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CASE 4 – ROUND 1

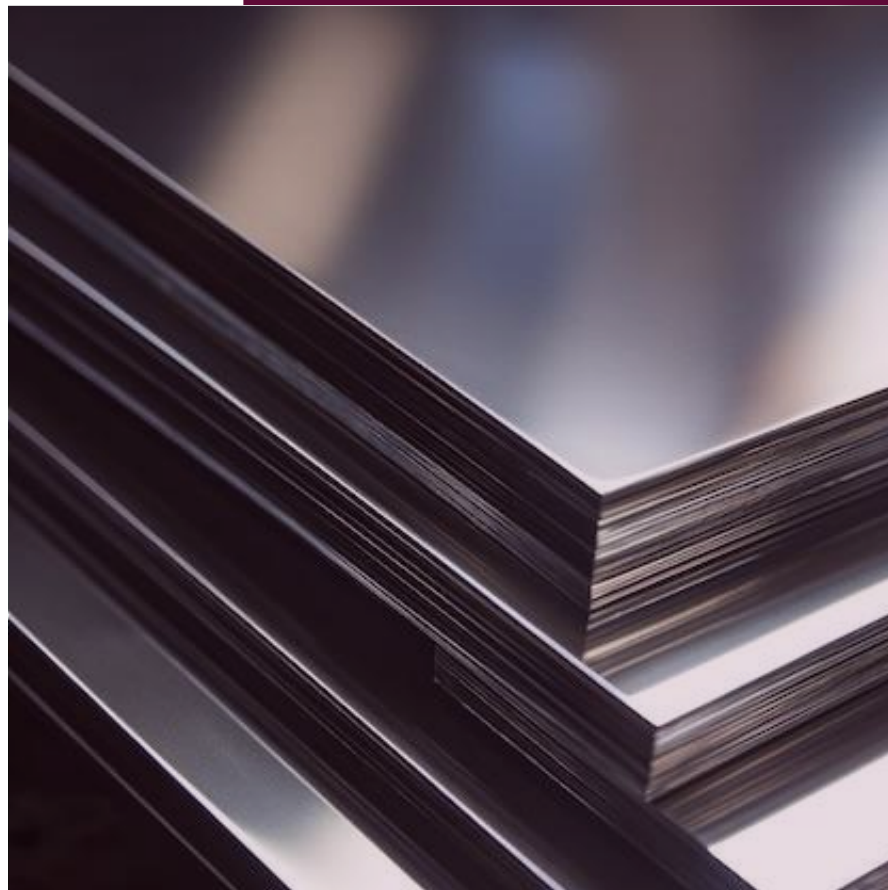
IRON CLAD



Iron Clad is an Indian steel manufacturing company that has a rich history of more than 40 years of operations in India. The company into manufacturing of commodity and specialty grade Stainless Steel Flat Products (SSF) such as plates, sheets, etc. The Company has only 1 Plant in Dahej, Gujarat with a capacity of 3 Lac MTPA. The company's sales channels involve direct customers as well as traders. The company has built a strong brand image among its customers over the last 4 decades and is known in the market as a player focused on "Quality". This brand positioning also resonates well with its customers. Despite the strong brand identity, the sales volumes did not change much through FY23 with the company's sales volumes for SS flat products ranging around 2.1 Lac MT. While the overall market for SS flat products in India has been growing over the last 5 years, the company's share in terms of overall volumes sold has been consistently coming down.

Falling market share of the SS business has been a major concern for the CEO. Also, this performance of the SS business has had an impact on its revenues, with the business barely breaking-even over the last few years.

In 2021, Mr. Jatin Mehta took over as the new CEO of the company after retirement of Mr. Manas Sengupta who was at the helm for 15 years, including a 5-year extension.



At this point, the company's business had been going through a tough time with stagnating sales volumes, and the company had become unprofitable. As a veteran from the Industry, Mr. Jatin very well knew the business and financial situation of the Company. He chose to join the Company because of the very high reputation that the Company had in the Industry for decades, and because he felt that this would be a very challenging assignment as he entered in what he believe would be his last decade as a professional.

Soon after taking over as the CEO, he met with the Sales & Marketing head, the Manufacturing head and the Procurement head of the company in separate meetings to understand their perspective. He believed that any turnaround can only happen with the help of these three functions.

Mr. Anand Joseph, the Sales & Marketing Head has been with the company for about 3 years now. He told Mr. Jatin that he also came with a lot of hope about contributing to the turnaround of the company. But he was very skeptical about the company being able to turnaround. He spoke at length about the many new competitors who have come up in the industry and the fact that the larger competitors have been able to expand in multiple locations allowing them to take away customers from Iron Clad. Mr. Jatin knew all this, but what worried him was Mr. Joseph's point of view that manufacturing is a mess with high conversion cost and overheads, and that their products are no longer competitive in the market. He complained that manufacturing is unable to respond to market requirement with new products, and customer quality complaints is on the rise, and urged Mr. Jatin to focus on these areas.

Mr. Hansa Reddy, the Manufacturing Head is a veteran with the Company, who joined as a GT 30 years back, and has been heading manufacturing for the last 15 years. He started his conversation by tearing into Mr. Joseph's Department. Giving a bit of a history, he shared that till 3 years back he used to also head Sales, and used to have strong connects with the customers and used to be able to run a profitable business. It was when the business was going into a bit of a commodity downturn that the new Department was created by the ex-CEO against his many protests. He claimed that the new Sales & Marketing team does no Marketing, and do not have any connect with customers as they don't go out to meet the customers. He also defended that his operations are very competitive, but the RM sourcing is again a mess with ill-timed purchases after the previous Head of Purchase and his good friend Mr. Sharma retired 3 years back.

Mr. Nischal Dutta, the Head of Purchase had worked under Mr. Sharma for almost 10 years and was elevated 3 year back owing to his exceptional performance. When asked for his point of view, Mr. Nischal welcomes Mr. Jatin to look into the Purchase history, and to compare with the info he may have from his past company. He said there were a few instances of high-cost purchase, but it was owing to Mr. Reddy's ill-management of inventories owing to which last-minute purchase decisions had to be made. He was very critical of Mr. Reddy and mentioned that manufacturing is where the issues lie. He commiserated with Mr. Anand and said that sales & marketing is trying very hard, but not getting any support from Manufacturing, which is key to this business.

Apart from blaming each other, all three also raised issues related to talent acquisition and retention. They all spoke about the company's inability to retain talent due to low compensation. They also complained that critical positions have been open for months, and blamed HR for this situation. Mr. Jatin made a mental note that he needs to speak to the HR Head as well, to understand what is happening.

With so many areas of improvement, Mr. Jatin felt that he needed help if he were to turnaround the company in good time. He picked up the phone to speak to the Partner from Avalon who was deeply involved in his previous company, and who had become a good friend over the years.



Key Deliverables – Round 1

Market Assessment and Hypothesis Development

- **Conduct industry research to understand the current market landscape for SS flat products and how it would evolve over the next 5 years**
- **Develop a hypothesis tree based on your understanding of the case**