

Digital Value Innovation and Strategic Management Practices of Adyar Ananda Bhavan

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EXECUTIVE SUMMARY

This case focuses on the strategic management practices of Adyar Ananda Bhavan (prevalently known as A2B), a quickly developing contemporary sweet chain of Chennai in South India that is currently proclaiming a target of 900 crores turnover from 2021 onwards with 8,000 employees. The case has a close theoretical association with the famous strategic management models, for instance Michael E. Porter's model, Ansoff Matrix, Blue Ocean Strategy, Balanced Scorecard, and Resource-Based View and explains how an organization can strategically grow its business through digital value-based innovation. Contending sources of data, for example print and electronic media, have been utilized to accumulate and report raw facts and figures. The authors analyzed based on insights gained from various academicians from different universities across India, some mid-level managers from industry, and some unofficial conversations with A2B staff in Bangalore. This case is planned to be utilized in the strategic management subject for both undergraduate and postgraduate courses.

ORGANIZATION BACKGROUND

In the seventies, a crop-growing family in Rajapalayam in South Tamil Nadu state was utterly overdrawn after an erratic typhoon shattered their farmland, making it uncultivable. Thirupathi Raja, the pinnacle of the family, was shattered after the heavy dust storm. His source of income was agriculture as he used to cultivate paddy and sugarcane in their eight-acre plot and had lately borrowed bucks to lease more plots to enlarge his farming activities. He had four siblings, all of them shared the family's battles before propelling the now well-known desserts chain, Adyar Ananda Bhavan, which was esteemed at an astounding Rs 1,800 crore two years back. When Thirupati Raja was around the age of 10, he fled from Rajapalayam to Chennai, where he first worked as an eatery cleaner of dining tables. Subsequently, he started to help in cooking and learned to make all types of desserts from a senior cook. Later, Thirupathi Raja followed his father's advice to return to Rajapalayam, stayed with the family, and began paddy and sugarcane cultivation. Over time, he decided to use the sweet-making skills he had learned as a young boy in Mumbai and commenced a new sweets shop in Rajapalayam in 1960 and titled it Guru Sweets. In the meantime, the agriculture business floated with high returns, and Thirupathi Raja purchased additional land to expand his farming activities. Unfortunately, the fanatic dust storm shattered his plans and left his family heartbroken once again now with his four grown-up children. Conquering the underlying shock, Thirupathi Raja chooses to move on to Bengaluru in the mid-1970s and re-constructed his life from scratch; he started a dessert outlet Srirampuram in Bengaluru, which gave an excellent opportunity to the family. The outlet was called Srinivasa sweets. From such a humble beginning, the family has made extraordinary progress. The family currently resides in a massive 12000 sq ft three-story house in an affluent area in South Chennai. Srinivasa Raju retains a couple of high-end cars, and his preferred one is the Volvo XC90 oil electric half-breed SUV. His folks may be no more, but he endures to treasure their memories and has sculptured their busts right at the entrance of his residence and inside the spacious drawing room of the house. The company's registration details, financial status can be found in Table 1 and Figure 1.

Table 1. A2B Financial Data

Operating Revenue	Over INR 500 cr
EBITDA	54.43%
Networth	22.84%
Debt/Equity Ratio	0.58
Return on Equity	18.59%
Total Assets	-2.70%
Fixed Assets	-8.57%
Current Assets	1.78%
Current Liabilities	-27.01%
Trade Receivables	2.99%
Trade Payables	-38.13%
Current Ratio	0.47

Source: www.tofler.in

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