

Reliance Industries' L&D Team Takes Chance, Reduces Product Loss

Reliance Industries
Best Results of a Learning Program
October 2018



Company Background



Headquarters	Mumbai, India
Revenue	\$50.9 billion
Employees	18,000
Global Scale (Regions that you operate in or provide services to)	1,285 retail outlets across India.
Customers/Output, etc. (Key customers and services offered)	Activities span hydrocarbon exploration and production, petroleum refining and marketing, petrochemicals, retail and 4G digital services.
Industry	Petroleum and retail
Stock Symbol	RELIND
Website	www.ril.com

Budget and Timeframe

Overall budget	INR 5.76 crore
Number of (HR, Learning, Talent) employees involved with the implementation?	24 (five at national headquarters, 19 regional training leads and trainers).
Number of Operations or Subject Matter Expert employees involved with the implementation?	114 (two subject matter experts at national headquarters, 112 area managers/area sales representatives/truck stop managers).
Timeframe to implement	One year-plus to complete Phase 1 and 2. Phase 3 is in progress.
Start date of the program	November 2016

Business Conditions and Business Need

About Reliance Industries Limited (RIL):

Reliance Industries Limited (RIL) is India’s largest private-sector company, with a consolidated turnover of INR 330,180 crore (\$50.9 billion), cash profit of INR 42,800 crore (\$6.6 billion) and net profit of INR 29,901 crore (\$4.6 billion) for the year ended March 31, 2017.

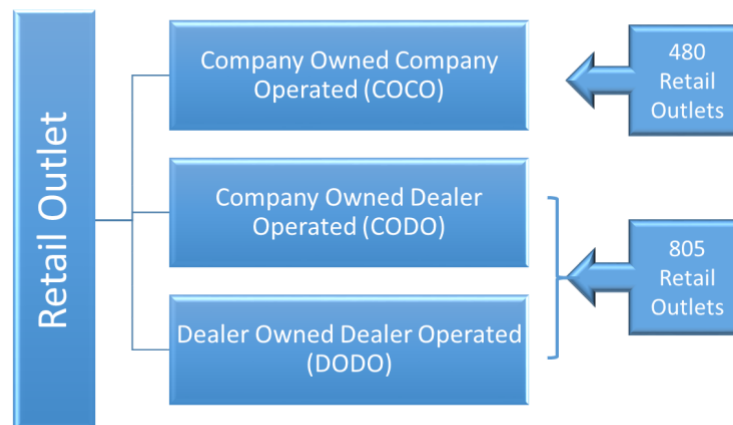
RIL is the first private-sector company from India to feature in Fortune’s Global 500 list of “World’s Largest Corporations” – currently ranking 203rd in terms of revenues and 110th in terms of profits. The company is 106th in the “Forbes Global 2000” rankings for 2017 – the top-most among Indian companies. It ranks 10th in LinkedIn’s “Top Companies Where India Wants to Work Now” (2017). RIL’s activities span hydrocarbon exploration and production, petroleum refining and marketing, petrochemicals, retail and 4G digital services.

About Reliance Industries Limited – Refining and Marketing (R&M):

Reliance Industries Limited-Refining and Marketing is the largest private player in fuel retailing (gasoline and diesel) business in India with over 1,285 retail outlets operational across India, employing 18,000-plus.

RIL retail outlets operate on pioneering technology, infrastructure and processes with a people-focused emphasis. (For further details, visit www.reliancepetroleum.com.)

Figure 1: Format of Retail Outlet.



Source: Reliance Industries 2018

The retail outlets are strategically located on high-density traffic routes with the aim of capturing a high market share.

Business Need

Business Background

At the beginning 2007, spiraling crude oil prices and regulated pricing of gasoline and diesel, fuel retailing by private players was not a viable business proposition. This compelled private fuel retailers, including RIL, to mothball their fuel retailing business, waiting for a favorable opportunity.

Business Revival

The deregulation of fuel prices after 2013 presented the opportunity for RIL to restart its fuel retailing business.

Critical Challenges

Subsequent RIL's fuel retailing business revival, it was imperative for the organization to aim at a fast-paced ramp-up of sales volume. The focus was on driving the sales volume and establishing a market leadership position.

- **Major Operating Costs for Retail Outlets:**

1. **Product/Fuel Cost** — Needs constant monitoring to reduce loss.
2. **Power Cost** — Managed through energy-efficient equipment and usage monitoring.
3. **Manpower Cost** — Controlled effectively through optimized manpower deployment.

Increase in Product Loss

The sales volumes registered steady growth pattern, indicating a healthy trend. With the steady growth of sales volume, however, the product loss increased rapidly. Reports and data analysis presented the surmounting challenge of product losses at retail outlets across India.

Figure 2: Causes of Product Loss.



Source: Reliance Industries 2018

Figure 3: Business Impact of Product Loss.



Source: Reliance Industries 2018

- High Stock losses impact the profitability of a retail outlet.
- Malpractices effect trust between stakeholders and indicate possible operational lapses at the retail outlet.
- Possibility of legal action against the retail outlet under the “MS/HSD Control Order” (a legally executable order under the Petroleum Act by Ministry of Petroleum and Natural Gas, Government of India) for excessive stock loss or gain (permissible limit is 0.6% for gasoline and 0.2% for diesel).
- Business disruption if operator is terminated or resigns due to high losses.

The business situation demanded that this long-standing challenge of product loss control be addressed. RIL explored the options of outsourcing the entire activity of tank truck product receipt at the retail outlets. The L&D representatives attending the business review meeting suggested that the project be outsourced to the L&D team. The project of managing and analyzing decantation at major outlets contributing to loss was taken up by L&D team. Notwithstanding the high risk of failure, it provided the L&D team with the opportunity to help in achieving an important organizational goal through effective gap identification and learning mitigation strategy.

Business Needs from L&D function on Product Loss Control at COCO Retail Outlets:

- Reduction in product loss.
- Reduction in recoveries due to product loss from retail outlet operators (channel partners).

- Identifying and reporting any malpractice — intentional or due to ignorance.

Needs 1 and 2 should positively impact profitability and Need 3 should enhance trust for both business and channel partners.

Overview

Learning Program — High-Level Description

Based on the business needs for product loss control, the learning program was designed to positively impact the bottom line and enhance trust through product, processes and skill enhancement training of key stakeholders at the retail outlets. To address the business needs, it was important to identify the types of losses and associated tasks:

Figure 4: Types of Loss, Situation and Root of the Cause/Gap.

Loss Type	Situation	Root Cause/Gap
Operational Loss	Excess delivery of nozzles:	Knowledge: Skill.
	Short receipt of product:	Knowledge: Skill.
	Pipeline leakage:	Knowledge: Skill.
	Evaporation and handling:	Knowledge: Skill.
	Pilferage of product by staff:	Integrity.
Transit Loss	Pilferage by tank truck crew:	Integrity.
	Under calibration of tank truck:	Integrity.
Notional Loss	Underground storage tank strapping chart error:	Equipment.
	Temperature Variance Allowance loss:	Knowledge: Skill.

Source: Reliance Industries 2018

Learning Program Goals

Detailed discussion with business leaders and “on-field” assessment of representative samples of most impacted retail outlets helped in identifying three major design principles:

1. **Establish the Root Cause** – Observe at retail outlet and identify location specific root cause.
2. **Resolve Need Gaps** – As per location-specific root cause identified.
 - a. **Knowledge and Skill:** Train.
 - b. **Attitude:** Identify demonstrated behaviors.
3. **Train Resources to Sustain Adherence.**

Figure 5: Key Indicators for Achieving Learning Goals.

The key indicators for achieving learning goals were	
Indicator	Impact
Reduction in product loss recovery per kiloliter (kl).	Positively impact the profitability of a retail outlet.
Reduction in operator loss-related recoveries.	Positively influence morale and financial viability of retail outlet operations.
Identification of possible malpractices and train on mitigation.	Increase in operational efficiencies and positive work environment.

Source: Reliance Industries 2018

Phase-wise Program Plan

The ownership and accountability of the product being with 480 company-owned and -operated RIL retail outlets were part of the initial scope of the learning intervention. The data monitoring and analysis were initiated for all the identified outlets. The learning program subsequently was launched for the balance of the 805 retail outlets – company-owned/dealer-operated and dealer-owned and -operated.

To increase the effectiveness of the learning program, a phased launch was planned. This enabled incorporation of learnings from Phase I into the launch across India:

1. **Phase I** — November 2016 to March 2017: Top 47 COCO retail outlets contributing to 50% of the total product loss; training led and monitored by one regional training lead and a team of trainers.
2. **Phase 2** — April 2017 to December 2017: Balance of 433 COCO retail outlets; training led and monitored region-wide by four regional training leads (RTLs) and 15 trainers. Single point coordination from HO with all RTLs and trainers.
3. **Phase 3** — January 2018 onward: 805 dealer-operated (CODO and DODO) retail outlets after completion of all COCO retail outlets.

Post phase-wide implementation, all key indicators were positively influenced and the measurable benefits were in line with expectations. Detailed outcomes are illustrated in “Measurable Benefits” section, Page 16:

This learning program addressed both present business needs, as well as a foundation for future initiatives on similar lines:

Figure 6: Addressing Present Business Needs and a Foundation for the Future.



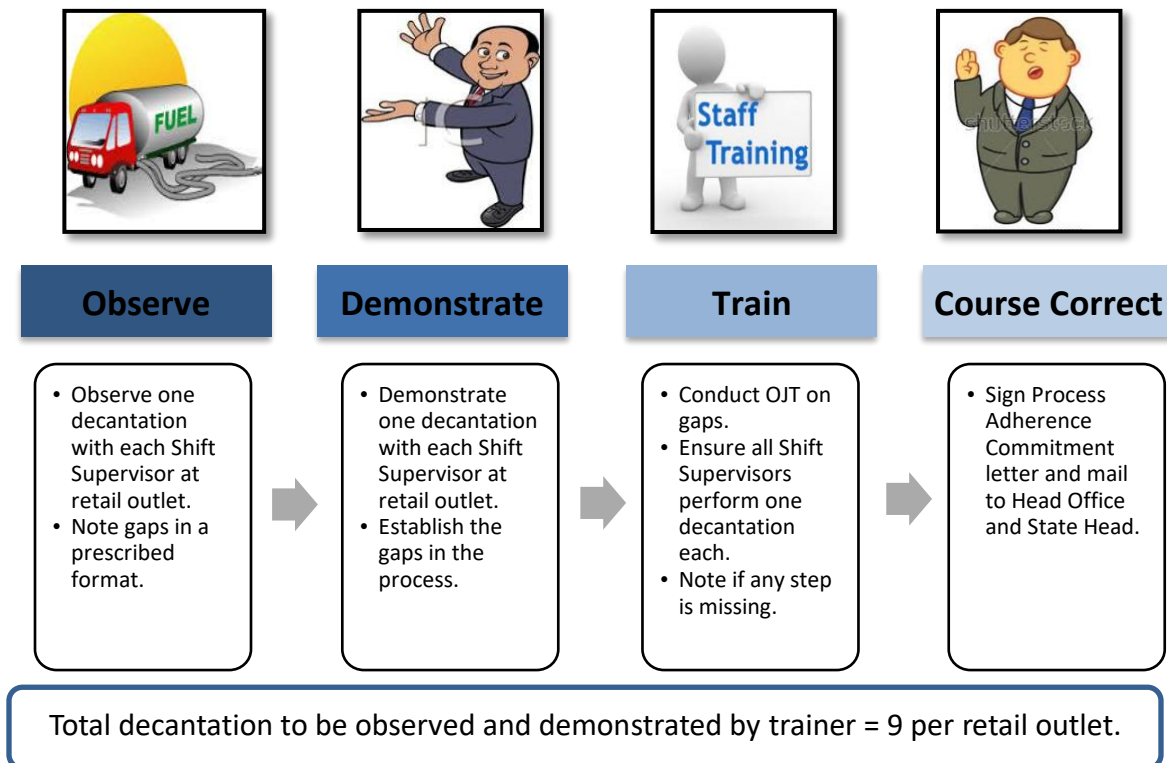
Source: Reliance Industries 2018

Design of the Program

Challenge to Learning Team

1. To train the trainers on a complex subject of product loss control, complex data reading, loss interpretation, calculation and analysis.
2. The trainers had to be trained to identify gaps in the decantation process carried out at the outlets by veterans who had years of experience in retail outlet operations.
3. Practical knowledge on product loss control to be imparted to trainers in seven days.
4. Coordinate with road logistics team for arrival of tank truck during the presence of trainers at retail outlets.

Figure 7: Learning Design Approach.



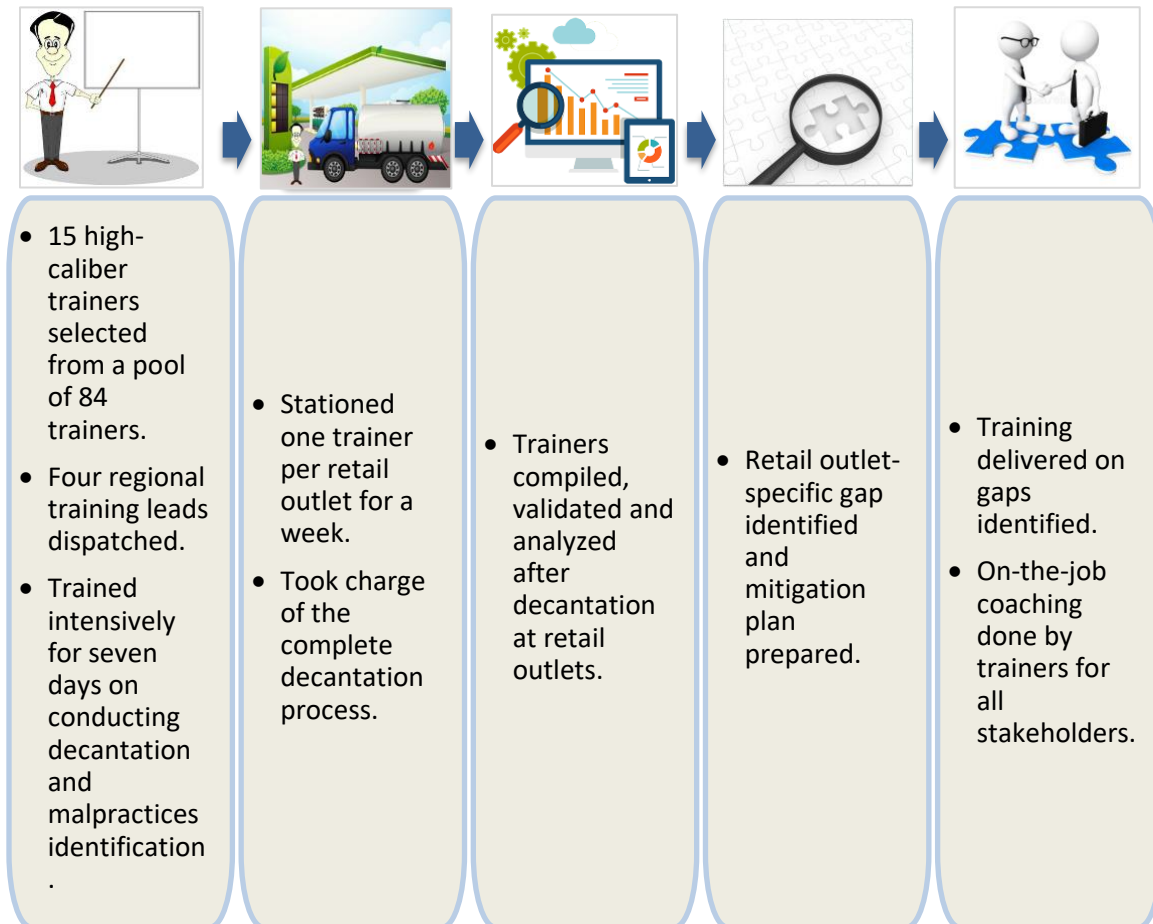
Source: Reliance Industries 2018

Delivery of the Program

The program was deployed in three phases as discussed earlier.

Phase I focused on:

Figure 8: Short-Term Measures Implementation.



Source: Reliance Industries 2018

Phase 1 — Business Impact:

Based on the encouraging business impact, a Phase 2 launch was planned and rolled out for product loss control training for the balance of COCO retail outlets.

Phase 2 – Enterprise-wide Launch Plan:

1. Feedback in the training rolled out during Phase 1 was captured from regional training leads, L&D team and business leaders.

2. Incorporated changes in training content, methodology for the enterprise-wide launch.
3. Roll-out at the 433 COCO retail outlets.

Phase 2 — Business Impact: Refer to Page 16.

Phase 3 — Roll-out at 805 Dealer Operated Retail Outlets

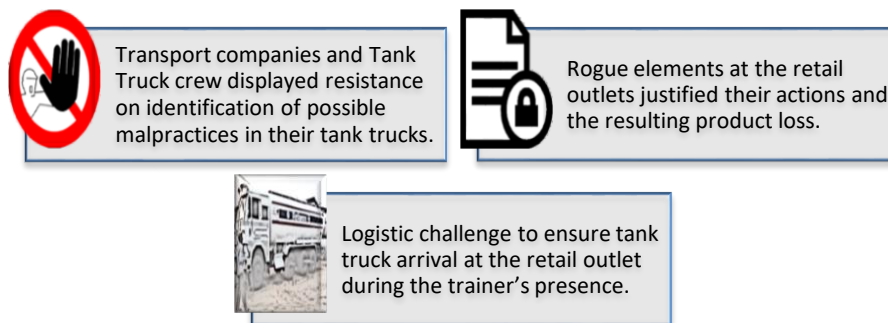
Phase 3 — Business Impact: Product ownership being with dealers, loss analysis data is not maintained. For training effectiveness responses, refer to Page 17.

So far, 900-plus retail outlets (Including all 480 company-owned retail outlets) have been covered.

Change Management Efforts

The key challenges faced at retail outlets resolved through business involvement were:

Figure 9: Key Challenges.



Source: Reliance Industries 2018

To minimize challenges and obstacles, multiple stakeholders were involved and their buy-in was obtained right at the initial stage. This enabled easier change management at field levels (state offices and retail outlets).

At all levels of engagement, “What’s In It For Me?” was the philosophy used to gain buy-in from all the stakeholders.

1. The “Whys and Consequences.”
2. The financial and legal benefits of ensuring compliances.



This approach proved to be effective in generating support and active participation, especially at the retail outlet level.

Engagements in support of minimizing resistance to change:

1. **Internal Client Engagement** — To carry out this intervention effectively, the fuel operations head, business head and state head were briefed on the training plan to gain support and involvement from business.
2. **Staff Development** — All area managers/area sales representatives were trained on reading the data of past decantation and the analysis by the subject matter experts and regional training leads.
3. **Channel Partner Communication** — Financial, social and legal compliance benefits explained to all retail outlet operators.

Measurable Benefits

The metrics to measure business impact emanated from the business needs:

- a. Reduction in product loss per kiloliter.
- b. Reduction in operator loss-related recoveries.

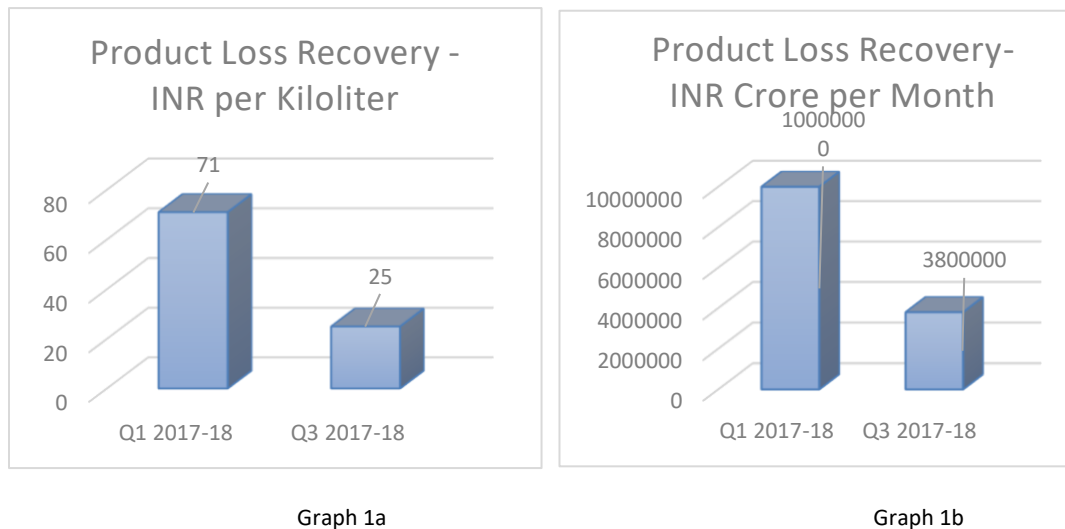
Business impact on two key business objectives for 900-plus retail outlets as of third quarter 2017-18 were:

Phase 1

The following drop has been recorded in the 47 COCO retail outlets with a 59% increase in sales volume of gasoline and diesel:

1. Reduction of 44% was recorded in the product loss amount per kiloliter (KL) (From INR 196/kl to INR 111/kl).
2. Reduction in product loss from 0.40% to 0.14% in diesel and from 0.94% to 0.85% in gasoline.

Figure 10: Product Loss Recovery.



Source: Reliance Industries 2018

Phase 2

- 433 COCO retail outlets (April to December 2017)
 - Graph 1a:** Reduction of 65% in the product loss recovery amount per kiloliter (kl) of fuel (From INR 71/kl to INR 25/kl).
 - Graph 1b:** Reduction of 62% in operator loss-related recoveries. INR 1 billion (INR 1 crore) per month to INR 38 million per month. (Data comparison between Q1 2017 and Q3 2017 for 433 COCO retail outlets.)

Phase 3

Product ownership being with dealers for dealer-operated retail outlets, loss control data is not maintained. As an additional support, RIL's L&D team conducted the same trainings for dealer-operated retail outlets to help them minimize losses.

Positive feedback from channel partners (operators and dealers) have been received post-training at 900-plus retail outlets (480 COCO and 420 dealer-operated). Of the 580 respondents:

- 76% responded positively to training effectiveness on product loss control.
- 91% responded positively to increased operational efficiency due to standard operating procedure training imparted.

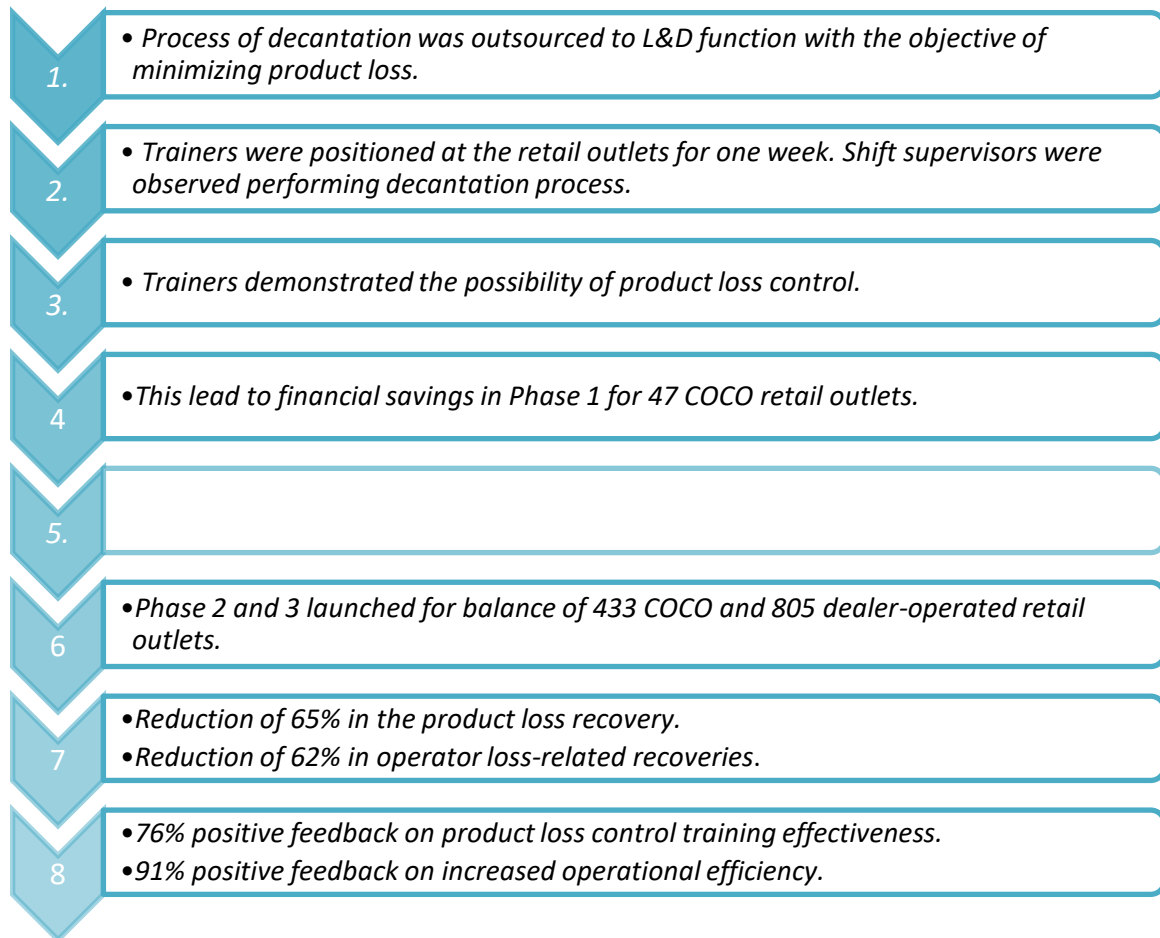
Important: If this intervention had not been implemented, the losses would have continued to be at the same rate or would have risen to higher levels.

Overall

Lessons Learned

1. At times it is assumed that training challenges may not be able to create an impact on core operations issues due to its complexity and execution. This project has belied the thinking that training cannot create an impact, especially when problems are very complex.
2. It was a risky initiative because if L&D failed, the credibility of L&D with business would have eroded. In the event of success, it would be seen as an effective alignment with the business.
3. If intensive training is provided to trainers, they could influence the veterans in the business.
4. When a learning initiative impacts business positively and there are measurable financial and business gains, the L&D team is perceived to be adding significant value.
5. This learning experience has given the L&D team to proactively look at core business challenges instead of confining to quoted problems. This has enhanced the ability to deep dive into problems and offer L&D services which will positively impact business.

Figure 11: Summary of the Learning Impact.



Source: Reliance Industries 2018



About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management. With more than 10,000 clients globally and more than 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

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