“CHANNEL PARTNERS ROLE AS STRATEGIC ASSETS IN CREATION OF SUPERIOR VALUES” – AN EMPIRICAL STUDY FOR KARNATAKA MILK FEDERATION (KMF) BANGALORE, INDIA

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Abstract

Strategic Asset Management is a framework that will enhance the capability of an organization to manage the physical assets under its control. It emphasizes that physical assets and infrastructure are platforms from which services are delivered to the community and this requires a framework, guidelines, training and access to professional advice to ensure the best use and maintenance of the assets. To achieve higher corporate performance – whether measured in terms of shareholder value, revenue growth, profitability or customer satisfaction – companies are becoming more sophisticated in their approach to asset management.

Key Words: Channel Partner Strategic Asset Values.

1.0 Introduction

This paper presents a brief profile of the Dairy Industry in India and to study the role played by Channel partners in creating superior values at KMF as strategic asset. In the case of KMF, dealers play an important role in its success as it is the dealers throughout the state of Karnataka, India, who are promoting and selling the milk and milk products of KMF. These channel partners have direct business with the users of KMF’s products – both milk and milk products. As a result, they act, not only as the dealers (selling the milk and milk products of KMF) but also act as the ambassadors of KMF as their behaviour, attitude, etc towards the customers/users of KMF’s products influence the users’ loyalty towards the products of KMF. Further, the business of the dealers is also influenced by the support services provided by KMF to its dealers. Hence, it was decided to obtain the opinion of the dealers towards services rendered by KMF to its dealers from the view point of a number of services. This paper presents a brief profile of the Dairy Industry in India. This paper aim to identify the areas wherein KMF has not succeeded to create maximum value and to show how superior value can be created by the Federation by managing its strategic asset partners (The Dealers) efficiently and to offer suggestions to improve the overall performance of the Federation through the creation of Superior Values.

2.0 Statement of Problem

A recent study concentrated on the organizational study of not only Karnataka Co-operative Milk Producers Federation Limited (KMF) but also of several other Milk Unions across the states of Kerala, Tamil Nadu and Andhra Pradesh. It has highlighted that the milk unions are not in a position to effectively combat effectively the increasing inflow of milk from different milk co-operatives in the country. This excess inflow of milk is a cause of concern for KMF as it has to devise plans to utilize the excess milk profitably.

The Federation has been trying out several ways including the alternative ways of utilizing the excess milk inflow. It has been continuously trying out on creating value adding products like Skimmed Milk Powder, Butter, Ghee, Pedal (A sweet), Buttermilk, Flavoured Milk, Ice Creams, Badaam Powder (A Special Flavoured additive to Milk), Cheese, and even Mysore Pak (A Sweet). These efforts have never been as heightened in the recent past as could be observed today in the form of hectic marketing efforts of KMF in appointing several wholesalers, retailers, and even franchises and vending booths to sell these products. Unfortunately, all these efforts have not yielded the desired results in as much as the efforts of the Dairy Industry has not been met with an either equal match of even a subliminal match considering the enormity of production. There are several inherent bottlenecks in the system of distribution and promotion of the products.

Efficient management of Strategic Assets lay emphasis on maximizing profits through the introduction of effective and whole life management strategies for critical components of strategic assets like, Brand Image, Superior Service Delivery, Superior Distribution Channels and Product Quality. Efficient management of strategic assets facilitates asset managers in making improved corporate performance.

It is also crucial for the industry and its members to manage the strategic assets efficiently and to understand how cross functional departments actually contribute to acquiring distinctive competencies and in achieving effective service delivery.

This study intends to provide feedback tailored for KMF, Bangalore which is subject to increasingly tighter regulatory controls, and limited by finite resources for upgrading their assets. These areas include customer requirements, and superior and innovative distribution system aimed at creating superior customer values and outstanding performances. Outstanding performance is more than a matter of technology. It needs determination and dedication,
vision and judgment the managers need to be in constant control, anticipating the obstacles that lie behind the next bend, ready to make the right decisions and at the right time.

2.1. Objectives of the Study

01. To present a brief profile of the Dairy Industry in India;
02. To highlight the concept of Strategic Assets in the context of Dairy Industry, in the current context on the focus on Channels as strategic assets and Strategic partnerships with the Trade.
03. To identify the areas wherein it has not succeeded to create maximum values and to show how superior value can be created by the Federation by managing its strategic assets efficiently more particularly from the Channel Partner’s perspective; and
04. To bring in the concept of Corporate Performance Management (CPM), in the current context of a traditional Industry turned to a Modern, High Tech Industry-the Dairy Industry.
05. To offer suggestions to improve the overall trade performance of the Karnataka Milk Federation through the creation of Superior Values.

2.2 Indian Dairy Industry

Indian economy, in spite of making giant leaps and strides in the areas of Information Technology, Science, Commerce, etc, remains primarily an agrarian economy with about 72.2% of the country’s population living in about 5,87,226 villages. Many of these ruralities /farmers/village households experience wide seasonal and year-to-year fluctuations in their income as they are engaged in farm and/or farm-related activities. In this background, dairy activities assume importance as they ensure assured market and price for the milk supplied by the milk producers thereby by contributing to their economic welfare.

The Indian Dairy Industry, a traditional and rural-based industry, has witnessed far-reaching changes in the recent past in the way it has operated and looked at business. Starting traditionally from its nascent stages way back in the early 1950s, in the immediate post-Independent India, the industry has seen continuous and rapid strides in its growth. The beginning of the change process was initiated by the father of the White Revolution Late Padmashree Dr. Verghese Kurien, who has, with his dedicated team all over the country, brought in far-reaching changes in the business prospects of the Dairy Industry. This has virtually changed the economic scenario of millions of milk farmers in the country. In addition to this, the White Revolution has also ushered in Ultra modern technology in the use of milk production, processing, packaging, distribution and storage of milk and milk products. The Industry has grown in size formidably over the last five decades with the establishment of milk unions all over the country on the model of AMUL - Anand Milk Union Ltd which, incidentally, has now become a strong brand name to reckon with, in the Indian Dairy Industry.

2.3 Karnataka Co-operative Milk Producers’ Federation (KMF)

Karnataka Cooperative Milk Producers' Federation Limited which is widely known as KMF has evolved itself as a premier and profitable dairy farmers' organization in the state of Karnataka. As an agency to implement the World Bank aided dairy development projects, Karnataka Dairy Development Corporation was formed. It achieved rapid developments in its activities and spread its wings to the newly found rural economic activity viz., dairying all over the state. The genesis of this apex cooperative body took the shape of KMF in 1983 encompassing the entire state with 13 District Cooperative Milk Unions executing the various programmes pertaining to the dairy activities such as organization of Dairy Cooperatives, milk routes, procurement of milk in two shifts every day, chilling, processing of milk, and distribution of milk as its main stay.

KMF which was formed during the early 1980s, has taken, on its part, tremendous strides in its operations all over the state of Karnataka. The Federation has now established 13 Milk Unions which cater to almost 35% of the population of Karnataka through its Milk Unions dotted in major cities of Karnataka. Over the last two decades, the KMF has met with a good degree of success in marketing its brand of milk and milk products all over the state.

3. Research Design

3.1 Sources of Data

This study is based on the primary data collected through structured interviews with customers, milk suppliers, distributors, and the retailers. However, secondary data are also used to support the theoretical and statistical support required to build up the tempo to the research work. Journals, magazines, books and reports of the World Dairy Industry and e-media are the important secondary sources from the additional data required for the present study are collected. Reliance on books, however, to the extent required for drawing theoretical principles of strategic assets management and core competencies is made. Published Doctoral theses, dissertations, business newspapers, business magazines, etc are also used for literature support in accomplishing the data mining towards completion of the Study.

3.2 Sample Size and Statistical Tools

The study is one of management problems at the top echelons, but related to strategizing its operations from the grass roots. In a way, this study will have multifarious ramifications in reaching the desired Research objectives and thereby has to be studied in a wider angle. Hence, At least 25 retailers in each of the target markets under study i.e., under several Milk Unions situated at Bangalore, Kolar, Tumkur, Shimoga, Dharwad, Belgaum, Mandy, & Mysore and 75 retailers from Bangalore city (making the total sample size of 225) from retailer category, were researched thoroughly.
3.3 What are Strategic Assets?
If you reside in an organization such as a company, government or religious organization, what assets should you consider strategic? There does not necessarily have to be a set of strategic assets, but if an asset is strategic it must be key to the business. Examples would be a church for a religious organization, perhaps R&D facilities for a pharmaceutical company, truck terminals for a freight firm and restaurants for a chain of food providers. Key assets tend to be utilized for a term that is long. Therefore ownership is preferred to leasing. Non strategic assets are therefore all other classes of real estate and should thus be leased.

How does an organization decide if an asset is strategic? The following questions will help guide the discussion:
- What happens to the organization if the asset location needs to be changed such as at the end of a lease? For example, is there a very large investment in tenant improvements such as a laboratory that would be abandoned, relocated or rebuilt?
- If a twenty to thirty year horizon is used for the financial analysis, how does the lease vs. buy analysis change?
- Can the asset be duplicated at a reasonable cost or a reasonable time in another location?
- Will my customers be retained if the asset is relocated? Is there an element of the buying decision that is location centric?
- What are the organizations requirements for capital and does that affect the choice of ownership vs. leasing?

The term strategic asset denotes the key resources which a company may own or have access to, and which are critical to the company’s long-term development and success. A well-known example of such an asset is the patent which would enable a company to reap the benefits of innovations which enable it to produce quality goods and services with minimum cost and also which protects its inventions from its unauthorized by the competing companies. A less well-known example is design right which a company may have registered for an innovative packaging system that it has developed. Equally, location may be regarded as a strategic asset, if it adds value to customers. As can be seen from these examples, strategic assets may be tangible or intangible in nature. There are many other but less known company resources which are considered to be strategic assets.

Within the Resource-Based Approach, such resources of the company are known as unique resources which is a good description of them, even if it is not strictly correct in the true meaning of the term. Within the context of corporate management, a resource may be thought of as unique; if it is difficult to obtain or develop, if it is difficult for other companies to copy and if it is vital to the development of the company. Companies that possess effective strategic assets will be able to sustain an advantage over competitors, achieve higher margins and profits, which should lead to faster growth. Within this approach, the resources that are available to a company are considered in much broader sense than in the traditional definition of resources i.e., land, labour and capital. The new broader definition of resources includes many more factors within the company's operating environment, many of which are intangible resources. There are several ways of classifying these resources; perhaps the most useful of these is the one suggested by Hofer and Schendel which divides corporate resources into the following broad categories:
- Physical,
- Financial,
- Human,
- Technological,
- Organizational, and
- Intangible.

Among these resources, brands, patents, know-how, reputation and customer relations are included. These are the resources which may be owned by a company and which it may utilize to develop competitive advantage, and achieve improved profits and growth.
These resources are of critical importance to the operations of many companies and they may be the main contributors to the profits and growth of the company. However, they are often not included on the balance sheet of the company. This exclusion can result in a distorted view of the company and its assets and may hinder any analysis of its performance. If some of the main assets of the company are excluded from its accounts, it may become difficult to understand the operations of the company in its market place and may lead to a serious under-estimation of its growth prospects.

The following schematic diagram will illustrate the case point in drawing the relativity between Resources, capabilities and competitive advantages:

![Diagram showing the relationships between Resources, Capabilities, and Competitive Advantage]

The above resources may contribute to the profitability of the company but not all of them will contribute equally to achieving a competitive advantage for the company. Only certain types of resources will enable the company to develop a long-term competitive advantage and these are known as unique resources or strategic assets. These are the key resources that a company owns and/or has access to that may enable it to achieve a sustainable competitive advantage over its rival companies. Almost any type of resource may be developed into a strategic asset, both tangible and intangible, but it must possess certain features if the resource is to be effective in gaining an advantage. Because, strategic assets are the company resources whose value to the company is greater than the cost of their acquisition or development, and which may contribute to the long term growth of the company.

Usually, the total value generated by these strategic assets is considerably higher than their acquisition and/or development cost. If it could be measured accurately, it would be equal to the discounted value of future revenue stream (which the strategic asset will generate) minus the cost of acquisition and development. For a resource to be considered to be a strategic asset, it should be critical to the company's development; it should have a major impact on its profitability and it should be long lasting. Such a resource could be in the form of a license which the company has acquired which will enable it to offer new profitable services to consumers or a new process that the company has developed which will provide it with a new profitable revenue stream.

The definition also relates to a very important aspect of unique resources viz., their value depends on the perceptions and abilities of the company that possesses them. The consequences of this are very important as one company may undervalue a resource, as it does not recognize its potential, while another company because of its vision and abilities, may see the same resource in a very different light. Therefore, this gives rise to a phenomena which is seen all the time in management i.e., under performance of one company due to the above factors and the higher performance

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Source: Collis and Montgomery, Corporate Strategy (1996)
of another company with similar or lesser resource endowments. This in turn gives rise to the constant merger and acquisition activity present in the economy as companies bid for and acquire resources that they can see a better use for.

Some good examples of generic strategic assets which meet most of these conditions are presented below.

- Copyrights,
- Brands,
- Proprietary Technology,
- Exceptional Research Capabilities,
- Highly Skilled Staff,
- Systems,
- Databases,
- Effective Processes and Procedures, etc.

It should be noted here that the word unique is used to mean rare or nearly unique rather than the strict dictionary definition of the word. Another important aspect of these resources is that they should be difficult for competitor-companies to replicate. Such resources if effective present a considerable barrier to entry into the market. In the case of the dairy industry, one can find few strategic assets which are capable of contributing heavily to success of the industry and its entire stakeholders

4.0 Results, Analysis and Discussions

In the case of KMF, dealers play an important role in its success as it is the dealers throughout the state who are promoting and selling the milk and milk products of KMF. These are the persons who are having direct business with the users of KMF’s products – both milk and milk products. As a result, they act, not only as the dealers (selling the milk and milk products of KMF) but also act as the ambassadors of KMF as their behaviour, attitude, etc towards the customers/users of KMF’s products influence the users’ loyalty towards the products of KMF.

Further, the business of the dealers is also influenced by the support services provided by KMF to its dealers. Hence, it was decided to obtain the opinion of the dealers towards services rendered by KMF to its dealers from the view point of a number of services.

<table>
<thead>
<tr>
<th>Table - 4.1: Factor Analysis of Service Delivery Aspects of KMF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SLNo.</strong></td>
</tr>
<tr>
<td><strong>Factor - 1: Dealer Relationship</strong></td>
</tr>
<tr>
<td>.1</td>
</tr>
<tr>
<td>.2</td>
</tr>
<tr>
<td>.3</td>
</tr>
<tr>
<td>.4</td>
</tr>
<tr>
<td>.5</td>
</tr>
<tr>
<td>.6</td>
</tr>
<tr>
<td>.7</td>
</tr>
<tr>
<td>.8</td>
</tr>
<tr>
<td><strong>Factor - 2: Product Distribution</strong></td>
</tr>
<tr>
<td>.1</td>
</tr>
<tr>
<td>.2</td>
</tr>
<tr>
<td>.3</td>
</tr>
<tr>
<td>.4</td>
</tr>
</tbody>
</table>
Analysis of the Factors

Strategic Asset Management - Channel Partners depends on the identification and analysis of dealers’ demands and expectations. This demand is then transferred through company’s policy decisions that determine the type of services, the priorities and the standards to which the services will be provided. The ratings for dealer relationship by KMF, and product distribution are low indicating a notable dissatisfaction.

Communication

It is an established truth that proper communication between the Federation and its stakeholders including dealers is very essential to keep them informed – informing all the necessary things and at least on time. Both complete and timely information is very essential – about the introduction of new product, ingredients and their proportion used in the preparation of milk and milk products, important statutory information, changes in the prices, commission, etc. Hence, the dealer-respondents were asked whether they are receiving the required information on time. For this question, the dealers responded as follows.

Table 4.2: Receipt of Complete Information

<table>
<thead>
<tr>
<th>City</th>
<th>Responses – Receipt of Information from KMF by Dealers</th>
<th>Total</th>
<th>Non-response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Never</td>
<td>Not Adequate</td>
<td>Adequate</td>
</tr>
<tr>
<td>Bangalore</td>
<td>26 (17.4)</td>
<td>33 (22.1)</td>
<td>85 (57)</td>
</tr>
<tr>
<td>Mysore</td>
<td>0 (0)</td>
<td>1 (4)</td>
<td>21 (84)</td>
</tr>
<tr>
<td>Mandya</td>
<td>0 (0)</td>
<td>9 (36)</td>
<td>16 (64)</td>
</tr>
<tr>
<td>Shivamogga</td>
<td>1 (4)</td>
<td>4 (16)</td>
<td>19 (76)</td>
</tr>
<tr>
<td>Kolar</td>
<td>1 (4)</td>
<td>1 (4)</td>
<td>22 (88)</td>
</tr>
<tr>
<td>Tumkur</td>
<td>0 (0)</td>
<td>8 (32)</td>
<td>14 (56)</td>
</tr>
<tr>
<td>Dharwad</td>
<td>0 (0)</td>
<td>2 (8)</td>
<td>22 (88)</td>
</tr>
<tr>
<td>Total</td>
<td>28 (9.82)</td>
<td>58 (20.35)</td>
<td>199 (69.83)</td>
</tr>
</tbody>
</table>

Note: Figures in parentheses represent the %age to total number of dealer-respondents of the concerned city.
Source: Table prepared on the basis of the data obtained from the dealer-respondents.

Table 4.2 gives the ratings assigned by the dealers for KMF’s performance towards its communication of necessary information. It can be seen from the table that majority of the dealers of all the cities (199 dealers accounting for 69.83% of the total number of dealers who responded to this question) have expressed their satisfaction about communication they receive from KMF. Majority of the dealers have agreed that they receive right communication from the Federation. However, 26 dealers of Bangalore (17.4%) have said that they never receive information from the Federation and another 33 dealers (22.1%) have said that the information received is not enough. This gain brings the point to the fore that KMF has to improve its communication strategies and start communicating all the relevant information to its dealers on regular basis.

Figure 4.1
Information sought by the Customers while Purchasing KMF’s Products

While purchasing the milk and milk products, the customers ask the dealers about various commercial aspects pertaining to the products such as price, manufacturing date, taste, discounts, cholesterol content, etc. Hence, the dealers must have adequate knowledge about all these aspects. In order to ensure that the dealers are providing correct information to the customers, it is the responsibility of KMF to educate the dealers properly. To obtain an idea about the kind of information sought by the customers, the dealers were asked to furnish the details. The responses are tabulated below.

Table – 4.3: Information sought by Customers while Purchasing KMF’s Products

<table>
<thead>
<tr>
<th>Information Sought</th>
<th>Bangalore</th>
<th>Mysore</th>
<th>Mandya</th>
<th>Shimoga</th>
<th>Kolar</th>
<th>Tumkur</th>
<th>Dharwad</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>121</td>
<td>2</td>
<td>25</td>
<td>22</td>
<td>17</td>
<td>25</td>
<td>24</td>
<td>236</td>
</tr>
<tr>
<td>Quality</td>
<td>97</td>
<td>22</td>
<td>25</td>
<td>18</td>
<td>18</td>
<td>25</td>
<td>25</td>
<td>230</td>
</tr>
<tr>
<td>Manufacturing Date</td>
<td>39</td>
<td>7</td>
<td>25</td>
<td>20</td>
<td>13</td>
<td>19</td>
<td>20</td>
<td>143</td>
</tr>
<tr>
<td>Taste</td>
<td>41</td>
<td>9</td>
<td>9</td>
<td>16</td>
<td>7</td>
<td>8</td>
<td>25</td>
<td>115</td>
</tr>
<tr>
<td>Cholesterol Content</td>
<td>8</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>7</td>
<td>1</td>
<td>13</td>
<td>32</td>
</tr>
<tr>
<td>Discounts</td>
<td>31</td>
<td>7</td>
<td>12</td>
<td>3</td>
<td>7</td>
<td>2</td>
<td>21</td>
<td>83</td>
</tr>
<tr>
<td>Home Delivery</td>
<td>63</td>
<td>12</td>
<td>11</td>
<td>2</td>
<td>15</td>
<td>2</td>
<td>14</td>
<td>119</td>
</tr>
<tr>
<td>Product Availability</td>
<td>68</td>
<td>13</td>
<td>5</td>
<td>0</td>
<td>8</td>
<td>17</td>
<td>23</td>
<td>134</td>
</tr>
<tr>
<td>Total</td>
<td>468</td>
<td>74</td>
<td>112</td>
<td>82</td>
<td>92</td>
<td>99</td>
<td>165</td>
<td>1,092</td>
</tr>
</tbody>
</table>

Note: Numbers represent the number of enquiries made by the customers to the dealers in different cities about various aspects

Source: Table compiled on the basis of the calculations made based on the data received from the dealers.

It is evident from the table that more queries pertain to the prices of milk and milk products followed by queries about the quality of the products. It can also be seen from the table that cholesterol content in the products, home delivery, product availability, manufacturing date, etc are the much sought after details while purchasing products.

Incentives and Other Facilities Dealers expect from KMF to increase Sales

The dealers were asked as to what additional benefits and/or services they expect from KMF to promote the sale of KMF’s products more? For this question, the following responses were received.

Table – 4.4: Incentives and Other Facilities Expected by Dealers to Sell more of KMF’s Products

<table>
<thead>
<tr>
<th>Incentives and Others</th>
<th>Bangalore</th>
<th>Mysore</th>
<th>Mandya</th>
<th>Shimoga</th>
<th>Kolar</th>
<th>Tumkur</th>
<th>Dharwad</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Profit Margin</td>
<td>76</td>
<td>8</td>
<td>16</td>
<td>12</td>
<td>23</td>
<td>22</td>
<td>24</td>
<td>181</td>
</tr>
<tr>
<td>Credit Facility</td>
<td>65</td>
<td>7</td>
<td>1</td>
<td>6</td>
<td>0</td>
<td>8</td>
<td>20</td>
<td>107</td>
</tr>
<tr>
<td>Prompt Delivery</td>
<td>83</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>20</td>
<td>22</td>
<td>20</td>
<td>149</td>
</tr>
<tr>
<td>Attractive Schemes</td>
<td>64</td>
<td>5</td>
<td>15</td>
<td>6</td>
<td>1</td>
<td>15</td>
<td>20</td>
<td>126</td>
</tr>
<tr>
<td>Regular Supply</td>
<td>87</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>17</td>
<td>21</td>
<td>139</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
<td>24</td>
<td>33</td>
<td>26</td>
<td>55</td>
<td>84</td>
<td>105</td>
<td>702</td>
</tr>
</tbody>
</table>

Note: As the dealers preferred more than one incentive and/or additional benefit, the total exceeds the number of dealers selected for survey

Source: Table prepared with the help of the calculations made on the basis of the data collected from the dealers.

It can be seen from the table that good profit margin, regular supply and prompt delivery are the most important incentives and/or additional service that the dealers expect from KMF to increase the sales of KMF’s products.
5.0 Research Findings

5.0.1 Communication: Majority of the dealers of all the cities are satisfied with communication of KMF. Majority of the dealers have agreed that they receive right communication from KMF. Only some dealers of Bangalore have said they never receive information from KMF and some dealers have said that the information received is not enough.

5.0.2 Information sought by the Customers while Purchasing KMF’s Products: It is revealed that price, quality, taste and manufacturing date are the important details which the customers seek from dealers while purchasing milk and milk products.

5.0.3 Incentives and other Assistance Dealers look for, in order to Increase the Sales: Good profit margin, regular supply and prompt delivery are the most important incentives dealers expect from KMF to increase the sales of KMF’s milk and milk products.

5.0.4 Factors influencing Service Delivery of KMF and Factor Ratings: The analysis of the factors by mean scores found that the dealers of Bangalore have a notable dissatisfaction for dealer relationship and product distribution. Dealers of Mysore are highly satisfied with dealer relationship. Dealers of Mandya showed dissatisfaction towards other the dealer relationship and the product distribution factors. Dealers of Shimoga are similar to those of Bangalore in ratings. The ratings for Davangere and Tumkur dealers are low as compared to other cities.

6.0 Recommendations

6.0.1 Corporate communication occupies a pivotal place in garnering key strategic co-operation from the dealers. Nearly 39.5% of the dealers in Bangalore have either said they never receive any communication from KMF or the information received is inadequate. In fact, an immediate addressing of this key issue is strongly recommended since productive time is lost in balancing the market needs and matching the same to the corporate growth objectives of the Federation.

6.0.2 The ratings of the dealers from different cities shed light on the crucial and strategic issues affecting both the long-term and short-term relationship management between KMF and its dealers. No executive would possibly question the fact that strategic relationship issues are important to maintaining market leadership given the fact that Bangalore dealers have rated relationship factor and distribution as low. This needs a strategic correction. The rating of dealers from Mandya needs to be taken with serious concern in so far as they have rated low on both factors. This market being a very sensitive one with invasion of unbranded milk products has a good potential for KMF to increase its strategic presence by adopting such measures that would keep the dealers happy in comparison to Mysore and Bangalore. Similar steps need to be taken in smaller markets as the dealers have rated low on many parameters and KMF should guard the market share in these markets since private sector invasion in these markets is visible and is strategic threat which could possibly percolate to the border and peripheral markets of Bangalore.

6.0.3 Strategic Focus: KMF should divide its strategic focus into two dimensions – one, to run the day-to-day operations of the business and another to radically change how business is conducted. Run the Business (RTB) objectives to enhance current services and strategies through effective benchmarking. Change the Business (CTB) objectives promote innovative changes in business practices to achieve breakthrough improvement in its operations.

6.0.4. Channel Partner Management - Aligning Optimizing Results from Indirect Distribution
Channel Partner Management facilitates strategy alignment for organizations that go to market through an indirect channel. Organizations implement a process to define goals, minimize vulnerabilities, and establish commitments. This program offers a method for prioritizing channel partners based on the potential of the partnership and for aligning objectives for enhanced performance.

Just look at this far reaching statement:

"""Instead of trying to support all agents, I identified my key agents to better use time and resources for greater results.""

Sales and Marketing Manager

Insurance

Channel Partner Management focuses on satisfying mutual business objectives, beginning with an understanding of each party’s key area of focus and unique strengths. This approach helps KMF to validate and commit to the programs that accomplish desired objectives and optimize both parties’ investment in the partnership.

If product is no longer king, what is? Companies like Dell Computers, Lexus, Wal-Mart and Amazon.com have found phenomenal success by coming up with the answer-channels. The channels by which goods are marketed and distributed have become the new drivers of economic success. From these channels flow customer satisfaction, market share, revenue gains and profitability. It's not so much what you sell today, but how you sell it. And there is no going back.

In The Channel Advantage, Booz, Allen & Hamilton consultants Steven Wheeler an Evan Hirsh write about dozens of companies that have excelled in this channel-driven economy. In one telling example, Wheeler and Hirsh analyze the great success of Dell Computer. While Dell makes top-quality personal computers, it’s the company’s direct-to-customer...
sales channel that sets it apart. By building computers to order, Dell keeps inventory low, lets consumers buy exactly what they want, and pushes prices down by cutting out the middleman.

The Channel Advantage examines today's "Channel Champions," the companies that have mastered this new environment. Wheeler and Hirsh tell us how Lexus broke into the luxury car business by focusing so intensely on customer service that dealers personally called up customers to report a product recall. The authors also explain how the rise of Amazon.com represents the exploration of an entirely new channel: e-commerce via the Internet.

Wheeler and Hirsh, both partners at Booz, Allen & Hamilton, the leading management consulting firm, base their exploration and analysis on real-world experience working with clients. They've not only identified this change, they've lived-making The Channel Advantage a must-read for anyone who wants to understand what it takes to thrive in today's channel-based economy.

KMF would do well in drawing up the Channel Partner Management Programme. The Strong reasons for these recommendations are:

a. The contribution of Channel Partner Management to KMF - Get results, fast decrease sales cycles, increase profit margins, Win business consistently quick, effective adoption by management and the field Create a universal foundation provide visibility, prepare and execute towards growth
b. Why Channel Partner Management? Improve the effectiveness of KMF’s channel relationships Implement a method to maximize the ROI from their channel relationships, Increase loyalty from their partners, Differentiate their organization from competition
c. Benefits of Channel Partner Management: Achieve long-term, win-win channel relationships Reduce overall cost of sales Maximize return on investment Increase “mind share” and build partner loyalty
d. Optimum Channel Model Relationship Mutual Contribution Shared Vision/Goals Shared Vision Teamwork Communication Partnership Win-Win
e. Key components of channel partner management: Alignment with KMF’S partner how is your relationship viewed by both you and your partner? map out how to maximize long-term potential appraise the situation to develop a channel partnership mission statement understanding current position and determine key players by developing strategy focus on strengths that address needs of the partner develop a roadmap for working with the partner maximize KMF’s ROI
f. Alignment with your partner : Map out criteria that determine how your relationship is viewed by both you and your partner compare revenue impact vs. availability of alternatives, leverage opportunities of you and your partner, create a win-win relationship model determine how to increase alignment and maximize mutual profitability
g. To Maximize KMF’S ROI, Identify the right Investment decisions Focus on investments that will help you reach your goals Identify cost, revenue and timeframe for each activity. Create optimum ROI scenario Consistently communicate program developments with your channel partner
h. Keys to enterprise excellence executive sponsorship sales leadership: roll-out establishment of subject matter experts by creating standards of excellence field and sales support implementation tool integration ongoing reinforcement merchandising successes.

6.0.5 Approaches on How to Develop a Strategic Asset Management Plan for KMF?
Developing a strategic asset management plan is an essential part of any company's strategy, as it guides the purchase, use, maintenance, and disposal of every asset a company needs in order to conduct business. The goal of every asset management plan is to define the use of assets in order to streamline productivity and delivery with minimal loss of capital. Asset management is usually an organic process that takes higher delivery demands, unexpected company losses, and new product development into account to achieve the best results. If you own a company and need to plan out how best to manage your assets, read on to find out how to develop a strategic asset management plan.

KMF being a large company, the more extensive KMF’s asset management plan will need to be. If necessary, get expert advice from Leading FMCG Organizations on Consultancy terms to bring in the latest Strategic Channel Management Programs by conduct of MDPs/ Training Programmes Tailored to this end, and Joint Field work.

Encourage department managers to look for efficient solutions when developing a strategic asset management plan. For example, innovative & efficient Channel Partners may be costly to acquire but can yield a higher return on investment than conventional partners due to increased market coverage & Product Placement in a large & wide retail space.

6.0.6. Corporate performance management (CPM)
Corporate performance management (CPM) is the area of business intelligence (BI) involved with monitoring and managing an organization's performance, according to key performance indicators (KPIs) such as revenue, return on investment (ROI), overhead, and operational costs. CPM is also known as business performance management (BPM) or enterprise performance management (EPM).

Historically used within finance departments, CPM is now designed as software to be used enterprise-wide, often as a complement to business intelligence systems. CPM software includes forecasting, budgeting and planning functions, as well as graphical scorecards and dashboards to display and deliver corporate information. A CPM interface usually displays figures for key performance indicators so that employees can track individual and project performance relative to corporate goals and strategies. Some companies use established management methodologies with their CPM systems, such as balanced scorecard or Six Sigma.
Bob Paladino, in his book: Five Key principles of Corporate Performance Management,(John Wiley) illustrates on how to employ five key principles that top corporate and high performing enterprise practice:

- Employ & Deploy a CPM Office and Officer
- Refresh and Communicate Strategy
- Cascade & Manage Strategy
- Improve Performance
- Manage and Leverage Knowledge

It is recommended to constitute Corporate Performance Management Team consisting of Professionals in Dairy Industry, FMCG and resource persons drawn from within the organization in order to take this initiative forward.

7.0 Conclusion

This research explores the significance of elements of strategic asset management of KMF. Effort has been made to study the current and desired levels of strategies implemented by the Federation. The study identified the factors which influence strategic marketing activities of dairy service providers. A broad view of the analysis unveiled that much of the findings of this study were consistent and the study enabled a big step forward towards suggesting strategies for the company.

The findings also suggest the service providers to enhance the effectiveness and efficiency of the service delivery system, which constitute factors of strategic attributes. Such steps will promote the organizational objective to achieve corporate goals and targets.

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