

ABC Ltd – Organizational Structural Change

Topic: Sales Organizational structure change, culture change

ABC Ltd was a national level company in the area of consumer durables like fans, water purifiers for household consumption and commercial firms. They have been in business for more than 40 years and have been very successful. Gujarat, Maharashtra, Rajasthan, Tamil Nadu, Telangana and Andhra Pradesh are their top selling states. These states were treated as independent profit SBUs. The SBUs head ran their SBUs like their own independent company. Most of them had been with the company for more than 20 years and had risen through the ranks. They had started their careers as Sales executives in their respective states and had worked their way up. They were extremely loyal to the company and treated it like their own. They were also very possessive about their SBUs and hence were not always open to listening to success stories from other states or companies. The SBU heads met each other only during monthly/quarterly and yearly meetings. The yearly sales meet were also conducted at state level. There were no national level meets. This geographical classification had worked well for years. But, as the company grew, small issues emerged and the need to have a change in the organizational structure became apparent. The current structure did not allow them to expand in other states. The owners felt that it would be difficult for them to get all the SBUs together and work towards the problems faced by the company. They decided to hire an outsider to make the necessary changes. A Chief Strategic Officer was hired who had studied in one of the prestigious MBA college in USA and had been residing there since the past 20 years. He came and studied the company for weeks. He chose not to meet any individual from any of the SBUs so that he is no biased. He made a 12 month plan wherein the first phase involved key performing sales staff to be shuffled for a period of 6 months to other states. This would allow knowledge sharing and adaptiveness. This phase also involved national level quarterly meetings wherein the SBUs would present their results to the entire sales force. Moreover, a uniform incentive system was devised across. There was a huge uproar at all levels with many loyal staff members threatening to leave their jobs. The competitors had started to poach these star performer employees. This was just the beginning of the first phases. The distributors were also raising alarms since they did not trust the new salesforce from other states. Language, culture and pricing incentives among others were all different.

The CSO said that this would all fizzle out and the company would emerge stronger at the end of implementation of the phases.

Questions

1. Critique your thoughts on the owner's thought process

2. Why were people leaving their jobs?
3. Why were the distributors upset?
4. How should this been handled better?

Super Adhesives – Trade Sales Promotion as means to entice Distributors

Topic: Trade Sales Promotion

Mr. Patel is the General Sales Manager of Super Adhesives which just entered the Gujarat Market with their new product launch – Super Sticky. This has been a huge success in the test markets among carpenters and Industrial furniture companies. Currently, he is looking for top level distributors but they are all loyal to his competitor brand. No amount of convincing/incentive seems to work. He believes that his brand is superior to competition and test results indicate that. Patel believes that his product would do wonders to the industry but no one seems to give him a chance. Moreover, the competition has started a trade sales promotion drive among its existing distributors.

Questions

1. Please devise a strategy to guide Patel to enter the Gujarat market
2. Should Patel also use trade sales promotion, if yes why and how and if no then why