

## **Diversification for Growth and Success**

*The case of Uralungal Labor Contract Co-operative Society -ULCCS!*



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# Uralungal Labour Contract Co-operative Ltd.

- 92 year old Worker Co-operative from Kerala, South India
  - Grew from a labour supplier to a specialist infra structure developer and diversified verticals
- Membership base of over 2000 (direct) and 8000 (indirect) labourers
  - With a minimum daily earning of INR 840 ( Govt. fixed INR 230)
- Annual turnover of over INR 10 Bn (USD 180Mn)
  - Growing at 40%+ annum through diversification and innovative practices
  - Targeting 1Bn USD by 2020
- National and International Recognition
  - Rated best among 700,000 Co-operatives in India (2013)
  - Consistently for last three years rated as best labour coop
  - NCDC(2008), NCUI (2013), NLCF (2014)
  - GOI-Min. of Tourism(2016)
  - UNIDO (2013), ICA (2016)



# Uralungal Labour Contract Co-operative Society

- [Video](#)

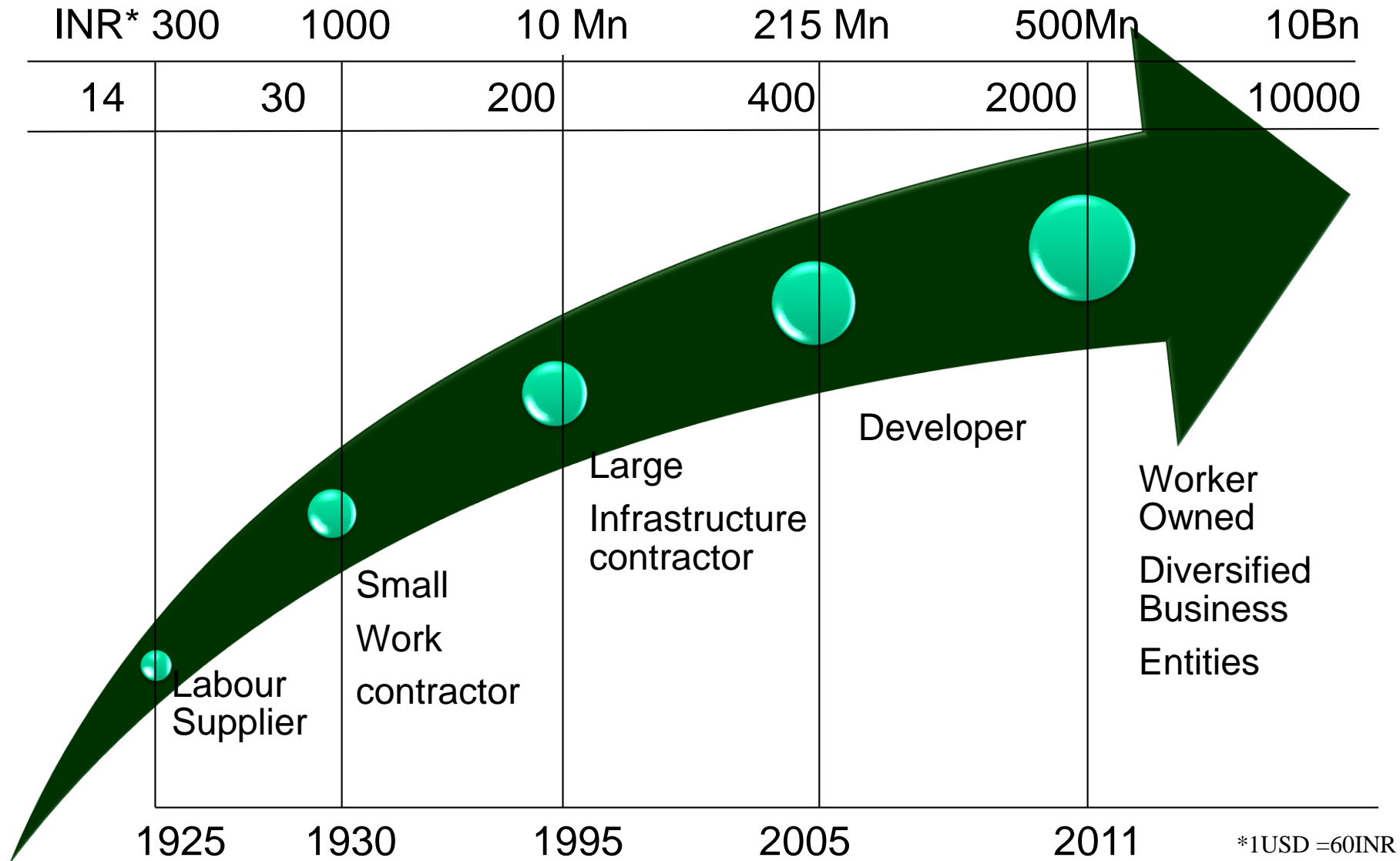
# ULCCS Ltd. and Sustainability

- The beginning
- Two key Motivation
  - Remove Poverty
  - Inclusive Livelihood
- Means
  - Collective strength of work force
  - Help in Infrastructure Building
    - Roads and bridges – pre and post independence





# The transition of the Society



# ULCCS – A Case of Diversification

- During last 10 years, ULCCS has grown about 50 times through Successful diversification and growth strategies
  - Builder → Developer → Facility Management
  - Construction → Information Technology → Tourism
  - Agriculture → Education
- But why?
  - Motivation and Challenges of this Expansion and Diversification



# Why ? India Post 1990's

- Globalisation and Challenges to sustainability
  - Changes in the business landscape
    - Fast growth in infrastructure development and entry of technologically superior players
    - **Human**power to **Tech**power– Employee composition
      - Diminishing Share of worker return in Production
    - Changes in Business Model
  - Changing Worker Aspirations
    - Economic growth and change in objectives & aspirations
    - Alternative opportunities and shrinking membership
    - General change in the “worker composition”
- Can a labor co-operative survive in such a turbulent environment?

# Post 1990 : Challenges to sustainability

- Technology Challenge
  - Adoption of new technology and re-skilling of workers
- Resource Challenge
  - Acquisition of New Technology
  - Retaining quality labor
    - Cost for supporting the workers (even beyond work life)
  - Funding for development
    - Almost 70 % of GP goes as cost of Finance
    - Cost of Finance for ULCCS is almost double that of public finance cost (Mc. Kinsey Infrastructure Productivity report Jan2013)
- Social Challenge
  - How do the organisation keep its social focus of inclusion while remaining competitive in an open market ?



# How to address the challenges?

- Need for Scale up and growth
  - Cross subsidizes for construction activities
  - Capitalizes the opportunities
  - Addresses the challenges in the supply side of manpower
- Diversification and Expansion
  - Competition
  - Resources
  - People

# Addressing Competition : Technology

- Embrace and Develop
- Modern techniques in Construction of roads, bridges and buildings
  - First Leed Platinum Building in the State
  - First SEZ by a labor Co-operative
  - Iconic projects
- Global partnerships for technology adoption



# Addressing the Competition : Technology

- Diversify to meet sustainable growth
  - Creation of IT Organisation
  - Creation of IT workspace
- Diversification will
  - Cross subsidizes for construction activities
  - Capitalizes the opportunities
  - Addresses the challenges in the supply side of manpower



New Business

UL Foundation  
CSR Activity for Public Good

UL Foundation  
Education  
Societal Dev.

Roads  
Bridges

Raw material  
Production

Project Mgmt (EPC)

Architectural  
Design

Buildings

IT Facility (SEZ)

Facility Management

IT Company

BOT-Developer

Regional→  
International

Pure Builder

Augmen  
tation

EPC-LSG

EPC-Intl.

EPC-Pvt

Govt.

Pvt

Own  
3rd Party

Developmnt

Existing

New

Agriculture

Hospitality

Health care

Education

IT-  
Services

2017

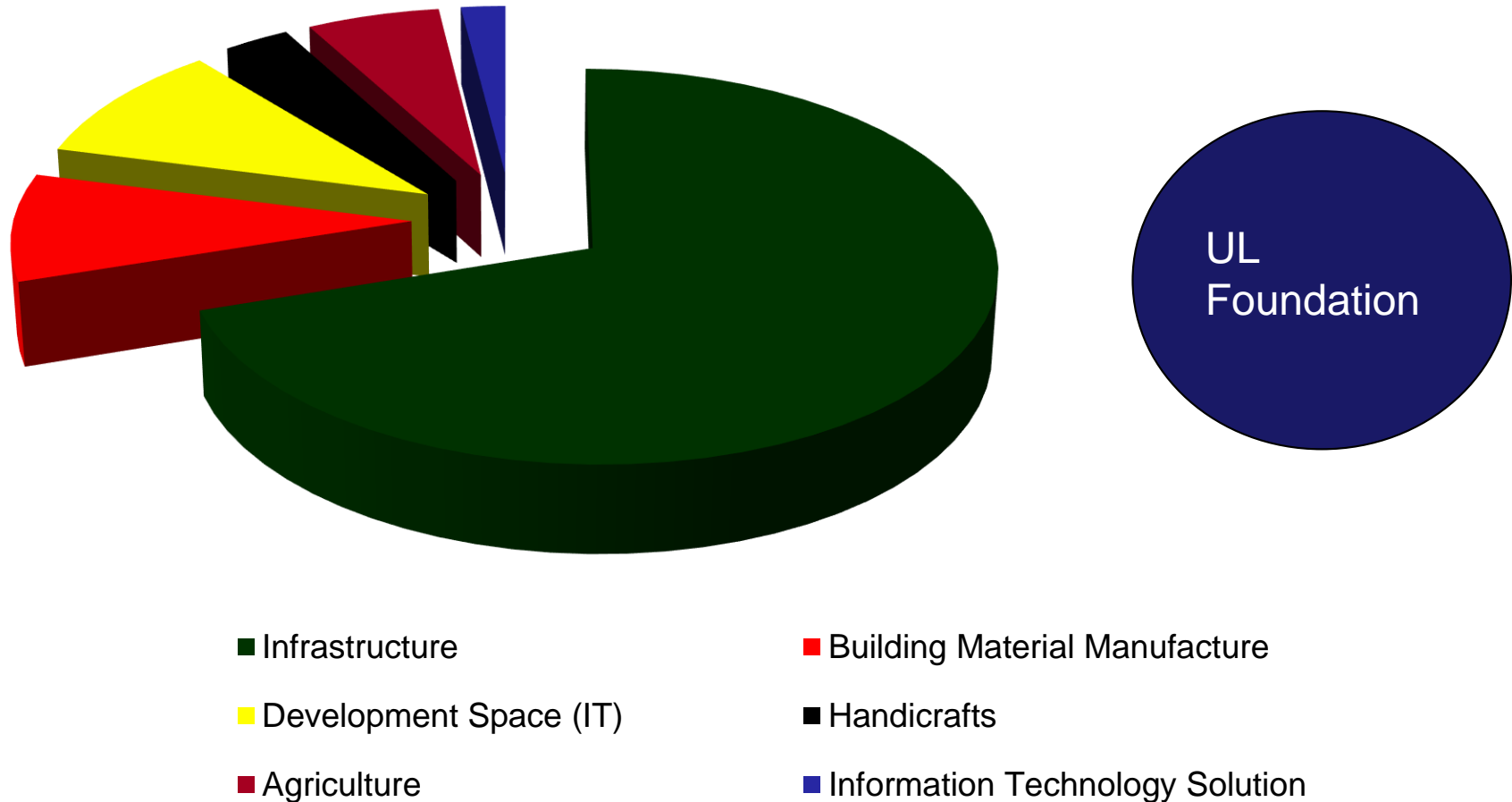
2007

2012

2017



# ULCCS Ltd. –Sustainability through Portfolio diversification



# Addressing the Challenge : Resources

- Two aspects
  - Human resource
  - Financial resource
- Human resource
  - Higher wages and Life term support → retention
  - Training, reskilling → Improvement
  - New exciting opportunities → to attract youth and for future



UL CyberPark  
green space ... Kozhikode



UL Technology Solutions  
—Subsidiary of ULCCS



UL  
GURU

# Addressing Resource Challenges

Nature of Expansion	Key Requirement	Key Challenge	Solution Adopted
Small Contractor to Infrastructure Developer	Financial Resources for Asset Creation	Members may not part with their wages as the returns are long term	Leveraging- Sourcing of Funds from Public  Consortia Funding Approach
	Management Skills	Managing Variable Cost (people) to Fixed Cost (Assets)	Adopted a Corporate Management Structure with professional hiring to supplement worker leaders Training/ Creation of Talent
Infrastructure Developer to Diversified Businesses	Financial Resources and Skills for Managing New Businesses	How to convince the members the need for diversification (which may not directly benefit them)	Synergy with Core Business High Potential Business Supporting “member” Interest – Family Life Value Concept

# Addressing People Challenges

- Multiple Owners → No ownership
- Organisational Structure & Collective Leadership
- Trust → a key factor
  - Sr. Mgmt focus on Trust and empowerment

		<u>No of personnel</u>
<i>Corporate strategy and governance roles</i>	Director Board *	13
	President	1
<hr/>		
<i>Project execution and operations roles</i>	Director	13
	Project manager/ Engineer	Non-permanent role, staffed from team leaders
	Team leader @/ Sub-team leader	80
	Team member	1900

\* Director role has a direct line responsibility for project execution. All directors constitute the Director Board. Directors are elected by the members.

@ Team leaders are elected into the position by the members.



# Culture, Value and Management

- Culture and Values : Credo for Diversification
  - Benefit the Society at large
  - Benefit the core business
  - Support and create Employment for unorganized workers
  - Enhances the strengths, work philosophies or the organization
  - Values of Democracy, Equality and Equity
- Management
  - Principles of Agile management

**Key Elements** : Team work, Communication, Response, Knowledge & Motivation

# Addressing the People Challenges : Leveraging Social Capital

- Role of a Co-operative in attaining SDG
  - Achieving larger good of the Society for sustainability
- Diversification into newer areas for sustainable development of society
  - Agriculture → Green farming
  - Education → Upskill the future worker population
  - Inclusion → Supporting marginalised sections in economic development ;
    - Artisans; Marginalised transport workers; disadvantaged sections

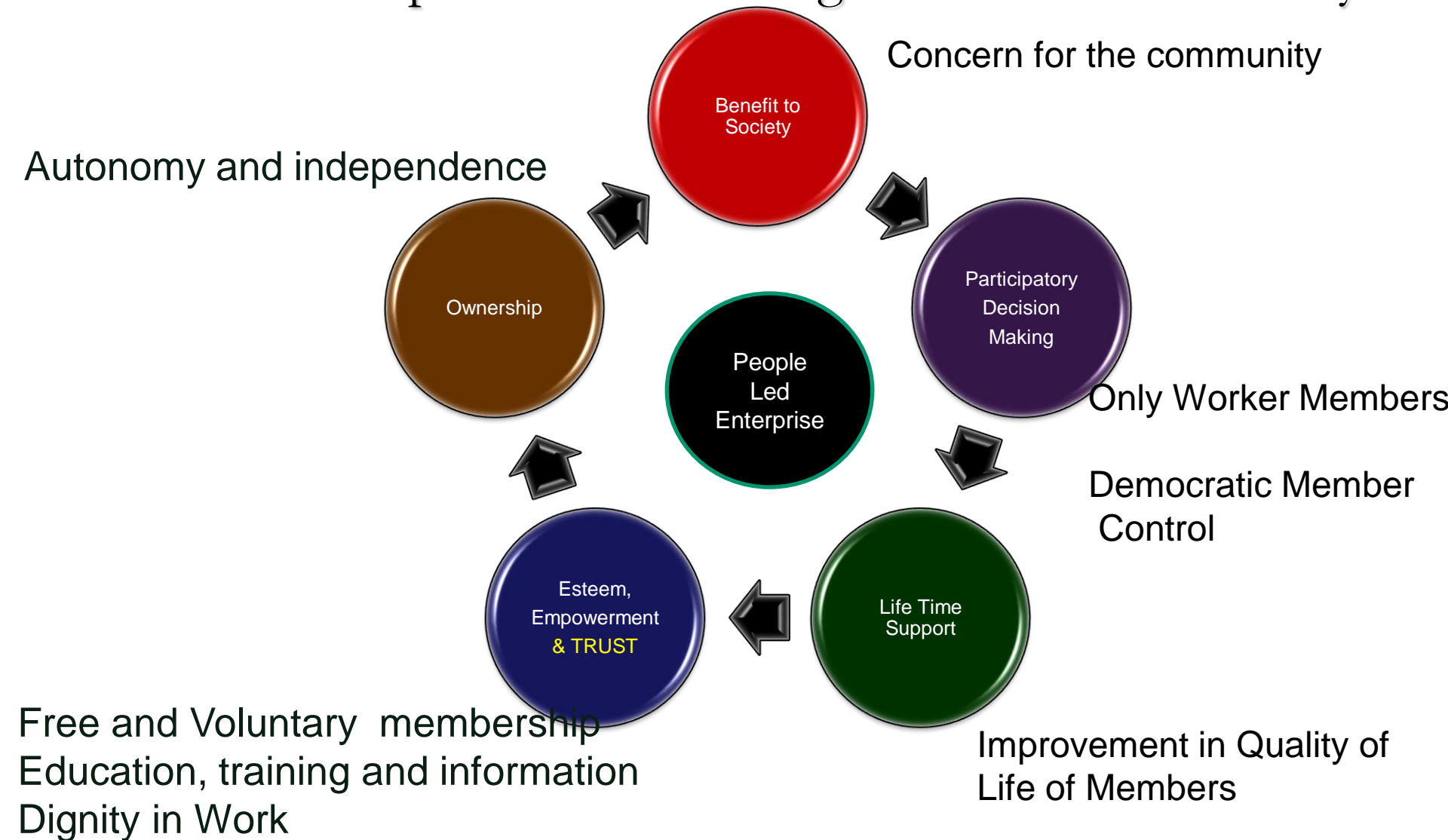


# Diversified Business Verticals

- **UL Cyber Park**
  - The first IT SEZ park in Calicut towards creating employment opportunity for 20000 professionals directly.
- **UL Technology Solutions**
  - A technology solution provider specializing in Geo-spatial and ES domain
- **UL Housing Ltd**
  - Quality housing at an affordable cost
- **Infrastructure Allied Services**
  - Project Management Consultancy
  - Architecture and Design Wing
  - Building materials – processing and products
- **Tourism and Hospitality**
  - Sargaalaya – Kerala Arts and Crafts Village
  - Facilities Management
- **Agro Farming**
- **UL Education ( Proposed)**
  - UL School
  - UL Knowledge Academy
  - UL Skills & ULGuru

# Summary : Learnings from ULCCS

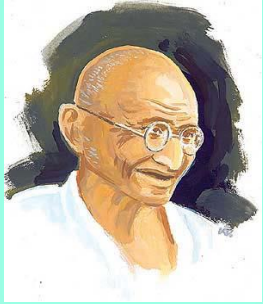
How a Labor co-operative can attain growth and sustainability?





# Summary : Learnings from ULCCS

- Financial Perspective
  - Capital mobilization
- Market Perspective
  - Competition and Dynamism : Question of Focus vs Diversification?
- Human Resource Perspective
  - identification of right talent with a social perspective
  - Alignment of new set of professionals with the values and philosophy of organization
- Governance and Management Perspective
  - Understand the “key DNA” and develop governance principles to align multiple business verticals to the values that created and grew the parent organization
- **ALL THESE ARE POSSIBLE ONLY IF YOU GROW BIG**



*Man becomes great exactly in the degree in which he works for the welfare of his fellow-men.*

*The difference between what we do and what we are capable of doing would suffice to solve most of the world's problems*

*Mahatma Gandhi*



Thank you  
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# Way Forward : Extending Co-operation for Sustainability



**Revitalize the  
global  
partnership for  
sustainable  
development**





Thank You  
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