

New Generators India Limited



Brand: Mehta Solutions

Product Code: case120

Weight: 0.00kg

Price: Rs500

Short Description

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Description

New Generators India Limited CAST STUDY solution

Please read the case carefully and answer the questions given at the end.

New Generators India Limited, a wholly owned unit of M/s. Eswave Good World Limited, is in the business of manufacturing Generating Sets, Dynamos and Solid State Regulators. The unit employs approximately 80 persons including executive staff and workers. The turnover of the company has been close to Rs. 1 crore in the previous years. Presently there are ten executives working in New Generators India Limited, who are employees of the parent company, i.e., Eswave Good World Limited. These include -

General Manager 1, Manager 1, Assistant Manager 1, Senior officers 5, Junior Executives 2. This organisation was established in October 1974, and is running in loss since then. The cumulative losses till December 1985 were approximately Rs. 11.5 lakhs which by the end of October 1986, has shot up to Rs.13.1 lakhs. The company is selling its products to private customers and DGS&D. Of late, the sales to DGS&D has reduced due to placement of low orders. Dynamos and Regulators are manufactured and sold to the parent company for captive consumption and hence, no marketing effort is required for disposing of these products. The rest of the products are sold door to door to the consumers rather than through any dealer network. The company has got the design of Flywheel Mounted Alternator which, if introduced in the market, can create a big share because of its low cost and operational efficiency. The company has also been approved for foreign collaboration for the manufacture of Auto Electrical products such as Auto alternator, Self-starter, etc. The company also has the advantage of support of the parent company in terms of technological information, finance and other facilities.

Since the plant has not been able to come out of red for a long time, a consultant was appointed by the parent company (with the approval of the GM) to look into the matter. The consultant, Professor Moitra, held an informal in-camera interview with one Senior Officer from the Materials Department, Mr. Shammam. The problems perceived by Mr. Shammam are given below : "I joined this organisation on 18th May, 1984 from Philips India Limited. I have observed noticeable differences since I changed my job. No proper systems and documentation procedures exist in this organisation. Individuals are carrying a lot of vital information in their memories. I think it is a dangerous situation, when a unit depends. very heavily on individuals rather than proper systems. Drawings, documents and files are not maintained properly and at times things come to a standstill if the person concerned with that required information is absent.

"In August 1985, the new General Manager, Mr. C.K. Srivastava, has taken over the management of the unit. He is a Mechanical Engineering Graduate from Roorkee and M.B.A. from IIM(A). The new General Manager's predecessor Mr. G.K.Rungta was quite hardworking and his personal involvement was very high in the various matters of the unit. "The new General Manager, Mr. Srivastava, has a different managerial philosophy and a different leadership style. He believes in delegating as much responsibility as possible to his subordinates so much, so that he never involves himself in any of the decision-making processes concerned with any department (i.e., Marketing, Production and Materials). This style of total delegation, though is highly desired at times, creates a feeling of being let down when executives approach him for his guidance and he invariably retorts, " Look, I leave it to you. You are the best judge of your problems". It is obvious that he wants to keep himself totally aloof from decision-making processes. In fact, for most of the time the G.M. is away from the unit. "However, when anything in any department goes wrong he never hesitates to give a piece of his mind to the executive concerned. Any attempt for explanation of the situation is greeted by the reply : "Look, I

do not know, it was your decision and it backfired. You ought to be blamed for it". I feel that he never appreciates good or even excellent work done by any executive. "Well it was your job and you had to do it" is his comments whenever any executive expects a word of appreciation of any good work done by him. "He started building enormous psychological pressure on executives without consulting them regarding the problems faced on infrastructure required by them. We all felt that he had no soft corner for any of the executives. I must add at this point that his intentions are absolutely clear, i.e., the company should do well and should come out of red as early as possible. We also feel that it is possible to come out of red. Though generating sets market is not a seller's market, but due to its positional advantage, New Generators India Limited should not only be able to break-even, it can easily generate profits to the tune of Rs. 4 lakhs without much effort. But somehow something is wrong somewhere. I think it is at the top.

"The G.M.'s behaviour towards executives is quite unreasonable, and at times humiliating in weekly production meetings. In these meetings, he always takes a very critical role. In one of the initial meetings, he made remarks like " You people are not earning your salaries" and "The breed of the executives working in New Generators India Limited itself is bad." By acting tough he could bring about good results in the months of October, November and December, 1985. "Then suddenly there was a spurt of resignations in January and February, 1986. Five executives resigned : three from Marketing, one from Production and one from Accounts. There was a sudden vacuum. This resulted in a very poor performance of the unit in the first seven months of the year, i.e., January to July 1986. Of course, another reason for the poor performance was labour unrest. But the miserable performance of the unit, to a large extent, could be attributed to the fact that key executives had resigned and the replacement were made quite late because of the very fact that right replacement were not so easily available. Further, the executives' resignations had a great impact on staff members and a massive turnover started taking place from staff cadre also. However, Mr. Srivastava remained unperturbed. He felt that this phase is only temporary and people leaving organisation would not make any difference. Once he remarked : "It is better that deadwoods are out."

"I must say that another major factor of great concern is the working conditions. It is a major source of dissatisfaction and even elementary facilities like proper drinking water, toilet, canteens etc. are not available. Basic facilities like telephones are most of the time out of order. "Due to non-clearly defined functional areas and duplication of responsibilities people get away with remarks like 'I do not know, I thought it was his duty.' Another reason for dissatisfaction and poor performance could be attributed to too many frequent structural changes. In a way it was inevitable as too many people resigned and replacements were not forthcoming. So the General Manager had no other options but to restructure the organisation with the existing executives. But it created heartburns, e.g., Mr. S.C. Abrol's area of responsibility was changed for fourth time in a span of just ten months. "Not only this, the executives are highly overworked. Look at the Materials

Department. How do you expect a single executive to effectively handle more than 100 suppliers and 500 items ? There is frequent production stoppages and loss of orders due to want of materials. The general morale of the executives, staff and workers are very low due to poor performance, unclear targets and goals."

Questions :

- (a) Critically analyse the situation as reported by Mr. Shammam.**
- (b) Evaluate the action of the G.M. and its pact on the organisational climate.**
- (c) What should be the consultant's methodology for collecting further data ? As an OD consultant, what should he do with the data ?**

Details

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