issue articles pertaining to various issues of management have been incorporated for the benefit of the readers. As a mark of respect to the Founder Director of CSIBER, we publish an article on Prof. Dr. A. D. Shinde. His life and experiments in higher education is an example for the current and future generations.

The research articles included in the issue are employee empowerment, domestic capital formation, savings and investment preference of retail investors. The unique feature of the articles is the use of advanced statistical techniques for analyzing the primary / secondary data. These articles show a direction to young researchers regarding the method in which analysis can be performed with the help of statistical tools.

As the journal is published from Kolhapur it becomes the duty of the publisher to highlight the case studies from industrially rich belt of Kolhapur. The case of turnaround story of Kolhapur steel in included to fulfill this requirement. The last feature of journal is the book review on marketing. The reviewer systematically presents the highlights of the sixth edition of the book exhaustively.

The present issue of the journal is therefore expected to be a good asset for young researchers as well as management teachers in different functional areas.

**Dr. T. V. G. Sarma**  
Editor



# TURN-AROUND STORY OF THE KOLHAPUR STEEL LTD

**Mr. Ganesh K Iyer, Mr. Hemant G. Dhage, Mr. Sadanand G. Pose**  
The Kolhapur Steel Ltd., Kolhapur

## 1.0 Introduction

THE KOLHAPUR STEEL LIMITED is well known for manufacturing steel castings for industries such as Energy, Power sector, Engineering, Mining, Marine, Pump & Valve and Sugar sector. The Company is having the capacity to manufacture 14 ton single piece casting with the help of two induction furnaces of 5 ton each capacity and two arc furnaces of 5 ton each capacity. The Company is known for catering special critical castings to the Mining and power sectors which require ultrasonic and x-ray quality castings. The Company manufactures alloy castings, stainless steel and super duplex steel castings. It has approval, for ISO 9001:2008, and castings made under Lloyd's Register of Shipping, Indian Register of Shipping, and Indian Boiler Regulations – IBR.

**Keywords:** Root cause of distress, Mind set change, Marketing Strategy, Procurement Strategy, Cost cutting initiatives.

## 2.0 History of The Company

TKSL is an industrial unit manufacturing steel castings, was established on 26th May 1965 by the well known industrialists from Kolhapur Late Y. P. Powar and Late Rambhai Samani. The idea behind establishing this was employment generation to the nearby village people. Later this company was under the management of Pune based 'Bhale Group'.

In 1998, 'M/s Brihan Maharashtra Sugar Syndicate Group' had taken over the company.

In the year 2007 (19<sup>th</sup> September),

because of the financial crisis, the change in Management took place, and the company was taken over by M/s. Kirloskar Brothers Ltd. (KBL) and the saga of revival started in November 2007. Various measures were initialized and within a short span of time (3 years ) the company was able to revive from accumulated losses of 16.65 cr. to PBT of 5.74 cores by the end of financial year 2009-10.

## 3.0 The Organization

THE KOLHAPUR STEEL LIMITED. An ISO 9001 2008, EMS-14000: 2004 certified foundry situated on Pune Bangalore National Highway-4. It is 10 Km away from main city (CBS & Railway Station) at Nagaon Phata, Shirol MIDC. The approximate Area of the campus is 25 acres inclusive of factory & office around 139000 square feet. Under the head Corporate Social Responsibility(CSR) Company has carried out number of social activities viz. Pure Drinking water system, books to the needy students, computers to nearby ZP schools, Blinkers on Highway also company providing the facility of Community Hall for cultural activities and for spiritual needs, one temple (Shri Hanuman) to nearby rural villagers.

The management by 'BHALE GROUP' changed hands in 1998 to 'Agashe group'. This group was running TKSL till 19th Sept.2007. The accumulated losses until 2006-07 were Rs.16.00 crores. During 2006-07 the company was declared a sick unit by BIFR, and promoters

were searching to find suitable buyers. M/S KIRLOSKAR BROTHERS LTD. (KBL) was a successful bidder in taking over the management. The Kolhapur Steel Limited is taken over by M/S KIRLOSKAR BROTHERS LTD on 19<sup>th</sup> September 2007. Recently TKSL celebrated its 47<sup>th</sup> Foundation Day.

The Promoter's foresight, hard work & systematic planning has expanded the company from a mere 100 MT steel castings per annum to present production of 4000 MT per annum in the weight range of 300 kgs to 13 MT (Single Piece) with governing dimension 4M x 4M x 1M. In the process of expansion new machinery like 5 MT furnaces, EOT cranes, Heat Treatment furnaces and many other equipments were installed.

Additional factory bay of 15000 sq.ft. was added. Modern equipments like Spectrometer, Microscope, Ultrasonic Testing Machine, Radiography and all equipments required for accurate quick results, were added to assess the quality assurance in the production.

Today the company is approved by Lloyds Register of Shipping (U.K.), Indian Register of Shipping & Indian Boilers Registration. The foundry is also approved by TÜV SUD for ISO 9001:2000.

TKSL is producing wide variety of castings starting from Marine Equipment, Hydraulic Machinery, Earthmovers Industry, Turbine Parts, Sugar Mill, Cement Mill, and Engineering to Radiography quality casting like Valves. TKSL produces casting conforming to all National and International grades in plain carbon steel, low and medium Alloy Steel, Stainless Steel & Duplex Stainless Steel are the recent achievement of the company.

#### 4.0 The Crisis

During the financial year 2006-07, Company had accumulated losses of around Rs.16.00 cores, and the Company was declared a sick unit by BIFR. In the year 2007, because of financial crisis, the change in Management took place and the company was taken over by 'M/s KIRLOSKAR BROTHERS LTD.' and the SAGA of revival started in Nov. 2007. The company could achieve a 'complete Turn-around' within six months, since the take over by new KBL management, and in the year 2008-09 the Company made operating profit of Rs.2.60 cores with turn over of Rs.32.00 cores. In the first seven months of 2009-10, the operating profit amounted to Rs.3.3 cores. Today after two years, Company is coming out of BIFR and is on a steady and sound footing of sustainable growth and increased profitability.

#### 5.0 Situation Analysis

KIRLOSKAR management, after taking over in 2007, made detailed study of the various bottlenecks and achieved break-even in short period of six months. The main areas requiring urgent attention were:

- ☐ Manpower training and utilization of available skilled labor - Mind set changed.
- ☐ Efficient purchase with multiple suppliers' arrangement.
- ☐ Focus on good clientele with high value orders.
- ☐ Revamping of marketing policies to support reasonable profitability.
- ☐ Improvement of quality systems and development of new grades.
- ☐ Proper utilization of existing resources without any major investment.
- ☐ Boosting team work and improving employee morale.

## 6.0 New Management Approach

Keeping in view the above factors, new strategies were put in place to steer the Company and give it strong direction and leadership.

### ☐ Change of Top Management:

A new Chief Executive was appointed as a part of restructuring and was given all the powers to effect necessary changes and aim at turn around.

### ☐ Restructuring of organisation:

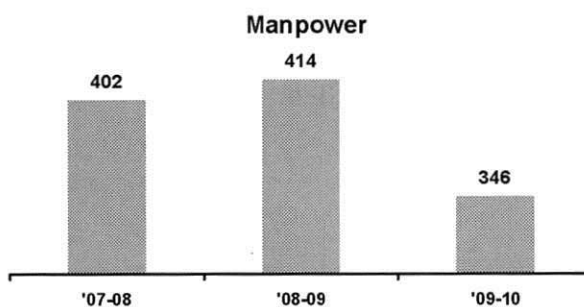
All the departments were revamped with renewed focus on departmental objectives and each of the managers was given 'key result areas'. The highlights of the turnaround are enlisted below.

## 7.0 Human Resource Initiatives

Emphasis was made on developing ethical and morale discipline in the whole system by giving strong message that progress is possible, only with consistent performance and work discipline. The management assured that there shall be positive measures taken by management on their training and welfare and at the same time, whole team including workers' union was briefed of the tough challenges ahead and how the company would like to see through times and create success story for everyone. This required our HR department to play a key role in transforming their mind set to efficient, lean and productive team contributing to quality and timely delivery and changed approach to the production challenges. Classroom sessions, were an on going process, to train their minds and work ethics so as to :

- ☐ To boost up morale of the workmen - the management entered in to three year wage agreement giving substantial increase in pay and perks. (2008 to 2011)

- ☐ Training of workmen and employees was systematically planned to boost up their morale, responsibilities and technical knowledge.
- ☐ Proper discipline maintained to obtain higher productivity.
- ☐ Optimum manpower utilization with the available skilled labor.
- ☐ Production bonus introduced to motivate the employees towards better productivity and company success.
- ☐ Various CSR activities are initiated to boost up the morale of the workmen who hail from the surrounding villages.



## 8.0 Marketing Strategy

### 8.1 Earlier Situation

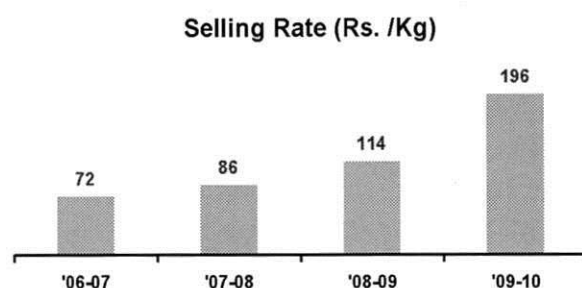
Earlier the Company was mainly manufacturing castings for sugar based industries and other engineering industries, which had low contribution. Most of the customers were bad paymasters. The no. of customers was around 300 to 400 and due to lack of marketing intelligence and inadequate planning, Company was not able to capture good clientele. New material grades and critical type of castings took more time and money compared to standard castings and as a result the company was not able to get good customer base. Lack of good customer communication also contributed poor performance.

## 8.2 New Approach

- The sale prices were adjusted with scientific costing system, and customers were approached personally by Top management in order to revamp their confidence. In spite of difficulties in the initial stages, the new management could derive 'customer confidence' and get enough orders to produce 300 to 350 ton castings on monthly basis.
- Detailed risk/return matrix was prepared and all existing customers were evaluated considering various success parameters and only 25 customers which were good pay masters were selected from the list of 300 customers.
- Strengthened the marketing team and framed marketing policies to suit customers' requirements.
- Customers were taken into confidence, and new management explained to them about the need to provide rational casting prices to benefit mutually, while assuring quality and timely delivery. This resulted in 20-25% increase in selling price by assuring quality and committed delivery.
- Adopted diversification strategy with good product mix which suited available resources and help maintain balance between margin and increased process time/money. The Company is presently concentrating mainly on critical, complicated, value added items so as to increase contribution. New material grades for stainless steel castings like duplex, super duplex have been developed which has given new and value added customer base resulting in higher sales & contribution for the company.

## 8.3 Result

- Focus on good product mix and clientele with high value orders. The average sale price was raised from 70/- rupees per kg to 150/- rupees per kg.
- Achieved increase in the selling prices from existing customers by 25% due to better quality and delivery. (Customers could afford the extra cost since it is cheaper to get good quality castings on time).



## 9.0 Procurement Strategy

### 9.1 Earlier Situation

The then Purchase procedure was having serious bottlenecks and following lacunas were found in the system.

- No arrangement for multiple supply sources.
- No competitive negotiations while purchasing the materials.
- Not enough market intelligence and so lacking the correct information for raw material sources prices.
- Lack of knowledge of substitute materials.

### 9.2 New Approach

With good intentions, the suppliers were taken into confidence by the new management, prices were renegotiated offering 25 to 30% discount, and regular material flow was guaranteed.

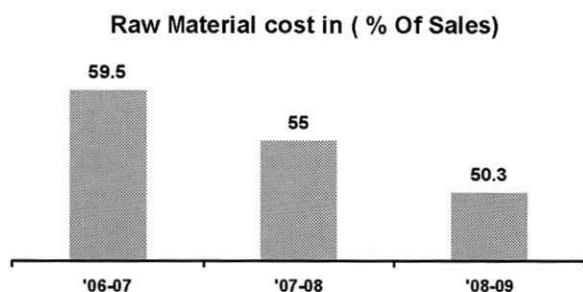
- New guidelines were formed to effect efficient purchases.



- All the purchases are strictly monitored by top management i.e. by the Chief Executive of the company, in most cases.
- Efforts were made to add on multiple suppliers so as to procure material at competitive rates.
- Under the guidance of the Chief Executive, skillful negotiations were held with the suppliers, and the company has been successful in getting reduced rates inspite of increasing trend of rates of raw materials. The policy of 'Just in time purchase' has saved the company from blocking funds in the inventory.
- Knowledge of using substitute materials, (value engineering concept) was an on going phenomena by training purchase team on value engineering and thus resulted in reduction of input prices.
- Maximum credit period was availed and policy of advance payment was restricted only to few critical items. This is also being looked into by dialogue or developing good alternative suppliers.

### 9.3 Result

- Thus efficient purchase with multiple suppliers' arrangement reducing material cost by 15% to 20%



### 10.0 Other (cost cutting initiatives)

Various cost cutting measures were adopted.

- Use of reclaimed silica sand for moulding has effected considerable savings (700-800 ton/month) Rs.12.00 lacs/month.
- Instead of day time, Melting dept. worked arranged during night hours when the electricity charges are on lower side that way effecting considerable saving in electricity bills. (Rs. 3.00 lacs/month)
- Increased "sanctioned demand" for electricity from 2000 KVA to 4000 KVA, resulting in avoidance of penalty due to crossing of maximum demand. (Rs. 6.00 lacs/month)
- Various measures were taken to save power by creating awareness among the employees to save electricity, in each and every department.
- Refurbishing of existing heat treatment furnace, improving its working efficiency by 13% and 20% energy savings.

### 10.1 Close Monitoring of Production & Planning Process

Various performance indicators were identified for all processes, so as to eliminate bottlenecks,

- Efficient production planning were made to streamline production and dispatch.
- Monthly Dispatch planning is prepared to ensure that the orders are executed well in time. Late delivery Penalties to the tune of Rs. 50 lacs in 2007-08 were brought down to Rs. 4.00 lacs in 2008-09.
- Daily production meeting held in which day to day production, sale, recovery, and difficulties with regard to production, customers' complaint are discussed, chaired by the Chief Executive.



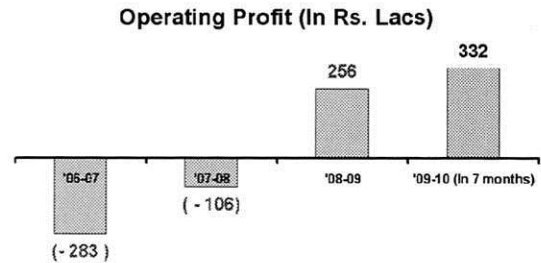
- Production data reviewed and necessary action is taken so as to meet committed deliveries.(on daily basis)
- Proper utilization of existing resources without making major investments.
- Each department working is reviewed with renewed focus on departmental objectives and each of the managers' given 'Key Result Area' and this is closely monitored by the top management.
- Developed scientific costing system which is reviewed periodically, thus effecting valuable data in costing and inputs for cost reduction.
- Quality of castings has been improved by strict process control with proper monitoring, and putting onus on groups to work as teams.

## 10.2 Technological Upgradation

Once the company had achieved positive cash flow, the Top management adopted new strategies so as to achieve sustainable growth, keeping in view latest trends in steel casting technology.

- Developed stainless steel castings with duplex and super duplex grades.
- Developed very critical and complicated castings for Power and Pump manufacturers to tap niche market.
- Addition of OMEGA Continuous Sand Mixture with 20 ton/hour for moulding and 3 ton//hour for core making.
- Implementation of SAP system to have better co-ordination and control over the processes.
- Introduction of Grit blasting machine for big castings and SS castings.
- Introduction of Material handling equipments viz. JCB and Mobile Crane for ease of handling.
- Set up of full-fledged Sand testing

Laboratory to have better control on inputs and in process control of sand.



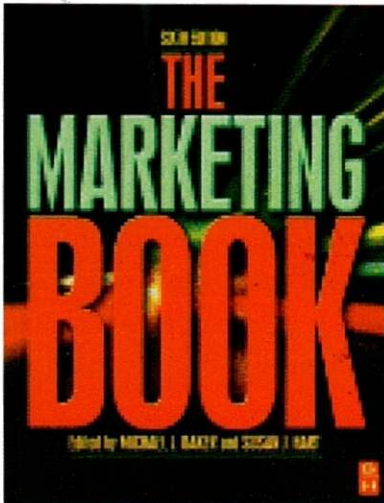
## 11.0 Conclusion

In short following key measures helped the company in quick TURNAROUND.

- ☐ Policy of just in time purchases.
- ☐ Prudent purchase policy.
- ☐ Decrease in purchase price.
- ☐ Castings have been negotiated at high selling rates with renowned customer base.
- ☐ Higher volumes of high value castings.
- ☐ By dealing in Unique products of unique grades, and catering to NICHE MARKET.
- ☐ New policy for production of SS castings,
- ☐ New policy for production of SS castings, new alloy grades leading to broader customer base.
- ☐ Re use of Silica sand for moulding led to substantial savings.(washing/reclamation)
- ☐ The time use of electricity for furnace has been shifted to night time which costs less than the day time rate of electricity.
- ☐ Increased sanctioned load for 2000 KVA to 4000 KVA and saved on penalties.
- ☐ Continuous process improvement and technology up gradation leading to cost savings and higher customer satisfaction.

Cash surplus with Company leading to negligible debts and self-financing for all capital investments.

\* \* \* \* \*



**Title: The Marketing Book, Sixth Edition**

Edited by Michael J. Baker and Susan J. Hart

Publisher Butterworth – Heinemann

Printed New Delhi, ISBN: 978-93-80501-15-4

Michael J. Baker and Susan J. Hart have edited a book on Marketing Discipline entitled as “The Marketing Book”. This is the sixth edition of the book which has been thoroughly revised. The text literature is divided under four parts and presented in thirty chapters. In all, thirty five authors specializing in marketing have contributed these chapters.

The first part of the book titled as Organization and Planning for Marketing, consists of five chapters. The beginning has been made with the introduction to marketing clarifying the marketing concept; immediately followed by post modern marketing chapter. The third chapter on relationship marketing has been covered exhaustively. The basics of marketing strategy and the strategic marketing planning chapters, written in the most lucid form, conclude the first part. The next six chapters constitute the second part under the heading, Framework of Marketing. The sixth chapter by Mark Gabbott entitled, Consumer Behaviour traces the development of consumer behavior studies and their intellectual origins, from the economic, through to the behavioral,

presenting the key models of consumer behavior. The next chapter of this part is Business Marketing, also known as industrial marketing. This chapter serves as an introduction to the body of applied and scholarly work focusing on B2B marketing, organizational buying behavior, relationships and networks. Marketing research; Qualitative research and Quantitative methods in marketing and Market segmentation are the concluding chapters of the part two of this edition.

Part III of this book comprises of eleven chapters in all written by various authors. The third part is entitled as Managing the Marketing Function. In this part the initiation is the Marketing Mix chapter dealing with evolution and management of marketing mix – specifically the 4Ps. New product development is contributed by Susan Hart, where in the focus is exclusively on how new products are developed. The chapter on pricing explains the importance of pricing as an element of marketing and gets to the heart of the problem. Selling and sales management chapter highlights; the role of selling is continuing to



change and evolve in response to the dramatic moves in the way buyers sellers interact. The core chapters of this third part of the book constitutes of Brand Building, Integrated Marketing Communications and Mass Communications. The nineteenth chapter provides a very accessible and authentic overview of direct marketing as well as data and digital marketing contributed by Prof. Derek Holder. In the next chapter Customer Relationship Management, Payne and Frow have taken a strategic approach, addressing five interrelated cross functional processes: strategy development, value creation, multi-channel integration, information management and performance assessment, each being a large area for research and practice in its own right.

The part four of this book deals with the Application of Marketing. This last part constitutes of eight chapters in all. The first chapter of this part deals with the Service marketing in which exhaustive discussion has been carried out. The chapter on International Marketing begins by tracing the challenges and opportunities afforded by the forces of globalization. The authors have explored the cultural, social and economic as well as the political and institutional environments as backdrops to a discussion of how firms internationalize. The next chapter on e-marketing highlights the concept as well as the planning process of e-marketing.

Sargeant has authored a chapter on Marketing for Non-Profit Organisations, argues cogently that the subject of marketing for non profits has now grown to the extent that it deserves recognition as a subject in its own right. The reasons for adopting this view are explained in detail in this chapter. Chapter 27 opens by setting the context for a discussion of ethics in marketing by considering related ideas in

business ethics and corporate social responsibility. The chapter focuses on marketing ethics and the fact that marketing is a business function frequently associated with unethical behavior. A chapter on Green Marketing, throws light on the paradigm shift that is taking place in marketing by reconceptualizing the marketing environment in the context of green marketing. The greening of marketing strategy and the various challenges before the marketers have been discussed at length.

A new chapter in this edition has been added, entitled as; Marketing in Emerging Economies. This chapter establishes the nature of the different terrain that marketers in the emerging economies have to deal with and highlights the differences between the emerging and emergent economies. Finally the last chapter takes a wide ranging look at Retailing. This chapter discusses the nature of decisions involved with retail locations and outlets, their geographic spread, retail managers and contractual arrangements for retail management, product sourcing, branding and distribution, the increased focus on business relationships and loyalty, merchandizing and selling.

**Dr M.M.Ali**

Director,

Chhatrapati Shahu Institute of Business  
Education & Research,  
Kolhapur - 416 004.