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DIVYA DHONDYA 15/ 08/ 2024

## MANAGEMENT LEARNING'S FROM DABBAWALA

The Mumbai Dabbawallas is a fascinating part of the city's culture! They are a network of lunchbox delivery and return services that transport home-cooked meals from people's homes to their workplaces and we were lucky enough to have got the opportunity to listen from them at our institute NLDIMSR.

The Dabbawallas use a unique coding system to ensure that each lunchbox reaches its correct destination. This system relies on colours and symbols, making it easy to sort and deliver the dabbas accurately. They are known for their incredible punctuality, delivering meals with an average delay of just 5-10 minutes. This reliability has earned them a reputation for excellence. The Dabbawallas are a symbol of Mumbai's vibrant culture, reflecting the city's fast-paced lifestyle and the importance of home-cooked food. Their model is both simple and effective, serving over 200,000 meals daily with a workforce of around 5,000 Dabbawallas, most of whom come from the Mumbai suburbs. The

Dabbawallas have been studied by business schools worldwide for their operational efficiency and have even been featured in case studies at prestigious institutions like Harvard.

Since 1890, Dressed in white outfit and traditional Gandhi Cap, Mumbai Army of 5,000 Dabbawalas fulfilling the hunger of almost 200,000 Mumbaikar with home-cooked food that is lug between home and office daily. For more than a century our team have been part of this grime-ridden metropolis-of-dreams.

About 125 years back, a Parsi banker wanted to have home cooked food in office and gave this responsibility to the first ever Dabbawala. Many people liked the idea and the demand for Dabba delivery soared. It was all informal and individual effort in the beginning, but visionary Mahadeo Havaji Bachche saw the opportunity and started the lunch delivery service in its present team-delivery format with 100 Dabbawalas. Their clients include KPMG, OLA, Aditya Birla, Deloitte, Philips, Mahindra, Omkar to name a few. Accolades from IIM Ahmedabad, The New York Times, 6 Sigma certification are few of their achievements.

Most dabbawalas are related to each other, belong to the Varkari sect of Maharashtra, and come from the same small village near Pune. Tiffin distribution is suspended for five days each March as the dabbawalas go home for the annual village festival. Dabbawalas have traditionally been male, but in recent years a few women have joined the profession. A dabbawalla can be either a foreman, *mukadam*, or a simple delivery man, *gaddi*. Typically, they begin between the ages of 15 and 20. While they take pride in their freedom and the fact that they work in a network of their relatives, the relatively low

compensation provided for their physical exertion makes them discourage their own children from joining the profession. In a typical day, a dabbawala picks up tiffins every morning and then sorts them once before they are loaded onto the morning train (at approximately 10 a.m.). The tiffins are sorted another time in the luggage compartment of the train. At the destination station, the tiffins are loaded into carts and deposited in stacks at the entrances of the various workplaces. Following lunch, the same procedure is carried out in the reverse order with the empty tiffins.

How can a poorly educated, decentralized workforce performs so beautifully in an environment that can charitably be described as unpredictable and challenging? The answers hold lessons not only for companies seeking to expand in emerging markets but also for all developed-economy enterprises whose ranks are dominated by unexceptional talent. Even firms that can afford to hire stars typically depend on a cast of average people to support them. The dabbawalas' success is proof that with the right system in place, ordinary workers can achieve extraordinary results. A key to the dabbawalas' operations is the Mumbai Suburban Railway, one of the most extensive, complex, and heavily used urban commuter lines in the world. Its basic layout allows delivery people with bicycles and handcarts to travel short distances between the stations and customers' homes and offices. It is partly the railway system that creates demand in the first place. Crowded trains make carrying dabbas difficult, and office workers don't regularly eat out—because of the expense, a preference for home-cooked food, and the poor quality of the few office cafeterias that exist. So, office employees have their lunches prepared at home and delivered by the dabbawalas after the morning rush hour. On any given day, a dabba changes hands several times. In the morning a worker picks it up from the customer's home and takes it (along with other dabbas) to the nearest train station, where it is sorted and put onto a wooden crate according to its destination. It is then taken by train to the station closest to its destination. There it is sorted again and assigned to another worker, who delivers it to the right office before lunchtime. In the afternoon the process runs in reverse, and the dabba is returned to the customer's home. To perform their work most efficiently, the dabbawalas have organized themselves into roughly 200 units of about 25 people each. These small groups have local autonomy. Such a flat organizational structure is perfectly suited to providing a low-cost delivery service. (Dabbawala customers pay only about 400 or 500 rupees, or \$7 to \$9, a month.) There are other delivery services that charge more and cater to local groups, but as far as I know, the dabbawalas have no significant rivals at their price point and scale. Even though the service has been in business for more than a hundred years, no

one has been able to replicate it. The railway system sets the pace and rhythm of work. The daily schedule determines when certain tasks need to be done and the amount of time allowed for each. For instance, workers have 40 seconds to load the crates of dabbas onto a train at major stations and just 20 seconds at interim stops. The tight schedule helps synchronize everyone and imposes discipline in an environment that might otherwise be chaotic. In addition, it provides clear feedback when performance slips. If a worker is late dropping off his dabbas at a station, his delinquency is immediately obvious to everyone, and alternative arrangements then have to be made for transporting his dabbas on another train. Problems can't be swept under the rug and must be dealt with promptly. Many service businesses lack a built-in mechanism like a railway. But they can adopt a system that confers similar benefits. For example, many product development teams set up a schedule in which they cycle repeatedly through the design-build-test process, rather than doing each step once and waiting until late in the game to perform testing. This allows them to get quick feedback on work and find problems early. A comparable mechanism in manufacturing is *takt* time, which involves matching the rate of demand with the rate of production to synchronize the entire operation. (A *takt* time of one minute means that a widget is produced every minute because there is demand for one widget a minute.) A faster pace generates waste, and a slower one doesn't meet demand. This rhythm drives everything and exposes deviations from the norm. The dabbawalas essentially manage themselves with respect to hiring, logistics, customer acquisition and retention, and conflict resolution. This helps them operate efficiently and keep costs low and the quality of service high. All workers contribute to a charitable trust that provides insurance and occasional financial aid—for example, when a worker needs to replace a bicycle that's been stolen or is broken beyond repair.

Each dabbawala is an entrepreneur who is responsible for negotiating prices with his own customers. However, governing committees set guidelines for prices, which take into account factors such as the distance between a customer's residence and office and the distance between that office and the closest railway station. Because dabbawalas own their relationships with customers and tend to work in the same location for years, those relationships are generally long-term, trusting ones. The dabbawalas within a group don't have a monopoly over any particular area; they're encouraged to seek out new customers, even in a building that is served by a colleague. However, once the relationship is established, no other dabbawala is permitted to go after the same customer and "steal" him. The dabbawalas take advantage of their more-relaxed afternoon schedule to interact with customers to share information about

upcoming changes, collect monthly fees, and discuss any issues. When someone wants to join a local dabbawala group, the group will assess whether there's enough demand to add another person. New hires are trained on the job by the group. They learn to assist in all activities. After a probation period of six months, they can buy into the business with a sum equal to 10 times their expected monthly income. So, for example, if a new hire expects to make 7,000 rupees (about \$126) a month at a particular unit, then he would need 70,000 rupees to become an equity partner who would share in the profits.

Workers with more than 10 years of experience serve as supervisors, or muqaddams. Every group has one or more muqaddams, who supervise the coding, sorting, and loading and unloading of dabbas and are responsible for resolving disputes, overseeing collections, and troubleshooting. They also pick up and deliver dabbas themselves. Members elect representatives from among the muqaddams to serve on two managing committees that meet monthly to tackle operational and organizational issues as well as problems that cannot be resolved at the local level. For the dabbawalas, having the right process in place means more than simply implementing efficient work flows. It also entails just about everything in the organization, including the way information is managed, the use of built-in buffers, and a strict adherence to standards. To convey information, the dabbawalas rely on a system of very basic symbols. The lid of a dabba has three key markings on it. (See the exhibit "Cracking the Dabba Code.") The first is a large, bold number in the centre, which indicates the neighbourhood where the dabba must be delivered. The second is a group of characters on the edge of the lid: a number for the dabbawala who will make the delivery, an alphabetical code (two or three letters) for the office building, and a number indicating the floor. The third—a combination of colour and shape, and in some instances, a motif—indicates the station of origin. Customers supply small bags for carrying their dabbas, and the variation in the bags' shapes and colours helps workers remember which dabba belongs to which customer. The coding system contains just enough information for people to know where to deliver the dabbas, but it doesn't allow for full addresses. The dabbawalas, who run the same route for years, don't need all those details, and inserting them would clutter the lid, slow the sorting process, and possibly lead to errors.

This insight is applicable in many other contexts. People operate in a visual world. Whether you run an airline, hotels, or a university, how and what information is conveyed can make a huge difference. Less is often more because it can reduce confusion. Recognizing this, Delta Air Lines recently redesigned its boarding passes to make them less cluttered and to highlight key information such as the destination city. The simple coding system is crucial given the

extremely tight tolerances of airline operations. Even with an efficient coding system, workers still have a tiny margin of error for certain tasks. The allotted time for picking up a dabba at a house, for example, might be only 30 to 60 seconds, and any number of small delays could easily have a cascading effect that slowed thousands of deliveries. So, to stay on schedule, each group has two or three extra workers who fill in wherever they are needed, and all members are cross-trained in different activities: collecting, sorting, transporting, finance, and customer relations. Marriott Hotels takes a similar approach. About half its employees are cross-trained—so front-desk agents, for example, can quickly help guests with their luggage if a bellhop isn't available. The company claims that such cross-training enabled its Cancun hotel to return to business quickly after Hurricane Wilma swept through the region in 2005. As Zeynep Ton points out in “Why ‘Good Jobs’ Are Good for Retailers” (HBR January–February 2012), cross-training is one of the elements that allow successful retailers such as QuikTrip convenience stores, Mercadona and Trader Joe's supermarkets, and Costco wholesale clubs to “not only invest heavily in store employees but also have the lowest prices in their industries, solid financial performance, and better customer service than their competitors.” Many manufacturers, of course, rely on such built-in buffers, too. At Toyota, the group and team leaders are also reserve workers, ready to fill in quickly for any task or function. The lesson: Especially in a highly variable environment, organizations can't always run as leanly as they might like. They need just enough extra capacity to handle problems and emergencies but not so much that it bogs down the operation and becomes wasteful overhead. This minimizes variations that might throw a wrench into the works. The dabbas, for instance, are all roughly the same size and cylindrical shape. To encourage customers to conform, containers incur an additional fee when, say, they are so large that they require special handling. Unusual containers that interfere with the delivery operation are simply not accepted. This uniformity allows the dabbas to be packed quickly onto crates, which are also a standard size so that they can be efficiently loaded onto trains. The dabbawalas strictly observe certain rules. For instance, they don't eat until they have completed all their deliveries. Workers are fined or fired for repeated mistakes and negligence. Customers are also expected to abide by the process. Those who are repeatedly late in having their dabbas ready for pickup and don't respond to warnings are dropped. The system empowers frontline workers to take action—just as Toyota does in its manufacturing plants, where workers who spot problems can pull an “Andon cord” to halt a production line so that they can be addressed immediately.

Of course, no process is bulletproof. Dealing with customers who are a few minutes late preparing their dabbas is one thing; handling a citywide disruption like a major traffic jam or a torrential monsoon is an entirely different matter. In “Rebuilding Companies as Communities” (HBR July–August 2009), Henry Mintzberg laments “the depreciation in companies of community—people’s sense of belonging to and caring for something larger than themselves.” He goes on to connect the decline of community to the collapse of once-great corporations and ethical failures like the subprime mortgage fiasco that sparked the Great Recession. “Tellingly, some of the companies we admire most—Toyota, Semco (Brazil), Mondragon (a Basque federation of cooperatives), Pixar, and so on—typically have this strong sense of community,” Mintzberg writes. I couldn’t agree more, and I offer the dabbawala system as another case in point. Dabbawalas, who range in age from 18 to 65, tend to remain in their groups for their entire working lives. (There is no mandatory retirement age.) As a result, members of each team care deeply for one another. In one group that I observed, an elderly worker who was no longer able to carry large loads of dabbas helped in other ways and was paid the same salary as everybody else. New workers are typically friends or relatives of existing members, and though Mumbai is a melting pot of religions, ethnicities, and dialects, most dabbawalas have the same culture, language, values, work ethic, diet, and religious beliefs. Many come from the region around the city of Pune and can trace their roots back to warriors who fought in the 17th century for Chhatrapati Shivaji, the founder of the Maratha Empire in western India. While on the job, the dabbawalas wear the same style of clothes and white Gandhi caps, making them easy to identify. They are largely uneducated: Only 15% have attended junior high school. A handful are women, who typically perform administrative functions or special services (such as pickup or delivery at irregular times) that command a higher fee. The dabbawalas’ homogeneity also plays a part. In an era when many companies strive for diversity in their workforce, its downside—less alignment—often is ignored. There are advantages to uniformity: It creates a strong identity and sets boundaries that are necessary in a highly variable environment. That said, the rules cannot be so rigid that they don’t allow for flexible responses to problems that occur every day. It is all about balance. Of course, corporations typically have much more heterogeneous workforces. But they can learn from the dabbawalas’ devotion to their simple mission: Delivering food on time, every time. For the dabbawalas, that task is akin to delivering medicine to the sick, and serving food is like serving God. That explains their extreme dedication to their jobs during the floods of July 2005. In addition to unifying the workforce, a straightforward mission can be connected to concrete goals that workers can be measured against on a daily

basis, making it much more powerful than abstract, lofty objectives like “spread excellence everywhere” and “always delight the customer.” The individual pillars help explain certain aspects of the success of the dabbawalas. But to truly understand how they do what they do, you must look at the whole and consider the ways in which the pillars reinforce one another. Take the coding system. It is simple and visual, which allows a semiliterate workforce to sort dabbas quickly. That allows the use of a hub-and-spoke organization in which railway stations serve as hubs and the need for centralized management is minimal. This is an important lesson for executives who mistakenly think they can alter just one pillar without taking into account the impact on the other three. Consider what happened when companies like Microsoft and Hindustan Unilever were interested in having advertising materials and product samples delivered along with the dabbas. After conducting trial experiments, the dabbawalas found that the extra time required to affix flyers or samples to the dabbas was too big a disruption to their system, and the projects were tabled.

Over the years, the dabbawalas have received plenty of recommendations for increasing their revenues or improving their operations. But the suggestions are usually rejected after careful scrutiny reveals their impact. “Some business school students suggested we use motorcycles instead of bicycles,” recalls Raghunath Medge, the head of a dabbawala governing committee. “But then our people would have to learn how to use them, get driver’s licenses, deal with the Regional Transport Office [the department of motor vehicles], and costs would increase for the customer.” That’s not to say that the dabbawalas oppose change. They acknowledge they must adapt to major trends sweeping India, such as the exploding numbers of women entering the workforce. This shift will put a big crimp in their operations because in India preparing lunches and packing them in dabbas has traditionally been a woman’s domain. Consequently, the dabbawalas have started to collaborate with small companies and canteens that provide freshly prepared meals. At the same time, they have rebuffed any proposals for backward integration—for example, setting up their own kitchens. The reason is simple: They won’t allow themselves to be distracted from their core mission of delivering dabbas on time. The dabbawalas have shown that with the right system, an organization doesn’t need extraordinary talent to achieve extraordinary performance. Leaders who see themselves as system architects can obtain the same results.

But getting organization, management, process, and culture aligned and self-reinforcing is one thing; maintaining that harmony is another. Dell, in its heyday, had an exceptionally well-tuned operational model, but then the market changed, and the company has yet to fully recover.

The dabbawalas, too, are facing challenges as their market undergoes a transformation. But with judicious adjustments to their four pillars, they may continue to achieve amazing results. And that's a lesson managers of all enterprises should take to heart.