knowledge relevant for the emerging market contexts as that of India.

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An Integrative Perspective on the Stages Model of Turnaround: The Tribeni Case Study

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ABSTRACT

In this article, we revisit the stages model of turnaround. The received models identify four stages in the synoptic process of turnaround: decline, response initiation, transition, and outcome. We highlight the need to add performative analysis to better understand the managerial challenges of turnaround. Using a combination of the synoptic and performative approaches, we investigate the process of turnaround at Tribeni Tissues – now part of ITC – over a more than ten years period. We show that instead of a stylized response initiation-transition-outcome sequence, a turnaround process – especially in the contexts of emerging resource scarce market – may be characterized by successive response initiation-transition-outcome sequences that build on the prior milestones. This performative process operates to redefine and align the culture of the organization so that it is on course for enacting new visions with a committed cast. The implications of the findings for the theory of turnaround and for the managers are identified.

INTRODUCTION

Our existing understanding of organizational change and turnaround is guided by two contrasting paradigms of organizational ontologies (Butler, Scott, & Edwards, 2003). The first paradigm of organizational ontology is that of Isaac Newton, that holds that organizations remain in motion with the same speed and in the same direction, unless some external force acts to change their motion. It predicts that the change in the motion of the organization would be equivalent to the amount of the external force. Newtonian ontology assumes that the organizations are like fixable machines. Any crisis that may occur would result from changes in the external environment. Epistemologically, the onus for turnaround lies exclusively with the leaders, usually brought from outside.

A contrasting paradigm is that of complexity theory, which holds that the organizational motion is unpredictable, and subject to continual and discontinuous change. It predicts that the change would be sensitive to the founding conditions, and the organization would self-organize itself over time through an ongoing learning process. Any crisis would be a function of the internal capabilities and learning of the organization. Epistemologically, the turnaround process draws from the contributions of the organizational participants, and is guided by the social construction about the models for learning, working, and interacting with the environment.

A significant body of literature has examined organizational decline using a Newtonian lens, focusing primarily on the content of turnaround strategies (Schendel, Patton & Riggs, 1976; Pant, 1991). This literature underlines specific turnaround strategies that account for superior performance outcomes, and the influence of specific contextual factors on the degree of turnaround success. An increasingly prominent stream has also investigated the process of turnaround using a complexity lens, tracing how things change over time and why they change this way from the onset of a firm's decline to its eventual recovery or demise (Van de Ven & Huber, 1990). Stage theory is one of the most popular approaches for investigating the turnaround process from a complexity perspective (Weitzel & Jonsson, 1989). The stage theory draws on embryology, and investigates how each prior stage serves as the platform on which the subsequent stage rests. Research shows that the interactions between a firm's external context – including the economic, social, and competitive landscape in which a firm is embedded—and internal context – comprising of the inter-related

structural, cultural and political environments –shape elements of the content and process of stage development (Pettigrew, 1992).

Conventional models of stage theory have relied on synoptic accounts of organizational change (Tsoukas & Chia, 2002). In the conventional stage models, the organization that undergoes change is shown to have distinct states at different points in time. The analysis offers only snapshots of key dimensions of organizations at different periods of time, along with explanations for the trajectories these organizations followed. However, it is important to integrate insights gained from direct acquaintance to apprehend the distinguishing characteristics of the change process (James, 1909). Both direct knowledge (performative accounts) as well as conceptual knowledge (synoptic accounts) complement each other (Feldman & Pentland, 2003).

In this paper, we revisit a stage model derived from synoptic analysis, and show how the model can be enriched through a complementary performative analysis. The major stages of Chawdhury's (2002) turnaround process model include organizational decline, response initiation, transition, and outcome. In the original model, the four stages are identifiable by a discontinuity an organization faces at the onset of each respective stage. Here, we articulate the relevance of an interview-based case approach and a clear recognition of the cultural conditions for understanding the performative dimension of the turnaround process.

Our findings suggest that the cultural conditions form the basis for a continuity of a higher order, even as the organization in different stages of the turnaround process appears to face a discontinuity relative to the prior and the subsequent stages. This continuity in the cultural conditions also enables to predict the broad, overall pattern of the events that are likely to create organizational decline, and result in a positive turnaround outcome. Thus, the worldview of the complexity theory that the organizational development is discontinuous and unpredictable is not supported by our analysis. Moreover, at a higher order of investigation, we also preclude the role of self-organizing tendencies as the dominant force in the response initiation, transition, and turnaround outcomes.

While we find limited support for the chaotic and unpredictable discontinuities predicted by the complexity theory, our findings do support some elements of the Newtonian paradigm. Specifically, the cultural conditions of the organization persisted, until the leadership initiated a change. However, the outcomes of the leadership initiatives were not consistent with the Newtonian paradigm. Rather, the specific events in different lower-order stages played a critical role in shaping the corporate-level readiness and the individual- and group-level attitudes for a new organizational system. The role of these events was not independent of their temporal ordering – for instance, it is quite unlikely that the individual and group-level attitudes towards a new organizational system would have been positive, if the leadership initiatives had occurred before the onset of the organizational decline. We suggest a need for drawing from both the Newtonian paradigm as well as the Complexity paradigm for developing a robust understanding of organizational decline, change, and turnaround. In addition, there is a need to embed such conjoined analysis in an appropriate and deep understanding of the cultural conditions, so that the organizational functioning is interpreted in terms of neither a linear, mechanistic model, nor an unpredictable, discontinuous model. The higher order reality appears to be non-linear, yet predictable. This is good news for the practicing managers - especially in the resource scarce emerging market landscapes - as our findings suggest that a basic understanding of the cultural conditions can help them manage transformations more effectively and confidently.

Theoretical Background

Chawdhury (2002) identifies a four-stages model to account for the turnaround process: decline, response initiation, transition, and outcome. During the first stage, firm or industry equilibrium gives way to a nadir. During the second stage, the nadir propels management into a corrective mode. During the third stage, strategy, structure, culture, technology, and human factors conjoin to bring about a complex transition. The fourth stage shows the outcome of the interactions taking place in the third stage, which can be interpreted either as a failure or a success. The generative mechanisms within each stage are elaborated below.

Decline Stage:

Two contrasting perspectives on the sources of decline exist: external focused and internal focused. The external focused perspective, termed 'k-extinction' by Wilson (1980), emphasizes shrinking or shifting in

size or munificence of a landscape inhabited by a population of firms to which a firm facing performance decline belongs. The exhaustion of the carrying capacity of the landscape results in a depleted resource pool and intense inter-firm rivalry for all the constituent members of the landscape. The internal focused perspective, termed 'r-extinction' by Wilson (1980), focuses on the reduction of resources within an organization, even when the environment is otherwise stable or growing, because of some crisis of organization (Greiner, 1972).

Response Initiation Stage:

Turnaround responses may be expected to be congruent with the cause of an organization's decline, and may be classified as either strategic or operating (Hofer, 1980; Schendel et al, 1976). When the decline emanates from structural shifts in the market at the level of the organizational field, the appropriate response may be strategic. Strategic turnarounds focus on adjusting the domain the firm is currently focused on, and involve substantive, future oriented moves such as market penetration initiatives, diversification, vertical integration, and divestment. In the context of single business firms, options may include significant capital infusions. On the other hand, when the decline derives from internal inefficiency, operating interventions are needed. Operating turnarounds focus on adjusting the way the firm conducts its business, and involve tactical, short-term moves such as cost cutting, enhanced employee productivity, and asset conservation using new technology and methods (Hofer, 1980; Schendel et al, 1976).

Transition Stage:

The results of turnaround strategies show up after a significant amount of time. Schendel et al. (1976) estimate the transition time to average 7.7 years, with a range of 4 to 16 years. Research suggests a common set of "substantive levers" must underline the process of implementation for a turnaround strategy to be successful (Hoffman, 1989). These levers include both soft and hard factors, and inter-related human capabilities and organizational properties. The experience and leadership qualities of the top mangers interact jointly with the skills and behaviors of the employees, and culture, structure, and governance of the organization (Chawdhury, 2002).

Outcome Stage:

An appreciable amount of time lag may exist for the improvement being reflected on different outcome measures, such as market share, growth, and profitability. So a series of measures that captures different dimensions of performance gives a better assessment of the speed and depth of recovery or failure, and the influence of different causative forces therein (Chawdhury, 2002).

Limitations of Chawdhary's Stage Model

Chawdhury's stage model offers a synoptic view of the turnaround – different stages are discontinuous from one another, and are only loosely connected to each other. The broader cultural milieu of the organization that pre-dates, unifies, and is transformed by the entire four-stage turnaround process is not recognized as a central element. Instead, cultural elements are interpreted as levers that are relevant only to the transitional phase, and that mediate the response initiation and outcome phase. The effect of culture on the emergence of crisis and the initiation of response is largely ignored. Furthermore, the classification of stages is rather simplistic and linear, and thus denies the ability of the agents to jump from one stage to another, or to invent new heuristics and directions. An additional limitation is related to the research methodology. Chawdhury's analysis was reconstructed from the part of an autobiography, without a systematic and chronological record of the key incidents – in particular those related to the influences of "an organization's business philosophy or its established culture and values".

METHODOLOGY

With a view to overcome the limitations of the synoptic stage model, we decided to rely on an interview-based case methodology. We put a special emphasis on conducting a performative analysis of the events critical to each stage of the turnaround process. A synoptic or ostensive account is a schematic process – the abstract, generalized idea of the process, or the process in principle (Feldman & Pentland, 2003). On the other hand, the performative aspect of the process consists of specific actions, by specific people, in specific places and times. The performative aspect is inherently improvisational - just as musical improvisation involves tuning to what others are playing, improvisation in turnaround process

involves attending to the actions taken by relevant others and the details of the changing situation.

To guide our performative analysis, we relied on the congruence method for a rigorous case study. In the "congruence" method, a formal or informal theory is used to make predictions regarding the outcome of the dependent variable, given the value of the independent variable relevant to the case (Yin, 1994). Thereafter, a causal relationship is inferred if the outcome is consistent with the prediction. For greater confidence, the inference needs to be triangulated using "process tracing," i.e. by identifying a causal sequence that clarifies how the independent variables contribute to the outcome of the dependent variable (Bennett & George, 2001). Selection of an appropriate case to study is critical to the generalizability of the findings. Mitchell (1984: 239) suggests using not a "typical" case, but rather a "telling" case, that allows uncovering one or more missing steps in a causative relationship, through a combination of intense observation and theoretical arbitrage (Rescher, 1970: 15), and thus contributes to theory reformulation and development.

In this paper, we studied the case of Tribeni Tissues – a specialty paper firm whose core business lay in cigarette tissues. Tribeni had a very traditional culture, with huge antagonism between the management and the unions. It had prospered historically because of a captive customer, and protected market. Both internal as well as external factors conjoined together to accentuate the performance decline when the Government of India liberalized the market in 1991. Thus, the turnaround strategies were more complex than usual, and the transition phase was on a longer side – more than 10 years to be precise.

To improve the construct validity, we obtained relevant information for the case from multiple sources (Yin, 1994). Thus, apart from consulting the available secondary data (viz. printed documents like organizational chart, flow chart depicting the paper making process used at the plant, details of man-power over the years, copies of long term agreements, and financial data), several employees including the CEO, Vice President (H.R. & Administration), Senior Managers, Plant-in-charge, and other staff and workers in both the Plant and the Head Office, were interviewed. We also administered structured surveys to assess change priorities of the CEO, and perception of the top managers regarding the CEO.

Stage 0: Pre-conditions of Crisis Stage

The origins of the crisis are partly associated with the founding conditions of any organization (Stinchcombe, 1965). The history of Tribeni Tissues goes back to the time of India's independence. Under the British rule, several "Agency Houses" had been established in the state of West Bengal with a role of offering professional management expertise for a variety of enterprises. One of such agency houses, Balmer Lawrie & Co., founded in 1867, persuaded British American Tobacco (BAT), the international tobacco giant, to start a tissue paper mill for manufacturing of the cigarette tissues in 1947.

As the managing agent, Balmer Lawrie arranged an attractive site for the mill, named Tribeni Tissues Ltd., by the side of the river Hooghly in the state of West Bengal. In those days, the river Hooghly offered good water transportation through barges for both raw materials, viz. hemp and jute, as well as the finished paper. Tribeni built its own Jetty for the purpose of loading and unloading. The river also supplied the huge water requirement for the mill. Besides, the site was only 70 kilometers away from the city of Kolkata. Kolkata boasted of a thriving commercial port, and the presence of an important customer: the leading cigarette manufacturer, Imperial Tobacco Company (ITC) –a subsidiary of BAT. Tribeni started operations in 1950, with two paper machines and a pulp mill. To cushion against the erratic supply of power in the state, Tribeni established a captive power plant of its own, which produced as much as 70 percent of its power requirements. Moreover, since Tribeni was situated some distance away from the city and the road linkages were quite bad, the plant site was developed into a township complex. The township included accommodation for the people working at the plant, and provided for all the needs of the occupants — from replacing a fused electric bulb to maintaining sewerage and drainage system. The township was beautifully maintained, with scores of plants and saplings.

With a captive consumer in ITC, Tribeni enjoyed a flourishing business. During 1950's, Tribeni was the sole supplier of cigarette tissues in India, and enjoyed a near total monopoly – thus it was flooded with orders from all the leading cigarette-manufacturing companies. The Government of India followed a closed-door industrial policy, with a high import duty, which restricted the entry of the foreign competitors. Yet, the domestic capacity was not sufficient to meet the domestic demand, so about 10

percent shortfall had still to be met by imports. Under such a sellers' market, the emphasis at Tribeni was on supplying orders and expanding the production capacity. Quality and cost were largely a non-issue at the time.

In 1961, the BAT Group adopted a strategy of diversification, and took a strategic stake in the London-based Wiggins & Teape. The ownership of Tribeni was transferred to Wiggns & Teape – a specialty paper manufacturer with a long history. Under Wiggins & Teape guidance, during the late 1960s and 1970s, Tribeni diversified into several other specialty papers, customized to the needs of specific customers.

During the 1950s, Tribeni used two paper machines to make cigarette tissue paper. These paper machines were primitive, with up to 60 percent rejection rate, against the international standard of 18 percent. Because of continuing low productivity, technical problems, and increasing difficulties in maintenance, the second paper machine was eventually de-commissioned. In the late 1960s, a third paper machine was installed to make décor paper, laminates and various cigarette components such as filter and plug wrap. In 1975, a fourth paper machine was commissioned primarily to augment the production of cigarette tissue, but was later used for various diversified products, including carbonizing tissues and other specialty papers.

The first step in the paper production process is the selection of raw material. The various quality parameters of paper, such as stretchability, stiffness, tear capacity, and thickness, depend critically on the raw material used. Though the most common raw material for paper is wood pulp across the globe, Tribeni relied primarily on hemp, which gave its paper high strength and a high tensile quality. The use of hemp also allowed Tribeni to get fiscal incentives from the government for the use of unconventional raw materials for producing paper. In the late 1970s, the non-availability of hemp led Tribeni to use jute, which was more expensive, and also produced an inferior quality of paper, particularly in terms of brightness.

At the outset, the workforce at Tribeni comprised mostly the retrenched workers from the Bengal Paper Mills, which had a history of poor industrial relations. Not surprisingly, as early as in 1950, Tribeni suffered from its first disruption of work, as its workers called a strike. Amidst a high degree of labor activism at the political level in the state, Tribeni was forced to give preference to the "son of the soil" – i.e. local workforce, and had to offer employment to the next generation of the workers. Despite the employment opportunity over generations, the attitudes of the people were not too loyal to the organization. The tendency, as later described by the present Vice President (Human Resource Development), Ashok Dutt, was ***the consumerists' attitude*** — '*to eat the good things off from the organization',* that is to say, to use whatever the organization could offer and a concern for own personal benefits only without any heed to the organization's sustainability. During the 1970s, trade union leaders engaged in a number of violent incidents, and the membership to the dominant union was forced on the workers at Tribeni. The new workers were taken for a 'conducted tour' to see the spots of violence and to get their unquestioned obedience to the union leaders. A fear psychosis gripped the place, with the management unable to confront the union leaders on even the most legitimate issues.

In 1990, BAT divested the operations of Wiggins & Teape, and transferred the ownership of Tribeni to ITC. ITC had been in the paper business since 1979, when it had promoted ITC Bhadrachalam Paperboards Limited, which had gone to become a market leader in India. Also, being the primary customer for Tribeni, ITC saw the opportunity to take over Tribeni as a logical and necessary vertical integration. The merged entity was renamed Tribeni Tissues Division, and adopted the following grand mission: 'We are in the business of satisfying needs of customer specific paper products of high technology executed through innovation, technological and marketing excellence and cost effectiveness …'. ITC intended to position Tribeni Tissues Division as a leader in the domestic market, and in the neighboring countries in South Asia subcontinent, Middle East, Africa, and Central and Southeast Asia. The management had probably rightly claimed that its 33,000 tons state of the art mill was the '*only such mill between Turkey and Philippines.'*

Summary: In summary, despite the optimism of ITC, several crisis pre-conditions existed at Tribeni. These pre-conditions included all the important aspects of an organization, viz. technological (primitive machinery and high wastage), resource (scarce raw materials and use of inferior materials), organizational (frequent change in management over its lifetime, starting with the low initial commitment of Balmer Lawrie which was interested in maximizing its agency commission, to subsequent dependence on the resources of Wiggins & Teape, and aggressive global vision of ITC), human (poor industrial relations and low worker loyalty), and regulatory (protected markets) sides of the particular organization.

Stage 1: Crisis and Decline Stage

In 1991, just as Tribeni was trying to come to terms with the new corporate directives under ITC, the Government of India decided to liberalize the economy and dismantle its protectionist regime that had barred imports and global competition. Since the late 1980s, the paper industry in India was already facing an over-supply situation and depressed prices, and the trend accelerated during the early 1990s. Firms such as Pamwi Tissues and Ballarpur Industries entered in the arena of the production of cigarette tissues – the traditional cash cow for Tribeni. Moreover, there was an excess capacity in the world market. With the onset of economic liberalization, the import duty tariff on paper was brought down significantly, thus flooding the market with better quality paper at cheaper rate from the international players. The Indian paper industry was at a disadvantage because, in absence of a reforestation and conservation policy, suitable raw materials were in diminished supply. With limited emphasis on R&D, innovation and product development, Tribeni was ill equipped to meet the requirements of its local as well as overseas customers. With a wider variety to choose from, Tribeni's customers became more and more demanding and were now asking for additional quality specifications such as burning rate and porosity. Further, though Tribeni was already conducting business in Nepal and Bangaldesh, to penetrate other international markets, a significant improvement in the product quality was required. In fact, for some of the premier products aimed at international market, that require a particularly high quality paper, ITC itself had started procuring cigarette tissue papers from other global players – particularly those from China – at a competitive price.

Summary: In summary, both internal and external factors worked together to precipitate performance decline at Tribeni; the situation deteriorated rapidly due to conjoining influence of the crisis pre-conditions.

Stage 2: Response Initiation Stage

To meet the challenges of the turbulent times, ITC appointed Rebati Prasad Agarwal from its subsidiary, Bhadrachalam Paper Mill (where he was in the senior position of a Director), as the CEO of Tribeni Tissues Division in 1990. Agarwal's key mandate was to change the feeling of complacency and laid back attitude that had taken roots at Tribeni due to operations under years of monopolistic market.

Agarwal was a man of sharp intellect and boundless energy with a phenomenal capacity to work. Though he was not a technical person by training, a keen business sense came to him naturally. He had been in paper industry for a long period of time to understand the nature of the particular business. He was rather a bit abrasive and a 'tough guy', but at the time of his taking charge, this kind of tough and absolutely no-nonsense stand was what was required. Right from the first day, Agarwal realized that a tactful approach is needed to handle the situation, and instituted the slogan: 'dark clouds are hovering over us!' to get across the need for change in the organization. Agarwal launched several formal and informal meetings in every department with the key individuals to assess the strengths and weaknesses of the company. He declared that the only strength of Tribeni was its 'excellent manpower that remains sadly under-utilized'. Through a philosophy of 'leading through example', he gradually sought to rouse the employees' spirit and shake off their inertia. He instilled a sense of responsibility and ownership for results, and convinced the headquarters to clear its huge investment plans for modernizing the plant in spite of the then dismal performance. During 1993-94, a capital of Rs. 1.4 billion was allocated for modernizing the third and fourth paper machines.

But the attempt towards modernization was not without problems. At the outset, the capital, raised using the debt, put a high interest burden on the division. There were also operational problems in running the upgraded version of the third paper machine - the wastage rates were very high, and the capacity utilization very low, as shown in Table 1.

Table 1: Machine Utilization At Tribeni, 1996-97

MACHINE UTILIZATION	PERCENTAGE OF UTILIZATION
Plant machinery # 1	47
Plant machinery # 3	51
Plant machinery # 4	47

At Tribeni, papermaking was traditionally considered more of an art than science. Workers used to learn the trick of the art from the master craftsman who was usually very possessive about his knowledge and avoided sharing the fundamental insights more generally. The workers

learnt the tricks on the basis of long-term apprenticeships and through learning by observing others, rather than trying to grasp the underlying technological principles. The workers also lacked expertise for grasping these principles, since they did not have adequate education or formal prior training. Though the vendors were invited to train the workforce, there were limited signs of any improvement as the workers continued to lack competencies involved in running and maintaining the machines properly.

Further, the political pressures of hiring the next generations of the workforce had led to an indiscriminate rise in the workforce. It was common to find that a job that a large group of workers were assigned to a job that could be done by a small number of workers. Tribeni had about 1625 workers, including more than 100 temporary staff. The workforce constituted 18 percent of the total cost, as against the international benchmark of 7-8 percent. With the unionized workforce dominating and diluting management initiatives, the culture of Tribeni differed noticeably from the professional corporate culture at ITC. Moreover, managers at Tribeni believed that the unions will undermine all the initiatives taken with good intentions – they therefore sought to just maintain the status quo, which offered a more or less secluded, peaceful and comfortable environment. The sales revenue at Tribeni plummeted sharply during mid-1990s. The division incurred a loss of Rs. 300 million during 1996-97 – the highest in the history of ITC – as can be seen from the summary in Table 2.

Table 2: A Snapshot of Tribeni's Performance, 1996-97

TOTAL MAN POWER	1625
EMPLOYEE COST (AS A PERCENTAGE OF NSR)	18
ANNUAL SALES VOLUME (IN TON)	16296
PRODUCTIVITY	10
PBT	Negative (Rs. 300 million)

Summary: Based on the above facts, one could conclude that the intervention by Agarwal was a failure. However, at a deeper level of assessment, Agarwal was successful in bringing several controversial issues to the table, and making unions and workers aware of the need for change if the firm had to survive. The interventions by Agarwal were both strategic as well as operational in nature. Strategically, he made substantial investments in modernization. Operationally, he worked to train the employees, and began a shift towards a formal training of the employees, outside the traditional master-apprenticeship system. At a deeper level, Agarwal was focusing on what may be termed as "cultural turnaround" – i.e. bringing about a change in the mindset of the cast, and creating a readiness for a new bold scenario consistent with the emerging global environment.

Stage 3: Transition or Implementation Stage

The significance of the cultural turnaround forged by Agarwal can be better understood by tracking the subsequent events. Anup Singh, a technocrat, succeeded Agarwal at the helm of Tribeni, but after a short stint made way for Ranjit Jacob in 1997. Ranjit Jacob had an engineering background, and a long grounding in ITC's corporate culture. His strengths included a sound technical knowledge and experience in nearly all the functional areas of ITC. Jacob was perceived as cultured and refined, mild and soft-spoken, trustworthy and reliable. He came across as rational and logical, capable of taking quick decisions. But beneath this apparent softness, at times interpreted as his weakness, lay his firm and uncompromising attitude towards quality and personal accountability. He set and insisted on high performance standards for himself and his followers. He was organized and methodical, with a preference for established rules and guidelines. Yet he was not rigid and inflexible, and allowed his subordinates a great deal of discretion and freedom in their job. Jacob was also a visionary, who inspired and activated his followers and instilled in them a sense of confidence and commitment. He had a clear vision of the future, and a commitment to ITC's positive work cultures. His presence at Tribeni had a visible impact on the morale of the people.

Jacob was well supported by Ashok Dutt – who came from ITC's hotel division and assumed the position of Vice President (HRD) at Tribeni. A very good speaker, genuine and sensitive, Dutt quickly established a personal rapport with the employees at Tribeni. Though Dutt was very thorough and insistent on maintaining a high level of productivity, he gained full trust of the people. He brought about several changes in the workforce system at the plant level. Instead of relying too much on the union leaders, he took initiatives

to make direct contacts with the workforce – the actual beneficiaries of his offers. Though time consuming and laden with risk of retaliation from the politically active union leaders, the direct communication between the management and the workers helped reduce the coercive influence of the union leaders. The workforce began to trust the credentials and goodwill of the company, and the top management.

The new culture emphasized collaboration with the workforce as equal partners, even on contentious issues such as welfare. Dutt would allocate budget for celebrating the state's most important festival - Durga Puja - within the township; but the workers must do required preparations and arrangements *after* allocated duty hours. To combat the problem of absenteeism that was as high as 19 percent, 'attendance bonus' was introduced – zero absence in a calendar month earned Rs. 15.00 per day of bonus. To encourage attendance, systems such as Canteen Allowances and Attendance Appreciation Leaves were introduced. Another system, 'earn while you learn' aimed at the college going children of the employees - these children were allowed to intern at Tribeni during their summer vacations, with a credit going towards their parents' attendance at the plant. As a result, the absenteeism dropped to 10 percent by 2001.

With a new collaborative work culture in place, the new top management embarked upon a major turnaround in Tribeni's business strategy. The focus was to be on the "cash cow" business of cigarette tissue and components, with a thrust on product range rationalization, upgrading quality to a consistent international level, services orientation, and export growth. Some categories of papers were identified as non-critical to long-term plans, and their production was to be phased out. A wide range of new specialty papers was added to the product portfolio, as shown in Table 3. In all products, the intention was to reach a world-class level of excellence in design, with an ability to meet customer specifications.

Table 3: Product Portfolio of Tribeni

- ❖ Packaging (including products like coated pouch, laminated paper, grease resistant bakery liner, frozen food packaging, tea bags, cigarette packets)
- ❖ Printing (in acid free papers, charts, maps)
- ❖ Filters (automotive, vacuum bags)

- Decorative (high pressure laminate print paper)
- Medical (sterilizable wrap, surgical drape)
- Label (extensible, release)
- Office uses (airmail paper, carbonizing tissues, blotting paper, stencil paper, thermal paper, tracing paper)
- Reprographic (colored ink jet)
- Protective (release, masking tapes, water repellant)
- Process aids (diaper carrier, casting bases, sticky materials separators)
- Equipment component (calendars rolls, automotive trunk liner, circuit board)
- Structural (laminate components, gaskets, fire retardant, vapor barrier)
- Security papers (bond, cheque, passport, stamps)

To ensure cost effectiveness, the management sought various internal efficiencies. The energy had traditionally constituted almost 15 percent of the total cost at Tribeni's plants. Tribeni entered into an Energy Service Contract with Thermax for identifying and developing effective cost reduction methods and reducing emissions. Thermax suggested improved and more efficient methods in ten areas; and guaranteed a saving (in Rs.) for each identified area for a specified period of time, backed by a reward/penalty clause. By 2002, suggested methods in four of the areas had been implemented. For instance, an improved method for heat recovery, using pocket ventilation, Tribeni saved around Rs 1 million annually; and the redesigned power redistribution system added another Rs. 2 million of savings.

Two high cost operations – the pulp mills and chalk plants – were shut down in 1998-99, and outsourced from the international market at competitive prices and quality. The workforce was rightsized from 1650 to 1123 in 2002 '*bloodlessly*', with not a single workday lost in protest or employee grievances. Even when the two plants were shut down, all the employees were deployed elsewhere in the spirit of collaboration. European experts were invited to train the people in the technological skills

required for proper running and maintenance of the machines. Renoir, a renowned group of management consultants, was brought in to coach managers in modern training approaches. Several operations improvement programs were launched, including modular training and total quality management. The operations and quality checking processes were fully computerized to accurately meet the customers' specifications. All machines were updated and modernized, and the wastewater was now treated before being released.

Summary: The new CEO and Vice President (HRD) at Tribeni were able to implement both strategic as well as operating turnaround strategies. However, it would be misleading to say that they were merely implementing the turnaround strategies formulated by the earlier CEO. They developed their own strategic and operational turnaround interventions; however such interventions might not have been possible without the basic readiness for change created by the earlier CEO by bringing controversial issues in the forefront.

Stage 4: Outcome Stage

Table 4 summarizes the financial performance of Tribeni in 2001.

Table 4: Tribeni's Performance, 2001

• Annual sales	Around 19000 Tons
• Gross turnover	Rs. 1500 million
• Excise Payout	Rs. 200 million
• Variable costs	Rs. 800 million
• Fixed costs	Rs. 270 million
• Operating Profits	Rs. 230 million
• Depreciation	Rs. 100 million
• Interest costs	Rs. 160 million
• Net Profits	(Rs. 30 million)
• Total capital involved	Rs. 1650 million
• Fixed Assets	Rs. 1400 million
• Working Capital	Rs. 250 million

As can be seen from Table 4, the fixed asset turnover at Tribeni is around one, which reflects a high capital intensity of the business as well as a poor utilization of assets. Though the machine downtime has reduced significantly as a result of the interventions, still there is a considerable scope for further improvement in capacity utilization as shown in Table 5. Further, the high cost of interest eats up all profitability, though cash flows remain positive given the high rates of depreciation.

Table 5: Machine Utilization at Tribeni, 2000-2001

MACHINE UTILIZATION	PERCENTAGE OF TIME
Plant machinery # 1	61
Plant machinery # 3	57
Plant machinery # 4	65

A more significant improvement occurred in non-financial domain. The impact was evident in Tribeni's earning the ISO 9001 certification. Tribeni also received prestigious UK-based RoSPA (Royal Society for the Prevention of Accidents) Gold Award for Occupational Safety, and was the Runners' Up in the UK-based World Environment Foundation's Golden Peacock Award for Environmental Awareness in 2000. Improved morale was apparent among the employees at Tribeni. Arun Kumar Paul, the senior technical head of the first plant machine, had been with Tribeni for more than 25 years. Though, being a technocrat, Arun was not known to show his emotions readily to outsiders, he could not hide his pride talking about his achieving of the international standards in machine up keeping and rejection rates. Chandan Majumder – another long timer at Tribeni – was grateful that Tribeni continues its commitment to the township, which saved him the pains of traveling from the city and of paying expensive electricity bills.

In the new Long Term Agreement signed in 2001-2002, unions at Tribeni agreed to accept specific work practice and productivity norms. These norms include elimination of wasteful and restrictive practices, reorganizing the work as required, and development of employee skills through specific training programs. The agreement also includes provisions for technology updating and mechanization. The practice of paying unlimited overtime, as a percentage of the basic salary, has been abolished.

The workers are now paid overtime on the basis of hours worked, with a limit on the maximum amount.

With an effective human resource and operations system in place, in November 2002, ITC decided to merge Tribeni Tissues Division with its Bhadrachalam Paperboards Division. The integrated 'Paperboards & Specialty Papers Division' division will ensure exchange of knowledge and expertise, and generate the strategic and operational synergies.

Summary: Outcome of the turnaround interventions at Tribeni may be deemed a failure from purely a financial perspective, because the net profitability of the division remained negative until the time of its merger with Bhadrachalam Paperboards Division. However, the sustained turnaround interventions cultivated a new performance-driven culture at Tribeni, and ensured readiness for its integration with another division of the parent company, which shared an inter-related set of core competencies and market contingencies.

DISCUSSION

Our case study highlights the process of turnaround at Tribeni Tissues. Our process tracing emphasized the significance of recognizing the crisis preconditions as derived from the founding conditions and the historical evolution of the firm. These crisis preconditions conjoined with the internal and external forces to precipitate performance decline at Tribeni Tissues in early 1990s.

Our study showed that both strategic and operating turnaround approaches were relevant during the response initiation stage; however, more fundamental to the eventual success and performance recovery was the cultural turnaround. The CEO of the firm engaged various levels of employees into conversation and dialogue on various controversial issues that had been taken-for-granted because of the founding and historical conditions. Though the performance of the firm did not recover under that CEO, and indeed actually declined, a state of readiness for accepting new scenarios was forged. The study highlighted the potential danger of identifying the response initiation stage with just a short time period when turnaround approaches are decided. It is important to include the full range of events, including the interim performance outcomes and the milestones accomplished, as an integral part of the response initiation stage.

The study also highlighted that the transition stage is not simply an unfolding of the responses initiated in the earlier stage. Rather, additional interventions are required for sustaining the momentum for change created during the response initiation stage. The state of readiness for new scenarios needs to be capitalized by actually painting bold new visions that guide further strategic turnaround initiatives. Similarly, commitment of the cast needs to be cemented through operational turnaround initiatives that engage workforce and build their skills, capabilities, and confidence for taking up the challenges associated with the new vision.

The study also demonstrated that the outcome stage might not be assessed purely on the basis of financial or operational criteria. Financially, Tribeni did achieve positive cash flow from operations, given high rates of depreciation, but still suffered from a net loss. Operationally, the fixed assets utilization at Tribeni remained far from satisfactory, though the world-class excellence was achieved with respect to the quality and safety procedures. However, a more important gain from turnaround interventions at Tribeni was the acceptance by its employees of a performance-oriented culture, with a 360° turning in the mental attitudes. Over the ten-year turnaround intervention, there was a dramatic, though gradual, shift from a passive, almost destructive '*consumeristic'* mind-set to a cohesive group of fiercely loyal employees who were genuinely concerned about their performance and the survival of their organization. Thus, from a degenerative organization, there was a fundamental, transformative change, as Tribeni became a truly learning organization with a highly adaptive culture.

On the whole, the study underscored the need to combine synoptic accounts of turnaround with a performative analysis to gain an appreciation of the nature of challenges faced by the managers in pursuing turnaround. The synoptic accounts may be misleading if perceived as prescriptions guaranteed to result in an effective turnaround. The performative accounts indicate that turnaround is essentially an art – and it is only by attending to the finer aspects of this art, that the managers can become expert artists in applying the synoptic concepts. Moreover, the emerging markets offer a distinct set of performative challenges, not captured by generalized synoptic accounts of the stage models such as that of Chawdhury (2002).

CONCLUSION

Managing the turnaround is a very challenging task. Several firms in the emerging markets face daunting challenge for turnaround. As opposed the situation often seen in the industrialized markets, the decline situations in these firms evolve from a combination of internal and external factors, as well as a conjoining set of pre-conditions. Thus, the choice is not simply between operational turnaround to combat internal inefficiencies, or strategic turnaround to respond to the external market shifts. Rather, the first step is to redefine the pre-conditions that contribute to the crisis, and that inhibit effectiveness of both operational as well as strategic interventions. This redefinition of pre-conditions requires a formative change in the organizational behavior through a cultural turnaround.

Cultural turnaround is not an easy process – culture reflects beliefs, practices, values, and meanings that define the very identity and self-concept of people within any organization. Therefore, cultural turnaround needs to be crafted using a high degree of sensitivity and caution, and through engagement of people at various levels of organizations into open and trust cultivating dialogues. Further, cultural turnaround should be complemented with appropriate strategic and operational interventions to forge new scenarios and to gain commitment of the cast so that the organization can be put into the path of performance recovery and sustainable growth.

Our study has important implications for the managers in the emerging markets. The managers must attend to the cultural factor if they have to sustain the positive outcomes of their turnaround initiatives. Also, a systematic stage wise approach, that incorporates an understanding of the history and the founding conditions, is required for effective turnaround. Finally, a pre-mature assessment of the outcomes may lead to a failure of the turnaround initiatives; several successive response initiation-transition-outcome phases may be needed when the organization's culture is substantially misaligned with the realities of the marketplace and the strategic intent of the corporation.

Our study is not free of limitations, particularly since it is based on a case study of just a single firm. Future research is also needed to consider the generalizability of the findings to the firms in non-traditional sectors, in other emerging markets, and with alternative ownership structures – such as family ownership or public ownership.

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