

A Case Study

on

**“Success Knows No Short-Cuts: Harihar Food’s Journey into the Heart of
Indian Kitchens”**

at

Harihar Food Pvt Ltd, Shree Ganesh Masala

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Success Knows No Short-Cuts:

Harihar Food's Journey into the Heart of Indian Kitchens

Mr Paramanand Shah 73, the owner of Harihar Food's says 'Age never decides the expiry date of your career; your attitude surely decides the expiry date of your career'. Mr Paramanand Shah reaches his office daily at 11.00 a.m. He claims that he has never reached late to his 'temple'. He is a calm personality with a very pleasant smile on his face. He daily visits his factory and inspects the production process personally. He has strong plans of launching new products in coming future. He is aggressively strategizing entry plans to foreign shores. His employees fondly call him 'dada'. He knows all the employees by name and is aware about their family's wellbeing.

About the Company

Name : Harihar Food Pvt Ltd. (Brand: Shree Ganesh Masala)

Founder : Mr Vrajlal Manilal Shah

Present Owner : Mr Paramanand Shah

Establishment year : 1976

Type of the Business : Manufacturing of spices, ready-to-eat snacks, instant preparation snacks and sweets

Export of the produce to other countries like USA, New Zealand, Australia, South Africa, Singapore, Uganda and Seychelles

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Tag line : AAJ KA SWAD, KAL KI SURAKSHA

Harihar's entrepreneurial excellence has been recognized with two prestigious awards – Rashtriya Nirman Ratan Award and Best MSME Award 2009 for Growth in Production and Profit in Micro Enterprise Category.

The Spice Market in Gujarat:

Spices are most important constituents of Indian food and cuisines, and are used not only for household purpose, but also in hotels, restaurants, eateries and food processing industries. India grows over 50 different varieties of spices. Total production is around 2.7 million tonnes. Of this, about 0.25 million tonnes (8-10 per cent) is exported to more than 150 countries. The Indian share of the world trade in spices is 45-50 per cent by volume (25 per cent in value terms). Raw spices, ground spices and blended spices are part of the FMCG products. Processed spices demand is directly linked with its consumption in food processing industry and this is set to grow in India in coming period with growth of population and fast changing food habits as well as increase in spending power of the middle and upper class in India.

The production of spices in Gujarat is gaining momentum due to favourable situations. With irrigation facilities made available through Narmada Canal System, the industry is getting

better advantage. Gujarat is having ready availability of technical and commercial manpower as there are several spices processing units already operating. Entrepreneurs in Gujarat are readily adopting newer technologies and processes, used in food process industry in general and spices processing in particular, as a part of their continuous efforts to expand their business in domestic and export markets.

The Gujarat spice market is dominated by players like Ramdev, Saathi, Ganesh Masalas, Asian Spices, Annapurna, Badshah, MDH and Catch.

PEST Analysis of the Spice Industry:

India is one of the key producers and exporters of spices products in the world. The market is closely observed by the world markets. Thus studying the PEST of the spice industry becomes inevitable.

Political:

Political influence on Indian spice market is very much widespread. It ranges from incorporation of new policies for the farmers to the steps taken on their welfare and development. Political factor is often related directly with the central government that is in power. The GDP of spice industry has increased annually at more than 3 per cent since 2003. Slow growth in the spice industry and allied sectors has led to acute stress in the economy because the exports are directly affected. A major cause behind the slow growth in spice production is the consistent decrease in investments in the sector by the manufacturers and lack of support by the state governments.

Economic:

Though the economic scenario seems very supportive, the picture is not very rosy. Since long time, Indian farmers have been facing a number of socio-economic problems, such as

harassment by moneylenders, inability to repay debts following production loss, inability to get medical treatment for the family, etc. The problem is compounded by lack of positive and cooperative support from banks especially in the face of inclement weather and market fluctuations.

Social:

India consisting of 16% of world's population sustains only on 2.4% of land resource. Also, India is considered as the spice hub of the world. Since history, many foreigners brought different spices to India, adding to the rich resources. Still a lot needs to be done to regularize the returns in the market. Due to unorganized market, there are many producers who do not get fair price for their spices. This leads to imbalanced markets and unequal distribution of returns. Many families leave the farming occupation and shift to much lucrative employment options due to lack of efficient markets. On the other hand, India's exports are increasing at a very pleasing pace.

Technological:

Long since the start of green revolution Indian Spice Industry has moved very far. With the inception and adoption of new technology and improved way of production, the sector has taken long strides. Strategies and programmes have been directed towards replacement of traditional and inefficient implements by improved ones, enabling the farmers to own tractors, power tillers, harvesters and other machines, availability of custom services, support services of human resource development, testing and evaluation and research and development. Introduction of technologically advanced equipments through extension and demonstration besides institutional credit has also been taken up. Equipments for resource conservation have also been adopted by the farmers. Under various Government sponsored schemes the farmers can purchase the agricultural machines.

The new component of the government for the Tenth Plan under the Central Sector Scheme “Promotion and Strengthening of Agricultural Mechanisation through Training, Testing and Demonstration” in order to train large number of farmers at nearby places will add as an advantage to the growth of the industry.

Source: www.ibef.org (Report 2013)

Shree Ganesh Masala: The Man begin the success of the Company



Mr Paramanand Shah who is 73 years old is the man behind the success of Harihar Foods.

The entrepreneur believes in 5Ds:

D- Desire D- Dream D- Dare D- Do D- Dynamics

Mr Paramanand Shah believes that to become an entrepreneur one must have a desire to dream and dare to do with different dynamics.

He started his career in the year 1969 at Calico, Apna Bazaar as a salesman for Lipton. He was later transferred to Baroda in the year 1976. This was the time that he decided that he should join his family's business.

The family's business was at a very small scale. They processed, packed and sold kitchen spices like chilli powder and turmeric powder. They used to buy raw material from the market and process the same at their home. Mr Shah thought of expanding the territory of their market; thus to reach to the territory he took loan and bought a two wheeler to increase the efficiency of delivery.

SWOT Analysis of the Company:

Strength:

Shree Ganesh is making a steady growth in the industry. The company believes in moving ahead thoughtfully rather than aggressively. The company has introduced limited variants of spices in the market with a quality benchmark. This will not only strengthen the brand perception as quality producer, but also reduce the risk of 'over exposure' in the spice market.

The company is strengthening its position as an efficient exporter by entering international market.

The company personally monitors the quality of raw material, thus ensuring the quality standards of finished goods.

Weakness:

The company knows that the product can't be stored for long time, because as the time passes, the spice loses its quality. There are many factors that affect the raw material supply as the major suppliers are farmers and there is now assurance of the produce every year.

Opportunities:

The company sees a lot of opportunity as the market is less crowded with competitors. Considering the competition, the company believes that Ramdev is the only competitor. But again, the markets are clearly divided as Shree Ganesh is targeting 'bottom-of-the-pyramid' consumers.

The company has entered successfully into the foreign markets and has got a very positive response for their products. This lays stone for future markets.

Threats:

The cost of production influences the selling price. Shree Ganesh has cleverly worked upon the cost of production, which has given them an advantage on the selling price. The company has entered the market with easy sachets of masalas, which are smaller quantity packages. But the company also runs into the threat of losing this efficiency if other players copy the model.

The Human Resource of the Company:

The company recruits and trains the employees to meet their mission of at most quality. The details of the company employees are as below:

Skilled	60
Semiskilled	20
unskilled	18

There is dedicated team of marketing for the company:

<u>KHOKHRA</u>	<u>VATVA</u>
4 sales man	12 sales man
1 marketing manager	2 sales supervisor
	1 manager

The company has always given importance to welfare of the employees. It believes in developing family culture among the employees. The company has welfare fund for the employees which is dispersed looking into the requirement of the employees. The company has successfully inculcated 'ownership concept', wherein each employee considers himself/herself the owner of the company and thus understands the responsibility well. The company gives 20% bonus every year and also gives other benefits like PF, gratuity, insurance, LTCs to its employees. The company plans to implement ERP system very soon.

Expansion of the Company:

The winning strategy of Mr Shah was to focus on quality and consistency of the quality of the product. Due to which, the business started accelerating gradually and in the year 1982 he purchased a factory in Khokhra. Later he expanded the scale and thus bought another factory in Vatva. When they started the business, there were only two products. Presently their product line consists of 110 products.

Golden Strategies:

Invest All Earnings in Business:

Mr Shah believed that quality should be the only policy one should take care of, because all other policies will fall in place if quality assurance is maintained. To maintain quality, Mr Shah made thoughtful investments by purchasing efficient machineries, investing in technologies which ensured quality of the product and by ensuring the quality of raw material.

Expansion of the Market:

Mr Shah realized the potential lying in the off-shore markets in the year 2002. He modified the products as per the need of the off-shore markets. The company is having strong export base in Australia, New Zealand, Africa and America.

Being the first Mover:

Ganesh Masalas was the first company in Gujarat to come up with 'instant food' concept. Presently they have a wide range of products in the same category. During one of his visits to rural market he realized that rural population also have demand of quality product, though the buying power may be less. Mr Shah introduced spices in packets of Re1 cost for the rural markets which was a quick success.

Realizing the Need of Potential Customers:

Mr Shah lost no time to grab the potential customers. He realized that hostels and restaurants are volume consumers in spices as well as instant mix, thus he offered a very attractive offers on bulk buying along with ensured quality to these industry buyers. Keeping in mind their volume of consumption, Mr Shah has maintained good relationship with them, not giving any reason to the buyers to think of replacement.

Competition is always Good:

Mr Shah believes firmly that competition is always healthy. Good competition motivates an entrepreneur to improve on his own product. With the increase in competition, Mr Shah realized that only quality is not enough; affordability is equally demanded by the consumers. Ensuring quality and creating affordability for the same product is difficult. But to ensure both, Mr Shah brought in smaller, affordable packets of the product. He focused on raw material purchase procedure and processing procedure to develop cost effectiveness so that the benefit generated can be passed on to the consumers.

He firmly believed that even if profit margins are less, quality has to be build; because quality builds a brand and brand will bring the profits.

Setting Rules for Self and Associates:

Quality Assurance:

The company ensures that the products they manufacture are made as per the ISO Standards. To check the quality of their product range, they have developed a testing unit that helps them keep an eye over the quality of the products. No product is delivered to the client until unless it is quality checked by the industry experts.

No Credits:

With the increase in competition, the channel members realized their increased bargaining power. But Ganesh Masalas never changed their rules and still sticks to the rule of ‘NO CREDITS’ for their channel members.

DISTRIBUTION CHANNEL

Company



Agent



Retailer



Customer

Dedicated ‘Investment in’ Advertisements and Promotional Schemes:

Mr Shah believes that advertisement is always an investment. The company annually spends around 50 to 60 lacs on advertisements. The company gives an opportunity to their potential buyers to check the quality of their product by offering free samples and information pamphlets.

Regular Meetings and Feedbacks:

Mr Shah makes it a point that he meets all the sales team members, right from salesman to the sales head once in a month. He encourages them to discuss all issues and problems openly to reach to a meaning decision. He involves himself and team members in brainstorming activities for ‘Shop Target Activity’ for each month; whereby the company runs promotional campaigns at selected shops for a planned duration. The sales managers are required to meet weekly the top industrial buyers and high selling retailers. It is unsaid responsibility of the sales team to submit DSR (Daily Sales Report) to their supervisors.

Continuous Research

Mr Shah dedicates quality time in analyzing quality aspects from all perspectives; thus studying the innovations happening in packaging, product and offers. Mr Shah ensures that quality check is done when the product is in the factory and when the product moves out of the factory. He quotes one incidence where the company called back the entire stock of ‘Gota’ from the market when they realized that salt was not added to the mixture. Since that incident, he makes sure that the manager randomly selects one packed instant mix and ensures its preparation to check the quality precision before the product leaves the factory premises.

Future Plans:

Mr Paramanand Shah lays future plans of expansion to foreign markets through company's wide range of products. The company also plans to launch new varieties in their ready-to-eat segment as Mr Shah sees a huge opportunity lying ahead in this segment.

Mr Shah mentions very strongly and assertively that below all the expansion plans, their only strong and everlasting policy will be to become quality leaders in this industry. His energy and aspiration to make Harihar Foods Pvt Ltd number one company is the true sign of entrepreneurship.

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