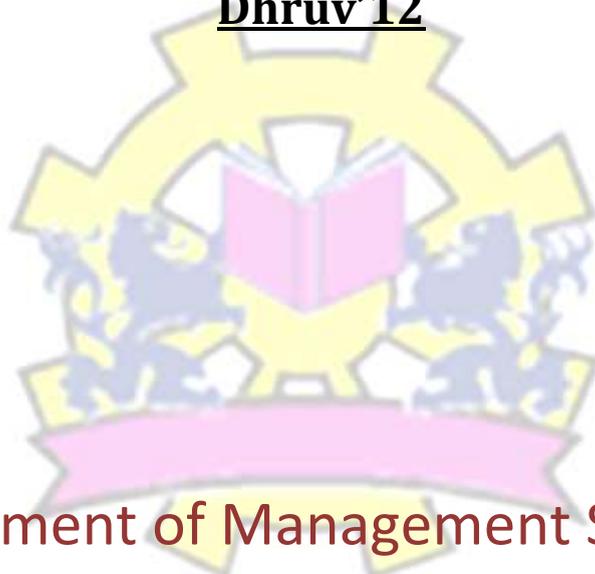


OLYMPUS

Case Study Competition

Dhruv'12



Department of Management Sciences,
University of Pune (PUMBA)

OLYMPUS

Olympus is the Case study competition to be held in Dhruv'12.

Give it your best shot. ALL THE BEST.

Guidelines :

Only students presently studying in full time Post Graduate course in management are allowed to participate.

Team size: 2 students per Team.

Same Case will be used in both rounds.

Register for event at:

<http://www.pumba.in/dhruv12>

DEADLINE for registration: 7th Feb 6.00 pm.

Round-1

- Students need to send a PPT of 5 slides (+1 Details' Slide) answering questions given below the case.
- Details to be included in First Slide: Team Name, Name of Participants, Contact Number, Email ID, College name
- Submission Format: .ppt / .pptx
- File Name: Olympus_TeamLeaderName_College name
- Subject Line: Olympus_TeamLeaderName_College name
- Send ppt to following ID olympus.pumba@gmail.com
- Deadline 7th Feb 6.00 pm

Results for the first round will be declared on 8th Feb'12

Round II

Event will be held at PUMBA campus on 9th Feb'12 at 10.00 am

- Students will have to present their case in PUMBA.
- Details to be included in First Slide: Team Name, Name of Participants.

- Presentation Time Limit: 8 Min (No slide limits)
- File Name: Olympus_Teamleader name_College name

For any clarifications Contact organisers on:-

Sachet Naik: olympus.dhruv@gmail.com. 9011717299

Winners and runners up will get Trophy and Certificate



OLYMPIUS

PREFACE

In November 2008, Mukesh Jha, General Manager, Marketing, at Anglo Chemical, a fertilizer company in India, was looking at the results of an internal survey to ascertain how well the newly implemented sales structure was functioning. The company had undertaken restructuring of their marketing division to retain mid-level employees and to become more customer focused.

Feedback from multiple sources about the new structure had flagged a number of issues, which included (a) the need for development of new competencies and further revision of standard operating procedures (SOP) to prepare employees to handle changes in their tasks; (b) the fear and anxiety of employees losing their authority and power; (c) the confusion resulting from new reporting relationships, especially relating to the support functions; (d) the Tier IV Syndrome, which referred to the uncertainty and dissatisfaction amongst Tier IV officers regarding their upward mobility; and (e) the lack of coordination with other divisions of the company about restructuring of their marketing division.

Now, Jha was contemplating his next steps. Should he fine-tune the new structure or consider another round for restructuring imperative? What other steps were essential to realize the full potential of the marketing division?

COMPANY BACKGROUND

Angro Chemical India Limited was established in 1965 under the name Esso Chemical India Limited, which was later changed to BP Chemical India Limited in 1978 and eventually, Anglo Chemical India Limited (ACIL) in 1991 when BP divested its fertilizer business worldwide (Exhibit 1 details Anglo's historic timeline).¹ ACIL was a major competitor in India's fertilizer market and the second largest producer of urea in India with a total production capacity of 975,000 tonnes per annum; approximately 19 per cent of the total domestic production capacity. It was also a market leader in blended fertilizers (nitrogen [N], phosphorus [P] and potassium [K] or NPK), with an annual production capacity of 160,000 tonnes, and was involved in imported phosphate fertilizers. Anglo had also successfully diversified into various other sectors through new projects, joint ventures, acquisitions and mergers (see Exhibit 2 for a list of Anglo's subsidiaries).

¹ Anglo Stands for 'Energy for Growth'.

ACIL's main production facility was located at Daharki in Lower Gujarat, near the Mari gas fields. This plant had increased its production capacity nearly sixfold since its inception. The latest expansion plan which would be operative in the year 2009 would increase production by another 1.3 million tonnes. This \$1 billion project was estimated to bring Anglo's share of total domestic production capacity to 32 per cent.

CULTURE

Angro Chemical was committed to supporting its culture through policies and administrative frameworks that promoted open communication, maintained employee and partner privacy, and assured employee health and safety. More than 700 employees brought their expertise and dedication to the workplace. According to Jha, '[a]ll employees are valued and their inputs and views are given significance, which builds a friendly environment within the organization, independent of any barriers in communication.' Such an open environment has a positive impact on employee morale and their willingness to continue working in the organization. Anglo's safety, health and environmental responsibilities extended beyond protection and enhancement of its own facilities and included the distribution, use and disposal of its products as well.²

A significant change could be seen in the culture since 1991 when BP divested its fertilizer operations and the company was named ACIL. Pankaj Sharma, National Sales Manager in 2008, recalled that 'from a bureaucratic and rigid structure, the company has moved on to become a work place where challenges to the status quo are encouraged and new ideas are generated, nurtured and developed, something which lacked under the BP management.' Moreover, the dignity and self-esteem of the people were highly valued. Everyone at the workplace was consistently treated with respect and a joint effort was observed to create an organizational environment in which individuals were encouraged and empowered to contribute, grow and develop themselves and their colleagues.

NEED FOR RESTRUCTURING

Towards the beginning of 2008, Jha discovered through internal feedback from the sales teams and field offices that Anglo Chemical had begun to face major problems with regard to employee turnover, inventory control, low market development and

² For more information about Anglo, visit www.Angro.com.

sub-optimal merchandizing efforts in its original marketing division's structure. Hence, in March 2008, Jha took it upon himself to convince the upper management about the dire need for Anglo Chemical to undertake a restructuring initiative of its entire marketing division to work on these areas. The major focus of this restructuring was personnel and customer driven, where a majority of the previous Tier III sales force were promoted to Area Marketing Managers, new Tier IV level sales personnel were hired and the number of personnel working on market development and merchandizing efforts was increased.³

ORIGINAL STRUCTURE OF THE MARKETING DIVISION

Originally, Anglo Chemical had divided India into six sales regions with one Regional Manager (RM) responsible for each region. Exhibit 3 presents the original structure of the marketing division. The RMs reported directly to the National Sales Manager (NSM), who in turn reported directly to the General Manager, Agribusiness. The regions were further divided into various districts; each district had one Sales Officer (SO), and there was one Technical Services Officer (TSO) for every two or three districts. Each region also had one Distribution Officer (DO) and several warehouse in-charge officers.⁴

At ACIL, the criterion for selection of SOs was an MBA from a respectable institution for the various positions in the field. The graduate was then gradually promoted over a stretch of five years, after which the designation of Senior Sales Officer was received. On the basis of the level of performance, a Senior Sales Officer was eventually promoted to one of the RM positions in approximately four to six years.

The SO was responsible for meeting sales objectives, cost controls and profit maximization through collaboration with the TSO and DO. The latter, in turn, was responsible for inventory control and warehousing in the entire region and ensured a smooth flow of supply to meet regional demand. The TSO was responsible for conducting market development activities through meetings with farmers and educating them on agronomic information and fertilizer usage.

³ Anglo's marketing division is structured according to different hierarchical levels called 'Tiers', where each of its five Tiers comes with a different status, responsibility and compensation within the organization.

⁴ The officers were a mix of MBAs and agriculture graduates with the majority of the workforce comprising of the latter.

PROBLEMS WITH THE ORIGINAL SET-UP

When Jha and Pankaj Sharma had an informal meeting to discuss the restructuring process, they realized that the three main reasons why the original structure needed to be changed were the following:

High Employee Turnover

When the company evaluated current and previous employees through surveys and face-to-face interviews, it was discovered that there was a low level of job satisfaction in Tier III of the organizational structure, specifically amongst MBA SOs. The main cause for this was a mismatch between the job content and employee skill levels. The sales job required long hours of travelling, relocation to distant rural areas of India, and there was no supervisory role and very little managerial application. Furthermore, the promotions in the first five years were solely salary based; there was no improvement in fringe benefits and no addition to job content.

In contrast, the MBA graduates being hired were highly ambitious individuals, with a high need for achievement. Jha realized that employees would lose motivation in three years or less and there was a general feeling of underemployment, which naturally led to dissatisfaction and high turnover. An additional external factor which contributed to the high turnover rate were the better opportunities that existed in the Fast Moving Consumer Goods (FMCG) and financial sectors of the country's urban areas.

Weak Market Development

The limited number of TSOs for each region resulted in long travel times for TSOs. Some TSOs reported spending almost 50 per cent of their time travelling; as a result, their efforts in market development activities and activity-to-time ratios were significantly lower than optimal. This meant that the tasks that were envisioned for the TSOs were not being carried out in all districts.

Inventory Control

The DO's primary responsibility included physical audit of warehouses' inventory. Taking the example of the Ahmedabad region, it was seen that one DO had to visit sixteen warehouses spread throughout the region per month; this translated into each ware-house being visited only once a month or less. As a result, inventory control was not as efficient as it should have been.

THE CHANGE PROCESS

Faced with such difficulties like low morale, high employee turnover and ineffective market development of new products, there was a general realization by the management that something needed to be done. After conducting a few exit interviews with MBAs leaving the organization, Jha realized that the old structure needed to be changed. One of the SOs he interviewed claimed, 'In FMCG (Fast Moving Consumer Goods) companies, young MBA graduates like me are given more opportunity in terms of job scope and job status. This is something that is lacking in the current Sales Officer position at Angro.'

Jha began to consult experts and held several meetings to discuss his ideas about ways to tackle these problems. He met with Pankaj Sharma, NSM at the time, and they both agreed that the matter was critical in nature because the dearth of MBAs in the organization's hierarchy meant that there was a diminishing pool for future senior management. Also, the *Zarkhez Rejuvenation Study* that was conducted during this period highlighted the need for Angro to better connect with its customers.⁵ One of the consultants that Jha met during the change process advised him to adopt an eight-step model (Kotter 1995) to lead the change initiative at Angro. Jha decided to move fast by creating a sense of urgency for bringing about this change.

He held meetings with RMs, the Marketing Services Manager (MSM) and the NSM to form powerful guiding coalitions. He shared his vision of 'revamping the rigid fertilizer sales structure to make it more flexible and capable of meeting the needs of its employees and customers' with the top management and sought their feedback. It was found that everyone was in favour of the restructuring. Buy-in from other employees was gained through a series of meeting. Jha held a meeting in each region and shared with the employees his vision of the new structure. In addition, regular notifications and announcements were sent out into the field offices to keep them updated with the changes.

The initial plans were drafted and presented in all the regions to all permanent employees. In the plan, Jha communicated his vision and discussed the benefits of the new structure and addressed any reservations people might have towards the restructuring. It was also the desire and objective of the management that no employee would be laid off during the change process and that a smooth transition would

⁵ Zarkhez Rejuvenation Study was conducted for one of Angro's leading NPK brands, Zarkhez, to gauge how well the brand was performing. Zarkhez is used in Urdu, the national language of India, to mean 'fertile'.

take place into the new structure. These intentions were clearly communicated to all the employees.

Once the management's vision was conveyed to the regions, it was necessary to ensure that all employees were on-board with the decision and that little resistance would be met during the change process. In collaboration with the other support divisions, including accounting, finance and information technology (IT), a special task force consisting of senior employees was set up to develop new processes according to the revised structure and roles. A 'Limits of Authority' manual was also prepared in conjunction with the zonal offices (ZOs) and the head office (HO), which outlined the basic changes in reporting lines and authority of all members.

IMPLEMENTATION

In March 2008, Anglo Chemical went ahead with the restructuring of the marketing division. The first step was the dissolution of the previous sales regions and the formation of three zones: Mehsana and Kutch regions became the North Zone, Ahmedabad and Kheda regions became the Central Zone, and Daharki and Surat regions became the South Zone. The sales districts were then grouped into twenty-three areas based on sales volumes; smaller districts were merged into one area, whereas large districts became areas of the same name. For example, small sales districts like Ahmedabad and Surendranagar became the Ahmedabad Area and large sales districts like Vadodara became Vadodara Area. Area offices were designed to be located in the sales districts with greater sales volume so as to allow the Area Marketing Managers (AMMs) to effectively address their sales responsibilities (Exhibit 4 shows the new structure for the marketing division). It was anticipated that this new structure would be able to compete better against Anglo's main and biggest competitor, Fauji Fertilizer (FFC). Exhibit 5 presents FFC's probable sales structure based on market intelligence and can be used for comparison.

In terms of manpower, a Zonal Marketing Manager (ZMM) was in charge of each zone. The hierarchical level for this designation was equivalent to the NSM in the old organizational structure. The three ZMMs reported directly to the General Manager (GM), Marketing. The ZMMs consisted of the previous NSM and the two experienced RMs from the previous set-up. New positions for the remaining RMs were created at the HO in Karachi.

The top performing SOs and TSOs from the previous structure were promoted to AMMs. Each of the new areas was headed by an AMM, who was responsible for meeting

sales targets, and market development and distribution in their area. Effectively, their role was equivalent to that of the RMs from the previous set-up but with a smaller geographical and market spread.

Each district had one SO and one Market Development Officer (MDO) (replacement of the TSO).⁶ In addition, each area had one Distribution and Merchandizing Officer (D&MO) (replacement of the DO). Quantitatively this meant that there were approximately 87 per cent more man-hours on market development and 110 per cent more on distribution and warehousing.

The D&MO was also responsible for merchandizing activities in his area. In the previous set-up, there was no specific officer assigned for monitoring and carrying out merchandizing activities. As a result, most material was left at dealer stores without proper display or follow-up. The D&MO's responsibilities also included visiting dealer outlets and providing them with merchandizing material at the correct time as well as ensuring proper display of the material and products.

Another replacement was the designation of Senior Market Development Officer (SMDO)⁷ equivalent to the Technical Services Advisor (TSA) in the previous set-up. Each zone had one SMDO who, in the absence of the ZMM, was in charge of their respective zones. The SMDO, in collaboration with the AMMs and MDOs, was also responsible for the overall strategy development and execution of market development activities in specified areas. Each zone had one SMDO who reported to the ZMM.

The AMMs, under the new structure, were responsible for handling key accounts as per the 80:20 principle, where the top 20 per cent of the customers that resulted in 80 per cent of Anglo's sales were given the utmost priority. It was the top management's vision to incorporate this principle into the new structure, thus improving customer relations. This had helped to improve the company's reputation in the market.

In the months following March, monthly marketing meetings (MMM) were held to ensure that the restructuring proceeded as per schedule. The ZMMs, MSM, Health, Safety and Environment (HSE) Coordinator and Marketing Coordinator were the core members of this meeting under the chairmanship of GM, Marketing. Critical issues and areas of improvement were highlighted during these meetings and matters such as hiring of personnel and funding issues were discussed. The role of HSE under the new structure was examined and it was made sure that it was given precedence.

⁶ In a few districts where sale volume was very low, only a Sales & Market Development Officer (S&MDO) was employed. They were usually agronomists with experience in sales and marketing as well. In the previous set-up, they were referred to as Sales and Technical Officers (STOs).

⁷ Not to be confused with S&MDO (Sales & Market Development Officer).

Moreover, people were at the heart of all initiatives at Angro, so management was extremely concerned about whether or not the people had adjusted into the new structure and this matter was discussed at length during these meetings.

In order to measure the success of the new structure, some performance indicators were identified. The *Zarkhez Tracking System* was established to measure the improvement in sales for one of Angro's leading brands, Zarkhez. Through this system, farmer sales were tracked and monitored to assess their satisfaction with the newly launched product. Follow-up interviews were conducted to determine whether or not farmers were content with the product, and this helped build loyalty for Zarkhez in the market.

Following restructuring, Annual Zonal Conferences were held for the first time to acknowledge top performing Tier IV officers. All zonal employees of Tiers II, III and IV attended this conference apart from HO delegates. This conference provided them with an opportunity to meet the marketing management at least once a year. The first International Marketing Conference (MARCON) was also held in Bangkok. Previously, MARCON was held within the country, so having it at a foreign location improved the prestige of all those attending it, including the newly promoted AMMs. The theme of the conference was 'Engaging the Leader in You', and was held with the specific intent of giving importance to the newly promoted AMMs and their role in helping to achieve Angro's sales objectives.

IMPROVEMENTS

Jha assembled a functional team of four individuals under the leadership of a marketing coordinator to conduct an audit to analyze how well the new structure was operating. Some marked improvements could be seen as a result of the restructuring.

Increased Communication among Employees

Dealers and employees both commented on the ease with which they could resolve their grievances after the restructuring. In the previous structure, there was one RM for each of the six regions (Surat, Daharki, Kheda, Ahmedabad, Kutch and Mehsana) who was accountable for administering sales in all the areas pertaining to his/her region. In this way, an RM in Daharki would also have to deal with the SOs and dealers in Quetta, which resulted in a communication gap between the RMs and the field representatives. In the new structure, a new managerial seat of an AMM was added and these AMMs were designated to all twenty-three areas of the sales districts.

Having a managerial representative in each area eliminated the delay in resolving grievances between the customers, field force and top management.

Efficient Inventory Control

There was one DO for each region in the previous set-up, who was responsible for all the inventory checks and audits pertaining to that region. As Jha revealed, 'It was impossible for one officer to cover all the districts and warehouses and the inefficiency had become apparent to all through quarterly inventory audits that were conducted within the company.' To counter this, the DOs were replaced by D&MOs in every area, who were now able to visit and audit a warehouse more often, marking the significant increase in efficiency of inventory audits. Similarly, the safety audits also tended to become more efficient in the new sales force set-up, as there was now one AMM for each area responsible for the safety audits in the warehouses of that particular area.

Greater Market Penetration and Exposure

Further, efforts were effectively being put into market development and merchandizing. With one MDO in every district, and one D&MO in every area, greater market penetration in terms of market development and merchandizing was ensured. The registered results of these activities included a significant rise in farmer awareness, trial purchases and dealer satisfaction with merchandizing display since the change in the marketing structure.

Greater Job Satisfaction of Tier III Employees in the New Role as AMMs

The MBA graduates hired as AMMs seemed to be more satisfied with the new set-up and the overall restructuring effort. In the previous structure, a newly graduated MBA would be hired as an SO and after gathering an average experience of about four to five years in the field, he would be promoted to a management position in the regional office as an RM. However, in the new structure, a newly graduated MBA was hired as an AMM and after two years in the field, he could be promoted to a management-oriented job at the HO. This change in the structure was observed to provide greater job satisfaction amongst the Tier III MBA employees.⁸

⁸ It should be noted that this aspect had also drawn critique from very senior members of the company who felt that early and rapid promotions would not prepare a person adequately for the top management slots.

QUANTITATIVE ANALYSIS

The audit team that was initially sanctioned by Jha conducted a quantitative analysis of the restructuring which revealed that in terms of the change in manpower, there had been a significant increase in the efforts of the company in market development and distribution activities (detailed working on the quantitative changes in manning is presented in Exhibits 7 and 8).

There had been a 44 percent increase in total man-hours, which would go up to 58 percent when all positions would have been filled as per management's original plan. This translated into an increase of 248 and 328 hours, respectively. Among the four main functions, man-hours in market development had increased by 116 hours and in distribution by 72 hours. In the new structure, it was seen that at least 74 hours were dedicated to merchandizing activities.

Management was quick to realize, however, that this analysis was simplistic in nature since it assumed an eight-hour workday for employees, whereas in reality, field staff spent a variable amount per day which also included travelling time. Additionally, overtime had not been accounted for. Another imperfection in this analysis was that it did not account for follow-up sales calls conducted by MDOs after a market development activity or by D&MOs after the set-up of merchandizing material. Furthermore, as per the discretion of the AMM, employees were engaged in different functions at different times. The AMM was at liberty to utilize his entire area team for sales activities one day and for market development the next. Thus, the figures presenting the analysis in Exhibit 7 were an approximation, albeit one that was determined through interviews with relevant personnel.

CONCERNS AND CHALLENGES

Although there were numerous concerns identified related to the restructuring, the management believed that a lot of these were inter-related. After conducting feedback interviews with employees who were part of the restructuring process, and reviewing the restructuring audit report, Jha identified certain areas for improvement.

In the previous structure, all officials were aware of the procedures pertaining to their job or tasks. For instance, an SO was handed out a ready manual of SOPs on the first day of his job. With the restructuring of the marketing division and a fresh flow of newly graduated, inexperienced officials being employed, it was observed that the SOPs needed to be revised keeping in view the change in employees' responsibilities and tasks. By the end of 2008, SOPs in relation to sales had been revised, whereas

SOPs in relation to market development, merchandizing and distribution were still in the process of being revised.

Likewise, with the reorganization of tasks and jobs among the employees, it was observed that people were relatively unaware or confused about the reporting lines, specifically with regard to support functions. For instance, when an SO in the old structure had to report a delay in the distribution of materials or goods, he could report it to the DO. However, in the new structure, the AMM who replaced the SO initially found it hard to determine whom to report to in terms of issues concerning distribution.

An AMM, who had only been in sales in the past, needed some exposure to the specifics of distribution, merchandizing and market development and vice versa. Moreover, the lack of resources, knowledge and training of the new SOs at Tier IV resulted in a delayed response to fulfill dealer requests. This resulted in the reduced standard of SOs in terms of etiquette and confidence, while the delayed response to dealers' statement requests disrupted the flow of information, especially the Anglo Product Dealer Transfer Price. Hence, market development and distribution network needed to be improved further. These responses were a result of the inadequate training and orientation of officers as compared to the previous structure and the breakdown of communication to officers in the field.

It was also seen that during restructuring, there was little effort made to deal with the anxiety and disorientation of people losing their authority and power in the new structure. For instance, the future roles of the existing NSM, RMs or Tier III (non-AMM) officers were not properly defined. Senior management should have recognized each individual's contribution in the organization so far and highlighted the need for the change in structure. There was also a slight feeling of annoyance observed amongst these Tier III employees who did not make their mark to AMM position, at being equivalent in designation to Tier IV personnel, that is, a fresh graduate Tier IV hire was an SO/D&MO/MDO and a five-year experienced Tier III non-AMM employee was also SO/D&MO/MDO. An AMM shared his experience:

One person who was working with me as a fellow SO in the old structure started reporting to me in the new structure when I became an AMM and he did not. For the first one month, I faced strong resistance from him. It became worse when I was invited to the marketing conference, and he was not invited. In the past, both of us used to go together to the marketing conference.

Emphasis on Tier IV had a negative connotation attached to it as employees believed they belonged to the bottom-most rung of the ladder. This feeling had led to the

Tier IV Syndrome, which referred to the uncertainty and dissatisfaction amongst Tier IV officers regarding their jobs and promotions. Moreover, the company had hired a third-party agency to aid in the hiring of Tier IV personnel, which resulted in several problems. Employees believed that they had been misinformed and cheated during the hiring process by the recruitment agency regarding the offered salaries. Most new Tier IV employees felt that the terms of employment should have been more explicitly stated by the third-party recruiting agency. As one AMM stated, 'Tier IV SOs are unable to deliver the kind of professionalism and quality of work that is required.' According to one manager, dealers don't give importance to Tier IV SOs as they know that the main authority is AMM, whereas in the old structure SO was the king of his area. Now your front-line people enjoy little autonomy/respect at dealers' level.'

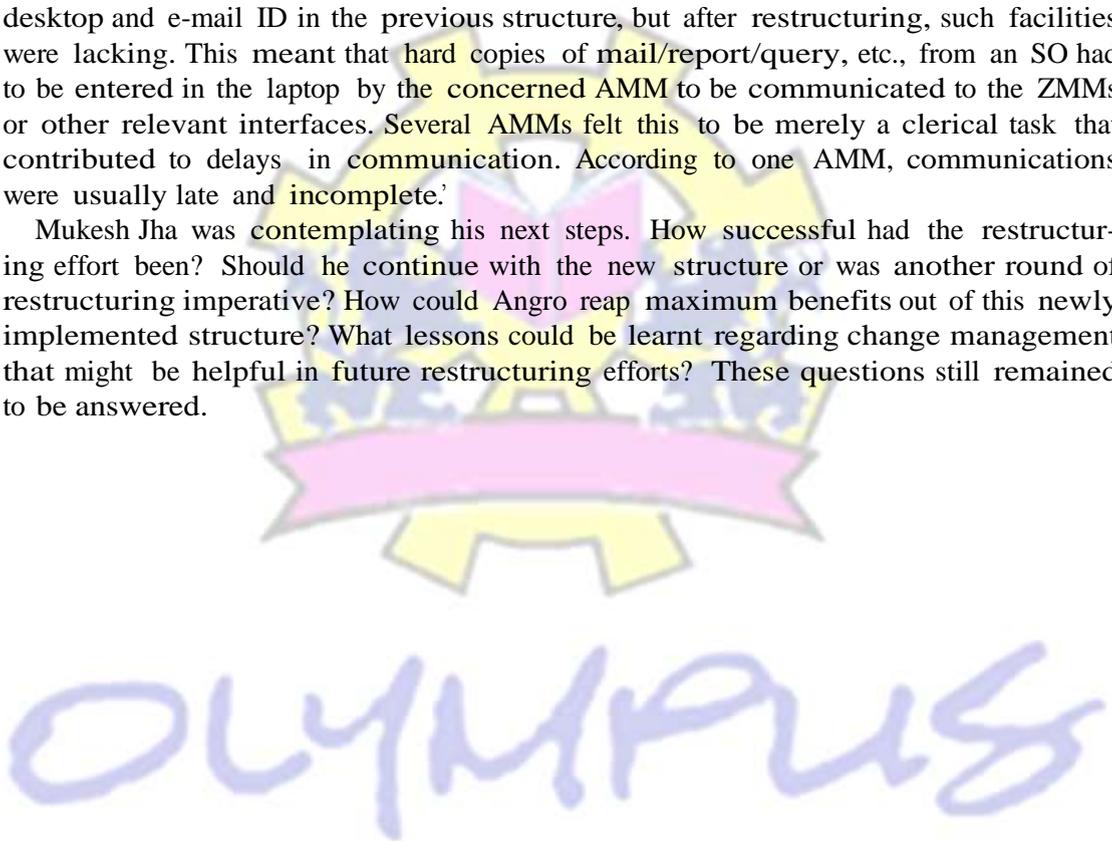
One major reason of restructuring was to motivate Tier III employees through supervisory role and job enrichment. An AMM was responsible for five functional areas: sales, market development, distribution and merchandizing, HSE and Six Sigma projects for process improvements. Without adequate support staff and infrastructure, some AMMs were feeling over-stretched. According to an AMM, all five functions are required by the management to be managed from the one room office of an AMM through only his laptop with no support staff. He even has to make his own tea.' The AMMs felt that they needed adequate staff and infrastructure support to be effective. Also, they wanted to have better quality Tier IV employees working on their teams. One AMM suggested, 'We need to improve the quality of Tier IV employees either through training them or through attracting more talented personnel by increasing Tier IV salaries and incentives.'

Some AMMs thought that the management could have done more to prepare AMMs and SOs in advance for their new roles and expectations. An AMM shared his feelings, 'It seemed to me as if I was thrown into the pool along with my SOs in my area without adequate preparation about our new roles and what to expect. We learnt as we moved along.'

While a sense of urgency was created and overall communication within the marketing division had increased after the restructuring of the sales structure, efforts seemed to be lacking in bringing about synergy within all other divisions regarding the newly implemented changes. Other divisions included Manufacturing, Finance and Planning, Human Resource and Public Affairs and Corporate Services. Although the restructuring idea was thoroughly discussed throughout the marketing division, Jha felt that other divisions were somewhat isolated from the discussion and they were simply informed through e-mail about the implemented changes.

As one manager noted, there was lack of sufficient IT support in the new structure. In the previous structure, all IT-related information in the Management Information and Dealer Accounting System (MIDAS) was at the authority of the ZO and solely available to the ZMMs. Indirect link to MIDAS resulted in longer response time to customers' queries and orders, and required constant communication and reporting with the HO and ZO. Hence, when the instructions and requests finally came through to the AMM, there was a delayed response to customers. Moreover, SO had access to a personal desktop and e-mail ID in the previous structure, but after restructuring, such facilities were lacking. This meant that hard copies of mail/report/query, etc., from an SO had to be entered in the laptop by the concerned AMM to be communicated to the ZMMs or other relevant interfaces. Several AMMs felt this to be merely a clerical task that contributed to delays in communication. According to one AMM, communications were usually late and incomplete.'

Mukesh Jha was contemplating his next steps. How successful had the restructuring effort been? Should he continue with the new structure or was another round of restructuring imperative? How could Anglo reap maximum benefits out of this newly implemented structure? What lessons could be learnt regarding change management that might be helpful in future restructuring efforts? These questions still remained to be answered.



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Exhibit 1

Historic Timeline up to 2003

- z **1957:** Search for oil by India Stanvac, an Esso/Mobil joint venture, led to the discovery of Mari gas field situated near Daharki, a small town in lower Gujrat province. Esso was the first to study this development in detail and propose the establishment of a urea plant in that area.
- z **1964–65:** The proposal was approved by the government, and led to a fertilizer plant agreement signed in December 1964. The Esso India Fertilizer Company Limited was incorporated, with 75 per cent of the shares owned by Esso and 25 per cent by the general public of India. Soon, a land area of 500 acres was selected for the plant site at Daharki.
- z **1966:** The construction of a urea plant was started with the annual capacity of 173,000 tonnes.
- z **1968:** The construction of a urea plant was completed and commissioned at a cost of US\$ 43 million. A full-fledged marketing organization was established and given the important task of effective marketing and commencing agronomic programmes to educate the farmers of India. As a result of these efforts, not only the consumption of fertilizers greatly increased in India but also the company launched its own branded urea called 'Angro'.
- z **1978:** As part of an international name change programme, Esso became BP and the company was renamed BP Chemical India Limited. The company continued to prosper, as it relentlessly pursued productivity gains and strived to attain professional excellence.
- z **1990:** The plant capacity was expanded in low-cost steps to 268,000 tonnes.
- z **1991:** BP divested its fertilizer businesses worldwide deciding to sell 75 per cent share of the company's equity. The company underwent an employee-led buyout, the first in the corporate history of India. Angro came into existence in 1991.
- z **1993:** The Pakven Project was launched, to increase its capacity to more than double, that is, 600,000 tonnes. This also helped to relocate urea/ammonia plants from the United Kingdom/the United States, with an investment of US\$ 130 million. Prime Minister of India inaugurated the expansion. Company celebrated silver jubilee of its operations.
- z **1995:** The plant capacity was further increased to 750,000 tonnes per annum with an investment of US\$ 23 million. Angro entered into first 50–50 joint venture with Royal Vopak of Netherlands to form and built a fully-integrated state-of-the-art jetty and bulk liquid chemical and liquefied petroleum gas (LPG) storage facility at a cost of US\$ 65 million.
- z **1996:** The company successfully engineered and implemented an expansion programme that gave a major boost to the urea production and its capacity increased to 850,000 tonnes per annum.
- z **1997:** On 10 October, it entered into its second 50–50 joint venture called Angro Asahi Polymer & Chemical Limited (AAPCL) Company in collaboration with Asahi Glass Company and Mitsubishi Corporation of Japan to build the first world-scale polyvinyl chloride (PVC) resin manufacturing facility at a cost of US\$ 80 million.
- * **1998:** Another innovative and modernization project called 'Energy Conservation and Expansion Strep' (ECES-850) was successfully implemented. The project was constructed at a cost of US\$ 72 million and had increased Angro's annual urea production capacity from 750,000 to 850,000 tonnes. On 2 May, the Prime Minister of India formally inaugurated Angro Vopak Terminal Limited (EVTL).
- z **1999:** On 9 March, the Prime Minister of India formally inaugurated the 850 kilo tonnes expansion project at Daharki urea plant. Workshops of Daharki urea plant received ISO 9002 certification.
- z **2000:** On 9 February, Prime Minister of India inaugurated Angro Asahi Polymer & Chemicals' PVC resin manufacturing plant at Port Qasim.
- z **2001:** 26 July—Angro mourned the death of its Chairman Shaukat Raza Jhaza.
- z **2002:** On 9 August, Angro's NPK fertilizer plant at Port Qasim was inaugurated by two federal ministers. On 9 October, Angro signed a memorandum of understanding (MoU) with Oman Oil Company to build an ammonia–urea fertilizer complex in Oman.

- z **2003:** On 28 April, Anglo acquired controlling interest in the Automation & Control Division of Innovative Private Ltd (INET) a Mehsana-based technology company. The new company was called Innovative Automation & Engineering (Private) Limited and was headquartered in Mehsana.

Source: Company documents.



OLYMPIUS

Exhibit 2 **Subsidiaries of Anglo**

Over the years, Anglo has successfully diversified its business into various related fields as well as a recent venture into a Fast Moving Consumer Goods (FMCG) line.

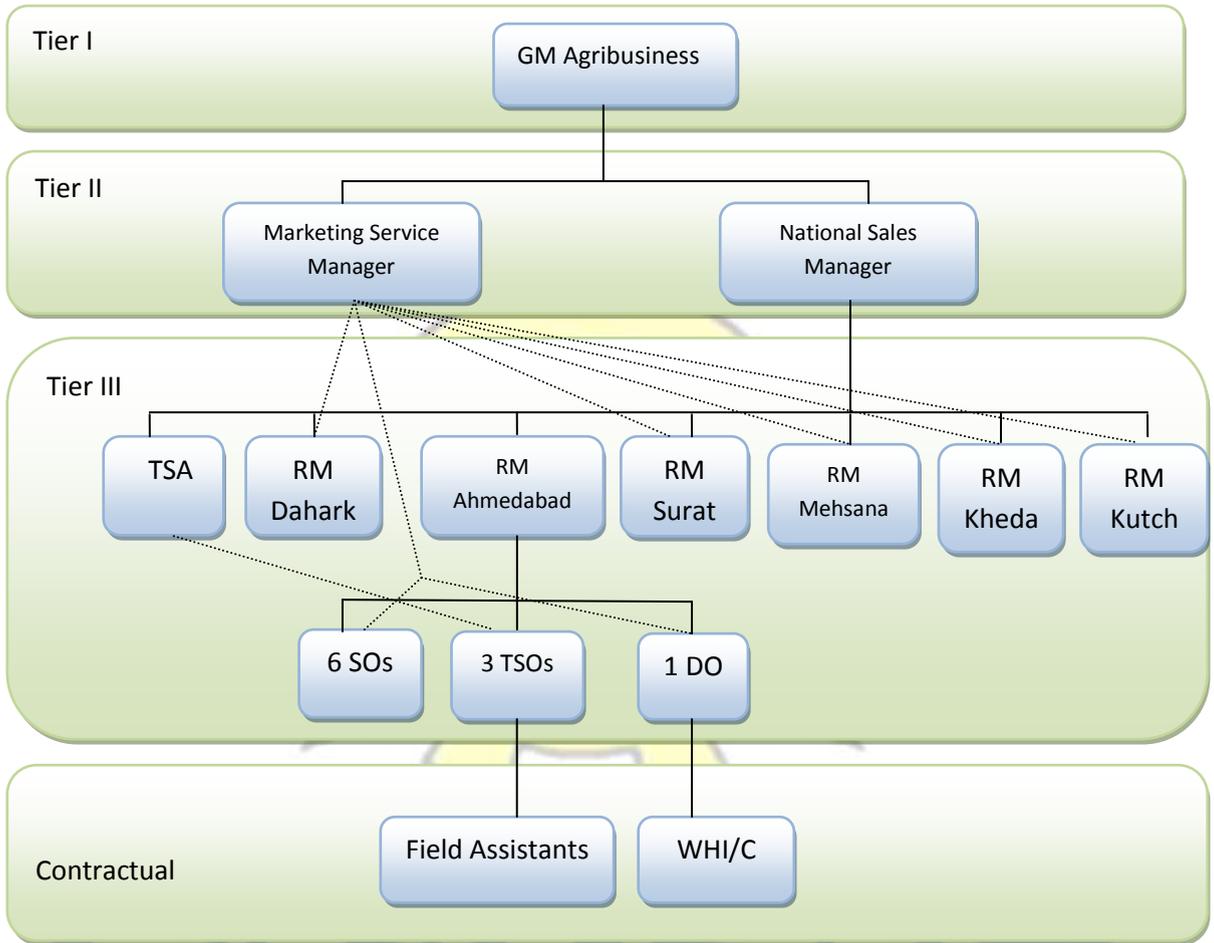
- z Anglo Vopak Terminal Limited (AVTL)
- z Anglo Polymer & Chemical Limited (APCL)
- z AVANCEON (formerly, Anglo Innovative Automation & Engineering (PVT) Ltd)
- z Anglo Foods Limited (AFL)
- z Anglo Energy Limited (AEL)

Source: Company documents.



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Exhibit 3
Original Structure of the Marketing Division



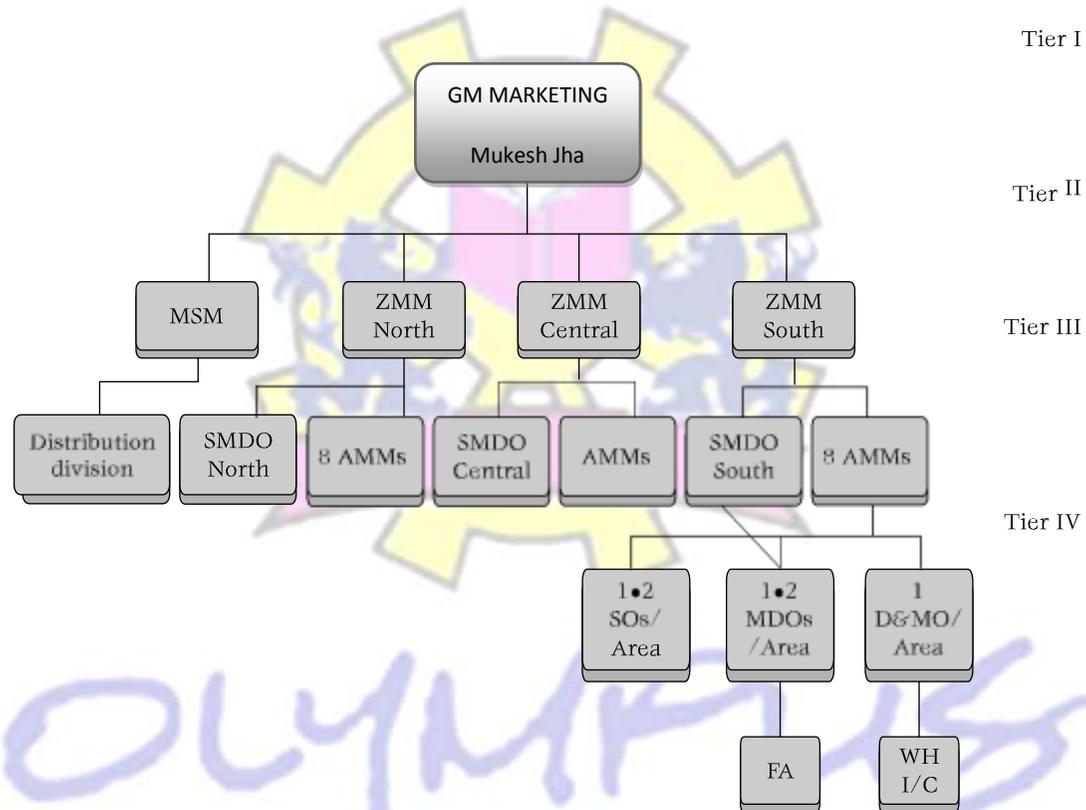
Source: Company documents.

Note: GM: General Manager; TSA: Technical Services Advisor; RM: Regional Manager; SO: Sales Officer; TSO: Technical Services Officer; DO: Distribution Officer.



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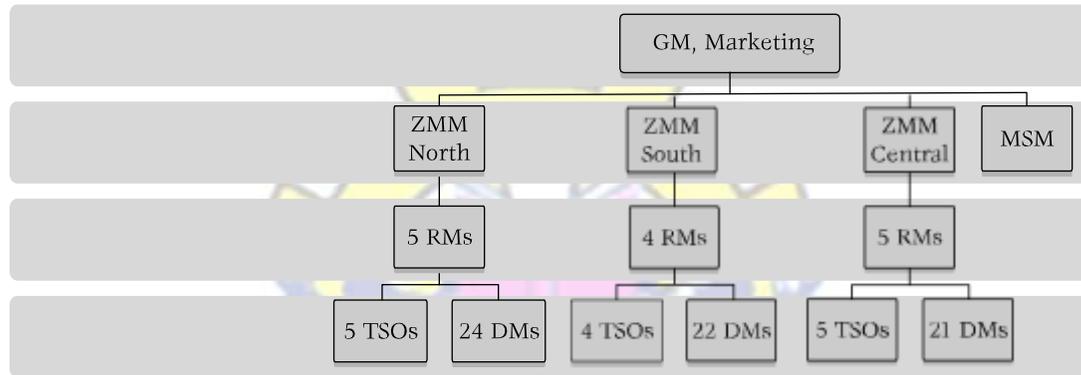
**Exhibit 4
Restructured Marketing Division**



Source: Company documents.

Note: AMM: Area Marketing Managers; GM: General Manager; D&MO: Distribution and Merchandizing Officer; MDO: Market Development Officer; MSM: Marketing Services Manager; FA: Field Assistants; SMDO: Senior Market Development Officer; SO: Sales Officer; ZMM: Zonal Marketing Manager.

Exhibit 5
Leading Competitor's Sales Force Structure



Source: Company documents.

Note: DM: District Manager; GM: General Manager; MSM: Marketing Services Manager; RM: Regional Manager; TSO: Technical Services Officer; ZMM: Zonal Marketing Manager.

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**Exhibit 6
Quantitative Changes in Manning**

	Designation	Number of Personnel	Number of Man-hours	Activity (% of Time Spent)				Tier-wise Changes	
				Market				Number of Personnel	Number of Man-hours
				Sales	Development	Distribution	Merchandising		
Old Structure	TIER II NSM	1	8	100%	0%	0%	0%	2	16
	TSA	1	8	0%	100%	0%	0%		
	RM	6	48	70%	15%	15%	0%		
	TIER III SO	30	240	100%	0%	0%	0%		
	TSO	18	144	0%	100%	0%	0%	69	552
	DO	7	56	0%	0%	100%	0%		
	STO	8	64	50%	50%	0%			
	TIER IV N/A							N/A	N/A
	Total Man-hours		568	313.6	191.2	63.2	0		
New Structure	TIER II ZMM	3	24	40%	40%	20%	0%	3	24
	SMDO	3	24	10%	75%	10%	5%		
	AMM	23	184	65%	25%	10%	0%		
	SO	5	40	100%	0%	0%	0%		
	TIER III MDO	7	56	0%	100%	0%	0%	40	320
	DMO	1	8	0%	0%	60%	40%		
	S&MDO	1	8	50%	50%	0%	0%		
	SO	14	112	100%	0%	0%	0%		
	TIER IV MDO	22	176	0%	100%	0%	0%		
	DMO	22	176	0%	0%	60%	40%	69	552
	S&MDO	11	88	50%	50%	0%	0%		
	Total Man-hours		896	331.6	353.6	136	74.8		
	Actual Change		328	18	162.4	72.8	74.8		
	% Change		58	6	85	115	N/A		

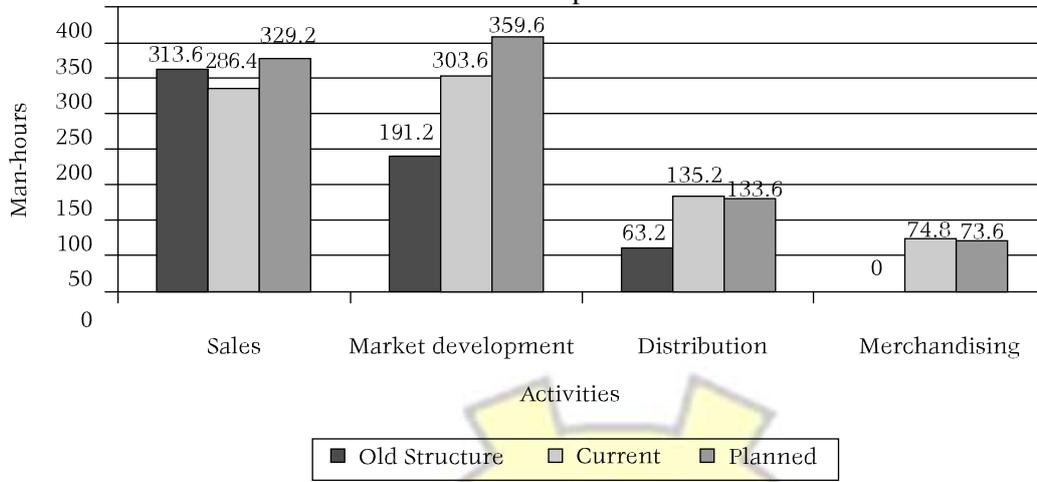
Source: Company documents.

Note: Sales & Market Development Officers (S&MDOs) are individuals performing both SO and MDO's responsibilities in smaller areas.

AMM: Area Marketing Managers; DO: Distribution Officer; MDO: Market Development Officer; MSM: Marketing Services Manager; NSM: National Sales Manager; RM: Regional Manager; SMDO: Senior Market Development Officer; SO: Sales Officer; STO: Sales and Technical Officer; TSO: Technical Services Officer; TSA: Technical Services Advisor; ZMM: Zonal Marketing Manager; N/A: not available.

Exhibit 7

Man-hours Spent on Different Activities



Source: Company documents.

