



IIMC CASE RESEARCH CENTER (IIMCCRC)

NIMRUJI JAMMULAMADAKA

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GALAXY LEATHER: ORGANIZING PROCESSES FOR SUSTAINING GROWTH

INTRODUCTION

Sourav Das and Sachin Sarkar, the Directors of Galaxy Leather were due to meet with their management consultant, and finalize the development of systems and policies for sustaining performance and growth at Galaxy Leather. In the 25 years of being in business, they had done quite well. They were a small scale export oriented business. And in spite of export market fluctuations their privately owned family business had emerged as one of the respected Indian exporters of leather goods. They had clocked almost INR 400 million per annum in turnover last year from their entire group of businesses. They were adding another 50,000 sq. ft. to their production capacity. They intensely felt the need to streamline the business's processes and systems to manage this new growth and prepare the organization for leadership succession. They were worried about preserving their foundational values of caring and family. Would the new systems being planned strengthen these values and leverage them for developing a sustainable business, or would these values get sidelined in the attempts to professionalize the business? How could they design systems and processes that privileged their values even as they strived to develop professional managerial capabilities amongst their people?

HISTORY OF GALAXY LEATHER

Galaxy Leather had been set up in the year 1990 in Kolkata by Sourav Das, a leather technologist. Sourav, a native of West Bengal, had obtained his bachelor's degree in leather technology in 1973 from the Government College of Engineering and Leather Technology in Kolkata. Thereafter, having worked in some of the biggest tanneries in Eastern India, a hub of tanning operations in India,

Nimruji Jammulamadaka of the Indian Institute of Management Calcutta, developed this case study as the basis for class discussion and academic purposes rather than to illustrate the effective or ineffective running of an organization.

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Sourav started out on his own in 1985 doing job work for other leather manufacturers. He started out by processing hides in a hired tannery on job work for some Chinese leather makers. Having built credibility for himself in the business, he expanded by entering the leather goods business in 1990. He started his first leather goods business Galaxy Leather making leather hand bags, wallets, and purses from a small one room operation in Kolkata. He soon got on board his friend Sachin Sarkar to help him manage the operations. Since then Sourav and Sachin ran the business together as Directors of Galaxy Leather.

In 2002, they constructed their first proper factory premises in the Kasba Industrial Estate. Here, they ran their entire operations from a four storied building of 20,000 sq. ft. Their tannery Garden Leathers was started in 2004. Over the years, further capacity was added in leather goods. By 2016, Galaxy Leather had expanded into an operation of 3 factories making leather goods with a new 50,000 sq. ft. operation in the process of being set up. They operated in both export markets and Indian retail market. They operated the brand Styleindia in the Indian market and in export markets, they served as third party manufacturers for major European brands. As of 2016, they had about 6 buyers from Europe (Britain and elsewhere in Europe) who constituted about 90% of the entire sales of Galaxy Leather. The domestic market provided about 5 - 10% of their turnover. Though the domestic market had good potential, they were constrained in their ability to devote attention to developing this market. Two of six export buyers had been with the company for over a decade and provided Galaxy Leather 70% of the total sales of the company. (Refer **Exhibit 1**, **Exhibit 2a**, and **Exhibit 2b** for more details of the company operations, and key financials of their leather goods business)