

ORGANISATIONAL ALIGNMENT FOR **BUSINESS SUSTAINABILITY, REVENUE & GROWTH**

A ROAD MAP FOR THE BUSINESS GROWTH



TPP World

Introduction to Total People Productivity Pvt. Ltd

TPP World, a Delhi-based business consulting and training firm established in 2006, stands out with its unique Total People Productivity Model. This model, developed by TPP Founder & CEO Sanjay Kumar, is the culmination of his 36 years of work experience with 200 organisations and the development of 50,000 professionals.

Our Unique Offerings

- One Model- SK Total People Productivity Model ©2019: A comprehensive framework designed to enhance productivity across all levels of an organisation.
- Two Platforms-Organizational Alignment & People Programming
- Five Products: Target, Team, & Trust for business growth, Culture of Accountability (CoA), and Development Program for Individual, Leadership and Employability

Our Widely Implemented Key Achievements:

- Business sustainability, revenue and growth
- People Programming

We Are Providing Tailored Solutions For:

- Mega large enterprises
- Large organisations
- Medium-scale businesses
- Small businesses
- Nano businesses



Preface

Purpose and Scope

This handbook is specifically prepared for the manufacturing sector, catering to companies that produce and sell the product domestically and internationally. It serves as a working document that emphasises systematic organisational growth and covers critical areas such as marketing and sales, production, materials management, finance, and digitisation.

Mantras for Organizational Success

Business success is driven by a responsible organisation and an accountable team. This handbook highlights the importance of Environmental, Social, and Governance (ESG) issues in generating revenue and promoting organisational growth. This handbook guides on developing both long-term and short-term business plans. It focuses on achieving business success through structured planning and goal setting.

Experience-Based Insights

Based on 36 years of experience working with over 200 organisations—ranging from mega-large to nano—this handbook covers all work areas. It underscores that business is not only about marketing and sales but also includes:

- Production
- Material consumption
- Inventory management
- Product dispatch
- Financial management

The Journey of Our Evolution (Learning the factors why an organisation succeeds and fails)

The work began in 1987, focusing on people's expectations and key elements of change. People's productivity and performance have been crucial for business growth, and employee development and participation have been critical factors in this journey.

After six years of focusing on people, the emphasis shifted to processes and quality systems, combining people and processes to strengthen organisations. This includes:

- Total Quality Management (TQM)
- Total Productive Maintenance (TPM)
- Shop floor improvement practices
- Digitisation

The journey started with supporting small and medium organisations in their business growth, focusing on developing marketing and sales teams and improving production practices. Material supply management became a key element.

Recent Focus

In the last four years, the focus has been helping large organisations achieve 20% revenue growth and 10% profitability. Key areas of focus include:

- Product-to-profitability strategies: 20 per cent revenue growth and 10 per cent profitability.
- Reducing material costs, stocks, and inventories
- Target setting for sales, production, and material procurement

Through this handbook, we aim to support our clients in increasing revenue and profitability while maintaining a strong focus on environmental sustainability.



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Executive summary

In today's business environment, revenue and growth are intricately linked to environmental, social, and governance (ESG) issues. Without focusing on environmental challenges, we cannot grow the business. There has been a significant shift from focusing solely on safety, health, and the environment to incorporating social and governance aspects. Good governance is crucial, and sensitivity to stakeholders is essential for sustainable success.

Organic growth and maintaining a robust ecosystem are crucial for business development. Investment alone cannot drive growth; attention must be given to fostering organic growth and preserving the ecosystem.

Businesses face numerous challenges that need to be addressed proactively. New startups add value to the supply chain and contribute to the global value chain, presenting significant domestic and international growth opportunities.

Role of the Manufacturing Sector

The country is focusing on the global value chain, which offers good opportunities for business growth both within the country and abroad.

The manufacturing sector is vital for GDP growth and has immense potential for development and job creation. Emerging sectors related to the environment and energy savings offer new growth opportunities.

Micro, Small, and Medium Enterprises (MSMEs) are crucial in meeting business requirements within the supply chain. Addressing the challenges faced by MSMEs is essential for business sustainability and growth. Startups also play a significant role in supporting and developing businesses.

Total People Productivity Model

TPP has developed the Total People Productivity Model, focusing on building a responsible organisation and an accountable team. Organizations are responsible for setting targets and goals and providing resources, while teams are accountable for business growth.

Accountability Across Levels

Accountability spans all levels and age groups within the organisation. Business leaders are responsible for profitability, growth, and stakeholder satisfaction. Functional leaders ensure customer requirements are met, and front-line workers focus on product quality and delivery.

Organisational Alignment

Alignment within the organisation is achieved through the Z concept and the DDAMAIR approach. Factors, functions, processes, and people are aligned to meet business needs, with direction from the top and change initiated at the people level. Employees drive organisational changes.

Product to Profitability

Product-wise planning is essential for achieving profitability. Marketing and sales are critical in selling products across different segments, including B2C, B2B, and export markets. Along with sales, payment collection, product planning, and managing outstanding payments are vital.

Supply Chain Management

Products are manufactured & supplied according to market demand. Stocks & inventories are monitored to ensure efficiency.

Target Setting and Team Development

Targets are set & reviewed periodically to track progress. Team development is prioritised to meet current and future needs.

Corporate Culture and Trust

Trust and a strong corporate culture are fundamental to business sustainability, revenue, and growth.

Theme – Business Sustainability, Revenue and Growth

Every organisation typically has a lifecycle of around 25 years. During this time, it reaches its peak performance. Beyond this period, the organisation develops new growth curves or models to continue succeeding. Growth within these 25 years follows five distinct stages, with significant changes occurring approximately every ten years. These phases help the organisation adapt, innovate, excel, and sustain its growth.

Phases of Growth

- Adapt (1 year): The first 12 months are dedicated to adapting to new conditions and changes.
- Innovate (1 year): The following year focuses on innovation, implementing new ideas, and improving existing processes.
- Excel (1 year): In the third year, the focus shifts to excelling in performance and achieving high standards.
- Sustain (2 years): The final two years of the cycle are about sustaining the achieved growth and preparing for the next phase.

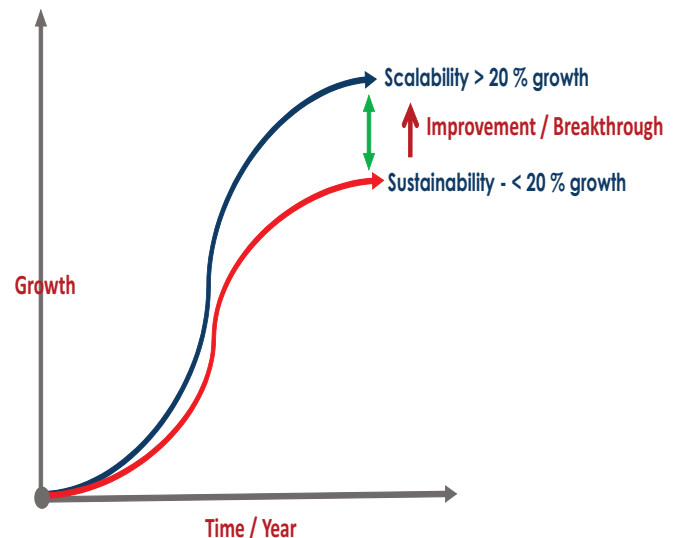
Types of Growth

- Organic Growth: This is the natural growth driven by internal resources and capabilities.
- Inorganic Growth: This type of growth results from external factors such as acquisitions and investments.

Achieving Business Sustainability

To ensure business sustainability, it is crucial to maintain at least a 20% growth rate. Growth is categorised as follows:

- Sustain: Less than 20% growth in revenue and profit.
- Grow: 20-30% growth in revenue and profit.
- Scale Up: More than 30% growth in revenue & profit.



Challenges and Market Demand

Organisations often face numerous challenges that hinder growth. Achieving more than 10% growth, driven by external factors like market dynamics and price escalation, represents real value addition. Organisations that set higher targets (above 20%) are more likely to achieve significant growth than those with lower targets.

Long-term Vision and Planning

A clear long-term vision is essential for sustainability and growth. Organisations need a well-defined growth plan, often lacking in underperforming entities. This vision should guide all departments and individuals, promoting proactive rather than reactive behaviour.

Tips for Business Sustainability

- Develop a Long-term Perspective: Establish a 25-year vision for business growth, breaking it down into actionable five-year plans.
- Follow the Growth Phases:
 - Adapt: Implement changes and align the organisational culture and team.
 - Innovate: Enhance and innovate based on changes made in the first year.
 - Excel: Focus on excelling and achieving high standards.
 - Sustain: Maintain the growth and continue adapting to new changes.

After 10 years, start a new cycle with fresh models & approaches, ensuring the organisation remains dynamic and growth-oriented.

Balancing Hard and Soft Elements

To achieve sustainable growth, it is essential to balance both hard (tangible, written) and soft (intangible, unwritten) elements within the organization. Hard elements include structured strategies and plans, while soft elements encompass organisational culture and unspoken norms. The Environment, Revenue and Profit: Safety, Health, and Environment (SHE) and Environmental, Social, and Governance (ESG)

The survival of any business hinges on its ability to generate revenue and achieve profitability. Without revenue, a company cannot sustain itself. Therefore, generating income from marketing and selling products and services is crucial. Revenue transitions into profit, encompassing gross profit, profit before tax, and profit after tax. EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) is vital in assessing profitability.

SHE: Safety, Health, and Environment

Safety, health, and the environment are paramount. Ensuring a safe workplace is the foundation for any growth. Employees must feel secure and healthy in their work environment.

ESG: Environmental, Social, and Governance

- Environmental Concerns: Addressing climate change, depletion of natural resources, and pollution.
- Social Issues: Tackling income inequality, human rights issues, fair working conditions, and racial injustice.
- Governance: Promoting good governance practices.

Revenue

Revenue is the total income generated from the business after selling products and services to customers. Achieving a minimum of 20% year-over-year growth is essential for organisational development. This growth target ensures the business remains viable and competitive.

Setting targets below 20% may lead to underperformance, often resulting in negative growth for some quarters. Revenue is generated by producing and selling products that meet market demand and are delivered on time with the best quality, quantity, and timing, ensuring customer satisfaction and timely payment release.

Profit

Profit encompasses gross profit, net profit, EBITDA, profit before tax (PBT), and profit after tax (PAT). TPP aims for a profit margin of at least 10% (double-digit figures). Single-digit profit margins place the organisation at risk, potentially leading to financial instability.

Key Factors in Manufacturing Sector Growth: PQCDSEM

- Productivity: Enhancing production efficiency.
- Quality: Ensuring high-quality products.
- Cost: Managing and reducing costs.
- Delivery: Timely delivery of products.
- Safety: Maintaining workplace safety.
- Environment: Protecting the environment.
- Morale: Boosting employee morale.

This framework is vital for the manufacturing sector. TPP focuses on improving customer satisfaction and trust, making the business more viable and sustainable.

Product to Profitability

The growth of any organization is intrinsically linked to its products. At TPP, our journey emphasises transforming products into profitability. Products are categorised based on customer demand, revenue generation, and their contribution to overall business performance.

In our extensive experience, we have collaborated with clients managing diverse product portfolios. One notable case involved a client with 236 products and 800 SKUs. Among these, 14 essential products were identified as crucial, contributing 20% of the overall business revenue and profit and significantly impacting material consumption costs. These key products are pivotal in determining profitability.

Strategic Planning

Strategic planning and focus are allocated on a product-by-product basis. Emphasis is placed on selected essential products from sales to production planning, ensuring they drive profitability and margin improvement.

While selected products receive heightened focus, it does not mean that other products are neglected. From customer & production perspectives, all products are important. However, the primary reviews, discussions, & team efforts concentrate on the key products.

Differentiated Focus

- **Commodity Items:** These are market-priced and require a different focus.
- **Specialty Products:** These are more price-driven and command higher prices due to their unique value proposition.

Components of Profitability

Sales strategies & manufacturing plans focus on essential products, ensuring alignment with market demand & production capacity.

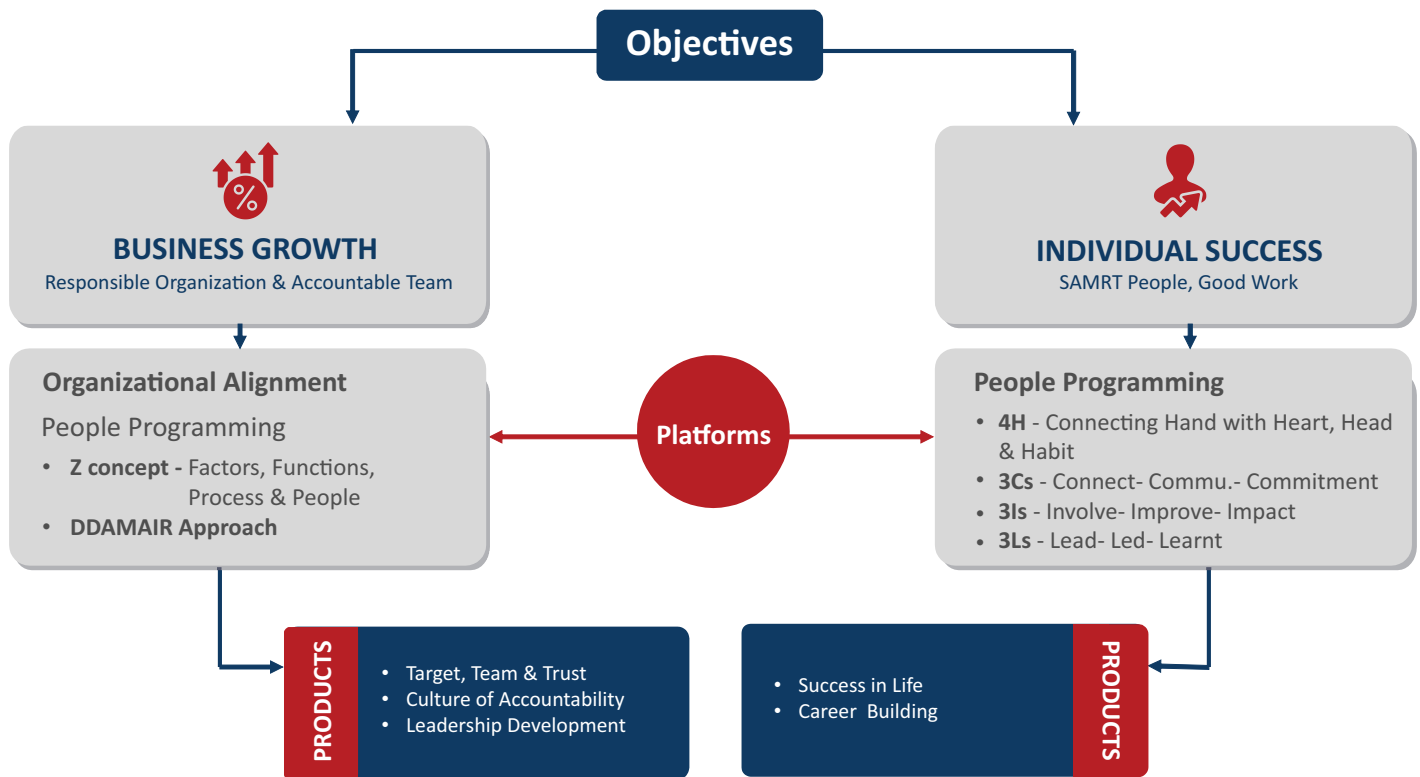
Material consumption costs & other expenses are closely monitored & optimised for the essential products to maximise profitability.

Efficient distribution strategies & management of overhead costs are tailored to enhance the profitability of the essential products.



SK-TPP Model for Business Sustainability, Revenue, and Growth

The SK-TPP model fosters a responsible organisation and an accountable team, ensuring business sustainability, revenue growth, and overall success.



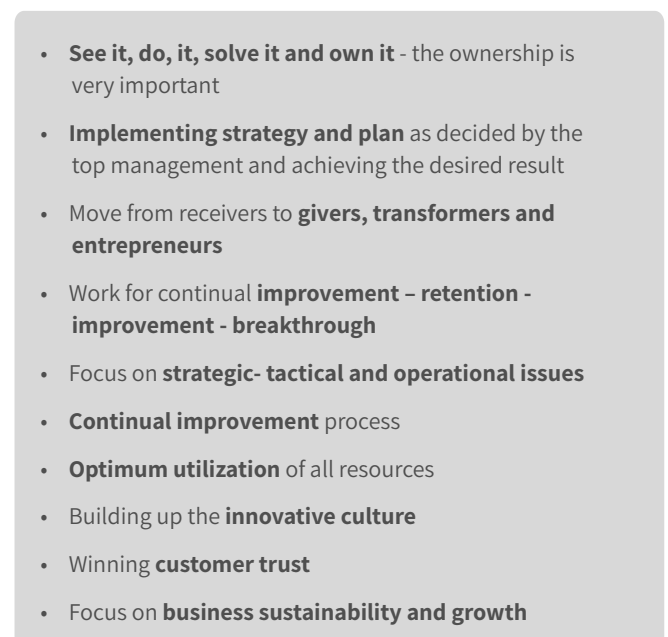
Responsible Organization

The organisation is responsible for its sustainability and growth, with a significant focus on the environment. Meeting ESG standards and addressing stakeholder needs are crucial. TPP works on ten key elements to achieve this. Target setting and review are the key factors for the organisation. Long-term and short-term targets are set, and review is done periodically.



Building Accountability Culture

Accountability is assigned at various levels for different types of work. Everyone is responsible for delivering results and meeting the company's overall objectives and plans, from business promoters to front-line team members, including off-roll employees.



Organisational Alignment

Organisational alignment is crucial for ensuring that all elements of an organisation work harmoniously towards common goals. This involves aligning factors, functions,



processes, and people.

There are Six M Factors:

1. Management
2. Man (Human Resources)
3. Machine
4. Method
5. Material
6. Money (Finance)

The organisation is structured into five main divisions:

1. Management
2. New product development
3. Marketing and sales
4. Manufacturing and operations
5. Commercials

These divisions support 14 essential functions:

1. Management
2. Engineering and New Product Development
3. Marketing and Sales
4. Production Planning and Control
5. Production
6. Quality

7. Maintenance
8. Dispatch – Supply Chain
9. Purchase
10. Stores
11. Finance
12. Human Resources
13. Information Technology
14. Administration

The Z Concept and DDAMAIR Approach The Z Concept is an innovative approach developed by Sanjay Kumar. It balances all four elements—factors, functions, processes, and people. Senior management provides direction, while implementation and change begin from the bottom, involving all employees.

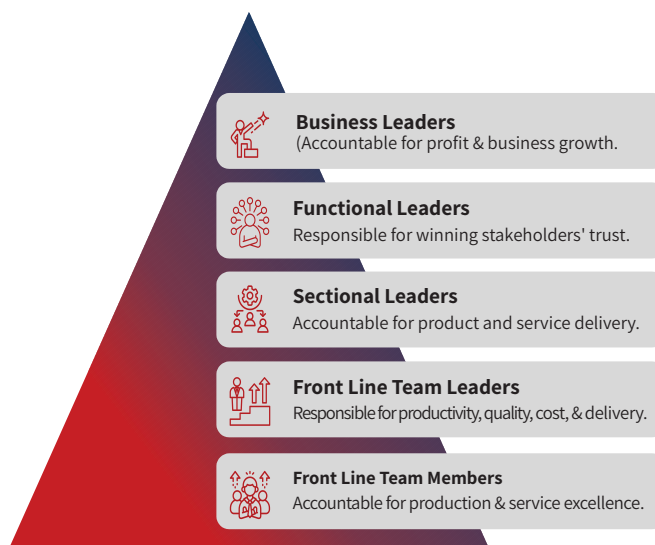
Processes:

Organisations typically have around 200 processes and 800 subprocesses across all functions. TPP optimises these processes for growth.

People:

This approach involves all levels of employees, from business leaders to front-line team members. The effectiveness of change relies heavily on individuals' responsibility and accountability.

People play a crucial role in the organisation. While direction comes from the top, changes are implemented by the people at the bottom. The success of any change hinges on the responsibility and accountability of individuals at all



levels.

DDAMAIR Approach:

- Define
- Develop
- Align
- Measure
- Analyse
- Improve
- Reward

These tools are highly effective for driving change. This approach has transformed numerous organisations that have adopted this successful methodology.

Define:

Clearly outline expectations and goals before starting any project. Documentation is crucial: "What you do, you write, and what you write, you do."

Develop:

Document and distribute the defined processes to ensure a system-based rather than a person-based approach.

Align:

Ensure all processes, work, and procedures are aligned with the organisation's vision, mission, goals, products, and people.

Measure:

Assess the impact of changes using PDCA (Plan, Do, Check, Act) and SDCA (Standardize, Do, Check, Act). Measurement is essential for improvement: "What cannot be measured cannot be improved."

Analyse:

Analyse to determine the effectiveness of changes and their impact on the organisation.

Improve:

Identify and enhance factors that are not meeting targets and demands. This is a continuous improvement process.

Reward:

Recognise and reward the efforts of teams and individuals. Rewards can be monetary or non-monetary and should be accompanied by feedback to ensure openness and equality.

By implementing the SK-TPP model and its structured approach to organisational alignment, businesses can achieve sustainable growth, increased revenue, and improved profitability.

Marketing and Sales, Payment Collection, and Outstanding Management

The journey of change begins with marketing and sales, which are crucial functions for any organisation. Selling products is essential, and promoting the brand can be achieved through marketing strategies and plans

Marketing

Marketing is pivotal in creating a brand, transforming it from a concept to a tangible presence. This involves developing strategies and plans for products and services, building teams specific to products and zones, and understanding and profiling customers. Marketing collaterals, such as websites, leaflets, and product categories, are prepared based on the marketing and sales plan.

TPP assesses the existing "As Is" level and identifies gaps in the development and implementation of the "To Be" state. Exhibitions and seminars serve as key contact points for potential clients, generating leads that are followed through the conversion process.

The marketing funnel includes:

- Creating awareness
- Generating interest
- Supporting consideration of the offer
- Closing the deal
- Order placement
- First batch order supply
- Gathering feedback

TPP mentors and coaches the marketing team, and digitisation tools like ERP, CRM, and websites play crucial roles.

Sales

Once a client is developed, the sales process begins. There are four types of customers:

- Existing customers with existing products
- Existing customers with new products
- New customers with existing products
- New customers with new products

Generating product demand is important for sales. Demand is created and communicated to the dispatch team based on business requirements. The dispatch team then organises materials according to the proforma invoice and coordinates the material and transportation for delivery.

Demand generation is vital for sales, with the dispatch team handling material supply according to the proforma invoice. Prices, costs, product quantity, and quality are crucial factors in demand generation, ensuring supplies meet customer demands accurately.

Natural Sales

The principle of natural sales is crucial. Instead of creating a market without demand and risking inventory buildup and delayed payments, the focus is on cash and carry, transitioning from credit markets. Though slow, this shift ensures sustainable payment realisation and avoids financial debt from overdue payments.

There are three sales segments:

- B2C - Trade Sales/Retail Sales
- B2B - Institutional Sales/OEM
- IBD - International Business/Export

Each segment is essential for comprehensive sales management.

B2C: Trade Sales / Retail Sales / OTC (Over the Counter)

B2C sales involve low-volume transactions with higher margins. These sales are typically executed through distributors or dealers, who are engaged based on the company's business model. The sales team works in the field to collect orders, necessitating significant manpower as it involves direct interaction with end users. Value addition is achieved through small-volume sales supported by a robust network tailored to the product.

Key aspects of B2C sales include multiple meetings, discussions, and awareness campaigns across various media channels. Discounts and commissions are often part of the sales strategy, with distributors and dealers acting as the main driving force. They are vital channel partners, making payment collection one of the significant challenges. Selecting and appointing distributors has been difficult over the years, emphasising the need for a strong network. Many companies focus on trade business, particularly in FMCG and consumer products. Managing stock inventories and ensuring timely payment collection are significant challenges, often necessitating several promotional activities.

B2B: Institutional/ Corporate Sales

B2B sales are more structured and secure, typically through institutional or corporate channels. This segment requires less manpower and generates higher volumes but has lower profit margins. The customer often plays a dominant role, and once a relationship is established, supply is managed according to the customer's requirements.

The margins in B2B sales are thinner, but the business is more stable and secure. In many cases, products are developed to meet specific customer needs, and supplies are made according to agreed delivery schedules. Customer development and retention are continuous challenges requiring ongoing improvement processes.

IBD: Export-Oriented Sales

International business (IBD) is a growing sector, with trade conducted in various global regions. Some companies focus entirely on exports. Business development in this segment is a longer process involving the preparation and dispatch of large consignments, often via containers. Export business faces numerous regulations and challenges. For India, this is a critical area requiring significant effort. Key challenges include ensuring product quality and managing payment collections. Delayed or rejected consignments can create significant issues, and the market's volatility means many factors influence the success of international business.

Payment Collection and Outstanding Management

Effective payment collection and managing outstanding payments are crucial for business success. Payment terms are usually set based on business policy and credit terms, with 90 to 150 days being standard. The success of any business heavily depends on efficient payment collection management. The 90-90 formula is recommended to ensure timely payment collection and maintain healthy cash flow.

Payment Collection

Credit is extended based on the company's policy, but caution is essential. Customers, distributors, and dealers often demand longer credit terms when new companies enter the market, leading to increased outstanding amounts. Monitoring these closely is crucial, especially in the high-risk B2C segment, where payment delays or stoppages can occur. Successful companies focus diligently on payment teams and collection processes. Before appointing a business partner, assessing their payment capabilities is vital. Inaccurate assessments can result in stuck payments, rendering the business unviable.

Payment Outstanding

Outstanding payments can severely impact business viability, especially if they extend to 180 days or more. Delayed payments hinder cash flow and create financial risks. As outstanding amounts grow, pressure mounts, complicating sales efforts.

To manage this, implement an escalation process. Payments delayed up to 90 days fall within the green zone, where delays are acceptable. Between 90-120 days is the yellow zone, indicating rising concern. Beyond 180 days, it's the red zone, signifying critical risk.

Regular monitoring and follow-up are essential to clear outstanding payments. In some cases, stopping supply and halting further sales might be necessary. Long-term outstanding payments can lead to bad debts, which may need to be written off after 4-5 years when recovery becomes non-viable.

Close management of credit and outstanding payments is imperative for sustaining a healthy cash flow and ensuring business viability.

Managing Customer Relations

Effective customer relations are essential for business success. Developing customers into business partners ensures a mutually beneficial relationship. Key account managers play a crucial role in this, often adopting a single-window approach to streamline customer support. This involves managing everything from customer development and order fulfilment to product quality and dispatch schedules. Close monitoring helps build strong business ties and ensures seamless operations.

Payment collection and managing outstanding debts, including payment reconciliation, are also critical components. Our business stability is directly tied to our ability to retain customers. As we grow, maintaining close relationships with our customers and highlighting their significance in our operations is vital.

In retail sales, customer support service is more than just a function—it's a commitment. We provide comprehensive pre- and post-sale support to address customer complaints or issues promptly. This trust-building process is central to our operations, and the customer is always our primary focus.

Product Manufacturing

Manufacturing is a cornerstone of any business, with some companies also trading. Maintaining an efficient supply chain is crucial for those that manufacture and sell. Production planning is driven by customer demand, ensuring materials are produced and delivered on schedule. Manufacturing encompasses various operational management functions:

- Production Planning and Control
- Plant Production
- Product Quality
- Plant Maintenance
- Plant Safety – Man, Machine, Material
- Dispatch
- Management of Manufacturing Units
- Project Management – Capacity Expansion or Plant Modification

Production Planning

Production planning is a pivotal function that ensures customer demands are met efficiently. Effective production planning enhances timely material supply and reduces inventory levels, directly contributing to business success. Key considerations in production planning include plant capacity, material and line availability, and workforce and machine availability. Coordination among the sales, material, production, and dispatch teams is essential for smooth operations. TPP emphasises the importance of seamless production planning.

Production

Production is executed according to the established plan, but several challenges must be managed, such as material availability, workforce availability, machine availability, and utility services (power, air, and water). Efficient production floor management is crucial, with a focus on:

- OTIF (On Time In Full): Ensuring timely & complete deliveries.
- Line Optimization and Balancing: Efficiently managing production lines and minimising changeovers.
- Resource Management: Proper deployment of manpower and equipment.

The profitability and growth of the organisation hinge on effective production management.

Product Quality

Quality Assurance (QA) and Quality Control (QC) ensure that products meet standards and customer specifications. The mantra "first-time-right" is key to success. A quality lab,

appropriate equipment, and a trained workforce are essential to maintaining high product quality.

Plant Maintenance

Plant and equipment maintenance is critical for continuous operation. This includes mechanical, electrical, utility, and civil engineering aspects. Key maintenance functions include:

- Running Maintenance: Ongoing upkeep of plant operations.
- Breakdown Maintenance: Addressing unexpected equipment failures.
- Preventive Maintenance: Routine checks to prevent equipment issues.
- New Projects: Managing capacity expansions or modifications.

Safety First

Plant safety is paramount, encompassing the safety of personnel, machinery, equipment, buildings, and structures. Adhering to the "safety first" mantra is crucial for business viability. Prioritising safety ensures a secure working environment and contributes to the overall success of the business.



Material Consumption

Material procurement is a critical function of any business involving the acquisition of:

- Raw materials (domestic and imported)
- Packaging materials
- Semi-finished products
- Consumables
- Machinery spares

Material costs often account for 40-50% of the total product cost. Ensuring the availability of materials enhances production capacity, ensures timely product supply, and fosters customer trust.

Effective material procurement requires systematic planning based on sales orders and the production plan. This process involves managing hundreds of items, from indenting to placing orders and receiving materials. Vendor selection and development are also crucial components of the process.

Key Aspects of Material Procurement:

- **Cost Management:** The cost of materials directly impacts profitability. Identifying reliable sources and negotiating favourable terms are essential.
- **Timely Supply:** The procurement team diligently ensures materials are available when needed, including for the development of new products, which may involve purchasing in small quantities.
- **Price Fluctuations:** Fluctuating prices in national and international markets add pressure to the procurement process. Knowing the right time and place to buy is critical.
- **Vendor Relationships:** Building and maintaining strong relationships with vendors and suppliers is vital. Understanding their strengths and weaknesses helps in managing supply chains effectively.
- **Payment Terms:** Adhering to agreed payment terms is crucial for maintaining a smooth material supply and ensuring timely payments fosters trust and reliability with suppliers.

Systematic planning and efficient material procurement are indispensable for maintaining production schedules, reducing costs, and ensuring the business's overall success.

Stocks and Inventories

Managing material stocks and inventories is a significant challenge for companies, especially when dealing with thousands of products and materials. Stocks and inventories include:

- Finished products
- Raw materials
- Packing materials
- Consumables

Key Points in Stock and Inventory Management:

- **Finished Product Stocks:** These are maintained at various locations such as godowns, depots, customer sites, and the production shop floor. Unused materials increase financial costs and affect cash flow. Expiry of products may lead to rework, destruction, or sale as scrap.
- **FIFO System:** Implementing the FIFO (First In, First Out) system ensures that the oldest stock is used or sold first, preventing expiration and obsolescence. This system helps maintain inventory freshness and reduces waste.
- **Balancing Stocks and Inventories:** Effective stock and inventory management is crucial for business success. Over-purchasing, often driven by emotional decisions, can lead to excess inventory, which ties up resources and affects the production line and supply chain.
- **Regular Coordination:** Frequent meetings with the sales team, production planning team, production team, and market analysts are vital. These discussions should focus on market forecasts and national and international material prices. Constant feedback and data analysis ensure informed decision-making.
- **Inventory Turnover Ratio (ITR):** To maintain a successful business, it is essential to reduce inventory costs and improve the inventory turnover ratio. High ITR indicates efficient inventory management, meaning stock is sold and replaced quickly, which is beneficial for cash flow and profitability. For a successful business, the inventory cost must be reduced, and the ITR—inventory turnover ratio must be improved.

Financial Expenses

Finance is a critical function in any organisation, encompassing income and expenses, which are fundamental parameters of business health. Income is generated through net sales after accounting for discounts and commissions, while expenses cover a broad spectrum. The company evaluates its earnings and performance every quarter, considering expenses such as:

- **Material Consumption:** Costs associated with raw materials.
- **Manufacturing Expenses:** Costs directly related to production.
- **Sales and Distribution Expenses:** Costs involved in marketing, selling, and distributing products.
- **Personnel Expenses:** Salaries, wages, and benefits for employees.
- **Power and Fuel Expenses:** Energy costs necessary for operations.
- **Administration and General Expenses:** Overhead and general operational costs.
- **Financial Charges:** Interest and other financial costs.
- **Capital Expenses:** Costs for new projects and long-term investments.

Budgeting and Control

The annual budget is meticulously prepared, and expenses are monitored by cost centres. Budgeting and cost control are vital functions, with capital expenses being particularly significant. Disciplined financial management is essential for the success of any business. Monitoring expenses against the budget helps track the company's plan and growth.

Accounting and Compliance

A robust accounting system is crucial. Timely payment of GST and other government dues is necessary to avoid penalties and ensure compliance. Adhering to payment terms and conditions, particularly in settling supplier invoices on time, enhances business viability. Ensuring timely payment of employee salaries and wages boosts productivity and performance.

Audit and Financial Reporting

Regular audits and the preparation of quarterly and annual financial results are fundamental. The audit cycle is continuous, ensuring checks and balances are in place. Detailed discussions of audit reports help identify areas for improvement and ensure financial integrity.

Digitalisation

The success of any company increasingly depends on digitalisation. Embracing a technology culture is essential for driving change and staying competitive. With the advancement of AI and IoT, organisations must adopt new technologies to thrive. Here are the key areas of focus for digitisation:

- ERP (Enterprise Resource Planning)
- CRM (Customer Relationship Management)
- Dashboards
- Low-Cost Automation
- Bar Code System
- Document Automation
- Networking Systems
- Data Storage and Security
- Learning Management Systems
- Intellectual Property Rights

Building a Technology-Based Culture

The size of the organisation is irrelevant; cultivating a technology-based culture matters. IT enablement should begin on day one of the business. Implementing ERP systems, like SAP, is crucial for companies of all sizes, as it provides numerous modules to streamline operations.

CRM Implementation

A robust CRM system is vital for managing everything from order realisation to supply and distributor and channel management. Effective inventory control also hinges on a well-implemented CRM system.

Importance of Dashboards

Dashboards are key components for reviewing and managing business activities. They provide up-to-date information crucial for daily, weekly, and monthly decision-making processes.

Low-Cost Automation and Learning Management

Integrating low-cost automation and a learning management system into the organisation enhances efficiency and skill development. Document automation, networking systems, and a strong focus on data storage and security further bolster the digital infrastructure.

Accountable Team – Culture of Accountability

The success and growth of a business are heavily reliant on fostering a culture of accountability within the team. While the organisation sets goals and targets and provides necessary resources, the team's accountability drives results. Accountability means seeing, doing, solving, and owning tasks, with ownership playing a crucial role. An accountable team makes business operations smoother and ensures that objectives are met.

Layers of Accountability

Accountability is established at all levels within the organisation, from business leaders and functional heads to section in-charges, front-line team leaders, and front-line team members. Even off-roll employees are held accountable for their contributions. Senior managers are accountable to all employees, ensuring the business runs profitably and sustainably and meets stakeholders' needs.

Functional leaders are responsible for meeting customer demands and winning customer trust, which leads to repeat business and profitability. Section in-charges and front-line team members are accountable for productivity, quality, cost, delivery, and safety. Front-line team members must ensure that products are of the highest quality, free from defects and that losses are minimised.

Age-Based Accountability

TPP also implements age-based accountability:

- **18-25 years:** Receivers
- **25-35 years:** Givers
- **35-45 years:** Transformers
- **45-55 years:** Entrepreneurs
- **55+ years:** Coaches

This division helps tailor responsibilities to different life and career stages.

Developing Accountability

Accountability is built through both hard and soft elements:

Hard Elements:

- **Workforce Planning:** Ensuring the right people are in the right roles to prevent underutilisation.
- **Role Definition:** Clear roles and responsibilities are assigned based on designations and positions.
- **Target Setting:** Key result areas (KRAs) are defined, agreed upon quarterly, and reviewed periodically.
- **Performance Monitoring:** Regular feedback is provided, and rewards and recognition are given based on performance.

Soft Elements:

- **Individual Development:** Focus on enhancing technical skills, fostering a focused approach, and instilling wisdom and accountability. TPP offers over 36 modules for soft skills development.
- **Leadership Development:** A six-month leadership programme is in place to build commitment and improve leadership capabilities.

People Programming

TPP follows a comprehensive people programming approach, connecting hand, heart, head, and habit. This approach involves five stages of growth:

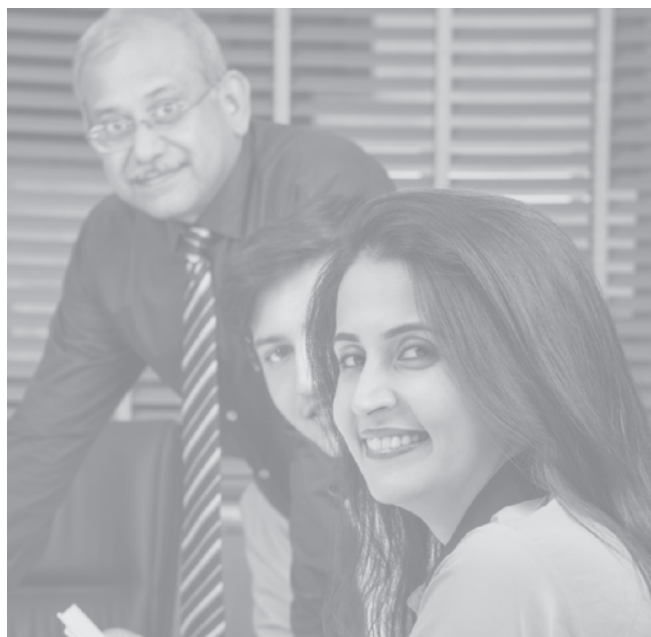
1. Profiling
2. Analysis
3. Improvement
4. Reviews
5. Implementation

Each stage is crucial for overall development.

Learning Culture

TPP supports the organisation in fostering a learning culture essential for sustainable growth and revenue generation. Through this culture of accountability, businesses can achieve significant growth and operational efficiency.

By instilling a culture of accountability, organisations can ensure that every team member understands their role, owns their responsibilities, and contributes effectively to the company's success.



Target – Team – Trust

Effective target-setting and review processes are essential for growth and improvement. As the saying goes, "What cannot be measured cannot be improved." Establishing clear targets and systematically reviewing progress against these targets are crucial elements of successful management.

Target Setting

Target Defined: Targets encompass the scope of work, required quality, quantity, and the timeframe within which tasks must be completed.

Levels of Target Setting:

1. Business Level:

- Long-term and short-term business plans include sales, production, revenue generation, profitability, technology, capacity expansion, workforce planning, and product line planning.
- An annual business plan, prepared starting in December, includes detailed quarter-wise sales and production plans.
- Stakeholders' input is crucial in shaping and circulating the business plan.

2. Departmental Level:

- Departments set 8-10 objectives based on the overall business plan.
- These objectives guide the departmental targets and are monitored regularly.

3. Individual and Team Level:

- Key Result Areas (KRAs) are defined for individuals, focusing on a 90-day plan.
- Individual targets are aligned with departmental and business objectives.

Target Review

Importance of Review: Regular review is critical for tracking progress, identifying areas for improvement, and formulating action plans. TPP World employs a structured review process:

Types of Reviews:

1. Daily Activity Review (DAR):

- Conducted via dashboards and Management Information Systems (MIS).
- Sales and production data are monitored daily.

2. Weekly Activity Review (WAR):

- Weekly reports from all departments are reviewed.
- Progress from the previous week and plans for the coming week are discussed.

3. Monthly Activity Review (MAR):

- Monthly Management Review Meetings (MRM) assess overall business performance.
- These reviews are essential for performance monitoring and improvement.

Review Metrics:

- Year to Date (YTD)
- Quarter to Date (QTD)
- Month to Date (MTD)

Involvement of Senior Management

Senior management, including the company's managing director, plays a pivotal role in the review process. Their involvement ensures that directions are set, decisions are made, and alignment is maintained across the organisation. The active participation of senior leaders signifies the importance of the review process and fosters a culture of accountability.

Outcome Measurement:

- Results and outcomes are evaluated against the set targets using YTD, QTD, and MTD metrics to ensure comprehensive tracking and assessment.

Building Trust Through Accountability

Accountability Across Levels:

- Every individual is accountable for their contributions, from business leaders to front-line team members.
- This collective accountability fosters trust within the team and drives business success.

Trust in the Process:

- Establishing a culture of accountability and trust ensures everyone is committed to the business goals.
- The team remains focused and driven by aligning targets with business objectives and regularly reviewing progress.

People Development

People development is crucial for the sustainability and growth of any business. Human resources are an organization's most valuable asset, and continuous improvement is essential. This process begins with employee induction and extends to ongoing training in functional, behavioural, and technical areas.

Training for Product and Process:

- Training related to new technologies or product development is imperative.
- Without proper training, employees' productivity and performance can suffer.
- From the first day, a training culture is established within the organisation.

Structured Training Programs:

- A well-defined training structure is recommended, and training programs are initiated promptly.
- In-house resources are developed to design and deliver training modules.
- Skill development training is provided at all levels within the organisation.
- An annual training calendar is created and adhered to, ensuring all employees receive the necessary training based on their roles.

Culture Building and Monitoring:

- The organisation fosters a culture of continuous learning and improvement.
- Regular monitoring and reviews are conducted to assess the effectiveness of training programs.
- A dedicated training budget ensures that resources are available for comprehensive development initiatives.

Innovation and Participative Culture:

- The organisation encourages innovation and participative culture through small group activities, such as kaizen and suggestion systems.
- Quality circles are formed to promote continuous improvement and problem-solving.

Dedicated Training Personnel:

- A dedicated individual is assigned to oversee employee training and development.
- Career building and succession planning are closely linked to the training programs.

Focus on Leadership Development:

- Training is provided at the individual level and for leadership development.
- Developing future leaders is essential for sustaining organisational growth and achieving strategic goals.

Individual Development

Individual training is focused on developing key areas:

- Technical Skills
- Focused Approach
- Wisdom
- Accountability

Training Modules

TPP has developed over 36 training modules for individual development tailored to address these areas. Technical training is provided based on the functional needs identified for each individual's role.

SMART People: Good Work is the Mantra of Success

We aim to develop people who are self-confident, motivated, assertive, and capable of effective reasoning and teamwork. TPP's MSK Program—"Mehant Se Kamyabi Tak"—is designed to nurture these qualities.

Leadership Development

Leadership development programs are implemented across all levels and tailored to the organisation's business needs. Business leaders and functional leaders are groomed to drive the company's growth.

TPP's Parivartan Program is structured around three core principles:

- **Commitment:** Cultivated through the 3Cs—Connect, Communicate, and Commitment.
- **Improvement:** Driven by the 3Is—Involve, Improve, and Impact.
- **Leadership:** Enhanced through the 3Ls—Lead, Learn, and Leverage.

These principles guide business and functional leaders to provide strategic direction and foster organizational growth.

Trust Building

Trust is the cornerstone of our relationships with all stakeholders: customers, suppliers, employees, and government agencies. It is the most valuable asset for any business, underpinning our credibility. We uphold honesty and integrity, ensuring alignment between our words and actions.

Trust Bank

Our goal is to build a "trust bank" with more credits and zero debits, adding trust daily.

Customer Trust

Building long-term relationships with customers is essential. Retaining a trusted customer is invaluable, as they not only contribute to our business but also attract new customers. Breaching trust is not an option.

Supplier Trust

Suppliers are our business partners. We rely on their steadfast support, and they rely on our consistent business. Trusted suppliers who deliver goods and services reliably are crucial to our growth.

Employee Trust

Earning the trust of our employees is paramount. We fulfil our commitments to them, fostering loyalty and dedication. A trusted employee contributes significantly more value to the organisation. Even when employees leave, they ensure smooth transitions and often return when circumstances allow.

Investor and Government Trust

Maintaining trust with investors and government officials is vital. Our robust accounting systems and strict compliance with regulations play a crucial role. We adhere to standards and norms, ensuring transparency and accountability.



Building the Corporate Culture

At TPP, we emphasise building a robust corporate culture rather than just creating a corporate entity. It's important to remember that even the world's largest and most successful companies began as small-scale organisations and evolved over several decades.

Success is not solely determined by the organisation or management but by the culture—how we behave and work. A corporate culture should start with a clear vision and systematic approach rather than relying on makeshift solutions.

Here are the crucial points TPP recommends for building a robust corporate culture:

Vision, Mission, and Goals

Develop a long-term vision and communicate it to all employees. This vision should guide the organisation towards its goals and inspire collective effort.

Defined Rules and Guidelines

Establish clear rules and processes. The organisation should be system-based, not reliant on individuals. Defined work procedures must be consistently followed to ensure reliability and efficiency.

Fact-Based Decision Making

Make decisions based on facts and figures rather than emotions. This ensures that all decisions are logical, strategic, and aligned with the organisation's objectives.

Participative Culture

Encourage a participative culture in which all viewpoints are considered before making decisions. This will foster a sense of ownership and commitment among employees.

Work Transparency

Maintain transparency in all work processes and decisions. Everyone should understand the reasons behind actions and decisions, promoting trust and clarity.

Commitment Fulfillment

Fulfill all commitments, whether business-related or financial. If delays or deviations are necessary, communicate them well in advance and agree on changes to maintain trust and reliability.

By following these principles, TPP ensures that the corporate culture is built on a solid foundation, promoting growth, sustainability, and success.

Conclusion and the Way Forward

Conclusion and the Way Forward

As discussed, achieving business sustainability, revenue growth, and overall success involves multiple factors, each crucial to the organisation's health. Sustainability encompasses environmental, social, and governance (ESG) considerations, requiring us to focus on protecting the environment, reducing emissions and pollution, engaging employees, and maintaining good governance practices. Revenue and profitability are vital for growth, with targets set at generating 20% revenue and 10% profit. Continuous improvement processes are necessary to reach these goals.

The SK Total People Productivity model emphasises the importance of a responsible organisation and an accountable team. Building a responsible organisation means focusing on ESG factors, revenue, and profit. The organisation must create strategic and business growth plans, both for the short and long term.

Product-to-Profitability

Product-to-profitability is crucial, requiring a focus on products that drive organisational growth. Innovative product development should be ongoing, offering customers the best solutions and satisfaction. A product-based strategy ensures market success and organisational growth.

Revenue and Profitability

Revenue and profitability are driven by effective product marketing and sales strategies. Positioning products in the market and building strong brands are essential. Sales efforts must address three segments: B2C, B2B, and IBD, focusing on developing channel partners and customers. Efficient payment collection and minimising outstanding debts are also critical in aiming to maintain a debt-free business.

Production Planning and Control

Effective production planning and control ensure timely, high-quality product delivery. Building a quality culture within the organisation and maintaining plant efficiency is essential. Capacity expansion must be planned to meet current and future demands.

Accountable Team

An accountable team is crucial for achieving results. Accountability should be developed at all organisational levels. Business leaders are accountable for profit, growth, addressing environmental issues, and maintaining good governance. Frontline employees are responsible for customer satisfaction.

Team Development

Ongoing team development through individual and leadership programs and skill development is essential. Building an accountable team ensures that every member contributes to the organisation's success.

Digitization

Digitization is key to competing internationally and becoming a global player. Innovation, research, and development provide a competitive edge. Adopting the latest technology allows for business scaling and international growth.

Continuous Improvement

A focus on constant improvement is necessary to maintain progress and adapt to changing market conditions.

By integrating these elements, we can ensure sustainable growth, increased revenue, and long-term success.

Sanjay Kumar is the founder and CEO of Total People Productivity Pvt. Limited.

After graduating from Tata Institute of Social Sciences, he started his career as an HR professional. His forte was people development and participation in the organization. From People, he moved to processes and specialized in quality systems, TPM, TQM, Suggestion success, Kaizen, Innovation, & other areas of work.

In his 36 years of career, he worked in the manufacturing sector. He worked with the mega large, large, medium, small and nano organization. covering all divisions and functions. Worked with people across all levels.





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