Name of the Case Study: Organization Churn for a Creamy Future

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Introduction

This case study is about a mid - sized company from the dairy industry. The company Govind Milk and Milk Products Private Limited is located in Phaltan, Maharashtra and was set up in 1996.The case study covers the demands of organization change as it transformed itself to meet the requirements of the next growth phase to achieve competitive advantage. Highlighting the unique features of the dairy industry, it covers the leadership vision required to lead the company into a non - linear growth phase and the challenges faced. Finally it covers the impact of organization change from the perspective of the employees.

Govind Milk and Milk Products Pvt. Ltd. (Govind), was set up by the erstwhile princely family of Naik Nimbalkars. Acutely aware of the needs of the people in the area that makes up Phaltan, the family ensured that the growth of the company also led to the social and economic development in the geographical area in and around the company, a radius of about 100 kilometers. The proximity to the well- developed city of Pune and the socially developed ecosystem of Phaltan has led multinational companies such as Cummins India to shift their base to Phaltan from Pune. The case study will reveal that the promoters of Govind and the partnership approach adopted by them in the first phase of growth have contributed in large measure to the overall development of Phaltan.

Having established the production processes which gave quality products to the customer, Govind which was largely an input driven company started its transformation towards becoming a pan India and global brand. This transformation was led by Mr. Rajiv Mitra the Managing Director of the company. For the first time in twenty years of its existence an external expert professional was brought in to lead the company in its next phase of growth. Mr. Mitra was passionate about making Govind a market leader in the dairy industry. The vision of the leaders was and continues to be, as Mr. Mitra says, ‘Value to the farmers and quality to the consumers.’ It was this very vision that provided the fodder for transformation into the next phase of growth.

The new goals for growth of the company set by Mr. Mitra were non - linear. He envisioned a larger pan India and global presence and believed that the strategy for this would be to create a Govind brand to reach an increased customer base and for instant recall. He also believed that for the success of this approach, the employees would need to develop a different mindset; a new set of competencies and the organization would need a culture of meritocracy. Mr. Mitra provided the leadership for this transformation by introducing and implementing several initiatives for organizational change such as induction of external talent, implementation of technology, introduction of focused consulting, strengthening the organization culture, and introduction of work processes which impacted the employees and their productivity.

Historical Background

Phaltan is a taluka in Satara district in the Indian state of Maharashtra. The town is about 59 kilometers north-east of the city of Satara and about 110 km from Pune (Exhibit 1 & 2). Phaltan State was one of the non-salute Maratha princely states of British India, under the central division of the Bombay Presidency, under the states of the Kolhapur-Dekkan Residency, Satara Agency and later the Deccan States Agency. The Hindu ruling family descended from Naik Nimbaji Nimbalkar, a Maratha who received a grant from a Mughal emperor in the 14th century. The ruler had the title of Raja, or Naik Nimbalkar.

Phaltan also has the rare privilege, that one of their princesses, Saibai was the wife of the beloved, 17th century Emperor, Chatrapati Shivaji Maharaj. Major HH Raja Bahadur Shrimant Malojirao Mudhojirao Nanasaheb Naik Nimbalkar IV was the last Ruler of Phaltan. Phaltan acceded to the Dominion of India on the 8th of March 1948 making Phaltan a part of the State of Maharashtra.

Phaltan has traditionally been a cattle grazing area. Breeding cows and milking them for the processing units has been the dairy farmer's traditional occupation. The Milk Federation of Phaltan was created to collect milk from various cooperatives and send for further processing. However the Federation did not work well and could not protect the interests of the dairy farmers. This led to the establishment of Govind Milk and Milk Products Ltd on August 21, 1995. Mr. Sanjeevraje Naik Nimbalkar decided to set up an organization, firmly rooted in the philosophy of partnership and welfare of the farmers.

From 80 liters initially to a collection of several hundred liters, Govind had to encounter many problems. Lack of skilled manpower and absence of a proper distribution/collection system for milk, were only a couple of them. Undeterred with these obstacles, every member of Govind decided to persevere against all odds. Under the leadership of Mr. Sanjeevraje Naik Nimbalkar, many committed team members put in their heart and soul, working round the clock to make Govind a success. Sighting their sheer perseverance and quality consciousness, Cadbury India became their first major client and provided a much needed boost which was needed in the early days of Govind.

Overview of Indian Dairy Industry[1]

India is the world's largest producer of dairy products by volume and has the world's largest dairy herd. The country accounts for more than 13% of world's total milk production. Milk production in India has developed significantly in the past few decades from a low volume of 17 million tons in 1951 to 110 million tons in 2009. Currently, the Indian dairy market is growing at an annual rate of 7% having a market size of USD 70 bn. The market is projected to grow to USD 120 bn by 2017 and 140 bn by 2020 at a CAGR of 16%.

No discussion on the Dairy Industry in India can be complete without a reference to the initiative Operation Flood. India's dairy sector witnessed a spectacular growth between 1971 and 1996; this period was known as the Operation Flood era. An integrated cooperative program aimed at developing the dairy industry was implemented in three phases, with The National Dairy Development Board designated by the Government of India as the implementing agency. The major objective was to provide an assured market round the year to the rural milk producers and to establish linkage between rural milk production and urban market through modern technology and professional management. The Operation Flood was one of the world's largest rural development programs which ran for 26 years and eventually helped India to emerge as the world's largest milk producer.

[1] **IUF Dairy Industry Research,** Retrieved from: http://www.nddb.org/English/AnnualReports/nddb-annual-report-2012-2013.pdf on 8th Jan '14 , 9:37 am

Estimation suggests that Indian dairy production is growing at a rate of about four percent per year; consumer demand is however growing at approximately double that rate. In response to increasingly strong demand for milk products, the Indian dairy industry is growing its milk production in several ways. Dairy farmers working directly with buyers from the organized sector generally have access to modern extension services, which provide support for them to improve management, feeding, fertility and veterinary care for the dairy cattle. Many of these extension service providers offer artificial insemination services as well, that aim to further improving milk yields with new dairy cattle genetics.

The dairy industry in India is not yet optimized. There is tremendous growth opportunity in this industry. New and emerging markets, friendly Government policies, easy availability of credit and a new found interest in the organized sector provides an opportunity for the growth rate of the dairy industry to match the rapidly growing Indian economy.

Govind Milk & Milk Products Pvt. Ltd.

Govind Milk and Milk Products Pvt. Ltd (Govind) established with an intention to help the farmers since the Milk Federation could not provide adequate support to the dairy farmers, has emerged as a renowned, quality conscious company for milk and milk products in the state of Maharashtra and other adjoining states. The production facility at Phaltan is a prime milk shed area, resplendent with abundant water, fodder and power supply.

At Govind, the best procurement and processing systems are practiced to process milk and produce milk products. A well planned system functions perfectly in tandem with the cattle farmers for fresh milk procurement. There is excellent connectivity between the farmers and bulk coolers to transport and store the collected milk. A fully integrated dairy processing unit at par with International standards, with the capacity to process 8 lakh liters, is currently in use at facilities in Phaltan.

The efficient front end of the dairy unit is supported with an equally robust backward integration. Well maintained harmonious relations with the cattle farmers is achieved through the practice of partnering in true spirit by providing and facilitating timely veterinary guidance and services and imparting the required knowledge on latest global techniques to help increase the yield. The Dairy farmers have been educated on many indigenously developed solutions like free housing, calf rearing, and balanced food production, achieving extraordinary results. The synergetic

association with cattle farmers has resulted in the upgrade of technology and processes benefiting the community at large.

Govind does not own the farms or the cattle but relies on the dairy farmers to provide the most critical raw material to the company. In its mission to ensure benefit to framers and quality to consumers, Govind has undertaken some unique partnering initiatives with the dairy farmers. A team of veterinary experts from Govind Milk conducted extensive research over a period and devised a unique low cost concept of Loose or Free Housing for the cattle (Exhibit:3). It facilitates free movement of cattle or livestock in a designated area which offers access to water and feed. The total area depending on the number of cattle is demarcated with fencing made from low cost resources available with the farmer like bamboo, dried branches of trees to name a few. To protect the animals from heat during day time there is provision for offering shade to the animal. A brush strategically mounted in the free houses takes care of the natural instinct of an animal to rub its body against some hard surface to groom itself (Exhibit:4). The cattle gets a natural environment to live in which has resulted in easy let down of milk, improving both the quality and quantity of milk. The poultry on the farms have a symbiotic relationship with the cattle. They wean the cattle off the pests and keep the cattle healthy and happy. Less use of medicines reduces the antibiotic residue in milk yield. The free housing area also creates excellent manure.

Fodder management is very essential for animal farm management and accounts for 70% of the cost. To helps farmers get a guaranteed market for his green fodder product, Govind has introduced Contract Fodder Production where the farmer agrees for an annual contract to provide green fodder at a fixed rate. Phaltan being a rain deficient area goes through lean periods of green fodder availability. The scientists at Govind have trained the dairy farmers in green fodder preservation techniques known as silage. The green fodder available in times of plenty is cut by chaff cutter and preserved with jaggery, curd, salt, mineral mixture treatment enabling farmers to get green fodder even during dry season. The scientists at Govind came up with solutions like Azolla, hydroponic fodder and inclusion of sprouts in cattle feed. Azolla are high in mineral and essential fatty acid content and increase milk production by 10 to 15%, fat by 3 to 5 points and standard non-fat content up to 9.0 for cow milk(Exhibit:5). Hydroponic fodder rich in enzymes, vitamins, minerals, protein having excellent antioxidant properties, can be grown within eight days and needs much less water and space(Exhibit:6).

Through its 42 service centers, under its Annual Veterinary Service Contract system, Govind supplies high quality progeny tested semen to farmers at low rates. Artificial insemination with superior quality imported semen improves the progeny of cattle stock. In Community Milking Parlors milking machines have been installed and milk collection takes place efficiently under hygienic conditions. Govind acts as guarantor and aids dairy farmers in procuring loans from the bank. The wealth of knowledge developed by the scientists at Govind is passed on to the dairy farmers in novel ways. As Mr. Mitra says, "Improving production is not an easy feat and requires a holistic approach. You cannot just change feeding, without changing genetics, or housing, or health care, or any other factor in that respect. Step by step you would have to change all. This requires a dedicated, well informed, approach that Govind is so successfully following." As per Dr. S Gaikwad, who heads the partnering initiative, "The cattle farms of successful farmers have been developed as model farms and serve as training centers for other framers. Learning from a fellow farmer who has benefitted by implementing the new techniques is proving to be an effective tool in re skilling the farmers."

The unique partnering model used by Govind, has benefited multiple stakeholders. It promoted the concept of 'happy cow' that is at the center stage of all dairy activity. The quality of life and economics of the dairy farmer has improved. This has benefited banks as farmer is able to repay loans in time. Insurance companies stand to gain as cows are healthier and less prone to disease or death. The consumer gets better quality milk and milk products.

The Dairy activities of Govind have generated substantial employment in the area of Phaltan. The ecosystem perpetuated by Govind is helping the interdependent relationship of three industries i.e. crop farming; dairy farming and poultry in the region. The increasing per capita income from dairy farming and world class innovations introduced has succeeded in retaining many young farmers in Phaltan.

The dairy industry is completely dependent upon the continuous and quality input of milk. The elaborate explanation of the procurement processes at Govind brings out clearly that over the years, through the practice of a true partnership model, where the dairy farmers also prospered through the growth of the company, Govind has succeeded in creating a harmonious environment through which the company continues to get a quality supply of milk through the year.

Advent of a new leadership

The detailed planning and continuous research and development under the leadership and strategic thinking of Mr Sanjeevraje Naik Nimbalkar played a pivotal role in bringing Govind to a comfort zone. The Indian dairy industry has a growth rate 16-18% and Govind could boast of a CAGR of 20-22% The company was able to sell whatever it produced. A situation any company would aspire to be in. All analysis would show that the company was doing well, had the confidence of the milk suppliers and was operating in a secure market.

This is a stage described in literature when complacency can set in, and the organization starts regarding success as an entitlement. It is also when the organization may lose sight of the true underlying factors that create success in the first place. Unless the rhetoric of success replaces penetrating understanding and insight, stagnancy is likely to follow.[2]

However this did not happen at Govind. Mr. Sanjeevraje Naik Nimbalkar, at this stage of the company's growth realized the risk of linear growth. For further and consistent growth the organization needed to be known beyond the existing boundaries. There had to be a conviction that their product could face different levels of competition and succeed. There was no way Mr. Sanjeevraje Naik Nimbalkar was resting on his past laurels. He wanted to take Govind to new heights. Mr. Sanjeevraje Naik Nimbalkar wanted to make Govind a household name not just in Phaltan or Maharashtra but have a pan India presence. He realized except Amul, all the other domestic players in the dairy industry cater to specific regions only. Lack of cold storage facilities was the biggest inhibitor for regional players trying to gain a national presence**.** The sale of liquid milk accounted for 75% of total sales but the milk market was very competitive and price-sensitive with typical margins of 4%-5%. In sharp contrast the market for value added segments showed great promise with a healthy growth rate of 20-30%. This signaled positive opportunities for Govind. It required to measure up to quality standards to achieve scalability for pan India presence. Mr. Sanjeevraje Naik Nimbalkar knew fully well that this would require a different type of effort and investment. The levels to which Govind could grow and the commensurate returns Govind could get, enticed him to go ahead. As per recent estimates, India

[2] How The Mighty Fall-Jim Collins

exported only 87,800 tones of dairy products out of its total production of 132 million tones (<0.1%). He envisaged a tremendous export potential to milk deficit countries like Bangladesh, Indonesia, Malaysia, Philippines, South Korea etc.

Mr. Sanjeevraje Naik Nimbalkar found himself in a situation where several companies reach, which Collins calls the first stage of success.[3] His company was doing very well and had become a well-known name in Phaltan and Maharashtra. Yet the environment for Dairy industry in the country was becoming very exciting. Could Govind become a big player in this environment? There were many opportunities though fraught with risk. Should he contend himself with the profit making organization that Govind was, or pursue his dream of making Govind a force to reckon with not just in India but globally as well.

There were several options at this stage, should Govind think of acquisitions to create a pan India presence, should they enter into strategic mergers, with some of the large players, diversify into some related food businesses or think of strategic growth themselves. Surely Mr. Sanjeevraje Naik Nimbalkar must have evaluated all of these. He had a divine dissatisfaction with the current comfort zone and was convinced that Govind needed to be known beyond the existing boundaries. He was also of the firm belief that that their product could face competition and succeed.

Like a true leader, demonstrating faith in the company he decided to take the bold plunge, setting a clear agenda, Govind Milk & Milk Products will transform from a local company to a global company; from a family run company to a professionally run organization. This, the company would do it by itself with the help of the loyal partnership of the farmers. As in the early stage, the growth of the company must lead to the growth of the farmers as well.

Mr. Sanjeevraje Naik Nimbalkar realizing that this transformation would need a different approach, took the first step of implementing change in his organization. He did this by seeking the help of a professional to come and lead the company to the next stage. He presented the value proposition to Mr. Rajiv Mitra and over several meetings, encouraged him to join the company at this exciting point. Mr. Rajiv Mitra had built a high reputation for creating brands, had a deep

[3] How The Mighty Fall –Jim Collins

connect with the market place and is known for increasing market share in the organizations where he worked. He also had a good understanding of the Global markets. A culture friendly, pro – employee approach is evident as one meets Mr. Mitra. His conviction regarding immaculate systems and processes for the growth of a company is also quite evident, finally his enthusiasm for continuous value creation must have been the qualities which attracted Mr. Nimbalkar to bring him to Govind to lead the change. This initiated the first stage of the three stages of Kurt Lewin change model.

Kurt Lewin, a physicist and social scientist, developed a change model involving three stages; unfreezing, changing and refreezing[4]. For Lewin, the process of change entails creating the perception that a change is needed, then moving toward the new, desired level of behavior and finally, solidifying that new behavior as the norm. This first stage of change involves preparing the organization to accept that change is necessary, which involves a breakdown of the existing status quo before you can build up a new way of operating. While the model may appear simplistic there are several levels of analysis that need to be made at every stage. The decisions regarding the need for change, what needs to be changed, the establishment of priorities, the process and the pace of change and finally the measurement of the results of change come out of an extremely complex situation analysis. (Exhibit:7).

The simple model offered by Lewin has stood the test of time. The simplicity and the wide applicability of the model helps the change agents through their journey of transformation.

The joining of Mr. Mitra as the Managing Director started the process of transformation at Govind. He was the man entrusted with the audacious task of leading the complex transition. Mr. Mitra is a city bred person born, brought up and educated in Calcutta. He had lived and worked in Calcutta, Pune, Chennai, Delhi, Mumbai, London and Abu Dhabi and worked in sectors like Telecom, IT, FMCG and Retail but his rural exposure was limited. It was Mr. Sanjeevraje Naik Nimbalkar's conviction that the transformation process needed a leader who understood a larger landscape and hence he took the bold step to bring in Mr. Rajiv Mitra.

[4] Lewin's Three Step Model- Robbins*, Stephen P. and Timothy A. Judge, Essentials of Organizational Behavior 11th Ed. p.*

Undaunted by the lack of dairy industry experience Mr. Mitra took charge. In an interview to the magazine Corporate Tycoons, Mr. Mitra says: "The fundamentals of business are three things, understanding of systems and processes, understanding of people and understanding of money. One who has mastered these three things can prosper in any business."[5]

According to the Force Field Analysis to make change happen, the driving forces for change have to be strengthened and restraining forces have to be reduced (Exhibit:8). Lewin recognized that change is a process where the organization must transition or move into the new state of being. This changing step, also referred to as 'transitioning' or 'moving,' is referred to implementation of the change. This is when change becomes real. It is also, consequently, the time that most people in the organization struggle with the new reality. It is a time marked with uncertainty and fear, making it the hardest step to overcome. During the change phase people begin to learn the new behaviors, processes and ways of thinking. The more prepared they are for this step, the easier it is to complete.

This stage can be likened to the image of a spider's web. The organization can be viewed as a complex web of systems, relationships, structures, assumptions, habits, processes, and so on that become interconnected and interdependent over time.[6] Just making cosmetic changes may not lead to any significant change results. Also, altering one strand of the web may lead to the breaking of several interconnected items, or unfreezing as described in Lewin's model. Mr. Mitra who has participated and led several transformation experiences was acutely aware of this phase of transformation and the challenges it would present.

Metamorphosis at Govind

Mr Mitra now at the helm of affairs with a strong backing of the Board chalked out his priorities. In his words, 'I studied the whole value chain from cow to consumer and I had a gut feeling that I will be able to bring value to the company and myself." His change vision consisted of three elements; to create the Govind brand, to scale pan India and globally and to create a culture of

[5] Corporate Tycoons,Vol No. 2, Issue No. 9, December 2014

[6] Cawsey and Deszca toolkit for Organization Change

performance and meritocracy. All the three elements were essential for the next phase at Govind, as also interdependent. To achieve these he would have to work through several interconnected parts of the existing culture at Govind.

The Govind Brand

Mr. Rajiv Mitra, set out to create a strong Brand Identity for Govind. He envisioned that every morning when the family buys milk it is not just milk but a piece of Govind they would have chosen to buy. The consumer should move from an uninvolved to involved purchase i.e. milk should move from commodity category to product category and subsequently to a brand category. He firmly believed that for global market expansion a strong brand image was indispensable. Also a strong brand would help him sell processed milk and milk products. The overriding vision at Govind speaks of value to the customer. It is clear that the growth of the organization depends upon retaining the existing customers and at the same time creating new market places.

Creating a strong Govind brand is fundamental to customer engagement and expansion. In addition to the farmer, the employees at Govind now needed to think of the customer as well. As per his early conviction the branding process at Govind was taken on a priority, where a new logo was unfolded and all the branding collateral was created. In the new growth phase where an outside perspective was as essential as the focus on continuous quality in all the products, he realized that the employees needed to be reskilled. Also new talent had to be inducted. While the existing employees had to be reskilled the new employees had to be inducted to the culture of Govind. The new market strategies implemented, also called for reskilling of employees. Many workshops were organized to reskill the employees. This is because the biggest ambassadors of the Brand are the employees of an organization. Some of these activities were extended to the dealer and supplier networks as well, since the last mile connectivity was provided by them.

Introduction of Technology

Having a share of global dairy market would also require modernizing and introducing new technologies. While Govind was a leader in the procurement processes, its business processes were still archaic.

Mr. Mitra took the services of a leading IT firm to implement a companywide business process integration technology process; SAP. Introduction of technology to replace manual work introduces two main challenges. The first one is in equipping all the employees with skills and competencies to utilize the system. The second challenge comes from the owners of the information. All of a sudden, their purpose and relevance in the organization becomes a question and out of the fear of being rendered irrelevant they demonstrate a tendency to block the optimum use of technology. Several organizations struggle to get the optimum benefit of a technology implementation when they are not able to tackle these two challenges.

Introduction of SAP replaced decision making based on gut feeling and individual interpretations to taking informed managerial decisions. As it is with any initiative associated with change introduction of SAP was also met with apprehension and cynicism. The employees used to manual ways of doing things wanted to know the importance and relevance of such a technology for the dairy industry and particularly Govind. In the words of Mr. Ashok Bahekar, Senior General Manager, Govind, "Any change is difficult to implement and so was the case with SAP. It was a novel experience for the employees of Govind, but when they found that they had no option and also when the early benefits of the use of SAP were noticed things started falling in place."

Mr. Rajiv Mitra was convinced that a pan- India and global presence needs to be powered by technology. He was determined that the technology be adopted and that Govind gets the optimum benefit of it. He communicated endlessly to put to rest the fears of the employees by educating them on the advantages of SAP. It was communicated to them that the new technology will not lead to obsolescence, but would open new opportunities for them to innovate and grow. The benefits accruing out of SAP implementations were reinforced. Soon the employees started realizing SAP helped in timely and transparent decision making. It created sequential processes

with interdependence on each other's work. This meant every ones contribution was important and teamwork was a compelling reality. The errors were rectified at each stage hence did not become cumulative. Manual monitoring reduced drastically. There was an overall reduction in errors, losses and quality of output increased.

The technology implementation helped Mr. Mitra in taking employee engagement to new levels. It was no more based on a sense of loyalty to the leader but was based on genuine participation in the business processes of the organization. The engagement also moved from a sense of entitlement to performance.

Lewin proposed that the less the culture of an organization is frozen the more it is open to the initiation of new ideas the easier is the change process. The early acceptance of the business process technology demonstrates that the culture of innovation which was developed for the procurement process provided the resilience needed for the adoption of technology in the business process as well.

Human Resource

Having introduced a critical technology initiative and already having a plant with state of art technology, Mr. Mitra simultaneously focused his attention to the people aspect of the organization. He realized having a business plan, infrastructure, strategy in place is not enough, the challenge lies in the implementation. His analysis showed him that the company was well staffed with competent dairy professionals, dairy scientists, veterinary doctors to take care of the supply aspects of the business and accountants to take care of financial aspects. Mr. Rajiv Mitra was convinced that this was not adequate if the organization had to transform to a market driven organization. Govind needed non Agro functional specialists as well. Hence he set out to recruit functional specialists in Sales and Marketing, Supply chain management and Human resource management. Having specialists in each function started creating a different culture. Since the employees were largely from the same location and had joined the organization in its early days they were complacent and overly dependent on the owner leader. There were no human resource processes or policies; the function was run on individual based practices. For a large organization this was not appropriate. This would involve spending a lot of time and each situation demanding

a different solution. The HR department took on the task of framing Human Resource policies and formally documenting the processes and systems. A proper Organizational chart was prepared clarifying the reporting relationships. Proper job titles and job descriptions were developed which minimized role ambiguity. Role conflict was mitigated to a large extent by these initiatives.

To bring in the culture of meritocracy appraisals were conducted and employees, for the first time were given formal letters for increment. Leave policy was put in place. There was more transparency because of Human Resource systems and processes in place. Changing a culture is not easy; possibly establishing a culture is easier than bringing about a change. While the performers and the more professional in approach were very happy with the change, some felt unhappy with what was happening and tried to use roundabouts to make themselves heard. This is a natural process. Change brings with it fear, fear of the unknown and its impact on self. It becomes the responsibility of the leader to alleviate these fears through transparency and continuous communication. The term 'Level 5 leadership' put forward by Jim Collins refers to the highest level in a hierarchy of executive capabilities identified.[7] "Level 5 leaders are incredibly ambitious – but their ambition is first and foremost for the institution and not themselves." (Exhibit: 9)

Mr. Mitra's entire focus is towards the organization, the document prepared by him on organization values confirms the same. The Values Document articulates the five values of developing strong work ethics, becoming dependable and responsible, demonstrating a positive attitude, honesty and integrity in all transactions and finally being thorough professionals in all aspects of behavior. These five values lead to the betterment of the individual employee and the organization. His actions provide the medium through which organization goals will be achieved.

Several levels of skill and competency building exercises are undertaken at Govind. Continuous learning provides for the creation of a proactive culture. It develops new insights and broadens outlook at the same time creating strong team bonds. Mr. Mitra has always been committed to the growth of employees. As a wellness initiative Govind introduced Vipassana for all its

[7] Good to Great- Jim Collins

employees. Vipassana is one of World's most ancient techniques of meditation, which was rediscovered by Gautama Buddha. All the Directors, management, staff & workers, supervisors went through intensive programs on Vipassana. This approach helped in creating a common language among the employees. It also helped in creating a we-feeling, and a sense of engagement with the organization. In fact the initiative was so well received that it was extended to the farmers as well. The farmers and milk collection center agents also opted for a 10 day Vipassana course. It helped them to become positive, less stressed, honest, disciplined and dedicated to their task.

Challenges

The four essential elements of a leader are the ability to gain and disseminate knowledge in real time. Knowledge takes various forms; it can be about the industry, the market place, employees, processes and products. The leader also needs to develop a strategic change vision. The vision has to fit into the overall vision of the company. He needs the essential competencies of working with and influencing teams groups and the organization as a whole. And finally he needs to create value. Value creation has to be for all the stakeholders, the employees, the customers and the shareholders. In the transformation process we find Mr. Rajiv Mitra providing leadership using all the four essential elements.

Mr. Mitra brought the technology, people and the processes that were needed to put Govind on a global map. In this pursuit the greatest challenge was in building the right team. Since the operating offices of Govind are in Phaltan which is about 100 kms from Pune and 300 kms from Mumbai makes it difficult to get professionals to relocate to Phaltan. Higher compensation packages to entice incumbents may not be a long term solution. Govind now had to perform the balancing act of on boarding specialists and yet contain employee cost. There is a big difference in the profiles of the existing employees and the new employees. For harmony this gap needs to be reduced through team working on some real cross functional activities.

Govind used a top-down" or push model for bringing about organizational transformation. Though change can be more effectively internalized if it has the top management support over dependency on the top leadership for the transformation process can be self-destructive. Relying on top down pressure for organizational transformation may lead to superficial compliance

which will defeat the very purpose of change. The transition from a family run company to a systems and processes focused organization was met with resistance from many quarters. The management was committed to transformation and would not let any factor impede its progress. To manage the resistance associated with any change process Mr. Mitra identified a group of people which were critical to the organization. The outcomes of change were communicated to them and they were convinced that the initiatives would lead to the growth of the organization. This helped in creating change agents. For the sustenance of change many more change agents need to be created.

Way Forward

Having succeeded at the first phase of the change process Mr. Mitra continues on the journey of transformation. To illustrate Mr. Mitra realized that it was difficult to curtail cost of production as the electricity bill itself was to the tune of 40 lakhs per month. Situated in Phaltan which has abundant sunshine, harnessing solar energy to cater to power needs of the plant only seemed logical to the Managing Director. The specialist from Govind, convinced Mr. Mitra of the many benefits of switching to solar energy and educated him on the subsidies offered by the government for adopting clean energy. In spite of the huge initial investment in solarizing the plant, Mr. Mitra saw merit in switching to solar energy. The efforts in this direction are underway.

The current procurement levels of the existing facility is 8 lakh liters of milk of which around 3 lakh liters of milk is sold in retail form through an established distribution channel. The balance milk is used for production of milk products like skimmed milk powder, ghee, butter milk, butter, paneer, shrikhand and amrakhand . The product range is in the process of growth as well, through the introduction of ice-creams, cheese and ready mix packets. The sale of milk in pouch packing started in the year 1999 with around 2000 liters/day. The present sale is around 3 lakh liters per day. This growth is the result of delivering the best quality at a reasonable cost.

While the process of transformation is now internalized and the benefits are visible the process of change continues at Govind as they have to achieve still many more milestones.

Currently, the main plant at Phaltan in Pune district caters to the entire western Maharashtra. The plant in Turbhe in Mumbai caters to Mumbai and parts of Gujarat. Third plant is in a place called Yamkanmardi in Belgaum which caters to Hubli, Dharward, Belgaum and Goa. The fourth plant,

in Sholapur which covers Latur, Osmanabad Sholapur and Hyderabad. Yet another plant is coming up near Nashik which will cater to North Maharashtra area. The pan India journey had started.

Lewin called the final stage of his change model as refreezing to symbolize the act of reinforcing, stabilizing and solidifying the new state after the change. The changes made to organizational processes, goals, structure, offerings or people are accepted and refrozen as the new norm or status quo. Lewin found the refreezing step to be especially important to ensure that people do not revert to their old ways of thinking or doing prior to the implementation of the change.

Govind has made a leap of faith; and the journey of transition from good to great has started. “We have come a long way towards achieving our vision of happiness to the farmer and value to the consumer. Further growth that we have envisioned from here can only happen through the sincerity and dedication of our employees and untiring efforts of our channel partners. Our strong and responsive consumer connect will lead us to where we wish to be.”-Rajiv Mitra - Managing Director

At Govind the transformation journey continues as new milestones become part of the growth story. The ability to be nimble to optimize the new opportunities, the new markets and new customer base presents a great feature that has been cultivated in the organization culture. The continuous improvement programs envisaged by Mr. Mitra may further help in enhancing the adaptive capacity of the organization. To achieve competitive advantage Govind must achieve a favored position in comparison to their competition and perform in ways that are unique, difficult to imitate and create great value. An ability to adapt and transform quickly will assist Govind in managing strategic change.

Exhibit 1: Location of Phaltan on the Map of India

Source: www.mapsofindia.com/india

Exhibit 2: Details of Phaltan

Country	**India**
State	Maharashtra
Administrative Division	Pune Division
Headquarters	Satara
Area	
• **Total**	10,484 km² (4,048 sq mi)

Source: http://satara.nic.in/

Exhibit 3: Free Housing for Cattle

Exhibit 4: Brush for Cattle Grooming

Exhibit 5: Azolla Feed for Cattle

Exhibit 6: Hydrophonic Fodder

Exhibit 7: Kurt Lewin's Model of Change

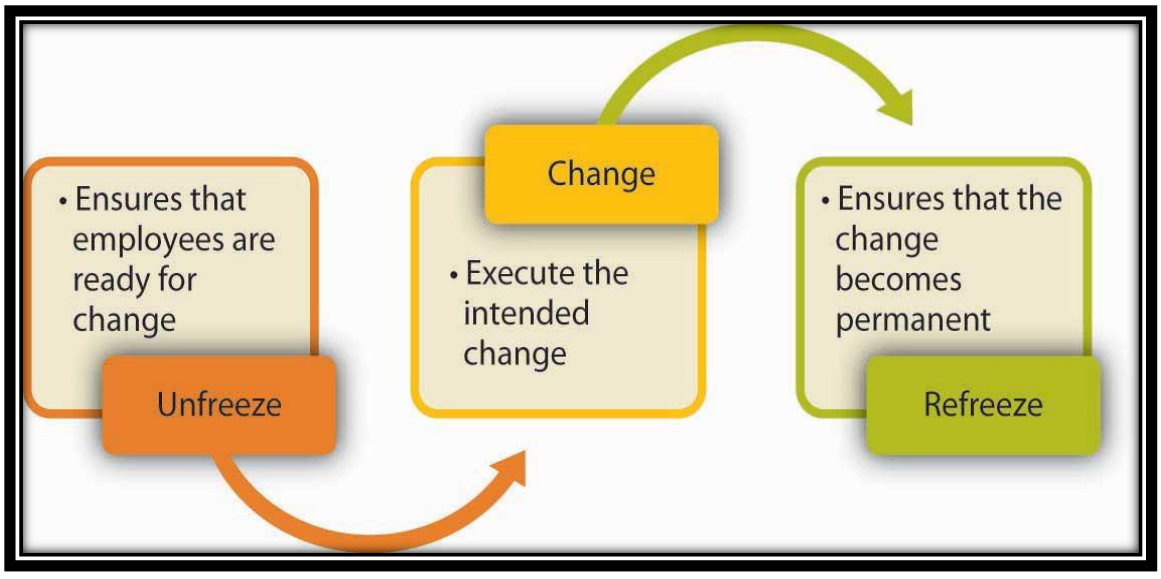

Exhibit 8: Force Field Analysis-Kurt Lewin

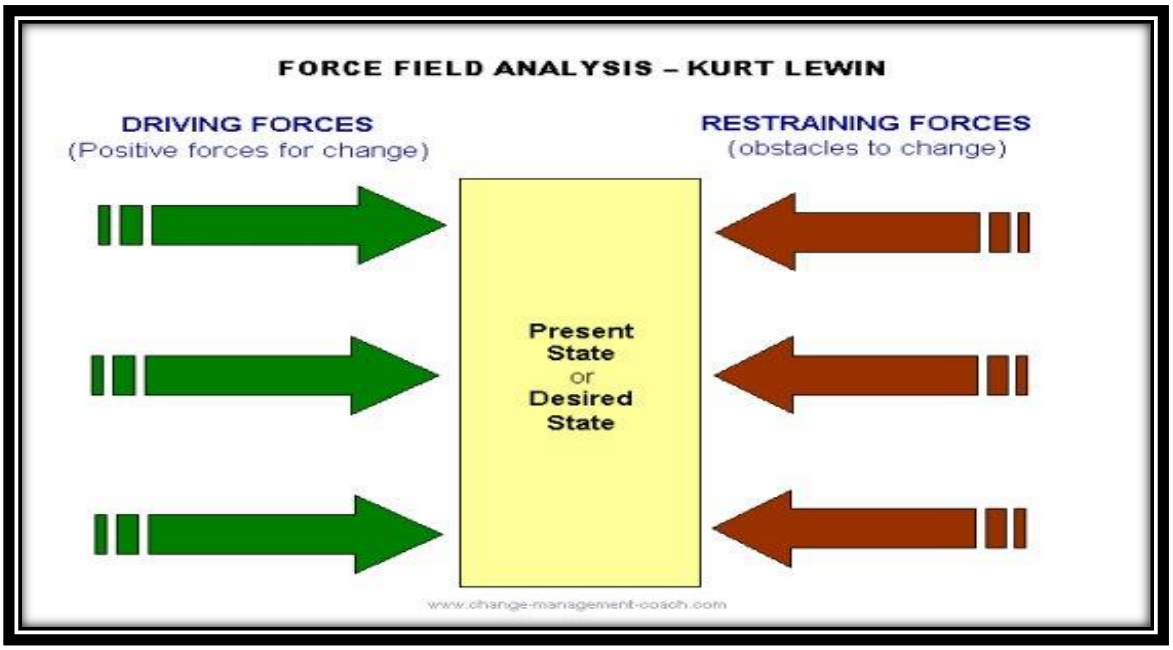

Exhibit 9: Level 5 leadership – Collins.

Organization Churn for a Creamy Future

Teaching Note

Case Synopsis

The case provides a holistic perspective of organization transformation, management of change impact on employees and leader behavior .The challenge at Govind Milk and Milk Products Pvt. Ltd. a mid - size company, in the dairy industry was to transform itself into a pan – India and global company from a regional organization. The case study outlines how the organization took on the transformation journey under a strong leadership and managed change by focusing on creating a brand, implementing technology and creating a culture of meritocracy.

Key words:

- Competency enhancement, Level 5 leadership, Meritocracy, Models of organizational change, Organizational transformation, Partnering, Strategic vision, Value creation

Target Audience

This case can be effectively taught to post graduate students in management and executives on topics such as transformation, leadership, business strategy and organization culture. Students need to come prepared with key dimensions of organization development, management of change, and leadership in organizations.

The learning objectives are as follows:

(i) To highlight the process of transformation in organizations.
(ii) To introduce the leadership challenges involved in the transformation of an organization.
(iii) To understand the importance of the identification of the drivers for change.
(iv) To highlight the relationship between effective leadership and creation of change in an organization for strategic growth.

Assignment Questions

1) What were the possible options in front of Govind before they embarked upon the transformation? Evaluate to justify.
2) Which aspects of the organization needed change for a holistic transformation?
3) Was the change process managed effectively?
4) Which leadership behaviors helped in the transformation process?

Teaching Plan

Time **(Duration)**	**Discussion Question/ Topics**
10 Minutes	Introduce the theory of transformation leadership and management of change.
10 Minutes	Survey Students about their understanding of organization change. Request students to share instances where they felt an effective change process was implemented.
15 Minutes	Discuss the importance of organization change. Before coming to class, students may be advised to review the relevant literature. Share the basic characteristics of organization culture.
20 minutes	The relevance and the process of management of change.
20 minutes	Initiate a group discussion to discuss the possible transformation routes Govind could have taken e.g. Mergers, acquisitions, diversification etc.
20 Minutes	To identify key differentiators. Students to review key differentiators leading to transformation. To identify the best practices used by the leadership. Comment on the Initiatives taken in Govind. Analyze the relationship among management of

	change and leadership practices.
15 Minutes	How Govind can further improve on their transformation journey.
10 Minutes	Key learning points and conclusions
Total 120 Minutes	

Case Analysis

We first analyze the case by understanding key dimensions of organization transformation. We discuss the different phases an organization goes through and the different leadership challenges required in different phases. We then look into the different challenges at Govind and how the transformation process addressed them.

Introduction to Leadership and Management of change

We look at various dimensions of leadership required to transform a high performance organization.

- **Strategic vision**

  It is essential to have a vision for the organization. This vision should be grounded in reality, should be broken into achievable targets and should be easy to communicate to the large groups of employees who eventually achieve the results.

- **Knowledge**

  Leadership must be highly knowledgeable about the growth potential in the organization. It should engage itself in conducting a data based command area analysis, process analysis, customer requirement analysis as also assess the level of employee engagement in the organization.

- **Competency enhancement**

  Actual results are achieved by the employees of the organization. Selection of competent people for strategic positions is an important leadership responsibility. Continuous improvement and enhancement of the capability and competency of the employees is yet another challenge that the leadership team needs to take responsibility for.

- **Value creation**

A results focused culture is essential for growth and profitability. A culture where employees are in pursuit of achieving operational efficiencies, achieving optimum targets and understanding and catering to customer requirements leads to growth and profitability. Leaders who wish to transform their organizations create a culture where value creation is essential for all employees.

Leading and Creating Transformation Team

- **Acting strategically and with Vision**
  Creating and communicating a compelling vision of the future, and translating it into clear strategies and specific priorities.
- **Results – Performance Work Culture**
  Setting and pursing aggressive goals, demonstrating a strong commitment to Organizational success, engaging and supporting employees, cultivating a customer orientation and designing efficient processes to accomplish results
- **Exemplifying Customer Service**
  Focusing on the customer as the only priority , for both products and services. Creating a culture to meet and exceed the expectations and requirements of internal and external customers.
- **Creating a competence based Organization**
  Enhancing the competency development of team members for the achievement of results.
- **Change Management/ Creating Adaptability**
  Encouraging employees in maintaining effectiveness in new and changing environment; seeking new challenges, creating learning opportunities, and using customer feedback to gain insight for improvement.
- **Supporting Trust and Accountability**
  Maintaining high standards of personal integrity, credibility, and consistency. Always leading by example.

Leadership for Organization Transformation

Govind is a unique organization which undertook a transformation process even when they were doing well. Govind for sustainable success needs to have a larger presence, strong relationships with customers and for all this needs a strong brand. The Leadership team needs to get employees geared up for meeting these challenges. Continuing with the traditional business model creates a silo mentality making it difficult to achieve growth and profitability. Govind needed to reorient their business models to move into high performance zones. Some organizations do this by focusing on technology and infrastructure, some on employee competencies and some practice high degrees of customer centricity and market reach. Question remains whether leadership in Govind is offering a compelling vision to the employees which has the customer at the core of it. The leadership at Govind adopted a holistic approach, which had the interest of the customer, the employee and the farmer at the core of it. This led to the transformation which has helped Govind position itself for exponential growth.

Key Differentiators

At Govind, the key differentiators are identified as embark upon transformation even as it was in a high performance stage. The key differentiators were creating a strong brand, positioning for a pan India and global presence, developing deep consumer knowledge, enhanced human capital, optimum use of technology and create responsible products. Govind, when it started the transformation, felt that their key markets were underserved despite the presence of other players. The company wanted to fill the gap by making strong and emotional connect with customers through their brand.

Suggested Additional Readings:

- Good to Great by Jim Collins
- Built to last by Jim Collins
- Organization Development and Transformation: Managing Effective Change by Wendell French and Cecil Bell