KMLC

(Kohinoor Maple Leaf Cement)

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Project Report

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| Course | Principles of Management |
| Instructor | Dr. Muhammad Shehryar Shahid |
| Group | 7 |

Introduction

History

The Kohinoor Maple Leaf Cement is a subsidiary of the Kohinoor Maple Leaf Group owned by 7. Saigol Group is a conglomerate group based in Lahore. It was started by Amin Saigol in Calcutta in 1930s who migrated from Calcutta to Faisalabad by the name of Kohinoor Industries Ltd. Currently it is being supervised by three Saigol brothers Tariq Saigol, Naseem Saigol and Taufeeq Saigol.

KMLG comprises of Kohinoor Textile Mills limited (KTML) and Maple Leaf Cement factory limited (MLCF). The new addition to KMLG family is Maple Leaf Capital. Equipped with sophisticated analytical tools and strong ambitions, Maple Leaf Capital is set to create new standards in the capital investment arena. KMLG and MLCF are incorporated in Pakistan and are listed on three stock exchanges of the country. More than 55 percent of the Maple Leaf's shares are held by its holding company KTML, whereas 11.8 percent of the shares are held by general public and 22 percent are held by unspecified foreign investors. Maple cement was established in 1956, through a joint collaboration between government of Canada and West Pakistan Industrial Development Corporation (WPIDC) with a capacity of 300,000 tons clinker per annum. It is strategically located at Daudkhel (District Mianwali) in Northern Pakistan, which is an area rich in raw materials required for the production of cement.

Since the privatization of the company in 1992, the capacity of Maple Leaf to produce ordinary Portland cement (OPC) has increased from 1,000 tons per day (tpd) to a total capacity of 11,700 tpd. Its capacity to produce white cement has also increased from 100 tpd to 500 tpd, with the addition of a new plant. The Company has a production capacity of 10,700 tons per day for grey cement and 500 tons per day for white cement. This plant also has provisions for doubling of its productive capacity to 1,000 tpd. Over the years, the company added a production line using dry process technology, increased capacity while in 2006; it converted the existing wet process line to a fuel efficient dry process white cement line. In 2008, two existing lines of white cement 50 tons per day each were converted into an oil well cement plant and the company added a Waste Heat Recovery (WHR) plant in 2011. In 2013 they established a 24/7 toll free service center and in 2016 they initiated their own Supply Chain system to ensure timely delivery of quality cement.

The logo of the Maple Leaf Cement is of huge importance. This Green maple leaf has been their identity since 1960. The Leaf takes its green color from Pakistan. This logo symbolizes integrity, strength and a commitment towards building a prosperous future.

Today, with a revenue of 25 billion and 1500 employees, Maple Leaf Cement’s vision is “*To achieve and then remain as the most progressive and profitable Company in Pakistan in terms of industry standards and stakeholders interest.”* Indeed, this journey started off from only supplying grey cement to currently providing every diverse product in the sector of cement. However, this expansion in the range of products and growth may seem smooth but in fact it has been associated with hardships. Recently, Maple Leaf’s quarterly profits dropped by 18.4pc. As the demand for cement grew, coal price continued to increase rapidly. During the period coal prices increase approximately by 30pc, while the devaluation of rupee against dollar in 9MFY18 was 6 percent on year. Due to these factors, exports took a steep slide, company had to sell at discounted price to clear the large volumes. Expensive imports and lower selling prices caused the profit margin to shrink. To tackle this crisis situation, MLCF managed to shield the blow of higher coal prices by utilizing coal inventories which the company had been stocking up and utilizing own electricity that is cheaper from grid and the use of low-cost pet coke for energy production.

Maple Leaf is committed towards running efficient business by investing in their people, improving their resources and embracing cutting-edge technologies. To achieve their vision, maple leaf has defined an inspiring mission of “*continuous process of having sourced and implemented the best leading edge technology, industry best practice, human resource and by conducting its business professionally and efficiently with the responsibility to all its stakeholders and community.”*

**Product Portfolio and Clientele**

Presently Maple Leaf cement has 9% of the market share of OPC and is a leading brand in Pakistan with a diverse customer base. It is also the largest producer of White Cement in the country with 80% of market share. The Company produces various products, including Ordinary Portland Cement, Sulphate Resistant Cement, Low Alkali Cement and White Cement. The Company operates in two geographical areas, which include Asia and Africa. Its products are used for the construction of airports, runways and air bases, dams, barrages, waterways, residential complexes, high-rise buildings, highways and motorways. The Company exports its products to Afghanistan, Gulf States, South Asia, Africa, the Indian Ocean Island Republics and Central Asia.

**Grey Cement (OPC)**:

* It is most commonly used for producing mortar and concrete and is one of the most important binders for building material worldwide.
* It is used in all types of construction, such as houses and buildings etc.

**Sulphate Resistant Cement (SRC):**

* Ideal for humidity.
* SRC is a special type of cement manufactured to contain a high content of iron oxide in order to limit the amount of the mineral phase tri calcium aluminate (C3A) and thereby increase its sulphate resistance.
* Sulphate Resistant Cement is used wherever a construction is in direct contact with the clay soil.
* SRC is commonly used in basements, deep foundations, canal lining, water ways and dams.

**Low Alkali Cement:**

* Maple Leaf’s Low Alkali Cement is of the highest quality available in Pakistan.
* It benefits concrete in resisting the alkali silica reaction and is primarily used in a construction that needs to be moisture resistant.

**Wall Coat:**

Recently, maple leaf has introduced a new product known as “Wall Coat”. Beautifully lustrous and greatly economical, Wall Coat is the ideal solution for both exteriors and interiors. Unlike lime wash, Wall Coat covers a larger surface area, making it cost efficient. Its efficacy extends to its durability usage as primer, base coat and matt finish. It prevents seepage and has a cooling impact thereby lowering temperatures inside. Following are some of the features of wall coat:

* + No Annual Maintenance.
  + No preparatory work required
  + Does not peel away or wash away with rain
  + Add strength to walls

**White Cement:**

* White Cement is identical to Grey Portland Cement except in color.
* White Portland Cement is used in combination with white aggregates to produce white concrete for prestigious construction and decorative work.
* White concrete usually takes the form of precast cladding panels, since it is not economical to use White Cement for structural purposes.

**SWOT Analysis:**

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| **Strengths**   * High quality products along with strong customer relations. * Skilled management. * Strong values. | **Weaknesses**   * Lack of spare production capacity. * Expensive Products. * Limited market due to high transportation costs. |
| **Opportunities**   * Increasing local demand for cement.(CPEC) * Automation of departments by using new technology. * Rising export market for cement. | **Threats**   * Increasing number of local competitors. * Threat of new entrants. * Rising Oil prices. |

***Strengths:***

* Keeping themselves abreast of global improvements in the cement manufacturing technologies and processes, maple leaf has strived to keep their vision alive by achieving technological excellence and producing high quality products. They have set up state of art fuel efficient dry process plant based on FLSmidth Technology. This facility has not only allowed the company to push it production capacity to 4 million tons annually, but also to produce high quality products.
* Also, to further ensure the quality of cement is maintained and up to the defined standards their production plant is located near the Salt Range. That area is surrounded by finest quality raw materials including limestone, clay and sand. These valuable resources are quarried from mineral rich mountain ranges located at their manufacturing site.
* Maple leaf also ensures hiring of the top talent from across the country. This feature sets them apart from the other companies as Maple Leaf not only focuses on hiring professional workers, but it also ensures development of their employees.
* Maple Leaf cement stands out amongst its competitor in a way that they believe in providing “*Best Experience”* to its direct and indirect customers. Maple leaf does that by engaging with their dealers. They arrange events for the dealers to persuade them to recommend their product to customers. They also give out gifts to the dealers. Moreover, they also arrange cricket tournaments for the dealers. Recently, they have arranged “Dealers Tournament”. They have also launched a toll free helpline for customer complaints. For the masons they have special training programs such as “Mistri Training Program”. By using these the company has developed a strong customer relation which differentiates Maple Leaf from its rivals.
* When asked about the strengths of the company, the logistics department head mentioned that their strengths also include the Core Values. The company’s core values include the following:

**Cross Functionality**

* Cross functional teams often function as self-directed teams in order to achieve common goals

**Collective Wisdom**

* For sharing knowledge, innovative ideas, experience & individual expertise with others to attain common objectives

**Creative Thought Process**

* Out of the box ideas

**Empathy**

* Ability to understand & share feelings of others. Put oneself in someone else’s shoes

**Integrity**

* Adherence to moral & ethical principles; soundness of moral character & honesty

In final analysis, all of these strengths of the company has led them to acquire a huge share of the market and allowed them to form a strong customer base. Their “*no compromise on the quality”* policy has also provided them a robust platform to further grow and grab a major chunk of market share.

**Opportunities:**

The demand of grey cement increased to 24 percent in the period of 2006 to 2007, from just 12 percent in 2002 to 2003. It is expected that the demand of grey cement will rise further in near future. In addition, cement organizations are mostly producing high-strength cement. However, maple leaf is producing every kind of cement including alkali cement. There is urgent requisite for producing alkali cement in order to meet the demands of mega PSDPs such as Lawari Tunnel project, Mangla Dam Raising project, Gwadar Port etc. hence, it is evident that the local demand for cement is increasing due to rise in construction activities. These sorts of developmental projects are offering a huge opportunity for the cement industry of Pakistan to increase its production in order to fulfill the future demand of cement in the country.

While interviewing the HR department of the company, we inquired about company’s future intention of how they can improve themselves further to cope up with the market. In reply the company official said that they wanted to automate certain departments. Other cement companies are already using automated systems, but maple leaf has the opportunity to use automated systems to increase their productivity and efficiency.

It is also evident by construction industry boom across the world, the international demand for cement has also increased. According to All Pakistan Cement Manufacturers Association (ACMA) exports grew over 41.88pc. Maple leaf also has an excellent opportunity to expand its customer base to countries other than they are currently exporting to.

**Threats:**

The cement industry of Pakistan has come a long way since 1947. Two of the earliest cement producing factories, Zealpak and Maple Leaf, were built in Pakistan to meet the increasing demand of cement. After that many cement manufacturing companies have entered the market and are entering the market. Which poses a threat to the existing cement manufacturers. Some of the major competitors of the company are Lucky Cement Limited, D G Khan Cement Company Ltd and Bestway Cement Limited. Even though there are other major players in the market, maple leaf has maintained to acquire a major share of the market. Maple Leaf has maintained its position by effectively differentiating its product from its rivals. They differentiate their products in a unique manner. By maintaining excellent relations with the masons they advertise and differentiate their product.

Threat of new entrants is high as the demand for cement is growing exponentially and due to competitive nature of the industry barriers to entry are limited. However, high cost of installation and set-up costs will be a limitation of competition to the cement industry. New entrants will have to invest heavily to only enter the market. Not only this, new entrants will also find difficult to enter the industry as the established industries have already achieved a brand name and economies of scale.

The high rate of furnace oil has a huge effect on cement industry. To tackle this situation, MLCF managed to shield the blow of higher coal prices by utilizing coal inventories which the company had been stocking up and utilizing own electricity that is cheaper from grid and the use of low-cost pet coke for energy production.

**Weaknesses:**

Lack of spare production capacity has been a major weakness of the company. When asked from the logistics department head about their production level he said that currently company was operating at capacity. This shows that the company further needs to expand its production capacity. The Logistics head also said that the company was sure that by increasing the capacity they will definitely be able to sell all those extra units of cement.

The company also encounters another crucial problem of high transportation costs. As the production unit is located in Punjab Mianwali district. Supplying to the southern Punjab areas increases transportation cost which puts pressure on the overall cost of product to increase. The company needs to focus on optimizing the cost of cement. The company can make improvement by utilizing professional expertise and skills of management accountants in cutting down the cost. However, in case of high transportation cost the company increases the product prices.

**Corporate and Competitive Strategy**

Maple Leaf Cement, instead of dealing with the end consumer, markets its product through dealers and masons. **Its corporate strategy is to be competitive in market through quality and efficient operations**. Currently, it has a production capacity of 12000 tons/day and it aims to increase its production to secure a greater share of the market. To achieve this aim it has been working on creating a new production factory with capacity of 17000 tons/day.

As masons play a major role in marketing their product, the company makes attempts to improve and maintain their relationship with the masons. They organize training programs which hone their skills. In order to maintain a healthy relationship with the masons and to persuade them to market their product the company arranges special events and occasions such iftar dinner. Also, masons are provided with different facilities like reward money, free medical allowances and educational centers for their children. This ensures a robust relationship between company and the mason and whenever they are working under a contractor or routinely labor job they encourage the dealer to purchase Maple Leaf Cement. In this way relations with masons becomes maple leaf’s **core competency**.

As far as quality is concerned the maple leaf’s cement not only possess supreme strength and durability but it also saves time because of its rapid hardening properties. The rapid hardening properties, unique recipe and superior raw materials of Maple Leaf Cement allow for fast concreting, even in cold weather. Their cement provides solution to boost worksite productivity increasing the efficiency and reducing labor by faster demoulding times and cycle time. No special mixing, placing and curing is needed to produce and handle high-performance concrete from our OPC. It is perfect for Pre-fabricated structures like pipes, tunnels, block manufacturing, bridges, and tall buildings that require both performance and high early strength.

Maple Leaf does not only believe in administering quality control, but also in fostering culture that ensures and preserves at every step of supply chain. Their production supply chain is continuously controlled through automated technologies to achieve perfect product quality parameters. With a strength of up to 10,000 PSI, their quality standards exceed local and many International standards, such a SMS and IS. Maple Leaf also complies with the National Environment Control standards.

Additionally, they invest in enhancing their capabilities to deliver their promise of providing quality cement at the required destination in a timely and cost-effective manner. In order to ensure quality control the company has installed state of art Quality control management system at their plant, where dedicated team of professionals is committed to deliver their customers high strength cement that is guaranteed to meet the construction needs. Also, their commitment to strict quality standards has earned them international certifications from prestigious quality boards.

Although their plant is old but they have taken certain measures to make operations more efficient. Waste heat recovery plant serves this goal well. Committed to maintaining an environment friendly stance, Maple Leaf has undertaken PKR 4 billion project in partnership with Kawasaki Japan to establish a highly advanced waste heat recovery plant. The recovery utilizes hot gas emissions from the process and produces energy, thereby reducing both energy costs and adverse environmental effects. This project has the ability to provide Maple Leaf with 13MW, which will help us ensure that both the production lines run on an uninterrupted power supply and we avoid bottlenecks in the provision of cement to our valued customers

**Customer Care and Feedback:**

In 2013, Maple Leaf launched the first 24/7 customer service center in the history of the Pakistan cement industry with the objective of providing greater value to their customers. The customers can obtain information pertaining to the company, the product, order dispatch details and payment history. Following are the services that can be availed at the Call Centre:

* Order Intake
* Order Tracking Services
* One Window Solution
* 48 Hour Complaint Resolution
* Ledger Account Details
* Suggestions - Bol Anmol Programme
* A Direct Link to the Top Management

**Corporate Social Responsibility:**

Kohinoor Maple Leaf Group (KMLG) claims to be a responsible member of the society and believes in giving back to the society. It has undertaken various projects in pursuance of this aim. One such project has been its construction of a waste heat recovery plant in 2010. It undertook this PKR 4 billion project in collaboration with Kawasaki Japan. The plant utilizes hot gas emissions from the production process and produces energy, thereby reducing both energy costs and adverse environmental effects.

It has also made efforts to promote education in the country. The group was involved in the establishment of Chandbagh School in Muridkee and donated a boarding facility at the school. In addition to this, the Sayeed Saigol Auditorium at LUMS and the Saigol House at Aitchison College Lahore were also funded by the Maple Leaf Group.

Donations to the health sector consist of the Oncology Centre at Agha Khan Hospital, Karachi and the Sayeed Saigol Cardiac Complex at the Gulab Devi Chest Hospital, Lahore.

The Lahore Art Gallery was also established by the Kohinoor Maple Leaf Group which is the first nonprofit organization of its kind dedicated to promoting artists from Pakistan locally and internationally.

Over time, KMLG has made donations to various national causes which included donations to the Shaukat Khanum Hospital, donations in the form of cement for construction of social welfare projects, and donations for those affected by the flood in Sindh in 2010.

**Performance Appraisal and Reward System:**

The HR department of the company has devised comprehensive standard operating procedures (SOP’s). It also includes reward system to include promotions, award of increment and bonuses. Maple leaf considers its employees biggest assets. They are not only investing in pioneering new technologies but also on their employees. In order to provide their employees with maximum amounts of reward for hard work, the company has been arranging employee engagement programs and reward system based on rating scale. The company has been arranging sports gala events such as “Maple Sports Dhamaka” where all employees are required to attend the event and engage with each other. Employees are judged on basis of their performance, decision making, creative skills, problem-solving ability and behavior. By evaluating these basis the company formulates a reward strategy. Increments and bonuses are given with respect to their ranking the bell curve. Also, training programs are arranged to develop “soft skills” of the employees. Forced ranking system is used to place employees under different categories of performance. “Forced ranking is a workforce management tool that uses intense yearly evaluations to identify a company's best and worst performing employees, using person-to-person comparisons.” Moreover, weekly and monthly meetings are held to discuss issues of the employees. Also one-to-one meetings are held between the manager and its subordinates to get their issues sorted out.

Cut-offs for the ranking are as follows:

* Excellent: Top 10pc
* Very good: Next 20pc
* Average: Next 40pc

**KPI’s:**

Some of the KPI’s used by the company are as follows:

* Resources used
* Customer complaints
* Consumer satisfaction
* Revenue earned

**Organizational Structure and Design**

Kohinoor Maple Leaf Cement has an organizational structure which depicts high levels of differentiation. Like any public limited company, Kohinoor Maple Leaf Cement has a board of directors at the top of its hierarchical structure. The board of directors, which consists of 8 members, is chaired by Mr. Tariq Sayeed Saigol. Accountable to the board of directors is the Chief Executive Officer of the company, Mr. Sayeed Tariq Saigol. The organization has then been departmentalized around specialized activities namely Finance & Procurement, Marketing, Supply Chain Management, Information Technology, Exports, Plant Operations, Human Resources & Administration, and Internal Audit & Systems. Heading these departments are Executive Director Finance & Procurement, Executive Director Marketing, Supply Chain Management, Information Technology, and Exports, Executive Director Plant Operations, General Manager Human Resources & Administration, and General Manager Internal Audit & Systems. All these heads of departments report to the CEO of the organization. The Executive Director Finance & Procurement is also answerable to the Group Director Finance and Advisor to CEO. Similarly, the GM Audit & Systems, in addition to reporting to the CEO, is also accountable to the Audit Committee which, in turn, reports to the Board of Directors. One level further down the hierarchical structure are the Deputy General Managers (DGMs) and Assistant Managers (AMs) who report directly to their respective department heads. These DGMs and AMs work with a team of their own to achieve the organization’s objectives. While all this shows characteristics of a functional form of organization, the organization at the same time places a lot of focus on cross functionality. The organization has various teams consisting of members from different departments of the organization which focus on matters of secondary importance to the organization such as Team Culture Development and Team Health, Safety and Environment. These teams report directly to the CEO.

The organization is a centralized one where important strategic decisions concerning the organization are undertaken by the top management. The organization, however, demonstrates characteristics of a decentralized organization at the middle level and the operation level. As our primary research showed, managers tend to delegate responsibility and authority to their subordinates for projects. However, despite the delegation of tasks, the ultimate responsibility lies with the manager. The organization encourages employees at all levels to develop ideas that can help improve its processes. Managers at the company have an open-door policy; the employees thus have the opportunity to discuss all their concerns with their supervisors without any hindrances. In addition to this, there exist various forums in the organization through which the employees can voice their ideas and concerns. For example, employees from different departments working at different levels come together to work in cross-functional teams and it is here that they are able to discuss their ideas with their colleagues. Managers also hold weekly and monthly meetings to monitor the progress of their subordinates and to seek their feedback. This two-way communication instills a greater sense of responsibility and authority in the workers.

**Analysis and Recommendations:**

Maple Leaf Cement is an organization with various effective management practices which have enabled it to survive and thrive over the years. The use of functional departments is well suited to the organization’s purpose as it operates in rather simple and stable environment. The use of functional departments makes monitoring of the environment more effective as decision making and lines of communication are simple and clearly understood. However, the use of functional departments has its disadvantages. In an organization, when the functional structure is employed, managers develop expertise with respect to their function but they tend to lose out on knowledge regarding other areas of the business. Due to this inter-departmental communication and coordination tend to be ineffective. To counter this problem, Maple Leaf Cement places great focus on cross-functionality. It does so by creating cross-functional teams to work on projects which concern for instance cultural development and health, safety and environment (HSE). This focus on cross-functionality enhances inter-departmental relationships and improves information flow leading to faster decision making.

The advertising strategy employed by the company is one which effectively achieves the organization’s marketing needs. It attempts to develop and maintain a healthy relationship with dealers and masons who in turn advertise the company’s product. Attempts to create such a relationship includes:

* “Master mistri” program which trains individuals to become masons.
* Iftar dinners
* Sports activities (the annual Dealers Cricket League).
* Gifts for dealers and their families on special occasions.

This method of advertising avoids the large costs associated with above the line advertising while effectively marketing and creating demand for the product. The company uses a lean supply chain model. For instance the company has no warehouses and holds no inventory. This has allowed the company to reduce its cost and has contributed to the company’s aim of becoming increasingly profitable.

The company employs state-of-the-art technology, carries out total quality management, has set stringent quality standards, and carries out sample testing of raw materials and the final product to ensure that it provides quality products to its consumers. In addition to this the company encourages feedback from its customers to identify areas for improvement.

However, Maple Leaf Cement is not free from flaws. Problems can be identified by analyzing the organizational structure of the company. One such problem is with the span of control of one of the executive directors. The executive director for the departments of marketing, supply chain management (SCM), exports and Information Technology (IT) is the same individual. This wide span of control can prove to be a hindrance to the proper functioning of these departments as communication can fall off and the necessary attention may not be paid to these departments. The span of control needs to be narrowed down so that each department is given its fair share of attention. This can be done by reducing the number of departments that an executive director is responsible for.

Another problem that can be identified with the organizational structure is the violation of the unity-of-command principle. Employees report to the heads of their respective departments and also report to the team leaders of their cross-functional groups. The executive director of finance can also be seen reporting to the CEO as well as the Group Director Finance. Similarly, the General Manager of internal audit and systems reports to the CEO as well as the audit committee. No steps are currently being taken to counter the problems associated with the violation of unity-of-command principle. The HR department can provide trainings to teach employees how to respond to two superiors and how to prioritize multiple demands. Trainings can also be provided to the supervisors to teach them to collaborate and manage conflicts with their counterparts.

Another issue that can be observed in the performance appraisal/reward system is the use of rating scale and forced ranking to measure the performance of the employee and subsequently give rewards on basis of rankings. It is said to be “controversial” because it may lead to back-biting among the employees. It also creates fear and turns employees against one another. These issues may create excessive competition within the company which is considered to be unhealthy for the company’s environment. In order to obtain a more comprehensive view of an employee’s performance, the company should use 360-degree appraisal system. This 360 method allows each employee to receive performance feedback from his or her manager, peer or supervisor. This system ensures that there are no biases on the head of department’s side which may distort the analysis and result in subjective summary of an employee’s performance restricting employee’s future possible opportunities for growth.

One misalignment that can be observed between the Maple Leaf Cement’s vision and its practices is that the organization has been slow to expand and exploit opportunities that can make it more profitable. The organization lacks spare capacity as it has now been operating at full capacity for a few years now. The organization has planned an expansion whereby it is expected to add 17000 tons per day to its production capacity. However, as our primary research showed the managers are convinced that there already is demand for the additional 17000 tons. This shows that the organization has not expanded rapidly enough to meet the growing needs of the market which could have led to greater profitability. Also, the company’s primary focus has been on catering the needs of market in Punjab; it has not placed any focus on expanding into markets other than Punjab which have potential to increase Maple Leaf’s profitability. The organization should improve its forecasting methods, act proactively and implement a policy of aggressive expansion to better achieve their vision of becoming the most profitable cement company in Pakistan.

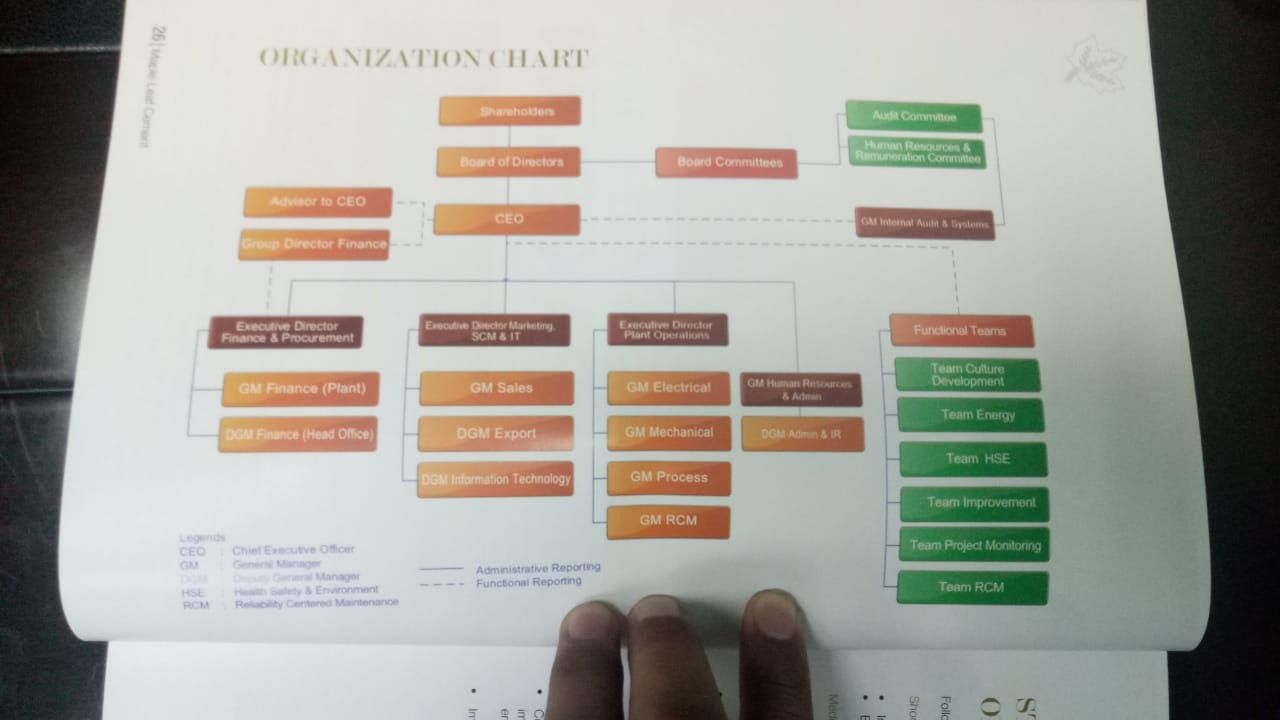
Even though the KPIs (Revenue earned, Resources used, consumer satisfaction, customer complaints) are well suited to the organization’s aim of achieving increasing profitability and providing quality products, the KPIs fail to take account of other aspects of the business. The liquidity of an organization, for instance, is very important to its survival. Measures of liquidity should, therefore, be included in the KPIs. There are also no KPIs to account for the solvency of the business. Measure of solvency, such as ratios that measure solvency, can be made a part of the KPIs.

**Appendix:**

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**Organogram**

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**Interview Transcript**

Interviewee 1: Head of HR

Interviewee 2: Assistant Manager Marketing

Interviewee 3: Head of Supply Chain Management

Interviewer: We would start with asking about the organizational structure of the company. So, what sort of organogram is used by Maple Leaf Cement?

Interviewee 1: We use a functional structure here, meaning there are different departments based upon specialized or similar tasks or roles.

Interviewer: There is a major drawback of this structure that the departments get differentiated and lack of integration occurs. How do you overcome this?

Interviewee 1: Here, cross functionality is given much importance. For this, we have arranged certain forums in which individuals from every department take part, both upper and lower level, discussion takes pace. For example, in a forum related to productions, there will not only be employees from productions department. There will be employees from all the departments of the company and will take part in the discussion. This allows good communication among different departments and the problem of differentiation does not occur. Moreover, there are cross functional teams also whenever we feel the need for it. For Example, for starting a new project, we make a team of employees from all the departments which handle the new project.

Interviewer: What is the frequency of conducting such discussion forums?

Interviewee 1: They are held quite frequently. Generally, at least one such discussion takes place in a month.

Interviewer: You talked about making teams for certain projects and decision making, then why can’t we say that it is a team based structure.

Interviewee 1: It can’t be referred as team based organization because such structure is followed in solely project based companies like Descon where teams are made for projects. Here, teams are made just in case there is a case where there need to make a team having individuals from all the departments just like the one I told you earlier.

Interviewer: How do you ensure good organizational environment?

Interviewee 1: There is a team for culture in the organization, which includes different employees from all the departments. Similarly, fun and entertainment teams hold fun activities etc. They all add up to a form a good organizational environment.

Interviewer: How do you evaluate employees’ performance?

Interviewee 1: We use Graphic Grading scale for evaluation and a bell curve is applied. There is a form related to employees’ personal competencies such as leadership, problem solving and decision making etc. This form, filled by the employees’ superordinate, is used to place the employees accordingly in the bell curve. So, top 20 percent are placed in “Excellent”, next 20 percent in “Good”, next 40 percent in “Average” and the remaining 20 percent in “Poor” category. Increments are given based on this.

Interviewer: What do you think is your core competency?

Interviewee 1: I think that our organization’s focus on human development is our core competency.

Interviewer: Okay, so what steps does the organization take that help in human development?

Interviewee 1: There are certain training programs which include team building, communication skills and ethical training etc. In this way, learning through soft skills is carried out too.

Interviewer: Okay. So, if I‘m some low level employee of some department, and I have an idea which I think can be beneficial for the organization, how easy or difficult would that to be to communicate that idea with upper level management?

Interviewee 1: It’s easy. Firstly, there is an Open Door policy for all employees in the organization. Secondly, the discussion forums are also a great opportunity for communicating that idea. There are also some informal lunches, dinners arranged for reducing communication gap between upper and lower level employees in the organization.

Interviewer: Sounds good. So, how much importance is given to strategic planning in the organization?

Interviewee: It is of immense importance in the organization. It is done at upper level management and trickles down to the low level management. So, goals are decided accordingly.

Interviewer: What steps do you think did the organization take to make it what it is today as compared to what it was some years ago?

Interviewee 1: I think that there was not much emphasis on human development in the early stages of organization. So, there was importance given to this aspect. Moreover, organization’s organogram was structured in such a way as to achieve an optimum level of flat and tall structure.

Interviewer: Can you tell us about some of the fields where the organization still lacks?

Interviewee 1: One of the most important things that the company lacks is the absence of automation in HR. A lot of organizations are using automated systems these days. We need to improve that area.

Interviewer: What is the system used for violation of organization’s policy?

Interviewee: Whenever there is an allegation on someone for violation of rules, there is a disciplinary committee that investigates the case and warning, firing etc. is carried out based upon the extent of violation.

Interviewer: How do you handle star performers in the organizations?

Interviewee 1: Star performers are given incentives accordingly. But obviously, no employee is greater than the organization. So, we have counselor sessions for the employees to keep them motivated.

Interviewer: What type of marketing do you use here?

Interviewee 2: We use B2B Marketing here. It means “business to business”, rather than business to customers. We use below the line marketing.

Interviewer: Why don’t you use above the line marketing in the era of mass media?

Interviewee 2: We don’t use ATL marketing because an average person would use our cement for once or twice in his lifetime only implying they are not influencers. So, it is cost effective not to use ATL. The rationale to use below the line strategy is that an average mason would use our cement very frequently. So, we use BTL strategy for marketing.

Interviewer: How do you deal with transporters, dealers etc.?

Interviewee 2: We deal with transporters, masons, dealers, retailers and contractors etc. as our customers. So, they are given much importance.

Interviewer: How do you give incentives to the masons and other such workers?

Interviewee 2: We arrange training programs for masons like “Master Mistri” program and give them certificates at the end which enables them to get a job in other companies too. There are iftaar parties for them in Ramadan and free lunches regularly. There are fun events like cricket leagues etc. for them too. Labor day is also celebrated.

Interviewer: Your prices are higher than your competitors. Why is it so?

Interviewee 2: We have relatively higher prices because of higher quality. We invest in masons and teach them how to make and use cement more effectively. Most of the masons in the market don’t even know how to make cement properly. So, we teach them and they get to know about our quality.

Interviewer: After training, isn’t it possible that the masons go to some other cheaper organization?

Interviewee 2: It does not happen mostly because when we teach them about the science of cement, they also understand that the quality we use is better. So, they stick to it. Moreover, the incentives we give like I said earlier also help in this case.

Interviewer: What is your target market?

Interviewee: Our target market is mostly the areas close to our factory so that we don’t have to face high freight costs.

Interviewer: According to our research, there is no warehouse of Maple leaf. How do you manage excess material then?

Interviewee 3: We don’t need a warehouse at present because firstly, we produce very much according to the orders we regularly get. Secondly, because of our high demand in the market, we haven’t yet felt the need for a warehouse.

Interviewer: On what basic principles is the organization standing?

Interviewee 3: There are five basic principles in our organization which are cross functionality, collective wisdom, integrity, creative thought process and empathy

Interviewer: How is Maple leaf different from its competitors?

Interviewee: We are using state of the art technology for production. For example, Maple leaf is the only cement producing organization in Pakistan use a FLSmidth from Denmark. We are a brand and we don’t compromise on quality. This is also the reason for our relatively higher prices.

Interviewer: How does the rise in price of fuel affect the sales and price?

Interviewee 3: If the cost of fuel rises, it also rises for our competitors. So we increase our price according to rest of the market and rise in cost accordingly.

Interviewer: Any recent steps to increase profitability?

Interviewee 3: I can’t disclose.

Interviewer: Have you outsourced the transport of raw material and goods?

Interviewee: yes, there is a third party responsible for the transport of raw material and goods.

Interviewer: What security measures do you take for transport?

Interviewee 3: This is not our area of concern. Any losses occurred during transport are to be paid by the transporter.

Interviewer: How do you cater customer complaints?

Interviewee 3: We have a dedicated call center to listen to customer complaints and communicate the complaint with the related department.

Interviewer: Is there a labor union here? How do you deal with it?

Interviewee 3: There are no labor unions here.

Interviewer: Maple Leaf is constructing a new factory even after reduced profits. Why is it so?

Interviewee 3: The reduced profits were because of certain political issues, increased fuel costs and other such factors which are quite natural. Moreover, our demand is still rising. So, we are building our new factory.

Interviewer: Every production plant releases dangerous chemicals in the environment. How do you make sure that there are lesser environmental problems related to your factory’s production?

Interviewee 3: There are thousands of trees around our production plant. Moreover, it is a registered production plant according to environmental and social standards. Recently, we have also made an agreement with a Japanese company that will help us use the unwanted dangerous heat released in the production process.

Interviewer: How much importance do you pay to corporate social responsibility?

Interviewee 3: CSR is one of our main areas of interest and we look at it as an “upgrader for marketability”. It is an investment in the society which always pays back.