
CASE STUDY

ZPL: Growing Enterprise and Change Management

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INTRODUCTION

ZPL is an enterprise poised to grow having a dynamic MD whose ideologies are anchored around the thoughts and ideals of its founder and who envisaged ZPL as a leader in the manufacturing of radiators. ZPL endeavors to achieve its target levels as per organization's growth plan with 30% sales in overseas market. With this target, ZPL aims to grow and sustain its business in the related areas at the lowest integral cost incorporating continuous technological up-gradation and systematic development of organizational competencies.

HISTORY

ZPL is an organization visualized by an entrepreneur Mr. Sudhir Viswanathan, as a multi-faceted professionally managed enterprise, which is now managed by his successor. Mr. Viswanathan started the enterprise in 1960. The founder Mr. Mehra the first generation entrepreneur took the organization up to a commendable height. The beginning of ZPL lies in the manufacturing of radiators for tractors with employee strength of seven. Mr. Viswanathan managed the company for 35 years and run the organization through stable and turbulent times. He saw to it that the organization grew manifold. Subsequently, his eldest daughter Ms. Kaviya Viswanathan an engineer joined the organization. She

started from the shop floor and took charge of the organization after the demise of Mr. Sudhir Viswanathan. The present MD & successor, Ms. Kaviya, has anchored the organization and has vision & mission to charter the organization into future growth.

Mr. Viswanathan is remembered fondly and with nostalgic memories of his presence and his way of relating with people across levels. The workers who worked with him recall his presence as socially supportive, an MD who maintained personal contact with all of them and had a technical & operational expertise. He is remembered with awe, respect and with a sense of personal loss.

ORGANIZATIONAL POLICY

ZPL commits itself through its employees:

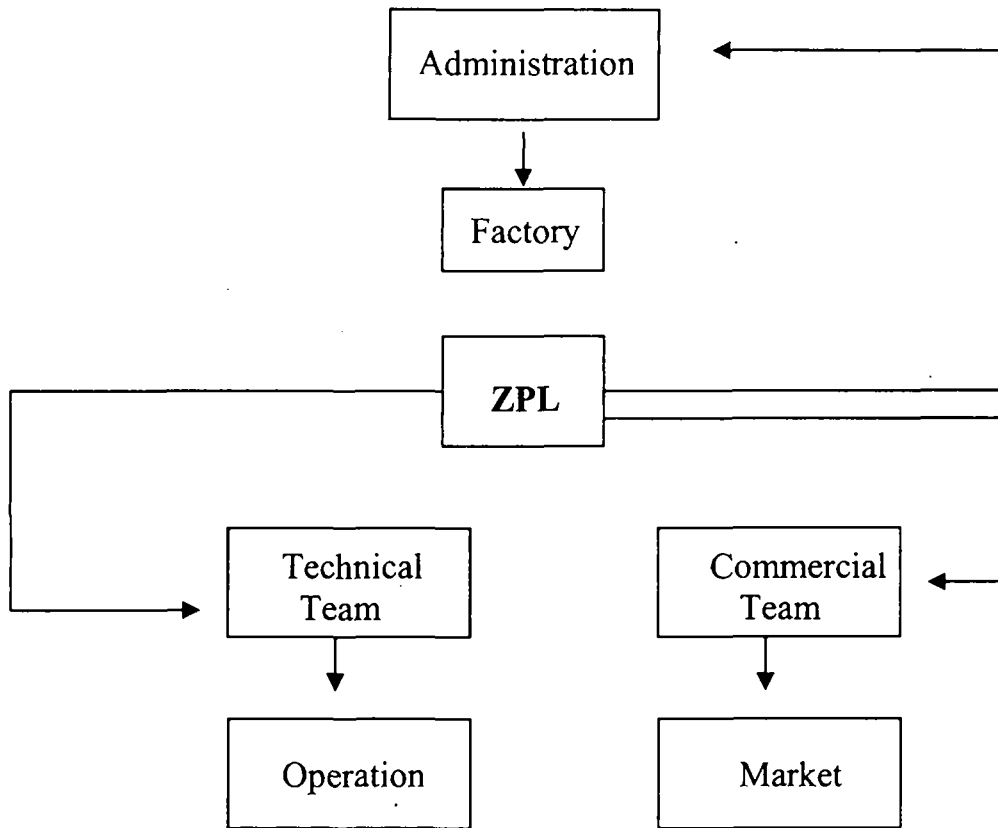
1. Deliver total quality in all the products and dealings.
2. Periodically acquires and updates technology for meeting specific requirements of the customers.

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3. Continuously upgrade the vendors in line with the growth and development.
4. To institutionalize cost consciousness for cutting down the costs.
5. To involve all personnel through management developmental training and other mechanisms for skill up-gradation.

ORGANIZATION STRUCTURE

ZPL is an entrepreneur-started enterprise. Therefore, the operative structure is anchored to the MD and the MD's interface with the rest of the employees. At present the structure of ZPL reflects the following pattern:



- The administration is in charge of the factory.
- The technical team is in charge of the operations.
- The commercial team is in charge of the markets.

EXHIBIT 1: Designed Structure of ZPL

The interplay of all the three is creating a dynamic structure, which needs to be addressed. The organization faces interface issues because concerns are around people rather than on their tasks.

ZPL does have a designed organization structure with departments and functions as well as levels of hierarchy. However, the organization is subsumed in the MD. This creates enormous expectations and pressures on the MD.

To create an organizational structure of senior management, the MD has inducted Mr. Padamse as an advisory for the crystallization of various departments and functions, which is shown in the following pattern:

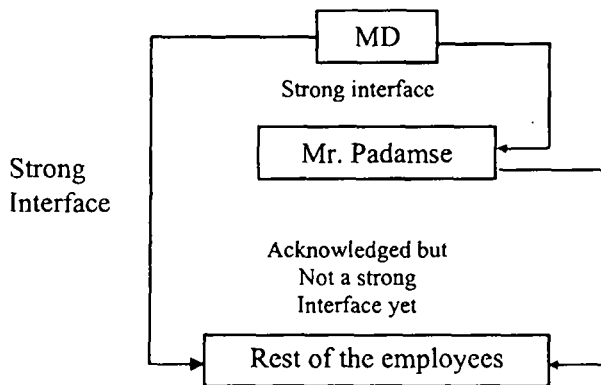


EXHIBIT 2: THE THREE-LAYERED STRUCTURE OF ZPL

The MD's expertise in the operational and the technical function also pulls her into the operational decisions of the plant and hence other roles and functions do not effectively emerge. The MD is concerned with growth of ZPL and is responding to the opportunities of the external environment. This role of the MD is felt on her non-availability in the organization, which creates an organizational dilemma. The MD involves herself extensively in all areas of functioning therefore the structure; functions and roles do not emerge. If she focuses on the external environment and opportunities of growth, the employee's feel deprived and denied of her direction and guidance. And if she focuses on the internal things, the external things remains untouched. The MD is in a "damned" if I do and "damned" if I don't do position.

It becomes essential that at this stage and phase of growth which ZPL has reached, and the growth which is visualized for the future, the organization need to redesign its structure and clearly define the job, role and function and equip the role holders with appropriate management education, skills and attitudes. The MD too needs to arrive at the clarity of her leadership and managerial role in the transforming scenario without sacrificing the basic relational strengths and interface between herself and the rest of the employees of the organization.

PRESENT STATUS OF THE ORGANIZATION

At present, ZPL is at the threshold of growth and poised for taking many new initiatives. When the present MD took over, she realized that both she and

the organization largely operated from the manufacturing culture of the plant. As such, she and the organization required a financial clarity and marketing or say a commercial orientation. For that financial expertise, Kaviya Viswanathan identified Mr. Padamse who joined the organization as an advisor to help and strengthen the finance aspect. He has become an asset to both Kaviya Viswanathan and the organization by adding value to the organization.

The present scenario now is, the organization is anchored to the MD and along with Mr. Padamse's presence is also felt. The technical and the commercial aspects of the organization are growing and the environment is becoming increasingly complex. This makes it necessary that the role of the MD needs to undergo significant changes.

Currently, ZPL is also encountering a severe problem of attrition. The Managing Director as well as Mr. Padamse believes that ZPL has become a training ground for fresh technical personnel. ZPL invests in providing excellent training to its engineers. However, they leave once they are trained, for better opportunities and higher salaries. This has increased the attrition problem, which leaves the organization with lacunae, gaps in organizational structure, and confusion in the system. Each step the organization took forward, it moved two steps backward because of attrition.

Most employees largely talked of the remuneration, packages and reflected that they are not happy with the salary structure. They were concerned about their life styles, quality of life and their desire to upgrade their life. Interestingly, the employees did not complain upon the working conditions or the interfaces or other aspects of ZPL. All these suggests, that ZPL stand at the cross road where the MD has to make some tough choices for ZPL which is poised for a quantum leap for growth.

Put together, the MD and Mr. Padamse has to respond to the urgency of the voices and expectations of people in the organization. These voices are of employees who have their aspirations, dreams, ambitions and expectations. If these are channelised and given proper directions, the same employees will grow into effective managers and subsequently support the growth & unfolding of the organization. At the mo

ment, the top management of ZPL is grappling with these issues.

THE PRESENT LEADERSHIP PROFILE

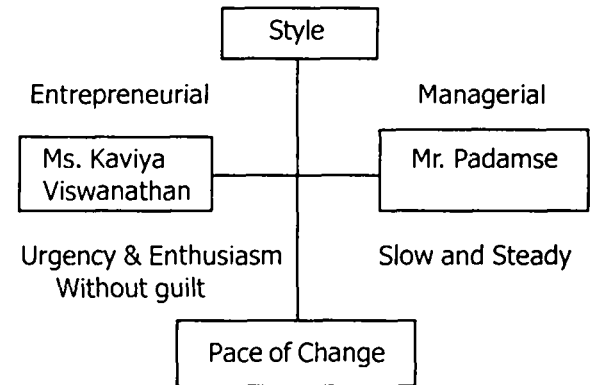
Ms. Kaviya Viswanathan is the successor and currently the MD. She is the eldest of two daughters of her parents. She is an engineer by profession and extremely passionate about the technical and operational aspects of the organization. She started her role in the organization at the shop-floor level in the production function. She remained in the production for five years and took charge as the MD only after the demise of her father. The need of the hour was to take charge of the entire organization, lest it slipped into the hands of other competitors. She was deeply involved and committed to the organization to let it go. Tentative and hesitant at first and yet determined she made the choice of taking full charge and ownership to run the unit.

Kaviya gathered all her resources to run the organization and make it a success. She actively engaged herself, to retain the organization's leadership position in the market. Moreover, she also has discovered that she needs to take a quantum leap, given the business and global competition in the environment. She recognized that if she does not take some difficult choices it would be difficult to retain the organization's position and survive for long. The industrial and business context from where Kaviya is operating is very different from her father's. Kaviya possesses a strong technical perspective and the commitment of a leader. She is open to what she needs to do. She has identified a need to build on her managerial and leadership competencies, which has an immense impact on the organizations of today.

The leadership position is co-held by Mr. Padamse who joined the organization as principal advisor one-year back. Mr. Padamse essentially has been a banker and a financial expert. However, he supports the MD in all other functions formally or informally. Having a significant work experience, he provides a lot of support in providing a rhythmic pace to the organization. He comes through as being the MD's counterpart as in providing balancing mechanisms to the organization.

In absence of the father, Ms. Kaviya Viswanathan looks up to him as a matured counsel. While the MD is engaged in interfacing with the external world, Mr. Padamse is located and rooted in handling the internal organizational processes more specifically the finance.

Exhibit 3 reflects the leadership profiles of the two senior most role holders of ZPL



- Kaviya is the entrepreneur.
- She takes decisions and exercises authority without feeling guilty.
- Kaviya is responsive to change and works with enthusiasm and urgency.
- Mr. Padamse takes the role of manager.
- He is slow but steady and cautious to the transformation occurring in the organization.

EXHIBIT 3: LEADERSHIP PROFILE

At present, many of her trained personnel are leaving. This worries her as well as Mr. Padamse. The organization structure is designed but the operationalization of the structure has deep roots in the traditional familial history. Most employees harbor the feelings of not being adequately appreciated in terms of wages and salaries. All these issues trouble the MD as well as the organization and its employees.

LEADERSHIP STYLE OF THE MD

The MD is a technical expert and actively participates in the operation of the unit. She is familiar and is aware of all the salient features of each department. She provides direction to the extent of being directive and authoritarian and leaves little room for differences. The rest of the people have to conform.

However, other than production and technical employees, the rest feel distanced from her.

By and large the employees have occasional interaction with the MD. The MD has very little interface with the commercial team, which leaves them bereft. Due to her presence in the plant all the time, emerging problems have quick solutions and decisions. She comes through as helpful and supportive as well as demanding in performance. The MD does not maintain personal contact like her father who personalized linkages and was very social. Although the workers and the employees respect her, there is an increasing distance between them and the MD. This makes the workers feel less valued and not owned up. She takes all the administrative decisions. The MD receives information via intermediary sources and the MD has no ways of verification of what the truth is or the reality. Many employees feel that the MD does not have the total reality, and acts on partial information.

LEADERSHIP PROFILE OF Mr. PADAMSE

The entry of Mr. Padamse was at the invitation of MD. The MD needed support and an anchor in the finance function as well as finance systems & controls. Over the 2-3 years of association, Mr. Padamse's role has enlarged to that of a friend, philosopher and a guide. He comes through as strong sounding board to the new initiatives and a very strong link to the financial institutions. He provides clarity of financial short-term and long-term implications on technology and alliance based decisions. Operationally, Mr. Padamse's role is at top management layer, which is essential for ZPL. Mr. Padamse works with managerial leadership role and is concerned with the cost and financial strategic perspectives. He brings a rational questioning approach to MD's risk taking approach. The interplay of these two approaches keeps the ZPL grounded and rooted as well as entrepreneurial. Both compliment each other's style. However, both the MD and Mr. Padamse may consider an enhanced strategic perspective.

ORGANIZATION CULTURE

The ZPL work culture is a cumulative reservoir of many feelings, beliefs, myths and images. The culture has evolved over a period of time with the

dynamic interplay between the founder, the successor, the employees and the organizational environment. It reflects the beliefs as well as experiences of people.

- The older people with many years of association and people with some association feel that they are taken for granted in the organization. They feel that older people are not valued in the organization by the MD. Some others feel they are in ZPL to stay as captives of their own personal and family reasons. The organization knows that they will not leave. This makes them compliant and tolerant of whatever expectations ZPL has of them.
- Most employees feel that they work hard for the organization but do not get benefits accordingly. Ten days of good work is not highlighted but if they make one small mistake they are reprimanded.
- Many believe that the present management is immature. The MD does not consider facts and figures but gets carried away by emotions. Many feel that there is a need to verify the reality with the concerned people before getting emotionally upset and angry.
- The work culture of ZPL is people and individual dependent. There is no formal structure and no formal systems. All decisions are MD based and often adhoc especially around promotions and increments.
- The exit interviews of the people, who have resigned reflect that the people in senior positions found that the organization structure was not clear and, did not convey where they were going. Once the people left, it became difficult for that department to function.

People are seeking guidance for their own growth as well as the effectiveness of the organization. The organization comes through as growing but the work culture seems to remain the same. The pull of growth is such that the organization works culture and its leadership role and style needs to be redefined and redesigned. At present, the organization is growing in many directions. There is a lack of coherence and coordination. Employees are looking for a clear direction from the MD and their role in the organization.

People are looking for more involvement and participation in decision-making. The employees feel they have suggestions to make for the good of the organization and need to state and convey them as well as see the implementation. They believe that many of their suggestions are based on the emerging reality and are good for the organization. They feel the need to be included and be the part of the system.

PEOPLE PROFILE

The employees of ZPL at the moment are a mixed group of people. Many represent a long association with the organization while the others are largely educated, technically skilled and new. The following exhibit 4 reflects the mix of employees at ZPL.



EXHIBIT 4: PEOPLE PROFILE

These are people in ZPL who are definitely capable and have potentials for growth. The organization has grown to such an extent where professionals or formal management seems to be the need of the hour.

STRENGTHS

1. People seem to work together and there is good teamwork. ZPL has a young team who is committed and willing to go far. People believe that the organization can grow. Capabilities are recognized and rewarded.

2. Employees have opportunities to speak and everybody listens. The organization has taken risks with people and given responsibility as well as accountability. Organization pushes for continuous improvements. There is freedom to work for anyone who is committed to work and can excel and experiment and can contribute to the growth of the organization. Some managers feel that it is better being in ZPL compared to their earlier organization. They had no freedom in the earlier organization. Here they feel they can participate and prove their capabilities. Training and autonomy is given. There is also freedom in decision-making. However, there is no pressure to deliver or perform from anywhere.

3. There are inter-departmental meetings, which facilitate an understanding and clarity of the inter-departmental happenings. People are co-operative. Inter-departmental conflicts do not exist. Most employees are conversant with many aspects of the organization and contribute to get the tasks done without getting caught with the role or departmental boundaries. Managers are aware of all the aspects of the organization.

4. Upgraded plant ZPL has ISO 9002. Quality of product and productivity has improved phenomenally over the years. Cleanliness, housekeeping and infrastructure are good in the plant. Improvements in quality and housekeeping are ongoing processes.

5. The plant has sizeable number of old people and good workers who continue to have good will for the organization and who are co-operative. Vision of the employees is narrow within the context of the industry. However, the employees work hard and they are capable of delivering targets. Although, people and organization are good, the organization has not been able to retain good people. Yet there is personal commitment at work. The organization has no politics of cutting or back holding each other. People are helpful and there is a human touch.

6. ZPL is an established organization. Now it is making formal attempts to introduce systems. Everyone in the organization has been trained in the computer usage. Organization has responded to new market requirements through new processes. There have been efforts made to reduce the process costs.
7. Management gives freedom to learn. There are people associated with dealers who get good exposure of management and technical training. Managers have moved up faster as they have been given exposure to plants outside the country and have seen the state of the art technology. The employees get exposure on different design technologies. People can grow, as there is fluidity of structure.

LIMITATIONS

1. The organization structure is operative but is not effective. It gets caught with people rather than tasks or processes.
2. The management practices and policies come across as need to know basis. All policies need to be transparent and clearly available and communicated to everyone. There is no clarity of policies and as such create lot of confusion around their operationalisation.
3. What the employees expect is that the top management must know what they are doing and what they have achieved. If the top management does not know the performance of each individual then the appraisal and rewards get biased. Performance Appraisal is personalized and is usually dependent on the MD or the immediate boss.
4. Employees who leave and come back are better off as they are better paid and respected more than those employees who are loyal and committed to the organization. Older people feel they are not valued. New people get better wages and more respect.
5. The salary structure and wage package requires revision. There is disparity in the salary in the

same level of people doing the same kind of job. Benefits are not adequate and most people feel disappointed.

6. Designations do not convey the level or the work. Most are unhappy with the designations. Everyone has the same increment. No differentiation is made of people who do good work and those who only work. As such, the organization promotes mediocrity.
7. Product decisions fluctuate rapidly and this creates confusion as well as frustration.

Conclusion & Recommendations

Present MD is the second generation leader in ZPL Though her leadership style is effective, this is also creating distance between management and the workers. This could affect efficiency by demoralizing lower level managers and workers. She needs to change her leadership style of unidirectional ordering to more interactive Style of re solving daily problems. She as the MD would do better if she builds up communication among people of all levels. Then involvement of people in the organization and hence efficiency would improve. Organizational growth can be achieved through building of a managerial team which can start the process of professionalization yet retaining the human quality of the organization.

The case study has distinctively brought out that ZPL has management issues at different levels To mention some, ZPL needs to look into organizational issues, interface issues across levels , departmental issues , role related issues and workers issues. Management needs to attend and resolve these for efficiency and full utilization of the people's capabilities and resources of this organization.

Additional Readings & References

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