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UGC, AICTE TO BE REPLACED BY NEW BODY---`HEERA`

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The proposed Higher Education Empowerment Regulation Agency (HEERA) is aimed at eliminating overlaps in jurisdiction and remove irrelevant regulatory provisions in higher technical education. The University Grants Commission (UGC) and All India Council of Technical Education (AICTE) are soon going to be history as the NDA government is mulling replacing them with a single higher education regulator. The proposed Higher Education Empowerment Regulation Agency (HEERA) is aimed at eliminating overlaps in jurisdiction and remove irrelevant regulatory provisions. The Ministry of Human Resource Development in tandem with Niti Aayog is working on the plan of bringing technical as well as non-technical institutions under the same umbrella. A meeting on education chaired by the Prime Minister in March paved the way for the decision to bring this radical change, reported The Economic Times. According to sources, a detailed blueprint of the proposed regulator and its legislation is being chalked out. "Both Niti Aayog and the HRD Ministry officials are working on the plan. It was felt that multiple regulatory bodies led to excessive and restrictive regulation and hence contributed to lack of institutional autonomy," news agency PTI quoted a source as saying. However, the plan to have a single higher education regulator is not a new one but has been recommended by various committees set up by the government.

Another Important news in the area of HTE is that the Union Human Resource Development (HRD) Minister has released the 'India Ranking Report 2017'. In its second year, the government has introduced two new categories — the top 100 best colleges and best education institutes across all disciplines. Started last year, this year too, the Ministry has given the list of the top universities, best management, and engineering and pharmacy colleges. This indigenous ranking framework for higher education institutions is in response to global rankings in which Indian universities and colleges usually do not fare too well.

(Your comments & Views on the above along with your name and email address are welcome on nafenindia@nafenindia.com)

" BRAND DEVELOPMENT: SOME ISSUES"

By Prof R K Gupta, BE (Hons), MBA, FIE, Aravali Institute of Management Jodhpur, (Rajasthan).

BRAND DEVELOPMENT: SOME ISSUES

BACKGROUND

As early as 1960, (Theodore) Ted Levitt of the Harvard Business School prophesied that Brands and Branding will be the essence of competitive advantage in the 21st century. Well, it is the 21st century.

The latest craze in stock-markets around the world (and Mumbai is no exception) is brand valuation. Made popular by Warren Buffet, brands are the hottest properties in today's equity markets. Where manufacturing facilities and plants once commanded high valuations, these have been eclipsed by intangible assets, **particularly brands**. Next comes the **human resource** and at third place, **the R & D**. While advertising and marketing circles knew about the value of brands since time immemorial, financial investors have caught on rather late, courtesy Warren Buffet

In India, stocks like HLL, Nestle, Glaxo and other MNCs command valuation premiums, even compared to other MNCs, while home-grown brands like Dabur and Marico also quote at levels that the Tisco and Grasims of the world cannot match any more.

Why is this? Is Tata Steel or Indian Oil not a brand too? And in any case, why should brands be so popular...is the money earned by non-branded products in **any way inferior?**

Look at this:

"Take one narrow strip of green land. Sandwich it, between a lush mountain range and a sky blue ocean. Now, marinate the whole experience with the salty appeal of verdant backwaters. Sauté in a glorious tropical sun. Now, garnish with fresh whole coconut groves. Add a pinch of exotica with two helpings of history and legend, for flavor. At the right moment, add three drops of brand essence. Call it God's Own Country. Now, serve the entire experience, piping hot, to the waiting world. Let simmer............... "

If Kerala is ranked today among the planet's choicest holiday destinations, it certainly isn't a fluke. For close to two decades now, a global branding campaign has assiduously cultivated the image and identity of India's southernmost West Coast State.

Then again, from Kerala to Keo-Karpin to Kwality's, the name of the game is Branding. And, when it comes to India's all-too-recent brand history, there are very few chronicles to go around.

However, all brands reflect certain attributes - value for money, or quality, or performance, or service. **A brand cannot be built around advertising alone**. There have to be some strong **underlying product characteristics or features**, which then get associated with the brand image. In so many of the cases, the features are subjective (or soft) like taste, lifestyle, fashion, and the associations with the brand cannot easily be replicated by a competitor.

Ultimately a strong brand is one of the most potent competitive weapons available to a company. But hard work is required to sustain the brand recall & brand personality in mind of potential and prospective customers alike. If the brand is built on emotional grounds, more are its chances to stand out in crowd.

But million dollar question today posed before Brand managers is – Do people today really care for the brand? Are there better alternatives to Brand building like low price –high value proposition to customer, highly efficient Supply chain management and strong distribution outlet backbones in case of FMCGs as well as consumer semi/durables?

It is time companies critically examine their overall strategic goals and brand values

vis-à-vis fast changing dynamics of market place. The main question to be addressed is –Do the customers go for Brand vs. Brand decision or simply the value proposition and convenience that may pitch branded and non branded products against each other. It is the brand promise or brand awareness that affect the buying process of consumer?

Great Customer Experiences are an embodiment of the brand.

What is a brand? It's a perception, a view, an opinion. How is that perception built up? By many sources, not least of which is advertising, the way a company behaves and the Customer Experience people enjoy. Your brand makes a promise of what you are going to do. In my experience there is a massive gap between the people who manage the brand in a company and the people involved in the practical delivery of the everyday Customer Experience. Again challenge yourself; do you know what your brand values and brand personality are? Do you know how they manifest themselves in your Customer Experience? If you don't how are you delivering that promise?

Human beings are creatures of habit. If you brush with Colgate, chances are you've been doing so for years. Similarly, if you smoke Wills, it's probably a long standing habit. The tea you drink in the mornings is likely to be the same brand your mother used at home years ago. This relationship with the customer (call it loyalty, or habit) provides the branding power. Chances are that most people would not be able to differentiate between Coke and Pepsi; if they were blindfolded or didn't see the bottles (Several tests in the US have confirmed this). Yet, consumers are fanatical about their favorite cola drinks.

Ultimately, people don't like to change their everyday habits...there is a comfort level associated with doing some things in the same fashion every day. For a company, this provides unprecedented pricing power. Small price increases are passed on very easily to customers without much demand elasticity. In terms of competitive positioning, the customer has very little bargaining power vis-à-vis the company. Buffet likened brands to a toll-bridge, which would take in money forever. He once said, "If you gave me $100 billion, and said take away the leadership of Coca-Cola in the world, I'd give it back to you and say it can't be done". While manufacturing assets can be replicated by pumping in money, the same is not necessarily true for brands, which have to be built up over years.

Since brands work on human habits, it is far easier to brand fast moving consumer goods than other products. For instance, we buy bread, biscuits, toothpaste, soap on a regular basis - several times a month (and hence, these are conducive to habit formation), but durables like TV sets or cars or washing machines are purchased only once in every few years. They are also large (value-wise) purchases and each time, consumers will carefully evaluate the best deals available. Though brands play a role, the loyalty (or habit) factor is very weak. Also, every few years, there is so much change in product sophistication and new categories that old brands tend to disappear, or are unable to match all the products/features provided by all the competitors. In comparison, toothpaste or soap or atta (wheat flour) or ice-cream are unlikely to be made obsolete by technology.

Guidelines for Building Great Brand Experiences

One: Great Customer Experiences as a source of long-term competitive advantage.

Great Customer Experiences create an emotional attachment to a company, and once that emotional bond is created it is difficult to break, and thus can become a long term differentiator.

Two: Great Customer Experiences are created by consistently exceeding Customers physical & emotional expectations

People talk a lot about exceeding Customer expectations and yet in reality many companies don't really know what their Customers' physical and emotional expectations are at each moment of contact. Do you know what Customer expectations are when they call your center? When they first meet your sales people? We advocate the breaking down of the Customer Experience into its constituent parts.

Three: Great Customer Experiences are differentiated by focussing on stimulating planned emotions.

What is the emotion you are trying to evoke in your customers? Do you know? If not, why not? Emotions are the driving force behind all human behavior. The famous Vice President of Marketing for IBM, Buck Rodgers said: "People buy emotionally and then justify with logic".

The reality is that most organisations leave the emotions they are evoking purely to chance. Yet, they would never dream of leaving the delivery of a product to chance!

Four: Great Customer Experiences are enabled through inspirational leadership, an empowering culture and empathetic people who are happy and fulfilled.

We all know that happy people (employees) give you happy Customers. Yet poor management and leadership are ensuring that too many front line people are unhappy and unfulfilled - thus causing unhappy customers. To build a great customer experience you need to employ people who are happy and fulfilled. You should also employ people who are naturally good at evoking the emotion you are trying to deliver. For example if you **have selected trust** as the **emotion you want to evoke in your customers**, then you need to employ people who are naturally good at evoking feelings of trust. "Emotional Intelligence" has been used very successfully in the recruitment of people to generate the emotions the company is trying to evoke.

Your company's culture will also impact the Customer Experience. **If you live in a "blame culture"** your people will do everything by the book and will not take a risk for Customers. Thus, when a customer wants them to do something that is "sensible" but outside the policy they say no. Your Culture affects your Customer Experience and can be measured and aligned.

Five: Great Customer Experiences are designed "Outside In" rather than "Inside Out".

Despite the rhetoric of Customer Centricity, in the main, companies are still internally focused. This manifests itself in what we call "inside out" organisation, processes, systems and attitudes. "Inside Out" defines that a company is more concerned about what is good for them rather than good for the Customer. Experts have proposed "Outside In" as the correct approach. "Outside In" companies build their systems and process around what is good for the customer.

Companies are spending millions of dollars on CRM and yet how are they going to improve the Customer Experience if the Customer Experience hasn't been defined? An inside out approach is imperative to success. True customer centric organisations define their Customer Experience and then shape their systems and processes around them.

Six: Great Customer Experiences are revenue generating and can significantly reduce costs.

From practical knowledge and experience of implementing large change programmes and constructing many business cases, it can be proven that improving your Customer Experience can invariably save you costs. In one illustrative case the company

- increased Customer satisfaction with agents by 36%,
- increased customer facing time by 200% and
- Saved 17% of costs.

Experience shows that too many people believe that improving the Customer Experience will cost money. In many cases it can save money. Here is one simple example - Customer complaints. All the research shows that **if you deal with customer complaints at the first point of contact it is cheaper and improves satisfaction.**

Create fiercely loyal customers

Loyal customers...really loyal...not only buy your brand or visit your restaurant a high percent of the time, they are attitudinally bonded. Customers who are BOTH attitudinally and behaviorally loyal are "core customers"; NPD has published articles with proof from studying hundreds of brands that core customers are retained over time at a 50% higher rate vs. "vulnerable". Core customers also are less deal sensitive, so over time, they pay more and are much more profitable. Furthermore, NPD data proves that a brand's share of core customers has over a 90% correlation with its market share.

Outdo yourself

Having a lot of loyal customers is not enough; every year you need more than you had the year before to create profitable growth. That means that every year, even if you are following the rules for building great brands, you need to outdo yourself. Do just a little better job of targeting key consumers, of meeting their needs by strengthening your offer every year. In other words, the only way to profitably grow brands is to grow your loyal base of consumers and to do that you need to stay ahead of your friendly competitors who are trying to do exactly the same thing, often fighting for the same customers. So that brings us to rule:

Identify and continuously measure your critical attributes for customer loyalty.

I f you plan to manage it, you need to measure it. Conduct research and statistical analysis that tells you what the key drivers are of customer loyalty for your brand. In general these tend to fall into two groups-"cost of entry" attributes, and those that your brand excels at vs. other brands. Almost always, we find that a great brand "owns" certain imagery and that the corresponding image attributes are very salient to its target customer segments.

Here, the six customer-centric steps towards brand loyalty include: Awareness (I have heard of the brand); Consideration (I will think about using the brand); Trial (I will use the brand); Retrial (I will use the brand again); Adoption (I love this brand. This is the only brand I will use) and Recommendation/Referral (I love the brand so much. I tell many others about it).

One important point, though. Several special (snob) brands merely associate with high status or prestige and thus need not offer tangible product superiority to nearest competitors.

Industrial products

This is not to say that industrial products by their very nature and buying process by informed customers cannot be branded.

However, in industrial products, the attributes are more measurable and can therefore be matched by a competitor with a weaker brand but better technical specifications (at a competitive price). Hence branding is transient. Product performance (essentially technology) and service can help differentiate companies and build brands, though it is much harder to sustain brands than it is for consumer goods.

Rules for building Brand

Treat your customers with the utmost respect.
Be a customer-focused brand, but not a customer-led one.
Don't get obsessive about a slogan . It is not there in Microsoft, Vodafone or McDonald's
ESPs are more powerful than USPs in brand building.
A brand needs a seat at the high table
Remember your brand's place in people's lives. Allow the customer to have a major say in how and when he drives the brand relationship. And move from traditional CRM to CMR (customer relationship management to customer-managed relationships). **If your own people don't get it, no one will.**
Brands are primarily what you do, not what you say
Be consistent with your brand's presentation
Stick with it

Brand-building needs to transcend the rational. It is a head-and-heart thing. If there was a logical equation, everyone would be brand leader. However, it's not physics – it is alchemy. Resist the temptation to chop and change. Evolve progress, innovate, grow - but always remember to nurture the brand.

An India Today article on the subject ('Enter the Dragon'), got to the crux of the matter. It said that the difficult choice before the government was who to protect – the Indian manufacturer or the Indian consumer. My position on this is absolutely unambiguous. He who pays the piper must be allowed to call the tune. The consumer is shelling out his hard-earned, scarce money and must be allowed to get the best bang for his buck. The conceptual construct of 'bang for the buck' is 'customer perceived value' from any goods or service, where value is defined as benefit minus cost (V = B-C), where cost is not just the price but the total cost of usage.

The Indian Brands – a review:

So, can Indian brands survive? Only if they deliver a value advantage over the new brands entering the country, either in terms of superior benefit (from the product features or services added on), or better costs or some combination of better or worse benefit and/or cost that makes the arithmetic work in their favor. Is this a likely scenario? My guess is that only a handful of Indian brands will win the customer value battle. In the rest of this article, I want to address two issues – how the Indian consumers process value, and what it takes for Indian brands to have a value advantage and, therefore, survive in the future.

How do customers choose what they want? The broad framework of customer value processing is that customers view any product or service as a composite of two kinds of variables – benefits that add value and costs that diminish value, cost being not just the price tag but all the economic, rational and emotional costs that have to be paid to acquire these benefits. The total value that they perceive from any offer is the net of the value gained from each of these benefits and the value lost as a result of each cost. They examine all the options available to them and process the value they derive from each, and then choose the one that offers the maximum value, i.e. where the 'benefit minus cost' is the highest.

The magnitude of value gained or lost from each benefit/cost depends on the 'value system' that customers have, i.e. how much importance they attach to each benefit/cost. Different consumers have different 'value systems', i.e. what they attach a greater or lesser value to is different for the rich and poor, young and old, city and small town. Having come to a value judgment for all available options, they then choose the one that delivers the maximum net value.

Can an illiterate, poor consumer base really process value? I have trouble dealing with the notion that some ideologues have that poor illiterate consumers cannot process value and are beguiled into buying products that do not deliver value. All consumers, no matter how illiterate, consistently demonstrate that they are capable of processing value. You just need to listen to them do so – they do it in every facet of their lives. Girls are less valuable than boys (lifetime benefit minus lifetime cost), paying off the local goonda has more value than running after the police, and so on. Surely the same consumer base which threw out Indira Gandhi in 1977, when her benefit-cost arithmetic worked out worse than other options, is capable of evaluating bicycles and detergents!

Look at the 'value maturity' the Indian consumer base demonstrated which brought seasoned multinationals to their knees. When the first wave of big name multinational brands came into the country, post 1991, they were value arrogant. They did not believe that their offering would not be received joyfully by an 'underdeveloped, starved for international quality' marketplace. They were proved wrong (leading to the debate about whether the middle class actually exists or not!).

The 'starved for goodies' Indian consumer has been less than enthusiastic about international brands of Scotch, luxury cars, breakfast cereals, American colas, jeans, cosmetics and sun glasses. Top of the line Japanese television brands did not get the same response as did the Korean. The Korean refrigerators, television and cars are winning against Indian brands. Why? Better quality products at comparable prices. The benefit-cost equation gives them a value advantage.

Why didn't breakfast cereals take the Indian market by storm, even though they were launched by an international blue blooded brand, were truly world class in quality, and provided all the nutrition and health benefits along with convenience added to boot? Because the nutrition and health benefits were not demonstrably more than a fat free, cereal based, steamed idli, and the cost per family for a full stomach was a lot more. And to pay that much more for convenience alone didn't gel with consumers.

When Kinetic Honda, the first new generation scooter, was introduced into the Indian market several years ago, it was given a cold reception by customers despite having obviously superior features to good old Bajaj. Research showed that it would not be the first choice of customers even if it were priced at par with Bajaj. Consumers perceived the modern features of Kinetic Honda, not as benefits but potential problems. For example, even the electric start instead of the kick start was seen to be a mixed blessing – consumers believed, based on their dismal experience thus far, that anything electric was usually unreliable, and for such a vital application as starting the scooter, safe was better than sorry.

However, times have changed; consumers have got more experienced, and have rejected the scooter product itself in favor of the motorcycle. Hero Honda looks better, is a motorcycle, works better on rural roads, gives great mileage and is, benefit minus cost equation wise, clearly offering a value advantage. Kinetic Honda, on the other hand, has found its niche as an urban, woman-friendly vehicle, easy to maneuver and drive, and to this set of consumers, is clearly at a value advantage compared to the motorcycle

Let's now look at Indian brands that are blockbuster successes. All of them are clearly winners in the value sweepstakes, arising from a superior understanding of what drives consumer value. Nirma is the epitome of this, and the pioneer of what is now acknowledged as the best way to win in the Indian market – the 'low cost business model'. It created a detergent market 10 times larger than that of the most marketing savvy multinational in India – Hindustan Lever. It provided adequate quality at affordable prices, the genius being in innovatively creating an entire business system that was low cost. Nirma is clearly the pioneer of the high volume, low margin, low cost business system which is perfect for unlocking the potential of the Indian market, profitably – a formula most MNCs just don't 'get'.

Citibank is testing Suvidha, a low price, high service, low cost model with success. The Subhiksha model, the innovative 'popular segment' retail offering in the South, is gaining steadily despite being contrary to western retailing formats

Indian brands which believe in the 'premium' business model, i.e. that only those consumers who can pay high prices deserve to be counted as consumers, are very vulnerable today because the fact is that a lot of so called premium Indian brands do not deliver benefits that are 'premium' enough for the prices they charge. Even if they do, their consumers have the 'money for value' mindset, and would rather pay more for more rather than pay less for less.

It's the V= B-C arithmetic again. A greater B and a greater C can still give a greater V than a smaller B and a smaller C! They have got away with it thus far, in the absence of competition. But where there is competition, especially hardened battle-scarred competition from overseas, they have started collapsing, as has been the experience in the consumer durable sector.

Service brands have the best hope of survival – **as C.K. Prahalad pointed** out in a recent speech, it takes a genius to be able to replicate the **dabbawalla** system of Bombay – world-class and more quality delivered with a modestly educated workforce and cost to consumer of just Rs 250 per month! As he says, if you marry the **dabbawalla and the angadia** with the Internet, you can create a strong rival to FedEx!

Ultimately, strong brands significantly raise the entry barriers for others, more than fixed assets ever can. Most important, brands imply sustainability. Corporate history shows that companies with branded products last longer and are more profitable than those who have been unable to build brands.

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" Critical Issues of Indian Management Education"

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INTRODUCTION:

Management education in India is in the phase of change. The two current developments sweeping India, namely liberalization and globalization, have had a considerable impact on management education.

The management education in India has come a long way. The first Business School in India was Indian Institute of Social Welfare and Business Management, Calcutta, which was established in 1953. The next one being Indian Institute of Management, Calcutta in 1961. Then IIM-A in 1962, Department of Business Administration, Delhi School of Economics in 1966, XLRI in 1966 an so on followed this.

The early 90's saw the boom of founding new management schools, most of them in private sector. In the last three years alone 400 Business Schools came into being. Few Business Schools have also established collaboration with some western Universities.

India management institutions produce over 30,000 full-time MBAs and 10,000 part-time MBAs every year. There is also something called as MBA-Equivalent graduation programs who come out of Distance Education Programs of IGNOU, AIMA, AOU and so on. Even some of the leading business houses are establishing their own business schools. The latest one to enter the field is Kirloskar with a Business School in Karnataka, Reliance, IRMA (Agrl. Ministry).

Today there are over 750 management institutions in the country. This proliferation of Business Schools raises a serious question on the quality of management education. Where will this proliferation leave us? & What will the quality of managers which are produced by these management institutes. This being so, the other side of the story shows the concern for the Business School professors is how to produce good managers with the attributes of increased efficiency and effectiveness, ethics, knowledge, fluency to apply management concepts, theories and tools.

We shall examine the areas of concern, the key issues which the apex institution, AICTE should focus upon in uplifting the management education and making Indian MBA world class.

AREAS OF CONCERN:

The management education system of our country is beset with a host of problems and challenges. The sudden proliferation of management institutions has lead to a considerable decline in the quality of education that is being offered.

In order to install the quality in the management education in India, the AICTE, apex institution in the country and universities should focus on the following issues :

(Continued in Next Issue)

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