

Management Ideas



FOR STILL BETTER

RESULTS

RELATIONS

REPUTATION

a monthly newsletter to key executive-leaders
on practices, possibilities and ideas generally
for stepped up performance

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on problem-solving and creative ideas

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BREAK
THROUGH
IN
INDUSTRIAL
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AND
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THROUGH
BHAKTI
MODEL:**

Here is another success story from Suresh Pandit who has developed a flair for integrating the Indian and foreign approaches to productivity.

A company, with a long history of industrial strife, turns over a new leaf and enters into a new relationship of trust, harmony, peace and prosperity for all. Read the full story to find out how this change was brought about.

Menon Pistons Ltd., Kolhapur, is a ISO-9002 Company today. It celebrated its Silver Jubilee last year. It supplies pistons and rings to most of the makers of automobiles. It is the exclusive supplier of pistons for 'SUZUKI MARUTI's ZEN engine which is considered the most hi-tech cars of all.

The Company, founded by Menon Brothers, always took pride in quality and spared no efforts in achieving technological excellence. Their production facility at Kolhapur stands out majestically off Bombay-Bangalore Highway, amidst well maintained gardens. A visitor is at once impressed by the high level of beauty, cleanliness and order inside and outside the work-place.

Ram Menon, the founder Chairman, along with his brother late Chandran Menon started the enterprise in a modest way with a unique reconditioning facility. Faced with a perpetual shortage of spare parts and taking cognisance of the high level of engineering skills and learning ability of local people, they realised the tremendous potential for engine spare parts and put up the first plant to make pistons production of rings, pins, bearings, engine etc. followed with production facilities located in and around Kolhapur, under various group companies. Even today, Ram Menon, feels totally at home with auto-mechanics, machine operators and machine-tools. For him engineering excellence comes first. Profits come incidentally.

Menon Pistons reached the Zenith with supply of pistons for Soviet 'LADA' cars in 80's. It brought record turn-over and profits for the company. The earnings of employees also went up. However, the collapse of the Soviet Union and the sluggishness of the Indian economy, in the early 90's, gave the company a double blow. The company had to fight for survival. Because of the bulk orders of LADA, the company had neglected its traditional customers base of re-borers and replacement market. The management had tolerated many wasteful practices which became institutionalised, in course of time. The man power was bloated. Productivity was low and the costs were very high. There was no ceiling to the expectations of the labour for higher wages and perks. There was no dearth of leaders trying to encash on the discontent of the workmen. Inevitably, every one was talking and acting the languages of the 'force' (Shakti) model. Workmen had the weapon of 'with-holding work' and they started using it liberally by 'go-slow', agitations, 'work stoppages' and more restrictive practices.

THE SETBACK:

The management used the weapon of with-holding money, by initiating disciplinary action, of 'issuing chargesheet', 'conducting inquiry', 'suspension' and 'dismissal'. The 'personnel professionals' 'advocates' 'labour consultants' had a field day at the expense of the company, the employees and the customers. Finally, the workmen resorted to a strike. After a prolonged strike, the workmen got exhausted and had to come back to work on terms virtually dictated by the management. Part of the agreement was guaranteed minimum output per employee with a provision of penalty for lower than guaranteed output and a production incentive for higher than guaranteed output. The guaranteed output amounted to 54,000 pistons per month.

The period after the agreement could be called as "battle of wits" between management and workmen. Management tried its best to 'extract' guaranteed production from workmen and workmen used their energy to find out some excuse or the other to lower the output. The actual output never exceeded 48,000 pistons.

**RECOVERY
YES,
BUT:**

By 1994 the liberalisation measures taken by the Indian Government started having beneficial impact on the automobile industry. There was a sudden spurt in demand for engine spare parts. The Company's efforts to regain the market share in replacement market also yielded good results. However, sales and profits had to be limited due to restricted output at the production stage. The financial year 1993-94 ended with sales of Rs.2415 lakhs and profit of Rs.70 lakhs (2.9%)

**A
PROMISING
INDIAN
MODEL:**

The management started looking for alternate models. Through one of the seminars attended by their HRD Manager Mr.R.S.Deshpande, they came to know about, Yash Paper experiment at Ayodhya in 'Self Managing Teams' and 'Devotional Models (Bhakti Model) of management. Mr.Deshpande instinctively felt that this could be a good way to come out of the stalemate.

The Bhakti Model is based on the Mother-Child relationship. What a mother gets is a child incapable of speaking, standing, understanding or producing. Through her selfless nurturing process, she converts the child into a responsible carpenter, architect, pilot or a doctor. Nurturing is at four levels.

- Physical nurturing - by providing food, clothing, and warmth, to make the child strong.
- Emotional nurturing - by providing encouragement, support, appreciation, to build self-confidence in the child.
- Intellectual nurturing - by providing knowledge of do's and dont's to make the child self-sufficient.
- Spiritual nurturing - by letting go the child, inspite of being deeply concerned about the welfare and safety of the child.

If the managers take on the Mother's role and give nurturing love, the child will give dedicated effort, resulting in high quality and productivity. Mr. Deshpande invited me to speak about the concept to the management and the employees representatives of Menon Pistons. Mr. Ram Menon was the first one to see the tremendous potential. The managers were impressed by the results achieved at Yash Papers, but some had doubts whether 'Ayodhya' can be repeated at Kolhapur, Union representatives readily agreed that the 'Bhakti Model' can do wonders, but feared Menon Piston Management may not implement the concept in the right spirit. I left them for a fortnight, to contemplate over the matter.

The HRD Manager, got an opportunity to try out the new model sooner than expected, because of developments on the canteen front. The industrial canteen employing 6 workmen was run by a contractor. Because of rising prices, inadequate subsidy and low collections the contractor was compromising on quality of food; and his income fell to Rs.700/- per day, much below the breakeven point. He couldn't pay his employees in time which made them resentful, leading to poor service. One fine morning, the contractor chose to walk-out without notice. With canteen service coming to a standstill, it was difficult to run the factory which is situated far away from the city. Mr.Deshpande had to face the music, in the absence of senior managers. To add to his woes, the six canteen workers having more than a decade of service, approached the labour commissioner claiming severance compensation from the principal employer. The company lawyers, of course, were willing to contest the claim in courts, but could not assure Mr.Deshpande on the likely outcome. So he chose to experiment with the 'Bhakti' route.

**PROVIDEN-
TIALY:**

He invited the six canteen workmen to his chambers and offered them seats, an act which they had never expected from any manager or company employee. He spoke to them as he would speak to his brothers and listened to their anxieties, complaints and hopes. All they wanted was a continuation of their regular service income, however meagre it was. Mr.Deshpande suggested them a way out. Would they like to run the canteen on their own? The first reaction was one of doubt in their own ability. Mr.Deshpande then reminded them of their own infinite human ability. He pointed out how they manage the organisation called home quite well (physical nurturing). He also offered whatever they wanted in organising the resources and managing the show (emotional nurturing). He asked them to make an estimate of resources they required (intellectual nurturing). They felt an initial fund of Rs.30,000/- will be required which they could return over a period of two years assuming a sale of Rs.1000/- a day. Mr. Deshpande arranged an interest free loan from the company. He also helped them to form a formal partnership firm and got the enterprise going (spiritual nurturing). The first day sales recorded Rs.1000/-. The employees were very happy with the service and the preparations. Fresh items were introduced in the menu. The second day sales rose to Rs.1200/-. The canteen worker - entrepreneurs had succeeded and were confident of clearing the company loan in less than a year!

Meanwhile, Mr.Deshpande tried to sell the idea of self managing teams and bhakti Model to the Hon.President of the union, Advocate P.S. Kulkarni - a staunch socialist. While Mr.Kulkarni ws all for the concept, he was skeptical whether the experiment could succeed in Menon Piston, in the light of the past bitterness.

**SMT BHAKTI
EXPERIMENT:**

However, he was willing to keep his mind open and wished to examine at least one ongoing experiment personally.

Accordingly, a visit was arranged to 'Yash Paper Mills' at Ayodhya in which Mr. Kulkarni was joined by the Executive Director Mr. Mani Mathew and representatives of workmen, staff and managers. They met the Utpadaks (producers) Sahayaks (facilitators), Sanrakshaks (guardians) and the Kartas (elders). They saw the teams in action, teams in prayer meeting, teams at weekly business meetings. They witnessed how the first generation workmen took major decisions concerning every aspect of the Mill operation. They were impressed by the pride of ownership every member of 'Yash Pariwar' had and the total absence of the language of authority, power and status. The Kolhapur team took birth in Ayodhya and they promised me that they will create even better and more prosperous **RAMRAJYA** at Menon Pistons. They insisted that next time I take the visitors to Kolhapur instead of to Ayodhya!

The SMT Bhakti experiment started in the ring division from 16th May 94 as its Manager Mr. Ramdas and his team were first to volunteer unanimously for the experiment. The division had also recorded losses (13%). All the employees of the division were given the basic understanding of the new way of industrial life, with the following concepts:

- * We are born to serve others. Success and prosperity come to those who perform their sacred duty (dharma) **TOWARDS CUSTOMERS (grahaks)**.
- * Every human being is a creator (Brahman) in the mould of creator (Brahman). Men's creative work begins where God's creative work ends.
- * Wasteless, delayless, errorless, and accidentless production is our Yoga (joining God).
- * Harmony is a natural state in the universe when every one performs his sacred duty and does not operate from the concept of rights.
- * The future we create is the only future that we share.

Natural teams of producers, facilitators, and guardians were formed.

They set their own goals, made their own plans and executed them.

The goals were set in terms of what the customers wanted. The focus got shifted from mere 'number of rings' to 'number of completed sets'.

BREAKTHRU:

The first month of September 1994 produced a record output, 27% more than the average of earlier six months. When I asked the members the secret of their success, they said with pride:

- * There was no tension or strain of meeting management set target. The output came naturally by team work.
- * Earlier, we were happy when machines broke down because it meant a long respite from work. This time we did not allow any machine to break down. We took good care of them.
- * Everyone made sure that no defective pieces went past him. This avoided rework at later stages.
- * Many small improvements were made by ourselves, without asking anybody's permission.
- * We saw to it that the key machines were used to the maximum.

The management wanted to share the gains of higher productivity with workmen. A simple concept of evaluating productivity was evolved. It was P/E ratio. P was the value of production in rupees and E the total earnings of employees in rupees. If the ratio improved by 27% over base line, the members stood to gain a fixed amount approximately equal to 13.5% of their earnings.

**BELIEVE
IT OR NOT:**

The three years previous agreement between management and union was to end in March 1995. Based on the experience and mutual trust gained in the Ring Division experiment, it was decided to conduct the negotiations for the new agreement, in an atmosphere of goodwill and 'offer and accept' mode rather than 'demand and yield' mode. A negotiation was initiated, ground rules were agreed upon and satisfactory agreement was reached by May 1995. The notable aspect of the

process was that the piston division achieved a record production of 60,000 pistons in March when the negotiations were on.

Even this record was broken in May 1995, with a production of 74,000 pistons, when the agreement was signed. The company ended F.Y 1994-95 with a sale of 3373 lacs (40% growth) and Rs.238 lacs profit before tax. (24%) increase. This came at a time when the company was making plans to go public. It was a great morale booster for everyone connected with the company. 'The Menon Piston Pariwar' is confident of taking their pistons to the land of their origin - Germany, UK and USA. The teams from Mercedes Benz, General Motors and Cummins have already visited the facility and are impressed by the workmanship. This is just a beginning of a new dawn for Menon Piston Pariwar.

Eating breakfast may help guard against a heart attack - regardless of what kind of food you eat.

That's the finding of a Newfoundland cardiologist who says her study results may help solve the riddle of why the likelihood of having a heart attack is greatest within two hours of getting out of bed.

Dr. Renata Cifkova of Memorial University of Newfoundland in Canada says missing breakfast makes the blood more "sticky," or more prone to clotting. Put artery-blocking clots in passageways already narrowed by cholesterol buildup, she says, and you have the prime recipe for a heart attack.

The best bet? "Eat a late-night snack and don't leave the house without having breakfast," Dr. Cifkova says in a report in Mature Outlook magazine.

Writing in Financial Times, Dr. Michael McGannon offers these tips:

The first step is to identify whether you are being plagued by migraine, cluster or tension headaches.

For migraine sufferers, 60-70 percent of whom are women and many of whom have inherited their condition, onset is normally between the ages of 13 and 40. Intense, one-sided attacks of throbbing pain, associated with nausea, vomiting, aversion to light and lack of appetite, can last anywhere from four to twenty four hours.

3552
THE
BREAKFAST
WAY:

3553
MANAGING
HEADACHES:

The cause of migraine is vascular - in other words, it is not caused by the brain itself but by dilation of the cerebral vessels. Unlike other kinds of headache, migraines generally worsen with physical exercise.

Before resorting to drugs, you may want to try eliminating cured cheeses and red wine from your diet - effective in up to 30 per cent of cases. You may also want to try limiting your intake of chocolate, alcohol, highly processed foods, as well as foods containing monosodium glutamate.

Other measures might include discontinuing the pill, giving up smoking, and using stress management techniques.

The second type, cluster headaches, may be made up of a series of headaches over weeks or months. Typically, the sufferer may experience very severe headaches, usually localised around or behind the eye, lasting between 20 minutes and three hours. They nearly always occur on the same side of the head within a series, and their cause, like migraine, is thought to be of vascular origin. Up to 10 per cent of cluster headache sufferers develop a chronic variety of attacks which endure for a year or more. Because of the short duration of cluster headaches, standard analgesics may not be suitable.

The third variety is the tension headache. During an episode of acute stress, when adrenalin is percolating through your system, severe and prolonged muscle contraction creates a band-like pressure sensation, like wearing a hat that is too small. Associated symptoms may include irritability, decreased sex drive and cravings for sweets. Solution for this variety include: exercise, biofeedback, psychotherapy, nutritional purification and relaxation.

B.L. Vohra IPS (author of Don't Laugh, We Are Police) was serving in Bulundshahar when a subinspector who had been transferred came in to say good bye. After a crisp salute, The subinspector said: 'Sir, I have come to pay my last respects to you.

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LAUGHING
MATTER?

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