



## **CASE STUDY 8: NONPERFORMING MANAGEMENT MEMBERS**

### **Introduction**

Aniruddha Patil began his journey as an entrepreneur in the year 1990. He established his base in Pune and was manufacturing automobile components. Over the years, he built a strong presence in the market and had developed a strong relationship with his customers. As the company grew, in the year 2008, his brothers – Ashish and Nikesh joined the business. By the year 2013, the company crossed a remarkable turnover of around 80 cr. His customers encouraged Aniruddha to start a factory in Rudrapur as well. After much coaxing, he decided to go ahead with it and discussed the future plan of the company with both his brothers.

The company was a family managed business and most of the family members were a part of the management. They all discussed the possible future of the Rudrapur factory and decided that Nikesh would be the best person to take that responsibility upon his shoulders.

Once Nikesh took over the reins of the Rudrapur factory, it started showing signs of ageing. The first sign was the decrease in turnover and the appalling decline in the service standard. The rate of customer satisfaction was dipping steadily, and this in turn, affected the company's performance. Due to this, they were unable to achieve the planned turnover.

This situation caused a red alert, as an organization operating in the manufacturing industry cannot afford to have dissatisfied customers. No business would ever want to be in such a situation and so they called HRD Management to streamline their processes and help them out.

A meeting was called to review the scenario at Rudrapur and come up with a solution.

Through a series of meetings, we realized that Nikesh was an inactive member with a lot of authority but no responsibility

The second factory was set up without a proper branch level process.

Handling the business in different locations was getting tough

Even when he joined Aniruddha in the Pune office, he did not have a clear vision

He would always work under the shadow of his brother and he was never in the limelight. As a result he would get away with the small mistakes that he would make due to his lack of responsibility

Whenever Aniruddha would delegate work to Nikesh, he would do it in fear, as he was not confident about the fact that he could perform the task successfully

While Nikesh was aware about his shortcomings, he was under the impression that his contribution towards the business was more than enough

He did not have enough exposure to develop the mindset of an entrepreneur

While having a discussion with Nikesh it was observed that he was never given a fair chance to prove himself

He would spend most of his day at the factory and would remain idle for the rest of his time

He had taken up a few challenges in the past but he had failed miserably. This frustration led to Nikesh remaining an inactive management member

We gave Nikesh some exercises and tests to understand if he was capable of taking up challenges in the business

We assessed that even though he did have the interest and the skills to run a business he required some amount of training and grooming for him to be a performing management member

Nikesh's decision making process was heavily influenced by what his brother thought, and he was unable to take independent decisions due to his lack of confidence

We realized that apart from Nikesh there were a few other management members who were also being inactive due to lack of experience and the fear of taking wrong decisions

Since the organization was family managed there were no clear SOPs observed between the management members, especially in the decision making process and delegation process.

### **The Implemented Solution**

We had a final discussion with Aniruddha Patil and explained to him the reason behind why there were inactive management members in the business. We then made him understand how important it was for all the management members to realize their responsibilities. We also made a future road map on how to make Nikesh competent enough to handle the Rudrapur branch.

The following solutions were suggested :

- We suggested that the company carries out process mapping first, with multi-location control
- We redefined the organization structure at the head office and branch levels
- Specific roles and responsibilities were given to the management members at the head office and branch offices
- Hand holding was given to Nikesh on day to day activities for around six months, so that he could understand branch level processes and become an independent decision maker
- We developed the MIS and a dashboard at the head office level and branch level, so that Anirudha could assess all the activities.
- Do's and Don'ts were prepared for all the management members, to make them consistent in their decision making, delegation and overlapping of work

### **The Outcome**

Nikesh started performing independently at Rudrapur and it then became possible to track the activities of all the members of the family. They were given equal amounts of both, authority and responsibility. Once this process was streamlined, the business witnessed a growth in customer satisfaction and serviceability. The targets were met and their future plans included expanding their factory all over India.

Due to branch control activities, MIS and the improved performance of Nikesh, Anirudha has planned to open one more branch in the North. He has decided to depute his other brother to look after the new branch so that he can also learn to be an independent entrepreneur. He hopes that all these new developments in his company will help his business become more diverse with more branches.