1.1 Introduction:

India is on fast move to liberalization, borderless economy, employment generation, foreign investment, open technology transfer paves the way to give industrial Sector, The high priority it deserves.

At the same time, lots of existing industries are not able to cope up with fast dynamic changes taking place in the economic environment. Lot of Corporate entities are finding it difficult to match the pace of competition.

Crisis, chaos, Uncertainty and dilemma are there. The weaker players will either close down or be forced to merge with others to survive. This situation of rampant industrial sickness is not only alarming to Indian Economy; but also adversely effecting and creating mental trauma to entrepreneurs, managers, employees and their families.

This is right time to introspect our strength and weakness, to prepare ourselves and take lessons from the shortcomings, share the thoughts of researchers, learn from the experiences of others and thus taking initiatives and steps to turnaround the sickness and we term this whole activity as ‘TURNAROUND MANAGEMENT’.

(Slatter, 1984) defines turnaround as sustainable recovery of sick firm. He says, “Sustainable recovery involves achieving a viable and a desirable business strategy, supported by an adequate organization and control structure.”

In a study of 54 American companies (Schendel, Patton and Riggs, 1976) turnaround is defined as a decline and recovery in performance. While Indian author in his book
"Managing Corporate Turnarounds" (R.A. Yadav, 1992) - "Turnaround means a substantial and sustainable positive change in the performance of a unit through determined efforts." To put it in simple words, it implies producing a noticeable and durable improvement in performance from down to up, from no good enough to better, from unsatisfactory performance to acceptable and from loosing to achieving."

Eminent Indian turnaround expert (Pradip N Khandwalla, 2001) in his book 'Turnaround Excellence remarks "A turnaround is a process, a happening spread over many moons, full of passion and drama, tragedy and triumph. But it is also a structure, architecture of management actions which hang together in distinctive edifices." In another study (Khandwalla, 1989) writes, "A full turnaround would be situation where the profitability has approached industry levels and has stabilized at least at these levels."

In an era, whereby world economy is on doldrums, economic boundaries are dismantled, technological innovations are shaking the very basic foundation of old established industries. It is not only the matter of concern of worldwide corporate to find out the solutions for their survival; but it is equally important for Indian corporate houses as well to find out the avenues to remain in existence in such a cut-throat competition from all across with major global players also.

It is often said that India is an emerging global-power; but whether we can sustain our presence in longer run? Do we have to introspect? Should we learn with others experiences and take ratify measures? It is a high time to get cautioned and learn from our mistakes, so that it may not occur again.

Illness in any industry is a curse on our society. It is not only the national wealth loss; but it also brings low morale, unemployment which in turns deteriorates law and order position as well. Considering all these facts, it was thought to take the research paper on the issue of 'turnaround management'. Then it was thought appropriate to select some Indian corporate-houses case studies so as to evolve the basic facts for more useful and significant research studies.
Before proceeding a head let us look into the basic background as why these ‘turnaround’-management’ studies are required in current status of scenario.

1.2 Back Ground:

India is on path of development, economic barrios are been dismantled. Fast in-flow of technology, finances and superior products with least prices has become order of the day.

For Indian industries, it is matter of challenge, either to give up or to stand and face challenges of fierce competition thrown upon them because of liberalization and opening up of economy.

As the time passing, Indian industries or even big conglomerate finding it difficult to sustain in these circumstances. It is evident with this fact that the ten cases that we undertook for the studies are from the most prominent and prestigious organizations in their respected field; but they even cannot withstand against the blow of competition in the era of globalization.

Let there be no further setback to Indian industries. Let other companies take lessons from these 10 cases and put their sleeves up to act upon before it is too late. No doubt that one can take appropriate actions in case they find their firm in turmoil; but whether we have that much time to experiment, can we afford to leave the situation on time? No we can’t afford to do that, it will be national loss and that is why it was thought appropriate to evolve best turnaround strategies.

1.21 Sick units are wealth destroyer

Economic growth of any county depends upon few indicators, Industrial stability, its soundness and profitability. At one end few industries are wealth creator with their continuous profitable path, on the other hand sick firms are wealth destroyer.
For well being of any nation and its society, It is important to keep check on Industrial performance, Action should be initiated to check the losses, Restructure the business operations before it becomes another wealth destroyer. If company puts proper attention towards wealth creation, it bounds to achieve economic growth and prosperity.

For every rupee of capital employed in year 2001, Our 500 Indian firms created only 16 paisa of wealth in comparison to USA, Who in contrast created five times more wealth. The decline of wealth is due to the fact that our most of the capital employed in hands of wealth destroyer. They destroy 30 paisa in year 2001, for each rupee of capital employed. (Business Today, 17th February 2002)

1.22 Protected markets

The problem of industrial sickness in India has not emerged recently. Protected market structure and policies of high tariffs, quantity restrictions on imports, price regulation on inputs and barriers to domestic have contributed to cost inefficiencies and industrial sickness.

After liberalization, when protected barriers for the Indian industry started getting dismantled, restriction on imports of technology were withdrawn, quantitative restrictions on imports were also lifted. Even some of the best of so-called professionals managed companies found themselves on cross road and on path of losses.

When the organization flourishes, every individual flourishes whether employee, employer, suppliers, investors or society at large; but when industry declines the blames are always are put on employees and their management and they get suffered most in this process. In next segment we will analyze how these sick units’ affects our social arena around and put forth the morale down of the masses engaged with it.
1.3 The Problem

1.31 Social Dimension:

Industrial sickness brings huge suffering for workers, they have to make sacrifices in form of non-payment of wages/ bonus, postponement of increments, modifications of service conditions, lay offs, retrenchments and lock outs.

Unemployment also increases theft, downfall in morale, decline in law and order situation, these are the other social dimensions of industrial sickness.

In the Indian context, whereby there is huge workforce available, it is not always easy to opt for retrenchment policies. Proper deployment of human resource in productive manner, to find out avenues for labour well being, Their education and for their living standard are some of the major aspects, which any management is suppose to take care of it, in the process of turnaround.

1.32 Blocked mindset:

In an organization that is on the verge of downfall, managers stop managing. It is often found that instead of finding out the solutions, most of the workforce/managers get involved in passing the bucks on others shoulders. Blaming and finding the faults on other working become the routine affair.

Managers start cursing the market and environmental conditions rather than finding out the avenues. Thus sickness not only creates a problem of economic downturn; but also reduces the morale and blocks the mindset.

1.33 Dampen the spirit of entrepreneurship:

Closure of any industrial unit brings mental trauma for everyone whether entrepreneurs, managers/employees and for their families.
In a statement (produced by Board for Industrial & Financial Reconstruction as on 31.12.2004), it is evident from year 1987 to 2004, in total 18 years, total 5147 units were reported for rehabilitation, among that only 436 institutions got revived.

<table>
<thead>
<tr>
<th>Year</th>
<th>Cases registered</th>
<th>Cases under revival</th>
<th>Disposed Revived</th>
<th>Off Winding up reminded</th>
<th>in year Dismissed</th>
<th>Bench Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>311</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>24</td>
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<td>1988</td>
<td>298</td>
<td>0</td>
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<td>12</td>
<td>29</td>
<td>36</td>
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<td>1989</td>
<td>202</td>
<td>0</td>
<td>1</td>
<td>31</td>
<td>78</td>
<td>42</td>
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<tr>
<td>1990</td>
<td>151</td>
<td>3</td>
<td>3</td>
<td>43</td>
<td>44</td>
<td>48</td>
</tr>
<tr>
<td>1991</td>
<td>155</td>
<td>3</td>
<td>4</td>
<td>47</td>
<td>28</td>
<td>42</td>
</tr>
<tr>
<td>1992</td>
<td>177</td>
<td>3</td>
<td>7</td>
<td>30</td>
<td>42</td>
<td>36</td>
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<tr>
<td>1993</td>
<td>152</td>
<td>6</td>
<td>13</td>
<td>64</td>
<td>59</td>
<td>36</td>
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<tr>
<td>1994</td>
<td>193</td>
<td>7</td>
<td>38</td>
<td>79</td>
<td>48</td>
<td>45</td>
</tr>
<tr>
<td>1995</td>
<td>115</td>
<td>13</td>
<td>25</td>
<td>63</td>
<td>29</td>
<td>48</td>
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<tr>
<td>1996</td>
<td>97</td>
<td>19</td>
<td>92</td>
<td>85</td>
<td>25</td>
<td>38</td>
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<tr>
<td>1997</td>
<td>233</td>
<td>5</td>
<td>35</td>
<td>85</td>
<td>25</td>
<td>38</td>
</tr>
<tr>
<td>1998</td>
<td>370</td>
<td>7</td>
<td>21</td>
<td>50</td>
<td>36</td>
<td>11</td>
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<tr>
<td>1999</td>
<td>413</td>
<td>7</td>
<td>10</td>
<td>64</td>
<td>69</td>
<td>27</td>
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<tr>
<td>2000</td>
<td>429</td>
<td>5</td>
<td>37</td>
<td>151</td>
<td>153</td>
<td>36</td>
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<td>2001</td>
<td>463</td>
<td>28</td>
<td>47</td>
<td>129</td>
<td>114</td>
<td>36</td>
</tr>
<tr>
<td>2002</td>
<td>559</td>
<td>52</td>
<td>33</td>
<td>135</td>
<td>247</td>
<td>36</td>
</tr>
<tr>
<td>2003</td>
<td>430</td>
<td>54</td>
<td>40</td>
<td>145</td>
<td>360</td>
<td>36</td>
</tr>
<tr>
<td>2004</td>
<td>399</td>
<td>47</td>
<td>29</td>
<td>89</td>
<td>87</td>
<td>16</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5147</td>
<td>259</td>
<td>436</td>
<td>1302</td>
<td>1377</td>
<td>618</td>
</tr>
</tbody>
</table>
Thus such a huge numbers of sick Industries and such statistics dampen the spirit of entrepreneurship.

1.34 Locking up Financial Recourses:

In a country like India, whereby most of our population still remains below the poverty line. Rs. 1,29,143.51 crores were the sum of accumulated losses reported in 5147 cases of sick units registered under BIFR by 2004.

Life of 8,45,070 workers and their families got effected due to these sick units (Reference-BIFR Statement AS ON 31.12.2004).

<table>
<thead>
<tr>
<th>S.No</th>
<th>Industry</th>
<th>Total Cases</th>
<th>Networth Rs. in Crores</th>
<th>Accumulated losses</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Textiles</td>
<td>957</td>
<td>8846.03</td>
<td>19065.18</td>
<td>661967</td>
</tr>
<tr>
<td>2.</td>
<td>Metallurgical</td>
<td>847</td>
<td>13128.21</td>
<td>26953.77</td>
<td>225624</td>
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<tr>
<td>3.</td>
<td>Paper &amp; Pulp</td>
<td>285</td>
<td>1396.70</td>
<td>2441.23</td>
<td>69494</td>
</tr>
<tr>
<td>4.</td>
<td>Chemicals</td>
<td>367</td>
<td>4995.01</td>
<td>8824.38</td>
<td>72271</td>
</tr>
<tr>
<td>5.</td>
<td>Engineering</td>
<td>16</td>
<td>196.23</td>
<td>1048.79</td>
<td>36999</td>
</tr>
<tr>
<td>6.</td>
<td>Electrical equipment</td>
<td>232</td>
<td>3540.39</td>
<td>7169.25</td>
<td>67782</td>
</tr>
<tr>
<td>7.</td>
<td>Cement and Gypsum</td>
<td>83</td>
<td>1966.37</td>
<td>2811.64</td>
<td>26212</td>
</tr>
<tr>
<td>8.</td>
<td>Vegetable Oils &amp;</td>
<td>269</td>
<td>1736.72</td>
<td>4871.53</td>
<td>36652</td>
</tr>
<tr>
<td></td>
<td>Electronics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Food Processing</td>
<td>231</td>
<td>1877.44</td>
<td>2850.91</td>
<td>59133</td>
</tr>
<tr>
<td>10.</td>
<td>Drugs</td>
<td>176</td>
<td>3002.94</td>
<td>6743.35</td>
<td>37524</td>
</tr>
<tr>
<td>11.</td>
<td>Transport</td>
<td>79</td>
<td>732.71</td>
<td>1497.31</td>
<td>38533</td>
</tr>
</tbody>
</table>
Uncertainty requires a new way of thinking about Strategy. It is also true that there is no fix formula for Turnaround. Every company has their own complex problems, different types of internal and external environments and varied opportunity and threats; it is thereby also true that one strategic option adopted by one company may not suit to the other organization.

The continuation of our Indian Economic journey will depend on how well we utilize our resources and safeguard our industries to be another wealth destroyer.

There is no doubt that India is emerging as preferred destination for foreign investors. FII inflows have reached a new height by crossing the $ 10 billion mark in 2005. India is considered as one of the fastest growing economies of the world; but at the same time our infrastructure deficit is gigantic. India’s Prime Minister Manmohan Singh has gone on the records that the country needs to spend $150 billion over the next 10 years to get its...
infrastructure up to acceptable level. About 150 million Indian households do not have electricity. Some 100 millions families live without water at home.

Can we afford to live such a luxury of 5147 sick units and unemployment of 845070 workers with Rs.129143.51 Crores losses? To initiate the process of turnaround is a challenging assignment. It requires total change of mind set. This study of turnaround provides justification to control the checks on industry performance and to avoid the drainage of economic resources.

There is no institute which will tell how to turnaround the organization, Company realizes to horn-up their activities before it is too late, There is no topic of ‘Turnaround – Management’ covered by any Management Institution nor it is there in academic-curriculum. Most of CEO and managers find themselves in dilemma to face such eventuality of sickness. Even for most successful business organization, a phase comes whereby they have to face turbulent environment, stagnation and decline in business.

Turnaround situation should be taken as entrepreneurial challenge rather than obsession of failure and end of the path. It is a time when any Mangers skills are put on for the test. Most of the companies in their life span come across with such turnaround situations. Whether they recover, continue to decline or go into being wealth destroyer depends on their management and its turnaround strategies.

(Pradip N Khandwalla, 2001) Turnaround Management has a special relevance in the twenty-first century. The globe is fast becoming single, seamless market place, full of opportunities but also full of traps and pitfalls. Corporate sickness is likely to mushroom in this hyper-competitive, hyper-turbulent environment. Many organizations, possibly most, will lose out at some time or the other. Should they be allowed to die, thus causing large social, financial and human losses?

(Srivastava and Yadav, 1986) A developing country like India experiencing shortage of several products, constraints of resources and mounting unemployment can ill-afford the
growing incidence of industrial sickness as the common effects of sickness are locking up of financial resources, wastage of capital assets, loss of production, decrease in employment and massive industrial unrest. No doubt, a large number of measures have been initiated at the macro level by the government, Reserve bank of India, Commercial banks and financial institutions for the revival of sick industrial units as well as to prevent the increasing incidence of industrial sickness.

However, the preventive measures and revival programmes initiated by the government, financial agencies have not made much dent. The increasing trend of sickness both in large and small-scale industrial units is nowhere in control despite policies and actions initiated at various levels. It has become a national problem requiring a comprehensive redress rather than inventing quick fixes to stem industrial sickness and to revive sick units. Hence, a coherent framework consisting of the dynamics of corporate sickness, forewarning system and effective turnaround strategies are required to initiate timely actions to stem the number of sick industrial units multiplying, rehabilitate the viable sick units and decide about the fate of non-viable sick units.

All the attempts of turnaround may not be fruitful, but by analyzing successful turnaround cases and their process/method, at least we can evolve suitable ways and probably right turning around strategies.

When it is been thought to select Indian Corporate Cases of turnaround, it was obvious to have samples from each cases from particular industrial domain varying from Service sector to Goods industries, from Heavy Industries to Light engineering, from Textile to Steel Industry, Chemical industry to Fast-moving-consumer industry, Consumer Durables to Industrial Products and Electronics industry to Banking/Financial Institutions.

While selecting the particular industry, it was also thought to take cognizance of the fact that only large, gigantic, famous and prestigious company cases should be taken for studies, as the basic purpose of research is to evaluate the reasons of sickness and
strategies adopted for turnaround of well to do companies at one time but went on to losses later.

The cases of only those companies are been selected whereby company is enjoying highest market share of respective trade/industry and been considered as one of the most respected companies of Indian Corporate sector.

In case small or medium scale industry would have been picked up for studies; there would have been chances of apprehensions that small units are bound to get sick because of the threats from big players, because of low volume of business, because of lack of sufficient funds etc.

To zero down any chances/apprehensions and to provide doubt free research output, It was also thought to select cases from Public Sector units, Public Limited Company as well as from Joint venture firms having partnership of Private Sector with Government organization.

Random selection of the cases from industries of varied nature, Stature and structure justifies the sampling undertaken.

Since samples chosen takes care of heterogeneous nature of different industry, thus to evaluate all the factors of sickness and strategies, it was thought better to take 10 cases only, so that elaborate in-depth analysis can be undertaken.

There may be obvious question ‘Why only ten cases? Why not five or twenty cases been selected?’ Since the 10 cases represent best combination of the Indian Corporate industry. Each chosen case is a mirror of the particular industry it belongs; Particular case of industry reflects its environment, its strength and weaknesses, its threats and opportunities which are faced by them in their respective trade.
Thus number of ten cases justifies the true picture of entire Indian Corporate Sector. In nutshell, these ten cases itself satisfy the quench of all the answers of requisite research requirements and its validity and it is sincere endeavor to fetch realistic conclusion from the research studies undertaken.

Why such conglomerate fails? What are reasons behind? And how they have overcome in these situations? What strategies they adopted for turnaround. These are some of the basic questions for which not only any entrepreneur or manager will like to get equipped; but this research paper will serve as guidelines and may caution them to avoid any eventualities in their future business.

We have selected case studies of these ten reputed institutions so as to convey that if it may happen with them, it may happen with anyone else also. Go and get up before it is too late. Our thesis of turnaround is an attempt to keep check on wealth destroyer companies, to help them reviving and thus contributing in some way to Indian economy and society at large in this era of turbulent and fast changing business scenario. This research study thus justifies the efforts and the subject –‘Turnaround Management’ that is quite relevant and being the need of the hour.

1.5 Research Objectives:

1.51 Research Scope

The scope of this research study is to find out strategies undertaken by some of the Indian companies to overcome their bad performances by stopping the downturn and bring back situation to become profitable by turning around. It will provide a way to identify as how to turnaround sick business enterprise?

Our efforts are to provide practical approach based on empirical research and experience. It’s drawn from many Indian cases and actual examples.
Evaluation of suitable Turnaround Strategy is not mere a thesis report. It has relevance to current economic scenario and will be step-by-step guide for the managers, entrepreneurs and for the Financial and Re-habilitation Institutes.

Market conditions are fast changing and thus the economic conditions and our lifestyle, habits and our civilizations, Fast emerging competition, Introduction of new product, new technologies, and foreign investments has put on challenge for old industries?

1.52 Research Rational

What should be ideal Strategies? How one can survive in this modern complex and competitive world? This requires an in-depth analysis. Opportunities are enormous; but what is required an assessment and overcoming of internal weakness.

This research paper provides the new insights into why any industry fails do and what should be successful Turnaround Strategy, Any sick company should adopt?

Lot many books are written on ‘Turnaround’ subject by many authors, Turnaround consultants. Every one suggests different solutions and strategies for this process of turnaround.

There are many ways, many solutions; but our analysis through this research paper would evaluate the most common route / link adopted by successful Industries for their successful turnarounds.

Diagnose the sickness; before it is too late and preventive measure if taken at right time, turnaround of any ill industry can be possible.
Stepwise systematic study helps in identifying right strategic and tactical choice to turnaround the industrial sickness, here the attempts are been made to minimize the management jargons words, It has been put forth in a simple and easy manner so that it should be useful and understandable to present generation of entrepreneur, industrialist and managers.

Turnaround Process provides basis for Internal-Introspection and External-Environment-Analysis under the threats and opportunities of the organization

### Appendices 1.1: Internal –Introspection and External-Environment-Analysis

<table>
<thead>
<tr>
<th>Internal Appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment of Strengths/Weakness</td>
</tr>
<tr>
<td><strong>Finance</strong></td>
</tr>
<tr>
<td>Manufacturing/Operations</td>
</tr>
<tr>
<td>--------------------------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>HRD</td>
</tr>
<tr>
<td>Corporate Factors/Resources</td>
</tr>
</tbody>
</table>

Study of Turnaround Strategies of Indian Corporate Sector 15
### External Environment Analysis

#### Macro Environment Factor
- Industry
- Customer
- Competition
- Suppliers

#### Micro Environment Factor
- Technology
- Demographic
- Socio-Cultural
- Economic
- Political
- Legal
- Governmental Policies

### 1.53 Research Issues/Statement of Problems:

We will try to sort following problems through this research Paper:

1. Type of the sickness industry faces?
2. Sickness Analysis – which type of the ailment creating sickness? Among the most common disease which one among following is causing sickness:
   - Poor Management
   - Financial Indiscipline
   - Lack of market driven approach
   - High Cost
   - Over expansion/Big Projects
   - Over trading/Adverse product demand
   - Technical/Product failure
   - Labour Trouble
   - Lack of resources
   - Environmental factors
   - Other reasons
3. Which Type of Turnaround Strategy adopted?
   - The Customer approach
   - The Financial restructuring
   - The Process
   - Manpower restructuring
   - Other (If any)
4. Analysis of Vision Statement of the company
5. Introspection of major constituent of Turnover Strategy.

6. Leadership style of Turnaround Manager

7. Approach adopted for the process of turnaround:
   (i) Market aspect/Customer approach
   (ii) Finance aspect/Financial restructuring
   (iii) Technical aspects/The Process
   (iv) H.R. Aspects/Manpower restructuring

1.6 Process of Research

Appendices 1.2: Research Process flow chart

To get into the depth analysis, we adopted following process:

To diagnose the sickness

Intensity of the sickness

Reasons for particular sickness

Which focus areas adopted as turnaround strategies?

Among People, Product, Profit and Customer, which were the major constituents for turnaround?

Vision and Mission of the turnaround companies

To analyze the compiled statistics and to ascertain following facts:
1. Why does any commercial organization fall sick?
2. How to diagnose and predict sickness?
3. Measures to be undertaken to turnaround?
4. What are the turnaround strategies been adopted in common by most of the companies?
5. What are the most common focus areas of turnaround strategies?

Statistical compilation for each of the above stages (In context to ten case studies being take up)

Conclusion and suggestion by researcher

Study of Turnaround Strategies of Indian Corporate Sector