Management Case

Gati Limited: Evolution of a
Third Party Logistics Organization

N. Ravichandran

Our proposal to the customer is value for money. We provide multiple options to our customers and facilitate them to choose what they wants based on price and performance. We handle 1.5 million packages in a month across 29 states in India. Each shipment has an assured delivery date. Gati is probably the only company in the world, which prints the promised delivery date on the docket. We are aware of the transportation needs, we understand the geography of India, and we have developed excellent connectivity across the country thus enabling us to provide unparalleled service to our customers.

Mahendra K Agarwal, MD, GATI

Gati started operations in 1989 as a door-to-door cargo company. A division of Transport Corporation of India (TCI), it was the result of Agarwal's conscious decision after he returned from the United States with a degree in management. Agarwal wanted to be in the transport business, even though it was considered to be one for those with modest education. TCI, which was Agarwal's family business, had half a dozen operating manufacturing units. When he joined TCI in 1980, it was one of the top three transport companies in India. His aim was to rebuild an otherwise successful TCI based on systems and processes and manage it professionally to meet implicit and explicit consumer needs.

Based on customer's feedback and interaction, Agarwal felt that, apart from moving cargo, TCI could do something different, which customers would value and appreciate. There were several options: either tie up with UPS or hive off from TCI and set out on its own with a separate brand equity.

Thus Gati was introduced in the market as a door-to-door cargo company with commitment on delivery and money back guarantee.

The first experiment of this new business model (overnight delivery) was conducted between Madras and Madurai. It, however, did not succeed because the volume was inadequate and the sector was short. This did not discourage Agarwal. Deep in his mind, he felt that may be the experiment had failed but not the concept.

Agarwal was very keen on making a second attempt. He had extensive discussions internally on the nature of the company, policy and procedures, infrastructure, etc. After detailed planning for six months Gati was launched in 1989 in four stations: Hyderabad, Madras, Bangalore, and Hosur.

To give an Indian name to the operations, several Sanskrit-based names were short - listed. Finally, the name Gati was selected to reflect and represent speed with direction.

Agarwal was aware that Gati was a late entrant to the generic cargo business. To make progress, the business needed to be conducted with a different perspective. Gati was willing to wait to generate surplus from the business. Agarwal chose time bound, point to point delivery, premium priced cargo management service. With this offering, Gati introduced the concept of express cargo in the Indian context.

In the beginning (1989) it was difficult to get premium rate for such service. There was not enough traffic on all routes. Only a few routes attracted good traffic. Agarwal's determination kept the company going. He gave more priority to timely delivery (to ensure customer satisfaction) than the cost of delivery reflected by vehicle underutilization. Often, vehicles were dispatched with low or moderate capacity. It took roughly four years to stabilize the differentiated express cargo business from simple cargo business.

Agarwal says:

"Gati was started in 1989 as a division of TCI. It became a separate company after a period of six years (1994). In 1994, TCI was a Rs. 200 crore company and Gati was doing Rs. 18 crore. I opted for transport business to satisfy my ambition and desire to do something different from normal and routine. Transport business was considered to be a routine business with no scope for value addition. I wanted to revolutionize this business by offering value added services with highest quality. My aim was to be a pioneering leader and business entity in this segment. We wanted to redefine service in this business and stay ahead of competition. That has been the focus of Gati."

There were several challenges in establishing this business. The first one was to manage a service channel whether there was enough traffic (load) or otherwise. When the load was low, keeping vehicles plying required tremendous business commitment to customer service levels promised.

Gati operated its business with a group of front-end entrepreneurial delivery set-up. Members of this set-up were known as Gati Associates (GAs). This concept was new. There was no

familiarity and no benchmarks. There were also issues related to who would finance the vehicles owned by GA. What should be the appropriate compensation/revenue for GA?

Finally Agarwal decided to encourage unemployed graduates with entrepreneurship qualities as GA. A Gati associate bought no capital to the business but only commitment and enthusiasm. He was trained and motivated by Gati. He was assured a net revenue of Rs. 8000 a month (in 1994). A financial arrangement ensured over a period of time, GAs owned the vehicles they have been using on behalf of Gati.

The next challenge was to get customers. Several advertisements were released. Gati announced a money back guarantee scheme when delivery promises were not met. Gati took payment from corporate clients only after producing proof of delivery. Though a genuine service orientation to customers, and commitment to excellence in execution (by investing on people and infrastructure), Gati got a foothold in the market. Gati also invested substantial resources in customer relationship marketing through regular customer meets and customer carnivals. This was a new strategy to the industry and resulted in creating a unique market for Gati.

Between 1994 and 1998, competition slowly emerged. Several retail courier operators cloned the Gati model. The unique product offering by Gati became a commodity. Therefore, premium pricing was no more feasible. There was erosion in the market share (up to 60 per cent). Competitors started recruiting Gati employees.

In 1994, Gati introduced desk-to-desk service to meet the price sensitive customer market. Desk to desk cargo was placed between regular transportation and premium cargo. Premium cargo was next day delivery. Desk to desk was delivered within four days. Soon desk to desk business started growing at the expense of premium (this was realized by Gati management only in 2000). Consequently in 2001, the desk - to - desk segment was merged with the premium segment.

In the words of VP (Finance):

"When Gati was formed Agarwal was TCI's MD. He, being an entrepreneur with innovative mind, identified a market segment in transportation business (desk to desk cargo: this is a service in which the parcel is picked up from the customer's location and delivered at the desired location within a stipulated time) with premium pricing. The delivery time commitment took precedence over truck utilization and hence the cost of service delivery. This was core to Gati.

Between 1998 and 2001, Gati expanded rapidly in business and revenue. It had grown to

operating in 10 regions in 2001 from 2 in 1994. Courier business had already become operational. International operation to SAARC countries was in place. Shipping business, earlier handled by TCI, became a part of Gati. TCI Highways was taken over by Gati. By 2001, Gati was using several modes or a combination of modes to give customers a choice on service (product, volume, and time) at an appropriate price.

In October 1994, Gati formally separated from TCI. All business relationships were redefined. Formal legal separation took place in April 1996 (through a de-merger process).

Originally Gati targeted packets up to 40 kg. only. Therefore, it was named as Gati Small Cargo Services (1993). A rebranding exercise was done with inputs from the Nexus Equity Advertising Group and Gati was established as a small cargo specialist and renamed as Gati Cargo Management Services. This was later renamed as Gati Corporation and finally Gati Ltd. (For a detailed description of product and services offered by Gati see Appendix 1.)"

Gati Business Model

Several innovative methods characterized the way in which Gati approached its business. For example, customers were billed only after the proof of delivery was made available to them. From the beginning Gati never operated the transport vehicles on its own. It developed a set of business partners called Gati Associates to handle the physical logistics operations. The compensation plan was designed to provide a win-win situation for both Gati and Gati Associates.

Based on the volume of traffic and the origin and destination information, Gati systematically developed relationships with airlines and railways to use their cargo capacity to deliver products and services. Gati had a long-term contract on cargo capacity with Indian Airlines and other airlines on the first flight from specific origin to destination for a fixed price no matter what the actual traffic was. This enabled Gati to deliver priority and courier bookings with remarkable ease and accuracy. The commitment to Indian Airlines on account of this contract was Rs. 1.5 crore/month.

Explaining the strategic intent in such an alliance, Agarwal said:

"Both Gati and IA see tremendous potential from this alliance as domestic air cargo movement is estimated at 550 tonnes/day of which IA carries approximately 300 tonnes. Private operators carry approximately 150 tonnes a day. Research shows that about 100 tonnes a day are as yet untapped for movement by air. This market is expected to grow by leaps and bounds with most manufacturers looking for faster movement to contain inventory cost. Besides two other players

in the industry, Gati also has clearance from the Director General of Civil Aviation for flying its own cargo aircraft but we have taken a conscious decision to go ahead in our contract with IA as we feel that, with self-owned operation, the fleet would be limited to 2 - 5 aircraft while IA's fleet of 58 aircraft provides a very wide reach to suit the needs of all kinds of customers. There is certainly a lot of merit in this strategy as Gati services 550 locations through 150 branches spread all over with one waybill. With this alliance the users of express services can certainly look forward to the best "wheels" and "wings" in India."

Contract with Railways

Based on detailed analysis, Gati found that it was economically viable to use the railway network to move its cargo. After prolonged negotiation with Indian Railways. Gati signed a three-year. The contract was motivated by Gati's ability to service three different market segments with greater efficiency: some air cargo (urgent on time to deliver, but bulky), some surface cargo (both retail and major accounts) and transport market (price sensitive segment).

The railway contract was not without risks. Each train cost Gati Rs. 10 lakh. It required moving one train every week, which was possible only when 30 mt/day of cargo was mobilized. The expected revenue from a trainload was Rs. 18 lakh. The best route was Delhi-Madras. Prejudices from railways prevented its operations. The Bombay-Calcutta route was operational for six months. The Delhi-Bombay route was not received well as the distance was not large enough to shift prime customers to the rail mode.

Movement through the railway network could not be sustained because even in the best route (Bombay - Calcutta), there was no return load. The contract stipulated a fixed payment to railways. Collection did not match with the commitment. Non-availability of load delayed shipments and delivery commitments could not be met, leading to reduced traffic. Some in Gati argued the railways business failed because Gati never sold the product or a service but inadvertently started selling the mode (rail) of transport. Customers were unwilling to pay a premium price for what was perceived by them as slow mode of transport.

Before Gati undertook organization-restructuring railways was managed as a project. After restructuring there was no clarity as who was responsible for what of this product. This further led to lower collection and non-profitable operations. Eventually, Gati abandoned the initiative. There was a feeling of unease among senior executives that a potentially good project was not well managed and a great business opportunity was lost.

HR in Gati

Gati believed in long-term employee relationship. Organizational commitment, win-win situation, multiskilling of employees, and long-term employment were the key ingredients of human relations function. Attitude was given more importance in employee recruitment than qualification and expertise.

? On every possible occasion, Agarwal made it explicit that Gati was a caring organization. Wherever possible, food was cooked and served to employees in all Gati offices. While the informal set and atmosphere worked well for quite some time, major reforms were initiated between 2000 and 2003 to enhance competitiveness of Gati in the changing business environment.

? Agarwal himself personally met the family members of an employee in case he/she lost life in a (major) road accident. This was systematically followed up. Today (2005), where Agarwal cannot visit the family of the victim, a senior employee of the company is deputed.

? Most of the Gati employees (until 1994) were inherited from TCI. There was a need to enhance their competency level. Management graduates and engineers were recruited from the campuses and placed in executive or managerial cadre. To keep a check on the number of employees, a performance-based separation scheme was implemented. The separated employees were given option, opportunity, and financial support to work for Gati as entrepreneurs.

? The gender mix in Gati was skewed towards males. Very few women worked for Gati. To bring an element of improvement in social behaviour within Gati (in terms of spoken language, manners, etc.) women employees were inducted as management and graduate trainees (this initiative was based on the hope and assumption that, in the presence of women, male employees would tend to be more gentle!). The entry-level qualification was increased from school pass (higher secondary qualified) to graduation.

? Recruitment was need based. Advertisements, using manpower consultants, and visiting campuses were the modes of recruitment. Understanding of the service industry, ability to sell a product, innovativeness, business knowledge and exposure to functional areas of business, softer skills (like communication and sensitivity), and ability to work in a team were the range of skills sought in a fresh recruit.

? Every new entrant went through a seven-day induction course, at a place other than his/her place of posting. Standard training modules on marketing, customer orientation, and service quality were routinely offered. Several executives were nominated for management courses in reputed Indian educational institutions.

? The performance appraisal system was changed from the managing director reviewing

the performance with every regional manager to a broadbased open appraisal system. Two broadbased review committees did the appraisal. A central review committee and a regional review committee reviewed the performance of every manager along with the managing director in an open environment.

✎   Welfare measures included financial support on a need basis. All employees and family including parents were covered through insurance policies. For staff, all statutory requirements were provided. Remuneration and perks for senior executives were comparable with the best in the industry.

Reorganization in 2003

During 2001-2003, Gati undertook a major organization restructuring exercise. This was motivated by several business reasons.

Before reorganization, Gati's operations were divided into 10 regions. Each region was like an independent business unit and was managed by a regional manager. The regional manager was incharge of all activities related to the management of the region. This created a vast pool of generalists in the company. Because of increased and intense competition, Gati needed to sharply focus on marketing and delivery. For example, the regional head could spend only a limited amount of time with his clients because of his other responsibilities of managing the region.

The monitoring (business) mechanism was at the regional level. While at best regional performance could be monitored and possibly corrected, it left several gaps in understanding how a product or service was doing across the country. At best it was possible to discuss the performance variation of product and services across the regions. It was not possible to develop a holistic view of the product and service and enhance performance or modify the features.

Gati had evolved on employee trust. Most senior managers were groomed by Agarwal. They all had joined at the operating level and had moved up to assume larger responsibilities as the business expanded. There was a lack of formal systems approach and professional orientation.

Agarwal was of the opinion that, given the size of Gati and growing business compulsions, marketing and services could no more be bundled. A need to focus sharper on these activities with specialized manpower was articulated within the organization.

In the revised organization structure, marketing and services (operations) were vertically separated across the company. Services like information technology, finance, and HR, which

were used by every product in Gati, became corporate functions. In the new set-up, there were five zones: north, south, east, west, and central. They were primarily marketing offices. They looked after all marketing aspects of all products in a zone. Services and the associated infrastructure were renamed as divisions. The division heads were responsible for operational efficiency and service reliability. Both divisional heads and zonal heads were expected to work as internal customers. The service heads looked after all Gati products. (See Exhibits 4 and 5 for the revised organization structure and the value chain concept.)

The number of branches was rationalized to 62 from 180. The new operating units were called express centres (EC). Smaller branches (of the old system) were converted to depots. Each EC was a hub for several depots. Operation, sales, and financial accounting were administered at the EC level. In essence, the reorganization aimed to convert Gati from a resource based, activity-oriented organization to market focused, process oriented commercial entity.

The consequences of restructuring were deep and felt across the organization. Some of the most important issues are captured here.

- ✍ Earlier, Gati was a corporate office driven organization. Now every division and zone was expected to set its targets (in consultation with the corporate office). The zones should manage their funds. The zones can resolve structural issues, modify procedures, refund customer (claim) settlement, and damages. Virtually they are independent subject to broad policy issues.

- ✍ Earlier divisions were based on geographical delivery. Now they are based on activity and its intensity. The old system was driven by close supervision. The new system is driven by performance measures and empowerment. Responsibilities have been redefined and refocused, and reporting relationships have changed.

The revised organization structure was implemented with great zeal and enthusiasm. Speaking on the challenges, VP (HRD) said:

"There were two types of challenges in implementing the revised structure. The internal challenges were our inability to change and transform. We thought we had the ability. But, it was a wrong perception. Separating marketing and operations itself has created a big turmoil in the organization. It took several months to clarify who should do the billing and who should do the collection. Employees simply refused to touch work, which they felt, were not their responsibility, and operations suffered. Accounts receivable went up to Rs. 34 crore (close to 10 per cent of the turnover).

Reorganization reduced the visible power of middle management and seemingly restricted the span of control of top management. Employee morale was low. There was no assessment on the competency profile of the employees. There were new jobs. Employees were randomly assigned to new slots. Many fitments were sub-optimal. Several employees left Gati. For six months the entire organization was in turmoil. The focus on business was diluted. There was a fear that the company might drift from its main course.

Reactions among management varied. Top management was driving the change. It was positive and enthusiastic on the revised structure. But, occasionally, there were apprehensions related to successful implementation of the revised structure and realizing the benefit of the change."

Reacting to the revised set-up, one senior manager said:

"Earlier we ran business based on individuals. Now we are becoming system oriented. What happens when the system fails? In the revised organization of work there are still several grey areas. In the focused environment, accountability is diluted. Earlier, there was a single comprehensive performance measure. Today, my performance is influenced and affected by several others in Gati."

According to the Manager (South Zone):

Earlier I had comprehensive powers. Now my powers and responsibilities are curtailed. Earlier I can design a product based on a customer's requirement and deliver it. Today, I need the support of services to do it. Why this unnecessary complication? Service and sales are internally split. But for the customer, sales person is responsible for service as well. How to resolve this conflict in perception?

There should be one person to lead. You cannot have two independent streams of authority. The present structure would work only when the professional maturity of the individuals are high.

Earlier, I used to make instantaneous decisions. For example, if I have enough material I would organize a truck immediately to satisfy customer requirement and meet delivery commitment. Now, I need to depend on service. Similarly, client settlement would also involve several steps and several people and their judgment.

Gati Online Initiative

The Gati online project was conceptualized in 2000. The objective was to develop a web-enabled information technology platform to support operations. Before this initiative Gati had developed a software and implemented it on FoxPro. It was based on the latest information technology. Over a period of time, better and safe technology had evolved and Gati wanted to take advantage of it.

There was another problem: the software was operational at the local offices in a decentralized mode. It was not possible to establish centralized control on data and operational features. Decentralized operation allowed the front-end employees at branches to offer differentiated pricing. However, because of lack of control and data integrity in the system, financial benefits did not accrue to Gati. Some pilferage was possible. The new software was expected to plug these holes.

The option of using readily available software was considered. Based on the peculiarities of operations and after carefully evaluating several vendors, Gati decided to develop a customized solution itself.

Gati engaged the services of a reputed IT company to develop a software. This company had very little experience in developing customized solutions, even though it was a well-known computer training organization. Gati wanted a software, which would track all activities from receiving a document until settlement of accounts related to the document. The company envisaged the project as an extension of Oracle Financials. Its idea was to customize Oracle Financials to Gati requirements. As an extension it planned to capture the operational aspects. The company spent about nine months in understanding Oracle Financials from this perspective. However, Agarwal and others realized that this approach was unlikely to meet the requirements of Gati and was not in tune with what Gati wanted. Consequently, the contract with the company was terminated. Gati had lost about a year in initiating activities related to developing its own software.

Agarwal and V.T. Pawar who was in charge of the Gati online project engaged Satyam on the software development project. Satyam broadly understood the requirements and started negotiating the project details. Agarwal was keen to have the job completed in 15 months. Satyam, however, needed at least 24 months. After prolonged negotiations and substantially modifying the system requirements and reporting formats, June 2002 was fixed as the target date for completion of the project, which was named Gati@web. The project comprised three different components: GEMS (Gati Enterprise Management System), Oracle Financials, and

Oracle CRM. GEMS was the main application, which was to be custom built covering all activities of Gati. This in turn was to be interfaced with Oracle Financials for financial reporting and CRM for the contact centres.

For Satyam, this project was the first of its kind. The project envisaged about 2000 man months' effort. The project was monitored from day one (March 2001). Ten months passed by and in January 2002, Satyam reported that the project was too big and could not be delivered by June 2002. Left with no alternative, Gati settled for reduced scope of the application; Satyam was to make this available by June 2003. However, the change in time frame resulted in a price increase of around 42 per cent to Gati. Satyam met the new target date successfully. In the opinion of Pawar, what was planned as a 15-month project was extended to 27 months with substantial reduction in scope.

A detailed systems study was done. Based on data elements, process mapping was done. The user groups validated this regularly. Software development was in small units or modules. As and when a module was ready it was tested individually for logic and with user groups and the Gati IT team for operational clarity and consistency. The units corresponded to loading, unloading, goods delivery and generation of proof of delivery, etc. There were more than 1000 modules and units. The units, when developed, were not based on a public system requirement document. This document was getting evolved between the user, the implementation team, and Satyam and, therefore, there was no single scope document for the system.

The project envisaged about 2000 man months of work. It had a budget of Rs. 3.5 crore which was subsequently revised to Rs. 5 crore. For Satyam this was moderate revenue. For a comparable project its billing would have been US$ 10 million. It agreed to do this project at this price because of the relationship between Agarwal and the CEO of Satyam. Besides, this was the first project of this kind for Satyam.

Project implementation progressed as planned. Gati and Satyam worked as one team. Both Gati functionaries and IT personnel were involved in the design and testing of the entire application product and the interfaces. In order to ensure that this web-based project became a reality, wide area networks of 120+ locations were set up including IP phones between various locations. Also a fully redundant data centre was created at the head office in Secunderabad. Every employee in Gati was trained on the new system. In addition, a computer based training module was created for the benefit of users.

All the modules were tested. The project team had planned the system for about 300 concurrent (simultaneous) users. The software performed as expected on all test conditions.

The system went live on July 3, 2003. As soon as the system went live it crashed. There was a complete system failure. Nothing worked.

According to VT Pawar:

"We were shocked. We did not know what went wrong. We have heard of ERP implementation failure. This one was utter failure. Nothing worked. We had created so much hype about this software; it was impossible to imagine its failure. We contacted technical experts, executives in charge of project implementation, software experts, and hardware consultants to figure out what went wrong."

Since there was no back up, operations came to a grinding halt. Based on a wide range of consultations, Gati took the all-important decision to go ahead with implementation.

Immediately on deciding to go ahead, a recovery plan was put in place within a day by the project team in consultation with senior members of the organization. It was decided to retain the new system for some activities and continue with Foxpro for other activities for a short term. Part of the operations (like generating some documents) was manual.

A detailed study led to the following conclusions for the system crash. The number of concurrent users was much more than what was planned. Actually it was 600 plus users as against a plan of 300. Satyam had no prior exposure in designing and developing such a huge on line transaction processing (OLTP) system. It had underestimated the size of the server required for such an application. This created a problem on response time. Another cause was the program coding which was seen as non-optimal to handle so many concurrent users in an OLTP system.

The recovery team quickly upgraded the hardware and did a lot of fine-tuning of the software code. By September 2003 the system stabilized and the new system was in place and fully functional. While the recovery operation was technical, management and implementation of the recovery required encouragement, motivation, and a spirit to fight back.

Responding to a query whether the crash could have been avoided if the implementation was on a phased manner region-wise, Pawar said:

"We wanted to have a big bang implementation on day one (July 3, 2003) at the national level. Therefore, regional or phased implementation was out of consideration. There was also a possibility of running the operations parallel for a while and then switching over to the new

system. We avoided this strategy to resist the tendency to stay with the old system. Since we tested the program logic at every stage, we were confident of its implementation. We grossly went wrong in estimating the number of simultaneous concurrent users in the system."

Gati's IT department took over the entire software from Satyam in August 2003 to fine tune and complete the work according to the original scope. The IT department employed 70 people across the country in two different categories. The first set consisted of employees in the field who supported day-to-day operations (internal customer support engineers). Their prime job was system upkeep, installing software, ensure network connectivity, training, etc. The second set of employees in the head office included software developers, database administrators, and system and network administrators.

GEMS generated a summary report of all transactions carried out during the 24-hour cycle at more than 300 Gati locations. This summary report known as DBR (daily business report) is very exhaustive and provides insight into business generated, collection, outstanding, arrival and delivery service levels, customer calls, etc. All these information is available for the day, for the month, and actuals vs. budget wherever applicable. This information is available for various products of Gati and importantly this can be viewed by a specific location or zone or on an all-India basis. DBR is one of the reports from a stack of more than 200 transactional and MIS reports available in GEMS catering to the needs of both frontline and senior management.

Oracle Financials and Oracle CRM were was success from the time they were launched. Oracle Financials was used for balance sheet purposes, and the contact centre modules of CRM were used at various call centres of Gati. CRM was used for capturing the interaction with customers and automatically escalating any issue not resolved within the pre-defined timeframe to various levels up to the managing director.

Barcode scanners are used to support operations. Since Gati billed customers based on proof of delivery (POD), PODs are scanned and stored in the database. Customers can view the PODs online.

To illustrate the change in the working style as a consequence of this new network and online information system, G.S. Ravi Kumar, IT chief, gave a few examples.

When a customer calls, our front-end staff can give complete history about the shipment, revenue, accounts receivable, service quality, and any complaints. Gati would be able to tailor its response to individual customer requirements. Thus the power of customized decision-making is transferred to the front-end.

Online information can be used to improve efficiency in planning. Earlier, the return truckload was filled based on availability. Today the system has information on cargo available at destination. Accordingly, dispatch planning can be made more systematic and meaningful.

Online information enabled sharing vital tracking information to customers via e-mail/SMS. Also it enabled Gati to implement e billing for its contractual customers.

Should there be a delay in a truck arrival or departure the earlier system had no way of tracking the cascading effect on the distribution network. Because of the new system not only the effect can be tracked but a contingency plan can also be generated, evaluated, and implemented. It is now routine to do route planning, route mapping, and material traffic planning.

In 2003, tracking was at the docket level. In near future, Gati would move to package level tracking which would provide more consumer confidence and a better tracking on the system.

Customer Service at Gati

The entire customer service, complaint monitoring and resolution, and service quality initiatives are handled from the corporate office in Secunderabad. This is coordinated by a senior executive, who defined his job as follows:

"My job in customer service is to be proactive in handling a potential deviation and take necessary corrective actions arising out of the deviations, and to ensure that similar deviations do not occur in future."

Leveraging technology for information, i.e. providing service and relevant information with the objective of keeping the customer focused on his core business.

Gati operated call centres on 24 x 7 basis to receive, respond, and monitor customer complaints. For the first time in this industry a toll free number was made available to customers. The customer service team has about 100 people located at nine call centres all over the country. Monitoring of the service quality was being done in Secunderabad. If for some reason a customer complaint was not resolved in reasonable time it is usually escalated to the next level for possible resolution.

Every complaint is captured in a database to evolve a better understanding of the patterns of complaints, what is Gati's response in the resolution of the complaints, and time taken to resolve it. The nature of complaints is analysed to form a basis for preventive actions and systemic

improvements.

A customer service executive says:

"Managing customer expectation is the key to our success in this business. For example, when we know a vehicle is delayed owing to traffic conditions, we anticipate the impact of this delay on our service delivery and alert the customer on the impending delay so that he can activate his contingency plan. Often we accept consignments with a requirement of cash on delivery. We alert the receiver to keep adequate cash ready and update him on the status of the consignment. This improves customer satisfaction, shortens the delivery cycle time…a win-win situation for all concerned."

Continuing on managing customer expectations the head of service quality said:

"We are in a business where direct value addition by our activities to our customer looks apparently marginal. But, the consequences of delayed or late delivery to the consumer may be significant. As a third party logistics company we must be sensitive to this and do everything possible to meet the promise. That is the reason why a customer is buying our expertise and willing to pay for our services. Our elaborate monitoring systems are meant to facilitate this process."

Every vehicle is monitored by the elaborate computer communication system. Should there be a delay counter-actions are implemented and in the eventuality of real delay customer and concerned departments are routinely altered for possible remedial measures. The technology network is considered to be superior in the industry. Customer survey is done once a quarter to identify status and improvement areas.

At the aggregate level Gati recorded 90 per cent punctuality on arrival. Two-thirds of shipments due for noon delivery were actually delivered. Seventy per cent of the shipments met time target on a day-to-day basis.

Transformation from Suvidha to Zipp

In 2000, Gati launched Suvidha, a premium cargo (courier) product, to be managed and operated by the same team, which was in-charge of the cargo business. For various reasons, attention on Suvidha was not adequate. Consequently, delivery performance suffered and hence ability to sell the product was poor. Suvidha was started as an extension of business cargo, which essentially meant movement of documents. Unfortunately, the delivery team did not pay equal

attention to small cargo, small documents, and small parcels. Gati never took advantage of midnight flights to deliver documents the next day. This was primarily because Gati as an organization was used to the mindset of moving shipments one day after they were booked. Consequently, delivery promises could not be kept. Competition was intense and delivery before 10.30 a.m. next day was increasingly difficult. For Gati, courier service was an extension of its cargo business. For customers, it was a prime way of moving documents. Also, alternative vendors were available for customers.

Gati offered Suvidha to realize higher revenue. Gati had developed a good customer base and an excellent logistic infrastructure and was fulfilling a specific felt need. Connecting the infrastructure with specific industry need was also logical. Initially Suvidha was a reasonable success. However, because of lack of focused attention on Suvidha, the product was losing market share.

Gati was one of the first companies to use 2 kg. and 5 kg. boxes to capture the retail courier market. This product was offered at a fixed price. This also did not take off and died a natural death. Marketing and operations blamed each other.

Gati decided in 2004 to revamp the courier business and take it forward with a strong brand image. In order to operationalize this idea, professionals from the courier industry were hired. Suvidha was reorganized on several dimensions. First the name was changed to Zipp as it was felt that Suvidha was a generic name used by banks, railways, etc. Suvidha did not have a good brand recall. Zipp was considered to be contemporary and a tune with Gati. The next area of reorganization was to create a separate team, which would be responsible for delivery from end to end. This meant a separate marketing team, focused operational team, and dedicated customer care and monitoring team.

Some of the activities related to Zipp such as pick up, sorting, and delivery were outsourced. Zipp was to use the Gati network wherever it was appropriate and operate on its own network whenever necessary for purposes of speed. For example, Zipp products would be in a separate bag. They would be handled separately at the airport itself to reduce transit time. To a large extent, the Zipp team was different. There was to be a core market team responsible for product positioning, pricing, and promotion. As of now, the express centre managers would handle Zipp as well.

Commenting on the performance of Suvidha, the incharge of Zipp said:

"Somehow Gati was not able to focus and deliver small [courier] packets even though our track

record is excellent on cargo business. Blue Dart is able to deliver this product with enviable accuracy. Interestingly, Blue Dart has not been able to replicate our success in cargo business. We [Blue Dart and Gati] have similar infrastructure, market conditions, and other resources. It appears both organizations have developed their own mindsets in handling respective businesses. Operationally, it should not make any difference to handle these businesses given the infrastructure and system. In every advanced country multiple products are handled using the same infrastructure with exceptional efficiency. Maybe Indian organizations (especially Gati) need to develop that maturity."

As Zipp is a reorganized version of Suvidha (which was withdrawn) certain apprehensions were envisaged in acquiring new customers. Gati planned to respond to this with a two- pronged strategy:

- ✍   Extensive market research to understand what new features may add value to the product from the consumer point of view.

- ✍   To add volume, Gati was planning to target a range of new customers and hoped, based on the positive market feedback and image, to get back the traditional Gati customers.

The product extensions of Zipp specifically targeted three major segments: education (students), pharma companies, and e-commerce business community.

For the academic community, the product offering would include responding to mass mailing of prospectus and applications related to course admission. Specialized collection boxes of Gati would enable students to return application forms to academic institutions. This was expected to be a big business opportunity in the near future.

To the pharma industry, product offerings would include cold chain boxes to carry medical samples, blood samples, and vaccines, which needed to be kept in a controlled environment. When introduced Gati would be the first company to tap this market. This is perceived to be a difficult and challenging market segment.

Moving further on the value chain Gati planned to sell envelopes and boxes at very discounted price. Drop boxes across the country would facilitate collection and simplify the operational processes. Customers are expected to use these envelopes to send materials across the country. Zipp team is working closely with e - commerce community team to identify their needs, and convert them to business opportunities.

Investment in the Zipp project is expected to be higher because of technical equipment and new and dedicated team members. The business is expected to generate surplus from the second year. In order to contain cost, outsourcing of collection, delivery, and movement is being actively considered.

Zipp is expected to generate about 10 per cent of Gati's business in the next 2-3 years. The gross margin is expected to be 50 per cent with a profit margin of 15 per cent. Summing up the Zipp plan, the business manager said:

Because of Suvidha history, response within Gati for Zipp is somewhat subdued. The enthusiasm of the team would be visible when the project is making an impact. We have reengineered our customers, network, people and process. New market segments e.g. mass mailing, have been identified. The network itself is a major challenge. There is clear risk involved in this business. For all practical purposes this is not a redesigned product. It is a new business itself.

Gati Brand

Traditionally Gati has been operating with a philosophy of one product suitable for all markets. Often the market reach and presence is moderated by the product scope and utility. According to Manoj Agarwal, Head Corporate Communications and Marketing:

"The first step towards building a brand for Gati would be to design products based on consumer expectation and market gap. Several companies need distribution help in a particular geographical area. Gati should explore possible opportunities and launch product(s), which would suit specific sets or group of customers. Therefore, the key to marketing is a single generic product with multiple variations to suit different market segments.

The communication strategy at Gati is based on building relationship with customers. Gati wants to position itself as an organization, which can collaborate and work on holistic solutions to meet customers, logistic needs:

To create such an image a series of social events would be planned with customer. It could be an invitation for a regional cultural festival (like the Navratri in Gujarat); it can be moonlight dinner, a movie in a theatre exclusively for Gati business associates and customers. In all these meetings there would be no mention of business. It is expected that such experience would provide a warm and cordial beginning when the sales team visits the customer to solicit business. It is hoped such a preparation would create a conducive climate for positive business decisions. This would be the basis on which the Gati brand would be built."

Mr. Arthur's Action Plan

In order to globalize Gati, Agarwal has been exploring business opportunities in South East Asia, Middle East, and other countries. He was keen to recruit expertise to upgrade Gati operations in India. One such find was Arthur Simon Bertie who joined Gati in 2001. Bertie had worked for Federal Express before joining Gati. As chief business chain officer, customer service, logistics, domestic, and international operations reported to him.

Speaking on the business priority areas for Gati, Bertie said:

The number one priority for Gati is customer relationship. We must provide a solution to all customer requirements (express cargo and courier). Based on our relationship we need to broaden our customer base, excel in service quality, and deepen the existing relationship to increase revenue and profitability.

There is tremendous scope to revamp infrastructure [which meant network rationalization]. This is the foundation to Gati's cost advantage. The purpose is to increase productivity in material handling by automation. Attention to details and accuracy in what is being done is another area of opportunity. The scope of cost reduction is at least 1:7. Gati uses only 65 per cent of the capacity of vehicles deployed. There is scope to rationalize branches, modify and restructure routes.

Gati has a great business opportunity in packaging. The packaging industry in the country is in primitive stage. The margins in this business are good. Packaging is a natural extension of transportation. The recent experiments on Alphonso mango export and the Jaipur experiment on art pieces are encouraging. Spare part management, bulk handling, and reverse logistics are future business areas.

Gati has a great role to play in goods movement in SAARC countries. When free trade zone is in place, material would seamlessly move from Sri Lanka, Malaysia, Thailand, Hong Kong, US, and Europe. We can imagine a situation where we bring material to Bombay or Madras from Dubai and take it to Thailand via Colombo or otherwise.

There would be a reverse material flow as well. Creating and managing warehouses would provide an opportunity to move from mere transport to logistics. Therefore, we are building several ultra modern warehouses. Up to Rs. 100 crore would be invested in building 45 warehouses in the next three years. We expect this investment as a basis for future business. There is a dedicated team within Gati, which implements this project.

Conclusion

Gati got into express cargo business because it was an unexplored territory. The business was financially viable and attractive. In view of very little or no competition, efficiency of operation was least tested. Product variety and proliferation were the key to growth. Competition was contained by several choices (on price performance) to customers. Gati got into express cargo business with the vision of "Service first, cost next". The reorganization was in response to increased competition. The next stage was improving the systems. As of 2005, Gati is in a consolidation phase on complete solutions and international operations. This is the time to strengthen systems, recruit talent, professionalize activities, evolve sound management practices, promote resource productivity, empower people, launch aggressive marketing, etc.

The logistics business in India is expected to grow steadily as an offshoot of 7 per cent projected GDP growth. Gati has competition in every product/market segment but none as a whole. How should Gati protect itself from possible encroachment by competition?

Zipp is not moving. What can be done to revive this? Employees are waiting to see some improvement in Zipp, but when? To succeed, Zipp, needs transformation to a process orientation. What would take it to become a process based organization?

Gati online ERP (called GEMS) is working well and has stabilized. What should Gati do with this software? Should it be sold to an IT firm or should Gati start a consulting agency to implement this ERP in other courier companies?

Gati's experience in international operations in Singapore is quite encouraging. There is a similar opportunity for small cargo business in the Middle East and Europe. The fact that Gati has multimodal transport operations is an advantage. All these would ensure a solid basis to grow both nationally and internationally. The key issue is how fast this growth should be? What would accelerate this growth?

What are the internal (structure, people, system performance appraisal) requirements to move from an activity-oriented organization to a solution provider (logistics, 3PL, etc.)?

The greatest strength of Gati is its ability to experiment, willingness to face failures, and resilience to overcome them. These are typically the characteristics of an entrepreneur-driven organization. When and how Gati should graduate to a leadership managed entity?

Gati's business model has changed from partnership to investment oriented. What are the risks

in the new model? What are the advantages?

Gati cares for its employees. It emotionally supports them. What should it do to attract talent and retain them? What kind of compensation would be desirable? How to make Gati a most enjoyable workplace?

Exhibit 1: Total Income
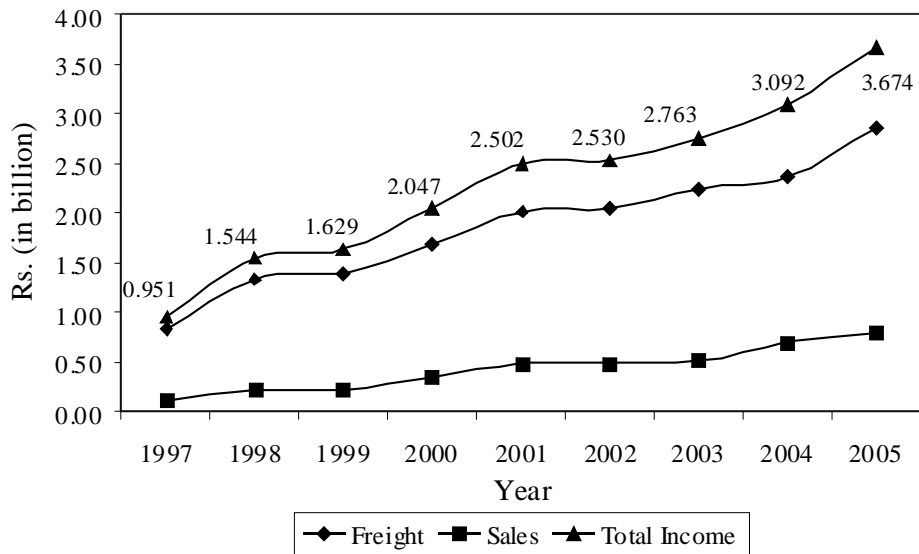
Exhibit 2: Profit after Tax
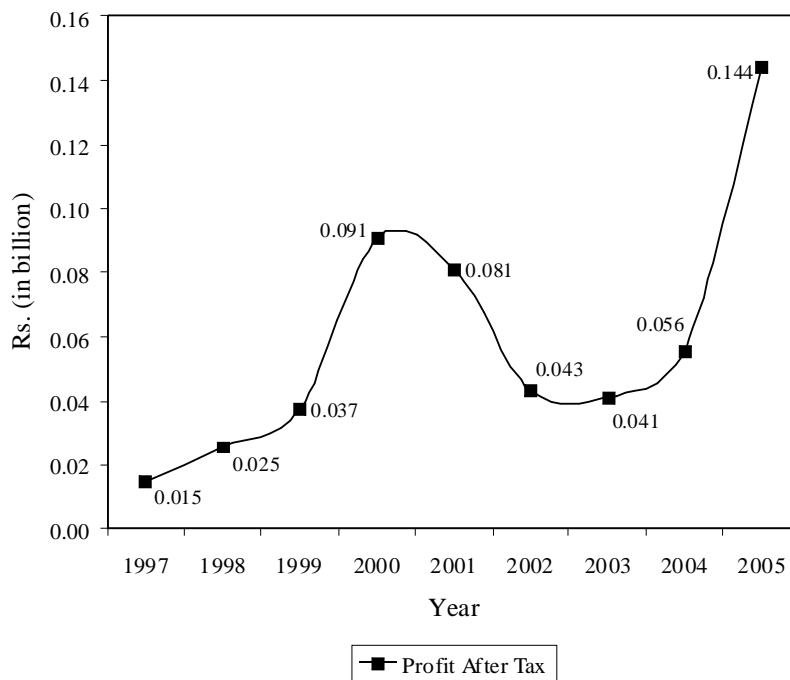
Exhibit 3: Total Expenditure
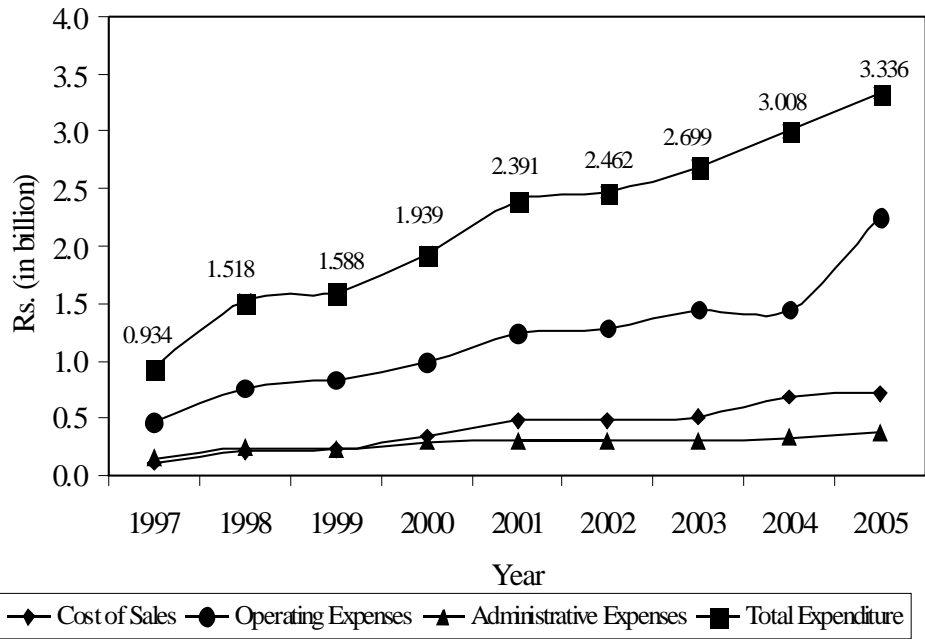
Exhibit 4: Gati Organization - 2004
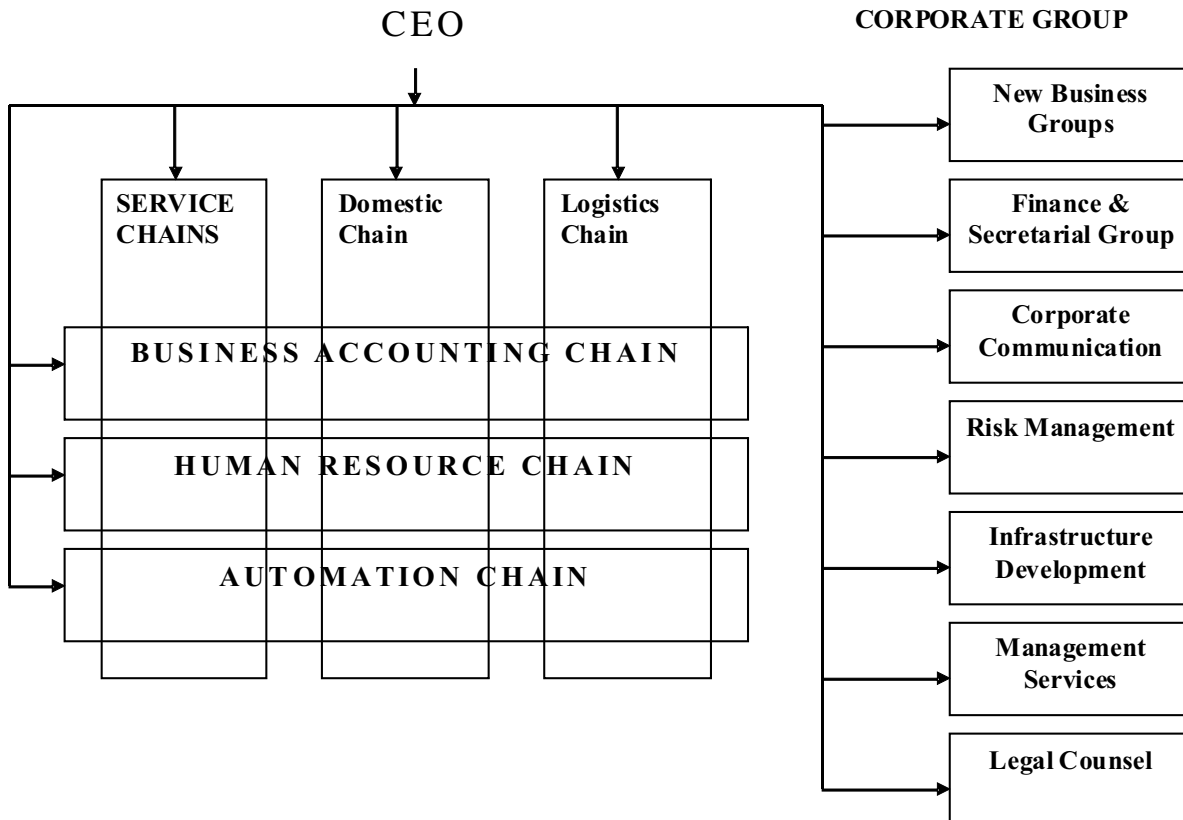
Exhibit 5: Gati Value Chain
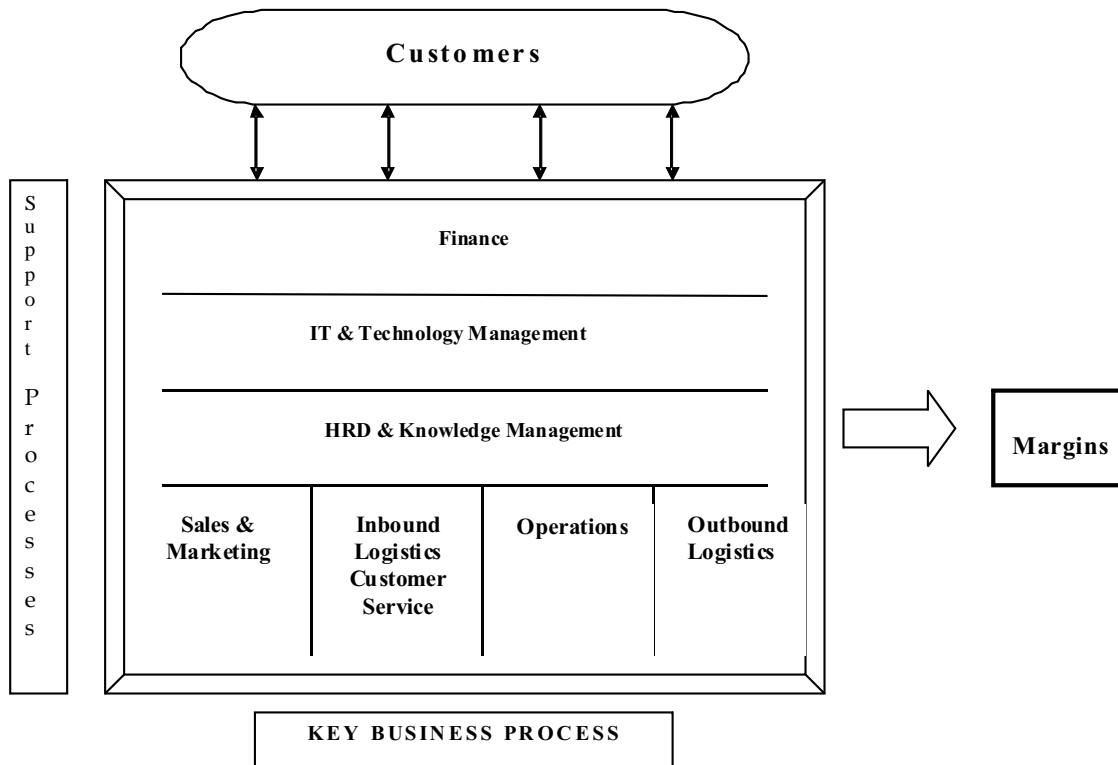
Exhibit 6: Gati Objectives

1.   To meet customer requirements.

        Quality of services at competitive value
        Analyse customer needs and find solutions to satisfy them
        Provide timely and correct information and avoid surprises
        Prompt resolution of compliances and create an environment of mutual respect

2.   Provide timely and accurate MIS of business, costs, and profits and help continuous improvement in performance.

3.   Achieve operational efficiency by correct operational balances with the help of uniform, accurate, and timely information.

4.   Control revenue leakages and costs and improve profitability.

5.   Centralized information, which is consistent throughout the organization.

Exhibit 7: Flow Process Chart

```
                              Pick-up Call  ──────────▶  Registration
                              Registration               Details
                                    │
                                    ▼
              ┌─────           Start Pick Up  ◀──────────  Pick-up
              │                      │                     Information
              │                      ▼
              │                  ◇ Paid ◇   ──Yes──▶  Collect
     GA ──────┤                    Dock ?                Money
              │                      │  ◀─────────────────┘
              │                     No
              │                      ▼
              │                  Issue Dock
              │                      │
              │                      ▼
              └─────          Loading of Material
                              into GA's Vehicle
                                 ╱        ╲
                          ┌─────          ────────────┐
              ┌─────  Unloading              Handover of Collected
              │       of Material            Cash/Cheque to A/c
              │            │
              │            ▼
              │        Stacking      ────▶  Update   ────▶  Updated DEPS
              │     Destination wise         DEPS
  Controlling │            │
     OU ──────┤            ▼
              │     Loading Material to Vehicle  ──────▶  Trip Document
              │            │
              │            ▼
              │     Trip Challan Preparation  ──────▶  Trip Challan
              │            │                               ╲
              │            ▼                                ╲
              └─────  Vehicle Departure  ──────────▶  Departure
                           │                            Information
                           │  ◀ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─┘
              ┌─────       ▼
              │     Unloading of Material
              │            │
              │            ▼
              │     Stacking Destination/ Route wise
              │            │
              │            ▼
  STC / ATC ──┤     Loading of Material into Vehicle  ──────▶  Trip Document
              │            │                                      ╲
              │            ▼                                       ╲
              │     Vehicle Departure  ──────────────▶  Departure
              │            │         Pre-alerts          Information
              │            ▼  ◀ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ┘
              └─────  Destination Transit Centers
                                                          **Continued…**
```

```
                         ┌─────────────────────────────┐
                         │ Destination Transit Centers │
                         └─────────────────────────────┘
                                     │
                         ┌──────────────────────┐    ┌──────────┐    ┌───────────────┐
                         │ Unloading of Material │──▶│  Update  │──▶│ Updated DEPS  │
                         └──────────────────────┘    │   DEPS   │    └───────────────┘
                                     │               └──────────┘
    ┌─────────────┐      ┌──────────────────────────────────────┐    ┌──────────────┐
    │ Delivery OU │      │ Update Tax details (Octroi/entry Tax) │──▶│ Tax/Money    │
    └─────────────┘      │ Prepare Money Receipt for Octroi,     │    │ details      │
                         │ Freight on Delivery, COD Dockets      │    └──────────────┘
                         └──────────────────────────────────────┘
                                     │
                         ┌──────────────────────┐    ┌──────────────────┐
                         │ Loading of Material into│──▶│ Delivery Challan │
                         │ Delivery GA's Vehicle │    └──────────────────┘
                         └──────────────────────┘
                                     │
                         ┌──────────────────┐    ┌──────────────────┐
                         │ Vehicle Departure │──▶│ Departure        │
                         └──────────────────┘    │ Information       │
                                     │            └──────────────────┘
                              ◇ Delivery to ◇ ── Update System ──▶ ┌──────────────┐
                         No ── ◇  Customer?  ◇                      │ Undelivered  │
                              ◇            ◇                        │ Reasons      │
                                     │ Yes                          └──────────────┘
                                     │                         ┌──────────────────┐
                                     │ ──────────────────────▶ │ Delivery Details │
    ┌─────────────┐                  │                         │ Proof of Delivery│
    │ Delivery OU │                  │                         │ Money Receipt    │
    └─────────────┘      ┌──────────────────────┐              └──────────────────┘
                         │ Remit Cash/Cheque for │
                         │ POD/COD to the Accounts│
                         └──────────────────────┘
                                     │
                         ┌──────────────┐    ┌──────┐
                         │ Prepare PFN  │──▶│ PFN  │
                         └──────────────┘    └──────┘
                                     │
                         ┌──────────────────────┐
                         │ Send PFN & POD to HO │
                         └──────────────────────┘
                                     │
                         ┌──────────────────────┐
                         │ Receipt of PFN & POD │
                         └──────────────────────┘
                                     │
                         ┌────────────────────────────────┐
    ┌─────────────┐      │ Segregate and Forward to Booking OU │
    │ Head Office │      └────────────────────────────────┘
    └─────────────┘                  │
                         ┌──────────────────────────────────────────┐
                         │ Remittance of COD Cash to HO & Update the System │
                         └──────────────────────────────────────────┘
                                     │
                         ┌──────────────────────────────────────────┐
                         │ Receipt of Money & Issue the Cheque to Customers │
                         └──────────────────────────────────────────┘
                                     │
                         ┌──────────────────────────────────────┐
                         │ Customer Billing Based on Contractual Terms │
                         └──────────────────────────────────────┘
                                     │
                         ┌──────────────────────┐
                         │ Collection Update A/c │
                         └──────────────────────┘
```

Return to OU

Appendix 1: Gati Products, Services, and Resources

Gati Express

Gati Express is a leader in retail express cargo with special treatment of time-sensitive and high value cargo. Some of the salient features of this service include:

- ✍ Door pick-up and door delivery
- ✍ Physical proof of delivery
- ✍ Weather-proof containerized movement
- ✍ One-time lock for tamper proof transit

Gati Priority

Gati in alliance with Indian Airlines provides an undisputed advantage in cargo deliveries on priority basis across the country. Gati offers a unique moneyback guarantee for any delayed delivery of cargo under this service. Service features include:

- ✍ Service through assured space in 34 designated sectors through 15 air operation centres
- ✍ 24x7 service centres at major air transit centres
- ✍ Multimodal connectivity to enable fastest transit for non-airport locations
- ✍ Containers and pallets offered for bulk cargo

Gati Zipp

Gati provides Zipp as a courier service for time sensitive small documents and non-documents. Zipp documents and non-documents are delivered across the country in 24 to 48 hours depending upon the location. Moreover the deliveries are made by 11 am. Suvidha offers customized 2kg and 5kg boxes for high value shipments, with provision for insurance on such shipments and options for accepting cash or draft on deliveries.

Gati Logistics

Gati, with a decade of pioneering leadership in logistics solutions provides with a robust platform to integrate physical transportation and distribution network. Services under Gati Logistics include the following:

Transportation Management

Designing customized transportation solutions for reliable and cost optimization through multimodal integrated distribution system. This includes inbound and outbound transportation, assured space in Indian Airlines flights, refrigerated trucks, etc.

Distribution Management

Gati applies the "hub and spoke model" to provide flexible, made-to-order solutions to help consignments reach the remotest corners of the country. This includes route planning and other ancillary activities.

Warehousing and Inventory Management

The web enabled warehouse management software, a first in India, provides functionality and flexibility to manage warehouse operations in a most efficient manner.

- Ready to use warehouses at strategic locations
- Visibility of stock at multiple locations
- Reservations and backorder prioritization
- MIS report generation

Call Centre Services

Gati has set up ten call centres at various strategic locations. Each call centre is backed by automated call distribution (ACD) technology and a well trained dedicated workforce. Gati also provides a toll free number facility.

Round the Clock Parts Bank Management

Gati manages critical parts movement. It offers 24x365 access with the advantage of shared infrastructure on both space and cost.

Financial Services

Gati ensures delivery against cash/DD/cheque. In addition, Gati offers invoicing, billing, banking assistance, and payment collection against delivery as per individual customer requirements.

Infrastructure

GATI plans to invest $100 million in to mechatronic state-of-the-art warehouses. Gati plans to have warehouse area around 2 million square feet by 2009.

Reach

Gati covers 594 of 602 districts in India. It has a global presence through its international divisions.

Land Fleet

Gati uses closed trucks of various sizes for transportation and distribution. Gati has more than

2000 vehicles at its disposal. Gati also has containers and refrigerated trucks to meet specific requirements.

Marine Fleet

Gati has a fleet of four vessels of 1100, 2000, 4000 and 9379 DWT. All of these are twin decker for dry cargo shipment. Two vessels exclusively service the Andaman and Nicobar Islands. The rest are used in international trade to South East Asia, China, Dubai, Australia, etc.

Warehouses

Gati has warehouses in Mumbai (Kalamboli and Vikhroli), Chennai, Bangalore, Ahmedabad, Delhi, Kolkata, and Lucknow. Over and above these, Gati has more than 200 storage locations across India.

Tie-Ups

Gati has an exclusive tie-up with Indian Airlines for providing assured space in all its flights. Gati Millennium parcel express, a co-enterprise of Gati and Indian Railways, gives Gati the benefit to carry shipments throughout the country.

Equipment

Gati's warehouses are equipped with fork lifts, hydraulic pallet trucks, hand trollies, drum trollies, taper rollers, and Suraksha bags for higher security to deliver better quality service.

Gati International

Gati International provides a single window solution for global cargo movement and distribution needs of the customer.

Gati Coast to Coast

To spread its network to the islands, Gati started coast to coast services. Gati Coast to Coast provides the most economical mode of transportation and one of the best multi-modal services.

Sunday/Holiday Delivery

The Sunday/holiday delivery is a special service from Gati, through which it offers the choice of having the cargo delivered at extra cost even on Sunday or any holiday.

Appendix 2: Interview with Mr. M.K. Agarwal, Managing Director

International Operations: We are the biggest network in the country. It makes tremendous sense to be in the international business. What moves within country also moves out and vice versa. Goods do not move only within metros.

Experience with Indian Airlines: When we wanted to partner with Indian Airlines in 1996, it wanted a commitment of 300 MT on specified routes. This was big risk. If we had not taken the risk, we would not have been a pioneer in air cargo business.

Opinion on Business: Every business at the beginning may not be profitable. The lack of surplus should make us to work hard and be smart. This would enable us to align the organization (business) priorities with customer requirements.

I never managed the company from a marketing perspective. I believe in delivering good services which meet customer requirements. To some extent, I was involved in marketing services.

On people and their care: I am in the service industry. I travel 15 days a month. In the service industry if you are not people oriented you cannot survive. I learned from my father that right attitude is more important than right education. Education can be imparted but not attitude.

On Failures: When we signed the contract with Indian Airlines in 1996, we lost heavily for six months. I started a newspaper business in Hyderabad. It was a failure. I lost Rs. 4.5 crore in 18 months. The railway experiment was a failure. But none of these discouraged me. Each experiment gave me tremendous learning. I learned the value of partnership and the need for balance of power in partnership.

Speed in Decision Making: I used to believe making quick decisions is important. Often they turned out to be decisions in haste. Today I am more matured in my approach to business decisions.

Business Model: In partnership business also you commit resources. In manufacturing you create capacity and wait for the market to respond. There is always a risk in any investment. We were not building warehouses on our own. Customers used to ask for this facility. We saw a merit in this investment and hence the decision.

Customer service: Gold is priority hence first flight. Silver is subsequent flight and hence less priority. Noon delivery is more expensive than evening delivery (only two-thirds of the price). The customer needs to decide what he wants and what price he is willing to pay.

Restructuring: Restructuring gave us focus on marketing and operations. We have also formed a business chain group to monitor the business as a whole. This is a 15-member team consisting of five service heads, five (marketing heads) domestic heads, and three major product heads.

Celebration: We celebrate Gati foundation day on November 14. We award best performing zones and divisions. We also have a national conference lasting 2-3 days every quarter for business leaders and twice a year for shared services. Besides, every functional team conducts an internal seminar and workshop in their areas. On January 26 every year, families of Gati go on an annual picnic.

Zipp: I am reconciled to the idea of splitting the cargo and courier business. Because they were not isolated earlier (maybe) they did not perform well. The day Gati uses the same infrastructure

(people, process, technology) to drive a range of products we can pride ourselves as a process-oriented organization. Maybe we are not ready for it as of now (2005). So the most sensible thing would be to separate them now and manage them effectively. Subsequently, they can be brought under the same umbrella.

Core of Gati: Our core is not marketing. It is our ability to provide service delivery.

Competition: International players are in this country with deep pocket and good technology. They are determined to be in this market. Some big business houses have also started logistics operation.

Compliance: We are very strict on regulations and compliances. Our vehicles are usually not inspected because of our reputation. The seal on the vehicle is opened only at the destination (99 per cent)

Market and Industry: The pie is becoming bigger. We have several unreliable estimates. Express business is estimated to be worth Rs.1000 crore. The growth rate is 25 per cent (four times the GDP growth).

Business Mix: The main business is express. Zipp, trucking solution, international are all about 5 per cent of our revenue. Logistics is about 10 per cent. In the next five years, we expect the situation to be completely different. All business segments would dramatically increase in size. However, priority (express cargo) would dominate Gati business.

Gati USP: We are the only company which gives assured delivery. If we do not meet customer expectation within dimensions of service quality and promise, money is returned. Repeated failures do not undermine the resolve to succeed.

Author's Profile

N. Ravichandran
Prof. N. Ravichandran has shared his expertise in the areas of general management, business process reengineering, information technology as a source of advantage, competitive strategy, supply chain management, logistics, operations management and strategic sourcing for companies both in India and abroad. He is on leave from Indian Institute of Management Ahmedabad, where he is a faculty since 1980. At present he is the Director of Indian Institute of Management Indore.