Chapter – 9

SUGGESTIONS AND RECOMMENDATIONS

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9.1 Introduction

In this chapter an attempt has been made to give certain general and specific suggestions and recommendations relating to the overall performance of MMTC, which are based on the conclusions and findings for improving the performance of MMTC. In addition to this, few specific suggestions and recommendations are given for the Precious Metals Division in particular.

9.2 General suggestions and recommendations

Based on the conclusions and findings, certain general suggestions and recommendations are made as under:

1) In both the developed and developing economies, the service industry offers new opportunities, which can be capitalized by MMTC with its experience of nearly four decades in trading – an area which is highly service-oriented, and customer-driven. The customer is the focal point who looks for a total package of services, and products. It is reiterated that the real asset today is human skill, the knowledge indexed skill, which would become the capital for future, which is the most important factor for a service industry. The dynamic
knowledge cannot be replicated, and hence, it should be updated, networked
and shared. Development of the linkages and networking at the regional level
is the need of the hour for identifying and strengthening the business
opportunities that would emerge from the external environment.

2) All resources at the disposal need to be optimised to improve competition, for
the survival of the company. A pro-active approach, changed mind-sets, skill,
speed, new vigour, and efficiency, are instrumental to outdo competition, and
to stand successful. The diversification of the product lines is the essence, and
there is need to perform jobs differently.

3) Due to the frequent change in government’s regulations, ICAI, SEBI, and
Stock Exchanges are insisting on improved disclosure for better transparency.
Segment-wise quarterly reporting, consolidation of accounts of the subsidiary
should be made mandatory. Disclosure norms of the banks have become more
vigorous. MMTC should exploit the changing environment to reduce costs.

4) The credibility and responsiveness of the company needs to be improved. The
institutionalized knowledge brass of the company also needs to be better
utilized.

5) Under the WTO regime, global trade shall increase, and MMTC has to tap the
manifold opportunities that will emerge in the years to come.

6) MMTC’s business model is good, and there is a need to be more aggressive
and responsive in serving the customers. The level of awareness needs to be
re-set. In order to improve performance, there is a need to move in the desired
directions, add new product lines and markets, with good co-operation
between regional offices and Corporate Office.
The division/commodity-wise drills need modification. There is a need for vigilance for cutting down the rate of corruption, and for helping in better reputation management of the company.

Pending arbitration cases should be pursued weekly. There should be judicious mix of the turnover-oriented, and profit-oriented business.

Business opportunities in the trade of coal and hydrocarbons, fertilizers, silver, cashew and spices need to be explored. Market for the domestic sale of 'SANCHI' silverware has to be tapped fully. Data relating to import and export should be collected by close interaction with ports, and utilized for development of trade.

All the officials should look for competitive advantages that are available to be exploited for business promotion; to attract customers, and provide value-added services to retain them.

Periodical price reviews is also necessary. Export of aluminium, and alumina needs to be further explored. Small and medium customers are to be met, and serviced adequately.

Since this is an era of change, it is imperative to anticipate, manage, and master the change. 'Creative Child Behaviour' is the best response to the change since it welcomes the change, and is a creative management of the change. Leadership is to create, and manage the change.

Image building and corporate communications should be everybody's responsibility. Focus should be given to regional public relations exercise. Interaction with media should be taken-up after corporate office approval.
14) Since profit margins are under stress, cost-cutting measures are needed to sustain profitability. Accounting standards, and Schedule VI of the Companies’ Act should be followed in preparing final accounts.

15) MMTC should change its canalised mindset, since globalisation has come to stay in our country and it has to face the challenges for further survival.

16) They should have tailor-made packages for tapping large volume domestic traders. Duty-free operations should also be enhanced.

17) The benefits of liberalization can be availed by MMTC by efficient use of resources – both internal and external, creating distribution advantages at low cost and by focusing on productivity improvements and cost cutting. In all these areas, MMTC has to raise its ability to a level, which provides the “cutting edge” in all activities they undertake.

18) Focus should be to consolidate existing businesses and to expand selectively. For this, it will be necessary to enhance specialized skills. The skill set required to excel in the new environment is quite different from the pre-liberalisation era. There is a need to review and redesign key business processes to develop new strategies and business models relevant to the changing scenario in the domestic and global markets.

19) Taking a critical view of under-performing operations is also necessary. There is a need to concentrate more resources on business with long-term profit potentials and stable supply sources. To this end, steps should be taken to develop strategic alliances with domestic and global suppliers to create synergies to boost international trade. Emphasis should be laid on adding value and enhancing customer service and targeting a wider reach in domestic market.
20) E-commerce should be practiced to enhance quality and speed of business processes with greater focus on customers. As speed of business picks up, basic assumptions of business strategies are getting overturned. Flexibility and adaptability are replacing optimization of business for cost and performance.

21) If MMTC does not meet its customers demand promptly without sacrificing quality, someone else will do it. Further, competing on the basis of product feature and price alone is not adequate. Enduring advantage would come from providing superior customer service. Greater thrust, therefore, has to be placed on offer the ‘customer the best value for money’. This value creation logic should be evaluated and upgraded continuously keeping in view the level of customer’s satisfaction, operational efficiency, and competitive terms offered by the competitors.

22) MMTC should take full advantage of the new opportunities from global market domain transcending boundaries and increasingly demanding internal market. Adoption of improved business processes would allow the sales people to focus more on customers and their relationship management, including face-to-face interaction, which adds maximum value.

23) Recognizing that increasing cost and aggressive competition is bound to create substantial pressures on margins, greater management focus should be given to check operating costs and to better overall efficiencies. In doing so, core competencies would be reinforced to provide enlarged business opportunities.

24) A radical productivity improvement has to be done by improving operating efficiency and enhancing employee as well as capital productivity substantially from the current levels.
25) The demand on the resources to create opportunities in a deregulated era should be different than merely linking buyers and sellers. It calls for different skills, converting passive data into active information, a global perspective, effective processes, and a strategic architecture that supports trade and coordinates business with distinctive analytical abilities to provide added value to the customers. MMTC should continue its efforts to create new values as they strive for building greater trust and closer working ties with all its business associates with renewed vigour.

26) Emphasis should be laid on development of the key asset — human resource through innovative schemes with the objective to enhance the way of working together, building and sharing the knowledge and experience as also acting in concert to meet the company’s objectives and mission. Getting people motivated to take on responsibility is not a question of organisational structure so much as organizational attitude. Similarly, the change in perception about speed is an issue closely related to organizational culture. Policy initiatives taken to enhance both quality and speed of action with focus on customer will usher MMTC towards the goal of substantially improving productivity of its human resources creating growth opportunities through people.

27) As the organization advances to meet the needs and challenges of the new era, it should efficiently deploy its energies and resources with the support of new technologies for maximizing not only the shareholder’s value but also corporate value for its customers.

28) As an organization, MMTC must continue to be customer driven. For this, it has to adjust itself to meet the needs of its customers in the new millennium and to create an environment conducive to their expectations. The forthcoming
years should be spend on closer networking for strengthening the bridge between the company and its customers, so that they can act as an instrument for helping them to find the most appropriate solutions to their needs.

29) A large organization like MMTC needs to inculcate the feeling of accountability, corporate governance and transparency, as they seek to satisfy various people. Besides the necessary statutory disclosures and adoption of best managerial practices, they need to bring about a whole set of new values, so that they are perceived as a transparent and responsible organization achieving excellence in corporate governance.

30) The present scenario is sufficiently demanding, yet to evolve a formidable business sensitivity, MMTC needs to promote learning of new business strategies, new capabilities in teams and individuals and new constructive ways to work, so as to develop themselves as corporate entrepreneurs, with emphasis on results and effectiveness. To this end, special focus on training and manpower development is required, so that more committed teams, industrious men and women of spirit and ambition become the new profile of the organization.

31) MMTC should continue building information technology capabilities to strongly instill a knowledge regime for operational excellence across the company.

32) MMTC should transform its setup to a dynamic organization that responds with agility to changes in its global and domestic operating environment. It should put in place its medium term corporate plan and formulated strategies to secure its future.
33) MMTC should focus to stabilize newly developed business lines, at the same time continue to strengthen its core capabilities. Initiatives in infrastructure development to support its trade will contribute to future growth. MMTC should add value to its products and services embarking upon new products/markets, which exhibit potential to become future sources of income.

34) The consumer has to be assured of speedy and efficient service and high quality, prompt and courteous treatment. The corporation’s ratio of inventories has to be kept at economic levels and overheads kept down within reasonable bounds with emphasis on high and rapid turnover.

35) As a catalytic agent, MMTC's contribution can have a multiplier effect on trade, industry and the economy. MMTC should refashion its tool to meet the challenge in the ever-changing international environment of business and economic co-operation. The reorganization of divisions could be on the basis of commodities/regions and service/functional divisions. Systematic surveys and continuous studies have to be undertaken to discern the long-term trends and formulate medium and long-term product strategies.

36) An early warning system needs to be grafted for monitoring signals and continuous performance appraisal. The inbuilt parameters could be the barometer for accountability and evaluation. Instead of waiting for directives, MMTC should initiate studies and programmes wherein its advice and counsel of expertise could help in the formation of export policies and assist in the bilateral and multilateral trade negotiations and international conference deliberations.

37) Under the present situation the company should immediately take stock of its activities and phase out the unprofitable activities, which show marginal
profit. It should concentrate on activities involving one or two items in which it has the core competence and should try to win back the lost market share for those items.

38) In the liberalized scenario, where MMTC has to compete with private Indian and International Trading Companies, responsiveness, efficiency and cost control should be very much critical for the success of its trading operations.

9.3 Specific suggestions and recommendations

The researcher has made an attempt to give some specific suggestions and recommendations after carefully evaluating the performance of the organization. The specific suggestions and recommendations are given as below:

1) The knowledge of the junior officers should be utilized, and regular communication meetings should be held in regional offices. Regional managers should perform increasing developmental roles and should remain in touch with state government officials, and the Chambers of Commerce.

2) A different strategy needs to be pursued to curtail losses. Stocks need to be disposed at the earliest. Old outstanding dues for recoveries; and the claims made on MMTC should be addressed urgently and reported to the director-in-charge on monthly basis.

3) Extra efforts should be made in operationalising ERP, and to co-ordinate with various agencies to avoid slippages. Each Branch/RO should nominate a nodal officer to ensure timely completion.
4) All inter-regional communications; and the communications of regional offices and corporate offices, and vice versa must be in the form of e-mail, unless and otherwise needed.

5) In the area of non-ferrous metals, metal inventory levels should be maintained at an optimum level to cut cost, and service 'off-the-shelf' demand of the customers.

6) Metals Division should achieve the status of ‘market-makers’ in the lines for which indigenous production does not exist.

7) The operations of agro products need to be standardized to achieve position margins with adequate safeguards to cover risks.

8) Website should be fully explored as a communication and networking tool. Regular interaction of the vigilance division with other divisions is necessary to dispense with the ‘Stand Alone Concept’. Fortnightly meeting between the Chief Vigilance Officer, and the concerned directors should become a regular feature.

9) Funds should be transferred to corporate office on daily basis. All debtors should be pursued for recoveries. Special focus should be on debts outstanding for over three years. Surplus funds should be utilized effectively.

10) There is no benchmark for the inventory of various commodities to be maintained by the organization. An effective inventory method should be chalked out to avoid over stocking and under stocking of various commodities.

11) Three-pronged strategy of redeployment, retraining and rightsizing should be adopted to exhort best output of its human resources. Skill upgradation through well planned training and development programmes should continue
every year. Focus should be given to improve qualification and age profile with induction of professionals at entry levels.

12) Though MMTC is reducing its staff year after year through VRS, there is still an excess of manpower. A kind of disguised unemployment is prevailing in the organization. Moreover, manpower profile is not satisfactory. Though restriction has been levied on further recruitment of employees and appointment is been streamlined, that is, recruitment is allowed only from campus, ICAI (only five per year), IIIFT (only five per year), stress should be put on more qualified staff, sponsorship for higher education should be given and also incentives for further education will be an effective measure to maintain a good profile of the personnel of the organization.

13) The employees of MMTC should participate in operations through constructive suggestions for improvements at all levels ensuring business development and improved customer satisfaction.

14) The company should upgrade the skill with enhanced relevant offers and training and development programmes for its employees. They should train through programmes organized in-house as well as sourced from reputed institutions/organizations.

15) MMTC has been incurring losses (after interest) on account of the low trading margins and the high employee related cost. MMTC’s manpower strength of about 3,400 is substantially in excess of the sustainable level. The company has been reporting positive Profit After Tax (PAT) largely due to its non-operating income. In case the company wants to remain profitable, employee strength has to be reduced substantially for which a suitable voluntary retirement scheme should be implemented on priority basis.
16) There can be transfer of management control in MMTC to a private partner by disinvestments of 51 per cent of equity of MMTC through strategic sale. Before such strategic sale, the canalized export of iron ore should be transferred to another agency such as NMDC. The government could later sell the remaining equity holding in favour of public when the value of the residual equity holding of government increases as a result of transfer of the management control. In case there is no investor interest in the strategic sale, there would be no option but to close the operations of MMTC after transfer of canalized export of iron ore to NMDC.

9.4 Suggestions and recommendations for Precious Metals Division

The researcher has also made an attempt to give some suggestions and recommendations for the Precious Metals Division in particular so that it would give some insight to the organization as to how well they could further improve the services of their organization to the best satisfaction of their clients and how they could further help the economy in boosting the foreign trade of gems and jewellery which is considered to be one of the thrust sectors today. The suggestions and recommendations for the Precious Metals Division are given as under:

1) An advertising campaign including print advertisements in leading magazines and newspapers should be launched after the release of the jewellery in the Indian market.

2) Indian consumers are not familiar with platinum jewellery, various awareness programmes such as exhibitions and fashion shows should be organised to
education the public on the characteristics of the metal, the difference between platinum and white gold, and reasons for its high price.

3) In-depth research and analysis should be done, to support the marketing of platinum jewellery in India. Mass communications like advertising and public relations will increase awareness, to educate the consumer about the qualities of the metal; other marketing elements like event management can also be adopted to increase consumer interest and knowledge of platinum.

4) More personalized services should be given to the jewellery exporters; probably personal selling would be more effective. This may help them to face the tough competition from the other agencies nominated by the government.

5) MMTC should enlarge the network of bullion operations by opening offices at new centers in India and abroad. This will help to fill the gap between the demand and supply in the national as well as international market.

6) It should develop and widen the range of SANCHI Silverware brand through network of dealers and retail outlets throughout the country.

7) It should also conduct domestic jewellery exhibition frequently at various zones especially at Mumbai. They can have tie-ups with state emporiums, and other established franchises.

8) It can leverage BIS certification to market branded and hallmarked gold and silver products.

9) MMTC, in order to consolidate its position in bullion trade should embark upon futures and forward contracts to hedge against price fluctuations, go for backward integration by importing gold, ore and concentrates, expand supply base and offer value addition and increase customer focus.
10) New duty-free shops at Chennai, Mumbai and Thiruvananthapuram should contribute towards increasing jewellery exports from India. Hallmarking and assaying activities of the company should be further expanded and commercialized.

11) Plans should be drawn up to upgrade the medallion unit with a view to enhance variety, quality and range of products. Action should be taken to enhance and deepen marketing reach of the company's branded products of precious metals including SANCHI silverwares in the domestic market. These strategic initiatives will help the company in establishing itself as a long-standing, reputed and trustworthy supplier of bullion and precious metal products and services in the country.