

## **Importance of management in FMCG companies during lockdown period**

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### **Introduction**

Management is not a specialized subject to be used only by few people. Every person who is a part of any social system has to utilize management principles and practices. All of us are managing one or other thing according to the need of time and work. A teacher requires a good understanding of management. Similarly a professional working in any organization needs sound principles of management in order to ensure that, his efforts get fructified into useful benefits to the society at large. Even a householder plays the role of head of the family and manages his family. If we look at developing countries like India we find that most of the problems related to our poor state of affairs can be traced to bad management practices. Managing FMCG companies become more crucial during the lockdown period because it was totally unexpected. In a short span of time the management is forced to change their strategy and functioning in order to face the new challenges due to Corona or Covid 19 virus.

### **What is FMCG?**

Fast Moving Consumer Goods (FMCG) are products that are sold quickly at relatively low cost. Though the absolute profit made on FMCG products is relatively small, they generally sell in large quantities, so the cumulative profit on such products can be large. FMCG products are generally replaced or fully used up over a short period of days, weeks, or months, and within one year. This contrasts with durable goods or major appliances such as kitchen appliances, which are generally replaced over a period of several years. FMCG goods are also known as consumer packaged goods. The most common in the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, and household accessories and extends to certain electronic goods. These items are meant for daily or frequent consumption and have a high return. A major portion of monthly budget of each household is reserved for FMCG products. After the attack of Covid 19 virus suddenly the expenditure on soaps, detergents, cleaning solutions specially sanitizers has increased significantly. Earlier very few people were using sanitizers but now majority of population are using it to protect them from viruses and other infections. The volume of money circulated in the economy against FMCG products is very high, as the number of products the consumer use is very high. Competition in the FMCG sector is very high resulting in high pressure on margins. FMCG companies maintain intense distribution network. Companies spend a large portion of their budget on maintaining distribution networks. New entrants who wish to bring their products in the national level need to invest huge sums of money on promoting brands. Manufacturing can be outsourced. A recent

phenomenon in the sector was entry of multinationals and cheaper imports. Also the market is more pressurized with presence of local players in rural areas.

**Lockdown:** Confining of people to their place in order to control certain situation or circumstances or problem. A state of isolation or quarantine.

### **Importance of Management**

It's never easy for anyone to admit they have taken and executed extremely bad management decisions. If the prize is sufficiently large, managers will fool themselves into thinking the fault doesn't exist. Convenient scapegoats are always close to hand. However it is the responsibility of the manager to ensure that the financial side of the operation is fit for the purpose

Recently we face second worst of all economic disasters, if a company announces lay-offs and closures; much of the blame is automatically attached to the downturn. However, a measure of blame should also be attached to management itself.

The most important part I found during my study is that in the past at the time of recession when other companies are struggling to minimize their losses FMCG industries are earning profits.

Even recently during the lock-down period the demand of FMCG products are highly increased. Uncle chips, Lays, Bourbon biscuits, Parle biscuits, Britannia cakes, Haldiram Bhel, Products from Sanchi are some of the examples. In the Initial days of lockdown there was a shortage of Maggie. Later management of Nestle maintained the supply to meet the demand. Students and other people who were depending on hotels, restaurants, mess or Tiffin centers were suddenly require such type of products which can be consumed to satisfy their hunger.

A good management team is the key to the success of any business. Without this there would be chaos and business failure. After my study on top three FMCG companies I found that to survive in this competitive world the management strategy is based on the following:-

1. Innovation
2. Visionary leadership
3. Future prospects
4. Customer is the King
5. Management by fact
6. Social responsibility
7. System perspective
8. Emphasis on results and creating value
9. Organizational and personal Learning
10. Role of employees and Partners.

### **1. Innovation**

Innovation means making useful change to improve an organization's products, services, programme, processes and operations and to create new value for the organization's stakeholders. The chairman of ITC group said that innovation is the key factor for the success of their company. Now with the new scenario in the business world because of Corona, new techniques, methods and process should be innovated to face the challenges in the coming years.

## **2. Visionary leadership**

The visionary leaders create a vision, passionately own the vision and relentlessly drive it till completion. Visionary leaders are the builders of a new dawn, working with imagination, insight and boldness. They present a challenge that calls forth the best in people and brings them together around a shared sense of purpose. Their eyes are on the horizon, not just on the near at hand. They are social innovators and change agents, seeing the big picture and thinking strategically. There is a profound interconnectedness between the leader and the whole, the true visionary leaders serve the good of the whole. They recognize that there is some truth on both sides of most polarized issues in our society today. They search for solutions that transcend the usual adversarial approaches and address the causal level of problems. They find a higher synthesis of the best of both sides of an issue and address the systematic root causes of problems to create real breakthroughs.

## **3. Future prospects**

A focus on the future includes developing workforce and suppliers, accomplishing effective succession planning, creative opportunities for innovation, and anticipating public responsibilities and concerns. The future prospects for FMCG companies are very bright. With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Increased focus on farm sector will boost rural incomes, hence providing better growth prospects to the FMCG companies. Better infrastructure facilities will improve their supply chain. FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth. And if the companies are able to change the mindset of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future. It is expected that the rural income will rise in the coming days, boosting purchasing power in the countryside. However, the demand in urban areas would be the key growth driver over the long term. Also, increase in the urban population, along with increase in income levels and the availability of new categories, would help the urban areas maintain their position in terms of consumption. At present, the consumption of FMCG products is more in urban India as compared to rural areas in India.

#### **4. Customer is the king-**

This concept directed towards customer retention and loyalty, market share gain and growth .It demand constant sensitivity to changing and emerging customer and market requirements and to the factors that drive customer satisfaction and loyalty. It demands awareness of development of technology and competitors offerings, as well as rapid and flexible response to customers and market requirements. Hindustan Lever Limited, anticipate the aspirations of customers and responds creatively and competitively with branded products and services, which raises the quality of life.

#### **5. Management by fact**

Good management practices depend on the measurement and analyses of performance. Such measurements should derive from business needs and strategy and they should provide critical data and information about key process, outputs and results. Hindustan Unilever ltd. ITC group regularly measure their actual performance and take immediate action on the basis of facts and market conditions.

#### **6. Social responsibility**

These days social responsibilities is consider as a vital factor. A good management should stress responsibilities to the public, ethical behavior, and the need to practice good citizenship. All the top FMCG companies are making provisions for the social benefit through their schemes. They decide certain percentage of their income to be utilized for the society. Though they are doing lots of activity under CSR but in this lockdown period this is the best time for them to help their employees or workers by supplying their daily needs. Also they can extend their help to other poor people at nearby area.

#### **7. System perspective**

In all businesses today, aligning human resource management with business strategy has become an important element to succeed. Total business excellence is predicted on the success of well rounded strategy that seeks to produce results across a range of definitive interfaces such as the customer, services and products, finance and market and human resources. Efficient management provides system perspective for managing the organization and its key processes to achieve results and performance excellence. Thus a system perspective means managing the whole organization, as well as its components, to achieve success.

#### **8. Emphasis on results and creating value**

Key results of an organization are very important to measure the performance. It should be used to create the balance value for the key stakeholders, suppliers and partners, the society and the community. By creating value for key stakeholders, organization builds loyalty and contributes to growing the economy. A balanced composite of leading and lagging performance measures offers an effective means to communicate short and longer term priorities, monitor actual performance, and provide a clear basis for improving results. To meet the conflicting and changing aims as the market condition.

## **9. Organization and personal learning**

Achieving the highest level of performances requires a well executed approach to organization and personal learning. Organizational learning includes both continuous improvement of existing approach and adaptation to change, leading to new goals and approaches. Learning needs to be embedded in the way organization operates. The top three companies empower their employees by giving proper opportunity and training time to time. Past few months taught all of us how to change our life style or forced us to change our life style because of Covid 19 or Corona. Management of FMCG companies also quickly learn how to survive in this new scenario and how to utilize this opportunity to meet the extra demand of many of FMCG products.

## **10. Role of employees and partner**

An organization success depends on the knowledge, skills, creativity, and committing to their satisfaction, development and well being. Increasingly, this involves more flexible, high performances work practices tailored to employees with divert workplace and home life needs. With new requirement of working more emphasis is given to work from home. Most of the employees are working from home rather than offices. Plants are running with less numbers of labours and supervisors. External partnerships might be with customers, suppliers and educational organizations.

## **Conclusion**

I conclude my study by saying that management has to take quick decisions in the case of FMCG companies as the condition of market is changing very rapidly and consumer taste is keep on changing. The rate of innovation is also very high. Thus management strategies of FMCG companies are vital for their growth. The distribution network should be very strong so that the FMCG products should reached on time specially when very few hours are given by the government to supply or distribute the FMCG products during the lockdown period.. They need to be flexible enough to make the changes as per the situation. They are learning new approaches to deal with lockdown situations and the result of which can be seen in the coming months or years.

**Key Words:** FMCG (Fast Moving Consumable Goods), Lockdown , Management

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