

# ABC Food Limited



**Brand:** Mehta Solutions

**Product Code:** case123

**Weight:** 0.00kg

**Price:** Rs500

## Short Description

**ABC Food Limited**

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### **ABC Food Limited CAST STUDY solution**

**Read the following case carefully and answer the questions given at the end :**

Independence Engineering Company, a hundred-year old concern with a Rs. 75 crore annual turnover, was a house of mechanical, mining, electronic and metallurgical engineers. It was primarily engaged in manufacturing and trading activities with a number of agencies in products of reputable manufacturers in India and abroad. It had a wide network of branch offices spread all over India, and had earned over the years a reputation as one of the leading marketing organisations in engineering products.

Being a professionally managed company, it took considerable pride in its systems and procedures, not only relating to its budgetary controls on turnover and operating expenses, but also in performance evaluation and merit rating of its executives.

While the company had always followed an over-cautious approach in its remuneration policy, it had also believed in a course of maximum delegation of authority. An instance in point was the complete freedom of its executives in the matter of placing purchase orders. The company stood by its executives in their commitments to outside parties. If they made mistakes, sure enough their knuckles were rapped, but always in private.

Sales engineers, either 'caught young' as they came out of their colleges with offers of traineeship or recruited on the basis of their long experience elsewhere, were acknowledged as the backbone of the company. The yardsticks applied in evaluating their performance were : value of orders booked, annual turnover and liquidation of outstanding receivables (bill collection was also part of the duties of the sales staff). Obviously, these norms could not be applied to accounts, administrative and other commercial personnel. They had fixed grades and limited prospects. Quite a few commercial people (that is, without technical qualification) were engaged as sales officers but the grades applicable to them (for the same jobs) were different from those given to the technical personnel. On the other hand, a chartered accountant with 10 years service invariably found himself in a grade inferior to that of an engineering diploma holder with the same or even less experience. There was a difference in entitlement between the technical and nontechnical cadres not only in the matter of remuneration, but also in privileges like medical benefits, transport, telephone facilities and annual increments.

Understandably, there had been murmurs of protest in the past from a few non-technical officers, but the management had taken them in its stride notwithstanding frequent personnel turnover in commercial cadres, safe in its conviction that commercial people would always be available at 'a dime a dozen'.

A recent addition in the range of activities of Independence Engineering Company was the establishment of a separate department for the execution of its construction contracts worth over Rs. 4 crores.

This department was headed by the genial Mr. Lajpat Ram, general manager, who was a seasoned sales executive with long years of service with the company, two engineers, two engineering assistants, one commercial executive, Mr. Srivatsa, and just one secretary-stenographer. Each construction site had just one site representative, appointed on the strength of his local influence and contacts with the customer. The engineers and the commercial executive- all recruited from outside on the basis of their long experience in similar jobs-were ostensibly of equal rank and yet, the commercial man had to consider

himself 'less equal among equals'.

## **Responsibilities of Engineers and Commercial Executive**

**The responsibilities of the engineers were as follows :**

- Drawings-their maintenance, approval from clients, etc.
- Technical clarifications with the customers as well as contractors.
- Laying down specifications for the issue of purchase orders
- . - Timely indenting for purchase orders.
- Inspection.
- As said before, these jobs were carried out by the two engineers with the help of two engineering assistants. Mr. Srivatsa, the commercial executive, had the following jobs to perform :

- Purchase of materials on the basis of the engineers' indents and speculations.  
Delivery control.

- Payment control to suppliers.

- Despatch and insurance. - Invoicing and credit control.

- Clearance of imported goods. - Budget preparation, cash flow and expense control. - Sales tax, accounting matters, etc.

General administrative work, -, being 'non-technical' in nature was also safely passed on to Mr. Srivatsa. Thus, even filing and maintenance of office records became his responsibility.

The commercial executive was senior in age and experience to both his engineering colleagues. The responsibility shouldered by him and the contribution made by him in the successful execution of the company's construction contracts by way of prudent purchase decisions, minimisation of tax liabilities and collection of outstandings were no less significant. Also, the traditional reason for favouring sales engineers as those bringing revenue to the company's kitty, could not be extended to the construction engineers, as they were in no way instrumental in booking new contracts or otherwise promoting the sales of the company. An argument often advanced by the management to meet the

protests against the discrimination practised by it and which was at least substantially true, was that nowhere else its officers could hope to get as much freedom in their dealings as in Independence Engineering Company. 'In fact', said Mr. Lajpat Ram one day to the hapless Mr. Srivatsa all of us together are building this monumental temple. We want you to feel that you are a part of this great team- a temple builder, not a mere rock breaker; that is why so much responsibility as well as commensurate authority have been given to you; now everything depends on your own attitude to your work'. This made sense, at least in the beginning and Mr. Srivatsa forgot his grievances - promises of a car, better emoluments and treatment at par with his technical colleagues upon confirmation made at the time of his recruitment were all broken by the management; yet Mr. Srivatsa continued, for he loved his job and was proud of it with a sense of fulfilment at every success he achieved. Gradually his patience wore out. He began to think that he was not truly treated as a temple builder. He was as efficient and thorough as ever, but one could notice a change in his attitude to work. He was doing his job efficiently, but only on being told. He no longer sought work, and no longer identified the company's interests with his own. He found himself becoming in course of time just a glorified clerk, in other words, merely a rock breaker and no longer a temple builder. Mr. Lajpat Ram, on the other hand, could not care less. If Mr. Srivatsa had been breaking x cumetres of rock every day in earlier times, his daily output was still x cu. metres. He also felt, that Mr. Srivatsa would stick on to his job as he was in his forties already and could not afford to resign in a huff.

### **Questions :**

- (a) How do Lajpat Ram and Srivatsa perceive each other ?**
- (b) What are the motivational problems in the company ? What will be the long-term impact of these problems ?**
- (c) Suggest corrective measures to overcome the problems faced by the company. Is it possible to change the self-perception of commercial executives ?**

## **Details**

**1. Case study solved answers**

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

**3. Fully Solved with answers**