

Greenland rail company: strategic planning and management

[Business](#), [Strategic Management](#)



Section One

In activity 1, we have discussed the initial parts of the strategic planning and analyzed in depth the current scenario of The Greenland Rail Company. To continue further into the affairs of The Greenland Rail Company, here we shall apply the business assessment tools to arrive at a viable solution and evolve a healthy strategy for it or mend where necessary.

The strategic planning determines the core idea, modus operandi allocation of resources to achieve the objectives or goals set in the strategic planning. Every business has its core idea and the strategy to achieve the objectives through operational plans. However to keep the operations on track, we need to have some analytical and monitoring measures. We can call them the business (assessment) tools. The idea of having these tools is minute to minute monitoring of the operations and to see if any action is harming the business or going against the strategy laid down. Here is the list of such tools:

1. Is the strategic planning checked or analyzed on the concept of 'SWOT' analysis?
2. Are the strategy and the strategic planning documented?
3. Is there any internal audit or the check list for the cross check of actions with the planning?
4. Is there any effective policy and method of remedial measures stipulated?

5. SOPs are an effective tool to keep every action on line with the planning.

All above are absolutely necessary for successful running of a business and more particularly for a business of the magnitude of The Greenland Rail Company spread countrywide by its services and utility to the nation.

SWOT Analysis

SWOT is abbreviation of four words which in fact gives four dimensional view of any issue or idea. There is nothing new in this. Everybody thinks on the pros and cons of an idea before putting it into practical shape or taking practical step. It consists of:

Strengths: Under this heading, we see what makes an idea viable if put in practical shape. It starts from the biggest advantageous point to the smallest strength that the idea may have.

Weaknesses: This heading covers the flaws in the idea and whether the flaws can be covered or they will make and prove the idea not viable.

Opportunities: Having seen the strengths and weaknesses, does the idea still provide us the desired opportunities or any opportunities. This may also mean whether those opportunities that we had in mind, still exist and it is worth committing the valuable resources.

Threats: the last part of the analysis is to evaluate threats to the business idea or the envisaged strategy. It is to see if threats are manageable and can be neutralized with some amendment in the strategy or they are big enough

to be really called threats and give strong indications of not committing the resources.

Documentation Of The Strategic Planning

This is an extremely important tool that will go lifelong and will keep reminding the central idea and the principles on which the business is to be run. This provides the base for generating the operational plans for any new ventures within the existing business. The need for documenting the strategic planning cannot be over emphasized.

Internal Audit Or The Check List To Cross Check The Actions With The Planning

Internal audit and the checklist are two different things but serve the same purpose. The internal audit is carried out by another official of the organization whether the operators are performing correct actions.

The checklist provides correct sequence of actions to be done by the operator. The checklist is guiding method whereas internal audit is pointing out the mistakes. However, both have their utility and should always exist.

Standard Operating Procedures (SOPs)

SOPs are an effective tool to keep every action on line with the planning and in fact operational plan translated in simpler form so that everybody at every level can understand the right way of doing an action. SOPs tell the only way an action has to be done and thatg is the desired action according to the operational plan.

Method Of Remedial Measures

We can say the last in the series is description of remedial measures. If the SOPs are being followed, no remedial measures are required. They are only for emergencies and accidents. However accidents and emergencies do not occur frequently but remedies should be well thought and well planned. They should be a part of SOPs and be documented properly.

In this section we shall see the competitive strengths and weaknesses of the current business strategies. The Greenland Rail Company has:

- Clear philosophy to provide efficient travel service to the passenger, and,
- To provide efficient safe and timely transportation of commercial goods.

Its strategy is based on the following elements:

1. To schedule its services on the needs of the customers
2. To provide sufficient number of trains
3. To provide sufficient trained staff for operating these trains
4. To allocate sufficient resources for the above
5. To maintain a good standard of its services to attract the major market share.
6. Effective marketing and good customer care service

All above have all the strengths and bright chances of success. Despite these strengths it has weaknesses that it lacks locomotive production facilities and expertise, both. This is one weakness that can put the entire plan at stake of

failure. However this weakness can be overcome by importing the locomotives in time and by having a good repair and maintenance workshop of its own.

Its strengths can be enlisted as under:

1. It can schedule the trains on the needs of the customers
2. It can provide sufficient number of trains
3. It can employ sufficient staff and can train them at its own training facilities
4. It can allocate sufficient resources
5. It can maintain good service standard
6. It can have effective marketing and customers care

Its weaknesses can be visualized and enlisted as under:

1. Any breakdown of locomotives can adversely affect the schedule
2. Motivation of the staff can be doubtful and may not prove to be as efficient as ideally required.
3. The competitors, the road transporters can also provide the same facilities with good standard and efficiency.
4. Track needs to be maintained continuously and may not be possible to do it.
5. It is susceptible to miscreant actions and any defect in the track can stop the movement of trains and affect the schedule very badly.
6. The company has single track and lacks the double track facility causing unnecessary delay in allowing the crossing of other train.

7. There can be human error that can cause severe hindrances and even accidents.

Despite these weaknesses the company has been running the trains by making an intelligent time table. However the efficiency of double track cannot be achieved by single track. The major problem faced by the company has been shortage of locomotives and making no provision for timely actions. Frustration in employees has been another factor.

Core Business Values And Current Objectives

Core business values are efficient service for passengers and goods transportation. Safety of passengers, comfortable travel and adhering to strict time schedule are the core values in case of passenger travel service. On the other side, transportation of goods in safe and timely manner are the core values for the cargo service.

Its current business objectives are still the same, I e:

- To operate the trains and make the company a profitable organisation. The costs have to be met under all circumstances otherwise it would not be possible to run the trains under the conditions of continuous loss.
- The business objectives can only be achieved if there is efficiency in service. It is a circle; efficiency will capture the market and increase the customers and volume of goods to be transported. Low efficiency will cause losses on every side. The market will slip over in the hands

of competitors and there will be sharp decline in the health of the company

The comparison between the values and the objectives is now lopsided and in unfavorable balance. Values alone can do nothing if not supported by the efficient service. Loss of efficiency will result in loss of customers and cargo and that will push the company towards a sad catastrophe.

Presently it is not meeting its objectives and core values are left unsatisfied.

Section Two

Now there is a need to compare the strengths and weaknesses and develop measures to bring the company back in good health. It may need very critical decisions.

- It has to do thorough audit and take stock of things. It has to eliminate all negative elements, may be manpower, some trains and some services which are not allowing the company to meet its expenses.
- Golden handshake, laying off or compulsory retirement may have to be resorted to for labour turnover and replacing the inefficient and dishonest with better educated, young and enthusiastic manpower.
- Some sections of the rail service will have to be closed temporarily till the financial conditions improve and expense of less productive trains can be borne.
- The goods transport service is more yielding, therefore, has to be specially taken care of. Goods trains should be given equal priority and

more cargo handling services can be installed for efficient booking, transportation and delivery of the goods.

- There is a need of job description of each employee and then he has to be supervised appropriately for efficiency and honesty.

Options For Future Strategy

The Greenland Rail Company has two issues at hand:

1. Future strategy and,
2. Options for the future strategy.

Future Strategy

Basically it remains the same with slight variation. Its strategy would be:

1. To provide good travel service to the passengers
2. To provide good transportation for the cargo
3. To eliminate all elements causing losses and working against the interest of the company.
4. To evolve efficient check and balance system.
5. To maintain technical efficiency to the state of the art level for maintaining the schedule.
6. There has to be a ruthless accountability of every employee and every system.
7. A very system of accounting has to be implemented.

Future Options

The long past history of the company has a lot to teach and draw the lessons. It has been running successfully 50 years back and even 30 years

back. It started deteriorating in mid 80's. the reasons could be traced as under:

In 1950 it was not in good shape and faced scarcity of resources in all directions. In 1960 it improved its service, by induction of new rolling stock and new generation of diesel electric locomotives. Till 1980 it kept progressing and introduced new services and had better arrangements.

However there were major political changes in the country and affected this company also. There is another dimension to the problem as well. It had following factor to affect:

In 1950 it had to cater for the needs of population of 20 million people and number of passengers was relatively small. The volume of trade was also not much; therefore it did not have that much stress on any side.

In 1960, the need for goods trains increased and population had also risen to 40 million relatively increasing the number of people traveling. Still the company handled the situation in fairly good manner and situation was not that bad.

By 1975, the country gone through major political disasters, many resources were lost and the political scenario changed the whole situation in sphere of life. Besides political changes, the population had increased to around 75 million and stress was felt on the rail company. The oil prices escalated and number of passengers had sizably increased and number of industries and

industrial unit had also increased. The company had to run the trains under political pressure and losses started showing.

Now when the population has risen to 180 million and following g major changes have taken place and all of them have hit the company very badly, sinking it day by day:

1. Oil prices increased tremendously
2. Wages also increased and number of employees increase under the pressure of political govt to provide employment to the people.
3. The operation cost increased tremendously.
4. The balance between income and expense was also lost
5. Company's debts also increased
6. The condition of rolling stock deteriorated and became unserviceable.
7. The locomotives started breaking down enroute which not only caused the delays and upset the entire schedule but also added to the cost in recovery of stuck up trains.
8. Track needed to be maintained, doubled and new trains needed to be introduced. Cargo handling facilities also needed to be installed at prominent destinations. Nothing was and has been done.
9. Emergence and development of road transport companies has also created lot of competition and snatched a big share of the market reducing the4 business and revenue of the rail company
10. There is a catastrophic scenario everywhere.
11. Some miracle or very drastic measures can only save the organization.

In view of the above situation still there is a hope to rescue this great enterprise and restore it to its previous glory. It has following options for the future:

- Enter into a joint venture with some rail company of another country who is running the railway successfully; or else,
- Seek the help of govt in paying off the debts.
- Procure new locomotives, improve rolling stock and suspend service on all unproductive or less productive sections.
- Accounting system needs to be changed. No collective accounting of all the trains should be done. Each train should be treated as a separate subsidiary company and revenue and expense of each train should be accounted for separately. No loss or decrease of revenue should be shared by other trains.
- Separate accounting system will exactly pin point the source of loss and reason there of.

Criteria For Reviewing The Options

Once the options have been analyzed and selected to be implemented, they are to be monitored for strict compliance. A set of rules, and checklist points will have to be framed and made mandatory for compliance.

The automatic and most obvious criteria would be results in multi directions.

They can be:

- An increase in revenue
- Less reports of pilferage and misappropriations

- Increase in customers and volume of goods transportation.
- Balance in revenue and expense.
- The ultimate criteria for the validity of options is volume of profit earned because of the options.

Section Three

Now we have fair amount of information to evolve a strategic plan for The Greenland Rail Company. It should restructure its strategy on the basis of above analysis. The changes are to be made as under:

1. The basic or the core idea remains same.
2. New rolling stock and locomotives should be procured; or number of trains should be reduced proportionate to resources but the service should be more efficient.
3. All stakeholders should be made aware through wide publicity ensuring a better service
4. The difference should be visible in practical shape rather than announcements only.
5. The increasing costs should not always be passed on to the customers. They should be absorbed by the organisation by improvement in efficiency of systems and plugging the pilferage.

Resource Allocation

Resource allocation should be in priority as under:

1. In all those areas which are absolutely necessary for provision of service and increasing the clientage. All assets, particularly the rolling stock, locomotives, administrative services get the first priority.
2. The administrative and office expenses should be the minimum.
3. Stores inventory should be maintained at the minimum level or may even be on the principle of ' Just In Time' (JIT)
4. No over staffing be allowed under any circumstances. This practice not only increases unproductive costs but also the political inductees cause frustration among the efficient employees.
5. Initially some part of the revenue will go in paying off the debts.

Strategic Plan

The Greenland Rail Company has the following strategic plan:

1. To revive the company to its previous prestigious position.
2. To provide efficient means of travel to all the citizens with safety speed and in time.
3. To provide efficient goods transport system to the business community.
4. To compete with the road transport industry by efficient services and economical cast to the customers.

Vision Statement

The Greenland Rail Company is determined to be the market leader in transport industry by providing the best services to the customers at economical costs. We visualize satisfied clientele and satisfied employees to contribute towards betterment of the company and the nation.

Our vision is on practical footing and honest effort.

Schedule Of Implementation

The new strategic plan needs be implemented in the following manner:

1. All operational plans must be reviewed in the light of analysis and new strategy formulated.
2. Overstaffing must be reduced to the right size
3. Trains must be rescheduled keeping in view the company's present potential and the customers' needs.
4. Separate accounting for each train be implemented immediately.
5. Monitoring system should be introduced and made more effective.
6. All excess inventory should be first segregated and noted particularly to avoid more purchase and blocking the valuable and limited resources.
7. Start the operation on above outline with a new zeal of efficient service.

Conclusion

The Greenland Rail Company scenario is worst possible which has dropped from magnificent position to depth of destruction and still striving to regain its position. An analysis has been carried out giving all details and possible way out for the company. Although the difficulties seem very big but remedies are quite simple but need stern action on the part of management. Tough decisions, clear vision and honest effort are the only means available to The Greenland Rail Company.

The strongest point in favour of the company is the strong base of business and need for its services.

Hopefully it will survive.