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Sustainable Business Performance through Transformational Leadership: A Case Study Based on a Leading Tea Manufacturing Company in Sri Lanka

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ABSTRACT

The global tea industry has been evolving over the last few centuries mainly due to the therapeutic properties of tea and the increase in awareness among people about the unhealthiness of carbonated drinks. The increasing preference for ready-made foods and beverages, especially due to their quick preparation times, is expected to drive the global instant tea market. Having the right material at the right time has become a major challenge when journeying upstream, which has sometimes led companies to poor market performance. In that context, Ceytea is an important brand in the Unilever global iced tea market, since it is the primary instant tea powder supplier. Refuse tea, which is the main raw material for instant tea powder manufacturing, had previously been channeled illegally to the export market, resulting in a material shortage. In addition, Unilever was struggling to survive in the global supply chain due to its poor performance in terms of cost, safety, quality and some other operational dimensions. However, Ceytea has been able to reach the world number one position in the Unilever supply chain league table within two years, starting from that unstable position and sustaining it to the present through a systematic approach. Therefore, the performance of Ceytea is worth studying. This case study is about sustainable business performance, which is a multi-dimensional concept studied by many scholars worldwide. Based on primary studies of the company, transformational leadership, lean manufacturing techniques and strategic sourcing of raw material have been identified and explored extensively through the relevant literature. Insights from triple bottom line applications were applied with regard to sustainable business performance. The literature on transformational leadership discussed

individual considerations, intellectual stimulation, idealized influence and inspirational motivation. Lean manufacturing techniques were supported by continuous improvement, as reported in the literature. The introduction of sourcing strategies were backed by supplier relationships and risk management, according to the literature. The whole case scenario was developed into a case framework to understand the outcomes and the drivers that produce those outcomes; sustainable business performance, transformational leadership, lean manufacturing techniques and strategic sourcing of raw material. To uncover the ground reality, twenty in-depth interviews and eight focus group discussions were carried out involving the company. In addition, factory visits were carried out to witness how Ceytea has transformed itself to become the best global Unilever manufacturing facility within a very short span of time. Secondary data sources were also used to enrich the process of examination. The gathered data were analyzed using the qualitative research method. It was disclosed by the research results that the transformational leadership style of the company has helped in taking Ceytea to the next level of performance through the four behavioral aspects of transformational leadership. Transformational leadership has thus played a major role in turning the organization around, making a substantial change in the mindsets of its employees. Lean manufacturing techniques through empowered human capital was also evident at Ceytea, supporting the journey to manufacturing excellence via total productive management and continuous improvement. Procurement also plays a strategic role in modern organizations, and this was proven in the context of Ceytea as well, where it has resulted in improving the yield and managing effective supplier relationships. Ultimately, the researchers concluded that the success story of Ceytea can be conceptualized in terms of sustainable business performance. Transformational leadership was clearly visible at Ceytea, where three distinct leaders led Ceytea during the case study period. During this period, the company was able to lift itself from being at the point of closure to being number one in the Unilever global supply chain sourcing unit ranking in less than two years. This was due primarily to the transformational leadership of Ceytea challenging the status quo. In addition, the lean manufacturing techniques employed by the company unlocked the capacity constraints prevailing at Ceytea. Feeding the material at the right time eliminated the supply shortage risk and the right quality ensured a better yield leading to an eminently sustainable business. It is important to note here that the key factor that turned the organization around was transformational leadership. Other organizations could

learn a valuable lesson from this case study, that is necessary sometimes to challenge the *status quo* utilizing suitable technical know-how in a transparent and inclusive manner.

Key words: *Sustainable Business Performance, Transformational Leadership Style, Lean Manufacturing Techniques and Strategic Sourcing*