INTRODUCTION

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.

(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 losing to achieving."

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.
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.

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.

The Problem
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, layoffs, 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.
**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.

**Dampen the spirit of entrepreneurship:**

Closure of any industrial unit brings mental trauma for everyone whether entrepreneurs, managers/employees and for their families.

**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.

**Justification:**

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.

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.
RESEARCH OBJECTIVE

The objective 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.

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

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

1. To diagnose the sickness
2. Intensity of the sickness
3. Reasons for particular sickness
4. Which focus areas adopted as turnaround strategies?
5. Among People, Product, Profit and Customer, which were the major constituents for turnaround?
6. 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

Conclusion and suggestion by researcher

Study of Turnaround Strategies of Indian Corporate Sector
Rationale for selection of 10 selected companies of India:

We selected particularly those cases whereby the respective industries had major market share in their respective trade and are known for their professionalism working. These selected industries also had history of constant profit path; but than slipped down to losses? Why this happened to the industries with best of the professional abilities, with best of the talents available and with the best of their financial and market abilities.

If ‘losses’ can grip to these best run conglomerates, what may be the future for ‘Medium’ and ‘small-scale’ units. It is not a fear; but surely it is an alarming-bell to stand upon and acts to face the challenges of this millennium.

We took up about 10 cases of turnarounds, Especially in Indian context. We tried to select cases from different sphere of fields, starting from fast moving consumer goods, consumer durable companies, Process Industries, Chemical Industry, Financial institutions, Heavy industries, Electronic industries and capital-intensive industries as well. Our efforts are to have assortment of Public Sector and Private Sector; but we tried to select the cases that are the most prominent in their respective field/industry so as to awaken the insight and draw the attention of all.

Thus sampling is been from best possible sources to get the fruitful conclusions through research paper. We have collected information data and turnaround case histories of following Indian units:

1. TATA Motors
2. Crompton Greaves
3. Arvind Mills
4. Steel Authority of India
5. Gujarat Alkalies and Chemicals Ltd.
6. Gillette India Limited
7. Dena Bank Limited
8. Thermax India Limited
9. Philips India Limited
10. Siemens India

It is evident with the above cases taken up that efforts are been made to take up:

- Varied industries from Automobile, Consumer durables, Chemicals, Steels, telecommunication, Textile, Consumer Electronics and as well as of financial institutions.
- Small sector to large sector Industries.

To get the best of the results, our endeavor is to extract information, analyze strategies from the various industries of operations, so that we can dig out best of the results from our studies.

THE RESEARCH DESIGN:

This study is an effort of about 5 years of working. After extensive review of relevant literature, research process was developed for empirical and systematic analysis. The research instrument consisted of structured questionnaire, and the respondent were visionary turnaround leaders and the team managers who were involve in the process of turnaround. The questionnaire were forwarded to respective companies through University/AIMA. Companies concerned deputed their executive to gather the relevant data, I kept following vigorously with them and after having deliberations with them on phone, through personal meetings and through E-mails, I could able to get the information on basic structured manner.
Data Sources:

- Secondary Data: Cases drawn from journals, books, Websites and research papers. These are the major source of conducting this research study.
- By observation: Collection of information by way of investigation, through questionnaire and by own observation. The information pertains to what is currently happening by either mailing structured questionnaire, taking interview through personal meetings/telephonic with turnaround leaders or gathering data in accordance to the questionnaire format from various sources so as to get the proper report in scientific manner.

Sampling Plan:

- Sample Unit: Successful turnaround visionary leaders /entrepreneurs and turnaround consultant approach, their actions and observations are recorded.
- Sample Size: 10 successful corporate turnaround cases representing different segment such as MNC’s, Pvt. Sector and Small Scale Industries, Samples undertaken across the country.
- Sampling Procedure: By observation method or through E-Mail, hence questionnaire is specific, Point wise in relation to the subject.

Formation of Case Studies of 10 Indian selected companies:

To get the total story of turnaround, it was important to gather all information of all the 10 selected Indian industry in chronological order, hence information’s are collected from various sources: through internet, through journals, through magazines, company’s balance sheets, through company’s press releases and through personal/telephonic/E-mail interview conducted with various turnaround leaders and the members of team managers involved in turnaround process.
To avail structured data, questionnaire was designed and from all the 10 companies, details were obtained in this requisite 5 pages format of questionnaire. Though it was the toughest job; but regular follow up and letter from AIMA/AMU facilitated the desired information to format the case study of each individual industry selected for research study.

Data Analysis:

All the available information through questionnaire was assimilated for different subjects in form of tabulated data. Since for each and every requisite sickness, focus areas, major constituents, and functional aspect of turnaround strategies and their style of leadership style, ranking and points were obtained from the companies in form of questionnaire, thus it was only to be assimilated and summed up to gather the most common ways adopted by these cases of turnaround industries.

There may about 20 types of reasons are which bring sickness to any industry; but here we could evaluate the basic 3 to 5 causes which effected the most to the corporate sector, similarly there may be about 40 actions required to turnaround; but we could able to filter down the most preferred 5 to 7 strategies/actions initiated by most of the successful companies.

ANALYSIS & FINDINGS:

Reasons for industry ailment – internal reasons: Companies were given queries to submit their various reasons of sickness/ losses, On the basis of assimilated data, we could establish the fact that only 3 causes constituted 53% of ailment while next 3 added up to another 28% of chances. Hence total 81% of Internal- reasons for the sickness are due to following six facts:
Internal Reasons for industry ailment

<table>
<thead>
<tr>
<th>Reason</th>
<th>% age reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Cost</td>
<td>26%</td>
</tr>
<tr>
<td>Lack of Market Driven Approach</td>
<td>16%</td>
</tr>
<tr>
<td>Financial Indiscipline</td>
<td>11%</td>
</tr>
<tr>
<td>Over expansion</td>
<td>10%</td>
</tr>
<tr>
<td>Lower Profitability</td>
<td>10%</td>
</tr>
<tr>
<td>Poor Management</td>
<td>8%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>19%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Sickness Analysis-External Reasons: On the basis of tabulated data, it was found that 94% reasons of industrial ailment are due to following four factors:

<table>
<thead>
<tr>
<th>Sickness Analysis-External Reasons</th>
<th>% age reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Competition</td>
<td>45%</td>
</tr>
<tr>
<td>Government and Statutory Obligations</td>
<td>18%</td>
</tr>
<tr>
<td>Recession in the industry</td>
<td>17%</td>
</tr>
<tr>
<td>Environmental/Climatic factors</td>
<td>14%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>6%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

It is evident from the facts that only one factor such that ‘Global Competition’ remain the major threat for the losses of these industries. Global competition is the most visible and urgent face of challenge. Corporate India endeavors to revitalize to meet the challenge of new world without boundaries where goods and services traverse freely and where world-class competition will eliminate the weak and inefficient.

Focus areas for the turnaround strategies adopted:

Question was asked from these 10 selected companies that among all the actions initiated, what were the most common areas, which helped them in turnaround process?

- Focus areas: In this portion of study efforts are been taken to evaluate the focus areas / approach adopted by the management for turnaround looking in to:
The Customer approach
The Financial Restructuring
The Processes
Man Power Restructuring
Any other- if any

It is evident from the above graphical chart displayed on the basis of gathered data that:

- Financial Restructuring got highest rating of 75 points
- Customer approach has got 2nd highest rating i.e. 73 points.
- Manpower Restructuring ‘Manpower restructuring’ function acquired total 60 points
- The Process remain on fourth on priority with 58 points
- Cost Reduction: as per ranking this function has got 40 points
downsizing/ restructuring human resources, here research reveals that in priority it comes on number 4th.

Though we find that Cost reduction comes on no. 5th; but in fact most of the companies have taken this exercise as part of financial-restructuring; but few of them wanted to give it extra significance and thus they gave it extra rating.

Thus among all the focus areas above 5 are the most favored one, and ‘Cost- cutting’ has come out to be most effective work out to maintain the company’s good business health.

**Major constituents of turnaround strategies:**

This study is been undertaken to evaluate that among People, Product, Profit and Customer, which are main constituent of turnaround strategy. While opting for turnaround strategy, respondents are being asked that among all these four constituents, whom the have taken first as being important constituent? They have been asked to rank each one of them on the rating scale of 1 to 4, whereby 1 stands for better and 4 stands for worst.

When data for all the 10 relevant cases were assimilated following picture got portrayed, whereby the constituent scored least numbers, enjoyed better confidence and the one got highest score had least preference of turnaround strategies.
The conclusion drawn is as follows:

- Customer being the most sought constituent of turnaround strategies being implemented and they ranked number acquiring total 22 points.
- While Profit, People and product remained second, third and fourth in consequence as per the preferred constituent of turnaround strategist.
- The above analysis reveals that ‘Customer and profits’ are the most sought criteria for opting for any turnaround strategy.

VISION STATEMENT:

It is also important to study the farsightedness of these turnaround firms, how they perceived their future and on what guide map they performed. Vision being the blueprint of future course of actions, imply the management outlook as how they would like to face the grim situation arise due to the reflection of losses by these units. We
gathered the vision statement of all these 10 firms. Now if we have summarized the common vision statement of these firms, it may be inculcating following aspects:

- Cutting cost from all the fronts remained the major thrust area of all the companies.
- Profitable growth with satisfaction to stakeholders.
- Customer satisfaction and providing value for money to them with innovative product range time to time.
- To become world-class global dynamic and modern company.
- To serve the needs and interest of country and society with enduring ethics and values.
- Instead of just delivering the products/service, company has to play a role of ‘Solution Provider’.

STYLE OF LEADERSHIP:

Managers regularly confront uncertainty and tough competition. To trail out any business empire, as winner is not an easy task. How to shape up your industry? What type of leadership generally adapted to turnaround industry? It is a million dollar question, in this study we have tried to evaluate the type of leadership adopted by most of these successful turnaround leaders. We have categorized broadly Leadership into three types of categories:

1. Authorative
2. Consultative
3. Democratic

Indian industries biggest problem in the years to come is not going to be lack of capital or technology or in the infrastructure; it is going to be the lack of effective leaders.

Leadership cannot be taught in business schools, it has to be taught by the practitioners. The stories that turnaround leaders tell to the next generation invariably communicate
certain values and impact. They also generate fresh ideas and energize the future managers in a way pure theory never can. The best stories also have an edge – they talk of battles, how they fought and tough decisions got implemented, how they faced eventualities and trail out their empire successfully.

Through our study, we have tried to evaluate as which of the style of leadership best suited to any turnaround leader? Our analysis reveals that among 10 cases of successful turnaround, in 5 cases the leadership style adopted is of Consultative. We may term this leadership activity as group approach for solving the problem; but here we also observed that respective leader takes his own decision with his acumen, experience and farsightedness after consulting with everyone else.

Two companies have adopted Democratic style of leadership while one company had Authorative style of leadership. We conclude that companies should adopt 'Consultative' style of leadership. Turnaround actions are executed in effective manner only when all
team members get involved to achieve the defined objective, turnaround gets faster. From top to bottom everyone thinks and act on one unilateral focused direction. Of course as all the fingers are not of the same size, there may be chances that few persons may work adverse to the turnaround requirement or they may not in accordance to the basic purpose or as per the individual industry culture or the mindset, there only we should act as ruthless to these stubborn attitude people or we may have to use Authorative style of leadership for this particular segment.

**STRATEGIES FOR TURNAROUND:**

“Strategy not being a lengthy action plan; but it is the evaluation of a central idea through continually changing circumstances.” – (Jack Welch, 2001) Chairman & CFO of General Electric.

There cannot be any single turnaround strategy that can be applied for all sick units’ revival. Each case has different type of sickness and accordingly different type of strategy to be made as per the requirement of situation; but here in our study we have split these turnaround strategies primarily in four blocks:

1. Marketing/Customer approach
2. Financial aspect/Financial Restructuring
3. Technical Aspects/The Process
4. H.R. Aspects/Manpower Restructuring

There are different elements of actions in a particular block of strategy, it is been tried out that for each element respondent view is taken by giving measures in terms of ranking (in scale of 1 to 5) as per the importance of implementation of a particular strategy. Our research study could able to draw following facts:
First 10 strategies for turnaround

1. Cost Reduction
2. Expedite Recovery
3. To increase Labour Productivity
4. Disposal of Non-Performing Assets
5. Budget Control
6. Efforts to sell Proper-Product-Mix
7. Billing based on credit worthiness
8. Inventory Control
9. Training and upgrading the skills
10. Downsizing Staff

There are some of the facts which are eye opener, among about 60 actions which we are suppose to take up as turnaround strategy, Downsizing of Staff has come on 10th position of first 10 actions to be taken up on priority.

For exploring better output from manpower resources, study says it is better first to increase labour productivity and train them for upgrading their skills.

Disposal of non-performing assets and selling proper product-mix are some of the actions which escape our attention in routine operational working.

This turnaround study may bring fresh approach to the business; it will provide insight as what may happen tomorrow. It may serve as guide to keep the organization healthy, wealthy and wise.

LIMITATIONS OF THE STUDY

There cannot be any single formula for turning around the sick unit. every industry have different type of internal and external problems. The causes of sickness may vary from
industry to industry, trade to trade and may also be different on the basis of Geographically, Climatic and on environment point of view. Availability of skilled and unskilled manpower, Law of the land and Government policies are some of the other aspects, Which is not in control of any manager/any industrialist.

Thus to conclude any single strategy that will be viable in all the circumstances and for all the industries, is not possible; However we have tried to evolve here the basic common route of strategies taken in Indian perspective by all the industries (the cases taken for the research) for their successful turnaround.

We hope that in spite of the limitations narrated above, The study undertaken will be of immense useful for the practicing manager and industrialist to help them evolving right paths and strategies for their units with some alteration or modalities of changes in Strategy undertaken best suited to their internal and external problems.

Another limitation, which we faced, was the scarcity of time with our visionary leaders and consultants, to spare themselves for our interview and E-mail questioning response. We also faced initial reluctance from companies to divulge their internal information; but our rigorous follow up and convincing approach telling them the contribution this study will yield, paved the way and they finally acceded to our request.