

Sinking of Titanic Companies

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Introduction:

Most of us are taught in business school, how a company succeed i.e. find a gap in the market, launch a new product in the market that appeals to millions, then lay down an advertisement plan to promote and achieve sky-rocketing sales. Good companies are like rockets, they can soar, leaving lesser competitors choking on their smoke trail and discover new market horizons in different parts of the world. But many time in the long run this rockets also land far astray of their target and even blow-up.

We are rarely taught to look into what are the factors that led this demi-god or Titanic companies to sink overnight. No doubt their failure can present us many lessons on how to succeed and avoid the wrong path. No one plans for failure but it was found that one of the most common business phenomenon is also one of the most perplexing, when successful companies face big challenges they often fail to respond effectively. Many assume that the problem is paralysis but the real problem is active inertia-and organizational tendency to persist in established pattern of behavior. Most leading business owe their prosperity to a fresh competitive formula-distinctive combination of strategies, relationship, process and values that sets them apart from the crowd. But when changes occurred in market the formula that bought success long term back brings failure because the company sticks with old historical ideas, tried out methods and in an attempt to dig themselves out of the hole, they just deepen it and sink once for all.

Objectives of the study:

The study is undertaken with the following objectives

- To analyse and understand the lack of entrepreneurship of the management.
- To analyse the various causes including changing technology and its effects on the organisation.

Methodology and period of study:

The data collected is secondary in nature and belongs to a period of time more than a decade from different journals and business magazine. See Fig 1

The above chart clearly shows some of the giant companies sinking or sailing in troubled water even today. The X axis of the chart indicates the name of the company and the Y axis represents the causes. Now the question arises to know what are those wrong steps or

attitude which made 'Titanic Companies to Sink' which can be avoided.

Complacent:

First and foremost good companies go bad when they forget to be good. Company become success stories when they follow the principles of continuously evolving themselves to innovative practices according to changing market environment. A profit making company turns turtle when they get too comfortable. Complacency is the enemy of innovation. An easy chair attitude of the top management takes the company easily to the permanent resting place - the coffin i.e. is the closure. An e.g. of Indian company happens to be Premier Automobiles of India.

Technology:

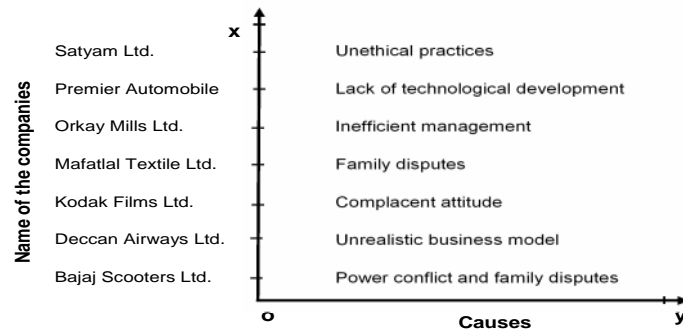
As the saying goes 'today's technology is tomorrows junk' good profit making company go bad or run into mounting losses when they let technology out flank them. The best e.g. happens to be Kodak film which suffered a whole set of problems when digital photography created a havoc in the market. The same happened with H.M. V. and Polydor Vinyl record player manufacturers when Cassettes and CD's and Pen-drives had taken over the market. In simple words good companies go bad or phut when they live in the world of 'brand image' but in reality they have only one product on which they harp upon and which dies prematurely in the changing technological market. The best e.g. 'Floppies were the best flops'.

Lack of entrepreneurship:

Some companies turn into losses due to lack of entrepreneurship or non-competitive edge i.e. they literally forget entrepreneurship i.e. they forget that they live in the world of constant and radical changes. The best among the Indian company that lost its shine happens to Bata Shoes Ltd. which lost a large amount of its market share to the new entrants like Woodlands, Dawood, Nike, Adidas etc. These are those companies which stand in the middle of the road, exactly the spot where you get killed. In simple words they forget to be good to the people and they get spanking from the consumers and legal authorities because they try to sell what is not needed in the name of marketing.

Unethical practices:

Lack of ethics or actions that are inconsistent with espoused values i.e. these organizations are com-



prised of people who are more interested in selfish ambition than the good of the organization. The best example happens to be Satyam Ltd. and the recent example are that of Managers and C.E.O. of L.I.C. Housing Finance, Central Bank, Bank of India etc. When the top management does not have sense of belonging or sense of purpose and moral values then the company takes its own course into the depth of the ocean to sink itself. In other words according to Frankl the most potent attractor in life is to create meaning and purposeful noted behaviour throughout the life with a view not to gain pleasure or to avoid pain but rather to create a meaningful life i.e. there should be an underlying dimension of the conscious in which an individual strives for meaningful union with the universe and all the things - i.e. 'To love and to be loved or glorify god' in other words to act and to address this human need within the work, employees and satisfy the needs of the society at large.

Internal factors - family dispute:

Many a times it is found that success breeds failure; they enjoy such enormous success in their earlier years that they not only become complacent but also arrogant. Another important cause of decline is the lack of succession planning leading to family feuds, infighting, bickering in business families spilling over to the glare of media publicity. The well known wrangles between Mukesh Ambani and Anil Ambani brought a lot of skeletons from well preserved cup-boards and these raise doubts about the groups sustainability and

another example happens to be that of Mr. Shishir Bajaj having a long drawn fight with his uncle Mr. Rahul Bajaj and another gaint company Mafatlal and group is running in Oxygen due to infight in the family. These problems arise because people in India confuse ownership with management.

Other external factors:

Not understanding many external factors properly has led many companies to run into heavy losses e.g. Deccan Airways - Captain Gopinath's unrealistic idea of low fare airlines and lack of understanding of regulations of the Govt. which happens to be such a potent force in crippling the companies performance. The best example happens to be that of number of telecom industries of India are finding it difficult to adjust to the rules and regulations laid down by TRAI (Telephone Regulatory Authority of India)

Conclusion:

For a company to carry on for generations it must continuously evolve, excite and transform and be relevant to its consumers needs. Moreover, its principle of performance must mainly aim to create community welfare and objective of creating brand image product of the nation the best e.g. that can be quoted as on date happens to be the "Nano Car of TATA's" and various social activities taken over by TATA group of companies from time to time benefiting the society at large. The research endeavour was conducted only to pinpoint the bad practices that can be avoided and not to name or pinpoint or criticise any company or their family in general.

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