

TajMahal Bakers

TajMahal Bakers was one of the prosperous bakeries in Udupi.

People from neighboring districts often came to TajMahal to order cakes and other items for their weddings and parties. The brand name was well known in the neighborhood.

People used to suggest its owner, Madhuri to open her outlets in other districts so that they could avoid the travel. Madhuri smiled it away for several years. But as her children grew and she could get more time, she began to consider the suggestion more seriously. She had the good will, good knowledge of the product, and a loyal customer base from other districts. But she was not familiar with business in multiple towns, the problem of logistics, the need for scaling up the production without compromising her quality, the headache of finding places to locate these outlets, having managers to run it and who knows that they will not pilfer the money. She intuitively knew that she could open her outlets in three of four neighboring districts where she is known well. She was wondering how to go about doing this.

Her daughter who was doing an MBA programme from the city college suggested her to make a detailed plan and see if it will work rather than sit and worry and talk about it all day. She was familiar with this word plan since she was a child but this is different. She had to actually do it. When she started her Udupi venture, she had not made any formal plan but started it in her house after the death of her husband primarily to earn additional money but as her popularity grew, she set up a larger shop in the town and used her old home and the area around it for production of her confectionery. She managed without a loan as she was in no hurry to grow. The production place and the shop was just a kilometer apart. If there was a problem in the production, she rushed there and sorted it out and if something was amiss, she could rush to the production, pick it up, and send the customer happy.

At last, yielding to the wisdom of her daughter, which she hardly trusted, she decided to ask a local consultant to help her.

The consultant asked her several questions.

- What is the purpose of this expansion?
- Which customers do you want to serve?
- If it is the rich ones, in any case they come and buy from you here.
- Which are the towns she wants to have it and in what time frame does she plan to do it?
- What is the likely cost per shop and how will she find money?
- Who will run it and how will she account for it, deposit the money in the bank daily, pay wages, etc?

Of greater worry for her were the latest bout of increase in the raw materials and fuel prices. She had been holding prices even at the cost of her margin and did not increase her prices over the last three years despite six to seven fuel price hikes and the increase in raw material cost over a 100%. Fortunately, her products were so unique that she had little competition and the workers were loyal and committed. Why cannot she simply franchise it and stick to only production while letting someone else run the shops? Oh! Unthinkable that someone else sells her stuff and how she could be living without all those dotting and caring remarks by the customers who loved her product. The questions kept whizzing in her mind.

Finally the consultant told her that she needs to plan and decide on all these and that he would be back after a week. He said, “in the meanwhile, you should think of other planning issues so that next time we meet, we can draw out a final plan”. As the consultant left, the word plan rung in her ears, yet she knew little about what she had to do though she knew that she was a successful baker without doing all these.....or had she done all these unconsciously?