A real life case where one Senior Divisional Manager could convert every adversity into opportunity and transform a low performing and notorious Division into a well disciplined and high performing Division achieving high growth in all key result areas consistently for three consecutive years – that too despite his serious physical ailments.

Shri B.K. was posted as Senior Divisional Manager of Tanjore Division of LIC, South Zone. The Division was biggest in the Zone in geographical area and in terms of number of branches. A rural division in Central Tamilnadu’s predominantly agricultural belt it was considered to be a “backward” Division in terms of productivity of sales personnel and in terms of new business. But the Division was ‘well known’ for various other reasons. There was a strong and militant trade union who had a strong hold over the staff, a ‘strong’ and militant agents union who regularly threatened the management and enforced their will on the Branch Managers and Divisional Management. Development Officers were mostly ill-equipped for their task but had become nonchalant under the influence of a strong trade union. There were inter-group rivalries in many branches between a caste based association and majority staff union affecting the customer service area also. The situation was considered to be very serious and the previous two Sr. DMs opted out within a short time-immediate predecessor in just one year and the previous one in two years.

This was the situation when Shri B.K. was posted to the Division. The Zonal Manager had sounded B.K. that he would be sent as SDM, BK had agreed for the change from his post of Regional Manager (P&GS), South Zone and wanted a posting outside the Zone but the ZM who closely knew BK got him posted to Tanjore Division as the situation there was becoming worse by the day.

BK was a person of amiable disposition, unassuming and simple with a frail physic being afflicted by rheumatoid arthritis for well over 10 years. But he was considered to be straight forward and uncompromising on issues. In fact the previous Zonal Manager had told him that

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he had to choose a career in Zonal Office and Central Office as he would not be preferred for the post of Senior Divisional Manager as he was ‘too straight forward’. On posting to the Division Shri B.K. was cautioned by his Zonal Office colleagues about the tough task ahead in handling the situation there.

When BK landed in the new station in the first week of May 2003 the incumbent SDM also briefed him about the alarming situation created by the ‘treacherous’ people around. The incumbent SDM was a veteran and a man of brilliant ideas and varied experience. He was very ‘friendly’ with the trade union functionaries of all denominations, always doing his best, even out of the way, to keep them in good humour.

BK took stock of the situation through consultation with the Marketing Manager and other colleagues. In the first Branch Managers Conference it was revealed that the morale of the BMs was very low as they were repeatedly let down at the instance of one union or the other. BMs were told by the ex-SDM not to create problem for the Divisional Office and were often forced to concede to illegitimate demands of one group or the other.

Shri BK met the leaders of various unions who raised pending issues and demanded early solution. BK agreed to look into their problems and promised to solve all genuine problems within his jurisdiction expeditiously.

In August 2003 a new software platform was being installed in all branches of the Zone. But the majority trade union would not allow its implementation in one of the branches as the BM there had ‘insulted’ the Divisional Secretary of the Union and an apology was due from the ‘delinquent’ BM. Several rounds of discussion took place to make the union leaders see reason and not to stand on petty ego problems when larger organizational interest was at stake. But it was not fruitful.

At this stage BK decided that softer options would not work and he had to enforce implementation. Accordingly, the new software platform was implemented in the ‘problem’ branch also without the ‘consent’ of the majority trade union. The union felt challenged and declared ‘non-cooperation’ against Divisional Management. Staff meeting arranged during SDMs visit to two branches was boycotted by majority of the staff despite giving prior notice, under instruction from Divisional Union. Memos were issued individually to all the staff who boycotted the meeting for disobedience and dereliction of duty. Divisional union started propaganda against SDM though posters and hand bills. BK decided to make best use of the opportunity to show the union their proper place.
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Individual Memos were issued to the President and General Secretary of the Divisional Union for instigating unlawful activities against the management proposing disciplinary action. Meanwhile their members from the branches where memos were issued became extremely restive as it was their first experience in their career life and pressurized divisional leaders to solve the issue.

Divisional Union took up the issue with the Zonal Union. Zonal Manager advised BK to exercise discretion and cautioned that the issue might escalate into Zonal problem. He wanted the issue settled without delay. BK assured the ZM that the issue would be settled at the appropriate time. Union was expecting a call from BK under pressure from Zonal office. But BK was sure not to do anything under pressure lest the union got upper hand. Message was given through Manager (P&IR) that the SDM would be available for discussion if the ‘union wanted’ and on prior appointment. For tactical reasons he stayed away from headquarters for 5 days, on official tour. The Union became desperate as pressure was mounting from their members and their Divisional President was to retire that month. Under Zonal Union’s pressure Secretary (IR) and RM(P&IR) contacted SDM repeatedly seeking early solution. They were assured that the issue would be settled at the appropriate time. Union was at its wits end and sought appointment with BK.

Appointment was granted the next day afternoon. At the appointed time the Zonal President, Vice President and a few other Senior functionaries met the SDM alongwith the Divisional Secretary and urged for reconciliation. BK agreed to their view that in the competitive external scenario management and union had to work together for the organizational cause. The request for withdrawal of the memos was turned down but it was agreed that no further action would be taken if such instances were not repeated.

This incident was an eye-opener for other pressure groups. Immediately, after this the Agents’ union was also brought to their senses. The first move was to cut their source of funds. Under an arrangement with the previous dispensation lumpsum deductions were made from agents commission bills towards group insurance premium on the group policy through agents union. The amount collected was far in excess of the premium required and the balance was refunded to the union. This practice was stopped and exact premium amount required alone was recovered from the agents. While the leaders were unhappy other agents felt relieved. In one of the branches there was attempt to disrupt agents meeting and in another there was personal vilification campaign against one of the tough Branch Managers. The leaders involved were proceeded against. After due processes the local secretary’s agency was terminated. His attempts to get relief through courts including High Court did not succeed as records were systematically created at every stage.

Concurrently the Branch Managers were fully empowered and full backing was assured for their legitimate legally and morally sustainable action. Through various meetings inputs were
given to BMs to build their confidence. They were told to work with pleasure and leave all pressure to the SDM. A semblance of peace having realized BMs were told to concentrate on key result areas, especially new business.

Development Officers were put on notice that they have to perform their expected duties and BMs were advised to create record against non-performing DOs. In consultation with the DOs union the annual gala meeting of all DOs with momentoes was stopped and a training for skill development was arranged using the same budget. Agents training also was made a regular affair.

By October 2003 there was tangible difference in new business performance and the Division rose to 5th rank on premium growth among 12 Divisions of the Zone. Yet achievement of target for the year was a difficult task as the required growth rate was highest for the Division among all Divisions. External competition was catching up and Corporation had decided to concentrate on premium growth including ULIP business. Performance of the Division in Unit Linked business was poor since neither the field marketers nor the Branch Managers were competent to explain the nitty grittys of ULIP products. BK personally took up the challenge and through a series of training classes and meetings a group of agents were trained to do this line of business.

By December 2003 there was good improvement and the Division reached 3rd rank in the Zone on new premium growth. The Zonal Manager was happy with BK after the initial displeasure and openly acknowledged the transformation taking place in Tanjore Division. Nevertheless he cautioned that reaching the target was a tough task as budgeted growth rate was highest for the Division.

Undaunted by the challenge BK took up the matter seriously. Through a series of campaigns morale of all functionaries was boosted and a call was given to make the Division All India No. 1 in premium growth rate. Staff meetings were addressed by BK in all branches during all branch visits. Organizational imperatives were explained and their co-operation sought for making the Division a high performing Division. There was perceptible enthusiasm all round and energies were channelised for productive purposes.

When the financial year closed the Division achieved highest rank in new business premium growth in the Zone and 2nd highest All India. In Unit Linked business No. 3 rank in volume of premium All India and 2nd in the Zone. Total new business premium income touched Rs. 90 Crores against a target of Rs. 88 Crores.

Next year i.e. 2004-2005 also the Division achieved splendid results as per the Corporate objective of premium growth. The Division was ranked 5th All India on premium growth and
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2nd highest in the Zone. Another remarkable achievement during the period was the handling of a Development Officers agitation against their new incentive scheme. In August 2004 the agitation was announced and DOs decided to make efforts to reduce the business. There was a concerted effort to malign the ULIP product to scuttle the premium growth. Without waiting for any direction from above BK decided to take the issue head on lest it affected the morale of the agents. Notices were distributed exposing the nefarious designs of the DOs in maligning their own company’s product. In October a general notice was issued to all DOs advising them to restore normalcy within 3 days and were warned of serious action including wage cut and withdrawal of business credit. DOs were asked to maintain daily work record. Branch Managers were advised to keep a close watch on the activities and create record against non performers. Slowly the impact of the agitation started whittling down and open methods like dharna and demonstration was completely stopped.

Initially Zonal Manager felt that BK was exceeding the brief and taking action without consulting higher authorities. But when the agitation was continuing strongly in other Divisions Zonal Manager acknowledged in Zonal Management Committee meeting that “in retrospect I admit that BK’s strategy was the best.” Disciplinary action was initiated against DOs in 24 cases for malpractices in new business resulting in early claim, disobedience, non-performance and indiscipline.

By the end of the financial year 2004-05 BK hinted to ZM his desire to move out on a lighter assignment mainly for reasons of health. But the ZM felt that BK should continue to complete the task undertaken by him and successfully implemented thus far. BK agreed to ZMs suggestion inspite of his serious health problem.

By end of April 2005 a new Zonal Manager took charge of the Zone. He knew BK and had earlier acquaintance but was not very familiar with the previous history of the Division. By August 2005 more than 30 agents were also terminated for new business malpractices or for activities detrimental to the organizational interest. By September 2005 four more show cause notices were issued to DOs for removal from service. The new ZM felt that such drastic action was uncalled for. In his opinion malpractices have a long history and therefore should be eliminated through slow process only. He was worried that drastic action in one division would escalate into a Zonal problem and affect the performance of the Zone.

In October 2005 BK had serious health problem due to inguinal hernia. As a naturopath he had reluctance to go for surgery and therefore tried other methods after 15 days rest. In February 2006 BK realized that surgery was needed and took leave for 2 weeks. Due to effect of the medicines and on account of pre-existing problem of arthritis BK became weak and had to take rest for a week more. In the meanwhile a new leadership took charge of the DOs union and they were in militant mood to challenge the SDM against his ‘arbitrary’ action
against DOs. They also made serious attempts to discourage better performers with an intention to stall business growth to teach the SDM a ‘lesson’. They were also emboldened by the favourable attitude of the Zonal Management. The Marketing Manager also played a role in instigating the new D.O. union leaders to revolt against the SDM. When BK returned after leave in February the position of the Division was not so rosy. February results showed that there was deceleration of new business growth and for the month of February it was just break even. On 10th March Zonal Manager visited the Division and openly criticized the ‘unhealthy’ trend in the Division and expressed his opinion that the Division would not reach the target.

For this year the emphasis was on reaching number of policies target as the Division and Zone were in comfortable position to surpass the premium target. But in number of policies the achievement was only 62% of the annual budget of 3,80,000 policies.

Analyse the case and comment on

1. Whether the Division would have reached the number of policies target and if so how?

2. Whether the strategies and actions of Shri B.K., the SDM were correct and how the situation could have been handled differently.

3. Whether role of the Zonal Manager was appropriate in this case and if so why? If not what he should have actually done.

4. Why the Marketing Manager behaved the way he did and how the SDM would have handled the situation to minimize the negative impact.

SOLUTION

1. It was clear from the profile of Shri B.K. that he would not buckle under pressure and he was willing to take up the challenges of the position despite his health problem. In fact BK started a whirlwind tour of the Division addressing three to five meetings each day with agents, DOs and staff starting from 8.00 am to 8 pm and hoping from branch to branch. He explained to them the opportunity available in the form of the Golden Jubilee product and the huge market potential and how they would lose if they did not encash the opportunity. He also narrated why he started the whirlwind tour when he should have actually taken rest. This gesture moved a large part of the audience and became a morale booster. He also kept the disciplinary proceedings in abeyance for strategic reason.
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When results were compiled at the end of the year it was a great surprise to all including BK’s colleagues themselves and particularly the ZM as never in the history of the Division there was 38% achievement in number of policies March alone. Not only that the premium target was achieved separately for linked and non linked, single and non single separately and on composite basis but also crossed the number of policies target. This was a rare achievement for any Division.

Apart from new business, on all other key result areas also the Division performed well achieving total premium targets, nil outstanding ratio in claims, submitting quality final accounts in time etc. The most remarkable achievement of the three year period was that the early claim ratio had fallen from 23% in 2002-03 to 18% in 2005-06. The new business premium increased from Rs. 56 crores to Rs. 240 crores during the same period. Disciplinary action was also completed after the closing.

2. Depending on the individual’s personality traits and values different methods can be adopted to reach similar result. Training, counseling, and helpful attitude is one such method.

3. Role of the Zonal Manager should have been better if the SDM was supported wherever he was legally and morally correct and any agitation should have been firmly handled.

4. Marketing Manager would have nursed a grouse against the SDM as his ego would not have been satisfied or SDM would have checkmated his willful designs earlier. Now in SDMs absence he got the opportunity. As the target was reached despite the backstabbing by the Marketing Manager and even after ignoring the MM, the message was loud and clear for one and all.