

## CASE STUDY

# APPRAISAL APPREHENSIONS

### SYNOPSIS

*"Although I'm new to this company, I will have to make a tough, but important, decision. Should I continue with the present system of appraisals that my predecessor designed? Or should I rework it completely? Either way, there will be crucial ramifications. If I stick to the old system, which revolves around the 360-degree appraisal format, some managers will stay angry. And if I introduce a new system, doing away with the existing format, many workers will be disappointed. So, how do I find a path that does not compromise on effectiveness and yet is acceptable universally? At present, our company's appraisal system seems to draw extreme reactions—some in praise, and others vitriolic. I am, myself, steeped in the command and control system. But the new competitive environment demands a different method of appraising. What must I do?" Those were the musings of Sanjana Singh, the vice-president (HRD) at Readymaid Foods, as she perched on the horns of a dilemma. Three leading HRD experts—Philips India's K. Ramachandran, Enron's G. Castelino, and Bombay Dyeing's V.P. Bhide—assess the alternatives at Singh's disposal, and rate her chances of success. A BT Case Study.*

**S**ANJANA SINGH, THE VICE-PRESIDENT (HRD), AT Readymaid Foods (Readymaid), had some tough decisions to make. Her immediate concern centred around fundamental issues related to performance appraisal at Readymaid. She had found it necessary not only to make course corrections but, more importantly, also to re-examine some of her own assumptions. A management graduate from the Xavier Labour Relations Institute, Jamshedpur (Bihar), Singh had about 15 years of hardcore human resources development (HRD) experience behind her in various companies, including a consumer non-durables transnational.

It was only six months earlier that she had joined Readymaid—a home-grown company in the business of manufacturing and marketing jams, ketchups, and a range of canned foods. Readymaid enjoyed high brand equity. Its main competitors were Special Foods, an aggressive transnational entrant of recent vintage, and an Indian company, Homemaker Products. The rest of the market comprised smaller players and the unorganised sector.

Readymaid, which registered a turnover of Rs 250 crore in 1996-97, and gross profits of Rs 35 crore, had been set up in the early 1960s when canned and processed food technology was developing in the West. But while European and American consumers had taken to canned foods very readily, the product segment had faced many hurdles in India in the initial years, since

canning technology was expensive and the consumer preferred fresh, home-cooked food. The only segments that gained acceptance in the Indian markets were ketchups and jams. Canned foods only consisted of baked beans and soups, which were consumed in the premium segment of the market.

Since the company was publicly held, the top team at Readymaid comprised a group of professionals, some of whom had been with the organisation for the past 25 years. The position of vice-president (HRD) had fallen vacant six months earlier at Readymaid due to the departure of Sunil Purohit, who opted for a lucrative assignment in Muscat. However, he had personally been involved in the recruitment of his successor. In Singh, he had found traits which reassured him that she would continue with the institutional processes initiated and fostered by him. Singh was rational and forward-looking. With her competencies having been grown while managing HRD at family-managed organisations, Purohit had expected her to find ready acceptance from the other vice-presidents in the company.

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