The Recuperation: The Metamorphosis of a Heart Broken Wife into a Resolute CEO

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Abstract:
Café Coffee Day (CCD) was founded by V G. Siddhartha Hegde, an Indian businessman from Karnataka state, who also served as its Chairman and Managing Director. In September 2017, the Income Tax Department (IT) conducted raids at more than 20 locations associated to Siddhartha. He was said to be in a lot of debt. In the fiscal year ending March 31, 2018, His Café Coffee Day net loss increased to Rs. 67.71 crore, up from Rs. 22.28 crore the previous year. Despite revenue of 122.32 crores, this is the case. In 2019, he vanished unexpectedly one evening. His body was discovered 36 hours after he vanished in Mangaluru. It appeared to be a suicide case.

After Siddhartha’s death, many people predicted that the Café Coffee Day business would fail. His replacement was also a source of apprehension. Because of the rising debt, many people were concerned that the corporation would never be able to recover. Every leader’s journey is unique, filled with opportunities to solve difficulties. Malavika Hegde, Siddhartha’s wife, has defied all expectations by saving CCD from extinction despite being a single mother with two sons. Malavika became CEO of Coffee Day Enterprises Ltd in December 2020, and she has been dedicated to the company’s growth since then.

Keywords: Case Study, Leadership, Stress and Burnout, Woman Entrepreneurship

About the company:
Café Coffee Day was the first chained café in India to introduce coffee culture. This coffee is exported to clients in Europe and Japan, making us one of the country’s top coffee exporters. In 1996, CCD opened its first Café Coffee Day location in Bengaluru, with a new vision - coffee as more than just a beverage. Today, CCD subsidiary Coffee Day Global Limited has the largest network of café outlets in India, with locations in over 200 cities. Our explorations into various industries are distinguished by the same passion that drove us to establish Coffee Day Global Limited in the first place.

On February 1, 2008, the company was founded as a partnership firm under the Indian Partnership Act 1932 and was later converted to a private limited company under Part IX of the Companies Act, 1956, as Coffee Day Holdings Company Private Limited. Coffee Day Resorts Private Limited and then Coffee Day Enterprises Private Limited were the company’s new names. Our firm’s name was changed to Coffee Day Enterprises Limited after CCD was transformed to a public limited company.

Vision: Showing the world where coffee can take us
Mission: To find extract the boundless potential in all that we do- just as we have for every cup of coffee.

Background:
Malavika Hegde was born in the year 1969 in the city of Bengaluru, Karnataka. She received her education from a local Bengaluru school. She earned a bachelor’s degree in engineering from Bangalore University. Malavika is a Vokkaliga tribal member. Her father, Somanahalli Mallalah Krishna, is a well-known Indian politician who has served in important positions such as
as Minister of External Affairs and Chief Minister of Karnataka. Her mother, Prema Krishna, is a social crusader. Her younger sister, Shamshavi Krishna, is a business woman. She was a member of Malavika Krishna Hegde married V.G. Siddhartha, the owner of the well-known cafe chain Cafe Coffee Day, in 1991. Their two sons are Eshaan and Amartya. V.G. Siddhartha went missing on July 29, 2019. He was heading from Bengaluru to Sakleshpur with his driver. In the middle of the journey, Mr. Siddhartha directed his driver to Chikmagalur. When they drew close to Chikmagalur, he told his driver to pull over near a bridge. He got out of the car and instructed his driver to drive to the bridge’s end and wait for him there until he returned.

His driver waited for him at the end of the bridge for an hour and when he did not return, he called him, but his phone was switched off. To find him, the driver returned to the location where he had left him. He phoned Malavika’s oldest son and informed him of the situation when he couldn’t find him, then rushed to the nearest police station and filed an FIR. The police began their search on July 30, 2019.

Police discovered a body in the Netravati River on July 31, 2019, at 7:43 a.m., that looked similar to VG Siddhartha. The body was verified and his family was summoned. Malavika was present for the verification as well. His body was transferred to his office in Chikmagalur once the verification and documentation were completed. Siddhartha’s funeral will be held at Siddhartha’s father’s coffee farm in Belur Taluk, because that is where Siddhartha decided to become an entrepreneur.

Since she married VG Siddhartha, Malavika Hegde has been working in the coffee industry. She was a non-executive member of the Cafe Coffee Day board of directors. VG Siddhartha’s Cafe Coffee Day proposal was criticized by her because he planned to charge 25 INR for a cup of coffee that could be bought locally for 5 INR. Siddhartha changed his mind and recommended that she get internet access along with her coffee, which she agreed to. They started putting the first CCD together. She was there with VG Siddhartha when the first CCD restaurant in Bangalore opened in Brigade Road in 1996.

During the construction of their first CCD store in Bangalore, she said in an interview that they used to peek out the windows and play a game of guessing who would come into their cafe. VG Siddhartha was an active board member, but Malavika has been in charge of CCD’s daily operations since 2008.

Malavika Hegde was named Chief Executive Officer (CEO) of Coffee Day Enterprises on December 7. Malavika Hegde will now lead the organisation for at least the next five years. Her headquarters will be in Bengaluru. The company’s board of directors approved the nomination of independent directors C H Vasudhara Devi, Mohan Raghavendra Kondi, and Giri Devanur. Around 1,700 cafes, 48,000 vending machines, 532 kiosks, and 403 ground coffee selling outlets are located in CCD.

Malavika Hegde is a member of the CCD board of directors, but she does not receive a salary because she is a non-executive board member. In CCD, she owns 4% of the stock shares. Malavika Hegde is a nature enthusiast who enjoys planting trees. She and her husband have planted almost 3000 trees together.

According to the Times of India, Hegde wrote on July 24 to the company’s 25,000 employees stating she was committed to the company’s future and that the Coffee Day story was “worth preserving” in a letter to the company’s 25,000 employees. Her letter arrived just hours after an investigation revealed that a private corporation controlled by late founder Siddhartha owed Rs 2,693 crore to the publicly traded Coffee Day Enterprises Limited (CDEL) Malavika Hegde managed to lessen his debt even during the COVID lockdown after Siddhartha’s suicide. She had previously stated that the hurdles have intensified, but that “some where along the way in the last 12 months, my purpose has been to continue Siddhartha’s noble legacy. “He’s given me a task to complete: to settle every lender to the best of my abilities, to expand the company, and to enthuse and develop our staff.”
Because of the company’s status, employees were anxious about losing their jobs and the company closing down. On the day of Siddhartha’s death, the stock had also dropped. On February 3rd, they were prohibited from trading. Hegde worked extensively to minimize the company’s debt after being designated CEO. The company paid its lender Rs 1,644 and received a payment from Blackstone, a US private equity group, according to Punekar News. By selling a stake in Mindtree, they were able to cut costs. Under her guidance, the firm entered into a share purchase agreement with respectable companies. Hegde has been a driving force behind the company’s growth and will continue to do so.

"A lot can over coffee" this is the tag line of Café coffee day (CCD). The journey of CCD starting from its inception to bankruptcy and then from bankruptcy situation to touching the sky of success. The credit of success of CCD goes to Malvika Hegde. She didn’t lose her hope after the suicide of her husband. As per record by 31st March 2019 CCD has a loan of Rs. 7000 crores. Malvika Hegde didn’t lose hope, with strong determination to make CCD a successful business model the dream of her husband VG Siddhartha, she started working. She observed and understood all the issues and situation of CCD. During December 2020 she becomes the CEO CCD Enterprise Ltd. and with in a limited time by dealing with unfavourable situation she proved herself as a true leader. As per company’s report published in India Times by March 2021 the loan was reduced to 1779 crores. In which 1263 crores of long-term loan and 516 crores of short-term loan was included. After becoming the CEO of the company Malvika Hegde she wrote a letter to 25000 employees of CCD. That she is accountable and responsible for the future of the company and to bring the company into a better position she will work together. A heart broken woman without running away from the debt faced all the critical situation and bounce back with strong determination. In August last year, CDEL said that it had reduced debt “Significantly” and that the management was trying to put the company back on track.

**Risks Concerns and threats**

- **Financial risk:** If the Company’s cash flow proves inadequate to meet its financial obligations, its status as a going concern might be invoked.
- **Competition risk:** With growing westernization and increase in the penetration of global players and growing popularity of individual themed cafés, it might be a challenge for the Company to maintain its existing consumer base.
- **Regulatory risks:** Operating in the food industry space is subject to various regulatory risks with respect to failure of compliance to quality standards and various regulations imposed by the government policies. Failure to meet with the standards might result in legal implications and loss of business.
- **Climatic risks:** Bad monsoon might result in lower production of coffee leading to soaring high coffee prices. Passing it to the customers would incur menu costs and loss in price sensitive segment of consumer base. Thus, in adequate monsoon might result in falling revenues and profit.
- **Economic risk:** Sluggish growth of the economy impacts the spending power reducing consumption. Overall macroeconomic instability results in a lower demand. Thus, fluctuations in the economic scenario possess a major risk to the business of the company. Performance of the backward and forward linked industries is of vital importance for the logistics sector to perform.
- **Social and political risk:** Government policies play a major role in determining the fate of an industry. Relaxation of various regulations and simplification of tax regime give the much-needed push to the concerned sectors. Change in orientation with change in government possesses a threat to the business.
- **Pandemic Risk:** A pandemic is a rapidly spreading infectious disease that may pose a global threat. Pandemics can create social and economic chaos.
They can severely upset business operations by disrupting the supply chain and causing high absenteeism. This may impede your ability to deliver products and services to your customers. Managing the threats posed by a pandemic is critical for business survival. A business continuity plan can help you manage the impacts of a pandemic and meet your legal obligations to staff to ensure their safety. Business continuity plan will detail business's risk management strategy and business impact analysis. It will describe how business intend stores pond to an incident, sets out a recovery plan and defines policies and procedures for managing staff and communication.

• **Conquering every Obstacles:**

Malvika Hegde is a successful leader, she undoubtedly is a risk-taker and enjoy taking challenges. She always looks for new opportunities, solve market needs, giveup control, learn from and connect with other businesses, address excuses, follow their intuition to grow and lead the business. The art of problem solving is one of the crucial aspects of a leader which Malvika has rightly set example. Malvika first identify key problems in the market then work to solve that problem. The situations of business and financial challenges of CCD were very critical. Such kind of issues are better handled by experts who understand and specialize these problems. Hence, when leaders face difficult situation or though situation, they generally delegate the judgment needed to a professional and call-in help to carry out that expert’s solution as professionally as possible. Malvika Hegde delegated authority to managers and was not hesitant to spend time and money to solve the problem faster and more efficiently.

Successful leader like Malvika go one step ahead and do more than just solve the problem. once the problem is fixed, they spend enough time measuring the outcomes of their efforts with analytics tools and reflecting on those results. Malvika Hegde applied different modes of thinking and leadership style to solve the problems of CCD more precisely, and reap better long-term results.

**Further Reading and References:**