



### IS Small Beautiful? (C)

'This case material is prepared under the guidance of Prof. Krishna Kumar, Former Professor, IIML, as a basis for class discussion rather than illustrating correct or incorrect handling of administrative situations.'

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### **Is Small Beautiful? (C)**

A new Director took charge at the IMP institute in February, 2004. He has to tackle several problems like non release of plan and non plan grants from the Ministry of Human Resource Development (MHRD) due to standoff between MHRD and sister institutions (as the MHRD was asking for drastic reduction in fee of MBA programmes) staff agitation for promotion and inordinate delay in campus construction. Each of the problems was linked to others and threatening smooth conduct and growth of academic activities. However, by June, 2004, the institute had made headway, although it had still not completed its buildings, but done enough to avert a crisis of the increase in intake to its MBA programme from 60 to 120 students. Most of the students were fresh graduates when they joined the programme (unlike the earlier batches where the students were with considerable work experience and therefore used to get lateral placement). Still they got good jobs through “campus placement”. Interestingly, the situation was converted into an opportunity, as in June 2005 the Institute further increased the intake to 180 students, which was far ahead of any other institution of similar standing and changed the very economics of operations, making the institute financially self sufficient in meeting its operating costs, without waiting for the Government grants.

The approach also helped the Institute to diversify and expand its other activities. Almost all the activities had increased 2 to 4 times during the year 2003-07 (see exhibit 1), despite the fact that there were only limited infrastructure. The faculty development programmes went up from 24 days to 80 days, making it the leader in the field in the entire country. The management development programmes went up from 27 days to 104 days. The intake of participants in its yearlong interactive distance learning went up from 185 students in 2003-04 to 467 students in 2005-06. The number of national/international seminar/conference went up from 1 in 2003-04 to 5 in 2005-06, which was the highest amongst all similar institutions. The institute also made headway in international exchange programmes, having agreement with 5 leading institutes in Asia and Europe. Thus the institute had set a model of efficiency among public funded management schools by demonstrating that a paradigm shift in the academic pursuit is possible with

the dedication and hard work of a meager team of 30 regular employees and a 100 acre of world class campus.

All this was not a cakewalk! There were many crises, showdowns, fights, negotiation and adjustments of different magnitude. However, it was setting new standards of performance, a little more peacefully and steadily. Still there were miles to go before it stabilized and established itself as an institution of international reckoning. This case describes the initial actions, and the case (D) gives details of follow up actions.

The IMP Institute of Management was set up in the year 1996 by the Government of India in cooperation with the state government in southwest of India. IMP was located somewhat off the main land in the south-west of India. Though historically significant on account of Vasco-de-Gama putting first step here in India, over 500 years ago, the city remains a little known outside, because of natural boundaries created by hilly terrains around it. Reaching the city had been most tiring and difficult. Even now it is very time consuming as it is not only away from the main land, but also off the main route of most of the south bound trains including those that terminate in important places of the state. For a north Indian, it is not less than 40 hours away, even by the fastest trains like the Rajdhani Express. Although it had an international airport, but coming to the city by air from Delhi would take no less than 8 hours as there was no direct flight. One thus, couldn't return to the city the same day from anywhere outside the state, except neighbouring areas of other states. Most flights to north would go via Mumbai and one has to change the aircraft. With increased air traffic and frequent bad weather conditions there are frequent dislocations of almost all the flights connecting the city, it could take as much as 12-14 hours. Even for a two hour meeting at Delhi, one has to spend almost three days.

A new Director was appointed in February 2004. He faced several problems including inordinate delay in campus construction threatening smooth conduction and growth of academic activities. Case "Is Small Beautiful (A) and (B)" describe the conditions prevailing. However, by 2005 June, the institute had made a headway. Although it had still not completed most of the buildings, but successfully managed the increase in intake

from 60 to 120 students. The students, most of them were fresh graduates when then they joined the Programme (unlike 50 odd students who used to get lateral placement due to past industry experience till the previous year) got good jobs through “campus placement”, Not only that, in June 2005 the Institute further increased the intake to 180 students, which was far ahead of any other institution of similar eminence (who took 13 to 20 years to reach that size) and was on the way of setting a record of adding 60 students in the population for 4 consecutive years from 2003 to 2007.

The Institute had also made a leap forward in diversifying and expanding other activities. Almost all the activities had increased 2-4 times during the year 2004-2007 (see exhibit 1), despite limited infrastructure. The faculty development programs went up from 24 days to 80 days, making it leader in the field in India. The management development programs went up from 27 days to 104 days. The intake of participants in its year long interactive distance learning went up from 185 students in 2003-2004 to 467 students in 2005-2006. The number of national/international seminars/conferences went up from 1 in 2003-2004 to 5 in 2005-2006, which was highest among all the Institutions of similar eminence. The institute also made a head-way in international exchange programme, entering in to agreement with 5 leading institutes in Asia & Europe: All this was being done with a meager 30 regular staff managing 100 acres of world class campus, setting a model of efficiency among management schools of the country, though it was still a public sector institution.

All this was not a cakewalk, there were many minor & major crises, showdowns, fights, negotiation and adjustments. However, gradually it was moving to set new standards of performance, a little more peacefully and steadily. Still there were miles to go before it stabilized and established itself as an institution of international reckoning.

#### Initial Moves

When the new Director joined the Institute was facing problem of non-release of annual funds from the ministry. “When I was selected here on 12<sup>th</sup> February, 2004, the outgoing Director informed me that ministry had not released any funds since April 2003. Although there was no immediate cash crisis, as a good part of funds of financial year 2002-2003 were released only in March 2003 (cash received in April 2003), the crisis

could precipitates any moment as the funds were used up during the year. If the funds for year 2003-2004 were not released immediately, a real crisis in the form of defaults in payments to (loss making) builders and even in salary payments to the staff could arise”.

Before taking over the charge the Director designate went to the ministry of human resource development (MHRD) and pleaded with the Secretary in-charge that the sanction and release of funds be issued then and there. He also promised to deliver the results in terms of faster completion of the otherwise delayed project and give impetus to academic activities. In the mean time the newly appointed Chairman also met the Minister concerned and impressed upon the same. On his assurance, the Secretary in-charge agreed to release both the plan and non-plan grants of about Rs. 100 million in two days time. True to its words, MHRD sent the sanction letter in two days time.

The situation was not so happy when he reached to join the Institute. The biggest problem he faced was how to expedite the progress of campus completion, on which the entire growth of academics depended, and which was coming almost to halt. Describing the first experiences to the case writer, the Director said:

“I had thought that the sluggish flow of funds might have marred the progress, but when I reached here I sensed there was something more than what met the eye. There was a rented guest house, in which hardly anyone lived while there was a large number of visiting faculty coming from outside. Most preferred to live in city hotels. The cost of caretaker, maintenance, security and rent itself was not realized. It also looked shabby with broken furniture, loosely hanging curtains and assorted crockery and a cook, who at times did not mind proceeding to his hometown on week ends, asking guests to take care themselves”.

The first official visit to campus too had interesting experience. There were different versions for slow pace of completion. The builder blamed the institute’s project Manager for with-holding the payments beyond the normal period provided in the agreement, which was creating problems for him in procurement of construction materials, as he was always short of cash in this loss making project. The builder also alleged that the Institute had many contract employees in the project office, who were not keen to expedite as they

would be rendered jobless if the project was completed fast. The Institute staff blamed the builders for attempting to use second option, cheaper material on the excuse of the first option material not being available in the market.

The project management team, which was a representative of the Architects in the phase I of construction, but now engaged independently by the institute, and was responsible for supervising the project and certifying the bills for payment, blamed the builder for delays caused on account of wrong billing, duplicate billing for the work completed, inclusion of items refused earlier, wrong measurement etc. which increased the scrutinizing job enormously. Builder on the other hand charged that the delays were because of insufficient staff in the project team. High turnover of low paid contractual staff in project team as well as at builders end, compounded the problem further.

With over 40 small and big buildings in various stages of slow completion and with enormous responsibility for showing the progress to ensure flow of funds from the MHRD, the Director decided, as a first step, to get going by completing a guest house (which was at advanced stage of completion) and inaugurate the same on convocation day that was about 4 week away. He gave a call for the same to the builder, the project manager, the Institutes project group and other subcontractors. He impressed upon the urgency and assured that if all worked as a team, it should be possible to attain the feat. His confidence in the people emanated from his past experience of seeing completion of a 120 seater hall in 25 days flat.. He asked for exact dates on which each element from plastering to painting, from flooring to furnishing, from electrical wiring to air-conditioning, from plumbing to water supply and drainage line would be done. The job had to be done on war footing, No one believed it him, but he was confident. On many issues he over-ruled staff for the minor deviation sought by the builders, which were not so material .At the same time he rejected builder's demand to have substitutes that were material significance like using red colour electrical wires available in the stocks rather than the prescribed yellow colour one in the 3-phase connection.

It was not easy task. Completing a 500 meter long drainage line on hills, another 200 meter water pipeline and completing internal and external electrification in 25 days was an uphill task. The Director however, was reassuring that it would be possible if they all

put their heart in completing the task. In anticipation he also ordered furniture for delivery in 20 days time for all guest rooms, reception etc. His only worry was that he was to be out of station for about ten days from 12-23 March on some prior, critical academic commitments and several other important things were to be done as academic session was to come to an end on convocation day. “Whether the staff and contractors will be able to finish the job, working in harmony, with no second in command to sort out the technical and behavioral problems”, was occupying his mind.

### **The Shock**

His apprehensions were not unfounded. When he returned on 23<sup>rd</sup> March, he was in for a rude shock. He expected the guest house to be ready, furniture in place air conditioners working. As he reached the site he found nothing of the sort. The Institute’s Chief Administrative Officer (CAO), Civil and Electrical Engineers, the Project Manager, the Architect’s representative, Builder were all there; struggling to do something. The reason unfolded as below:

Director: “Why the rooms are not ready? I see furniture not in place, lights and A/C not on?”

CAO: “Sir, the builder says he can’t permit it unless the final floor polishing is done.”

Director: “But why floor polishing is not done so far?”

Civil Engineer: “Because, the wash basin work is being done in some 6 rooms”

Director: “What is the problem, why it was not finished 3 days ago?”

Civil Engineer: “Sir, the wash basins are over size. They are not fitting in the slot provided in the RCC (Reinforced Concrete Cement) platform that is cast in all the bathrooms. Now we will have to break all the platforms and make new ones with slots of the size in which the basin can fit in”

Director: “But, how did this mistake happen?”

Architect and

Electrical Engr

Builder: “It is not my mistake. I have made it exactly as per the drawing”.

Director: “Then what went wrong?”

- Builder: “We made the platform and when we started fixing the basin, we found the basin not going in the slot”.
- Director: “But why did you procure the wrong size of the basin?”
- Builder: “We have procured them as per the specifications given and sample approved”.
- Director: “Then how this wrong size? Show the drawing of basin dimensions”.
- Architect: “Sir, we do not give dimensions of the basin on the drawings. It is not possible as we procure the basins that are available in the market at the time of purchase.”
- Director: “Then how do you ensure that the basin will fit?”
- Architect: “We asked for one or two prototypes platforms to see the fit.”
- Director: “But how then all the platforms are made without checking? Who is responsible?”
- Electrical Engr “The builder should have ensured it.”
- Director: “You shut up. Why did project office not check it? Why civil engineer did not check it? Why architect did not check it? Why you did not check it? After all it does not require to be a civil engineer to see whether the basin will go in the hole. You come here every day and should have pointed out. Listen now none of us is going to get salary next month. All of you have been assuring me that things are completing as planned. Neither the builder, nor project staff, nor civil or electrical engineer, neither me, nor the architect will get any payment I had promised the MHRD that they can see how fast we progress. On the competition of this guest house and inauguration depended the fulfillment of promise we made to MHRD to get the funds released. Now they will see it themselves, how competently we work. The whole team of five persons from MHRD coming for the Board meeting on convocation day, will see. Be ready to bear the music for giving me wrong information when I was away.”
- Builder: “Sir, if the institute permits certain changes we can still finish it.”
- Director: “But how will you do it now?”
- Project manager: “We will have the granite platform directly mounted on three ‘L’ shaped brackets embedded in the wall.”



- Director: "But will it not be weak?"
- Project manager: "No. It will be strong enough".
- Director: "Even if that is allowed, the work can't be finished by 25<sup>th</sup>."
- Builder: "We can finish it. We will finish all the balance 6 bathrooms today and polish the floor of the rooms by tomorrow morning."
- Director: "Stop deceiving at least now. How will you finish by tomorrow?"  
(irritated)
- Builder: "We will work whole night and press two polishing machines in operation."
- Director: "Have you ever worked at night. I see here people working 10a.m. to 5 p.m. only, 6 days a week and no work on holidays."
- Builder: "We will do it."
- Director: "Should I come at midnight to check the truth?"
- Builder: "Yes. But sir, Electrical part is still not clear. Electrical engineer says unless the electrical room is complete in all respects he would not mount distribution board (D B) panel although the wall is finished."
- Electrical Engr. "Sir, it is not only mounting of DB panel. The builder has not made steps leading to DB room, which is a steep slope. The external electrification contractor is refusing to go there on risky slope. The builder is also asking permission to use red color wire instead of yellow one. How can we permit it?"
- Builder: "Sir, Yellow colour wire is not in the stock, we have to procure it. It will not make any difference, if we use red wire instead. After all a wire is a wire."
- Director: "Now one by one. First, Electrical Engineer. What is the problem in mounting the DB panel on the wall, if the finishing work of the wall is done. The flooring work can be finished by the week end. Next, the Builder. Can we cut the steps today on the slope to provide access to external electrification party?"
- Builder: "I will do it by the afternoon."
- Director: "Also procure yellow colour wire of specified size from local market, quantity required is not large. Can you do it today evening and complete the entire internal work by tomorrow. Electrical engineer

will call inspector to check and certify the wiring day after tomorrow to charge the guest house on the day of inauguration.”

Every body agreed to the decision. That night the director inspected the progress of the work from 1-3 am mid night and found they were working. By 2 pm on 24<sup>th</sup>, the floor polishing was complete.

### **The Confrontation**

The situation was still not rosy, however. On reaching office on 24<sup>th</sup>, the CAO (Chief Administrative Officer) told the Director that people were getting increasingly upset with him, as he was reprimanding them in public, by-passing the supervisory staff, talking and instructing the builder directly without seeking the views of the Institute’s supervisory staff. He also put up request to approve Rs. 2.5 million, for furnishing a part of large unused space in the library to make temporary classroom for accommodating the enhanced batch size of its 2 years full time fully residential program. The intake had been increased from 60 students to 120 students in July 2003, in anticipation of completion of phase II of construction by May 2003 which comprised, inter- alia, 2<sup>nd</sup> classroom complex and 4 hostels to accommodate the increased intake. However, due to inordinate days in project completion and the builder’s reluctance, a situation of crisis had emerged. This proposal was a rude shock to the Director and a situation of almost a show down appeared. The discussions went as below.

CAO; “Sir, (forwarding a file), there is an urgent case for which we need approval for quick action as time is running out.”

Director: (looking at the proposal) you are asking for an approval of Rs. 2.5 million for a temporary arrangement.”

CAO: “But what to do? By June we have to get the classroom for the new batch. Last year we had somehow accommodated sixty more students in classroom complex I, which has only two sixty seater and two 36 seater classrooms. But this year it will be impossible to accommodate them and academics may suffer. Board had also asked to take

necessary steps for making makeshift classroom to accommodate the increased intake”

Director: “But Rs. 2.5 million for temporary classroom? It is a sheer waste. It is my salary for the entire 5-year tenure. I can’t approve it.”

CAO: “(irritated) Sir, I am finding it difficult to work with you. Whenever, I bring a proposal to expedite things, you apply brakes. If you do not approve the proposal I shall not be responsible for non-completion of the classroom for the coming batch.”

Director: “(irritated) But who gave you the responsibility of seeing the classroom completed? I thought it was my responsibility. I know the pressure, but please do not expect that I will accept every proposal brought to me. You don’t get upset. Look, the Director can’t function effectively without active support of the CAO. Neither the CAO can function properly without support of the Director. The faster we both understand this fact, the better it will be for both of us and for the progress of the institute.”

CAO: “But how will we accommodate the students when the students start pouring as academic season begins June end.”

Director: “We will try to complete the classroom complex II by June.”

CAO: “Sir you are being too impractical. Don’t you see the rate of progress. Next academic season is only 3 months away and the class room complex not even half way through. It can’t be completed before end of this year. Don’t you see builder’s reluctance and incompetence? How do you expect the work will be expedited.”

Director: “I have no straight answer, but I believe it will be possible if we work as a team. OK; let us wait until the Board meeting on March 26th. We will check with the Board and take a final decision.”

He then called the electrical engineer to pacify him.

Director: “I understand that you were quite upset yesterday, feeling hurt on being asked to do things as requested by the builder, over ruling you. Yes I did it. But please tell me had not I asked all of you the way you

would like me to see, as Director or as head of the family. You said the latter. I therefore assumed you will not mind my harsh tones to expedite the things and thus help the Institute move forward. If you people do not like it, tell me even now. But then don't expect that I shall try to protect your interests and career with concern of head of family, but work as head of the Institution, do what is normally expected, not go out of way, burning mid night oil for you. Please clarify this to me even now as I am getting confused.”

Electrical Engr. “Sir, I would like you treat us as a head of the family.”

Director “Thanks. I shall try to do my best to bring happiness to you all.”.

### **Chunking and Prioritising**

By 26<sup>th</sup> March, the situation had changed for better. The guesthouse was inaugurated on 27<sup>th</sup> March as scheduled. Although the whole team of MHRD did not come but the Addl. Secretary came and was very pleased. No one stayed in the guest house as the construction work was in progress on the access road. In the board meeting a board member promised to help in drawing the maximum support from the builder's company. He did acknowledge that availability of sufficient number of labor was a problem. His assurance worked as a great booster to the sinking morale of the Director and the staff. Director then asked two permissions emphatically. One, he be allowed to prioritise the buildings for completion and second he be allowed to make minor alterations here and there to make maximum use of the assets being created.

Explaining the reasons for seeking the two permissions, the Director told the case writer. “I had by then realized from comments by various persons that it is futile to expect any miraculous rise in the labor availability. It was also futile to expect any dramatic change in the pattern of labor behavior in the state. I therefore thought of using “chunking” approach, put all the resource available for completing the buildings one by one, and start using them. The buildings were thus serialized for completion, the dates of completion agreed to and action plan for there use was initiated”. For example, immediately after

guest house completion, five faculty house were slated for completion and handling over of possession in May & June. Indeed the offer for house allotment was issued in April and faculty members were advised to inform the exact date of shifting; which was conveyed to builder for completions. People could see progress physically. They could also see the importance of their efforts when larger and larger number of academic activities started as buildings got completed.”

Questions:

1. Was the task really difficult to complete?
2. Why then the progress was so slow earlier?