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Moderation? CBSE gave up to 11 extra marks in a subject

Source: The Times of India, Friday, 2nd June, 2017

New Delhi: Ordered by the court to restore moderation of marks in Class XII this year, the Central Board of Secondary Education (CBSE) seems to have gone way beyond reasonable limits of the policy while awarding marks. Up to 11 extra marks were given in accountancy, 10 in mathematics and eight each in physics and chemistry, documents accessed by TOI reveal.

This is apart from set-wise moderated marks awarded due to difference in difficulty level and other discrepancies. The spiking of marks, evidently done in anticipation of other boards doing the same, is bound to reopen the moderation debate.

One expert called it "not moderation, but competitive inflation" of marks. Others said such spiking of marks was putting an otherwise progressive policy (moderation) under a cloud, with all education boards getting into competitive mode.

CBSE also gave up to 10 marks as grace for candidates who failed to get qualifying marks.

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

CONGRATS PROF. KATHURIA 2017

The Ministry of Micro Small & Medium Enterprises (MSME), GoI, has launched the "Financial Support to MSMEs in ZED certification scheme" for the benefits of MSMEs during the 12th five year plan. 'ZED' stands for ZERO DEFECT IN MANUFACTURING AND ZERO EFFECT ON THE ENVIRONMENT. The scheme is to prepare the MSMEs of India to create a value chain so that their quality and competitiveness is enhanced over a period of time through the "ZED maturity assessment model (Bronze – Silver – Gold – Diamond – Platinum)". This will ensure that larger enterprises in India will have a ready-made quality conscious vendor base in our country.

Quality Council of India (QCI) is the National monitoring and implementing unit (NMIU) of this scheme and under the guidance and partnership of the Development Commissioner – MSME, a robust "ZED maturity assessment model" has been prepared to give awareness, assessment, rating, handholding, re-assessment and certification of our MSMEs. The scheme has an allocation of a budget of Rs. 491 Crores (including Govt. of India contribution of Rs. 365 Crores). Around 22000 MSMEs will be given financial assistance (subsidy) for opting for ZED assessment and certification. Presently the scheme is being launched for the manufacturing units and will be further extended to service units & defence units. It is a voluntary scheme and the rating provided to MSMEs will be valid for 4 years.

Quality council of India (QCI) has launched a massive drive for the creation of a pool of trained human resources as master trainers, assessors and consultants to help MSMEs for their graduation to higher levels. This is essential for maintaining quality, reliable assessment and handholding.

One of our esteemed fellow members, Prof. P N Kathuria was selected by QCI on All India basis and attended a Master trainers training programme organized by QCI at Delhi during 21-25 March, 2017 and successfully passed the examination. He is now a certified Master trainer for the ZED scheme and is authorized to train other Master trainers, Assessors & Consultants and can also do the desk-top-assessment as well. Our heartiest congratulations to Mr. Kathuria Sir.

Prof. Dr P K Gupta, Secretary General and Chief Editor, NAFEN

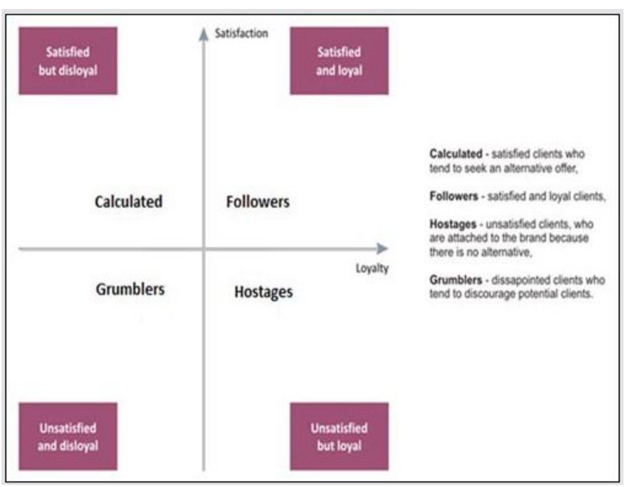
" Satisfied and Loyal Customer - for profitability of every business”

By Satish Kumar Sagadevan, Assistant Professor (Senior Scale), School of Business, Manipal University, Dubai, United Arab Emirates, Madurai

Continued From Last (March-16) Edition

* Customer Complaints: Customer's complaints are the issues and problems reported by the customer to supplier with regards to any specific product or related service. These complaints can be classified under different segments according to the severity and department. If the complaints under a particular segment go high in a specific period of time then the performance of the organization is degrading in that specific area or segment. But if the complaints diminish in a specific period of time then that means the organization is performing well and customer satisfaction level is also higher.

* Customer Communication: It is necessarily required for an organization to interact and communicate with customers on a regular basis to increase customer satisfaction. In these interactions and communications it is required to learn and determine all individual customer needs and respond accordingly. A customer is said to be satisfied if he revisits supplier on regular basis for purchases.



The relationship between customer satisfaction and customer loyalty is shown in this diagram:

Strategies to Increase Customer Satisfaction & Loyalty

Many businesses have evolved over the last decade into a more web-based industry. The result of this transition is that consumers seeking to buy something now have more options than ever before. In turn, businesses are experiencing the challenge of increased competition and, in some cases, less business.

Certainly with repeat business and referrals being the bread and butter for many businesses – and undoubtedly essential to anyone in business – being able to satisfy clients becomes ever more important. Naturally, the more satisfied a client is, the more loyal that person will feel for years to come. It doesn't take expensive gifts to make a client happy either.

Here are few ways to help increase customer satisfaction and create client loyalty.

*** Respond quickly – or at least within a reasonable time frame**

The majority of people these days expect a response back from their inquiry within a reasonable time frame. Whether it would be an email or phone call, a prospect or client, it's important to set up an effective communication system and make time out of busy schedule to respond. It's critical to be available at customers' schedules and not the other way around. By doing so, it proves that companies care about them as a client and will take care of their needs.

*** Ask how clients would like to be responded to**

One way to increase customer satisfaction is to communicate with clients through their preferred method. For online consumers, email is the standard method. This allows them to maintain the anonymous status which is important to online consumers. Even when consumers provide a telephone number, they may be surprised when contacted by phone.

Prepared notes or a list of questions to ensure all points are covered and maximize the time. By contacting people in their preferred method, it will most likely have a better chance of reaching them with that reasonable time frame, communicating effectively and achieving the goals.

*** Create a positive website experience**

Once visitor's lands on website or landing page, only about 10 seconds are available to capture their attention. People will judge site quickly and determine whether they'd like to give the opportunity to earn their business and be their Realtor. With an attractive layout, some photos, contact information clearly laid out on the home page, companies are off to a good start. Providing additional information on website about market area, like neighborhoods, schools, other points of interest, can increase the value of the site. It will become a reason to come back and customers will share about it, too. A blog is an easy and effective tool to communicate with readers. Companies can post market information, daily updates, and any opinions that may help educate visitors.

*** Personalize and customize**

For Internet customer everything should come across customized. The Internet allows people flexibility and anonymity but once they reach out for information, they expect high quality customer service. Templates are an important tool to save time, but never to forget tailor several components to suit client. People are becoming wiser and more Internet-savvy, so they'll be able to see.

*** Think from the customer's point of view**

Buying something is an important and often emotional decision in a person's life. Consumers will generally select companies whom they feel will take care of their needs best. Listen to their requirements and preferences and respond in a way that demonstrates or conveys that company considers them a close acquaintance or friend. Think from the customer's perspective. This simple rule applies to any marketing initiative. Seeing things from the customer's perspective will help keep their experience a positive one.

*** Educate clients.**

Clients Side by side with setting expectations, a common sense to working successfully in challenging markets is to educate clients and to better manage expectations of the customers. Having facts, documentation, news, blogs, etc. will help them understand and validate companies perspective and point of view.

*** Conduct surveys and track results**

Surveys can prove to be a valuable tool and source of information. Companies can set up surveys to go to clients in the beginning of a relationship, in the middle of a longer term transaction period, and/or at the very end when the transaction is finalized. Find out what clients like or dislike about offered services. Analyze their answers to find out what can improve approaches and methodologies. Keep results so that down the road it can be analyze metrics about how business has evolved and have the ability to chart a course of action based on empirical knowledge, not just guess work. Statistics and data will help companies make wiser decisions about business.

*** Make sure your entire team is managing customer satisfaction**

Everyone on in the company should understand that they are part of the customer service "department" regardless of where in the company they work.

*** Listen to what customers are not saying**

Companies have to develop the ability to listen to what customers are not saying and dig through that to get to the truth. If companies only listen to what they say, and don't listen for what they are not saying, then it may lead to false perception that everything is going fine - right up to the minute they take their business elsewhere.

Conclusion

Customer satisfaction matters. It matters not only to the customer, but even more so to the business because it directly impacts a company's bottom line profits. Furthermore, it is one of the most important components of a company's positive brand image. The reason why customer satisfaction directly affects bottom line profitability is quite simple: it costs far less to retain a happy client than it does to find a new client . Businesses that have been successful retaining the business of their loyal clients have shown over time to consistently increase profits from their installed client base.

All these have a cascading effect. Therefore, more profit is generated with more repeating customers and greater customer loyalty.

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" Understanding Working Capital Management"

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As we move from HR Strategy to Strategic HR, there is a growing need felt that people managers of the future are going to be increasingly called upon to understand financial management, information technology and production systems. There is no denying this contention since every manager has to thrive on the cutting edge of global competition in the new world order and the WTO regime. And so his knowledge has to be well rounded. This short paper is based on the authors interaction with the management teacher's fraternity in India ever since 1991 and the experience based conviction that both accountancy and mathematics remains a chimera that the average HR Manager is only too happy to side step. It is a well-documented fact that as more and more senior managers are expected to be multi-skilled and multi-functional it has been observed that H R Managers are the ones usually left behind. They speak of benchmarking but seldom practice it themselves. They talk of funds management but there is invariably a blind spot about this in their mind's eye. Yet assessing the impact of HR interventions and also balancing the training budget needs at least a rudimentary knowledge of working capital management.

On the other hand going through some of the assignments submitted by students specialising in HR at the MBA level convinces me of their abject ignorance of Finance. How can these students ever go in for successful Strategic HR interventions in the corporate world remains a major worry for teachers like us? That is what got us thinking and hence this paper is addressed to these managers in waiting as well. To begin with let the HR Manager (in practice or in waiting) appreciate that the dark and dismal science of economics is certainly not dark neither is it dismal. It is fairly exact and very exciting provided the tools are in the hands of the right craftsman and the teacher knows his subject. We have always opined that people who are ill schooled in this fine subject should have sufficient self-respect and refrain from teaching it. The younger generation deserves this. We shall therefore begin with understanding some Economics (which we consider the jewel in the crown of social sciences) and move through common sense into one aspect of Financial Management (which is a specialisation we consider to be bedrock of all managerial sciences). In both instances mathematics is a language that the craftsman must understand and learn to use judiciously. From a teacher's viewpoint the author's advice to HR Managers (in practice and in waiting) is to get their theory right since once theory is perfected reality would be unable to hold out. Case studies are an excellent tool for teaching a subject provided the theory has been understood. If not, they degenerate into story telling sessions where the mouth starts to function long before the brain is engaged into gear. This paper merely attempts to simplify the theory behind working capital management for HR Managers in particular and non-Finance Managers in general.

Some basic definitions in Economics must first of all be understood.

* Production is the creation of value.
* Consumption is the destruction/conversion of the state of that value.
* Distribution is the process that links the above two.

Some basic premises of the Economic science also need to be cited

* All value is created by labour
* Capital is man made aid to production
* Investment is the process of capital creation.

So you cannot say "I am investing two years of my time and Rs 2 Lakhs as fees in getting an MBA Degree." What you are doing is making a financial outlay in the hope that the piece of paper (Diploma /Degree) that you get at the end of the two-year period can be traded for a job in the labour market. What you get by way of knowledge is abstract commodity and it can well be argued that both the teacher and the taught are partners in the expansion of knowledge. Machinery, goods in process, inventory and buildings on the other hand are capital. Money is not capital. In fact Crowther's famous poem is very helpful to recall at this stage.

Money is a matter of functions four,
A medium, a measure, a standard, a store.

So the question rises as to what is working capital? Imagine a four-legged table with a glass top. This is the euphemistic structure of working capital. The first leg symbolizes cash and bank balances, the second leg symbolizes Inventories, the third leg symbolizes Receivables and the fourth leg symbolizes Investments. The glass top symbolizes the allocation and utilization of scarce available resources so that corporate objectives are met. The tabletop made of brittle glass has to support some very heavy iron weights and to top it all there is a glass of whisky on it. The glass of whisky is stable so long as the four legs are equal and the top is even in surface. If any leg were to be longer than the rest or shorter than them the whisky would spill. If the table were weak and cannot support the weights then also the whole structure would collapse.

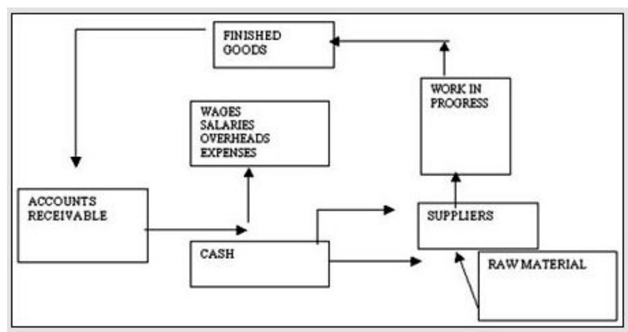
Let us assume that the glass top supports all this weight and in addition your wife brings a heavy steel dish full of grilled chicken. The dish is inordinately heavy so the glass top would shatter. Then you will surely lose the chicken, break the tabletop and more importantly waste the good whisky. To add it all you have to listen to your wife's admonishments.

Now replace the wife with the shareholders and the iron weights with your short-term liabilities. The dish of chicken with additional business you never expected but now has to be financed and which the four legs which stand for your assets would have to support. The glass of whisky is replaced with profits. Now very simply, putting the right weight, having a balanced table and enjoying your whisky and chicken in peace is what working capital management amounts to. Keeping the wife pleased is a bonus.

In short, it boils down to the management of funds in the short term as opposed to managing long-term capital such as shares and debentures.

The HR Manager must appreciate that short-term capital has to be repaid within a short period such as a year so its management is volatile. Working capital is after all the sum total of current assets, which are used to pay back current liabilities and generate profits. The goal of proper working management is to see that the current assets and current liabilities are maintained in such a way that a satisfactory level of working capital is maintained. It relates to funds in the short term or a period normally one year and it is always transformed from cash into other assets and back into cash within a business cycle.

Now let us see what the cash we need has to do with the normal operating time often called the process cycle time. Some types of businesses may have a longer operating cycle and this could be well more than a year or even a decade as in the case of distilleries. Other businesses may have a short operating cycle as a fast food store.



Working capital could be either in terms of gross or net value. Whereas Gross working capital is the total of current assets, Net working capital is the total of current assets minus current liabilities. As a rule of thumb the best possible practice is to see that there is sufficient liquidity to pay back current liabilities without blocking too much funds. The trade off between profitability and risk is the key to working capital management. Anyone working with a fixed training budget would find this easy to understand. Too little working capital increases profit but reduces liquidity, as current assets are more expensive than fixed assets. For instance if a management feels that worker training is a cost they will apportion less funds for it. If on the other hand a management sees it as an investment in manpower, the funds allocated would increase substantially.

If at a point of time the organisation does not have sufficient funds to meet its short-term debts such as creditors and salaries as well as day-to-day expenses it may become technically insolvent. On the other hand, if it is very conservative it will have a surplus of working capital, which will adversely affect profits. So it is easy to appreciate that the ratio of fixed assets to current assets is a good measure of the balance to be maintained.

There is no specific thumb rule. It varies from industry to industry and the nature of business. Some industry norms are given below.

Proportion of current assets to fixed assets

INDUSTRY	**PROPORTION**
HOTELS	**10-20%**
ELECTRITY DISTRIBUTION	**20-30%**
ALUMINIUM & SHIPPING	**30-40%**
IRON STEEL & CHEMICALS	**40-50%**
COTTON TEXTILES	**60-70%**
TRADING	**80-90%**

The ideal mix thus depends on the nature of the industry. Now we shall very briefly take each component of working capital and see what are the best practises adopted by industry in managing them.

Inventory is one of the most important components of working capital and its proper management cannot be under stressed. Fundamentally, inventory consists of raw material, work in progress and finished goods. The proportion of inventories to fixed assets is quite high ranging from 25% to 45% in the manufacturing sector (in cement it is around 25%). Hence inventory management is crucial for all managers irrespective of functional specialization. Since a number of industrial relations disputes in manufacturing industries are linked to production bonus and incentives relating to inventory irrespective of the market need for inventory, the HR Manager must understand this point well. Every member of the organization feels its impact and yet scant respect is paid to it. This is most unfortunate. A serious study of sick companies will support this contention. Hence those managers who are involved with Strategic HR should take note of some of these important criteria for insuring proper management.

1. Maintaining a proper level of stock
2. ABC analysis to control high value items more intensively as compared to low value items.
3. Proper ordering policies.
4. Pricing of raw material work in progress and finished goods.
5. Control over wastage and obsolescence.

Further research by industrial economists sheds light on some practises adopted by various industries, which are shown through extracts from their balance sheets. Let us quickly glance at some of these important indicators.

Accounts receivable: This also forms an important part of working capital and depends on the credit policy adopted by the firm namely

1. How much credit to be given
2. For how long is it given
3. Discounts for early payment
4. Collection and recovery efforts

Cash management: This as mentioned is the most liquid of all assets and is required to

1. Meet day to day expenses
2. As a hedge against uncertainties.

Too much cash is not good nor is having too little a healthy practice. Good companies usually have a practise to plant surplus cash in risk free securities or inter company deposits. On the other hand, companies with a deficit tend to borrow at a high rate of interest indicating a lack of planning. A sudden surge in business may spur the need of working capital and this may also require additional interest to be paid and again planning is important.

The key to all management and especially working capital management is to plan your work and then work to your plan. This also is an important aspect of working capital management and good companies have the practise of planning their needs well in advance.

Here is piece of advice to all those colleagues within the HR fraternity. The next time your wife makes chicken and you invite your colleagues over to your house for dinner and drinks, please remember that this is all about working capital management. If they have a fun time you are a damned good manager. If someone drops the glass or breaks your table or slips and breaks his head then you know what to think of your self.

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Through e-mail: nafenindia@nafenindia.com preferably in M.S. Word.

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