

## Dr. K.K. Chauhan case study solution



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### Short Description

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### Description

**Dr. K.K. Chauhan**

**Dr. K.K. Chauhan was basically a research scholar and master** in his field. He had a dream of becoming an entrepreneur. His dream came true in 1966 when he started a small pharmaceutical bulk drug-manufacturing unit named Kusum laboratories at Industrial Estate of Indore (M.P.), India. Soon, other renowned scientists and scientists and scholars in the area of chemistry joined him. The team researched and developed better and economic ways to manufacture bulk drugs like, Niacinamide, Thiacetazone, Isoniazid, Probenecid and Chloroquine Phosphate. The products of Kusum laboratories, by virtue of its quality and price became very popular and soon the list of customers included big brands like Bayer, Merck & others. The company grew in name, fame and size and very soon had a workforce of about 40 workers, 9 chemists and a factory manager to look after the production. The high demand and completion of process called for 24 hours running of the factory and thus it was run in three shifts giving an output of 3.5 metric tons per month. The workers were treated as family members and Dr. Chauhan personally used to enquire about the welfare of the workers. The laboratory increased in size day-by-day and new departments like administration, accounts, stores and personal were formed.

This changed the entire scenario and by 1987, the factory had a production workforce of 60 workers, 12 chemists and a factory manager giving a production of 60 MT/annum. From the year 1996 to 1998, Kusum laboratories had come a long way. Things had

changed at all levels and Dr. Chauhan was no exception. His earlier modest thinking that he was only a part of the institution's success had now yielded to an arrogant belief that success was due to him alone. This myopic vision started reflecting in the output of the organization and the production level stopped improving. To improve the production, the personnel manager appointed a few musclemen to supervise the workers. This increased the production, but the joy was short-lived. Soon the musclemen recognized their importance and the focus shifted from obtaining planned production to self-attention. The workers were busy in favouring their supervisors and completely distracted from the work they were hired for. The situation started deteriorating in all departments and as a result the company was sold to ASV labs in 1988. ASV took an aggressive stand, fired the so-called supervisors, but paid little attention towards the workers. Though the fear of musclemen was no longer there but the workers felt themselves neglected and demotivated and thus, the production did not improve over 10 MT/ month, and the company was taken over by KBCL in September 1994. KBCL was a renowned name in the Indian pharmaceutical industry and was the brand leader in a couple of formulations. It had multilocal production facilities with state-of-the-art plants at Aurangabad, Mahad, Dombivli, and Ratlam. KBCL was brand leader in Chloroquine Phosphate formulations in India and their in-house requirement was more than the production output. The entry of China into bulk drugs however changed the equations. The cost of imported Chloroquine Phosphate was quite low and the competitors started using imported raw material in their formulations instead of buying indigenous material, giving them a leverage of price. To defend the brand position with limitations in increasing price in the market, KBCL had no choice but to reduce the cost of production of its Chloroquine or to use imported raw material. The top management had a brainstorming session on whether to continue production at Indore or to close the unit. After much deliberations, Suyash Modi, Vice President of Aurangabad plant was given the responsibility to head the Indore unit. Suyash immediately worked on modifying the processes and upgraded the plant. However, Suyash realized very soon that he would not be able to achieve the production goals with demotivated workers. He announced various welfare programs for the workers like wage hike, in-house inter-department contests, acknowledging the ideas and contributions of workers etc. This slightly motivated the workers, and they started responding by increasing the production from 10 MT/ month to 36 MT/month. Plant Supervisor Syriac was wondering why the workers, in spite of so many announcements, were not responding the way he envisaged. Suyash asked Syriac to have patience. He said that let the workers feel that the new team was their well-wisher and did not have the sole motto of profit. The workers though listening to Suyash, still had their reservations in believing him.

Suyash continued practicing what he preached. He welcomed suggestions and ideas from the workers and also started converting ideas into projects asking the ideas generator to become the leader, choose a team of his choice and complete the projects. On successful completion of the project the impact of the project was evaluated and then

local or multi-locational implementation was done. He began acknowledging the successful efforts and ideas of the workers by classifying the ideas according to their importance in five categories ranging from one star to five star. Then, according to their weightage and applicability, single star idea got a cash price of Rs. 75/- per head and five star idea was rewarded with a cash price of Rs. 500/- per head and a dinner along with his family with the M.D. Suyash also introduced Total Quality Management (TQM) and started appraising the production batches on the parameters of yield and quality. The standards were laid down and targets were given on a monthly basis. He then announced that extra production than the standardized yield would be evaluated at 60% of manufacturing cost. The evaluated money then would be divided equally amongst the entire staff from workers to the Vice President, provided the assigned targets were achieved. This had a tremendous positive effect on the thinking process of the workers. This not only increased accountability and involvement, but also integrated the entire team. The wastages and manufacturing losses were dramatically controlled. KBCL now was not an organization with departments but a unified team working for a common goal. When asked about the success, Suyash commented that workers and management in KBCL were not two different levels but they were a synergistic combination. This was obvious from the yield which had touched the unbelievable records of 70 MT/ month.

This made KBCL the world's largest Chloroquine phosphate manufacturing unit. 60% of in-house production was being used for domestic market and the company began exporting the rest to South Africa, Pakistan, CIS, and the Gulf countries.

- 1. Critically evaluate the different styles of leadership followed from inception to the end.**
- 2. What additional compensation and reward system would you suggest apart from the ones mentioned in the case?**
- 3. If you had been in the place of Suyash, what measures would have recommended to overcome the Chinese threat?**
- 4. The decision to appoint the musclemen as supervisors was justified. Comment.**

## **Details**

- 1. Case study solved answers**
- 2. pdf/word in 24-48 hrs**
- 3. Fully Solved with answers**

