

Viva Automation's Survival: Madan Mohan's Revival Plan

Industry was facing turbulent times and mostly Automotive, Engineering, Steel, Infrastructure, and related industries were under economic slowdown. Business was tough and many companies were laying-off their staff and some were even closing shops. Investments were not forthcoming and no new ventures were being initiated across the sectors.

Viva Automation was also one among the scores of companies that were at crossroads, it had not grown substantially as its turnover was hovering around the ₹4 crore mark for the past 8 years. The management was not sure how to deal with this stagnated situation. The low growth rate had resulted in low morale environ among the employees. Customers were not considering repeating orders to this company. Economic slowdown had struck and survival of the fittest was the watchword of the industry. Management was unable to decide whether to divest from this current business, as the recession loomed large and employee turnover was on the rise.

Viva Automation was involved in the field of Robotics and Automation. The past financial performances of the company were not very satisfactory. Viva Automation saw a string of new leaders and most did not have a strong vision to grow the business in the right direction. The kind of projects executed mainly were those of selling of components used in the robotics and automation industry namely motors, drives, controllers, some automation solutions were provided for cement, steel, textile, automotive industries, and some non-critical mechanical and electronic components were provided by taking up outsourced jobs from these industries. As of 2011–2012 the number of employees in this company was only 25 with diverse skill sets. The direction of business at Viva Automation helped little to develop the skill-sets of their employees to those levels which were required to be able to take up high-end robotics and automation industry projects with exponential returns. The Business Growth Areas in focus too were very diverse and incoherent. Market conditions did not favor big investments in the fields of expertise of the company. Areas which would give immediate Return on Investment were not explored over the past 8 years as the company growth had been stagnated.

This Case Study was written by Vijay Dharmadhikari, DGM Projects, Nicolás Correa S.A. and Dr. P C Basak, Professor, Indira Gandhi National Open University. It is intended to be used as the basis for classroom discussion rather than to illustrate either effective or ineffective handling of a management situation. This is a fictional Case Study prepared from the available public information and authors' independent research. Names, characters, businesses, places, events and incidents quoted in this case study are either the products of the author's imagination or used in a fictitious manner. Any resemblance to actual persons, living or dead, or actual events is purely coincidental.

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Viva Automation did not grow substantially during the period 2003–2011 (Exhibit I). The business captured was also not steady in all the growth areas. There was an exigent requirement to relook at the strategic intent of the company. The business model followed at Viva Automation was quite unique. The project planning was distributed among the employees based on availability of the employees at the time of execution of the project. There were no reviews taken on projects. There were many occasions when employees were shuffled between projects as per convenience of the then leader. Also there were situations when the project leaders were also asked to take up other responsibilities of other projects that were on. Delivery dates were quite often not met affecting customer satisfaction. Customers who repeated did so, on the good will gained due to personal relations with employees and managers. Time and again customer complaints were not attended to on a fast track. Customer problems were not on topmost priority causing many customers to go with the competitors of Viva. There was no after sales service process and no focus was placed on Customer Relationship Management (CRM).

| Exhibit I: Financial Performance of Viva Automation (from April 2003 to March 2011) | | | | | | | | | | |
|--|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------------------|
| Financial Period 2003–11-Sales (in ₹ lakh) | | | | | | | | | | |
| Business Areas | | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | Expected Billing 2011-12 |
| A | Motors, Controllers and Drives | 50 | 60 | 60 | 40 | 75 | 80 | 50 | 70 | 100 |
| B | Mechanical Fixtures & Test Benches for Auto Industry | 50 | 120 | 90 | 80 | – | 60 | 40 | 40 | 50 |
| C | Components used in Robotics and Automation | – | – | – | 25 | – | 45 | 50 | 40 | 50 |
| D | Contract Manufacturing of Automation Projects | – | – | – | – | – | 15 | 10 | – | 10 |
| E | Steel Industry Automation | 50 | 75 | 100 | 100 | 90 | 75 | 65 | 40 | 50 |
| F | Cement Industry Automation | – | – | 50 | 30 | 45 | 85 | 35 | 35 | 50 |
| G | Textile Industry Automation | 100 | 20 | – | 50 | 65 | 40 | – | 20 | 40 |
| TOTAL | | 250 | 275 | 300 | 325 | 275 | 400 | 250 | 245 | 350 |
| Number of Employees | | 12 | 15 | 20 | 25 | 27 | 30 | 25 | 25 | |
| Compiled by the authors | | | | | | | | | | |

During this troubled period, in January 2011, a new dynamic CEO Madan Mohan (Madan) took the reins of the company. He had worked in diverse automation industries in the US and returned back to India after a long stint in the field of Robotics and Automation. He had also managed diverse portfolios like R&D, Manufacturing Engineering, After Sales Service, Customer Relationship Management and Assembly Lines Automation abroad.

Madan took the reins of Viva Automation in his control, when the company was in deep trouble. Several challenges stared at him as he assumed the charge. After discussing with employees and analysing the past trends in the company, Madan was fervently looking for answers to the difficult questions: How to face recessionary trends in the industry? How to come out as clear winners against stiff competition? Is it the time to change its business model? What would it take for Madan to align external pressures with internal processes?

The first step that he wanted to take was to interview all the employees and find out the domain expertise of the current employees and prepare a revolutionary Business Plan 2011–2014 for this company. He studied the current Business Growth Areas in depth and set out to identify other newer Business Growth Areas that

could bring in new business and help the company to grow exponentially. He also chalked out new business model for the company with a revolutionary outsourcing model and aggressive partnering with leaders in the field of interest.

As part of the Business Plan, Madan set out to define a new Vision and Mission for the company.

Vision: To be recognized as leaders in delivering competitive and innovative robotics and automation solutions to diverse set of industries and research establishments

- Mission:**
1. Achieve a turnover of ₹8 crore by financial the year 2011–12
 2. Achieve a turnover of ₹30 crore by the year 2013–14
 3. To be a recognized brand name in the field of Robotics and Automation
 4. Viva Automation's Mission 2014 (Exhibits II, III, IV and V):

| Exhibits II: Business Strategy and Revenue for Viva Automation (in ₹ lakh) | | | |
|--|---------|---------|---------|
| INDUSTRY ↓ | 2011–12 | 2012–13 | 2013–14 |
| ROBOTICS AND AUTOMATION | 800 | 1500 | 3000 |
| <p>BUSINESS STRATEGY FOR 2011–12 TO ACHIEVE REVENUE OF ₹8 CRORE FROM ₹2.5 CRORE FOR VIVA AUTOMATION</p> <p>CONVERGE ALL EFFORTS TO FOCUS THEIR ACTION PLANS TO WORK ONLY ON IDENTIFIED AND TARGETED NEW BUSINESS GROWTH AREAS, TO CONVERT THEM INTO BUSINESS REVENUE IN THE FINANCIAL YEAR 2011–12.</p> <p>As a Business Growth Strategy the Viva Automation planned to focus on the following targeted Business Growth Areas [BGA]:</p> <p>A. Assembly Automation Solutions [AAS] B. Machine Tool Solutions [MTS] C. Turnkey Solutions [TKS] D. Contract Manufacturing Solutions [CMS] E. Standard Products [STP]</p> | | | |
| Compiled by the authors | | | |

| Exhibit III: New Target for 2011–12 (in ₹ lakh) | | | | | |
|--|----------------------------------|-------------------------------------|------------------|--------------------|--------------------------|
| Consolidated Statement | | Planning For Financial Year 2011–12 | | | |
| Target for 2011–12 ₹800 lakh | | | | | |
| Business Growth Areas | | Buying Platform | Working Platform | Marketing Platform | Expected Billing 2011–12 |
| A | Assembly. Automation Solutions | 150 | 100 | 50 | 150 |
| B | Machine Tool Solution | 200 | 100 | 50 | 150 |
| C | Turnkey Solutions | 200 | 100 | 80 | 200 |
| D | Contract Manufacturing Solutions | 500 | 200 | 100 | 200 |
| E | Standard Products | 250 | 100 | – | 250 |
| Total | | 1300 | 600 | 280 | 950 |
| <p>Legend:</p> <p>Buying Platform (BP): Negotiations & Release of Purchase Order</p> <p>Working Platform (WP): Means Scope finalized, commercial offer submitted</p> <p>Marketing Platform (MP): Means Customer describes his requirement, these falls in Viva Automation's scope</p> | | | | | |
| Compiled by the authors | | | | | |

Exhibit IV: Target for 2012-13 (in ₹ lakh)

| Consolidated Statement | | Planning For Financial Year 2012-13 | | | | |
|---|----------------------------------|-------------------------------------|------------------|--------------------|--------------------------|-------|
| Target for 2012-13 ₹1500 lakh | | | | | | |
| Business Growth Areas | | Buying Platform | Working Platform | Marketing Platform | Expected Billing 2012-13 | |
| A | Assembly. Automation Solutions | 600 | 250 | 100 | 250 | |
| B | Machine Tool Solution | 500 | 250 | 100 | 150 | |
| C | Turnkey Solutions | 500 | 200 | 80 | 300 | |
| D | Contract Manufacturing Solutions | 1000 | 500 | 200 | 550 | |
| E | Standard Products | 500 | 200 | 100 | 450 | |
| Total | | 3100 | 1400 | 580 | 1700 | |
| Legend: | | | | | | |
| Buying Platform (BP): Negotiations & Release of Purchase Order | | | | | | |
| Working Platform (WP): Means Scope finalized, commercial offer submitted | | | | | | |
| Marketing Platform (MP): Means Customer describes his requirement, these falls in Viva Automation's scope | | | | | | |
| Staffing | | | | | | |
| MECHANICAL ENG+ASSY+PLNG | | ELECTRONICS+ CONTROLS | MARKETING | PROJECT MANAGERS | OFFICE STAFF | TOTAL |
| 15 | | 10 | 6 | 5 | 3 | 39 |
| Expected Contribution/Employee in 2012-13 = $1700/39 = ₹43.6$ lakh | | | | | | |
| Compiled by the authors | | | | | | |

Exhibit V: Target for 2013-14 (in ₹ lakh)

| Consolidated Statement | | Planning For Financial Year 2013-14 | | | | |
|---|----------------------------------|-------------------------------------|------------------|--------------------|--------------------------|-------|
| Target for 2013-14 ₹3000 lakh | | | | | | |
| Business Growth Areas | | Buying Platform | Working Platform | Marketing Platform | Expected Billing 2013-14 | |
| A | Assembly. Automation Solutions | 1000 | 550 | 185 | 505 | |
| B | Machine Tool Solution | 1000 | 250 | 365 | 545 | |
| C | Turnkey Solutions | 500 | 400 | 200 | 625 | |
| D | Contract Manufacturing Solutions | 800 | 700 | 600 | 1700 | |
| E | Standard Products | 600 | 400 | 300 | 550 | |
| Total | | 3900 | 2300 | 1650 | 3925 | |
| Legend: | | | | | | |
| Buying Platform (BP): Negotiations & Release of Purchase Order | | | | | | |
| Working Platform (WP): Means Scope finalized, commercial offer submitted | | | | | | |
| Marketing Platform (MP): Means Customer describes his requirement, these falls in Viva Automation's scope | | | | | | |
| Staffing | | | | | | |
| MECHANICAL ENG+ASSY+PLNG | | ELECTRONICS+ CONTROLS | MARKETING | PROJECT MANAGERS | OFFICE STAFF | TOTAL |
| 18 | | 12 | 6 | 6 | 3 | 45 |
| Expected Contribution/Employee in 2013-14 = $3925/45 = ₹87.22$ lakh | | | | | | |
| Compiled by the authors | | | | | | |

Domain Expertise

In the last 8 years (2003–2011), the successful execution of some projects in Viva Automation had helped to hone skills in the following domain areas:

- Motion Control Systems
- High-tech Electro Mechanical systems
- Mechanical Test Benches and Fixtures Design & Manufacturing
- Software skills for simple Automation Solutions
- Machine Tool Solutions for Cement, Steel & Textile Industries

To cater to the challenges of the market's diverse state of the art technological requirements the Company channelized its efforts by forging long term partnerships with the following leaders in the industry:

- Peekay Inc. USA – Motion Control Technology
- Queen Technology Co. Ltd., Far East – Motion Products
- Revive Robotics, Europe – Channel Partnership for Robot supplies
- Sator Pvt. Ltd., Pune – Vacuum Technologies
- Techno India Pvt. Ltd., Pune – Packaging Solutions
- Unique Automation Solutions, Europe, Assy Automation solutions and Machine Tool Solutions
- Vanuc Ltd., Nuclear projects
- Welcheck Engineering for Non-Destructive Testing
- Zen Pvt. Ltd. for equipment for Pharma and F&B Industries

Viva Automation continued to work with their current customers on the current Marketing platforms (i.e., those projects that continued fetching orders). These were the projects which also provided funds to some of the other projects. The company also identified those areas where it had to exit out of those markets which were not giving a steady flow of returns and were volatile.

Madan did a detailed analysis of his team's strength and areas of improvements. He arranged for training of the staff to improve on the Domain Expertise of the Viva Automation. He introduced the staff to those areas which were most required in the new scenario of tie-ups with the various partners he had chosen to spearhead into the market with new vigor and focus.

Madan identified five Business Growth Areas (BGAs) based on Scope, Market Trends, Viva Automation's approach and the action plans.

A. Assembly Automation Solutions (AAS)

Assembly line automation means design, manufacture, installation and commissioning of a manual or semi-automatic or fully automated assembly line consisting of assembly test benches, conveyors, machine tools and controls, presses, gauging, robotics, dispensing machines and allied accessories.

Scope:

The scope of assembly line automation covers large automotive assembly lines such as Engine and Transaxle assembly lines, Tie rod assembly lines, Steering mechanism assembly line, Brake assembly lines, etc., which fetch high Business revenues and had very less competition.

Today the scope of assembly lines encompassed automated defence production lines.

Robotic Assembly lines in consumer industries covered end of line solutions mainly covering pick, pack and palletizing applications.

Why choose AAS BGA?

- Over the years Viva Automation developed world class machine manufacturing capabilities having full-fledged machining & assembly sister plants and sub-contractors.
- Viva Automation possessed the Motion Control Technology & had a strong manufacturing base for manufacturing of Electrical/Electronic controls & complete control systems. This foundation laid by Viva Automation with domain expertise in motion controls, creative software controls; conveyor testing played a significant role in successfully executing assembly automation projects.
- Viva Automation's strategic tie up with Unique Automation Solutions, Europe had given us a competitive advantage to execute large assembly automation projects in the automotive industries.
- Viva Automation's solutions using Revive robots for consumer industry are based on standard across the industry requirements for Pharmaceuticals and F&B industries.

Market Trends:

- The Automotive industry in India will experience a high boom reaching over **₹25,000 crore** requirements by the year **2014**.
- The defence spending on capital equipment purchase and assembly automation planned for the 2013–2014 year was over **₹6500 crore**.
- Today there was **₹3500 crore** worth of robots installed mainly in the automotive industries. The estimated **annual market of robots** in India was over **₹1000 crore**.

Viva Automation's Line of Thinking:

- In assembly automation projects various types of technologies were involved & at present there were only a few local players to cater to this market in totality.
- Viva Automation's tie up with Unique Automation Solutions for supply of Total Solution to automotive industry had put them at a definite technological advantage versus their competitors as similar lines were already installed by Unique in Europe, South America and USA. In this business model Unique supplied the design for assembly automation lines for automotive industries. Viva Automation procured components and executed these lines with guidance from Unique, Europe. This model proved out to be competitive in the local market. A perfect example of glocalization.
- Viva Automation made breakthroughs in the Pharma industry by bagging robotic bottle handling lines in a Pharmaceuticals industry. The same Customer had the **potential of over 10 lines**. Similar lines were required for most other pharma companies who had bottle handling requirements.

- Viva Automation was bidding for projects worth over ₹300 lakh in Defence sectors. The same lines were to be repeated in other 18 factories.
- For tapping the pharmaceutical and healthcare industries Company appointed M/s Welcheck Systems as their Business Associate. 'Welcheck' had vast experience of the Pharma and F&B Industries

Action Plans:

- **Unique Automation Solutions, Europe:** It was agreed that **Unique Automation Solutions** will provide the design for the assembly automation lines and execution will be carried out by Viva Automation under guidance from **Unique Automation Solutions**. This way they were cost competitive in the Indian Market and received a positive response from many potential automotive customers for various projects.
- **Defence Assembly Lines:** With their in house expertise, Viva Automation met the customer assembly automation requirements of test benches, machine tools and controls, software solutions, mechanical assembly and assembly presses. Viva Automation identified and entered into strategic alliance with successful partners who had executed similar assembly automation solutions for defence industries.
- **Robotics:**
 - End of line solutions to pharmaceutical and F&B customers were targeted with focus on picking, packing and palletizing applications.
 - Application and Software training on new channel partnership of Robotics company tie ups were arranged
 - Strategic alliance with Techno India Pvt. Ltd., packaging for Edible Oil and Dairy Industries opened new avenues to this growth area

The potential sectors that Viva Automation had chosen in this Business Growth Areas AAS and planned to concentrate included:

- Defence
- Pharmaceuticals
- Food And Beverages
- Consumer
- Automotive
- Engineering

B. Machine Tool Solutions (MTS)

Machine Tool Solutions (Special Purpose Machines) encompassed custom-built machines and their corresponding control systems built as per customer's special needs.

Scope for this BGA Covered:

- Glass Industry
- Textile Industry
- Nuclear Industry Machines
- Medical Diagnosis Machines
- Non-Destructive X-ray Inspection Systems

Why Machine Tool Solution (MTS)?

- Over the last 8–10 years Viva Automation had executed around 35 various types of applications in various industries based on the Motion Control Technology. This had boosted the confidence level of Viva Automation to undertake many kinds of Custom built Control Systems & MTS (SPMs)
- In textile industry Viva Automation had successfully executed over 50 special spooling machines delivered to industry leaders.
- In Nuclear Sector, Viva Automation had provided Machine Tools solutions to a customer for Special difficult to machine tubes machining application
- Viva Automation had successfully executed multiple machines for electronics industry to carry out special milling operations for various applications
- Had supplied to Defence the first indigenous special tube forming machine
- Successfully executed glass grinding machine for glass industry customers

Market Trend:

- Many glass industries were expanding their lines and were expected to invest in 40–50 glass grinding machines (₹20 lakh–₹60 lakh each) in 2011–2014.
- Nuclear industry applications were on a high rise and the demand in this sector was estimated to be over ₹10,000 crore by 2015.
- Medical application of using tele-therapy was increasing in India. The estimated requirement of such machine is 25 numbers per year (₹5,000 lakh per annum).
- A new business growth area in Non-Destructive Testing (NDT) using X-ray equipment was catching momentum in pipe, foundry, tyre, F&B, Pharma industries. The current potential for this business was around ₹600 crore per annum and the demand was increasing at a rate of about 20% every year.

Viva Automation's Line of Thinking:

- Viva Automation decided to cater to customers from identified sectors only for providing machine tool solutions (SPMs)
- Viva Automation leveraged their previous experience in various fields of providing Machine tool Solutions to cater to newer demands of the industry

Action Plan:

- Company had partnered with world renowned companies like **Unique Automation Solutions, Europe** to cater to automotive and aviation industries which was their primary focus business sectors
- Partnering with Welcheck Engineering for manufacturing and distribution of X-ray based NDT machines and custom built SPMs for Saw pipe, Foundry, Defence, Food and Pharmaceuticals industries
- Tied up with a governmental research organization to cater to the market of Medical field machines
- For Glass grinding Viva Automation submitted proposals for 20 machines to one single glass industry

C. Turn-Key Solutions (TKS)

Turn-key referred to a system that was ready for immediate use, generally used in the sale or supply of total solution for a given application.

Scope:

- **Nuclear:** Special mechatronics turnkey projects in the field of Nuclear power generation and others.
- **Engineering Industry:** To be able to provide turnkey solutions to engineering industries lines such as Steel, Cement, Welding, Automotive and Machine tending lines etc.

Why Turnkey Solutions?

- Over the years Viva Automation had developed world class machine manufacturing capabilities having full-fledged machining & assembly shops in their sister concerns and also had developed partners in the field of machining.
- Organizations in nuclear fields were looking for good reliable technology partners to execute the projects in Nuclear Power generation.
- At present there were very few corporates, who worked in very close co-ordination with these organizations & assimilated various technologies to execute the complete projects.

Market Trend:

- **Nuclear Sector**
 - India has set to attain nuclear power capacity of 20,000 MW by 2020. Participation of private sector for manufacturing of components & allied equipment was being encouraged. Total of ₹10,000 crore per annum is the demand by 2015 in this field
- **Engineering**
 - Engineering industries were expanding in a big way and investing substantially into automation.

Viva Automation's Line of Thinking:

- Viva Automation had been already providing turnkey solutions to organizations in nuclear fields
- While interacting at various levels, Viva Automation found that there was an enormous market in this sector for various kinds of mechatronic projects.

- Viva Automation had started interacting with these organizations since last 3 years and started doing business.
- Based on these interactions Viva Automation was already in the execution stage of some of the most prestigious high technology turnkey projects

Action Plan:

- Organized seminars at various potential customer headquarters involving the decision makers
- Participated in relevant exhibitions and conferences organized by potential customers
- On time deliveries and after sales service support was made the watchword of the company
- Participated in the governmental tender process for relevant projects

D. Contract Manufacturing Solutions (CMS)

In a contract manufacturing business model, An OEM – approached the contract manufacturer with a design or formula. The contract manufacturer executes the parts based on processes, labor, tooling, and material costs.

Scope:

The scope of Contract manufacturing covered test benches, nuclear projects for companies who are director sub-contractors to local and global players in the field of power generation, Manufacturing of hi-tech parts for medical equipment, jigs and fixtures used in automotive sector, etc.

Why Contract Manufacturing Solutions?

- Over the years Viva Automation had developed world class machine manufacturing capabilities having full-fledged machining and assembly facilities in their sister plant and had partnered with stable sub-contractors for complex machining.
- The demand for good tier 2 suppliers in the fields of Nuclear and Automotive had seen a quantum rise in the last 2 years

Market Trend:

Nuclear Projects: Vanuc Ltd., had chosen the company as their exclusive partner in providing precision assemblies, control system solutions for nuclear power generation systems. It was providing these services as Tier 1 supplier to foreign nuclear companies. Expected potential was of Over ₹50 crore per annum. Vanuc Ltd., trained the Viva Automation team in safety and regulatory aspects for nuclear applications.

Vision Medical Equipment: These were extensively used in foundry to perform NDT using X-rays. Other field where NDT is popular is Automotive in tyre industry, engineering in pipe industries, Food and Pharma industries. The projected requirement in this field was ₹200 crore per annum.

Viva Automation's Line of Thinking:**Nuclear:**

- Vanuc was becoming a global player by partnering with global big names involved in nuclear power generation field

- By taking up EPC packages from these global leaders, Viva Automation who were exclusive partners of Vanuc, got the first right of refusal to take up execution of specific jobs in Viva Automation's identified domain expertise

Vision Medical: Initially, Viva Automation was to trade on this product built by Welcheck Engineering. After gaining experience, Viva Automation was to begin in phases the manufacture of automation assemblies as required in the relevant projects

Action Plan:

- Built in house capabilities to meet the huge demand of Vanuc Ltd. nuclear requirements
- Worked with Welcheck Engineering to cater to applications in Foundry, Tyre & Pipe industries, F&B and Pharma
- Worked with OEMs in the Automotive industry for executing projects

E. Standard Project (STP)

A standard product was one which could be sold as a catalogued product; it was one that could be used commonly across an identified sector such as Pharma or F&B.

Scope:

The scope of standard products was limited to the following:

- Leaflet Handling System
- Check Weigher
- Batch Weigher
- Robotic Bottle Handling System

Why Standard Products?

- Viva Automation had carried out a detailed industry analysis with focus on Pharmaceutical and F&B, and found that some of the products can be termed as standard and were used by most customers involved in production of Pharma or F&B products.
- The demand for such products is ever increasing and the selling of which did not require much specialization. Customers were also aware of the need for automation in these areas.

Market Trend:

Pharmaceuticals: At an average a medium sized 100% EOU pharma companies required about 20 leaflet handling systems, about 15 bottle handling systems and 15 check weighers. With over 100 EOUs which were untapped in the Indian market the demand for these standard products was huge amounting to over ₹25 crore per annum requirement.

Food Industry: Use of check weighers in this field is mandatory by regulatory authorities. Every food industry requires at an average 5–10 such check weighers and we have over 10,000 such industries across the country. The demand was over ₹500 crore.

Viva Automation's Line of Thinking:

Pharmaceutical:

- 100% EOUs were investing in end of line automation heavily.
- Big names in the pharmaceutical industry had posed confidence in Viva Automation's team to execute the first saleable prototypes of 5 standard products
- With strategic tie up to execute development and first prototype, Viva Automation's team was confident of capturing the market across the country with help from regional offices

Food: Check weigher was under build stage and was likely to be ready for customer inspection in the next few months. As this was a product emphasized by regulatory authorities and numbers of manufacturers were limited and the demand was high.

Action Plan:

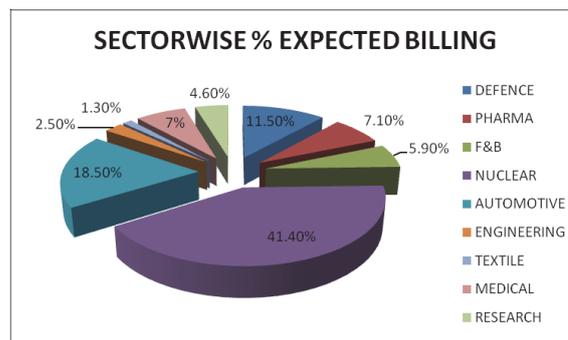
- Built in house capabilities to produce systems in large quantities as per order inflow
- Worked out a working arrangement with Zen Pvt. Ltd., for three of the standard products
- Held Pharma and F&B customer's meet at Viva Automation's premises to display standard products required in the industry which received a very good response

Viva Automation used the concurrent Engineering methodology to meet the time to market requirements. Madan performed a proper Gap analysis to understand the weaknesses of taking up any particular project. The types of projects that required an Enterprise level of management were not taken up. Only those projects that require Task, Project Oriented and Program Oriented Management were taken up (Exhibit VI). He was confident that this would increase the success rate of the company's execution (Exhibit VII) and start meeting the time to market goals successfully.

| | 2011-12 | 2012-13 |
|-------------------------|------------|-------------|
| Defence | 75 | 135 |
| Pharma | 50 | 100 |
| F&B | 200 | 210 |
| Nuclear | 270 | 600 |
| Automotive | 200 | 300 |
| Engineering | 120 | 140 |
| Textile | 10 | 35 |
| Medical | 25 | 100 |
| Research | - | 80 |
| Total | 950 | 1700 |
| Compiled by the authors | | |

Exhibit VII: Sector-wise Distribution and Sector-wise Expected Billing for 2013-14 (in ₹ lakh)

| | 2013-14 | Expected Billing (in%) |
|-------------|---------|------------------------|
| Defence | 450 | 11.50% |
| Pharma | 280 | 7.10% |
| F&B | 235 | 5.90% |
| Nuclear | 1625 | 41.40% |
| Automotive | 730 | 18.50% |
| Engineering | 100 | 2.50% |
| Textile | 50 | 1.30% |
| Medical | 275 | 7% |
| Research | 180 | 4.60% |



Compiled by the authors

Viva Automation

By shifting focus to those potential Business Growth Areas which were involved in those industrial sectors that were least affected by recession like Defence, Pharmaceuticals, Food and Beverages, Nuclear, Textile, Medical, Research, etc., the company ensured that it did not place all its eggs in one basket. Each sector was like a new S curve and focus on these ensured a high probability of success in at least a few of them. Thus, Viva Automation could plan to achieve exponential growth in spite of the economic slow-down.

As can be seen so far the focus of the company was on the factors such as Technology, Quality, Responsiveness, Delivery, Cost and Innovation. These were the clear competitive factors which would make this company a winner against its competitors.

The current scenario vis-a-vis the scenario prior to 2011 clearly indicated a radical shift in the approach to the company's business strategy. However, Madan was in a dilemma should he exit out of business and focus on other greener pastures or should he fight against all odds and take Viva Automation to the next level of growth but there were many hard decisions that had to be taken and he had to find answers to a list of questions to reach a decision:

1. Whether he should exit out of business and focus on other greener pastures?
2. Where should he put his limited resources to come out as a successful winner?
3. What is the expertise he should hire or fire in the wake of economic slowdown?
4. How should he make his business plan execution fool proof?
5. What domain expertise needs to be built vis-a-vis the Identified Universe (potential customers identified for which Viva Automation may be able to cater to their requirements)?
6. How can he gain the competitive advantage for Viva in the ruthless market?
7. How should he handle the social issues of introducing robotics in all sectors?
8. Which is the Growth Share matrix he should frame for Viva?
9. What competitive analysis and focus will put him at par with the industry?
10. What are the major gaps in his company which should be addressed on priority?

Assignment Questions

- I. Using a suitable framework, Can you perform a market landscape and competitor dynamics analysis for the case study in question?
- II. Using the top six competitive factors in this case study how can you perform a simple polar competitor analysis?
- III. How can you derive the strategic alternatives that can take the company ahead of its competitors in the same industry?
- IV. Analyze from the case study whether it is an attractive proposition to invest in this line of Robotics and Automation business?
- V. Can you illustrate the BCG/Growth Share Matrix and GE/McKinsey Matrix to analyze the case study on Viva Automation?
- VI. Can you perform a SWOT analysis for the Viva Automation and draw your conclusion on the result?