

## **SMALL BUSINESS STRATEGY IN INDIA: THE CASE OF CAFÉ CENTRAL**

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**Keywords:** Case Study Methodology, Management, Nepotism, International Management, Organizational Behavior, and Financial Analysis and Motivational Theory

**Abstract:** This non-experimental research design utilizes a case study methodology as a principal way of acquiring insights into how a local businessperson in Goa, India assesses the strengths and weaknesses of his business—Café Central. It reveals the commonsensical approach that is often used in business development and operations, augmented by a legacy of using “trial and error” approaches in determining what works and what fails. Devoid of the complexity of a sophisticated management lexicon that is often found in advanced strategic management analysis and motivational and organizational theory, the reader discovers, that many of these concepts and principals are being used, but without their being cognizant. In turn, the many dimensions of international organizational behavior present their dilemmas as the interview proceeds and Mr. Ravindra Gayatonde explains the historical development of Café Central, and among other factors, what he considers to be some its strengths, weaknesses, opportunities and threats. The case concludes with a pedestrian analysis of what steps lay ahead for Central Café and whether it should be taken to a new level of development and entrepreneurship.

### **Café Central: A First-Person Account of Business Successes**

“There are only three measurements that tell you nearly everything you need to know about your organization’s overall performance: employee engagement, customer satisfaction, and cash flow.... It goes without saying that no company, small or large, can win over the long run without energized employees who believe in the mission and understand how to achieve it...”

--Jack Welch, Former CEO of  
General Electric

Café Central is the oldest and most famous café in Goa, India. Mr. Ravindra Gayatonde and his team of industrious and skilled employees efficiently and successfully manage the café. This case focuses on Café Central and addresses the many economic and cultural issues associated with a café's operations and management in the heart of Goa and how it has maintained resiliency and sustainability over three generations. Café Central has succeeded in sustaining high levels of job satisfaction, employee engagement, linked with purposive mentoring. The case identifies, based on a series of personal interviews, the problems faced by Ravindra Gayatonde in the day-to-day activities in the café, while simultaneously responding to a changing clientele base, business relocation, and a changing urban-scape.

### **Goa, India**

There are 29 States in India and Goa is one of the smallest with a population of approximately 1.8 million. It is located in western India with its coastline along the Arabian Sea approximately half way between Mumbai to the north and the southern most tip of India to the south. While it is one of India's smallest states it is one of the richest states with a GDP per capita two and a half times the rest of the country. At US\$ 4166.3 it is one of the highest in India. In 2011-2012 the state GDP was approximately US\$ 7.5 billion. The state is divided into two districts, North Goa and South Goa. Panaji, with a population of 115,000 is the capital of Goa. Goa is the second state in India to achieve a 100 per cent automatic telephone system and is one of the few states in the country to achieve 100 per cent rural electrification. It has the fourth highest road density in the country and has an international airport. Goa has the fourth highest literacy rate at 87.4 per cent, which has attracted knowledge-based industries such as pharmaceutical, biotechnology and IT. A large proportion of the population can speak English, which has helped to create a high inflow of international tourists, driving tourism revenue. Goa is traditionally known as a tourist paradise for its natural scenery, unique beaches and cultural diversity. In 2012, the state attracted 2.8 million tourists, of which 1.2 million were foreign tourists. As of 2012, Goa had 2,777 hotels, with a total of 26,859 rooms and bed capacity of 49,167. The state has a coastline of about 104 km, which is the attraction for tourists. Goa has a tropical climate with a monsoon season, which lasts from June to September; the weather is hot and humid for the rest of the year. Goa's economic growth is driven by the strong performance of industrial sectors such as mining, tourism, fishing and pharmaceuticals (the pharmaceuticals industry is one of the major employers in the state). Rice is the major crop in the state followed by coconut, vegetables, sugarcane, banana and cashew nut. The compound GDP annual growth rate from 2004 to 2012 was sixteen per cent.

### **Café Central: An Uncommon Introduction**

The author's initial personal interview began on July 14, 2012 when the monsoon season was well underway. Café Central is located on Dr Pandurang Pissurlekar Road and it was crowded as was customary during the monsoon. The rain poured down all day, yet the market was full of people. The economic and social activities were robust and seemingly undeterred as hundreds of Indians were

busy buying household goods and other personal amenities. In a subtle, quiescent manner, clusters of French tourists were engaged in serious shopping, and the all-too-willing sellers were applying their finest persuasion and bargaining powers. Yet, based on appearances, sales seemed to be slow. In front of several other shops in the bazaar, tourists from other States in India had travelled to the market to shop the famous *Kajus* and buy dry fruits from the U.K. Dry Fruits Store. Some were enjoying a cup of coffee at Auntie Maria's—a must “stop and sip” eatery—while others were sorting through mounds of tightly packed racks of clothing at the market. The clothing brightened up an otherwise dreary, cloudy, rainy day as the many displayed outfits, sweaters, and T-shirts revealed their bright, attractive colors as they shimmered in the breeze. Not far from the avid shoppers, a group of college students were “hanging” around the most popular corners of the street and, literally, a countless stream of trucks, cargo vans, cars, bicycles and other vehicles were creeping along the street and, of course, doing their obligatory thing—“horn honking.” Indeed, the horn noise was intended to help move the traffic along and the relentless “honking” added a cacophony that seemed to blend in with the fantastic colors, mouth watering odors, crowded streets, and purposive shopping.

As I walked to Café Central the rains ended as abruptly as they had started and the entire road was washed clean. It would be another demanding day for Ravindra Gayatonde and his workers, as the customers would begin rushing into his well-known café.

Café Central is situated in the middle of Panaji, the capital city of the State of Goa, India. It is positioned not far from the Mandovi River on Dr Pissurlekar Road—a café known for its famous bakers, confectioners in Panaji. The day was no different than most days, as a queue had begun to form outside the café, and, a crowd had begun to swell inside the store. As most locals knew, Café Central was a “stand-out” for its spicy, delicious *mushroom samosas* that disappear from the counter as soon as they are dropped from the oven pans. As I attentively watched, one younger customer, who seemingly was quite familiar with the bakery goods and purchasing routines, placed an order for six *samosas* and was visibly stressed when only four remained in the freshly baked batch. As Ravindra Gayatonde stated, “Hot *samosas* sell out within ten minutes after they are placed on the counter.” Further, as I watched the customer, he took a hot *samosa* in hand and as he gingerly bit into the delicacy, a look of delight and satisfaction radiated across his cheeks and lips. With the level of demand, at the end of the month, each pay day, or on any one of the many festive seasons, such as Ganesh Chaturthi, Diwali, Christmas, Eid Al-Fitr and Eid Al-Adha, etc., Café Central is always busy and sales are brisk from early morning to the dusk of closing time (open hours are from 9am to 8pm).

#### **The Initial Years**

The coffee houses in Goa, traditionally known locally as *Lojas de Chá*—that is, tea shops—have earned their fame for the rich variety of beverages they offer and for the high quality they have maintained. Even the upscale Udipi restaurants are not able to match the exceptional tastes these outlets provide. Of

course, the secret recipes that the Goans have kept guarded through multiple generations of their families are at the heart of their gastronomical success. According to local fans, of all the old cafés only one has made the best variety of *samosas*, *bhaji-puri*, *fatio*, *chocolate cake* and *batata-vadas*, and that is Café Central. Previously Café Central was located on the ground floor of Residencia Fatima—now more commonly known as the Jesuit House. During the time it was located in Residencia, it was equally distanced from the main roads that encircled the building and strategically sited, the business flourished.

The late Atmaram S. Gaitonde opened Café Central in 1932 on the ground floor of *Residência Fátima*, the (now-demolished-and-replaced-with-third-world-concrete-rubbish) building near the Municipal Garden, across the lane from another city institution, *Clube Vasco da Gama*. Today the Jesuit House occupies the space. His vision was to serve the highest quality food, consistently, to the Goans. Its sole motto was to provide high quality offerings, while maintaining the highest standards of service and hygiene. During its early, albeit successful years of growth, Café Central had carved both a niche in the heart of Panjimites, and a host of inveterate fans among the Pakle—as locals referred to those of Portuguese descent. Succeeding A. S. Gaitonde, the business is now owned and operated by his grandnephew Ravindra Gayatonde along with two associates, Dayanand Bandekar and his son Kedar Bandekar, with ownership split 50: 25: 25, respectively.

As a family business, nepotism is commonplace in India, and Dayanand Bandekar and Kedar Bandekar are the successors of the late A.S. Gaitonde's associate S.D. Bandekar. Ravindra Gayatonde joined his uncle in 1978 and developed Café Central into a full-fledged bakery and facilitated the change in location to the Ishan Building on Dr Pandurang Pissurlekar Road. Even with a new address, the business reputation had already been established and their loyal customers followed them to their new place of business in the heart of the city across the street from the Panaji City Hall and next door to the Panjab National Bank.

#### **Gaining Momentum By Knowing Goan Culture**

With a change of location in place, Café Central underwent a series of changes, including the addition of new menu items that were complimentary to the changing tastes of its customers. Although it was a risky decision, they discontinued serving its age old, but famous, cuisine of *Puri Bhaji*, and importantly, as well, the restaurant transformed into a bakery and confectionary. This was a big change for the local patrons since Café Central was popularly known for its *Puri Bhaji* offerings. The reinvention and re-branding of Café Central and the shift from the *Puri Bhaji* concentration to a bakery and confectionary represented uncertainty and risk. However, it continued, consistent with its past, to provide and build upon a history of providing high quality service, commitment to rigorous standards in food preparation, and maintained a production and eating environment that was hygienic in every way as they continued the traditional Desi flavor. Unlike other bakeries it competed with in the vicinity, Café Central managed to tap into the growing market for an expanding

interest in delicacies and sweets and maintained its vision of serving not only the famous Goan cuisines, but also introducing mouth-watering sweets and savories that appealed to the evolving palates of its customers. The state of Goa, it should be noted, possesses a rich culture and heritage. With this tradition in mind, Ravindra stated that there was a need to make the new generation of customers aware of the traditional Goan cuisines and offer a large number of other savories that would attract an expanding customer base of locals and tourists to his establishment.

In preparation for the business transformation, Ravindra had studied the changing consumption patterns and changes in customer tastes for many years. He was sensitive to the periodic demand for certain sweet products which were produced in bulk during specific holidays and which items were in demand during the year, especially those related to predictable seasonal changes. For instance, during the feast of *Ganesh Chaturthi*, the café prepared the local cuisines of *modaks* (a pastry made of coconut and jiggery), *Laddoo* and *Pedas*, and during *Diwali*, the Café would display all the *namkeens* and sweets such as *Chakali*, *Anaarsa*, and *Karanjee*. During the summer months, the café focused more on making products with a mango base, such as *Ambavadi* and *Aamba-barfi*.

In a personal interview, Ravindra stated that Café Central's success was primarily due to the bakery's constant focus on quality and customer service, and said that he personally encouraged customer feedback pertaining to the products produced. Also, he noted, that customers are encouraged to taste some of the new products and verbally assess not only the tastes, but also the likelihood of purchasing a new product in the future. Ravindra indicated that customer feedback was robust largely because of a long established organizational culture that welcomed customers with a sincere and warm *dia*, further acknowledged with a polite *multo obrigado* when they leave the café.

#### **Café Central's Operations**

The beauty of Café Central rests partly in that all 40 employees, regardless of title, position or status, are engaged in handling the day-to-day activities of the shop and job enlargement is an essential part of their operating philosophy. Organizationally, Cafe Central has a decentralized or flat structure, rather than a rigid hierarchical structure. The administrative staff consists of three seasoned employees who deal with the business accounts, and the clerical and record keeping operations of the café. Also, a team of 5 to 6 sales persons are engaged in receiving the customers, "pleasantly" taking orders, sending products for billing, etc., and collectively they constitute the café's face to their customers. In addition, another 10 employees are tasked with handling the cleaning or custodial activities of the café and the remaining employees make up the essential kitchen staff that prepares the food. The sales personnel in Café Central have an average age of 25 years with basic qualifications up to higher secondary educations. The owners of the store are involved in ordering supplies and products used for the bakery and are often involved in receiving orders. They also are in charge of introducing new products or modifying existing offerings.

#### **Teamwork is Needed for Success**

The front office staff, who receive the customers, and the back room staff, who deal with kitchen and sundry food preparation activities, are well versed with each other's duties, tasks and responsibilities. For instance, as Ravindra explained, he might at one moment be attending customers or taking small orders, or at another moment helping his associates fill an order with dispatch. In this kind of work culture, he observed, there is a minimum level of required supervision because everyone has an essential task to perform, but when required, are sufficiently cross-trained to provide the needed complimentary assistance. Essentially all employees are trained in handling the daily-required duties and have been trained to work effectively in the many cross-functional areas of the bakery. The employee's quick, responsive, and highly personal attention given to everyone ensures that customer satisfaction remains high and as, Ravindra asserts, is required for business resiliency and sustainability.

#### **Quality is Job One**

The need to consistently provide a high quality of service and superior products permeates everything done in the café and is best explained by Ravindra. He indicated that he carefully monitors the entire procurement process with respect to acquisitions of essential goods, ensuring strict control over quality and the supply-chain essential to the café's operations. In terms of consistency, Ravindra stated that he personally supervises the entire food preparation process, and insures that the correct amount and combination of different spices required by the generational recipes is religiously followed. This factor, he confidently asserts, is required in order to consistently produce a superior product. Further, he is not bashful in admitting that he is willing to pay a premium price for the raw materials required for the bakery—"price cannot substitute for the maintenance of high quality". He added, "for to purchase inferior products has a cascading, negative impact across the entire business in the making and delivering of delicacies. Ravindra's familiarity with the market and understanding the seasonality of the products purchased and sold is essential. Depending on the type of pastries made, some are produced in smaller rather than larger volumes due to their perishable nature, while others that have a longer shelf life are produced in bulk and subsequently stored. Freshness and quality are the twin qualities that all products must meet!

#### **Café Central's Competition**

Café Central enjoys a premium position in the Goan market. It has earned the enviable position through years of commitment to overall quality and excellence in the goods and services produced and by placing its customers at the center of their business model. By putting customers in the "driver's seat" and by listening and responding to them, they have built a model based on loyalty and trust. With this reputation firmly established, it is difficult for many beginning bakeries to permeate the market; it is difficult to imitate and replicate with success an established business that has been in the making for generations and is known for the quality of the product it serves. Competitors who are familiar with the café observe the end results, and quickly learn that quality pervades all aspects of Café Central's business model from procurement of the finest raw materials to the

freshness of the pastries and sweets produced, within a safe and hygienic environment. Further, Café Central benefits from having the following competitive advantage over new entries to the confectionary field: It has an established reputation for providing a wide variety of delicacies, and a history of being able to infuse the Goan style of preparation which gives its customer base a feeling of having a “home-made” pastry craft. Due to these conditions, Ravindra claims that he has no major competition for baked goods in the areas he serves in Goa. As he is quick to observe, “It is difficult to compete with Café Central because it consistently delivers high quality pastries with superior customer service.”

**Delicacies and Savories: What a Combination**

Café Central is known for housing all the desired, popular variety of sweets and delicacies that are in current demand in Goa. Some of its products are seasonal while others are always available as staple items. Exhibit 1 lists the most popular products served in the café. Since most of them are perishable, Café Central follows a production process that splits the larger recipes into smaller batches; therefore the pastries are made more regularly in small batches, thus maintaining the integrity of the product and its freshness. For some of the less perishable, more resilient products, production is done

**Exhibit 1. List of Items that Café Central Produces**

Snacks	
Batawadass	Paneer Chilly Patties
Corn Patties	Paneer Makhani rolls
Egg Patties	Paneer Puff
Garlic Bread	Pizza
Manchurian Rolls	Veg Cutlets
Mushroom Rolls	Veg Patties
Mushroom samosa	Veg Samosas

Cakes and Sweets	
Bebinca	Eggless cakes
Chocolate Cakes	Mango Cake
Dates and Walnut Cake	Mawa Cake
Dates and Carrot cake	Rum cake
Dodol	Sakharpara

on a weekly schedule so that the customers can always count on receiving fresh pastries, in the proper type of paper packaging, without limitation. Some of the sweets and delicacies on the menu consist of *Sakharparas*, which are sweet diamond cut, brownies, cakes, and rusks. The café also produces *Namkeens*, chips,

sweets, biscuits and other traditional Indian mixtures. The famous Goan sweet *Bibanca*--a blend of pancakes and coconuts—and *Dodol*—a soft jaggery flavored fudge—are typically in greatest demand. The sponges, such as chocolate cakes are also a popular sales item.

#### **Sales and Marketing: Making Business Sense Work**

By placing customers in the driver's seat, Ravindra believes that this highly personal atmosphere creates the right milieu for the café. He further insists that uncompromised quality, augmented with "word-of-mouth" advertisement, and a reputation for being "customer friendly" works well for both nationals and international tourists who visit Goa and his shop. Café Central is one of only a few bakery outlets that is famous in Panjim, and as such, the café has no formal marketing or advertisement program in place at the present time. This deficiency is further augmented by the fact that it does not have a website or any other e-business capabilities in place. In short, as an advertisement mode, Ravindra believes that nothing trumps the "word-of-mouth" endorsements his café and the products receive from his loyal customers. We would be remiss, he notes, "if we did not acknowledge the 'advertisements' that often appear in food related articles that regularly appear in regional newspaper accounts and attest to the excellent quality of pastries produced and served by Café Central." However, the café owners understand the importance of advertisement, and connectivity to the Internet and social media if sales growth is to be further developed in the future.

#### **Finance Matters**

Based on the personal interviews with Ravindra, less is known or revealed in the area of money and financial matters. The administrative department of Cafe Central manages the day-to-day and yearly financial accounts. Revenue generated daily average is close to Rs 8.6 lacs  $\approx$  \$12,900. Mr. Gaurki Yeragi, a member of the administrative staff stated "Sometimes the cost of production is more than the sales generated for the day. However, in the end, the Café has always profited in its transactions."

The reported sales figure of Café Central is quite impressive with 26-27 crores of sales for the 2012-2013 fiscal year ( $\approx$  \$4,050,000). The sales figures have been increasing year-to-year with the profit soaring to 30 lacs  $\approx$  \$45,000 for the 2012-2013 period. The cost of goods remains at 19 crores ( $\approx$  \$2,850,000) for the year under review and as confirmed by Gaurki Yeragi, with cash sales accounting for almost 95 percent of total revenue received. For purposes of analysis, the exchange equivalency in U.S. dollars for 1 lac = 100,000 Indian rupees (INR)  $\approx$  \$1,500; and for 1 crore = 10,000,000 INRs  $\approx$  \$150,000.

#### **The Key challenges for the Future**

Café Central's decision to move to a new location that is well connected by major roads and is highly visible in the market is acknowledged; however, the number of parking spaces is inadequate, and, to complicate matters even further, the frontage of the bakery does not provide easy access to customers with large vehicles. This has become a complicated dilemma, especially given the density of the population and the closeness of the business settings in Goa. To further complicate matters, no bakery equipment is actually manufactured in Goa, and



therefore, it must be brought in from other locations, such as Mumbai. Adding to this problem is that for quality control purposes, the supplies of raw materials for the bakery are often sourced from Belgaum, Karnatka, which is 114 km distance (approximately a 3 hour drive, one way, with no traffic). Thus, the accessibility needed for loading and unloading of supplies and products remains troublesome.

Further, from a competitive point of view, there are many bakeries and confectionaries in the vicinity of Café Central. Due to overcrowding, people tend to frequent the competition. Also, competitive bakeries price their products either lower or similar to Café Central, and according to Ravindra, this constitutes a continuous threat to his own business. To compensate for these disadvantages, Café Central has added many new offerings to its current product portfolio and has attempted to reduce the customer service time, while increasing the pleasantness and courtesy associated with customer service, thereby increasing consumer satisfaction.

Labor problems have not been acute for Café Central. Although, Ravindra explains how he must constantly search for skilled labor and that his company has a problem with employee attrition. Due to insufficiently skilled workers, sometimes the bakery is adversely affected in terms of taking orders and delivering goods. Employee absenteeism is not a major problem among the workforce. Since the bakery relies on employees, many whom have 10-15 years of experience, rival bakeries are often successful in recruiting his experienced staff. Ravindra indicated that he has attempted to mitigate the negative impact of skill insufficiency and absenteeism with additional cross training and the use of multitasking. In terms of training, Ravindra reported the added costs associated with mentoring and providing advanced training of employees in baking. Cautiously, he notes, with the sunk costs connected with investment in training for the culinary arts, he has had to be sensitive to their “intent to remain” with Café Central, and, therefore, he has to pay close attention to those inducements and incentives that are associated with overall employee retention. Of course, Ravindra freely acknowledges the draw that larger bakeries have had on his staff and his struggle to meet the market demands for pay. In light of these circumstances that are connected with employee separation he has decided, for business costs, not to undertake further training initiatives for the staff.

#### **The “Troubling” Road to the Future**

History has shown that Café Central has been successful to some considerable extent by providing high quality products, excellent and timely quality customer service, delivered in a sanitary and hygienically safe environment. Ravindra believes that furthering employee collaboration and keeping the businesses’ attention focused like a laser on the customer will result in customer satisfaction and business growth. He realizes that the tastes of the customer base can be mercurial and that his production strategies and processes must be amendable to quick reaction, change and flexibility, while at the same time paying attention to those values that have been a mainstay for Café Central. As such Ravindra realizes there must be continuity in providing the traditional, time

tested recipes for his pastries, cakes, etc., produced, while at times introducing novelty products into the store in an attempt to provide a sense of freshness.

Employee retention and job satisfaction remain troublesome as Café Central grows its business. Ravindra and his management team realize the importance of social interaction and has organized “outings” for a day or so with the employees in order to have a change in daily routines and increase the interaction and bonding between employees. Café Central has provided a bonus amounting to about 10 percent of their yearly salaries, and this is given to them during the festive season of Diwali—provided that the café makes a reasonable profit and the exceptional work performed. Also, he “provides flexibility to employees during the festive celebrations to make them feel one with the company.” He states that it is important to “make an employee feel wanted, even if his job is not very important.” Additionally, Ravindra wants his presence to be known as a family head and that he is available when needed. Last, Ravindra believes in mentoring and believes “It helps...his employees...to learn and innovate from their own experiences. Their innovation and dedication can only make our dream come true—to grow and prosper”.

Through decades of service and perseverance, Ravindra and Kedar have made Café Central what it is today—a successful, customer centric and business oriented bakery and café. Its employees cultivate a convivial culture known in Goa and the customers acknowledge with gratitude and appreciation the service that the café extends to them. This blend of culture, diversity and hospitality has been a sustainable value through the generations in Café Central.

“The present is prologue to the future,” muses Ravindra, as he contemplates the next steps in growing his business. He and his associates are engaged, he states, in the strategic planning process as he understands it to be, and they are assessing whether they are prepared to expand to a sister site in Porvorem, Goa that is in close proximity, approximately 9 km from their present location. If so, he suggests in a quizzical manner these final questions: Would the expansion of the pastry production be centralized or centralized? How would he manage the bakeries in order to maintain quality assurance control so essential to his business success? And, would a new management team need to be selected and developed and if so would both he and partner Kedar remain central to the overall management and leadership of the twin bakeries?

The series of close-up and personal interviews were now drawing to a close and the bakery was emptying out as the evening feel slowly over the once teaming marketplace in Goa. The large crowds of shoppers in the market place had dwindled to a few stragglers, and the vendors brought their wares that had been displayed on the street` inside their shops. Mr. Ravindra watched politely, but attentively, as his staff readied the store for closure and setout the raw materials that would be needed for their next day of pastry and cake production.

**Questions and Instructions:**

1. Café Central deals with a small business operation in Goa, India. Based on the focused interview and discussion, please identify the typical

components that form a basis for conducting a strategic management assessment. Please elaborate.

2. If you were conducting a follow-up interview with Mr. Ravindra, what added inquiries would you make and what financial and managerial documentation would you request? Explain the rationale for each new inquiry and documentation.
3. How does Café Central ensure product quality?
4. How does Café Central ensure service quality?
5. What should traditional businesses do during expansion to insure customer service and maintain quality?
6. The financials for Café Central (March 31, 2013) is presented in **Exhibit 1 through 4**. Compared to typical financial results used by businesses in the United States, from a financial perspective how do these inform us for strategic analysis and what areas show added strength if Café Central were to expand to a second facility? Please be specific. (You will need to convert rupees into current US dollars to complete your analysis).

**Case Debriefing:** In the implementation of the blended theory approach to learning, learners are expected to think, reason, and actively engage in discussions with other class members and exogenous resources, such as experienced managers, entrepreneurs, etc., and, in this case, small business owners and operators. These discussions may be in person or through the vast venues provided electronically. In the final analysis, group discussion, debate, analysis and discourse is essential and will affect the final quality and credibility of your responses to the **Questions and Instructions** portion of this case.

**Small Business Strategy in India: The Case of Café Central**

Name: \_\_\_\_\_

**Case Log and Administrative Journal Entry**

*This case analysis and learning assessment may be submitted for either instructor or peer assessment*

**Case Analysis:**

Major case concepts and theories identified:

What is the relevance of the concepts, theories, ideas and techniques presented in the case to that of public or private management?

Facts — what do we know *for sure* about the case? Please list.

Who is involved in the case (people, departments, agencies, units, etc.)? Were the problems of an “intra/interagency” nature? Be specific.

Are there any rules, laws, regulations or standard operating procedures identified in the case study that might limit decision-making? If so, what are they?

Are there any clues presented in the case as to the major actor's interests, needs, motivations and personalities? If so, please list them.

**Learning Assessment:**

What do the management and financial theories presented in this case mean to you as an administrator or manager?

How can this learning be put to use outside the classroom? Are there any problems you envision during the implementation phase?

Several possible courses of action were identified during the class discussion. Which action was considered to be most practical by the group? Which was deemed most feasible? Based on your personal experience, did the group reach a conclusion that was desirable, feasible, and practical? Please explain why or why not.

Did the group reach a decision that would solve the problem on a short-term or long-term basis? Please explain.

What could you have done to receive more learning value from this case?

Source: Case Log and Administrative Journal Entry reprinted with permission, Millennium HRM Press, Inc.

Fernandes, Meyer and Clapham

**Exhibits 1-4:**

**SATISH DHUME & CO.**  
CHARTERED ACCOUNTANTS

SATISH R. DHUME, B.Com (Hons.) LL.B. (Gen.) F.C.A.

203/206/207, Mahalaxmi Chambers,  
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**M/S. CAFE CENTRAL PROVISIONAL STORES, PANAJI - GOA**

**BALANCE SHEET AS AT 31ST MARCH, 2013**

LIABILITIES		AMOUNT	ASSETS		AMOUNT
<b>PARTNERS' CAPITAL ACCOUNTS</b>			<b>FIXED ASSETS</b>		
MR. R. S. GAYATONDE (Balance)	4754135.60		As Per Schedule		1742946.00
Add: - Share of Profit	1114199.65				
- Interest on Capital	496442.00		<b>CLOSING STOCK</b>		
	6364777.25		Bakery	274787.00	
Less: Drawings	1143833.39	5220943.86	Stores	14627.00	
			Packing Materials	66617.00	356031.00
MR. D. Y. BANDEKAR (Balance)	1748872.51		<b>ADVANCES</b>		
Add: - Share of Profit	557099.83		- Advance for New Premises	1000000.00	
- Interest on Capital	195081.00		- Advance for Machinery	50000.00	1050000.00
	2501053.34				
Less: Drawings	345336.00	2155717.34	<b>TAX DEDUCTED AT SOURCE</b>		
			(Bank Interest)		
MR. K. D. BANDEKAR (Balance)	3852098.44		- A. Y. 2011-2012	39794.00	
Add: - Share of Profit	557099.83		- A. Y. 2012-2013	75185.00	
- Interest on Capital	432732.00		- A. Y. 2013-2014	86955.00	201934.00
	4841930.27				
Less: Drawings	561010.74	4280919.53	<b>FIXED DEPOSITS WITH BANKS</b>		
			(incl. Interest accrued)		
<b>SECURED LOAN</b>			The Goa U.C.B. Ltd., Panaji	250344.00	
Demand Loan (PNB)		440000.00	Canara Bank, Panaji	1193912.01	
			State Bank of India	1026644.00	
			Punjab National Bank	6803116.00	9274016.01
<b>OUTSTANDING EXPENSES</b>			<b>CASH AT BANK</b>		
Bonus to Staff	164053.70		(Current Accounts)		
Salaries to Staff	180792.00		- The Goa U.C.B. Ltd.	1776.85	
Remuneration to Partners	1108212.00		- Canara Bank	7604.00	
VAT payable	84330.00		- State Bank of India	1024.19	
Auditors Remuneration	67416.00		- Punjab National Bank	822322.84	
Provident Fund dues	53106.00		- Syndicate Bank	9393.53	
Rent Payable	19800.00				
TDS Payable	8099.00		<b>CASH IN HAND</b>	329966.00	1172087.41
ESI dues	13625.00	1699433.70			
<b>TOTAL RUPEES ...</b>		<b>13797014.42</b>	<b>TOTAL RUPEES ...</b>		<b>13797014.42</b>

AS PER OUR REPORT OF EVEN DATE ATTACHED

For M/S. CAFE CENTRAL PROVISIONAL STORES

*R. S. Gayatonde*  
Partner

Place: PANAJI - GOA  
Date : 2<sup>nd</sup> September, 2013

For SATISH DHUME & CO.  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 109314W)

*S. R. Dhume*  
S. R. DHUME  
(Proprietor)  
Membership No. 30498

## SATISH DHUME & CO.

CHARTERED ACCOUNTANTS

SATISH R. DHUME, B.Com (Hons.) LL.B. (Gen.) F.C.A.

203/206/207, Mahalaxmi Chambers,  
18th June Road,  
PANAJI - GOA 403 001.  
Tel.: 2226309/2227775  
Fax : (0832) 2227775  
E-mail : sdhume@hotmail.com

### M/S. CAFE CENTRAL PROVISIONAL STORES, PANAJI - GOA

#### MANUFACTURING, TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To Opening Stock - Bakery	244029.50	By Sales - Bakery	29860436.59
- Stores	15819.44	- Stores	1483840.20
- Packing Materials	27289.00		
	287137.94	By Bank Interest	881755.86
To Purchases - Bakery	19404860.60	By Net VAT collected	1071210.00
- Stores	1166775.85	Less: VAT Paid	1071210.00
	20571636.45		0.00
Less : VAT Tax credit deducted	451955.81		
	20119680.64	By Closing Stock - Bakery	274787.00
To Oil & Fuel - Kitchen	838069.00	- Stores	14627.00
- Oven	274300.00	- Packing Materials	66617.00
To Packing Expenses			356031.00
To Coolie & Cartage			
To Staff Salaries & Wages & Other Expenses			
- Salaries	1695013.00		
- Staff Welfare	12800.00		
- Provident Fund	238356.00		
- ESI	80758.00		
- Bonus	164053.70		
- Leave Salary paid	35500.00		
- Labour Welfare Fund	6080.00		
	2232560.70		
To Bakery Expenses	69504.00		
To Kitchen Expenses	61124.00		
To Electricity Charges	303167.00		
To Water Charges	65275.00		
To Telephone Charges	8450.00		
To Advertisement Expenses	44330.00		
To Audit & Taxation Fees	67416.00		
To Professional Fees	39118.00		
To Cleaning & Maintenance	3350.00		
To Licences & Fees	35466.00		
To Printing & Stationary	50582.00		
To Rent paid	254000.00		
To Weights & Measures	8202.00		
To Shop Expenses	114121.83		
To Bank Interest on Loan	2462.00		
To Rates & Taxes	3408.00		
To Repairs & Maintenance	161472.00		
To Electrical Repairs & Maintenance	61370.00		
To Bank Charges & Commission	11921.00		
To Depreciation			
- Bakery Equipments	156038.00		
- Furniture & Fixtures	56566.00		
- Air Conditioner	8394.00		
- C.C. T. V.	4947.00		
- Equipments	20122.00		
- Inverter	6729.00		
- Plant & Machinery	720.00		
- Sign Board	5669.00		
	259185.00		

Fernandes, Meyer and Clapham

**SATISH DHUME & CO.**  
CHARTERED ACCOUNTANTS

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To Interest on Partners' Capital				
- Mr. R. S. Gayatonde	496442.00			
- Mr. D. Y. Bandekar	195081.00			
- Mr. K. D. Bandekar	432732.00	1124255.00		
To Remuneration to Partners				
- Mr. R. S. Gayatonde	589404.00			
- Mr. D. Y. Bandekar	589404.00			
- Mr. K. D. Bandekar	589404.00	1768212.00		
To Income Tax Paid			1174427.00	
To Net Profit transferred to Partners' Capital Account				
- Mr. R. S. Gayatonde	1114199.65			
- Mr. D. Y. Bandekar	557099.83			
- Mr. K. D. Bandekar	557099.83	2228399.30		
<b>TOTAL RUPEES . . .</b>		<b>32582063.65</b>	<b>TOTAL RUPEES . . .</b>	<b>32582063.65</b>

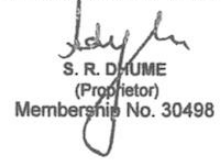
For M/S. CAFE CENTRAL PROVISIONAL STORES

  
Partner

Place: PANAJI - GOA  
Date : 2<sup>nd</sup> September, 2013

AS PER OUR REPORT OF EVEN DATE ATTACHED

For SATISH DHUME & CO.  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 109314W)

  
S. R. DHUME  
(Proprietor)  
Membership No. 30498

## SATISH DHUME & CO.

CHARTERED ACCOUNTANTS

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### M/S. CAFE CENTRAL PROVISIONAL STORES, PANAJI - GOA

#### SCHEDULE OF FIXED ASSETS

PARTICULARS	RATE	W.D.V. AS ON 1.4.2012	ADDITION DATE	ADDITION	TOTAL ON 31.3.2013	DEPRE- CIATION	W.D.V. AS ON 31.3.2013
FURNITURE & FIXTURES	10%	422865.00	Bef. Sept. Aft. Sept.	76000.00 133575.00	632440.00	56566.00	575874.00
SIGN BOARD	10%	56694.00	---	---	56694.00	5669.00	51025.00
BAKERY EQUIPMENTS	15%	501692.00	Bef. Sept.	538560.00	1040252.00	156038.00	884214.00
AIR CONDITIONER	15%	32857.00	04/07/2012	23100.00	55957.00	8394.00	47563.00
C.C. T. V.	15%	32978.00	---	---	32978.00	4947.00	28031.00
EQUIPMENTS	15%	134148.00	---	---	134148.00	20122.00	114026.00
PLANT & MACHINERY	15%	---	08/06/2012	4800.00	4800.00	720.00	4080.00
INVERTOR	15%	44862.00	---	---	44862.00	6729.00	38133.00
		1226096.00		776035.00	2002131.00	259185.00	1742946.00

#### NOTES TO ACCOUNTS:

- The Accounts are prepared under the historical convention and on the basis of going concern. Assets are included at the cost incurred at the date of acquisition.
- Depreciation has been provided on Written Down Value Method at the rates prescribed under the Income Tax Act, 1961.
- Revenue from the sale of goods is recognised upon passage of title to the customer and generally coincides with the delivery and acceptance.
- Inventories are valued at the lower of cost or realisable value after providing for damages & obsolescence.

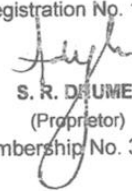
AS PER OUR REPORT OF EVEN DATE ATTACHED

For M/S. CAFE CENTRAL PROVISIONAL STORES

  
Partner

Place: PANAJI - GOA  
Date : 2<sup>nd</sup> September, 2013

For SATISH DHUME & CO.  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 109314W)

  
S. R. DHUME  
(Proprietor)  
Membership No. 30498



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