

## **Amul – The innovative social enterprise**

Milk Co-operative in India is synonymous to Amul for most of us due to its pioneering contribution to the Dairy Industry. It is a joint ownership of 3.6 million milk producers in Gujarat. This innovative idea was an initiation by a local farmer Tribhuvandas Patel under the guidance of Sardar Vallabhbhai Patel.

Amul the first modern dairy, (Anand Milk Union Limited) was successful due to its robust supply chain, hierarchical network of cooperatives, small and large suppliers are connected.

Amul from the Sanskrit word "amulya", which means "priceless". It denoted and symbolized the pride of swadeshi production.

### **GCMMF - An Overview**

Year of Establishment	1973
Members	18 District Cooperative Milk Producers' Unions
No. of Producer Members	3.6 Million
No. of Village Societies	18,549
Total Milk handling capacity per day	30 Million litres per day
Milk Collection (Total - 2016-17)	6.44 billion litres
Milk collection (Daily Average 2016-17)	17.65 million litres
Cattlefeed manufacturing Capacity	7800 Mts. per day
Sales Turnover -(2016-17)	Rs. 27043 Crores (US \$ 4.1 Billion)

Dr.Vergheese Kurien was the founder and chairman of Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF). The Dairy Industry experimented under Dr. Kurien and H.M. Dalaya's guidance and grew with the variety of need based products like milk products with more shelf life (Ghee, Milk Powder, Icecreams, Yoghurt) Amul was the first in the world to innovate and make skim milk powder from buffalo milk. K.M. Philip sensitized Kurien to the needs of attending to the finer points of marketing, including the creation and popularization of a brand which Amul did by breaking the limitations of the industry behavior.

### **Strategy of Amul:**

The structure of a dairy cooperative society consists of 3 tiers at the village level (18,549 cooperatives) affiliated to a milk union at the district level (18 member unions covering 33 districts) which in turn is federated into a milk federation at the state level. Milk collection is done at the village dairy society, milk procurement and processing at the District Milk Union and milk products marketing at the state milk federation. The structure was evolved at Amul's initial, solitary dairy and later adopted by GCMF and thereafter replicated all over the country under the Operation Flood programme. It is known as the 'Amul Model' or 'Anand Pattern' which is the best example of Innovative Thinking and the Dairy Industry to followed it.

As we say it in ITS (Innovative Thinking System) Innovation is Creativity + Implementation. What Amul did was focusing on strengths which is the local farmers, the acquired strengths which is their strong distribution channel, variety of products, low price ranged products, watching the competitors and introducing new products, embracing the change with latest technology, focus on quality, quantity and cleanliness.

Innovative Thinking System developed by BCon empowers you to break the mental blocks of our own thinking which restricts our creativity.

Amul encouraged discussion among people to contribute to ideas which lead to innovation. The various techniques of inventing can be clearly seen in Amul's model including starting with techniques like Breaking – fixed patterns of industry, Dreaming – Big, Finding Flaws with current models and situations etc.

Amul successfully innovated the business model, the procurement process, the stakeholder and business management processes, the production processes, the product development and distribution processes and was successful in creating a niche for itself in an otherwise commodity market.

Amul's contribution to the Dairy Industry:

- Made Mehsana India's "Milk Capital," Amul has helped the country become the world's No. 1 milk producer, with production doubling to some 130 million tons annually over the last two decades and increased its daily capacity to about 18 million liters.
- The "White Revolution" was a World Bank-funded initiative for developing cooperatives modeled in line with Amul that increased milk production in the country five-fold over five decades.
- It became the inspiration for 1977 National Film Award for Best Feature Film in Hindi winner, Manthan. The film was financed by over five lakh rural farmers in

Gujarat who contributed Rs.1 each to its budget which has become an instant hit and depicts the Amul Story.

- Strong distribution Network strengthens Amul's product reach through 500,000 outlets, 3,500 distributors and 47 depots to buffer inventory of entire range of products.
- Overseas market in USA, UAE, Bangladesh, China, Singapore, Hong Kong, Mauritius and few South African Countries. Amul often gets requests from other developing countries seeking to assist their rural farmers.
- Marketing with same campaign of Amul Utterly Butterly Girl for 41 years is an achievement in itself, relates itself to what is happening in India.

Sales Turnover	Rs (million)	US\$ (in million)
1994-95	11140	355
1995-96	13790	400
1996-97	15540	450
1997-98	18840	455
1998-99	22192	493
1999-00	22185	493
2000-01	22588	500
2001-02	23365	500
2002-03	27457	575
2003-04	28941	616
2004-05	29225	672
2005-06	37736	850
2006-07	42778	1050
2007-08	52554	1325
2008-09	67113	1504
2009-10	80053	1700
2010-11	97742	2172
2011-12	116680	2500
2012-13	137350	2540
2013-14	181434	3024
2014-15	207330	3410
2015-16	229720	3500
2016-17	270850	4100

### Awards won by Amul:

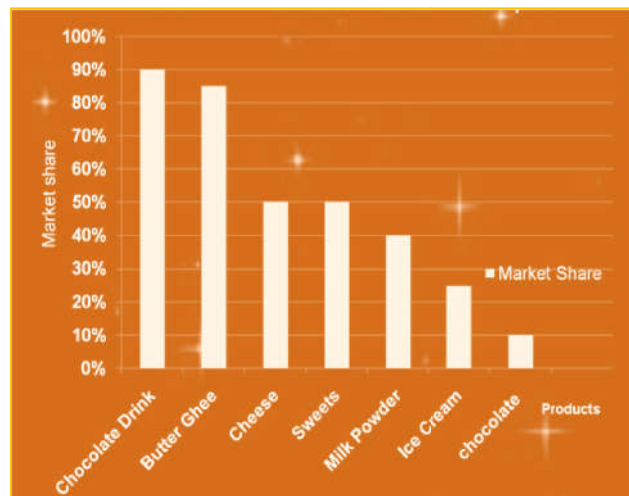
- National Productivity Council Productivity Awards 1985 to 1988 – 4 Years at a stretch and then from 1991 To 1999.
- Indian Merchants' Chamber Bombay 1988 Award
- Industrial Good House Keeping Contest Gujarat State
- National Energy Conservation Award 2009.
- Care Awards – Healthcare Category 2013.
- Cii National Award For Food Safety 2013.
- Golden Peacock Eco-Innovation Award 2016.
- Dairy Excellence Award 2015-16 National Level
- 12th BML Munjal Award - 2017 for “Business Excellence through Learning and Development”
- Amul received ET Iconic Brand Award -2017
- Champions of Excellence Award -2017

The awards are inspiration to others and motivation to the employees and managers of the organization. If we observe the awards categories then Amul has certainly met the standards of industry and continual improvement in identified areas like marketing, housekeeping and productivity.

Amul competes with companies like Nestle, Britannia and Hindustan Lever and many Indian brands, state level co-operatives, private players and the local dudhwalas and dairies.

### Amul Products – Market Share

Category	Market Share	Market Position
Chocolate Drink	90%	1
Butter, Ghee	85%	1
Cheese	50%	1
Sweets	50%	1
Milk Powder	40%	1
Ice-cream	24.75%	2
Chocolate	10%	3



Amul dealt with millions of stakeholder and created pride and ownership which is the most critical human element in building and sustaining large organizations.

For companies intending to have Amul kind of success through Innovation, taking people together and sustained market leadership – Bcon Japan provides complete world of training and consulting services, with its 50 years of experience and world renowned methodologies.

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