

**THE TALENT THRUST FOR ACHIEVING  
EXPONENTIAL GROWTH**

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**THE HR  
PRACTICE**

## ***Introduction***

This paper outlines the people strategy that can be adopted by a people intensive company that is looking at achieving exponential growth in revenues and business. To illustrate this better, an example of a mid cap IT Company has been taken. The IT Company is focused on meeting the challenges omnipresent in the business environment detailed in the paper, while ensuring the goals of the organization are achieved. The company has set itself very ambitious goals. Achieving these goals would require leveraging of its talent pool.

## ***The Context***

### **Industry Scenario**

According to the annual NASSCOM Survey on performance of the IT Software and Services Industry in India, the Indian IT – ITES industry recorded an overall growth of 30.7% as against a projected growth of 27%. They clocked revenues of USD 39.6 billion in FY 06 – 07 up from USD 30.3 billion in FY 05 – 06. The survey also projects that this industry will grow by 24 – 27% whereby revenues will be in the range of USD 49 – 50 billion in FY 08.

While India continues to be the preferred destination for Global IT sourcing, due to its talent pool, top quality management and security and quality focus, there are certain challenges that IT organizations need to address immediately. Some of the immediate challenges would include the rupee appreciation, sustainability of available talent, infrastructure development and sustenance of a positive regulatory environment.

Having clocked a 30% growth from the last fiscal, the booming IT industry is on track to meet the export target of \$60 billion by 2010. From a market opportunity perspective, there is a potential market of USD 300 billion driven by growth of existing businesses and new service line opportunities.

### **The Stance Taken by Key Players**

With the initial focus on a labour arbitrage based business strategy, the top three IT vendors, TCS, Wipro and Infosys are now taking completely different routes towards the next level of growth. These three top companies are at a strategy cross road according to Forrester Research. According to the report, Wipro is continuing with its model for core differentiation by cutting costs via efficiency boosters and deploying low cost labour in a vertical focus organization structure. Infosys on the other hand, continues to leverage the India cost model, while aiming to play the big game of global scale. TCS aims to build on their go to market strategy and demonstrate their capabilities via technology centric offerings.

“It takes a deep commitment to change and an even deeper commitment to grow”  
– Ralph Ellison

It is in the same competitive global environment, that players like MindTree Consulting which closed FY 06 – 07 with IT Services revenues of Rs 4458.8 million are creating a better geographical spread while ensuring a healthy service mix. In terms of geographical spread, the company derives a chunk of its revenues from the US though it has a significant presence in Europe, Asia Pacific and India. Hence, the organization gets greater visibility across locations and broad bases its clientele while also protecting itself against currency risk. The services offered by MindTree include consulting, independent testing and IP licensing, all of which are high revenue earners. It has also enabled MindTree to climb the service value chain.

### The Talent Scenario

In a recent strategy paper, entitled “Win in the Flat World”, Nandish Patil stresses on today’s reality that “Talent at any organization will be the differentiator”. Due to the diminishing national and economic advantages, the ability to scale human talent globally will be the only sustainable edge to drive business strategy. For a global work force to serve diverse needs of customers and deriving the highest value at the lowest cost, a strategic shift in terms of talent deployment will be essential.

As per the NASSCOM Survey on Performance of the IT Software and Services Industry in India, 06 – 07, the software sector remains the biggest organized employment sector in the country. The industry continues to be amongst the largest employers in the country directly employing more than 1.6 million and indirectly creating employment engagements for an additional 6 million people in related industries.

While there is a great deal of optimism across the industry, it is essential for organizations to also be prepared for the downside. The down side is palpable in terms of the Talent context prevalent in India with reports suggesting the IT industry could be running out of employable talent, especially where new recruitments are concerned.

In a recent Time Magazine article, this fact was further highlighted to indicate that out of the 1.3 million people who applied to work at Infosys, only 2% qualified for employment.

As a result, while business opportunities exist for software services organizations in India with growth projected at over 30% in this industry, these opportunities may not be consolidated on account of the lack of talent available in the market. This in turn highlights the need for organizations to:

1. Tap their current talent pool to ensure the right skill sets and competencies are available to address the challenges of a globalized economy
2. Develop a Global Talent Sourcing Strategy , anchored around an employer brand which both attracts and retains talent

“The greatest achievement of the human spirit is to live up to one’s opportunities and make the most of one’s resources” – Marquis de quotes Vauvenargues

Hence, the reality in the organizations of today is that Talent Management function has need to play a more strategic role – Talent Management will have to deal with business issues rather than merely survive as a business support function. Talent Management would have to provide solutions that have a strategic approach be it in talent acquisition or talent management.

<b>The Evolution of Human Resources</b>	
<b>Mid 1990's</b>	<b>Mid 2000's</b>
Employee Champion	Employee Advocate
Administrative Expert	Functional Expert
Change Agent	Strategic Partner
Strategic Partner	Leader

\* Source – Dave Ulrich, The HR Value Proposition

### ***Recommended People Strategy***

Attracting and retaining talent will be the key deliverables for all People Strategies. The Company's People Strategy needs to strengthen its ability to attract the right talent at the right cost, create a work environment which encourages meritocracy and creates opportunities for individuals to grow their contributions and skills – be a differentiator, for the company in the talent market.

Successful People strategies are anchored strongly in the values and beliefs of the company. The People strategy will have to be lived through the day to day experiences of all employees and provide team members with a quality employment experience.

<b>Employment Figures – Software and Services Sector - NASSCOM Survey on Performance of the IT Software and Services Industry 2007</b>			
<b>Sector</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>IT Services</b>	<b>297000</b>	<b>398000</b>	<b>562000</b>
<b>Engineering Services, R &amp; D</b>	<b>93000</b>	<b>115000</b>	<b>144000</b>
<b>Domestic Market (including user organizations)</b>	<b>352000</b>	<b>365000</b>	<b>378000</b>

Success of the strategy is strongly dependant on the ability of the company to change and the will of the Leadership team to drive the change.

Thus, based on the understanding of the IT business scenario, talent market dynamics and the Company in question, it is recommended that the Company's People Strategy be built on three key areas

1. Commit to an "Employer Brand" position; build a work environment which delivers the Brand experience
2. Nurture Leaders across all levels and domains in the company
3. Develop a culture of ownership and accountability among all team members

Attracting and Retaining Talent	Talent Management	
	<i>Building the Leadership Pipeline</i>	<i>Ownership and Accountability</i>
<i>Employer Branding</i>		
Transitions HR from a support entity to a strategic partner	Identifies the leaders of tomorrow across the organization	Links individual goals as a part of a Goal Setting program
Tools of brand management define and mediate between value to the people and to the business	Trains potential leaders to meet the challenges of tomorrow	Drives ownership and accountability through a total Rewards Strategy
Fosters the fulfillment of a promise made to the organization	Proactively, creates a Leadership mix of people with diverse strengths and perspectives	Enables employees to succeed

"Without involvement there is no commitment. Mark it down, asterisk it, circle it, underline it." – Peter Drucker, Management Guru.

## ***Building the Company Employer Brand***

A positive employer brand can be a way of differentiating one organization from another and of creating a strong, distinctive and attractive identity for prospective and current employees. An Employer Brand is a targeted, long term strategy to manage the awareness and perceptions of employees, potential employees and related stakeholders with regards to the organization. The strategy can be tuned to drive recruitment, retention and productivity management efforts.

For a branding strategy to be successful, it is essential that it is well aligned to the company's Mission, Vision and Values and should showcase the overall direction in which the organization is looking at moving forward. At MindTree, the founding members of the organization framed the mission and vision for an entity that was yet to be born. It read "We will deliver business enabling software solutions by creating partnerships with our customers, in a joyous environment for our people", a mission that places people at a strategic position in the organization, setting the tone for a successful organization.

In a study undertaken by Barrow and Mosley, entitled, 'The Employer Brand', it was found that it was important to provide some differentiation in terms of value statements. Most of the top companies play safe with the majority of their values, but generally have one or two that are truly differentiating.

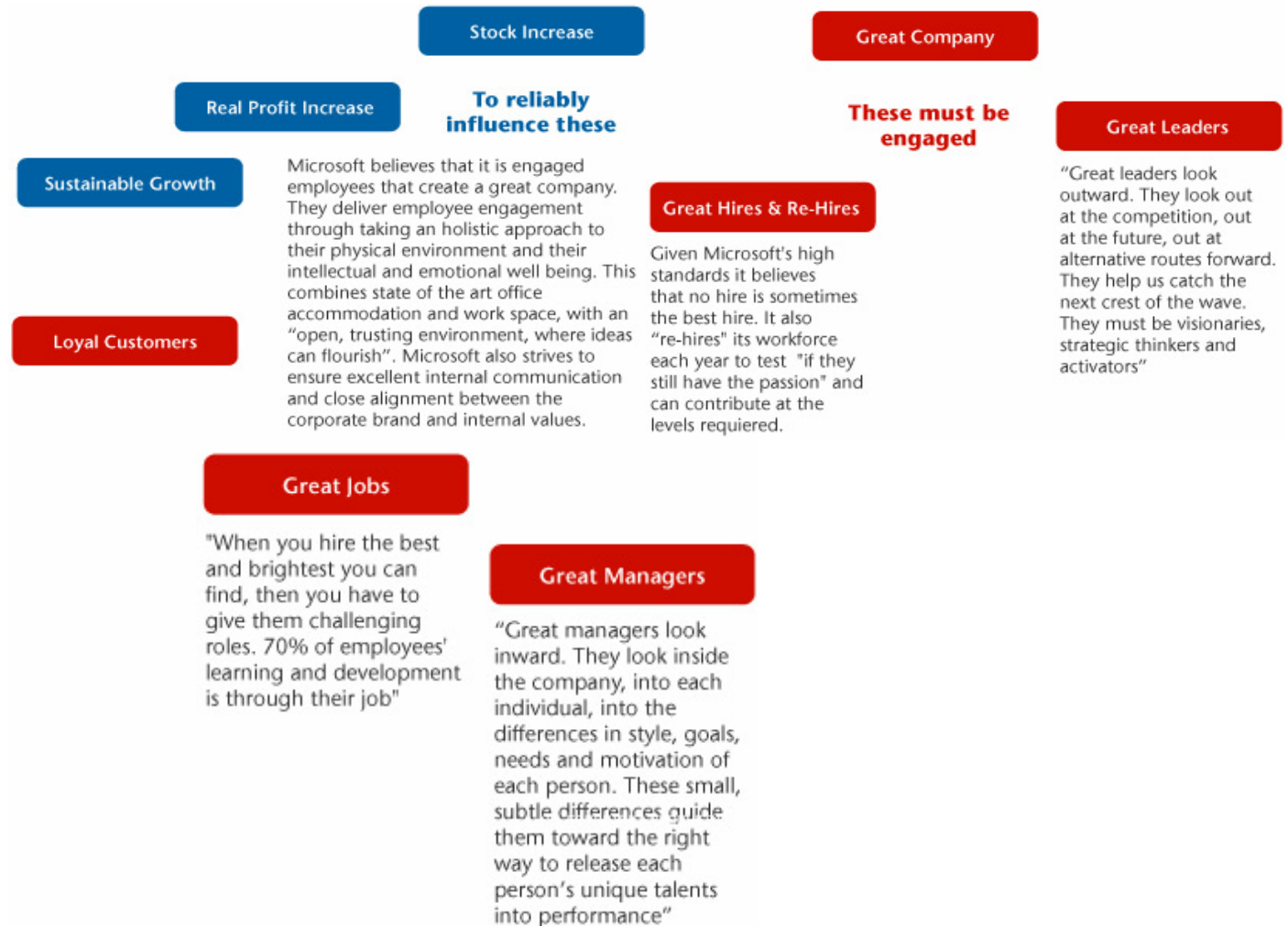
## Case Study on the Microsoft Employer Brand

### Microsoft

An environment where great people can do their best work and be on a path to realise their potential.

When your title is “Head of Great Company”, you have a lot to live up to. At the recent “Best Employer Summit” hosted at Le Meridien Grosvenor House, Kay Winsper of Microsoft set out to explain how Microsoft came to be ranked the number one company to work for in the Sunday Times employer league table for 2003.

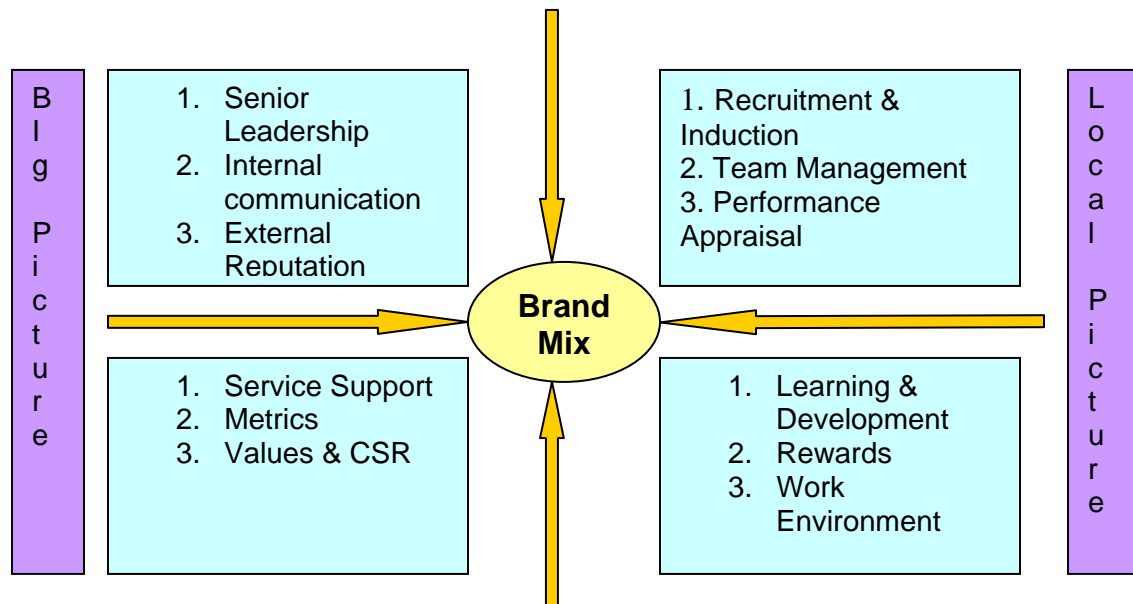
Microsoft's People Vision is: “An environment where great people can do their best work and be on a path to realize their potential”. While this vision clearly emphasizes the benefit to employees by working for Microsoft, the company also employs a model that links people management to business performance.



The first step, in Employer Branding is to determine the factors that would lead to the development of the Brand Promise. This can be done by obtaining feedback from employees, management, alumni of the organization and shareholders in order to derive the current perception of the organization while evolving the perception of the future.

Once the features of the brand have been identified, current programs and policies need to be restructured to reflect the Company Brand Promise. An external and internal communication program will also have to be developed with targeted timelines.

The Brand position can be developed along the twelve dimensional brand mixes:



The Twelve Areas can be grouped into two broad areas - the first relating to the wider organizational context and policy while the second refers to local organizational context and practice. Each of these twelve elements represents the key “touch points” for the brand.



“Leadership is not a magnetic personality – that can just as well be a glib tongue. It is not making friends and influencing people – that is flattery. Leadership is lifting a person’s vision to high sights, the raising of a person’s performance to a higher standard, the building of a personality beyond its normal limitations,” – Peter F. Drucker

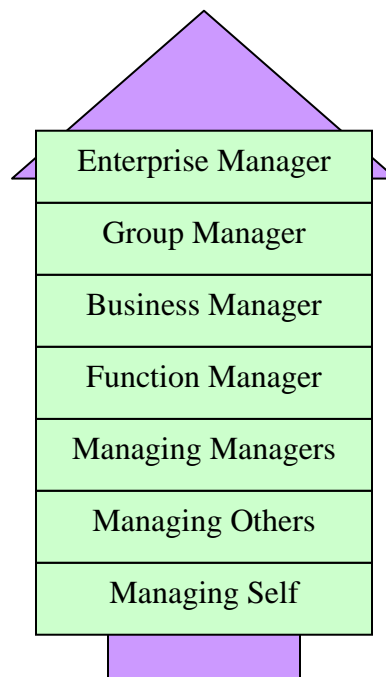
## ***Building the Leadership Pipeline***

When determining practices to attract and retain employees across the company, another important aspect that would further contribute to the achievement of organization goals would be to develop leaders across all levels and work domains of the organization. These identified individuals will drive future successes and help the organization tackle future challenges. They are identified as the Leaders of Tomorrow based on skills, capabilities and potential they already possess, and the organization will train and develop them to deal with future challenges.

Some companies are of the opinion that if a certain leader of the organization fails, then the best option would be to acquire new talent from outside rather than promoting from within. This view can only be adopted occasionally. For the long term, the Leadership must build, develop and maintain a pipeline of skilled, prepared leaders who have been with the organization for a period of time. Natural attrition will, at times anyway enforce hiring of outside talent.

## **A Model to nurture Leader**

The leadership requirements of an organization can be viewed as a Six Step Passage:



Too often organizations do not realize that their leaders are not performing at full capacity since they are not holding them accountable for the right things. Organizations tend to focus on the economic requirements of a given job like P & L accountabilities, deal size etc, rather than the skills, time applications and work values of a specific leadership level.

A well defined leadership pipeline delivers a number of benefits:

1. By establishing appropriate requirements for the six leadership levels, companies can facilitate succession planning, leadership development and selection processes in their organizations across multiple levels
2. Individual managers can clearly see the gap between their current performance and desired performance
3. Human Resources can help facilitate development decisions based on where people fall short in skills, time and work values rather than rely on generalized training and development programs
4. Objective evaluation of an individual's desire to move to the next level rather than being tied into how well they performed in their previous role
5. A defined pipeline provides organizations with a diagnostic tool that helps them identify mismatches between individual capabilities and leadership levels.
6. It helps organizations move people through the six steps at the right speed. It provides a system when someone is ready to move to the next leadership level.

From a pure talent perspective, the most significant benefit of a pipeline is that you are creating a galaxy of stars up and down the line. Providing these "stars" with the right ownership and accountability framework will in turn drive achievement of business objectives.

### ***Driving Ownership and Accountability***

Compelling evidence and decades of experience shows that employee accountability is a powerful tool to improve company performance but only when paired with what is called an "Ownership Culture".

It is important to build a culture which encourages team members to think and act like the owners and also give them the authority, opportunity and knowledge to do so. The table below highlights the difference between Ownership Management and Traditional Management:

	<b>Ownership Management</b>	<b>Traditional Management</b>
Ownership Stake	Employees receive and maintain a level of ownership that is financially significant to them	Ownership is concentrated with a single person or a small group owning the company
Ownership understanding	Employees understand what ownership means to them	Ownership issues are seen as irrelevant to employees
Entrepreneurship Training	People are trained to have the skills, not just to do their own jobs, but to understand how the business works and they learn to be effective	People are trained to do their own jobs; they learn to be efficient
Sharing Information	Companies share financial and performance information with employees at the company and work team levels	Managers guard information
Short term incentives	Employees share in the short term rewards of company success	People may at their manager's discretion receive bonuses
Employee involvement	Employees have structured regular opportunities to have meaningful input into decisions concerning the work that they do	Ideas come from the managers. Employees can give their suggestions.

To evolve an ownership culture it is necessary to have the right platform for driving employee accountability. The Organization structure is the starting point for defining accountability; Job Descriptions and the performance planning process further strengthen result focus. The Organization structure, at the company should be recast with specific deliverables defined for all functions, departments and work units. Primary challenge faced in this would be to create a structure independent of existing role holders and to manage the organization dynamics which will result from the changed structure.

As the organization embarks on creating a new organization structure, it is critical that all systems and processes are also aligned to this new structure. This would require a comprehensive change management program to be devised and implemented across the company.

## Closing Thoughts

As the company strives to achieve its aggressive business goals, how it manages its most valuable resource - its people, will be key to the success of the overall organization strategy. The Talent strategy outlined in this paper will need to be integrated into the organization strategy and not just remain an HR strategy.

While an outstanding strategy is the key to competitive advantage, its effective execution is equally important. "Implementation is an overlooked key to competitive advantage," said Professor Lawrence Hrebiniak, academic director of Wharton's Implementing Strategy program and author of 'Making Strategy Work'. To ensure it is executed in a meaningful and consistent way the company must avoid the following typical pitfalls of strategy execution.

Pitfalls of strategy execution	How to avoid them
1. Not communicating the strategy and getting commitment of key stakeholders	<ul style="list-style-type: none"> <li>• Explain clearly the context and the strategy.</li> <li>• Gain people's emotional commitment to the strategy especially that of senior management by <ul style="list-style-type: none"> <li>◦ Explaining why the strategy is important to the organization and individuals.</li> <li>◦ Aligning each business unit, functional team and individual contributor in support of the strategy and making them understand the role they can play.</li> <li>◦ Making the strategy attainable by achieving early victories that generate momentum and involvement.</li> </ul> </li> </ul>
2. Not having an implementation plan	<ul style="list-style-type: none"> <li>• Have a detailed implementation plan including what is the strategy, how is it going to be implemented, who is accountable for what outcomes, what are the incentives and what information is needed.</li> <li>• Divide the strategy into tangible, practical steps and have short-term actionable objectives along with 3-year plans.</li> <li>• Eliminate barriers to execution success and monitor execution.</li> <li>• Identify critical success factors and periodically measure them.</li> </ul>
3. Not having adequate involvement at all levels	<ul style="list-style-type: none"> <li>• Do not just involve senior management in planning, involve them in execution too.</li> <li>• Involve employees in the strategy implementation early.</li> <li>• Make people feel involved by celebrating successes and rewarding right behaviors.</li> <li>• Coach, guide and support the business managers in implementing the strategy for their teams.</li> </ul>
4. Not challenging and revising strategy if necessary	<ul style="list-style-type: none"> <li>• Keep strategy flexible. Continually question the answers to the 'who – what – how' questions.</li> <li>• Though Strategy need not be changed too often it may occasionally require adjusting to suit external circumstances. Give people freedom and autonomy to respond and adjust.</li> </ul>

Needless to say, the success of the Talent strategy will significantly contribute and be an important factor for the business success of the company. With growth in opportunities and business health, there will be corresponding returns of effective implementation of the Talent strategy.

The next step would be to identify the leadership team that will execute the strategy. The team will have a tremendous responsibility of defining and executing an action plan for strengthening the company's employer brand, grooming its future leaders and increasing ownership and accountability among its employees across the organization in the next couple of years.