

# Tea industry needs to brew a management revamp

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The Indian tea industry has lost much of its earlier sheen. Its profitability index which at one time stood at around 10.4, the highest amongst all industries in India, is now in the negative zone.

Tea consumption is subdued, export is at a 15-year low, price realisation is unremunerative and costs are increasing. There is a dire need to boost tea demand.

The industry's labour costs form 60-65 per cent of the total costs. Wages are determined either by bipartite or tripartite agreements. Prices of other inputs such as fuel, fertiliser, electricity, and port charges are government controlled, leaving no room for manoeuvrability.

Over 50 per cent tea is sold through auction which is yet to establish itself as a proper price discovery system. Industry is witnessing major changes in production, technology, packaging, marketing, etc, which need to be tackled in an efficient manner.

The tea industry must also deftly deal with the fast changing global geopolitical scenario.

Studying the various management principles and applying them to the tea industry is of utmost importance.

Management implies application of skills, techniques and methods in a sequential manner. Some basic functions of management are Planning, Organising, Staffing, Directing and Controlling.

Planning involves determining the organisational objectives and formulation of strategies, policies and programmes. It is concerned with charting out a future direction of organisational activities.

Organising is the process of designing the structure of organisational activities, authority, responsibility, relationships. It provides the framework for managers to perform their tasks.

Staffing gives a human shape to the organisation. Directing is the process of activating plans and programmes by mobilising individual and group efforts. It is the link between planning and performance.

Controlling is the process of regulating the on-going activities of the organisation to ensure that they are in conformity with the plans. To ensure the organisation's success, all these functions are to be considered in their totality.

Tea companies need to identify their long-term quantitative and qualitative goals through corporate strategies. Marketing, sales, profits, financial ratios, etc., are quantitative in nature. Qualitative goal is to be the leader in the market. While translating these goals, companies have to identify broad contours of strategy, investment, and optimum utilisation of all resources.

While maximising profit and revenue, welfare of society should not be ignored.

The management should not get lost in abstractions but look for causal relationships in each micro-managerial setting and adopt appropriate techniques from a system perspective. It is a risk taking, dynamic, creative and in-

novative function. Need for an effective management planning and control system is paramount for the ailing tea industry. Designing the management system for a tea company is not difficult.

It depends upon (a) perception and understanding of both management and labour, (b) effectiveness of different support systems like data processing, inventory control, financial and cost accounts systems, (c) retrieval and transmission facilities, etc.

Proper management system inducts team spirit and collaborative values. A new work culture develops so that openness of the review process does not lead to behavioural tension.

The Indian tea industry is faced with numerous problems of timely availability of inputs, power, labour, capital, low return on investment. These have impacted the tea industry and trade, threatening their sustainability.

A new generation of managers will have to be prepared to meet the increased challenges of the industry.



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