

MANAGEMENT CASE

describes a real-life situation faced, a decision or action taken by an individual manager or by an organization at the strategic, functional or operational level

Tasty Bite Eatables Ltd. (TBEL)

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Tasty Bite Eatables Ltd. (TBEL) was incorporated in 1986, as a wholly-owned subsidiary of Grand Foods. In 1988-89, it set up a state-of-the-art Ready-to-Serve (RTS)¹ food and frozen vegetables production facility in India. When its attempt to sell in the Indian markets failed, it switched its focus to markets in the Middle East, Russia, and the US. However, the sales failed to pick up.

In 1992, Pepsi, owing to its export obligation (due to a Government of India's regulation for foreign multinationals), collaborated with TBEL for exports of TBEL products. At that time, Preferred Brands International (PBI), a US-based natural food marketing and distribution company, was given the charge of marketing TBEL products internationally. TBEL committed resources to the joint efforts. In 1994, the reforms in the Government of India regulations released Pepsi of its export obligations. Pepsi decided to stay with its core business and exited the collaboration with TBEL².

In 1995, PBI was given exclusive brand rights in key global markets of TBEL and Tasty Bite products were launched in the US. In 1996, Hindustan Lever Ltd. (HLL) acquired Grand Foods. At that time, TBEL had accumulated losses to the tune of Indian Rupee (INR) 112 mn. It was declared a sick unit and referred to BIFR³.

In 1997, HLL converted its INR 120 mn unsecured loans to preference capital at a premium of INR 19.50 per share⁴. However, HLL had decided against venturing into frozen foods business. Therefore, except for representation on the Board, HLL withdrew from all the other activities. Ashok Vasudevan and Kartik Kilachand of PBI who had been responsible for marketing TBEL products in the foreign markets along with three more members took charge as members of the Board of Directors (BoDs) of TBEL with Ashok Vasudevan as the Chairman. Ravi Nigam, who until

KEY WORDS

Turnaround

Ready-to-Serve Food

Communication

4 C Approach

Quality Standards

¹ The RTS food market can be categorized into ready-to-eat foods, mixes and powders, salted snacks, and sweets.

² Subhadra, K (2003). "Tasty Bite – The Turnaround Story," *Marketing Management*, 1, 170-177.

³ Board of Industrial and Financial Restructuring constituted to assist companies that come under the purview of Government of India Sick Industrial Companies Act (SICA) 1985.

⁴ Subhadra, 2003.

then was working with Britannia Industries Ltd., was appointed as the Chief Executive Officer of TBEL; he became the sixth member of the BoDs of TBEL.

In 1999, TBEL registered profit for the first time in 13 years. Its networth increased to INR 52 mn in 1999 and had reached INR 124 mn by 2002 (Figure 1 and Table 1)⁵. BIFR de-registered TBEL in 1999 – first time for a food company in the history of India (Appendix A).

UNRAVELING THE TURNAROUND ISSUES: 1996 -2002

When the new management took over, TBEL was an INR 30 mn company with huge losses and zero working capital limit⁶. It had to pay dues to almost every supplier and the total sum due was to the tune of INR 10 mn. To address the problem, the management had to build financial credibility to avoid litigation. It needed money. Shohail Shikari, CFO, TBEL, shared that the banks were themselves going through a tough time (personal communication, Oct 20, 2005). Post-liberalization, the banks were made accountable for non-performing assets (NPAs) and therefore not many of them were ready to take risks.

The scene on the market side was no less challenging. The Indian retailers in the US were not showcasing TBEL

products on their shelves. Entering US retail chains required considerable amount of money. Payments for placing a product in just one store of a chain in the US ranged between US \$ 5,000 and US \$ 10,000. Even with a narrower base of natural food store chains, it was difficult for PBI to pay \$10,000 to each of the 200 stores⁷. Analysts were claiming that the domestic market was not ready and the past experience supported the view. TBEL had to look for viable options to penetrate the US market and reach the consumer.

All members of the newly formed Board of Directors had worked for multinationals in the past. Accepting their new reality of working for a relatively small company was the first challenge. The group actually met to collectively accept that the only way forward for them was not to work for an INR 30 mn company but to take on the task of a major turnaround to make the exercise worth the effort of quitting the MNCs. So, the group embarked on the project of management turnaround to make the financial turnaround sustainable.

The TBEL corporate office was located at Mumbai and the factory was at Bandgaon village close to Pune, a city around 200 km from Mumbai⁸. The communication infrastructure connecting the office to the factory was inadequate. The factory telephone lines were perpetually non-working and the closest STD booth was 3 km away. When Nigam and the corporate office staff started to spend 3 to 4 days a week in the factory, they realized that the factory needed managerial intervention on a day-to-day basis, to resolve issues that only the management could address.

The foremost issue glaring at them was a basic humanitarian cause for which they were not prepared. Seventy per cent of the work force did not even earn minimum wages as stipulated by the Government of India. The regulatory norms were not followed. Salaries were paid fifteen to twenty days late. Statutory dues such as PF

**Figure 1: Performance of TBEL during 1995-2005—
Turnaround in 1999**

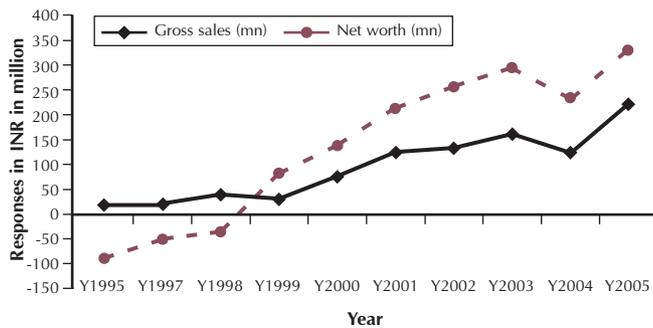


Table 1: Performance of TBEL during 1995-2005—Turnaround in 1999

	1995	1997	1998	1999	2000	2001	2002	2003	2004	2005
Gross sales (in INR mn)	22	21	39	31	76	124	133	161	123	222
Net worth (in INR mn)	-112	-71	-74	52	62	91	124	135	111	108

⁵ Prowess, Centre for Monitoring Indian Economy (See Figure 1: Networth from 1987 to 2005).

⁶ Presentation made by Nigam on April 19, 2002.

⁷ Subhadra, 2003.

⁸ Commercial capital of India in the Western part of the country.

were delayed for months together. "Year after year, increments were pathetic and it was evident that no consideration was given to the basic cost of living." Nigam observed.

A 26-acre farm contiguous to the factory was a virtual dumping ground. There were thousands of babool⁹ trees in the swamp that had got collected in the farm. The overflow was creating a swamp of its own. The issues staring in their face were therefore how to treat the effluent rather (or more) than how to sell Tasty Bite products. But to Nigam, these simple things indicated that no one was interested in the factory or its workers. Not even the workers themselves.

Workers themselves had to be handled carefully. For instance, three managers including the factory manager were the cynical power centres. They propagated dogmatic views such as 'the management only talks and does not support the workers; attributes non-performance to non-availability of resources, etc.' But they enjoyed huge support from the workforce. Since there was little work to occupy the workers, they all criticized together. In the process they had formed regional lobbies (Maharashtrian¹⁰ and North Indian) and some kind of political alignment between them to keep them occupied. There was thus a need to motivate the workers and develop team spirit in the organization. Besides, the company was not run professionally. There was a need to create a management structure and introduce some layers. This had to be done carefully – keeping the team together and carefully avoiding bureaucracy.

"Because PBI was an American company, the workers were apprehending a hire-and-fire policy and hence the trust was low. On the other hand, the management was perturbed by the prevailing value system. Technology depth and quality concepts of the employees were other concerns. TBEL needed brighter people who could create a vision for technology," Nigam remarked.

The understanding of the term 'quality' was very different in India from that in the US. In India, quality implied making the food microbiologically safe. This implied that all research was focused towards how to best preserve the food so that it could be packaged. The

concept was to devise methods to kill pathogens. This was a nationwide phenomenon for even in the research labs of agriculture universities, researches were directed towards such goals. In the US, however, quality also implied issues pertaining to the look, feel, and taste of the food. Similarly, the term 'standardization' had a different meaning for the two parts of the world. "There were plenty of complaints in the past but some of those were dramatic in nature." (See Exhibit 1.)

Exhibit 1: TBEL Experiences in USA

Example 1: A girl in the US invited her boyfriend promising that she will cook Indian cuisine for him. She promptly bought Tasty Bite eggplant and served it on the dinner table only to realize that a worm was floating in the curry. TBEL ended up paying US \$160,000 insurance claim to the girl.

There was the need to attend to these immediate problems. These were complicated issues. For instance, the eggplant grown in Punjab, a state in North India, has big leaves and if the worm during the stage of brinjal inception leaves larvae on the leaf it may grow into a worm inside the brinjal which cannot be detected from the surface. The cooking process requires that each brinjal be roasted and opened up for a manual check for the worm. In assembly line cooking, it is impossible to open up every brinjal after it has been roasted to manually check for the worm. So what to do?

Example 2: Spinach has different shades of green when it grows in different farms or at different points of time. Therefore the colour of the vegetable prepared can vary. However, when Americans buy a product called 'Kashmiri Palak,' they expect the product to be exactly the same always. In another incidence of damage claims, a lady supposedly very fond of TBEL 'Kashmiri Palak' bought it regularly. One day, when she found the colour to be different from what she had been seeing earlier, she claimed damages for putrefaction. All tests proved that there was nothing wrong with the vegetable but the colour this time was dark green which happens when the *palak* goes bad. So, the company ended up paying insurance claims.

Semantics was therefore a major issue that TBEL management had discovered. Since, TBEL products were manufactured in India and sold in the US, this was a major gap demanding attention. In fact, Nigam felt that:

To carry out the daunting tasks, TBEL needed professional managers who believed in the new management and its targets. Considering that the company was sick for almost 11 years, had just recovered by financial infusion, and was neither a big brand nor capable of offering a 'handsome' salary package, recruitment too was an issue.

⁹ A plant that grows in a swamp

¹⁰ People who belong to the Maharashtra state of India

TBEL decided to select middle managers from large companies and offer them senior positions along with hand-holding to join the TBEL turnaround team. Nigam recalled, "I must have personally interviewed 200 people over a year before I found a fit in Partha Hor who left Mercedes Benz to join TBEL. Similarly, we picked up the Quality Chief from HLL."

On the supply end, the new management also had issues with the supply mechanism at TBEL. TBEL sourced vegetables from Mumbai on account of lower prices. This was spelt out as the major function that the corporate office carried out at Mumbai. The new management refuted this argument and insisted on looking for suppliers who would supply in Pune at similar prices. TBEL was thus faced with the task of identifying and retaining suppliers. In order to meet the quality standards, it had to ensure that the suppliers supplying raw materials (such as pulses, cardamoms, spices, etc.) followed appropriate cleaning and processing norms. Thus, there was the need to create awareness at the suppliers' end as well.

THE TURNAROUND JOURNEY

Internal Communication at TBEL

A core value that the top management decided to adorn and resolved to ensure in TBEL was to be honest and transparent—"Live what you say and people will understand and follow. In fact they will contribute to further propel the cause," said Kartik Kilachand (personal communication, October 20, 2005).

The second objective the management set for itself was to work closely with workers at the factory, enable *extensive interaction* with them to understand the problems, and help in resolving them.

The First Meeting: CEO Shares the Vision

Nigam was introduced to the workforce by Ashok Vasudevan in a meeting at the factory, attended by approximately 120 workers. Nigam shared with the workers, the vision of the management, the market potential of TBEL products, the need to look at the international markets, and the responsibility of the workers in the entire process. He mentioned how they could respectfully earn the wages that the government thought they could earn. During this meeting, the workers shared their

apprehensions about the future of TBEL. "Statements such as 'We are here because we lay the foundation stone of the company' revealed to us a rare level of commitment among the workers. We continue to work with the same workforce," said Nigam.

The First Announcement: Grievance Redressal to Unions

After the first meeting, the directors met in the evening to consider options, an important one being how to pay the workers' dues and stipulated wages especially at a time when the company was in red? An annual calendar, defining how over a period of one year TBEL would repay all the workers' dues and also ensure dispersal of wages rightfully deserved, was worked out. The new management therefore made the first announcement: "there would be no salary cut; over a period of one year, all efforts would be made to raise the wages, of all the workers, to minimum wages level; all accounting delays will be put into speedy action." Thus, the new team in place ensured job security for all. This instilled confidence in workers and also curtailed the hostile view that the workers held towards the new management.

In return, however, they asked the workers to commit that in years 1997-1999, they would ensure that production is not stalled for even a single day. Nigam revealed that this was to make them realize that the management could pay only if the company made money.

This announcement was shared by the management with the union leaders and some senior workers (a group of about 10 people) who then communicated the message to the workers. This was possible because the union was not hostile. It was not troublesome and there had been instances in the past when they had voiced their concerns by wearing black bands, etc. They could thus be trusted.

The Second Announcement: Enhancing Day-to-Day Interaction

TBEL management tried to manage the factory located at Khutbao and Bandgaon villages near Pune, from the corporate office in Mumbai. "We were spending 16 hours a day, 3 to 4 days a week, at the factory for almost four months but the factory needed more time and attention. Face-to-face interaction on a day-to-day basis was absolutely necessary. Simple things like understanding their needs (e.g., a water cooler or a particular change that could make them work better) could be addressed only

by being there physically. In fact, we wondered that if the market was in the US and the factory in Pune, then what role were we playing in Mumbai?"

Nigam decided that managing the factory from Mumbai was not feasible and that they must shift the corporate office closer to the factory, in Pune. This was the second major announcement.

Shifting from Mumbai to Pune was not an easy decision to implement. There was a major resistance from the staff. Company issues such as sourcing of vegetables, spices, and other raw materials, well-developed banking relations, and reasons such as Mumbai being a port facilitates shipping of goods to the US, were forwarded for not shifting from Mumbai. Also, personal problems related to change of children's school, living in Mumbai for ages, attachment to parental home, etc., were voiced. But TBEL management refused to accept such reasons.

During that period, Nigam called on Feroz Bander (a very pragmatic man, according to Nigam), a Director in Hindustan Lever Ltd. (HLL), to help him deal with the issues. Both Nigam and Bander took several counseling sessions with the staff and their families – they visited their homes, talked to them, and tried to convince them of the need to shift.

They restructured the salary packages to accommodate the shifting, spoke to the Principals of the best schools in Pune, "and thankfully, the Principals agreed to pitch in by agreeing to accommodate the children of TBEL staff," said Nigam.

From a total of eighteen employees who staffed the Mumbai office, three had genuine problems and TBEL helped them relocate. Others were given a choice to move with TBEL to Pune or to quit. Five of them moved while a few others offered to commute daily but Nigam refused to accept the option. So they and the rest decided to stay on in Mumbai and look for other avenues.

The management once again organized itself to take stock of the situation. They worked very closely with the workers to resolve day-to-day issues. There were several occasions, especially concerning social issues, that called for extensive communication. There had to be continuous interaction and a lot of talking to get the message across. Kartik Kilachand informed, "We worked 9 to 5 in the factory and 5 to 9 around the beer

bar. Nigam did a wonderful job. Both Ashok Vasudevan and myself were personally involved in the process. The need was to drive the values into the moral fabric of the company."

The Third Announcement: Sending a Message on Values to be Imbided

Typically, a company requires several kinds of licenses for different purposes. TBEL also needed boiler inspection every year. As Nigam communicated, "Early in the turnaround process, I got a message from the factory that the inspector's hands needed to be greased to get the inspection certificate. I realized that TBEL had to either go through the rigmarole of tedious tasks (more of harassment than inspection) listed for getting the certification or adopt the easy way out by bribing the inspector. After confirming from my people that the boiler was OK, I insisted that TBEL would neither pay any money nor go to the court. It would rather wait for the other side to file a case, if they so desire. It was also decided that TBEL will not stop production. Rather it would arrange to get a certification of the boiler from an independent agency and if need be, ask the other party to verify the procedures in the court. There was immense pressure from all quarters but I would not budge. A few days later, the inspector came in like a mouse and issued the certification. From that day onwards, I did not have to bother for any kind of certification. The workers managed on their own. I believe that incidents like this go deep into the organizational memory and play a crucial role in developing the core values that a company imbibes."

TBEL management believed that posters worked well when the technical procedures are followed or quality processes have to be propagated. According to them, vision and mission are to be imbibed and that happens through extensive interaction, sharing, and demonstration. They therefore depended on dialogue and discussion to have a complete buy-in and looked for opportunities to demonstrate what they said. This keeps the message alive for longer duration as it goes deep down in the thought process, said Nigam.

Bringing about Social Change: Talking, Explaining and Listening Over and Over Again and Not through a Dictat

One of the crucial interventions required at TBEL was implementation of behavioural norms and cultural changes to offer quality standards. America, its core

market, is a litigious society and therefore maintaining high standards of cleanliness was a must.

In Maharashtra, women wear big *bindis* on the forehead, flowers in the hair, glass bangles on the wrist, and a *Mangal Sutra* around the neck¹¹. These are artifacts they wear from both religious and beauty points of view. The *bindi* and the *Mangal Sutra*, according to the local culture, were signs of good marital relations and families and their religion demanded that these be adorned regularly all the time.

In an RTS factory, these could lead to major problems. Juhi Raikhy, an employee of TBEL who spent many hours talking to the women employees, shared the fear that even if one in a million *bindi* fell off the forehead into the food and the American consumer found it floating on the ready-to-serve meal, the company could have headed for paying a large sum as claims (personal communication, October 2005). So, it was essential that the employees removed the artifacts, and this was asking for a real social change. In the words of Juhi Raikhy:

The only way out was to talk to workers, in groups, over and over again and make them see the management's point and how it could impact the work and the factory. There was an outcry amongst the women who said that their mother-in-laws would throw them out as these were 'suhag-artifacts'¹² and that they can't even dream of taking them off. It took three to four months of patient talking and listening to workers. One fine day when I walked into the factory, I felt there was something different. I couldn't spot it initially but it troubled me. I looked around carefully and I was wonderstruck – all women had removed the big round *bindi*. This was a big social change. Interestingly, the men accepted the logic earlier than the women and they persuaded the women to give-in. There used to be several informal meets amongst the workers where they discussed the pros and cons of the management suggestions.

¹¹ *Bindi* is a decorative sticker worn by traditional women in India. *Mangal Sutra* is a chain with black beads that a man gifts to his wife at the wedding. The wife is expected to wear it all the time till the husband is alive. Removing the *Mangal Sutra* is considered inauspicious.

¹² *Suhag* artifacts are the ones that indicate that a women is married—a tradition held very strongly by women in India following the Hindu religion

TBEL adopted a Model of Accountability which they called DARE: D–Decide; A–Act; R–Review; E–Enhance. According to this system, employees had the right to know what was expected of them. Then they were empowered to take a decision and act. It was repeatedly drilled that never should an action be pending for want of decision. It was alright to take a wrong decision and act—we never penalized them for a wrong decision (unless it was a grave issue violating values and principles adopted by the company). This was because the action was to be followed by review and enhancement. Thus, the employees learnt over a period of time.

A concerted effort was made to identify what TBEL stood for. The management and the employees met several times to ask themselves whether they could be India's most profitable company? Or India's largest company? Several such options were explored before they finally decided that they would like to be India's most respected company (TBEL's Vision Statement). Actualizing this meant that TBEL developed an internal and external reputation.

In 1999, TBEL hired Image Equity as their communication consultant, and developed and implemented several programmes to build a corporate culture. "AVis (A Visvanathan) played a very important role in dissemination of mission statement in the organization. There was a time when everyone, even at the shopfloor, was talking about it," said Nigam.

Under this programme, every month a group of people devised a mission for themselves. They worked out a mission statement, chalked out the method of achieving it, set deadlines for targets, and then worked towards it. Nigam recalled that one of the groups took up the 'Are you a Bonzer project?' On another occasion, a group took the task of making presentations in leading B-Schools like Jamanlal Bajaj Institute of Management Studies, T A Pai Institute of Management and the likes to recruit from these institutes and also to share with them the true picture of where TBEL was headed.

Yet another exemplary task taken by a group was 'to make the affluent treatment plant, the disgusting part of the workplace, into the most beautiful part of the factory.' They set a budget, set the deadlines, and developed a course of action. The senior managers coached them in the process and also provided all support needed

to achieve the same. Many managers would go from the office and spend time digging the stuff with them, if need be. The entire company could see the management commitment behind the actions. Today, TBEL grows vegetables on that land and the entire community is proud of the achievement.

Several other initiatives such as reducing power usage, improving electro conductivity or PH level of the soil, and many such programmes were taken up by the community.

Once a task was complete, TBEL made it a point to celebrate the achievements and acknowledge the contributions of the workers. "This was a very important part. After some time, it became contagious and people were very enthusiastic about the entire process," Nigam stated.

In 1999, TBEL began celebrating Annual Day. On this occasion, families of all the employees are invited and several activities such as drawing competition for children, games like tug-of-war, cycling, and limited-over cricket match are organized. The accompanying interesting commentary makes the event more colourful and exciting. This is followed by an award ceremony and a message from the Board wherein TBEL management posts them with developments in markets, quality standards, and other developments.

Training was made an ongoing process. "There are 700 man-days of training conducted every year which works out to be roughly 6-day training for each employee. These programmes are both skill-based and attitudinal, and involve team building. The latter are meant to weave a moral fabric for the company. These programmes are highly interactive. Many of them are designed and conducted internally though TBEL maintains a list of consultants for quality programmes," informed Nigam.

To enable team building and motivation among workers and employees, TBEL along with Image Equity organized regular Management Leadership Programmes (MLPs).

Team exercises led by the consultant were organized to decide as to what attributes would connote that TBEL was India's most respected company? And finally, the groups identified several milestones that would connote that TBEL was moving in the right direction. TBEL was

certain that it would be considered a respected company if:

- it bagged the 'Best Balance Sheet Presentation in India Award' which was being offered by the Institute of Chartered Accountants of India (ICAI) every year
- it could get the five most coveted retailing chains in the world to sell TBEL products
- it could recruit students from the best B-schools or the best technical institutes in the country,.

Similarly, they defined milestones for each activity to indicate what it requires to be the most respected company in the country. Then they identified what all attributes should the company have, for instance, speed, integrity, systems, etc., and against each attribute put a company name to connote the benchmark (Annexure B). These, according to Nigam and Kilachand, were extremely successful programmes that built motivation and team spirit and also greatly enhanced the internal image of the company.

Investing in Communication Technology for Future Returns

In 1999, TBEL made its single largest capital investment on the implementation of Move-Ex ERP software. Kartik Kilachand revealed, "It cost Rs 4.5 mn which was a very big money for TBEL especially during that period when our turnover was INR 60 million, but we wanted to do everything world class." TBEL's requirement was not so crucial but this was an investment for the future.

However, "it was an arduous task to have the workers adopt the ERP system. Many workers in the company had never seen a computer in their lifetime. The system required changes at the very basic level. It required data entry operators to make timely and correct entries. An inbuilt rigour in the system demanded a cultural change. Now there were no excuses for not having done a particular task for want of information. This system thus turned out to be a huge driver of accountability in the system. It took TBEL almost 18 months to fully implement the system but the work culture transformed. People worked overtime as benchmarks became stretch marks," informed Partha Hor. By 2006, ERP at TBEL was a multi-locational and integrated system in the offices and factories in India, Australia, and the US — all online. Nigam did accept, however, that the regular data feeding task at the ground level was still an ominous task

and required weekly and monthly interventions to take care of the backlogs.

Hotlines connected the factory and the office. In the factory, there were six nodes that connected the office through dedicated lines. Video conferencing was yet to be enabled. TBEL management did not monitor the emails that moved in and out of the organization. Though Nigam admitted that the more he thought about it, the more he felt the need for it. Mobile phones had increased the speed of communication but within the factory premises, the usage was not permitted for issues pertaining to quality, as distraction during production hours could be very harmful.

Ninety-five per cent of the Tasty Bite business came from Indians abroad. Tasybite.com earned 8 to 10 per cent of the business in the US and Canada. The Indian technology freaks would buy off-the-site. TBEL management accepts that they have not yet fully exploited the potential that internet offers.

When the CEO of TBEL suggested that the TBEL office be given a facelift, some of the managers came back and advised against it asking him to be thrifty. This, Nigam felt, was an indicator of responsibility that came through empowerment.

Yet another behaviour that Nigam considered a positive feedback was the worker behaviour during times of dissonance. "There were times when issues such as salary, etc., did crop up. But there has never been a violent scene except once during the initial phase. Normally, the union wore black badges and workers went slow. Thereafter, the factory manager led the negotiations and resolved the issues," said Nigam. (telephone conversation, December 5, 2005).

External Communication Strategy

TBEL wanted to see itself as India's leading food brand in the US in a span of two to three years. They decided that although they were an Indian company, they would not restrict themselves to Indian food or Indian markets. Their approach and reach had to be global. But what they needed was money to carry out their plans.

Sourcing funds was a tough task. Ashok, Meera, and Kartik negotiated with BIFR, HLL, and financial institutions and prepared documents to get some waivers

from the banks owing to BIFR registration and to get the company deregistered from BIFR.

Arranging loans was taken up next. Shikari, under the guidance of Vasudevan and Kilachand, met almost any banker who was ready to give them an ear. They made presentations, repeating time and again that they were betting on the future and not on the past. They asked the bankers to evaluate their plans and if found promising, have faith on the TBEL team and give them a chance. They met a senior official in ICICI who could see promise in TBEL team's claims; and finally, they met various people in the bank to make their case. In 1999, TBEL got a debt funding of INR 35 million.. What both Shikari and Nigam emphasize is that it is important not to lose hope and to continue in the face of all odds that any sick company is bound to face. Loans require high credibility and assured performance and it is for the turnaround team to make the banks see that character and strength in them.

Since the Indian retailers in the US were not displaying TBEL products to give them the differentiation they sought from commodity products, TBEL decided to sell its products through the US retail chains. However, this segment was both expensive and *brand conscious*. TBEL therefore undertook a cluster analysis study in various US cities to narrow their focus on smaller number of chains.

To enter these chains, TBEL got both the product and its communications redesigned to suit the US customer. It realized that the average American customer was unable to appreciate the products being offered and the names in Indian language did not make much sense. The products were thus renamed in English for instant identification and easy understanding. Thus, 'Palak Paneer' became 'Kashmir Spinach,' 'Navaratna Korma' became 'Jaipur Vegetables,' and 'Alu Chole' became 'Bombay Potatoes' and so on.

It was important that the package designs were such that the display was 'eye-catching and attractive.' TBEL got the packaging redesigned and its logo improved upon by Charlie Buendo—the designer—such that the logo was clearly visible and its location was fixed. To make the communications consistent for better brand recognition, the design of the pack was made uniform for all the ten countries where RTS meals were sold.

To start with, they had to pay dues to almost every supplier. They therefore talked to each of the suppliers individually and committed that they would pay the current bills and also a part of the previous dues with every bill cleared, over a period of one year. They confirmed that they would clear all the dues in one year and were able to do that without any litigations, within the stipulated time.

To ensure that quality of purchase met the Hazard Analysis and Critical Control Point (HACCP) requirements, TBEL continuously educated the suppliers, to help them develop the quality they were looking at. A quality manager appointed to manage the supply-chain regularly visited the supplier sites to give talks and develop formats for them to fill. The quality manager therefore coordinated to ensure that the systems that the suppliers followed were similar to those followed by TBEL. As a result, TBEL later stopped dealing with brokers and sourced from one or two sole suppliers.

“We believed in building relationships and valued loyalty and transparency. Thus, we informed them of what we were looking at in the future and the suppliers in turn went the extra mile to partner with TBEL. Kilachand preferred to classify suppliers as internal stakeholders rather than external stakeholders.

In August 1999, the script of TBEL reached around INR 148. This was a 42.2 per cent increase over its price of INR 3.50 in 1996. Interestingly, till 1998, the company was still making losses (Figure 1). Nigam attributed the rise in share price to the sudden boom in the Bombay Stock Exchange and the heavy media reporting of the same. Since India was not a focus market, they interacted with media only for a short while – when the share market brought them into limelight.

As it happens in all countries, there are social interest groups that are guardians of society. “Our interaction with social groups was minimal except for our interactions with one group. This was a well-informed group

that professed the communist agenda and always kept the workers informed of industry practices and other developments. Initially, this group was much against liberalization and saw an American company as a projection of capitalism and its ills,” Nigam informed.

“However, we talked to them and remained absolutely transparent. We asked them to check for themselves the improvement in the wages, living conditions, employment status, etc., and urged them to assess how TBEL was achieving less than any other communist agenda.” Nigam felt that these groups can be receptive and that transparency was the key approach— “If they can see your point they are with you.”

Finally, the TBEL leadership believed that ‘a small company is more creative and faster in communication, and thereby more nimble.’ It felt that it was as important to retain these characteristics of a small company as to imbibe a professional approach and scale of operation of an MNC.

Case Questions

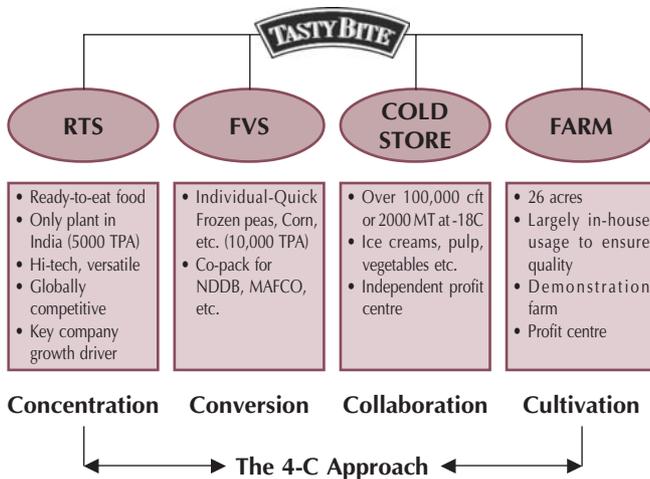
- What communication objectives did the TBEL management set before itself? Is there a co-relation between the strategic objectives and the communication objectives?
- Are all stakeholders equally important during a turnaround or should management consciously draw out a unique communication plan for each stakeholder?
- What were the critical communication interventions made by the TBEL management to enable the turnaround? How successful were they in their attempt?
- Evaluate the various communication actions that were taken to achieve the communication objectives. What key communication competencies did the TBEL management possess?
- Do you think communication plays a role in enabling change? Does it impact the change process? If yes, how? 🍷



Tasty Bite—Incorporated-1986, Reborn-1997!!

- PBI takes charge of operations, with HLL handing over management control, in October 1997.
- Company revenue-Rs 3 cr (app.); Carryover losses-large; Working capital limits –Nil.
- Commitment of all employees was high —though morale was low.
- Team Tasty Bite adopted a vision — We shall become the most respected food company in India.

Designing a Turnaround



The Year of the Turnaround—1999

- TBEL registers a profit for the first time in 13 years.
- BIFR deregisters TBEL—first time for a food company, in the history of India.
- New Board of Directors appointed.
- Business plan for 3 years prepared, and put to implementation.
- 3 year wage agreement signed with company employees, with full transparency in all talks.

One of the most important achievements – People at TBEL acquire an IDENTITY.

1999 - 2002

- Tasty Bite becomes the largest selling Indian brand in USA.
- Tasty Bite distributed in over 9 countries – in North America, Europe, and Asia.
- Tasty Bite launched in India – now in 6 cities.
- Utilization of FVS and cold store reaches near-optimum levels.
- Farm becomes a significant supplier of fresh vegetables to the factory.
- TBEL audited by USFDA .
- TBEL certified for ISO-9000 and ISO-14000.
- TBEL adopts a formal ‘Quality Policy’ and ‘Environmental Policy’ in line with the ‘Best Industry Practices.’
- In line with the vision statement, company commits to upgrading manufacturing facilities and manufacturing team to world class levels.
- In line with its premier position in the US, company commits initiatives to make TBEL the leading foods brand in the convenience foods sector in India.
- TBEL begins to work on a new line of business –curry pastes.

There is hope for the future ... but there is need to be cautious

- September 11, 2001 requires TBEL to be more than ‘careful’ in its quality procedures.
- More production has begun to result in ‘more quality problems.’
- Despite good production in Q4, sales revenue in 2002, only marginally higher.
- MTR / Kohinoor / Nilgiri’s become serious threats to TBEL’s business internationally and in India.

Only world class products will help us build and retain leadership position. Leadership position will deliver ‘Respect.’

The Character of TBEL

- For the period 1986-2002 (16 years), the company was known as a good, globally competitive manufacturing company.
- Year 2002 onwards, it will begin to change – it will be seen as a high quality food marketing company. The transition began two years ago with new talent joining in Sales, Marketing, and Finance.
- The future TBEL will be known also for its excellence in building brands, and for a high quality distribution organization.

Benchmarks at TBEL

- Transparency in management-Infosys
- Relentless pursuit of brands-HLL
- Systems driven-Britannia
- Passion at work-Pepsi
- Razor sharp focus-Starbucks
- Standardization-McDonald's
- Stamina-Nirma

Recipe for Success

- Be ambitious and 'Think Big'
- Become the lowest cost manufacturer in all its businesses
- Become a 'Zero Defect Company'
- Deliver 'in time, every time'
- Become a 'consumer-driven' company
- Create huge flexibility, in operations
- Promote excellence
- Recruit/Train and retain, top talent.

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