CHAPTER-1
INTRODUCTION
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In today’s dynamic business environment, an organization has to manage change. The organization undergoes transition in order to manage change. One of the signs of a healthy organization is the continuous management of change and involvement of the employees in the decision-making process.

Organizational Change

Organizational change re-aligns organizational systems and processes with the factors prevailing in the external environment of an organization. Sometimes, a change is effected to overhaul the internal systems of the organization. The prime challenge in change management is to institutionalize the philosophy of change in the organization. Change is constant in today's business environment. It is a daily companion for owners, executives and HR professionals that want to their companies to succeed by staying a step ahead of their business competitors. Before starting any change program it's important to understand what drives your staff so that you can engage their talents and abilities to move the change process forward.

Organizations that are not prepared to change risk being overtaken or even driven out of business by their competitors in today's global environment. The needed changes may be small incremental steps or an organization may need enormous strides in order to stay in business but all changes, big and small, require courage.
Whatever changes your company faces, there are 6 basic fundamentals that you need to be aware of before attempting any change initiative:

1. Management & employees have different views of change.

2. Change efforts are going to upset the status quo.

3. Change increases employees' anxiety & stress levels.

4. There will always be resistance to change.

5. Successful change efforts are driven by continual communications.

6. The time/resources needed to secure change is usually underestimated.

Future!

<table>
<thead>
<tr>
<th>Management</th>
<th>Employees</th>
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<tbody>
<tr>
<td>Expand the business</td>
<td>Job security</td>
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<tr>
<td>Increase market share</td>
<td>Salary and/or benefits</td>
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<tr>
<td>Control costs</td>
<td>Development</td>
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<tr>
<td>Increase profits</td>
<td>Recognition</td>
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<tr>
<td>Improve quality</td>
<td>Empowerment</td>
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<tr>
<td>Enhance reputation</td>
<td>Better working conditions</td>
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<td>Satisfy shareholders</td>
<td>Being a part of something</td>
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<td>&quot;new &amp; exciting&quot;</td>
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This diagram shows that each 'side of the coin' looks at things differently and for the organizational change drivers to make progress you'll need to show employees why the changes are necessary and point out how the changes will have a positive effect on them.

By showing the proposed changes can increase the company's stability, growth and future it becomes easier to show the direct impact on employees. Stability and growth affect things that employees are concerned about; job security, training and development opportunities and better working conditions.

Successful change programs require setting goals for the workforce, motivating the people to reach the goals and then providing them with the resources they need to achieve those goals. For this purpose the employees should at least have the means and facilities to keep him in a state of good health and efficiency. The working conditions should be such as to safeguard his health and protect him against occupational hazards. The work place should provide reasonable amenities for his essential needs. The employee should also be equipped with the necessary technical training and a certain level of general education and positive concept. The positive nature calls for the setting up of the minimum desirable standards necessary for certain components of welfare, such as health, food, clothing, housing, medical assistance, insurance, education, recreation and so on.

**The 3-phase process of organizational change:**

Organizational change management process was first introduced in 2002 after the third change management benchmarking study was conducted. This process is built in steps that a project team can complete for a particular change or initiative they are supporting.
Phase 1 - Preparing for change

The first phase is aimed at getting ready. It answers the question: "how much change management is needed for this specific project?" The first phase provides the situational awareness that is critical for effective change management.

Outputs of Phase 1:

- Change characteristics profile
- Organizational attributes profile
- Change management strategy
- Change management team structure
- Sponsor assessment, structure and roles
Phase 2 - Managing change

The second phase is focused on creating the plans that are integrated into the project activities - what people typically think of when they talk about change management. Based on Prosci's research, there are five plans that should be created to help individuals move through the ADKAR Model.

Outputs of Phase 2:

- Communication plan
- Sponsor roadmap
- Training plan
- Resistance management plan
Phase 3- Reinforcing change

Equally critical but most often overlooked, the third phase helps project teams create specific action plans for ensuring that the change is sustained. In this phase, project teams develop measures and mechanisms to see if the change has taken hold, to see if employees are actually doing their jobs the new way and to celebrate success.

Outputs of Phase 3:

- Reinforcement mechanisms
- Compliance audit reports
- Corrective action plans
- Individual and group recognition approaches
- Success celebrations
- After action review
Forces for Change

Forces for change can come from many sources. Some of these are external, arising from outside the company, whereas others are internal, arising from sources within the organization.

External Forces

The four major external forces for change are globalization, workforce diversity, technological change, and managing ethical behavior are challenges that precipitate change in organizations. There are four major external forces for change:

–Demographic Characteristics: The workforce may be becoming more diverse. The business must manage that diversity effectively if it wants to receive maximum contribution and commitment from employees.

–Technological Advancements: Organizations are increasingly using technological advancement to improve their competitiveness and productivity. Many organizations have automated operations with robotics and computer-aided design. Offices have been automated with computer technologies used to obtain, store, analyze, retrieve, and communicate information. Use of the Internet has dramatically changed communications and marketing.

–Market Changes: The global economy has forced many companies to change the way they do business.

–Social and Political Pressures: Social and political events may force organizations to change. Managerial style may need to be adjusted because of changing employee values. Organizations
may hire lobbyists and consultants to help in detecting and responding to social and political changes.

**Internal Forces**

Pressures for change that originate inside the organization are generally recognizable in the form of signals indicating that something needs to be altered.

Declining effectiveness is a pressure to change. The forces come from both human resources problems and managerial decisions/behaviors.

–*Human Resource Problems*: These problems may stem from employees’ perceptions of the way they are treated at work and whether the organization’s and the employees’ needs and desires match. Employee dissatisfaction or high levels of absenteeism may represent a need for change.

–*Managerial Decisions/Behavior*: Change may be indicated by excessive interpersonal conflict between managers and employees, inappropriate leader behaviors, or inequitable reward systems.

**Stages in the Change Process**

Organization leaders need to understand the change process (Huy, 2001). Changes can be uncomfortable, unsettling, intimidating, and frightening. Adaptation to change has predictable psychological stages that resemble the grieving process and that describe normal reactions to change (Luo, 2006; Harvard Business School Press and Society for Human Resource Management, 2005).
With an understanding of the stages, organizations can better help managers and employees deal with change. The psychological changes are

- **Shock/Denial**: People may feel threatened by an upcoming change, unsafe, unable to take risks, and/or deny the existence of change. Generally, workplace production drops.

- **Defensive Retreat/Resistance**: People often react to change and/or loss with anger and may try to hold onto the way life used to be. They may attempt to understand, yet feel conflicted. At this point, people do not feel safe to take risks. Once people realize that change will be a reality, they may resist the change. The next section will consider resistance to change and how to overcome.

- **Acknowledgement/Exploration**: Eventually, people don’t deny the change. Psychologically, this stage includes both grief and a sense of liberation. People begin to consider the pros and cons of the new situation and are more willing to take risks. Employees may explore the change, often with training, and develop an understanding of how the change will affect them.

- **Acceptance and Adaptation/Commitment**: Most people will eventually internalize the change, do what is necessary to adapt, and move on. People will have left behind the old situation, including the confusion, pain, or fear experienced earlier. Their level of commitment may change over time.

**Resistance to Change**

People often resist change in a rational response based on self – interest. However, there are countless other reasons people resist change. Many of these center around the notion of reactance.
– that is, a negative reaction that occurs when individuals feel that their personal freedom is threatened. Some of the major reasons for resisting change follow.

- **FEAR OF THE UNKNOWN** Change often brings with it substantial uncertainty. Employees facing a technological change, such as the introduction of a new computer system, may resist the change simply because it introduces ambiguity into what was once a comfortable situation for them. This is especially a problem when there has been a lack of communication about the change.

- **FEAR OF LOSS** When a change is impending, some employees may fear losing their jobs, particularly when an advanced technology like robotics is introduced. Employees also may fear losing their status because of a change. Another common fear is that changes may diminish the positive qualities the individual enjoys in the job. Computerizing the customer service positions at Southwestern Bell, for example, threatened the autonomy that representatives previously enjoyed.

- **FEAR OF FAILURE** Some employees fear changes because they fear their own failure. Introducing computers into the workplace often arouses individuals’ self-doubts about their ability to interact with the computer. Resistance can also stem from a fear that the change itself will not really take place. In one large library that was undergoing a major automation effort, employees had their doubts as to whether the vendor could really deliver the state-of-the-art system that was promised. In this case, the implementation never became a reality – the employees’ fears were well founded.
INDUSTRY PROFILE

Ballarpur Industries Limited (BILT) is a flagship of the US$ 4 bn Avantha Group and India's largest manufacturer of writing and printing (W&P) paper. The current chairman of the company is Gautam Thapar, who succeeded his late uncle L.M. Thapar.

BILT's subsidiaries include Sabah Forest Industries (SFI), Malaysia's largest pulp and paper company, and BILT Tree Tech Limited (BTTL), which runs BILT's farm forestry programme in several states in India.

Locations

The group used to be headquartered out of the group's own premises Thapar House, in Janpath Lane, Connaught Place, but is now based in Gurgaon due to better returns from Thapar House being rented out. They have factories in the following locations:

Ballarpur or Ballarshah - factory started in 1956
Yamunanagar or Jagadhri - factory started in 1936
Kamalapuram
Gaganpur
Bhigwan

History

The company started in 1945 as Ballarpur Paper and Straw Board Mills Limited incorporated. It was started by Lala Karam Chand Thapar. In 1969 Shree Gopal Paper Mills Limited in Yamunanagar merged with the company. In 1975 the organization got its current name of Ballarpur Industries Limited. In the 1990s the company was under siege from South East Asian
companies who set up units in India. But in 2001 the company turned around and was able to buy out a competitor- Sinar Mas Group’s Indian division.

**Business Details**

The company has a total capacity of 471000 TPA (Tonnes Per Annum) of paper production. Its revenues for 2004-2005 were US$ 440 million and net profit of US$ 30 million.

**THE THAPAR GROUP**

The group was started by Lala Karam Chand Thapar, and after his death in 1963 run by eldest son- LM Thapar. From Independence till the 1980s it was one of the top 10 business houses in India. **Ballarpur Industries Limited**, Bilt Paper Holdings Limited, Orient Engineering and Commercial Company Limited, The Pioneer Limited, Sohna Stud Farm Pvt Limited, TT & G Trading Pvt Limited, Bilt Technologies Limited, Bilt Middle East Pvt Limited, Himalayan Hideaways Pvt Limited, Karam Chand Thapar & Bros Limited, Lavasa Corporation Limited and KCT Papers Limited are some of the Thapar group companies. Other organizations that have been or are Thapar group companies and concerns in India are, **The Pioneer**, Thapar house on Janpath lane, Tiger Bay restaurant, **Global Green**, The **Crompton Greaves**, Greaves Cotton and JCT group is with MM Thapar. His son Samir Thapar runs **JCT Mills** and **JCT Limited** and his son Arjun Thapar runs JCT electronics. Bilt Chemicals and Bharat Starch was vested with BM Thapar and hence would be under his sons Gautam and Karan Thapar's control. Gautam has also been named by L.M. Thapar as the successor of his group of companies. IM Thapar's son Vikram Thapar looks after his group which includes the Calcutta based coal trading business K.C Thapar started out with and prawn farms for prawn exports as well as the Tiger Bay
restaurant chain. Thapar Institute of Engineering and Tech is a group project funded by the Thapar's. JCT Mills FC is a Football club of JCT Mills.

Trivia

The company's first plant is in Ballarpur, however the railway station is named Ballarshah. Their second plant is in Yamunanagar, which has a railway station called Jagadhri. Thus both locations are rare as in the railway station has a different name form the town they serve.

AN OVERVIEW

BILT consists of four units

HEAD OFFICE:

Thappar House
124, Janpath
New Delhi.

REGISTERED OFFICE:

P.O.Ballarpur Paper Mills-442901
Distt. Chandarpur
Maharashtra
Organization chart of PDC

(DGM PDC)


IR  TU  ADMM  ESTT

TRG (Activities) Recruitment Establishment ISO 9001/2000 TQM

Welfare (Activities) Court Cases

Security Estate Transport

1. Security Officer
2. Security Officer
3. Security Officer
Overview:

The global economic slowdown, witnessed since September 2008, continued through the first half of 2009. Most developed economies registered very low or negative GDP growth. This was particularly true for countries in Europe where there was a sharp reduction in economic activity. Even leading emerging economies like China and India too saw a drop in their otherwise high GDP growth rates.

Thankfully, there were some positive signs since October 2009. With a degree of stabilization in financial markets, there were renewed capital flows, especially into the emerging markets of China and India. The real sector, too, has seen a turnaround. The US has registered a recovery, recording positive growth from Q3, 2009; China recorded 8.7 percent growth in 2009 and has been showing double-digit growth in the last two quarters; and India has grown by 7.4 per cent in 2009-10, compared to 6.7 per cent a year earlier. There are clear expectations that India will achieve 8.5 per cent growth in 2010-11, and regain its momentum. In the first half of 2010, there has certainly been greater optimism and are vital in business sentiments, particularly in the growing Asian economies led by China and India.

The paper and pulp industry has a strong intrinsic correlation with economic development. And, in line with the macro environment, there has been a gradual improvement in demand through the course of 2009-10. Having said so, the structural changes in the industry has become even more apparent. With demand being subdued, particularly in developed markets, the industry has become much more price sensitive. This has started putting immense pressure on high cost production facilities in these western countries, paving way for low cost producers in the east to increase their exports.
While paper prices improved during 2009-10, the increase was not in line with the price growth seen in raw materials, particularly pulp. In effect, there was a major squeeze in the margin between pulp prices and paper prices, putting a lot of pressure on profit margins of paper manufacturing companies.

Being a leading Indian paper manufacturer with global presence, Ballarpur Industries Limited (‘BILT’ or ‘the Company’) was directly or indirectly affected by all these developments. With manufacturing facilities in India and Malaysia, BILT has allowed production cost base with presence in growing markets. This strategic positioning helped the Company deliver much improved results in 2009-10.

There are several factors that have contributed to these results. Most importantly, BILT was successful in selling most of the paper that it produced in 2009-10. And, as on 30 June 2010, there was little finished goods stock with the Company. This is particularly creditable because with the successful commissioning of 165,000 MTPA of additional capacity at Bhigwan and the 165,000 MTPA of additional capacity at Ballarpur in December 2009, there was a need to push significantly higher volumes into the market. And, this was done successfully at a time when other companies in India had also increased their capacities resulting in intense competition. This bears testament to the Company’s ability to create new market segments and effectively position its products providing optimal value propositions to customers.

In addition to catering to the domestic market, BILT also successfully grew its exports. In 2009-10, over 14 per cent of BILT’s total volumes produced in India were exported around the globe.
This is a new development and these are early signs of the Company’s ability to leverage opportunities in the global market using its low production cost advantage.

With improving demand and restructuring of internal operations, SFI had a very good year in 2009-10. It recorded its highest levels of production and profits. With this turnaround, BILT is well positioned to penetrate the South East Asian market through its manufacturing facilities at SFI. Having made significant investments in paper capacity in India, BILT is focusing on its long term strategy of integrated growth by investing in new pulping capacity at SFI. While this investment in increased pulping capacity has been allocated and the expansion project is well on its way, the Company is also evaluating options for increasing its pulping capacity in India. The integrated growth of pulp and paper helps insulate the Company from divergences in price movements between pulp and paper.

The detailed performance of the paper business, its units and the pulp business are given in the next sections along with brief notes on the development in key support functions like Human Resource Management, Information and Technology (IT), Research and Development, Farm Forestry and Internal Risks and Controls.

MARKETS AND PRODUCTS

In line with the trend in the recent past, the global paper market continued to witness structural shift towards increase in demand in emerging economies, particularly in Asia. In fact, the share of Asia in the global paper market has increased to around 39 percent in the last few years. Much of this is due to the inherent economic development in these countries accompanied by various changes in usage patterns and levels of technology penetration across different markets.
Specifically, in 2009-10, the newer Asian markets emerged faster from the economic downturn of 2008 and recorded growth in paper demand, while the mature developed economies continued to witness a contraction in paper demand.

A significant development for BILT in 2009-10 was the rapid emergence of exports as a contributor to the Company’s revenues. In 2009-10, BILT exported to 86 countries across the globe which accounted for over 14 per cent of BILT’s volumes produced in India. This is a reflection of the Company’s ability to leverage global opportunities emerging from its position as a low cost quality manufacturer.

While the Company has increased its global presence, BILT continued to focus the Indian market and strengthened its positioning as a paper Company of the country. Today, India is the 15th largest paper consumer in the world. The total paper consumption in India was close to 9.8 million MTPA in 2009-10. And, it is one of the fastest growing markets. The market size is expected to increase to 20 million MT by 2020.

This demand growth in India is quite natural. Even within Asia, India still has one of the lowest per capita paper consumption — of around 9 kg. In comparison, Japan has per capita consumption of 250 kg; Korea stands at 170 kg; China is at around 46 kg; and even Indonesia’s consumption of 22 kg per person is much more than India’s. Clearly, India has a considerable head room for growth. And, given its economic growth and demographic transformation, the Indian market presents tremendous opportunities for paper manufacturers.

While there is considerable scope for growth in the Indian paper market, competition has also increased. From a supply-side perspective, the industry is witnessing large capital investments in capacities. Already, some large new capacities have come into the market including significant
increase in capacities of BILT. While demand growth is in line to absorb this increased capacity, competition will certainly increase in the near term. Growing revenues and holding on to market shares will be the key challenges for BILT in the near term.

In fact, its market share has increased from 39 per cent in 2008-09 to 48 per cent in 2009-10. Much of this increased market share is the result of the increased capacity of coated paper at Bhigwan, which came on stream during the latter part of 2008-09 and was stabilized through 2009-10.

In the coated segment, blade coated products command higher value and accounted for an estimated market size of 370,000 MTPA in 2009-10, or 89 per cent of the total coated segment. Among different blade coated products, the blade coated paper market grew by 15 per cent in 2009-10, while that for blade coated board increased by 10 per cent. With both growth rates being higher than the aggregate growth of coated paper in India, the share of two-side blade coated paper in the overall coated products market in India increased to 56 per cent in 2009-10; while that of blade coated boards increased to 19 per cent during 2009-10.

While on one end, BILT continuously focuses on introducing new products, it has also geared itself to compete in this market which is increasingly becoming commoditized. This strategy focuses on reducing costs through larger scale of operations and better efficiencies in production while simultaneously focusing on enhanced customer service through a multi-format distribution network.

BILT continues to offer a wide range of products in the uncoated wood-free segment and remains the largest player in this space. While maintaining a presence in each product category,
it has laid greater importance on optimizing its product mix for greater profitability. With this objective, the Company has been focusing on the higher value segment. Hi Bright, which accounts for around 54 per cent of the uncoated map litho segment, grew by 8 per cent in 2009-10. Chart D shows that BILT performed well in this segment with a market share at 37 per cent in 2009-10.

With the commissioning of the new paper machine at Ballarpur in the end of 2009-10, BILT has almost doubled the capacity in uncoated paper that it had built over the five decades. Much of the capacity has been expanded on the higher value segment of the uncoated market. The Company has taken aggressive steps to penetrate the market with the new capacity. There has been an increase in the distributor network and a clear focus exists on pushing products into up-country India. In the highly commoditized uncoated wood-free market, price competition is the key challenge. To counter this, the Company relies on superior delivery processes to differentiate itself from competitors, while keeping its costs aligned to the best in the industry.