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## Case Study

### *Hitachi Overseas*

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M/s. Hitachi Overseas Limited is a leading Company engaged in manufacturing and supplying Hybrid Micro Circuits, PCB Assemblies and Electronic Energy meters. Energy meter comprises the major chunk of its business. Hitachi boasts of its strength in R & D set up, highly qualified and trained personnel who are ever engaged in developing new designs and adapting new technologies to differentiate its products.

Hitachi enjoys a major market share in energy meters specially in the segment of Private Power Distribution companies, which attach high importance to product quality and on time deliveries. In both the aspects Hitachi stands out in comparison to its competitors.

Hitachi has its Works and Registered Office in Mumbai from where it caters to both domestic and international Market. It has its regional offices strategically located in most of the metropolitan cities.

Recently, Hitachi bagged orders from M/s. BSES and M/s. NDPL, in Delhi for supply and installation of its energy meters. The quantum of job is high considering that Hitachi has also to install the meters supplied by it.

Since Hitachi does not have experience in installation, the management decided to engage one of the leading contractors for installation. The per meter installation price is Rs. 150/- and Hitachi identified a contractor who could do the entire installation at half the price without compromising on quality of work and target date. This way the management could save itself from the hassles of sending its own people from Mumbai to Delhi thus avoiding a huge cost involved.

Seeing the sensitive nature of the job management wanted a contractor who is not only efficient but also trust worthy. M/s Ganpati Enterprises is a trusted and tried dealer of M/s. Hitachi who have sold lacs of Hitachi make meters in Punjab. They have also installed over 2 lacs meters in Punjab. The

management thus thought Ganpati fits the bill suitably since they were also ready to do the job in Delhi at Rs. 80/- per meter.

Management saw wisdom in contracting the job to Ganpati seeing the all round benefits. M/s. Ganpati were given the order for installation with a target of installing 10000 meters per month thus completing the entire job in six months.

However, at the end of 3 months Hitachi saw that only 2,100 meters could be installed that too with poor quality of work. The customers M/s. BSES and M/s. NDPL were very un happy over the progress of the work and have alerted M/s. Hitachi to gear up, lest it gets black listed.

M/s. Hitachi tried to find out the reason behind the disaster and every time it pulled up Ganpati, they said the working procedures of the two customers do not allow speedy job and their own Executives are responsible for debacle. Hitachi finally got the entire case investigated and to its dismay and shock found that the installation job was further sublet to other agencies by M/s. Ganpati at a mere sum of Rs. 40/- per meter. These agencies in turn sublet the job further and at the lowest rung the workers who were installing the meters were getting Rs. 10/- to Rs. 12/- per meter. At this price how can the quality be expected ?

To add salt to its injury, last month the top management of Hitachi was summoned by M/s. NDPL to tell them that entire meter was being tampered by the people doing the installation in connivance with the customers. This way the workers in the field were collecting money from the customers.

M/s. Hitachi's reputation is at stake and it is in a fix thinking hard on what went wrong and how to control the situation ?

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***Analysis of the case will appear in the next issue.***

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