

KONIAL FOOD PRODUCTS COMPANY LTD.

case study solution



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Short Description

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Description

KONIAL FOOD PRODUCTS COMPANY LTD.

Komal Food Products Company which was founded in 1935 to manufacture grocery and other food products had in the course of years grown into a vast enterprise having offices and branches in almost all the important cities of the country. Its annual sales amounted to about Rs. 50 to 60 lakhs a year. The company's Head Office and factory were situated at Calcutta. Its products were distributed through five zonal sales offices which directed 25 district sales offices throughout the country. The administrative responsibility of each zonal office was borne by a manager whose duty it was to promote sales in his zone. He was advised and instructed by the Head Office from time to time. Under the control of each Zonal Manager there were four functional heads. viz., Personnel Manager, Accounts Manager, Sales Manager and Office Manager. These executives advised and assisted the Zonal Manager on various functions relating to the zonal administration. Each functional head enjoyed sufficient freedom and independence in respect of his work. On matters relating to sales the Zonal Manager received advice from the Sales Manager. The latter often formulated policies, plans and schedules for sales operations ; and submitted his views on all the matters concerning sales to the Zonal Manager. Many a times he also

issued orders and instructions to the District Sales Managers but all these were routed through the Zonal Manager. Ordinarily all his views and advice were accepted and approved by the Zonal Manager.

The Sales Manager was assisted in his work by three product managers who were considered to be experts in their respective fields. Their duty was to travel with the sales supervisors of the various districts and study the market for the company's products ; survey the competitive position of the company's products ; study dealer and consumer reactions, trend in sales, etc., and advise the district sales supervisors from time to time regarding the steps to be taken for promoting sales in the districts. Every month each one of them submitted a report on the sales activities of the company to the Sales Manager. The relationship between the Product Manager and the Sales Manager is the same as that between the Zonal Manager and the Sales Manager.

Directly responsible to the Zonal Manager were five district sales managers besides the four functional heads. Each district sales manager was responsible for sales in his territory. In promoting the sales of the company each district manager was assisted by five sales supervisors besides several salesmen. The duties and functions of district sales manager were to :

I. Select, train and supervise his sales supervisors and salesmen in consultation with the Zonal Manager ;

2. Make a study of the nature of consumer demand, changing markets, existing stocks and formulate sales campaigns and promotional method ;
3. Fix up targets of sales to be attained in his territory from time to time ;
4. Formulated credit policies to be followed in consultation with the Zonal Manager ;
5. Develop better team work among the sales supervisors and salesmen ;
6. See that the customers were satisfied with the company's service ; and

7. Do such other functions and duties as might be assigned to him from time to time by the Zonal Manager.

Every month each District Sales Manager submitted a detailed report on the sales activities of the company in his district to the Zonal Manager. Ordinarily these reports were passed on to the Sales Manager for the necessary action to be taken with respect to each district. On the morning of June 6, 1961, the following conversation took place over phone between Mr. Rajan, the Sales Manager at the South Zonal Office, and Mr. Shankar, one of the District Managers in the Zone.

Shankar : I wish to bring to your notice an important matter that needs your urgent consideraion... The Product Managers are interfering too much with the sales activities of my district. I receive frequent complaints from the supervisors that they are not able to carry out my instructions due to unnecessary interference from these people. If this state of affairs continue it would be very difficult to maintain our sales. The morale of the supervisors would be seriously affected. - I will not be responsible if sales go down this year in our area on this account.

You must take some steps to see that the relationship between the line and staff is maintained on good terms.

Rajan : Mr Shankar, you need not worry. I shall call the Product Manager and see that they maintain proper relationship with you...

Next day Mr. Rajan called at the product managers and after discussing routine matters, he said—"I was told by Mr. Shankar that his sales supervisors are complaining that you are interfering with their activities. Definitely you are all expected to advise them on the steps to be taken for increasing sales. But at the same time please remember that you have to play only an advisory role. While advising these people you must also see that the line authority is respected...."

The product managers did not say anything. In the subsequent months Mr. Rajan did not receive any complaint from the District Office. But in the first week of October, while scrutinising the sales progress reports of the various districts for the previous quarter, the Zonal Manager found an unusual decline in sales in the District which was under the supervision of Mr. Shankar. The Zonal Manager called Mr. Shankar and asked him why there was so many decline in sales in his territory while all the other districts showed very good progress.

Shankar replied—"...during the past three months the product manager did not seem to have advised our men properly. In fact they never cared to advise the supervisors on the

recent changes and the latest trends in the market. They seem to be unwilling to cooperate with our men to maintain sales."

When asked about this by the Zonal Manager, one of the product managers said—"We used to give advice to this district office also as we usually do with other district offices. On a complaint, seems from Mr. Shankar, we had been told by Mr. Rajan that we were exceeding our authority and unnecessarily interfering with the activities of this district. We had been asked to restrain ourselves. The District Manager takes advice directly from the Zonal Sales Manager. We have got nothing to do in this matter..."

Questions :

(i) What is the problem in the case ?

(ii) Analyse the cause which led to the problem.

(iii) As a member of the management team, what would you do to solve the problem immediately ?

(iv) Suggest a suitable organisation structure for this company so that such problems do not occur in future

Details

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- 2. pdf/word in 24-48 hrs**
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