**How to improve performance of a region/business unit?**

**A Case Study**

SYZ is a multi national software development company catering to global customers. The senior management has been concerned with the performance of their Strategic business unit based in Chennai India. Though it is powered by a promising workforce and managers, it has not achieved its targeted sales figure in the past 5 years. Further, in the last 2 years it has been incurring losses.

There has been a suggestion from within the organization to close down the unit and absorb select managers into other streams. However, the chairman wants to understand the real causes, to record it as a lesson learnt, before taking any action. Therefore, they sought the expert opinion of Lekrish to unearth the real causes contributing to the failure and recommend the future course of action.

A thorough management audit entailing the inter relationships amongst various functions, people, business policies, pricing and costing methodologies and risk assessment techniques followed within the unit revealed the following weak links within the processes:

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| Sr. No | Weakness | Consequence |
| 1 | The quality of identifying and qualifying prospects needed improvements | Excessive time, effort and money was being spent without any concrete results |
| 2 | The service offerings were not clearly communicated to the target customers | Ambiguity with respect to the cost and benefits of the services offered |
| 3 | The business unit was overstaffed. | Increased overheads |
| 4 | Cost control was not being implemented in a focused manner | Concentration on less material items leading to overall frustration and dissatisfaction |
| 5 | Cash flows were not being effectively managed | Liquidity crisis on a regular basis |
| 6 | Timely MIS was not presented to the management | No exception reports for the management to act on |
| 7 | Poor debt collection system | Liquidity crisis, increased cost of capital employed, cost of dispute management |
| 8 | Poor project management in some critical projects | Slippages in deadlines, credibility loss, increased cost of implementation |
| 9 | Pricing was heavily buffered | Shows poor costing methodologies, becoming uncompetitive |

The conclusion presented to the Chairman was that the unit cannot be deemed as sick or non-performing. However, it would definitely come within the purview of underperforming unit.

Therefore, Lekrish proposed a revised set of procedures, business policies, control points, clear definition of roles and responsibilities and performance monitoring tools. The chairman accepted the valuable recommendations to revamp the underperforming unit and implemented them with immediate effect. The third quarter of management audit showed significant improvements and buoyancy and within 5 quarters the unit started showing signs of profitability.