

Food



Featured Article
*OVERCOMING
OPERATIONAL
CHALLENGES IN FAST
FOOD INDUSTRY*



WeChat
**Mr Pourushasp
Mehta**
Communication
Specialist at Red Bull

ABOUT US



OUR VISION

“To nurture thought leaders and practitioners through inventive education”

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

“The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” - Alvin Toffler

At WeSchool, we are deeply inspired by the words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities require a new approach both in terms of thought as well as action. Cross-disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy the mind’s eye needs to be nurtured and differently so.

We school has chosen the ‘design thinking’ approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

MESSAGE FROM THE DIRECTOR

Dear Readers,

It gives me great pride to introduce SAMVAD's edition every month. Our SAMVAD team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone.



Prof. Dr. Uday Salunkhe
Group Director

As we begin a new journey with 2017, I sincerely hope that SAMVAD will reach new heights with the unmatched enthusiasm and talent of the entire team.

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

SAMVAD is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director

FROM THE EDITOR'S DESK

Dear Readers,

Welcome to the October Issue of SAMVAD for the year 2017!

SAMVAD is a platform for “*Inspiring Futuristic Ideas*” and we constantly strive to provide articles that are thought provoking and that add value to your management education.

With courses pertaining to all spheres of management at WeSchool, we too aspire to represent every industry by bringing you different themes every month. We have an audacious goal of becoming the most coveted business magazine for B-school students across the country. To help this dream become a reality we invite articles from all spheres of management giving a holistic view and bridge the gap between industry veterans and students through our WeChat section.

The response to SAMVAD has been overwhelming and the support and appreciation that we have received has truly encouraged and motivated us to work towards bringing out a better magazine every month. We bring to you the October Issue of SAMVAD which revolves around the theme of “**Budget**”.

We hope you read, share and grow with us!

Hope you have a great time reading SAMVAD!

Best Wishes,

Team SAMVAD.

“The difficulty lies not so much in developing new ideas as in escaping old ones.”

John Maynard Keynes.



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WECHAT

Mr Pourushasp Mehta

Communication Specialist at Red Bull

Team SAMVAD

1. Could you please take us through your inspiring journey?

The Journey obviously was not very easy. It started with Jaihind College. I completed BMS and then was working in a financial company where I was not happy with my work as well as my boss.

At that point I got into Entrepreneurship. I worked in a Tech Start Up for 1 and a half year. But then, due to Parents' pressure, society pressure, and having no source of secured income, I took up a job in a destination marketing firm. I got into PR and I continued with the job for 4 years.

After the job experience of 4 years, I thought doing an MBA made sense and I thought Welinkar was a good place for MBA. Welinkar was a great experience for me. During my Campus interviews, I realised that the profile was more important than the money. We had most of the profiles for Sales and the interviews made me realise that I was made for PR. Then I got into a PR Agency and I worked for clients across culture, across retail, and I discovered that my strength lies in Sports PR. I applied to RedBull and since then, it has been a great experience working here. The biggest learning from my journey is that more than money, brand or company, first figure out what profile you want. If the profile is right for you, everything else will follow. Also, let's not look for shortcuts all the time. Get that experience with the right profile

first, you will eventually get into the big brand or the big company.

2. RedBull has a well-established International presence apart from India. How would you differentiate Indian Beverage Market from the rest?

Red Bull is present in around 170 countries. They have penetrated the market in USA, Australia and discovered almost the whole market. India is such a huge market but still is in the nascent stage in comparison to its population. The main target audience lies in the age group of 19-26, trying to capture the Youth. At the same time, RedBull is an aspiring brand, so it'll also go for a 50-year-old who thinks he's young!

The whole marketing and Brand philosophy of RedBull is different from other sports drink brands. Other companies have traditional way of marketing for example the sampling process of RedBull is now being copied by other companies and sports drink. RED BULL is the most shared brand.

Another differentiator is that RedBull focuses only one product while Pepsi and Coke promote a lot of their products. For example, Monster is a part of Coke distribution and Sting is part of Pepsi. So focusing on only one product is a great strategy.

3. Red Bull has a well-established International presence apart from India. How would you differentiate Indian Beverage Market from the rest?

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4. What, in your opinion, are some of the challenges Red Bull in India is facing right now?

There are no challenges as such but Opportunities. We're tapping into 2 tier and 3 tier cities now distribution wise.

Red Bull is also positioned as sport's drink that player's like to drink before a match. So in terms of Brand perception we have been able to achieve what we wanted. And the premium pricing strategy is working too.

5. What, in your opinion, are some of the challenges Red Bull in India is facing right now?

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6. What advice would like to give students wanting to pursue a career in this industry?

First, figure out and understand marketing tools. Then study each and see what interest you.

For example in public relations it is about understanding market and communication to media and stake holders. Red Bull is such a young brand, it targets readers on Quint and Scroll rather than the ones on Bombay Times. Young adults read more Scoopwhoop and BuzzFeed more than the Navbharat Times.

The job market has evolved a lot and includes a lot of news roles like Corporate Communications which did not exist before. So, understand what your specialization is and work towards it.

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the main choices for them to

OPERATIONS

OVERCOMING OPERATIONAL CHALLENGES IN FAST FOOD INDUSTRY

Aalap H Pathak , Symbiosis Institute Of Telecom Management

1. Introduction

Operations in the service sector might be slightly different from the operations in the manufacturing sector which produces a tangible product. Service is the economic activities that typically produce intangible products such as repair and maintenance, government, food and lodging, transportation and insurance services. Foodservice outlets are facilities that serve meals and snacks for immediate consumption on site. In fact, commercial food service establishments accounted for bulk food-away-from-home. This category includes full-service restaurants, fast food outlets, caterers, some cafeterias, and other places that prepare, serve, and sell food to the general public for a profit. There are some characteristics of food service that make it unique compared to the production of other products. This uniqueness influences decisions that are made about production and service delivery. The first characteristic is the demand for food occurs at peak times, around breakfast, lunch, and dinner meals. Between these peak demand times, there are slow times. Secondly, demand for food may vary depending on the time of the year and competitive events, and production must be modified accordingly.

2. Problems

A local family-run restaurant has been used as the subject to study the service operations. It has many franchises that are located at several places in Sarawak, Malaysia. With the increasing number of customers, it is crucial to have an excellent operational performance. The restaurant is highly populated with university students and residents from the nearby housing areas as it is one of

dine there. This problem is obviously shown during peak hours when there are many people who come for lunch. The slow customer service is related to the slow food delivery to the customers' tables and less friendly customer service.

3. Causes of problems

3.1. Management

The insufficient number of staff in this restaurant is one of the major causes of the problem. The workers sometimes can be seen rushing when taking orders from one table to another. At the kitchen, the kitchen staff is working very hard to get the orders processed as fast as possible, but it is hard to do so if there are only a few staff are doing the work. This will affect their work performance and contribute to the slow service. Some workers are not well-trained in their job.

3.2. People

The workers are not alert to their jobs. Customers have to wait for them to take the orders or clean up the table. The workers were lacked moral encouragement from the management staff. Whenever the employees committed mistakes in their work, they rarely gave advice or comment for them to improve their work quality.

3.3. Environment

A positive perception of the atmosphere can produce more positive emotions, which leads to positive beliefs about the restaurant and its services or products. The environment of a restaurant also can be affected by the neighboring shops. Customers need a comfortable, peaceful and clean place to eat. A bigger space for the parking areas is also important for the customers to park their vehicles.

3.4. Equipment / material

Inventory management can help to optimize customer's satisfaction, supplier capability, and production scheduling. Poor inventory management will cause insufficient raw materials for daily operations. Consequently, inefficiency in food preparation can delay the serving time.

3.5. Method / procedure

Slow service was also caused by poor food scheduling. Ideally, a restaurant could have set the time for the chef or assistant chef to prepare food for their customer. If they need five minutes to prepare food for their customer, the workers must try to get and settle the food in five minutes. Some workers in the restaurant follow the principle of 'easy cook easy come'.

4. Suggestions for improving service operations

4.1. Quality function development

Quality function deployment refers to determining what will satisfy the customer and translating those customer desires into target design. There are five customers' wants identified: shorter time for food delivery, fast order taking, good taste of food served, and good dining ambience. The target values are identified and the competitors are also evaluated with these target values.

4.2. Quality management

According to total quality management is the management of an entire organization so that it excels in all aspects of products and services that are important to the customer. The Business Dictionary states that total quality management is a holistic approach to long-term success that views continuous improvement in all aspects of an organization as a process and not as a short-term goal. To achieve and sustain business success, six sigma must have a strategy, a discipline, and a set of tools.

4.3 Human resource management

The human resource management of a restaurant needs to do Person-Job-Fit in selecting individuals who have relevant qualifications to fill in any job vacancies. Research has demonstrated that complete and unambiguous specification of required competencies reduces the influence of racial and gender stereotypes.

4.4. Layout

Planning and executing design and layout must be made meticulously to ensure that the atmospheric and ambience elements in a restaurant become more appealing, attractive, peaceful and comfortable.

4.5. Human resource management

- Staffing strategies
- Training and development
- Ergonomics
- Ethics

4.6. Supply chain management

Supply chain management (SCM) is the management of different types of physical, information and financial flows from the raw

materials to final outcomes in which materials, suppliers, manufacturers, distributors, and customers are working together. The practices that are involved in SCM consist of flows of information that involved in activities such as sourcing and procurement, production, scheduling, ordering, management of inventory, warehousing, distribution process and customers service.

5. Conclusion

Service operations management is essential in the foodservice industry. The restaurants are required to consistently and continuously plan, implement, evaluate and improve on the various aspects of the service operations for optimum customer satisfaction, revisits and positive word-of-mouth. In fact, superior customer service helps in developing good bonding with customers which will lead to a long-term relationship.

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FINANCE

FINANCE TRENDS IN FOOD INDUSTRY

Shreya Vontela & Nitin Govind, Indian Institute Of Management Lucknow

Our conventional economic models are based on the presumption that we are innately logical and rational beings. The choices we make are often those that keep our best interests in mind at all times, unbiased from experience or perceptions of how we see the world and our present state of feeling. But a recent study has refuted a few of these claims and questioned our rationality. Behavioural economics, though not questioning the rationality of individuals, factors in biases and perceptions to the classical models of economics, and helps to explain decisions we make.

From the studies done by Daniel Kahneman and Dan Ariely, we try to understand the choices we make in our food consumption habits through concepts of behavioural economics. We also attempt to understand if these same concepts can be used to counter the habits we have formed. Our effort at understanding the consumption habits will hopefully help the reader get accustomed to a few terms and concepts of behavioural economics.

Overweighting small probabilities: Our actions have consequences. And quite often, these consequences come with degrees of probabilities. Sometimes, we assign a higher level of importance to events which have a lower chance of occurrence, simply overweighting small probabilities. This theory applies to food consumption habits too. When we consume unhealthily, we assume that the food has no or minimal effect on our bodies. Though, scientifically, there is little to prove that more

calorie intake does not result in higher body weight. To fight back this over-weighting effect, we would need to provide incentives and rewards which tip the balance of the benefits back.

Hyperbolic Discounting: We often tend to overvalue short-term losses over long-term losses hence providing a reason that is affecting you currently will give better motivation than a long-term one.

Short-term impatience: Individuals are found to be more impatient when it comes to short-term decisions. There is a loss of the far-sighted goal or objective. The famous Stanford Marshmallow experiment exhibits this behaviour. Applying this to our food consumption habit can explain why we often



Overly optimistic behaviour: We find ourselves thinking “That extra slice isn’t going to add much”. And the thought that follows is “I can lose this in a couple of hours at the gym”. But how many of us actually find ourselves at the gym later, burning away that extra slice.

Here, we become optimistic and naïve about future-self. The ideal situation in your head hardly works out. And this is because when the time actually does arrive, our health concerns are overpowered and we find ourselves committing to the gym at a later time (the next evening perhaps?)

Default bias: Often times, individuals are engaged in the default option which is provided to them. For example, you might have a post-paid mobile phone connection that provides you with a phone insurance by default (with a modest yearly premium). Technically, you would have an option to opt-out of the insurance, but that would involve a phone call to the call centre. But who would do that? You would much rather let the default be. The same would apply when you are out buying food. To tackle it, when you order groceries, it would help to set a default order. The next time you order groceries, you would much rather let the default be rather than alter the (default) order to cater to your sweet tooth.

Loss aversion by pre-commitment: A typical individual tends to prefer avoiding losses to acquiring equal-sized gains. Meaning the utility, we gain from earning a certain amount of money would be way less than the loss of utility we would experience when we lose the same amount of money. Leveraging this human behaviour, we can devise systems for individuals to come into an agreement where they would deposit some money as a challenge to follow a predefined healthy diet, and on failing to do so, the money would go to a particular charity of their choice (or maybe to a charity they despise). A similar approach has been followed by a successful start-up Stickk.com, where user bet on their capability to follow a healthy regimen and it has been observed that most of the ones who succeed are the ones who had higher bets (>\$150).



Projection bias: Never go to a grocery store hungry! Why? Research suggests that if a person is hungry now, then he would presume that he would be hungry in the future too, and therefore shops junk food which could cure his current hunger. So, the individual's decision which affects his future state has been made with a bias from his present state. Later, as expected, he usually finds himself looking confused into the fridge, looking at all the food he bought. We predict the utility of consumption of a good at some point in the future based on the utility that good would give you right now. To avoid projection bias and not deviate from one's long-term goals, a detailed shopping list built over the week would help eliminate the perils of plainly walking into the store and putting what you see into the cart.



Visibility bias: It is commonly observed that we would prefer to buy or consume items which are more visually appealing than others and accessible at all times. Hence it would be a better choice for us to stock up on more healthy alternatives at home rather than pre-processed food. Avoiding the stocking of junk food at home would divert the cravings towards healthy alternatives (which you guessed, is in your fridge at the moment). Packaging sizes and serving dishes can also play a vital role on our quantity of consumption.

Mental Accounting: The age-old method used by our ancestors to manage household expenses. After we set a monthly budget, many

households allocate a certain share to each basket of expenditures such as entertainment, groceries, transportation etc. When the budget in one basket runs out, it's highly unlikely that we borrow money from the other baskets. It is often observed that we reduce the spending in the basket which exceeded the limit. We can apply the same framework to create baskets for vegetables, fruits, oily food etc. Over-allocating targets in the healthy baskets can lead to reduced consumption of the junk food eventually.



All the biases mentioned above are the ones which we fall under each day and they can be attributed to various concepts of behavioural economics. Just by following some simple fixes, we can overcome these biases and follow a healthy life.

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MARKETING

DIGITAL MARKETING TRENDS FOR FOOD BRANDS

Bhawana Mohapatra & Supriya Sarkar , MBA-BM, XIMB

Spending an hour to go to the local shop and getting apples or spending a minute or less and getting the apples at your doorstep!! Now, what would you prefer? “Is that even a question” is what you must be thinking right? But why this obvious choice always, why do we always prefer one over the other. It boils down to only one thing i.e. MARKETING.

Firstly, what is food marketing? Food marketing works in bringing together the consumers and producers in one platform using a chain of marketing activities. Traditionally, Food marketing was a conventional method in the advertising space with one-way communication to approach a larger reach of people which used magazines, billboards, hoardings, print ads, newsletters, promotional brochures, radio ads, flyers, television ads etc. Food brands also started campaigning every product determining the right marketing mix of the 4 P’s (Product, Price, Place, and Promotion) that would best influence the target audience’s purchase decisions. And those ideas and techniques worked great too. For decades, food advertising has attracted fickle consumers through catchy jingles, newspaper campaigns, and special offers. e.g. - Remember how Sunfeast used to market its products using those fantasy world advertisements for kids. How Maggi used to hold campaigns in many schools feeding cooked Maggi to students of the school. Those were some traditional ways of marketing using older techniques like ads, campaigns etc.

Today, however, consumers have started making buying-decisions very differently and with this, strategies that were aimed at impacting this process needed to evolve as well.

Consumers nowadays are exposed to their laptop and phone screens more than they are to traditional media like television, billboards, and newspapers. Perceptions have changed and food and beverage products are no longer viewed as just tasty commodities but as a commodity which had a healthy impact. The ways the food and beverage industries reach consumers are changing. In today’s digital era, a strong digital marketing strategy is indispensable for Food brands.

Digital media is changing the landscape for marketers in strategizing their plans. There are a growing number of consumers who prefer to shop online rather than visiting a physical store. Let’s see in detail the new trends par with Food industry.

i. Content Marketing where the power of relevant and informative content comes into play. They add high-quality content which is visually interesting and focuses on consumer’s needs and interests.

e.g. - How Red Bull does their content marketing over the web around the subject of extreme sports and they have taken this to the extent of even hosting the sporting events.

ii. Strengthening digital presence through Social Media which allows people to interact with their followers by posting videos and photos of events. Major players like Facebook, Youtube and Twitter became a medium for the Food Brands having their own channels to publish video content which includes “how to cook” series and recipe tutorials plus videos on

food trends and industry news. These in-turn help customers have a broader look.

e.g. - BuzzFeed's tasty has more than 94 million Facebook fans now.

iii. Voice Control – This allows cooking meals hands-free without having to continuously consult a recipe card. It also allows consumers to check their previous order status by using simple commands.

iv. Geofencing –It's a location-based marketing which targets customers and triggers a text, email or notification when a customer enters or exit a particular area about nearby bars, restaurant, food spots.

v. Chatbots – Brands are now developing their own apps incorporating AI-powered chat bots where a user can browse any product or can search recipes through emojis and keywords which gives a wonderful user experience.



Fig.1

Source:<https://www.webdesignerdepot.com/2009/10/an-analysis-of-the-amazon-shopping-experience/>

Digitalisation has extended the reach of the food industry to potential consumers in a very effective and innovative way. Not just the reach, the cost inculcated on average to attract one consumer has also gone down tremendously. But over the time, both traditional and digital marketing might fuse together, leveraging the best of both, to bridge the gap between physical and digital, to come up with new, innovative solutions that can allow us to seamlessly connect between offline and online worlds.

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HUMAN RESOURCES

HIGH ACCURACY WITH ABSURDLY LOW TURNOVER RATES FOR A FAST-FOOD CHAIN

Bhawana Mohapatra & Supriya Sarkar , MBA-BM, XIMB

Most of us are hungry to observe the most innovative and creative ways of hiring employees from companies like Google, Microsoft etc. in Silicon Valley. However, in industries like food-chain where frontline employees are accustomed to elementary digital transformation, the talent acquisition strategies tend to be consumed by traditional techniques.

For example [Pal's Sudden Service](#) fast food chain in the US. The chain has 26 positions in northeast Tennessee and southwest Virginia, within 80-mile radius of Tennessee. The place specializes in burgers, chicken sandwiches, hot dogs, fries, shakes with reasonable yet tasty and quality food. Pal's Sudden Service has a well-established reputation for excellence. The HR department ensures that it hires and trains a suitable number of personnel trained in food quality control programs that include regular testing on safety issues.

The most evident difference in customer satisfaction at this place is its fantastic speed and accuracy. Pal's Sudden Service doesn't offer sitting space inside its restaurants. But it follows an excellent takeaway system where customers place their order face-to-face in a drive-away at one side and collect their bag on the other side and drive away. This happens very quickly i.e. at an average of 18 secs at drive-up window and an average of 12 secs at the giveaway window. That is 4 times faster than the 2nd quickest delivery restaurant in the US.

But this place is not only absurdly fast, it is brilliantly accurate as well. Reports say that it

has a probability of mixing the orders once in every 3,600 orders". That is 10 times better than an average fast food joint in the country. This has made Pal's customer's choicest drive-away places and got it [unprecedented levels of customer loyalty](#) by achieving this level of excellence. In 2001, it became the first restaurant to win the respected [Malcolm Baldrige Quality Award](#), which was so far achieved by long-established facilitator companies like Cadillac, FedEx, and Ritz-Carlton. The question arises what special were the employees taught to carry the orders with this precision and haste. The food industry earns its bread and butter by serving people. Hence, there is a regular element of cultural diversity inherent in its makeup. Understanding the variety of cultural and ethnic groups and the knowledge of the laws governing cultural divergence often comes in handy. In addition to that, Pal's, though being a beginner in this area, had a few tricks up its sleeves to leave such a big imprint in the market. This was the level of intelligence, intensity, and approach with which it approached the human side of its business i.e. how it recruited, trained, identified and linked to the marketplace. The CEO Thomas Crosby highlighted that his staff should work like professional athletes with traits such as "smooth" and "fluid". He also emphasized the efforts, training, skill-building, time and cost to achieve the same.

The few learnings from Thomas Crosby's business execution plan are:

1. **The best companies hire for the right attitude and train for the expert skill:**
Pal's food chain employs 1,020 workers

throughout the country, out of which 90% are part-time and 40% are between the age group of 16-19. It has a very structured and fine-tuned recruitment system to evaluate candidates based on a 60-point psychometric survey, underlining competencies of positive attitude and attributes of a star performer. The screening system also characterized stress and agile simulations to predict competencies in uncanny situations on the job. Among the scale, statements were: “For the most part, I am happy with myself.” “I think it is best to trust people you have just met.” “Raising your voice may be one way to get someone to accept your point of view.” The character and credentials also had a relevant marking in the test.

2. **Even highly qualified people constantly require upskilling opportunities and training:** After selection of candidates massive amount of rigorous and effective training, retraining and certification are initiated. Fresh employees get 120 hours of training prior to their validity to work on their own. They must also be certified in each of the specific jobs they do. Following the same, every day on each shift in each of the restaurant location, a computer randomly generates the names of two to four employees to be recertified in one of their jobs, for example, pop quizzes etc. These employees take a quick test to check whether they pass or not. If not, they get retrained for that job before they can do it again. The average employee gets 2 or 3 pop quizzes every month.

CEO Crosby quotes that “**People go out of calibration just like machines go out of calibration**”. So continuous and regular training and coaching is a must in any profession, even more in industries where the customer is time and product sensitive. If one wants to excel, he should be agile, adaptable and willing to learn with time.

3. **Managers and visionaries who hire also have to step in to teach their staff from time to time:** The restaurant has amassed a Master Reading List for all the leaders in the company, which also comprises of **21 books** ranging from timeless classics by Max DePree (*Leadership Is an Art*), to highly technical volumes on quality and lean management.

Every alternate Monday, CEO Crosby invites 5 of his managers from different locations to discuss the learnings and findings of any one of the books on the Master List.

Meanwhile, every day, he also identifies at least one subject to teach to one employee in the company. This is done to identify and create an uninterrupted succession plan for the organization. The CEO aims to spend 10 percent of his time on teaching and to identify a target subject and a target student every day. “All leaders are teachers, whether they realize it or not,” he says. Hence, he has created a formalized teaching culture to teach & learn every day.”

The results of the commitment to hiring smart staff members and training them to specialize in their domains make employees satisfied and encouraged which reflects as a sense of loyalty of its customers. Turnover is absurdly low. In 33 years of its action, it has only seven general managers who left the company voluntarily. Attrition of 7 senior heads at in 33 years! The number says the effectiveness in itself. The Annual turnover amongst assistant managers is 1.4% percent. For front-line employees, turnover is just 33.33% of the industry average.

It is rightly quoted by Benjamin Franklin “An ounce of prevention is worth a pound of cure”. Pal’s Sudden service is definitely a company that spends its time and money in training and has been reaping its benefits for long

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GENERAL MANAGEMENT

IMPACT OF GST ON FOOD INDUSTRY

Subhasish Paramanik & Sreeparna Kanungo , Shailesh J Mehta School of Management, IIT Bombay

WHAT IS GOODS AND SERVICES TAX

Goods and Services Tax is an indirect tax which is levied on the goods and services in India. In this process, GST is applied in each of the production processes, however, all the parties can claim input tax benefits against the tax paid at the earlier instances. It removed various other taxes like VAT & services tax and finally converged on a single tax system. Although GST has been prevalent in various countries for a long time, India is the recent one to adopt it. On July 1st, 2017, India joined a host of other nations to finally come under a single tax regime. It certainly had its own challenges as it is never easy to formulate a single tax system that would cater to the need of more than 1.2 Billion.

A BRIEF INTRODUCTION

The food business in India is a key pillar of the economy, accounting for about 14% of GDP (till December 2015) through manufacturing. The food industry is one of the largest industries in India and ranks fifth in term of production, consumption, and exports. The Indian gourmet food market is currently valued at US\$ 1.3 billion and is growing at a Compound Annual Growth Rate (CAGR) of 20 percent. The Confederation of Indian Industry (CII) estimates that the food processing sectors have the potential to attract as much as US\$ 33

billion of investment over the next 10 years and to generate employment of nine million person-days. Well, that would solve the plaguing unemployment issue to a certain instance. Is the picture truly that rosy?

The food industry is a complex, global collective of diverse businesses that supply most of the food consumed by the world's population. Only subsistence farmers, those who survive on what they grow, and hunter-gatherers can be considered outside the scope of the modern food industry. It has a serious impact on few of the following

1. Agricultural
2. Food processing
3. Wholesale & Food Distribution
4. Food services
5. Grocery
6. Regulation

IMPACT OF GST

For a country like India, where almost 60% of people are below the poverty line, it was a huge risk. Considering that even the minutest of changes had the potential to disrupt the market, it was imperative from the Government's perspective that the daily necessity foods remain as they were. Following incredible brainstorming, Government finally arrived at 5 slabs, 0%, 5%, 12%, 18%, 28%. It was

paramount that the foods like rice, salt, sugar were kept in the minimum segment. Also, it was initially very confusing for the hotel and restaurant business to maintain a balance between profit and customer satisfaction.

The implementation of GST drew widespread appreciation and criticism. While some praised the government for being bold enough to implement this humungous change, some were highly sceptical owing the recent move of Demonetisation. For the retailers, input tax benefit was a gamechanger as it meant they received a refund for the each of the taxes paid for the earlier steps. As everyone in the supply chain started to pass on the benefit, the public was the ultimate beneficiary. It also helped to remove the interstate taxes, which were proving to be a huge barrier in the growth of state's economy.

Sl. No	Item	Rate before GST	Rate after GST
	Milk	0	0
	Vegetable & Fruits	0	0
	Bread	0	0
	Basmati rice	0	0
	Atta	0	0
	Pulses	0	0
	Packaged tea/coffee	10.29	5
	Packaged chicken	9.03	12

	Edible oil	16.82	18
	Masala	9.09	5
	Cornflakes	32.74	18
	Biscuit	25	12
	Mithai	9.03	5
	Bhujia	9.03	12

(Certain products before & after GST)

Similarly, the restaurant business was also affected. Before GST, there was a variety of taxes like VAT, excise, Swacch Bharat was levied, but after GST all the above taxes were subsumed, and a single tax was levied.

GST RATES ON RESTAURANTS

TYPE	GST	CGST	SGST
Under Composition Scheme (Upto 75 Lakh Turnover)	5%	2.5%	2.5%
Non AC (Not Serving Liquor)	12%	6%	6%
Non AC (Serving Liquor)	18%	9%	9%
AC (Serving or Not Serving Liquor)	18%	9%	9%
5 Star	18%	9%	9%

(Tax rates of restaurants after and before GST)

AMENDMENTS TO VARIOUS ITEMS UNDER TAX SLABS

In the 25th GST Council meeting held on 18th Jan 2018, the following food products underwent changes in rates.

1. Reduction from 18% to 12% in sugar boiled confectionary
2. Increase in rice bran from 0% to 5%.

In the 28th GST Council meeting held on 21st July 2018, the following food product underwent a change in rates.

1. Reduction from 5% to nil in Fortified milk.

SCOPE FOR IMPROVEMENT

1. GST Network must be made robust to support the humongous amount of transactions every day.
2. Awareness must be raised among the small-scale retailers to get acquainted with the digital platform, as most of them are not digitally literate.
3. As there are multiple rates being levied at different stages of production process, it becomes cumbersome for the manufactures to determine the tax rates on the end product and this can be solved by applying uniform tax rate.
4. A number of tax slabs can be reduced to simplify the process.

CONCLUSION

Analysing the pros and cons, it is fair to say that the implementation of GST has been a mixed

bag experience for the food industry. Despite few hiccups like the issues in GST network, the lack of awareness among people to understand this change, we must come to terms with few of the short-term implications to help the Government achieve its long-term goal. In the end, implementing GST was always going to be cumbersome, but looking at its impact in long-term, its benefits will always outweigh the short-term burden.

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CALL FOR ARTICLES

We invite articles for the November 2017 Issue of SAMVAD.

The Theme for April month- “**Fashion**”

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

You may also refer to sub-themes on Dare2Compete.

Submission Guidelines:

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
- Cover page should include your name, institute name, course details & contact no.
- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com**. **Deadline for submission of articles: 30th October, 2017**
- Please name your file as: <Your Name>_<title>_<section name e.g. Marketing/Finance>
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“Making steel may be compared to making a chapatti. To make a good chapatti even a golden pin will not work unless the dough is good”
-JRD Tata

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