

Geetanjali Stores

Shardul Shankar

Indian Institute of Information Technology, Allahabad
Email: imp2016001[at]iita[dot]ac[dot]in

Ranjit Singh

Indian Institute of Information Technology, Allahabad
Email: look[underscore]for[underscore]ranjit[at]yahoo[dot]co[dot]in

Abstract

The present case presents an inspiring journey of the rise and fall of a store and its revival in a new form. The case discusses the challenges in running a retail store and specifically a family run one. It can be used to extrapolate the situation to a family business enterprise in general and discuss challenges in handling members and emotions. The store started as a cosmetics store, goes through various challenges and has to be closed down finally. The family starts another store by the same name dealing with different category of products. The case traces the story of the store through encountering constraints such as the orthodox mindset of family members, competitors, government regulations etc.

Key words: *Family business, Conflict in family, General Merchandise Store, Customer management, Handling retail sale, GST*

Curtain Raiser

Mr. Jyotilal Verma is worried about the future of Geetanjali Stores, his family business. Despite his Government job, he possessed an entrepreneurial mind. It was demonstrated over the last 20 years in his effective understanding of the customer's needs, while he was overseeing the running of Geetanjali Stores. The eldest of three brothers and a sister, as the sole provider of the family, he took on the financial responsibilities of the household through his government job. In due course, he also helped his other family members in achieving financial independence. A family man, with a great technical and tactical mind-set, he had been able to accomplish the feat of establishing different businesses.

However, the current scenario had taken a toll on him. After changing the nature of business from cosmetics to general merchandise, he found the inexperience telling on the business profitability. The business faced challenges on multiple grounds such as the low financial and societal profile of customers, competition from other players and implementation of Goods and Service Tax.

Family Background

Jyotilal Verma, a 56 year old man, was the eldest of three sons of Mrs. Kamala Devi Verma. Shikhar Verma was the second son and Gulab Verma, the third son. Kamala Devi had a daughter Chitthee who was now married. After the early demise of her husband, at 52 years, who was a government servant, the role of looking after the family fell on Jyotilal. As the only of-age person in the family, he was forced to join the government office that his father was working in. Even at a young age, Jyotilal had big dreams. Even as a child, he knew he was meant to be an entrepreneur. He was amongst the first kids to volunteer to help out the Regional Councilor in the annual 'Dussehra Fair' at the young age of 8. With the help of his father, he would set up a stall for candies at INR 0.50/piece at his school's Annual Function. However, the untimely demise of his father and subsequent condition of the family altered the circumstances and did not allow him to pursue his dreams.

The Idea of Setting Up of The Shop

The youngest of the family, Gulab Verma, suffered from a delusional disorder and was mentally unsound. The family members realized that this would be an impediment in his finding a job. Therefore, it was decided that the family would try and set up a shop for him, which he could look after and manage. It was then decided that a cosmetics shop, 'Geetanjali Stores' would be opened with the combined initial seed investment from Jyotilal and Kamala Devi's savings from her husband's final payments from the Government. It was decided that Gulab and his mother would look after the shop in the daytime, and the brothers would take over after returning from their offices.

This decision was taken on the backdrop that there was no such shop in the area and a good customer turnout was expected, if catered correctly. Additionally, the margins on the cosmetic products were huge. It was also decided that the two elder brothers would take all

the money earned and deposit it in a current account by the same name, and only on Kamala Devi's authority and signature could the money be debited. Initially, 50% of the revenue would be used in the shop, and the rest would be used for establishing Gulab. However, Jyotilal, was initially reluctant of this idea, due to certain reasons; He was worried primarily due to the fact that Gulab was not well educated, and was mentally unsound and would find difficulty in differentiating the smaller products that the women asked for. Further, because of the delusional disorder, Jyotilal felt Gulab would not be able to put in work where mental demands were high, rather he should be in a shop where physical labour was more and need for intricate differentiation less.

However Jyotilal did not resist, as he knew that even though his brother did not have the right skill set for the shop, he himself had. Moreover, it would also give him a chance to live his dream and establish himself as a successful entrepreneur. His family did not have a problem with the idea as, they were sure that with the help and guidance of two loving elder brothers, the Shop would flourish.

The Rise of Geetanjali Stores

It was mutually decided that Gulab and his mother, Kamala Devi, would sit in the shop from 9:00 AM to 6:00 PM. After 6:00 PM, Jyotilal and Shikhar would look after the shop till 10:00 PM and Kamala Devi could leave. Both the brothers had good communication skills and were adept at customer service. With Jyotilal's experience from his government service of dealing with people and Shikhar's extrovert personality, both took little to no time in developing customer management skills for the business. The women of the area usually left their houses in the evening to the big vegetable market next to the shop. Hence, at the peak hours during heavy customer presence, the awareness and customer management skills of Jyotilal and Shikhar made the shop, a preferred destination for ladies.

Within a year of setting up, the shop had begun generating a monthly gross revenue of more than INR 15 lakhs, and they had started charging up to 30% margin on almost all the products. While prima facie, the margins charged might look huge, but the rates were at par or competitive with the rates charged in the city's main market. Not surprisingly, customers thronged their shop from regions far away from them. Also, the warm and welcoming nature

of the close-knit family unit added to the charm of the 'Geetanjali Stores' brand, and kept bringing back the customers for more.

They had also started getting credit supply from one of the biggest cosmetics suppliers in the area. It was very evident that the shop 'Geetanjali Stores' had flourished and established itself as the biggest cosmetics shop in the area, and one of the biggest cosmetics shops of the city.

The Fall of the Store and Conflict

As time passed, Geetanjali Stores and its owners started feeling the pressure of the business. Initially, the failing health of Jyotilal became an issue. Although Jyotilal was very passionate about the shop and his entrepreneurial dream, he was a married man with a government job. He was also getting older and working long hours after office was leading to fatigue. Jyotilal had two daughters, and he was not able to spend much time with his family, as he used to leave the house around 9 AM, and return around 11 PM. It was affecting his relationships and health. He was not able to keep track of his children's education, and was swiftly losing friends outside work. His long absence from home was also creating a conflict in his marital relationship. All of these were contributing to his failing health.

Second, the time and availability of Shikhar in the shop was a problem. When the shop was set up, Shikhar was a bachelor studying in college; therefore he was free in the evening and could easily devote time to the shop. With the passage of time, he found employment in a private organization and later got married. His presence in the shop was gradually reducing; and when he would come, he would try to impose his ideas and criticize what had happened in the shop in his absence. Especially how the shop was getting remodeled without his permission, and how his friends and relatives were not getting treated 'specially'.

To solve the above two issues, Gulab and Kamala Devi started to spend more time in the shop, extending their presence in the shop till 9 PM; but the fear of Jyotilal was becoming real, as the two were having trouble in dealing with the customers during the peak time, when the shop dealt with multiple customers at the same time.

It was also not possible for the sister, Chitthee to come and help out her family as she was married to and lived 850 kms away from her parental home. The issue here was not of the finances, but of spending time.

As the issues became prominent, the blame-game began. The younger brother, Shikhar - justified his absence attributing it to his recent marriage and new job. Consequently, the family put the blame of their deterioration, dropping sales and dropping customer base on Jyotilal. As a result, Jyotilal consciously stopped intervening in the shop's operations. This acted as the final nail in the coffin on the inevitable fate of Geetanjali Stores. As Jyotilal stopped coming to the shop altogether, and Shikhar was rarely there, the complete burden of customer and product management fell on the old shoulders of Kamala Devi. Initially she was efficient in dealing with the customers and her son, and the customers were also empathetic of the situation that the shop was going through, since most of them were from the locality and knew the family. They were initially patient when the mother or son took time in getting the products they had asked for. But after some time, the toll became too much for the duo. Eventually, within 2.5 years, the shop, which was once the biggest cosmetics shop of the area, had to shift its location to a cheaper place (as they were not even able to make enough money to pay the rent for the shop). Finally, they liquidated the shop and sold its assets.

The Resurgence

Realizing their mistake, Kamala Devi went back to her eldest son, requesting his intervention and help for her youngest born. "*Gulab is mentally unsound, and may not get married. He is also not qualified to do any tedious job and thus, would not have any means of survival after when I'm gone,*" were the words of the aging mother.

By then Jyotilal had realised his mistake. He decided to help his brother, but only on certain conditions such as he would not be involved in any kind of operations and liabilities of the shop's success and failure; he would not be blamed or praised for the shop's failure or success; he would teach his brother what to do in his shop, but after sometime would leave him to work on his own, so that he understood how to manage his business.

After this mutual agreement, Jyotilal started searching for suitable ideas for his brother's shop. At this point, his wife, Mrs. Renuka Verma, advised him to start a General Merchant

shop. The reasons given by her were that working in a general merchant shop would not be a mentally tedious task. Gulab would not have to deal with women and specialized products with various brands and categories, which were a challenge for him to remember; rather he would be dealing in generic products like wheat, rice, milk etc. He would be more physically involved in the shop than a cosmetics store. Gulab could use the afternoon time to go to the wholesalers and procure the inventory without disturbing the sale of the day, as people in the area, mostly left for this type of shopping late in the evening.

Finding the suggestion interesting, Jyotilal suggested his mother to start a General Merchandise Store named 'Geetanjali Stores', which dealt with a wide product range such as FMCG Products, Milk produce, Oil and Beverage, Farm Products (Eggs), Wheat, Rice and other eatables.

One of the biggest challenges was to find a right location for such a shop, because unlike the cosmetics shop, where there was minimal competition, this would have lot of local and regional competition as there were many shops with similar products within a radius of 1 km. They figured out that since there was no shop which was operating in the area around their house, they opened the shop, by destroying the Front Room of their house, and converting it into a shop.

Market Development of the New Geetanjali Stores

Even though this business was started to cater to the market of families which purchased products on a monthly basis, it was soon found by Jyotilal that as no other shop was providing the products in small quantities, the customers that got attracted were Rickshaw Pullers, Labourers, Vegetable Market vendors, etc. This category of customers used to buy 50 grams or 100 grams of daily stuffs and come back the next day for the same amount of products.

It was therefore reasoned that they should make some changes in their marketing and sales strategy. They started to package products in smaller quantities, so that time could be saved while serving customers. The range of the products was increased. The maximum price of a product which was kept in this shop was INR 100. They increased Tobacco products such as Beedi, Cigarette etc. as the demand for these was higher.

Later the shop was partitioned in two parts. One part was the shop, and the other part was used as a per day renting service, where the daily wagers, who did not have a place to stay at night were allowed stay for a night or some nights on paying a minimal amount.

With these developments, Gulab had been able to establish himself as a self-sustaining and capable businessman, and Jyotilal has been recognized as one of the best business minds of the locality, because of acute critical analysis, time and stress management, creativity and innovation in strategic planning.

New Challenges

Although the new venture that Gulab started provided a new regime of success for the Verma family, new challenges had also developed with time:

a) *Less revenue per customer.* The business was initiated to cater to the families of the locality, who were mostly middle and upper class families. However, due to the ever-present marginal labourers, who usually made minimum wage in their daily earnings; the well to do families had stopped buying from the shop. This had led to one of the biggest problems of the business; revenue generation. This is because the customers that came to this store were those who bought stuffs in very small quantities, and the premium customers have stopped coming to the shop.

Now, suppose, 100 customers on an average frequented this shop on a daily basis and each bought one product worth INR 10. The revenue generated on an average per day would be INR 1000. But, from the outside, it would be seem that customers are lining up the shop. Whereas, if in another shop, only 10 customers frequented on a daily basis, but were premium customers, and each bought products worth INR 5,000, then the revenue generated on an average day would be INR 50,000. From a business point of view, this competitor is doing way better than Geetanjali stores, even though, it might not look busy.

This problem led to more customers but lesser sales, hence lesser margins and profits. Whereas the competitor had bulk purchase from lesser customers, hence higher profits.

b) *Existing brand image.* In order to rectify the situation, if the owner decided to shift focus to premium customer, then the already established brand image would become the hindrance,

which may act as a barrier rather than a solution; as the owner might not be able to cash in on his previously developed customer base, but might risk losing the existing market.

c) *Conflict.* As a family man, Jyotilal could also sense the tension amongst the brothers because of one failed venture. As the eldest, he was also expected to be a conflict manager amongst the brothers and other family members in the house, as well as the shop. He could clearly see that even though no one was mouthing their grievances, the internal tiffs due to cosmetics shop's failure was pretty evident, and an instant grievance redressal was needed, else it would affect the relationships amongst the family members and the people who were going to physically, emotionally and financially invest themselves in this new venture.

d) *New Government policies:* Jyotilal realised that with the implementation of some of the government's policies, the business had been affected. The announcement of GST policy had majorly affected the business. This was because neither the owner nor the family members were adept with the technology, and did not even have a GSTIN registration. This led to a problem where the suppliers were not willing to provide the wholesale products to Gulab on credit basis, and he had to move to unfair means to procure small amount of products.

The problem before Jyotilal now was how to achieve a balance between the existing and prospective customers, and how to increase sales and revenue to help Gulab attain sustainability and stability? Moreover, how could the conflicts amongst the family members be managed, so that the productivity of the shop does not deteriorate; and the personal relationships are saved? Amidst this how could his brother's chances of survival increase in an eco-system where everything was getting automated due to GST policy?

Exhibit 1: *Profile of the locality where the store was located*

Geetanjali Stores was in Allahapur town, in the southern region of Allahabad district. The people of the locality comprised of a mix of the both economic extremes. The area had either well educated extremely rich people or extremely poor people. The poor included the rickshaw-pullers, vegetable sellers who sold vegetables in the popular vegetable market of Allahapur in the morning and evening, or daily wagers of the Labour Chauraha (Labour's Four Lane).

Exhibit 2: *Competitors' profile*

The first Geetanjali Stores, selling cosmetics, was a first mover in the rich Allahapur region, with absolutely no competition. The next stop for cosmetic shopping was 5 km away, in the Chauk region. The later Geetanjali Stores, which dealt with general merchandise, had a stiffer competition, as there were 3 well-established shops in the area. However, the advantage that the store had was in terms of its location. Gulab's shop was more easily accessible to people of both the socio economic strata, as it was housed in one of the of the earliest buildings in the area and thus, all other houses were built around it. Also, the Labour Chauraha and the popular vegetable market were at a walking distance. So, families and labourers alike went by the shop every day, with an increased probability of footfall for the shop, and thereby increased sales of smaller denomination of products.

Exhibit 3: *Demographic Profile of Jyotilal Verma*

- Date of Birth : 5th April, 1961
- Name of Spouse: Mrs. Renuka Verma
- Educational Qualification: M.Sc (Mathematics) , B.E. (Mechanical Engg.)
- Children: 2 daughters ; Lata Verma (married), Siri Verma (unmarried)
- Siblings: Shikhar Verma, Gulab Verma and Chitthee Srivastava
- Job: Government Employee of more than 30 years

Exhibit 4: *Demographic Profile of Gulab Verma*

- Date of Birth : 31st August, 1966
- Spouse: None
- Educational Qualification : 8th standard Pass
- Mental Status: Partial Intellectual Disability (diagnosed with Erotomanic Delusional Disorder); getting treated by Partial Hospitalization Program
- Work: Co-Owner of Geetanjali Stores (co-owned with mother, Mrs. Kamala Devi)

Exhibit 5: Asset Details of Geetanjali Stores

Sr. No	Particulars	Quantity
1	Shop Counter	1
2	Electronic Weighing Machine	1
3	Manual Weighing Machine	1
4	Wooden Bed	1
5	Coca-Cola Cooling Fridge	1
6	Beds and Rickshaw Parking	6 beds, 1 parking area in lawn
7	Rickshaw Maintenance Kit	3
8	Wall Almirahs	2