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Vol. I, Issue 3, April 2010

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The Inside-Out Strategy



People Matters' first issue of the new financial year focuses on two central themes – The Inside-out Strategy and Total Rewards 2010 Special.

The 'Inside-out Strategy' was conceived during an office discussion on Reliance and Dhirubhai Ambani. What started as a water cooler moment on Guru, the movie, turned into a detailed examination into why Reliance succeeded in their mega capacity, high volume, low cost strategy when number of other eminent competitors tried the same...and failed.

And most of the reasons that came forth were basically founded in the idea of Competence. Very rarely did Reliance fail to deliver on three fronts – Project execution, Capital raising and Regulatory influence. The scale of Dhirubhai's ambition and vision grew proportionately with his confidence in the delivery capability of the team he had built. Each time Reliance executed a project that looked beyond their reach, their capabilities were further enhanced. And so went the growth spiral of superior market understanding, competence building and sheer guts.

The Inside-out Strategy explores the idea of competence-based strategy as opposed to one based on products, services and industry positioning. The idea, in itself, is neither new nor original and eminent thinkers starting with Hamel & Prasad have discussed the idea of Core Competence. In this cover story, we speak to industry leaders and strategy experts regarding their views on identifying, nurturing and leveraging capabilities and revisit the idea from an Indian context.

We present to you a special on Total Rewards 2010 with a compilation of ideas from prominent HR professionals, consultants and strategists on recognition, rewards and their impact on employee performance. The special includes broad market trends in rewards, bonuses and salary increases. We also look beyond and explore ideas on employee engagement and demographically customized rewards.

In this issue, we bring interesting insights into ideas of fairness, employee empowerment & engagement (Peter Block) and great as opposed to good (FranklinCovey team). Rajeshwar Upadhyaya engages us with his thoughts in the second part of his series exploring the connection between the Indian ethos and public apathy. Happy reading.

To a prosperous financial year ahead!

Ester Martinez

ester.martinez@peplematters.in

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This issue of *People Matters* contains 88 pages including cover.

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People Matters spoke to thought leaders in industry and academia about how business leaders can thrive by viewing their business less in terms of products, services or processes and more in terms of delivery capability & competencies – known and hidden – within their organizations

-Tejasvi Mohanram & Ester Martinez

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Fantastic Supplement on Training

Thank you for the special supplement on Training. In general, the idea of a supplement for HR-related services is laudable, considering the lack of quality industry information available. This magazine is clearly on an upswing as it focuses on absolute quality material and rich content. Keep it up. I really love to read *People Matters* and eagerly looking forward to the next issue...

Praveen Sinha, Delhi

Right Balance

Reading the magazine was a very valuable experience. I personally think this is the right balance between many facets of HR – personalities, core HR issues, leadership and business perspective. Very professionally done. It clearly has the stamp of passion written on it.

Atul Sharma, Mumbai



Where are the People?

Congratulations for the March cover story. I found it very insightful and well researched. I believe the main problem today in the talent acquisition space is that corporates are finding solutions in isolation and in the context of their own organization problem without looking beyond that and

trying to contribute in solving the problems of industry or the country. There is surely scope for companies to play a role in this process.

Anil Kapoor, Bangalore

The cover story was a very interesting read, though I do not agree with the general pessimistic tone of the article. A lot of good has happened in the field of education over the last 10 years...honestly, we should applaud these and look for solutions going ahead instead of criticizing the 'system'. Full marks for intent of the story, but I sincerely hope you will concentrate on solutions going forward.

Mithilesh Jha, Mumbai

Building a Community

People Matters has done a great job over the last few months to bring issues of great interest to the CHRO community in India, a much needed quality product. I wish you best and looking forward more issues of *People Matters*.

R. Vasantha, Mumbai

Impressive Range

I have been following *People Matters* since its inception; I am very impressed on how quickly the magazine has reached a very high maturity level. The coverage of topics and industries is really vast and provides interesting angles for reflection.

Sarvesh Mahesh, Pune

Leadership Focus

I would like to congratulate the team at *People Matters* in bringing out a quality product and hope you can take this into a position of thought leadership in the organizational strategy and education domain in India. Would love to see some more articles on leadership in your coming issues.

Ashish Nimbalkar, New York ■



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Revolution “Larger than Telecom”

On March 15, 2010, the Union Cabinet gave its nod to The Foreign Educational Institutions (Regulation of Entry and Operation, Maintenance of Quality, and Prevention of Commercialisation) Bill, 2010, putting to rest the stern opposition from the left parties for the last four years. The bill, however, has put in place ironclad norms on foreign universities such as of fee regulation, minimum corpus of Rs.50 crore, an NOC from the home country's embassy in India, *et al.* The bill, if cleared in the Parliament will enable Ivy League Universities like Harvard, Oxford, Yale, *et al.*, to set up campuses in India as a deemed university status u/s 3 and grant independent degrees to students. This step comes as a major breakthrough in the Indian education sector considering that 100% FDI in education was allowed way back in 2000 but it is only now that the government has taken this corroborative step. So what does it mean for the India? To begin with, this move will give students options beyond the traditional premier institutes of India that is, the IITs and the IIMs. Hitherto, foreign educational institutes entered India in collaboration with an Indian partner. This changing landscape of the Indian education sector will lead to greater competition and hopefully better quality education amongst educational institutions in the country. While ASSOCHAM estimates



An upbeat Kabil Sibal has recently been quoted as saying **“A revolution larger than the one in telecom awaits us in the education sector”**

that this move will help save outflow of around \$7.5 billion of foreign exchange per annum; the move might hurt the competitive edge of several private institutes who were granting foreign degrees through their international tie-ups. At the same time, recruiters may have, in some time from now, access to a great pool of talent with lesser fear of brain drain.

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Breaking the Glass Ceiling

The controversial Women's Reservation Bill which will ensure 33% reservation of women in the Parliament and State Legislative Bodies was passed in the Rajya Sabha in March thereby making history. The bill, which faced stiff opposition from the Samajwadi Party (SP) and the Rashtriya Janta Dal (RJD), garnered 186 votes in favour and only one against. The bill will now give women equal decision-making powers as men in Parliamentary decisions. Presently, the female population of the country, which is poised at half a million has less than 60 elected representatives in the 545 Lok Sabha Seats – only a meager 11% seats. The implementation of this bill will increase this number to 180 – 3 times. Although there are still quite a lot of apprehensions regarding 'who will reap the benefits of the bill?', yet an insinuation has already started doing the rounds in the business circle that should there be a women's reservation for boardrooms as well just like Norway follows a similar law which stipulates a minimum 40% of women on a company's



Board. Can India ever adopt such a policy considering that a Women's Reservation Bill has taken 14 years to be passed? Experts are citing their opinion on this issue by saying that compulsory inclusion of women in boards is not as pressing an issue as inclusion in Parliament. It is believed that presence of women in boardrooms (as also in the Parliament) will bring about much needed stability, sensibility and a contrarian viewpoint in decision-making.

It is believed that presence of women in boardrooms will bring about much needed stability, sensibility and a contrarian viewpoint in decision-making

It's Pay Day, Finally!

Celebrating strong economic recovery and growth led by sectors like telecom, pharma, et al, Indian companies are expected to give double-digit salary hikes to employees. As per Ernst & Young, India Inc. will grant salary hikes to the tune of 9-12% in the upcoming fiscal in order to retain talent in the midst of job market revival. HR consultancy Hewitt Associates projects an absolute figure of 10.6% hike – the highest in the APAC region. Global HR Consultancy Mercer estimates 12% rise in salaries by Indian companies in the Asian region. With the job market opening up, companies will largely utilize salary hikes as a tool to retain talent. However, the salary hikes will not be uniform across sectors. While the

FMCG sector is estimated to grant hikes in the region of 10-13%, Telecom will see a raise of 12-15%. IT/ITeS and Outsourcing industries will be more cautious and are expected to give single-digit hikes in the range of 8.5-8.9%. Even the BFSI sector will witness hike of 10-12% as opposed to no appraisals last year.

As per Hewitt, home-grown companies are expected to outperform MNCs with a projected average increase of 11.4% as compared to 10.2% by the latter in 2010. However, this fiscal, individual compensation will be largely linked to organizational performance. Companies will design and structure compensation packages to enhance the relationship between performance and pay.

Hewitt Associates projects an absolute figure of 10.6% hike – the highest in the APAC region

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Adding Training to Employment: Teamlease acquires Indian Institute of Job Training (IIJT)

Teamlease Services, India's largest temporary staffing company has acquired a substantial majority stake in the Indian Institute of Job Training (IIJT).

IIJT has 250 training centers across the country with a capacity of over 1 lac students. Current capabilities include sales, customer service, finance, accounting, data entry, employability, and IT (hardware and networking).

Commenting on the acquisition, Manish Sabharwal, Chairman, Teamlease Services, said "One of our biggest frustration with Teamlease has been that most of the kids who come to us for jobs are willing but not able. So even though Teamlease has hired somebody every five minutes for the last five years, our binding constraints – the two things that stand between us and a million employees – are the skill deficit and archaic labour laws. This acquisition tackles the first one by integrating backwards

(repairing our job interview rejects) and forward (giving employers trained candidates). Our strategy is to convert all these 250 centers into private employment exchanges that also offer assessment, counseling and training."

Furthermore Ashish Prasad, CEO of IIJT said, "We want to leverage TeamLease's larger ecosystem to build the best training organization in the country that is focused on employment outcomes. This association is aimed at reinforcing confidence across all stakeholders for a successful career and association with IIJT."

Consequently by aligning a supply side ecosystem (assessment, counseling, certification, curriculum, trainer training, course offerings, apprenticeships, etc) with the demand side (recruiting and open position generation), this acquisition makes Teamlease India's largest and fully integrated HR service company.

Hewlett-Packard India appoints **Rajiv Srivastava** as Chief Operating Officer.



IT and BPO services provider, Patni Computer Systems, has appointed **Alison Fry** as its new Human Resources Director for the Europe, Middle-East and Africa (EMEA) region.



Computer Sciences Corporation (CSC) on Tuesday announced the appointment of **Pramod Sadarjoshi** as Director, Human Resources.



Tata Motors has appointed **Carl-Peter Forster** as the group Chief Executive Officer of the company. He will have the overall responsibility of Tata Motors operations globally, including Jaguar Land Rover.

Citigroup appoints **Pramit Jhaveri** as Chief Country Officer for its businesses and franchise in India.

Telecom major Bharti Airtel has appointed **Sanjay Kapoor** as the Chief Executive Officer of its India and South Asian operations.

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The Talent Management Expert



The Greatness Challenge

In an exclusive interaction with FranklinCovey Global and Indian Management team, *People Matters* explores how organizations move from good to great and the role of a leader in this transformation.

Excerpts from conversation with **Robert A. Whitman** (Chairman & CEO – Global), **David M. R. Covey** (Co-Chief Operating Officer – Global), **Lavleen Raheja** (Chairman & CEO – India & South Asia), **Rajan Kaicker** (Executive Chairman – India & South Asia), FranklinCovey

By exploring the definition of greatness, we have learnt that best performers are able to win the loyalty of ALL their key stakeholders whoever they are. For example, for a school to be great it has to win the loyalty of its students, teachers, parents and the overall community; for a company to be great, it needs to win the loyalty of its customers, employees, partners, et al. What we have realized is that even good performing companies are a long way away from winning high levels of loyalty.

In the Indian context, it is interesting to see how a company like Tata Motors has thought of ways to design a car that will delight its shareholders, customers, employees and the community by moving people from scooters and bicycles to a whole new experience - A car for the family.

Measuring Greatness

Greatness can be defined, in the customer loyalty sense, with a concept called “net promoter score”. Asking your customers how satisfied they are, is not enough. The real question is to ask them:

‘how likely is that you would recommend our product or service?’ It turns out that only those that respond 9 or 10 on a scale of 10 are actually loyal.

The greatness challenge is to consistently reduce variability and provide outstanding quality to clients to gain greater numbers of ‘loyal customers’. Every organization has pockets of greatness. Even in the worst hotel in the world there would be a check-in that is performed with perfection and even in the most outstanding hotel, there would be a lousy check-in. The idea is to increase the number of instances of perfection and to reduce the variability between customer experience. If you plot a graph with quality on the horizontal axis and frequency of occurrences on the vertical axis, you would want to see this chart going “righter and tighter” with more occurrences of outstanding quality and less variability.

Companies need to look at these metrics and make a conscious decision to move in that direction with all stakeholders. The overall objective of achieving loyalty with stakeholders is that they partner with you in your success. The difference

“For a company to be great, it needs to win the loyalty of its customers, employees, shareholders and community at large”

ROBERT WHITMAN
(CHAIRMAN & CEO,
FRANKLINCOVEY)



between a satisfied customer and a loyal customer is that they buy more, they refer you, they give you feedback and they keep coming back. In today's world, it is much harder to get a customer but much easier to retain them.

Every organization can choose to be great. And this is not related to size, industry or line of business. It is all based on the commitment to stakeholder loyalty and in aligning all processes to deliver performers 'Righter and Tighter'.

How to move from Good to Great?

Every organization has pockets of greatness and the idea is to find out where are the pockets of greatness and then explore what behaviours led to these pockets of greatness. If you are able to understand behaviour, you would be able to understand performance because variability in behaviour results in variability of performance. If you want to reduce variability of performance, you need to reduce variability in behaviour. The question is how do you engage people to wake up in the morning and go to work thinking "I know what 'great' looks like," "I know the actions that will lead me to it and we are going to hold each other accountable to do as perfectly as we can. If

“Once companies identify what great looks like, they need to institutionalize it, stay with it and make it the *done thing*”

RAJAN KAICKER
(EXECUTIVE CHAIRMAN,
FRANKLINCOVEY INDIA
& SOUTH ASIA)



we do not do it perfectly, learn and do it over again.”

What we have learnt over the years is the uniqueness about those work cultures where people are fully engaged. We have identified the following unique traits of these organizations: Firstly, leaders themselves need to define what ‘great’ looks like and that definition goes down the organization. Studies show that only one in seven employees are able to articulate what ‘greatness’ means in their organization; Secondly, trust and accountability is the key to drive this change in behaviour. Thirdly, companies need to align this change to reward processes and systems. Companies that compensate people only for financial performance are missing on motivating the rest of the organization to align their behaviour to a common goal. And lastly, companies need to create freedom to unleash their talent, providing the opportunity for empowerment among the teams to perform at their best.

Bottom line: people know what the goal is, they know what they are supposed to do about it, the overall systems are aligned to facilitate, motivate and reward these behaviors and the whole team is engaged with accountability day after day to drive towards it.

“Some industries have understood the importance of investment in training very well like IT and BFSI. Some others have not, despite all the evidence of the return on investment in such initiatives”

LAVLEEN RAHEJA
(CHAIRMAN & CEO, FRANKLINCOVEY,
INDIA & SOUTHASIA)



What are the challenges?

All this seems common sense, but from what we have seen, not a common practice. The reason is that if changing one’s behaviour is a difficult task, changing someone else’s behaviour is even tougher. Once companies identify what great looks like, they

need to institutionalize it, stay with it and make it ‘the done thing’. Companies need to understand that doing what you have always done will not get you what you want, likely you are going to get worse. If you want things to be different, then you have to do things differently and that is why we encourage companies to take up this challenge. This change in behaviour can only happen through buy-in and commitment, clarity, engagement and translation of the bigger goal to each employee’s area of influence, empowerment and accountability.

These principles apply to companies all over the globe. But what is unique about home grown Indian companies is that they believe they can grow all this knowledge at home. We have seen these trends in some industries in India. For example, the investment by pharma industry in India is mostly concentrated in the front sales capability development; they do not invest as much in leadership development and in building behavioral competencies. Some industries have understood the importance of investment in leadership and behavioral training very well like IT and BFSI. Some other industries are yet to reach that level of maturity. ■



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DAVID COVEY
(COO, FRANKLINCOVEY)

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Emerging Leadership



Development of quality leaders and creation of high performance culture through effective HR practices are critical for the sustainable growth of businesses in emerging economies

■ BY DR. WAYNE BROCKBANK

The explosive growth rate in emerging markets is obvious to all. The growth rates in Brazil, Russia, India and China over the last decade have been dramatic; equally dramatic are the early rates in other emerging markets such as Turkey, Philippines, Vietnam, Indonesia, Nigeria, Mexico, Pakistan, and Bangladesh. How these disparate emerging markets approach human resources and leadership development depends heavily on their respective growth engines. Countries such as India and Singapore that increasingly rely on intellectual capital as the engine of growth tend to focus on human resource and leadership issues more heavily than do countries whose growth engines are based in natural resources (Nigeria and Indonesia) or low cost labour (China and Bangladesh).

In emerging economies, the development of leaders is critical for sustainable growth and wealth creation. The challenge lies in developing quality leaders fast enough to sustain and optimize the opportunities that result from explosive economic growth. Two prob-

lems are at the root of this leadership disequilibrium. Firstly, in many emerging economies, the brilliant individual leaders who founded successful companies, still retain... much of the leadership control, resulting in the failure of grooming next generation leaders. And secondly, potential leaders fail to fully mature and ultimately fail as leaders because they are propelled too quickly through the critical development stages such as technical expertise, basic management skills, basic leadership experience and finally, strategic leadership.

There are several best practices that may help solve these problems. Senior leaders should evolve a systematic approach to succession planning and leadership development in emerging economies. These efforts are best not left to chance. They should be planned and executed with the same rigor with which any other critical resource is managed. Also, senior leaders should find mechanisms to bring in leadership and leadership development capabilities. One way to accomplish this is by way of a 'two-in-the-box' process in which an experienced leader co-manages a part of the business with a less experienced but emerging leader. Senior leaders may also consider temporarily bringing on board an expatriate executive who has a track record of developing exceptional leaders. Or they may undertake a 'lend-exchange' program in which they exchange emerging leaders with well developed companies. Finally, senior leaders may engage consultants who understand the logic and process of leadership development and who will adopt his or her experience to the emerging company's culture. In the same spirit, they may send some of their emerging leaders to a university-based leadership development program.

In emerging economies, the creation of high performance culture through effective HR practices is equally central to business success. Frequently, economic development requires subtle or even dramatic shifts in values. Such value transitions might include from slow to fast; from entitlement to performance; from status-quo to innovation and continu-

ous improvement; from encumbering bureaucracy to institutional efficiency; from situational ethics to disciplined legal enforcement; and from exclusion based on gender or ethnicity to inclusion based on capability and results.

To make such transitions a reality, best-in-class HR experts need to know the business in great detail so that they understand the culture that their specific companies must have in order to be successful. This requires rigor and discipline to align their HR practices with the requirements of the desired culture. Recruitment, performance management, rewards, job design, organizational structure, communication, training, leadership development and succession planning processes are all aligned to create the culture that is required for sustainable high performance.

To become familiar with how to make such processes happen, several options are available:

- They can leverage best practices from local or foreign companies.
- They can access or attend university courses with faculty who have researched on best HR practices, who have practical and documented experience in applying what they teach.
- They can likewise leverage the knowledge and skills of consultants with global experience in HR strategy development.
- Most importantly, they can place knowledgeable, capable and business savvy people in senior HR positions who understand the logic and process of culture creation.

This is a time of great opportunity for countries and companies in emerging markets. However, to optimize on these opportunities, they must invest in leadership development and in effective, culture-focused human resource practices. ■

THE CHALLENGE LIES IN DEVELOPING QUALITY LEADERS FAST ENOUGH

TO SUSTAIN AND OPTIMIZE THE OPPORTUNITIES THAT RESULT FROM EXPLOSIVE ECONOMIC GROWTH

Dr. Wayne Brockbank is a principal of The RBL Group, a strategic HR and leadership systems advisory firm, and a Clinical Professor of Business at the University of Michigan's Ross School of Business. He is co-author (with five senior partners at RBL, including Dave Ulrich) of the book *HR Transformation*.

SATNAM SINGH

CMD, PFC LTD

CAREER

Chairman cum Managing Director, Power Finance Corporation Ltd since August 2008. 31 years of varied experience in power and financial sectors.

EDUCATION

MBA in Finance & Marketing from UBS, Chandigarh. B. Com, Guru Nanak Dev University, Amritsar

INTERESTS

Reading and playing the tabla (is a graduate in Indian classical music), and yoga.



ONLY YOURSELF TO BEAT!

Satnam Singh, the CMD of Power Finance Corporation, India's largest power sector financial institution, shares the essence of his management style which focuses on achievement rather than activities

During the pre-downturn period, PFC's business grew at 15% year on year. Ironically, after the meltdown, the company's business has begun growing at 30%, scaling a net profit increase of 63% in the fiscal 2009. The net profit increased by 82% for the quarter ended Dec 2009. How is this organization able to maintain such a high level of growth and deliver financial results consistently?

The secret of this Management style is based on simple principles:

While others benchmark performance with their peers or best-in-industry, PFC does not. Benchmarking cannot be done accurately. It could either create an artificial limit but then the full potential is not exploited if it is set too low; or it can signal that it is impossible if it is set too high and creates de-motivation. PFC follows a simple yet effective technique which is: One should benchmark with oneself and become better and better every day. If this is followed as an attitude, it will work wonders for the individual and the organisation as well.

While other companies think that monitoring is essential for performance, PFC does not. You only monitor when there is no faith in the people you assign

the job to. One should choose the right person for the job and give empowerment and trust to deliver results.

Where, on one hand, other companies analyse the reasons for delays - they spend energy and time understanding the why's and why not's of why a task was not performed. PFC does not. There is no need to spend time in analysing reasons for delay; one can always get very valid reasons. Instead, one should focus on getting the task done. The bottom line is that the job should move on and not get delayed further due to such analysis.

Other companies spend energy and time reporting on activities performed, but PFC does not. We do not lay stress on what did you do today, we focus on what did you achieve today. The focus of people is shifted towards results achieved regardless of activities. This creates a shift in the thinking process: when you have not achieved anything day after day, self introspection starts and that's when thinking starts to improve oneself.

This management style is aligned to PFC's ambitious motto that the company has adopted: **'We create possibilities for a better tomorrow'**. The results show there is no such thing as 'trying' when it comes to achieving results, and PFC has demonstrated that they know how to do it consistently. ■

"One should benchmark with oneself and become better and better every day"

Developing
economies run
the risk of
blindly importing
an American
model of
economic
rewards for
performance,
warns
Peter Block

REWARD

WITH CONTROL AND FREEDOM

The linkage between reward and performance is a fairytale as there is no research that has been able to prove that economic rewards lead to better performance in teams and organizations.

The theory and practice of driving performance through pay comes from western cultures, primarily from the US, which is founded on the basis of materialism. Here, as goes the old idiom, even the streets are paved with gold. What matters most in the American culture is money and therefore, it is believed that what drives people is also money. This has been proven wrong on many instances, as it implies a loss of human capacity when we say all that drives people is money. Factor this: A comparison between an organization for profit with a non-profit one, reveals that despite the pay being low in a non-profit organization, the motivation is high, vis-à-vis an organization for profit where the pay is high with moderate motivation.

This materialism is at the foundation of most organizations today. If we were to question the thesis that people perform mostly for money, then what is the reason behind performance? This creates a crisis of purpose – If we are not here for compensation, then what are we here for? Ironically, not many organizations are ready to have this level of conversation.

Companies want to hide themselves in simplistic theories denying factors that really affect performance - like control over the work performed and relationships created amongst people. When companies are able to create groups of people that can take decisions on their own and relate well to each other, high per-

forming teams emerge. Teams related to each other with empowerment are the best performing teams and compensation is just a matter of fairness and equity.

The only real use of performance appraisals is as a way for companies to claim sovereignty over individuals. Nobody likes appraisals in companies unless they are among the top 5% performers. There is nothing that destroys performance more than the appraisal system itself as it creates a divide and a patriarchal relationship between people working together.

What is the alternative for organizations then? It's simple. Rewards need to be designed to be transparent and should be based on equity and fairness. People among the same function should be paid what the market is paying for those people in the same universe of role and grade. Companies should pay for group performance and not individual performance. Retention should be based on principles like valuing relationships and providing control and freedom and not on mid or long term promise of money. I believe that companies using retention bonuses as means to keep employees create a very cynical paradox: Those employees who are the best performers and most engaged and committed need to be paid more money as means of retention bonus. Retention happens when you provide an opportunity for choice and control, ensuring that knowledge and training is provided for the employee to make the right choice for the business.

Many developing countries are importing a dying model from a society where the current pay philosophy is under widespread attack. The formula for performance is simple: Equity and transparency in pay plus strong group relationships and local choice - these are the new bases for performance. ■

**WHEN COMPANIES
ARE ABLE TO CREATE
GROUPS OF PEOPLE
THAT CANTAKE
DECISIONS ON THEIR
OWN AND RELATE
WELL TO EACH
OTHER,
HIGH PERFORMING
TEAMS EMERGE**

Peter Block is an author, consultant and citizen of Cincinnati, Ohio. His work is about empowerment, stewardship, chosen accountability, and the reconciliation of community.

INSIDE-OUT STRATEGY

Emerging economies today present a complex landscape of immense opportunity, disruptive low-cost innovation and rapid power shifts, in the backdrop of hitherto unknown constraints and cut throat competition. *People Matters* spoke to thought leaders in industry and academia about how business leaders can thrive by viewing their business less in terms of products, services or processes and more in terms of delivery capability & competencies – known and hidden – within their organizations

■ BY TEJASVI MOHANRAM & ESTER MARTINEZ

Few companies and individuals epitomize Indian business success as Reliance Industries and Dhirubhai Ambani. Armed with phenomenal business acumen, impeccable execution and fund-raising abilities, Dhirubhai built Reliance into a business empire worth more than 100 billion dollars in a period of just 40 years. Undoubtedly one of the greatest success stories in corporate history from any part of the world and an unparalleled blaze of wealth creation.

A closer examination at these 40 years reveals a familiar style by which Dhirubhai 'out-strategized' the competition – Reliance would enter an industry with excess capacity and world-class technology, and then mop up all excess demand in the industry by providing the best quality product at the lowest industry margins.

While this strategy per se was potentially replicable, number of companies including public sector companies tried to achieve low costs by putting up high-scale plants... and failed. Reliance's strategy worked because it was anchored in outstanding competencies.

Reliance demonstrated the best project management abilities and it still is a champion in executing large-scale complex projects. The company virtually pioneered raising low-cost capital from broad-based equity markets in India and abroad. Further, it could manage the regulatory environment, partly through an extensive network and system for gathering and interpreting information – a key but often overlooked component. And it could move fast. These core competencies allowed Reliance to set up its world-class plants of scale at the lowest capital costs of any company in India.

Clearly, Reliance's growth spiral was built on an iterative process. Its competencies in project management, finance mobilisation and influencing the regulatory environment supported its high volume, low-cost strategy built on creating mega capacities. Each large-scale project, in turn, allowed it to invest more in and deepen those competencies, thus preparing the company for even larger projects and greater cross-functional coordination.

Build Organizations around Customer Needs

Companies evolve organically as a response to market forces. In the process, they develop new capabilities that could potentially be the big competitive differentiator. What means can managers adopt to identify any new crucial differentiators and build on these for strategic advantage?

This identification of competitive differentiators for companies is very crucial. Often, the most important way to identify competitive advantage is to look outwards...talk to customers. If you understand why customers chose you to do business with over competitors, you have the most accurate response to the competency question. Customers are like a mirror to the organization and companies can very easily let their advantage slip by not being close to their customers. The big danger for companies that are not close to their customers is that trends catch them by surprise.

Can you give us any example of such competency search leading to meaningful strategic advantage?

Apple is a great example of a company that constantly aligns its technological capability with its ability to really understand the customer better than competitors. This understanding comes primarily as a result of some serious customer surveys, data gathering & analysis and numerous other channels to connect with the customer. Companies that think they know best are rarely able to take full advantage of their internal competencies.

How do you restructure the organization around a new set of identified strengths and who owns the process of change?

The best way of looking at this is to build an organization around customer needs. The time taken by different organizations to adapt to changes in trends and in developing associated competencies is a function of the industry they are in - like services companies adapt to change very quickly, while automobile companies, where cycle times run into years, are at the other end of the spectrum.

The onus for change management lies primarily with the CEO. And good CEOs, the ones who spend time with and listen to their customers set the tone for effective change.



ROBERT S. KAPLAN

Professor of Management Practice at Harvard Business School, Former Vice Chairman of The Goldman Sachs Group

While most can see the value in Dhirubhai's strategy, the significance of deep-rooted market-beating competencies at Reliance, around which the strategy was woven, is often overlooked. And herein lies a strong message for business leaders today. In a period of phenomenal opportunity and cut-throat competition, managers who are able to build generic, value-creating capabilities within their organizations and leverage on them with relentless market focus, stand a great chance of creating dominant industry players which exploit bulk of growth opportunities.

The idea of Core Competence as an Inside-out strategy was first put forth by Hamel and Prahalad in 1990, when they outlined what makes up the concept of core competence - It provides customer benefits, is hard for competitors to imitate and can be leveraged across products and markets.

Competitive advantage comes not from imitation but from using organizational processes and design to identify emerging competencies

A CORE COMPETENCE:

- Must be capable of providing potential access to a wide variety of markets
- Must contribute significantly to the perceived benefits of the end product
- Should be difficult for competitors to imitate

and build them into capabilities. Again, such disproportionate, asymmetric, advantages are hard-to-imitate ways in which an organization differs from its rivals—differences that could ultimately bring huge economic benefit. They may consist of outputs (such as complex project execution that infrastructure leader L&T can deliver), relationships and alliances (such as Tata Group's network/contacts spanning generations, industries and countries), processes, nascent skills and knowledge (as with BPO

Competitive Edge Emerges from Intangibles

What are the key strengths that make Maruti Suzuki unique in your industry?

If you look at Maruti Suzuki's strengths, you will find three core and rather unique traits. Firstly, it is people power, both in terms of capability and commitment. In Maruti Suzuki's case, you will find high levels of ownership and an element of pride - what I define as "commitment." Capability comes from functional and technical skills; Commitment comes from identification with the company & ownership of its Vision, Core Values and goals. When it comes to people power, you need both capability & commitment.

Secondly, Maruti Suzuki has been very successful at creating a positive, supportive and transparent work culture. Our work culture is a unique blend of indepth understanding of the sensitivities and nuances of the local context and the best management policies, systems & practices of Japan from Suzuki.

Thirdly, our organization is built on flexibility and empowerment. As business environment changes very quickly, the only way

S.Y. SIDDIQUI

Managing Executive Officer - Administration
(HR, Finance & IT) - Maruti Suzuki



sector leader Genpact)—provided competitors cannot imitate these within practical time and cost constraints. In fact, such competencies, because of their subtlety or uniqueness, confer a head start and discourage imitation, and give the company a sustainable edge over competitors.

Increasingly, the competencies that afford companies such sustainable edge over rivals are moving from the realm of tangibles to intangibles. Over the last couple of decades, many of the traditional tangible sources of competitive advantage - technology, access to

capital and product development have become commoditized in most industries and, the source of competitive advantage has shifted to the intangible strengths of an organization like organizational speed, culture and people. S.Y. Siddiqui, Managing Executive Officer - Administration (HR, Finance & IT) at auto giant Maruti Suzuki, emphasises this importance of intangibles. "Competitive edge will emerge from intangibles like speed, responsiveness, commitment and people excellence. In the past, core competency used to emerge from tangibles like technology, product road-map, quality control etc. Today, all these tangibles are replicable by competitors across the world. You cannot really replicate intangibles because there is a high level of ambiguity on how they are built", he says.

Paradoxically, a continuous and intimate connection with the market and with customers is vital for the Inside-out strategy. First, companies have to understand the competition in

Paradoxically, a continuous and intimate connection with the market and with customers is **vital for the Inside-out strategy**

for survival is to create a Learning Organization. Our efforts are invested in training and development and we complement that with a strong culture of empowerment. This of course needs to be aligned with a reward and recognition program that is sustainable over time.

How have these differentiators evolved over time?

Over time, our business focus has evolved from being production-oriented in the initial years to being market and customer focus driven company. This change has had many implications in the way we have evolved our company organization, systems & processes and the way decisions are made while enabling business objectives. In the initial years, the leadership focus was top down to ensure leading by example to learn from the Suzuki experience in setting a new work culture, management principles, productivity and team work. Today, employees at all levels play a very important role in making new systems and processes with high empowerment & ownership towards achieving company goals and building the competitive edge for our company. Hence now it's a mature bottom up process in terms of decision making, involve-

ment & participation & business plan finalization and target setting.

How do you build a competitive edge based on those core competencies?

Today, the competitive edge will emerge from intangibles like speed, responsiveness, commitment, people excellence as compared to a time when competitive edge used to come from tangibles such as technology, product features & quality and cost reduction. All these tangibles are replicable by competitors across the globe. However, in the new economy it is an age of Intangibles and the real competitive edge comes from those. Intangibles are people & culture driven and hence cannot be simply copied.

How do you nurture this work culture and these strengths across different levels in the organization?

There are three processes that are critical to the develop, reinforce and cascade a positive, transparent, supportive and high performing work culture, systems and practices across the company. First is the intent and ability of top leadership to 'walk the talk'. This is one aspect where most large com-

panies may like to really introspect towards making it a big strength. The second key process is the rewards and recognition program based on a professional, objective and credible assessment process. In our case, this process cuts across barriers in order to pick up examples and champions from the population across levels & functions. From technicians at the shop floor level to supervisors, young engineers & managers across functions, champions are pro-actively identified and recognized. The rewards vary from informal non-monetary recognition to formal organizational rewards such as variable pay, compensation & benefits, career development and career growth. Thirdly, we ensure that there are strong internal communication initiatives in the form of Daily Events Flash, Monthly E- Newsletter & Monthly magazine which highlight our expectations and achievements of our team members across the company.

Also the induction of new team members – entry level as well as laterals is handled with tremendous planning, effort & involvement to ensure that we cascade key elements of our vision, core values and work culture effectively.

order to know how they are unique. More importantly, they need to track customer reactions to discover which competencies are relevant. It is this ability to constantly leverage on the intersection between the company's emerging competencies and the opportunities in the marketplace that is the fundamental strength of organizations based on capabilities.

Dr. Pritam Singh, Professor of Eminence, MDI elaborates "Inside must be linked and re-aligned as many times as required with the outside for it to be a competitive strength. What differentiates successful leaders and organizations is that they are able to 'begin with the end'; they are able to look around, look beyond and look within at the same time. Those leaders are able to hear the unheard sounds, they can see the unobvious and they can synthesise purpose by combining the outside and the inside."

In this context, it becomes crucial for leaders and organizations to constantly look for emerg-

ing competencies, shortlist ones that could be built into market-beating capabilities, nurture these by building organizational structures and processes around them and finally, pursue market opportunities that build and leverage on these capabilities. And even more so for large organizations.

'Discovering' Competencies

To do well, companies need to develop important capabilities or resources that their rivals cannot. It is, however, hard for them to develop these resources unless they already have some realized or potential edge. The first step lies in discovering the competencies that underlie that edge.

Phanish Puranam, Professor of Strategy, London Business School, explains this succinctly "Capabilities can be built up by design but some emerge through serendipity. A call centre may discover that in analyzing call volume, they have the seedling of a data analytics capability.



Begin with the End

How does an organization leverage on internal capabilities for sustainable advantage?

Internal capabilities are crucial but Inside must be linked and re-aligned as many times as required with the Outside for it to become a competitive advantage. Business today has changed dramatically - 20 years ago, the Indian business environment was protected and stable, today it is full of noise and the rules of the game have changed considerably.

Who would have imagined that the smaller players of yesterday would be swallowing bigger players? Today, the relevance is not about size of the organization alone but about the effectiveness and efficiency of strategies and their execution. There are many examples in India that demonstrate this trend - from Mittal buying Arcelor; to Tatas acquiring Corus and Jaguar and visibly, many more to come.

DR. PRITAM SINGH

Professor of Eminence, MDI

How does a company identify and nurture these core competencies?

What differentiates successful organizations is that their leaders are able to 'begin with the end' - they are able to look around, look beyond and look within at the same time. These leaders are able to hear the unheard sounds, they can see the unobvious and they can synthesize the outside and the inside.

Their companies are able to achieve these milestones, not because they were large organizations compared to other MNCs, but because they implemented their strategies in both ways - from the inside and the outside. The organization communicated with the outside world that they are ambitious for expanding... and inside the organization, leaders communicated how to achieve these milestones and engage them in to a larger purpose.

In today's business environment, technology, access to capital, processes, customer service is a commodity. What is not replicable is dedication and commitment of the people delivering those processes.

An IT outsourcer may find that they have learnt enough about their client's business to be able to offer business consulting advice. This happens all the time, because what people learn and how this knowledge will prove useful is difficult to anticipate perfectly. But being able to see it when it happens is vital as it can form the basis for differentiation within the same business or diversification into a new one."

A good place to begin the search for internal competencies is to find the more obvious external ones—the reasons why clients and business gravitate to a company rather than its competitors. Managers might look for the kinds of opportunities they can capture that their competitors cannot and vice versa. Robert Kaplan, Professor of Management Practice at Harvard University, is a firm believer in the importance of talking to clients for identifying competencies. "The most important way to identify competitive advantage is to look outwards...talk to customers", he says. "If you understand why customers chose you to do business with over competitors, you have the most

accurate response to the competency question. Customers are like a mirror to the organization and companies can very easily let their advantage slip by not being close to their customers."

Tiger Tyagarajan, COO at Business Process Outsourcing major Genpact, explains this process of getting customer feedback. "We have many processes and mechanisms that allow us to get 'outside-in feedback'...we do rigorous customer feedback processes...net promoter scores from about 2500 customer touch points globally every 6 months. We have done this for 10 years without a break. The learnings from this and other win-loss analysis when our leaders talk to customers when we win or lose business, are tremendous."

Competence search could also take place inside a company. In many cases, the most useful 'asymmetries' are buried deep within the organization and have to be traced back from surface level abilities. This identification can take place by spotting pre-existing but unexploited assets or in an evolutionary manner that requires managers to recognize an emerging

Lowering the Center of Gravity

What do you see as the one organizational strength that makes you unique in your industry?

IBM today is very different company from what it was 10 – or even five years ago. Our mix of technologies and businesses is significantly different. What shaped our response to the outside world, are some of the things that have remained constant – such as IBM's brand and our values.

We are in strong position today because of strategic choices and focused execution that began several years ago. The company saw major shifts that would change the economic and competitive landscape of our industry. Among the most important drivers of IBM's transformation has been our focus on Global integration. We embraced global integration and the opportunities in those growth markets and, in doing so, established IBM as the premier Globally Integrated Enterprise (GIE).

Our Globally Integrated Capabilities result in work being done where the best skills are available, at the right time and with the right cost.

What are the processes and mechanisms by which any such 'critical differentiators' are identified internally in your company? How does the company leverage on them?

At IBM, we have 'lowered the center of gravity,' wherever we are present, to understand the unique challenges that customers face in those markets and address them effectively. With our vast experience and expertise serving customers across the world, we are able to replicate our success in one market to the other, transferring global industry best practices to customers.

RAJESH NAMBIAR

Vice President & General Manager, IBM
Global Services in India



edge, mostly in intangible assets such as knowledge, relationships, and reputation.

Maruti Suzuki's evolution into a company known for superior after-sales service and its developing a comprehensive customer service network over the last decade began with both an inward and outward search. In 2000, the company acknowledged the need to capture a greater portion the total lifetime value of cars it sold, as more and more customers began changing cars at shorter intervals. The company recognized its edge, in terms of scale, for providing a nation-wide servicing network and started building on its existing service station base with a focus on developing superior maintenance services. A decade of effort later, Maruti Suzuki today has an extensive network of more than 2500 service stations covering 1200 cities, which it plans to expand by 45% over the next 3 years. This strategic expansion has helped Maruti Suzuki to capture a huge portion of the maintenance market and today allows the company to compete not just on the

basis of product and price, but also on the basis of superior after-sales service.

Nurturing capabilities

Competencies evolve into sustainable core capabilities largely through organizational design, which builds and supports capabilities by embedding people and processes into a cohesive configuration. This involves a combination of aligning people to leverage on the competencies using the right reward structures, cre-

Capabilities can be built up by design but some emerge through serendipity.

A call centre may discover that in analyzing call volume, they have the seedling of a data analytics capability



Our customers Tell us What we are Made of

What is Genpact's DNA and what makes it unique?

Processes are our deep rooted DNA and culture. This DNA is very hard to replicate and becomes our unique differentiator. One great source of information of our strengths is our customers. They tell us clearly if we are able to bring real science into processes. This combination of a process-DNA and respect for customer opinion makes us unique in the world. This capability does not come overnight...it has been built over a decade of hard work and strong focus on people, metrics, tools and culture.

How does this DNA get reinforced internally?

TIGER V.N. TYAGARAJAN

Chief Operating Officer (COO), GENPACT LLC

We nurture this key strength by hiring and promoting those people who appreciate the 'power of process', those who can learn from opportunities and use this learning to drive value for our clients.

What is your view on outsourcing? How does Genpact contribute to other companies focusing on their key strengths?

Outsourcing contributes in a huge way to nurture competitive differentiation. For example, it does not make sense for a beverage company to build global best-in-class capabilities in managing supply chain. Instead they should focus on their core strength which is branding, distribution, formulations and consumer behavior. In Genpact, we enable our clients to leverage on the knowledge and insight we have built by serving hundreds of companies in diverse industries globally.

At the heart of nurturing capabilities is the ability to create an organization that is capable of firmly capturing the essence of any competency and making it more valuable to the organization than to its competitors

ating feedback mechanisms to reinforce organizational understanding of competencies and institutionalizing knowledge through learning and development.

Organizational structure is the key to creating and sustaining capabilities according to Dave Ulrich, co-founder of RBL Group. "Line managers are ultimately owners of the organization choices. HR professionals are architects who offer insights and advice. Organizations should be designed around capabilities, what they are known for by their customers", he adds.

In general, aligning behaviour with core competencies is a key challenge in innovation-

driven companies. Nathaniel Sasikar, Vice President, HR at 3M explains how the right reward structure can drive such behaviour – "High performance is a result of organizational alignment through business processes. For example, new product sales is a key performance measure for all our sales employees. This ensures that there is a hunger and support for selling new products, which in turn keeps the labs busy in creating more new products. Thus we continue to innovate and invest in our people."

At the heart of nurturing capabilities is the ability to create an organization that is capable of firmly capturing the essence of any competency and making it more valuable to the organization than to its competitors. A case in point is engineering and project management blue chip, Larsen & Toubro, which has managed to leverage on its project management capabilities to an extent that today, the company has little competition when it comes to the execution of mission-critical, capital-intensive, hi-tech infrastructure projects. U. Dasgupta, Executive Vice President and Operating Company (OC) Head Electrical and Automation OC at L&T, elaborates on how the company reinforces the understanding of key competencies. "Balanc-

Outsourcing Sharpens **Focus on Prioritization**

What is your view on how companies identify and leverage their core competencies?

I think the market pushes companies to understand what their core-product is, and what they do better than anyone else can. Look at the insurance market in the UK for example. Some of the big players say that their competitive position is underwriting, so they really invest in their underwriters and they know that by an accurate understanding of how much premium one can charge, the finances of the company change dramatically, because you are not charging too much and losing customers. On the other hand, other companies compete on distribution and hence they outsource underwriting as a function.

Companies need to pick their core, and the market will punish or reward their competitive positioning based on how accurate your pick is. In an ironic way, the recession has really helped

speed up this process because companies have had to understand which parts are still crucial and which are the ones that they can give away, or outsource to be able to build in their strengths. During this last downturn companies, especially in the west have gone through the exercise of reflecting on their core strengths, looking at narrowing the focus and outsourcing non-core activities.

What is your outlook on outsourcing of non-core functions?

There are certainly companies who will continue to manage being productive without outsourcing. But the point is that when you watch successful companies, one pattern that you will see is a really sharp focus on prioritization. They are clear about the things that they want to go after. And this is becoming a necessity. Every company should know what their core business is, and that reflects in what their core functions are.



ARJUN SINGH

Asia Managing Director for Outsourcing,
Global Business Services and Technology,
Hewitt Associates

ing between action and reflection is an ongoing exercise and we have many mechanisms to encourage this balance. We run learning sessions once the projects have been completed to explore the learning opportunities from each project. We also use cross functional teams extensively, to study past and current projects on how we can execute better, faster and cheaper."

Ultimately, this process of designing structures, processes and policies with the objective to nurture and institutionalize competencies is what results in the DNA of an organization. The right DNA for an organization is capable of creating 'virtuous spirals' - a cycle of capability and aligned performance that enhances reputation, brings opportunities and creates resources to ultimately plough back into capability development. Organizational structure and design serve as a powerful tool in disseminating the capability within the organization and in leveraging the capability across the right market opportunities.

What business are you in?

Arjun Singh, Asia Managing Director for Outsourcing - Global Business Services and Technology, at Hewitt Associates recollects the

large number of instances when market leaders fail to recognize their core offering, like when Pepsi and Coke took a good many years to realize their business was beverages and not colas - an oversight that saw them lose significant market share to iced teas, milk, juice and dairy brands. Noting that companies with a strong 'core' withstood the recession better, he adds, "The market pushes companies to understand what their core offerings are and what they do better than anyone else can. Companies need to pick their core, and the market will punish or reward their competitive positioning. In an ironic way, the recession of 2008-09 has really helped speed up this process because companies have had to understand which parts are still crucial and which ones that they can give away, or outsource to be able to build on their core capabilities".

Companies need to pick their core and
**the market will punish or reward
their competitive positioning**

The L&T View:

Today, It is all about Imagineering

What do you see as the one organizational strength that makes L&T unique in your industry?

U.Dasgupta: Among the different factors that make L&T a successful organization, I believe a strong reputation is our biggest organizational strength. This reputation has been built by consistently being in the forefront of the industry, with a



U. DASGUPTA

Executive Vice President,
Operating Company (OC) Head,
UPSTREAM OC

strong company ethos focused on providing value to the customer - faster, better and cheaper in case of engineering & construction projects and finally with a culture of hard work and effort across the organization.

How does this reflect in your organization structure and your corporate culture?

S.C. Bhargava: Organization structure should not be an impediment for growth. There are some functions that play an essential role in maintaining our strength of customer centricity and excellence in execution - like for example, the quality control team. Which is why this team reports to the management team directly. The rest of the organization structure is aligned to the aim we have set to achieve, without becoming a barrier for improvement and growth.

M.S. Krishnamoorthy: The core strengths of L&T corporate culture are the opportunity for challenging



M.S. KRISHNAMOORTHY

Senior Vice President
(Corporate Human Resources)

and exciting jobs, due to the access of new technologies and methodologies; a strong sense of pride and purpose, due to the contribution that we have to our country's development; and the aspiration for career growth, our management team is largely people that have risen from within the organization.

Companies evolve organically as a response to market forces, opportunity and competition. How has been the evolution of L&T core strengths?

Yogi Sriram: As a company, L&T has evolved, over the years, from

The market can be viewed as a set of niches and opportunities that a company must choose from to leverage its capabilities in the most effective manner. Fundamental to this is a deep-rooted understanding of what the company's core competencies are and where can these competencies be utilized for maximum economic benefit.

The ITC story of the last few decades has been one of a company that was pushed to

pick its core offering carefully due to market conditions - operating as they originally were in one of the most persecuted industries in the world. Over the last 3 decades, the company has diversified into hotels, packaging, food, agri-business and apparel, with a clear understanding that the core competency of the business is its depth of distribution, its brand-building capabilities, raw material sourcing and managing outsourced activities. In effect, what seems like an unrelated diversification into FMCG, agri-commodities and apparel is an application of the company's capabilities to a new product sector.

In effect, a company's business is not defined by the products, services it offers or even by the processes it follows, but by a much more rich and complex definition of what the organization is capable of delivering. This is also the central thesis behind the growing trend of outsourcing non-core activities -

A company's business is not defined by the products, services it offers but by a much more rich and complex definition of what it is capable of delivering

being a company of engineers, focused on engineering excellence to empowering people to 'imagine' how we can leverage our end-to end capabilities in new fields. This evolution has changed the business landscape we operate in but the core of our organization remains the same - Pride, Respect for the individual and Caring for people. The phrase that now fuels the spirit of L&T is "Imagining" that has replaced the words "We make the things that make India proud", which still kindles pride in the hearts of every L&T employee and their families



YOGI SRIRAM

Executive Vice President
(HR and Administrative Services)
- Engineering and Construction
Division

How do you encourage managers to balance between Action & Reflection, between Opportunities & Capabilities – as both execution and strategy play a key role in value creation?

U.Dasgupta: Balancing between action and reflection is an ongoing exercise and we have many mechanisms to encourage this balance. For example, we have many learning sessions that we run once the projects have been completed to explore the learning opportunities from each project. For ongoing projects, we also have regular reviews that help us in identifying strengths and areas of improvement. We also use cross functional teams extensively, to study past and current projects on how we can execute better, faster and cheaper. We also engage with external consultants to get their independent view and capture it in this reflection process.

What is your view on outsourcing of non-core functions and if this can contribute to this process of nurturing and developing key competitive advantage?

Yogi Sriram: When it comes to outsourcing, we are careful about choosing areas where vendors can deliver. L&T does not outsource activities where complicated technology or engineering is required.



S.C. BHARGAVA

Executive Vice President and
Operating Company (OC) Head,
Electrical and Automation OC

S.C. Bhargava: Outsourcing is used in two areas, either where you are looking at taking an advantage in terms of differential cost in any given area or where you are looking at building upon the strength of your outsourcing partner, as an alliance to build on their expertise. The latter one might not be cheaper, but it provides higher output and creates opportunities for improvement. In our case, customer centricity and excellence in execution is paramount, wherever we are able to ensure that quality is maintained or improved we look at using appropriate partners.

companies that truly understand their core competencies can outsource non-critical activities and derive benefits both in terms of reduced costs and increased organizational focus.

S C Bhargava, Executive Vice President and Head, Electrical and Automation Operating Company at L&T, explains this from the perspective of his industry. "Outsourcing is used in two areas, either you are looking at taking an advantage in terms of differential costs in any given area or you are looking at building upon the strength of your outsourcing partner, as an alliance to build on their expertise. The latter one might not be cheaper but it provides a higher output and creates opportunities for improvement. In our case, customer centricity and excellence in execution are paramount... wherever we are able to ensure that quality is maintained or improved we would look at using partners."

At the end of the day, the Inside-out strategy is all about identifying the company's core competencies for which customers are willing to pay and continue doing business, followed by a relentless pursuit of opportunities in the market place where these competencies can be leveraged. It also entails constantly looking for emerging competencies within the organization that can exploit our view of external opportunities and nurturing them by aligning people, creating feedback mechanisms and institutionalizing knowledge.

The imperative for leaders, senior managers and HR professionals is to continuously map the external world of customers & opportunities with the internal world of capabilities and manage change with the firm knowledge that their company's business is not defined by the products and services it delivers, but by the core delivery capability of their organization. ■

INSIDE-OUT STRATEGY

Industry leaders and strategy experts on the relentless cycle of understanding customer needs, identifying and nurturing capabilities & leveraging them by pursuing the right market opportunities.



TIGER V.N. TYAGARAJAN

Chief Operating Officer (COO), GENPACT

We nurture internal strengths by hiring and promoting people who appreciate the 'power of process' - those that can learn the opportunities available and use this learning to drive value for clients.



ROBERT S. KAPLAN

Professor of Management Practice, Harvard Business School, Former Vice Chairman of The Goldman Sachs Group

At IBM, we have 'lowered the center of gravity,' wherever we are present, to understand the unique challenges that customers face in those markets and address them effectively.



RAJESH NAMBIAR

Vice President & General Manager, IBM Global Services in India



ARJUN SINGH

Asia Managing Director for Outsourcing, Global Business Services and Technology, Hewitt Associates

The market pushes companies to understand what their core-product is, and what they do better than anyone else can. In an ironic way, the recession has really helped speed up this process because companies have had to understand which parts are still crucial and which ones are not for survival.



S.Y. SIDDIQUI

Managing Executive Officer - Administration (HR, Finance & IT) - Maruti Suzuki

Today, it is not about the product, technology or the money involved - these are all commodities available to all. Success or failure revolves around people power. For realizing this, you need both capability and commitment. Capability comes from functional and technical skills; commitment comes from the identification with the company purpose.



PHANISH PURANAM

Associate Professor of Strategic and International Management, London Business School

The strategic and tactical moves change over time in response to current and anticipated market forces, but the core uniqueness and the values of the organization remain stable. The specific form that the core uniqueness and values take, and the focus areas, may change over time and across businesses, but the basic spirit and energy remains constant.



RAJEEV DUBEY

President (HR, After-Market & Corporate Services) & Member of the Group Management Board, Mahindra & Mahindra Ltd

It is important that companies focus their energies on the core value added role. Outsourcing is a great mechanism to move routine transactions outside the periphery, thus freeing time and resources to focus on core activities and add greater value to the organization.

A. NATHANIEL SASIKAR

Vice President, HR, 3M

Capabilities are sustainable when they start with and link to customer expectations. Rather than simply 'build on our strengths' we need to think about 'building on our strengths that strengthen others.'



DAVE ULRICH

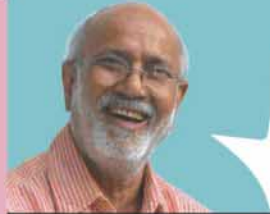
Co-founder, RBL Group & Professor of Business, University of Michigan's Ross School of Business

A very important way to nurture internal strengths is to create a strong reward system around it. I believe that companies should have extraordinary rewards for extraordinary performance. Reward programs should address individual and team performance and nurture the behaviors that have been identified as key for the success of the organization.



DARRYL GREEN

Executive Vice President of Manpower, President Asia-Pacific and Middle East Operations



DR. PRITAM SINGH

Professor of Eminence, MDI

L&T has, over the years, evolved from being a company of engineers, focused on engineering excellence to a company that empowers people to 'imagine' how we can leverage our end-to-end capabilities in new fields.



YOGI SRIRAM

Executive Vice President (HR and Administrative Services) - Engineering and Construction Division, L&T

L&T has always been in the forefront in those areas that India as a country needed for its development. This approach to business creates a larger purpose for the people and provides challenging opportunities and vast scope for learning.



M.S. KRISHNAMOORTHY

Senior Vice President, (Corporate Human Resources), L&T

What differentiates successful organizations is that their leaders are able to 'begin with the end', they are able to look around, look beyond and look within at the same time. Those leaders are able to hear the unheard sounds, they can see the unobvious and they can synthesize the outside and the inside.

One way to nurture the identified strengths is to link them to the appraisal system. The appraisal process helps in identifying high performers and creates a platform for recognition and career progression.



U. DASGUPTA

Executive Vice President, Operating Company (OC) Head, UPSTREAM OC, L&T

What is a core strength or a competitive advantage today quickly becomes a commodity and it is easy to replicate by your competition. Today the technology has become much more complex and the roles more specialized so more people need to be engaged in the process of Setting new direction and goals.



S.C. BHARGAVA

Executive Vice President and Operating Company (OC) Head, Electrical and Automation OC, L&T

Companies have to be careful in choosing what functions to outsource and assess capability of partners - unless we are able to do it right, it is better to err on the side of caution and keep activities in-house. We would otherwise end up damaging the customer experience and in the long run spend more time and money in regaining lost ground.



MANISH KUMAR

Executive Vice President and Head of HR, Kotak Securities Ltd.

Are we Ready to Manage the New Talent?

Shantanu Dhar, Asst. Executive Director, Dalmia Cement Bharat, reflects on how companies need to be sensitive to the expectations of the new generation and what could be the effects of ignoring them in the long term

**THE NEW
GENERATION IS
ENLIGHTENED,
COLLABORATIVE,
APOLITICAL,
SMART WORKING
AND INSIGHTFUL.
THEY CHOOSE
VOCATIONS FOR
'LOVE' AND NOT
'NEED'. THEY WON'T
LISTEN TO SERMONS
AND DON'T WANT
TO BE LED**

Recently, a funny thing happened on Facebook. A twenty something friend (let's call her Reena) wrote a not so flattering line about her boss on her wall. Within five minutes, she had around 50 comments on it. In a day, it turned to almost 500!

I called her, to learn that she had quit her job with a law firm and then decided to post this comment on facebook (apparently on a whim). Being of that generation who did not know the word 'opportunity' when we started out in our careers; I asked her, all concerned, if she was not worried about any repercussions of that statement. Prompt came the reply; 'I don't really care... I didn't like the company and my boss's weird ways, so I posted my thoughts. I am not serving my notice and don't care what they would do about it!'

What about getting a new job? I queried, isn't she worried about that? The nonchalance of her answer took me off guard. 'There's plenty of opportunity for me out there, I'll go grab it, when I am ready and on my terms.'

This set me thinking... is there a pattern here? So, I began to Google some employee blogs of different companies during my weekend and what I saw really shook me up!



SHANTANU DHAR

Here's the deal - Today's twenty something talent has no qualms about letting the world and its uncle know how they have been treated in an organization. They will do it quietly, anonymously and sometimes like my friend, openly in the cyber world, and guess what, they are not really concerned about the consequences!

The company in question, may not even get to know about it, until it is probably too late!

So what does this tell me? Perhaps the real media is not in the business magazines and TV shows that we see... maybe it's lurking right under our noses in cyber world!

What else does this tell me?

India will clock around 7% growth in March 2010, hit around 9% in the next fiscal and add a few digits of inflation. The generation of twenty something know this and the enormous opportunity this has created for them. Perhaps we are going to see a tectonic shift; opportunities are opening up in the areas of fine arts, media, counseling, psychology - the non-traditional opportunities we forty somethings did not get...

I see a majority of this generation (and the next) opting for these creative fields. What will that mean for us? Lesser MBAs, engineers and their ilk?

So we'll be left competing for a talent pool from traditional vocations that keeps getting smaller. This pool will have even more opportunities than we can ever think of. They will demand (and get) what they want from their work place. They will expect sabbaticals, timings that suit them, some may opt to work for six months or so at a stretch and then take a break. They will not tolerate policies that are not user friendly and they will not tolerate bad behavior at their work place. They will probably not accept what our generation thinks is right for the work place!

This new generation occurs to me as enlightened, collaborative, apolitical, smart working and insightful. They choose vocations for 'love' and not 'need'. They are not insecure. They don't want advice, especially from our generation. They won't listen to sermons and most importantly, they don't want to be led!

They are part of a quiet revolution that is India and they are proud of it. I am beginning to learn a lot from them and admire them and their enormous talent. The only thing that worries me is that do I have the capability of managing them and their expectations?

Has all my learning, education and experience helped me to create the work place that would attract and keep this talent? Will I be able to convince my colleagues that we need to start acting now to create our readiness?

Will I be able to constantly reinvent myself to be able to keep up with their scorching pace? Will I have the ability to embrace and not wrong them? Will I be able to accept and be part of this transformation they are creating?

I don't have the answers, but I have begun my journey, and I will appreciate all the learning and perspectives on my way! ■

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■ BY ANSGAR SICKERT



It is no news to managers that the global economy has gone – and in many countries is still going – through a rough patch. The unemployment rate in the US recorded 9.7% in February this year – a notch down from last November's 10.0% level, the highest in a quarter century. The pressure is more than ever on reducing costs wherever one can. And, staff invariably constitutes a major cost element to most companies irrespective of the kind of industrial sector they are in.

To give an example, airport operator Fraport AG's bill for employees in 2008 amounted to 50.3% of total company expenses.

But this does not mean that the situation across the globe is uniform. While employees in North America and Europe will hold on to their jobs by the skin of their teeth, Indian employers will continue to face salary inflation to the tune of 8–10% over the next couple of years as well as high attrition rates as the economy picks up speed with a vengeance.

So should we be satisfied with the HR merely concentrating on hiring and in bad times, if not firing them outright, on developing intricate voluntary redundancy schemes (VRS) and other ways to reduce employee entitlements including holidays, pay, training, et al?

Talking to some HR professionals, it often feels like it. But HR teams are not the only ones to blame. Just like other individuals and departments, the HR professionals too tend to do whatever management throws at them. So the question is: What should the management reasonably expect the HR to deliver in order to actively drive an organisation's goals?

Let's be clear about some facts first! HR's role in any organisation should be that of a service provider. This means that an organisation must have defined roles and responsibilities, which its HR department is expected to deliver. And these must go beyond the punch cards and payroll that HR departments, particularly in India, seem to consider their primary responsibilities. In practice, this has to translate into frequent and sustained interactions between the HR function and other departments, employees, management and trade unions. Anybody working in the HR department must fully understand how the organisation functions, who its customers and competitors are, what strategies it pursues and simply how the business works.

From my own experience as an employee, a senior manager and an expat in India, I know that HR faces a multitude of conflicting expectations. Not all of these can or should be at-

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JUST LIKE
OTHER
INDIVIDUALS
AND
DEPARTMENTS,
HR
PROFESSIONALS
TOO TEND TO
DO WHATEVER
MANAGEMENT
THROWS AT
THEM

Company	Industry	Employees as % Company Cost	Comments
Fraport AG	Airport	50.3%	High asset base but little raw material consumption
Jet Airways*	Airline	12.8%	Fuel accounted for 35% of costs
Infosys	IT Consulting	66.6%	People centric
Tata Motors	Automobile	6.2%	Raw materials and parts constitute 65.3% of costs
Intercontinental Hotel Group	Hotels	53.7%	People centric

*based on Q3 2008/09 Report

Source: 2008 Annual Reports from company websites

tempted to be entertained at the same time or with equal vigour. However, they all need to be addressed!

Expectations as an employee

- Fair and equal treatment of all employees
- An open ear for career and personal counselling when required
- Personal and professional development opportunities
- Adequate and market based pay
- Performance measurement system to be user friendly, objective, fair and equitable
- Empathy and compassion for an employee in need of help or support

Expectations from an Expat's viewpoint

- Special compensation for extra responsibility and commitment
- To be looked after well while out of sight
- Not to be 'out of mind' when 'out of sight'!
- Participation in training & development programmes
- Transparent and foresighted reintegration process upon return to parent company

Expectations as a senior manager

- HR to understand and manage employee expectations
- Hire the right kind of people (organisational fit as well as appropriate attitude and skill set)
- Keep salary inflation in check
- Have an effective people development programme
- Maintain low turnover of staff
- Establishment, implementation and measurement of performance measurement systems that are followed by all managers
- Active involvement in organisational strategy formulation and implementation

Dealing with people issues clearly requires a special set of skills and personal traits. Take the instance of Air India. The mess at Air India partly stems from poor communication between senior management and employees. Management, which should be advised by HR, has not been effective in convincing their staff of the dire need for change and cost cutting – with all the sacrifices this would mean for them.

Real life examples such as this clearly demonstrate the dearth of qualities such as empathy, back bone, fairness coupled with assertiveness, forward thinking, effective administration, lucid understanding the needs of the employee as well as of the organisation.

Important elements for organisational development and performance evaluation such as appraisal systems are often seen as a waste of time and bureaucratic burden on managers. Why? Some of the answers may lie in the fact that the system and its merits are not properly explained to managers on a basic level. Often key departmental heads have not been involved in the development or implementation decision of such tools. As a consequence, they lack the support from those who matter and at best quickly disintegrate into an annual paper exercise that only benefits consultants or product vendors but not the organisation itself. It thus discredits an important and well intentioned management instrument.

Future oriented companies need to ensure that their HR teams are equally forward looking! HR has to become actively involved in forging corporate strategies based on ruthless assessment of the company's own human capital and its potential for growth as well as in establishing the processes and systems to implement it.

As a Hindi proverb aptly says: '*Ek anaar, sau bimaar*' (one pomegranate is all there is, and a hundred men are sick trying to get it) or in other words all good things are in short supply. ■

Talent Acquisition after the Downturn – What has Changed?

What are the new Trends in hiring across Levels and Sectors?

New Processes and Technologies available for Recruitment

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Hewitt Associates Salary Increase Survey 2010

In conversation with **Sandeep Chaudhary**, Leader of Hewitt's Performance and Rewards Consulting Practice in India, *People Matters* explores the findings of the Hewitt Salary Increase Survey for 2010

The 14th Annual Salary Increase Survey conducted by Hewitt Associates predicts an annual increase in salaries of around 10.6% - the highest in the APAC region. The key findings of the survey are:

Firstly, there is a focus on consolidation and prudence. Companies in India are looking positive for the coming year but maintaining a cost consciousness built from the last few months. Secondly, the recovery is more visible in industries that have a higher linkage with domestic demand like Energy, Telecommunication, Pharmaceuticals, EPC (Engineering, Procurement and Construction) and Automotive, with increases ranging from 11.6-12.8%. Sectors that have higher global dependency are showing more moderate single digit increases ranging from 8.5-8.9%. Thirdly, there is a generalized reinforcement on linking performance and reward with top performers receiving twice as much salary increase as compared to average performers across Industries.

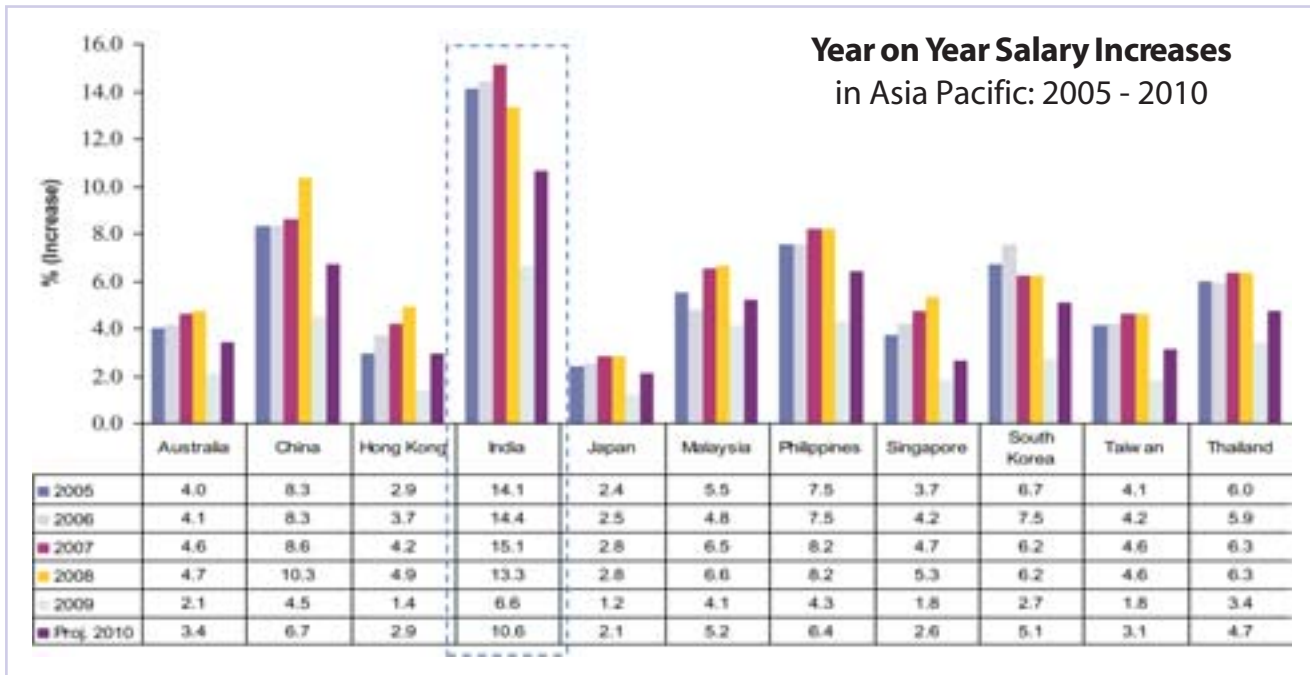
Employee group	2009 Increase	2010 Projection	%age Change
Top Executive	6.2%	9.6%	55%
Senior Management	6.6%	10.1%	53%
Middle Management	7.2%	10.6%	47%
Junior Manager/ Supervisor/ Professional/	7.4%	10.9%	47%
Officer Cadre	7.1%	10.4%	46%

Salary Increase Projections Up across employee levels

As per Hewitt's report, salaries will increase across all employee levels with Junior Manager/Supervisor/Professional level, expected to receive the highest increase at 10.9%.

India: Highest Salary Increases in APAC

In comparison with the rest of the Asian countries, India continues to be the one with highest average increases across industries. Salaries in India are expected to increase 3 times more than in China due to several reasons. Firstly, China has a higher base in terms of parity with the region, when India is still building this parity in real earning terms. Secondly, there is a large top management population of expatriates in China that are not covered in this survey. So that could misrepresent the data especially in the top executive level. Thirdly, the basic fundamentals of the economy are different when the focus is on services or manufacturing. In an economy governed by services, the nature of the business is more labor intensive which face the problems of attrition and talent war. Fourthly, the fluctuation of salaries in India is governed by competition and demand-supply forces; whereas in China, there is still a government influence on those decisions, as growth in China is state induced versus India, which is driven by the private sector.



Source – Hewitt's India Salary Increase Survey 2009-10

Impact of projected salary increases across Industries

Increased privatization in the power sector, the Government's unrelenting investment and stimulus into infrastructure and increased competition in telecommunications have earned these sectors the highest salary increases of 12.2-12.8%. These are closely followed by steady performers like pharmaceuticals at 12.1%. The automotive sector has sprung back with increased demand and sale over the last two quarters and is strongly positioned at 11.6% average salary increase for 2010.

Technology and Outsourcing sectors have had a big positive swing from 2009 but still stand among the lowest salary increases at 8.9-8.5%, followed by Shipping and Logistics at 7.6%, which has continued with the same careful watch from 2009.

Among the biggest recoveries, Banking and Financial Services takes the stage with a positive recovery with salary increase projection for 2010 at 10.5%. This is also the sector that was adversely impacted by global recession and had minimal bonus coupled with salary freezes.

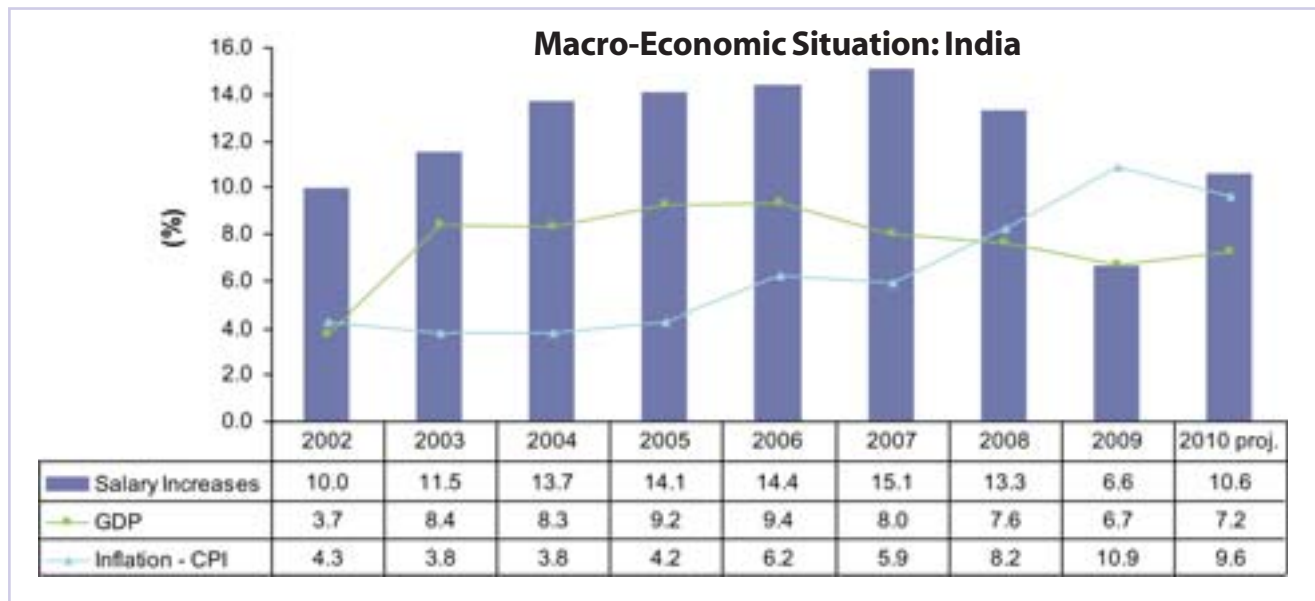
The Indian retail sector, which was hit by weak consumer sentiment, tight credit situation and unhealthy cost structures, has bounced back, investing in compensation with 11.1% projected salary increase for 2010.

Learning from the past and trends for the future

During 2007 and 2008, companies underwent a thought collection of excesses - excess of hiring, excess of providing too many components in their employment rewards including both pay and benefits, et al. However, in the end of 2008, demand started to go down and those commitments were made in the expectation of growth. So the impact on the 2009 salary revision was even stronger to correct all those excesses.

Industries with Maximum Change in Salary Increase Projections from 2009

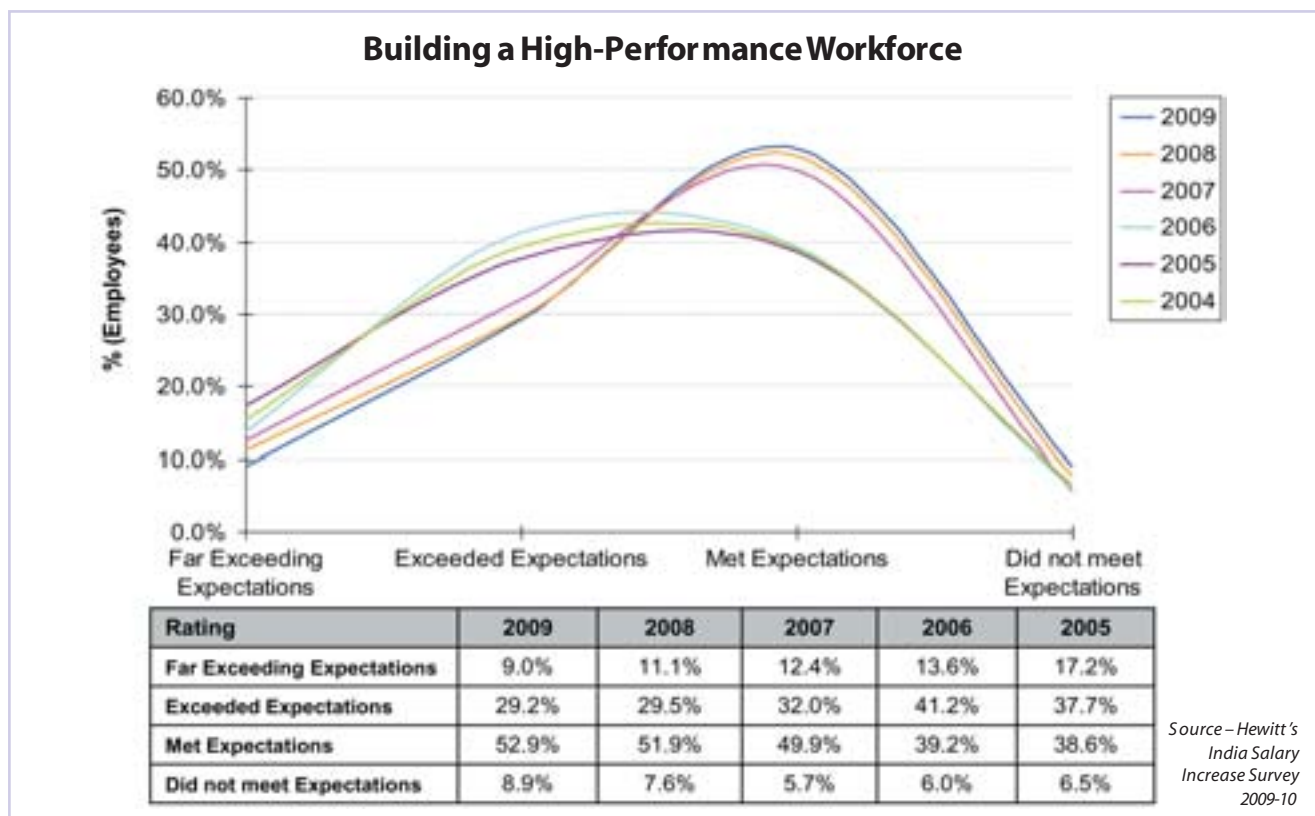
Industry	Increase in 2009	Expected increase in 2010 (Proj.)	Change	% change
Information Technology	2.9%	8.9%	6%	209%
Retail (Wholesale & Distribution)	4.1%	11.1%	7%	172%
Banking/Finance/Insurance	5.1%	10.5%	5.4%	107%
Engineering, Procurement and Construction	6.9%	12.6%	5.7%	82%



Source – Hewitt's India Salary Increase Survey 2009-10, CSO 2010, OEF - Country Eco Forecast

The key learning from companies in this downturn, when it comes to pay and benefits, has been to look at consolidation and to keep the lessons learnt from the immediate past. Performance appraisal and linkage of performance to pay, both in short and long terms, has emerged as a very strong trend. Goal setting takes a very important role again in the overall performance management process,

providing both, a medium and long term horizon on expectations and achievement of individuals and how those can be aligned to the organization. Companies are looking at strengthening this performance management process and communication takes a primary role in this transformation.



Source – Hewitt's
India Salary
Increase Survey
2009-10



Source – Hewitt's India Salary Increase Survey 2009-10

The trend shows that companies will continue to reward for performance and will work on creating a bouquet of incentives to cater to short, mid and long term engagement needs of the employees. Companies are looking at consolidation in this coming growth phase. They continue to look at growing but subject to corporate governance, as business results would continue to be important but the means to achieve them will take a decisive stage for decision making.



Sandeep Chaudhary,
leader of Hewitt's
Performance and
Rewards Consulting
Practice in India

About Hewitt's Salary Increase Survey

Hewitt surveyed 465 organizations across different ownerships in the 14th annual salary increase survey concluded on March 01, 2010. This being the most exhaustive study in the area of performance and rewards in India - Hewitt analyzed information across 20 primary industries and 27 sub-industries. The study measures actual and projected salary increases, variable pay and performance data across six employee categories, from top executive to manual workforce. The data for the survey was collected over December 2009 – February 2010.

About Hewitt Associates

Hewitt Associates (NYSE: HEW) provides leading organizations around the world with expert human resources consulting and outsourcing solutions to help them anticipate and solve their most complex benefits, talent, and related financial challenges. Hewitt consults with companies to design and implement a wide range of human resources, retirement, investment management, health management, compensation, and talent management strategies. As a leading outsourcing provider, Hewitt administers health care, retirement, payroll, and other HR programs to millions of employees, their families, and retirees. With a history of exceptional client service since 1940, Hewitt has offices in 33 countries and employs approximately 23,000 associates who are helping make the world a better place to work. For more information, please visit www.hewittasia.com.

Towards a Strong Employee Recognition Program

■ BY PANKAJ BANSAL

Abraham Lincoln once said, “Don’t worry when you are not recognized, but strive to be worthy of recognition.” As employees work hard to achieve recognitions in today’s corporate world, having a strong employee recognition program is a must for organizations

Rewarding an employee is an event based outcome for the good companies, whereas reward and recognition is a way of life for great companies! As we come out of one of the biggest recessions in world economy and organizations go back to hiring, the biggest battle is going to be for the acquisition of talent. At times like these, HR departments can add real value by focusing on areas that enable retention of quality human capital, which an organization can not afford to lose. Reward and recognition systems create the platform in a company on which the culture of affinity and belongingness is built that ultimately translates into better productivity from employees. Therefore, reward and recognition programs may build very strong connect and also address some deeper cultural issues.



1 DESIGN OF A STRONG EMPLOYEE RECOGNITION PROGRAM

Only a good design can define a great implementable system that satisfies all stakeholders and achieves its goals.

a. Overlooked Tenets

There are many areas that are overlooked while designing the rewards and recognition programs and organizations end up making mistakes. Some of the most common of them are:

- The effect of a collective reward is the same as that of an individual award
- The actual presentation is not important
- Reward and Recognitions are same
- Outsourcing rewards is all about outsourcing the merchandizing part
- Rewards and recognition system don't have complexity based on employee base, their culture, background, et al.
- Recognizing all employees or doing it too often actually underplays the contribution of hard working employees

Keen interest from all the stakeholders, expert advice and a lot of attention to detail is required to ensure that one does not commit these most common mistakes.

b. Design Principles

Having discussed what not to overlook, let's discuss about designing the system. From the organization point of view, there are multiple ways a reward program can be structured to recognize employees. It is a multi-faceted approach with several criteria some of which are presented below:

c. Build or Buy

Today's organizations are becoming diverse in all areas and have workforce from various cultures, ethnicities and societies. In such a case, it is very important to understand the nuances of different cultures and society. For instance, appropriateness of merchandise given as a reward is so very important. Gifting a clock to a US employee is perfectly fine while the same is not true for a Chinese employee. Giving a Chinese employee a clock means that you are indicating that you wish to attend their funeral. Scary isn't it! Picturing in such nuances and factoring it in the design of rewards and recognition system requires detailed work.

A company must decide whether to build or buy the system based on the competence it has and the resources required to run it. There are several factors that help a company decide on which path to take, for example: the complexity within the organization in terms of locations, reporting structures, type of business etc.

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CATEGORIES	EXAMPLES
Time Based Recognition Awards	Rewards that are time based like monthly, quarterly, half-yearly, annually, et al.
Rewards for Operational Excellence	Rewarding best delivery team, rewarding for customer delight, et al.
Functional Groups	Rewards for excellence in function like sales, finance, et al.
Popular Awards	'I want to be like you', 'My Mentor'.

Ultimately, it is the company's mission, vision and values that decide what and who are to be rewarded and what kind of behaviour should be instilled in the company. The rewards and recognition program must incorporate these guiding principles.

BUILD OR BUY?
FACTORS TO CONSIDER FROM HIGH SEVERITY TO LOW SEVERITY
Complexity of the Organizations
Numbers of locations
Reporting structure
Type of business
Diversity among employee
Budget constraints
Service Level Requirements
Requirements of Consistency in Employee Experience

If an organization rates itself using the above framework and the severity score is more than 50%, an outsourced model might be better suited. For instance, if a company has high severity score on number of locations, diversity among employees and requirements of consistency in employee experience, clearly outsourcing the reward and recognition system is the better option.



2 HOW TO OUTSOURCE AND BUILD A STRONG REWARD SYSTEM?

When a company decides to buy rather than build its rewards and recognition program, it must ensure that the chosen vendor has the right people, processes, technology and experience to implement the envisaged program. The vendor appreciation and understanding of client's organizational culture is the key for success of the program. If there are too many approvals to reward an employee, it means too much of lost time and loss of value of the entire program. So keep it simple!

a. US Example

Large companies in US like IBM, HP, Xerox, ADP, Autodesk, Capital One, SAP, et al, have outsourced their rewards and recognition programs. As the western market is pretty mature, with many players and well defined services, the evaluation criteria as well as the services offered are well defined.

b. Communication Model

Communication, top-down and bottom-up, hold the actual key to success. The criteria of the awards and what behaviour is being recognized must be clearly communicated to all the stakeholders. The rewards and recognitions must be in sync with the behaviour that the employer wants to encourage. And most importantly, it must be connected and aligned to performance management, personal development, and reward and career progression programs.

c. Governance Model

A 3-tier governance structure involving stakeholder from the client and the outsourcing vendor should be in place which monitors the success of the program and make changes to the overall program if need be.

Evaluation Criteria for recognizing outsourcing vendor	Increased Employee Engagement, Employee Participation, Redemption rate, On-time delivery, Percentage of Objectives attained, Management of Global Delivery System, Technology: dashboards, Online tracking, Single Sign On, Integration with ERP like SAP, Oracle
Services offered by recognition outsourcing vendor	Total recognition solution, Recognition system design, Performance based programs, Customer co-branded merchandize, Pre-paid cards, Point based awards, Anniversary/ Retirement awards, Loyalty programs, scratch and win cards, holiday gifts, Cash award management program, Nomination based program including peer-to-peer nomination

d. Indicative Commercial Model

Let us look at a typical commercial model for a company whose strength is 10,000 and the company wants 10% of its employees to be covered in the reward system every year. With a servicing expense of Rs.10- 15 per employee per month (excluding the cost of merchandise), an out-sourced vendor should be able to run the program. This would include the technology, the man power and all other resources to run the entire program. For the client, it translates to an expense of Rs. 100,000-150,000 per month. Generally the design and one time setup is over and above. Is it not a worthy investment?

3 CHALLENGES

a. One size does not fit all

Reward systems vary significantly across companies. The system that's a success in one organization might be a big failure in another company. The solution must be customized and in case need be, tailor made for each organization.

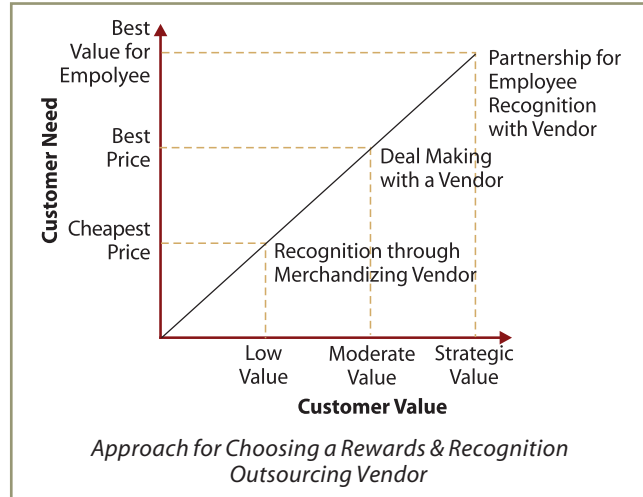
b. Determining what employees will most appreciate

The outsourcing partner must try and understand as to what the employees want. Continuous innovation to keep the program relevant and exciting is very important. Right from the CEO to a manager to the front line staff must understand and support the program. In case any part of the value chain fails to realize the importance of the exercise, the program does not meet the purpose it is set out for.

c. Vendor Relationship

We have seen many times that recognition outsourcing project does not realize its full potential. This is invariably because the relationship with vendor is transaction oriented rather than relationship oriented. The real reason why companies outsource recognition is because of

COMMUNICATION, TOP-DOWN AND BOTTOM-UP, HOLD THE ACTUAL KEY TO SUCCESS.
THE CRITERIA OF THE AWARDS AND WHAT BEHAVIOUR IS BEING RECOGNIZED MUST BE CLEARLY COMMUNICATED TO ALL THE STAKEHOLDERS



the process advantage rather than the cost advantage. The recognition outsourcing partner must be treated as a partner and work as an extended arm of your HR team. When a relationship like this is set, the real advantages of the deal are realized.

WHAT SHOULD THE OUTSOURCING PARTNER BRING ON TO THE TABLE?

N=1 is the mantra of today's world, be it FMCG companies trying to create a beauty product to cater to each possible consumer group or an outsourced rewards and recognition program trying to make each employee feel special. The outsourcing partner must design and run the program that makes it possible for each employee to be heard and taken into consideration and that too without losing the personal touch. The rewards system must be designed in a way that the subordinates, peers and superiors all have a say on who gets awarded and that too without too much of hassles. Not to forget that peer-to-peer recognition is the key!

It is very important to understand that it is not the material value of the reward that's important but the intention and process used to zero down on the employee who is to be awarded. Sometimes, a few words of praise can do the trick which a very expensive merchandise cannot.

In a world, where the only differentiator among companies is the human capital, nothing is a more important asset to a company than a connected and motivated workforce. A strong recognition and reward system built on the 'foundation of genuine and deserving appreciation' will ensure that the human capital is kept intact. If the structure and system is aligned and designed for this principal, a company can never go wrong. Organizations, however, should be extremely worried if those who are worthy of recognition are not recognized by them! ■

Pankaj Bansal is Co-Founder and CEO, People Strong. He can be reached at pankaj@peoplestrong.com

No more pay per sale...

Compensation of sales managers has always attracted debates like a magnet. **K.S. Kumar**, Executive Vice President, Human Capital, Fullerton India, offers certain parameters to put all arguments to rest



Like the Mad Hatter's "Why is a raven like a writing desk?" in Alice in the Wonderland, I couldn't help thinking that the usual approach to Sales Compensation often makes Sales staff ask this question – "How is my performance linked to my compensation?" And for most, the answer is similar to the Mad Hatter's response: "I haven't the slightest idea!"

In a sales organization, a discussion on sales compensation is usually a discussion based only on the incentive plan! The typical approach is to set the fixed pay closer to the median of the market with incentive as the avenue to attain better mark-to-market percentile positions. The ratio of fixed pay to variable is sometimes at a low of 80:20 and sometimes as high as 40:60. Most managers desire to automatically weed out underperformers through lower compensation and keep their performers on their toes always with a significant variable element. Depending on the industry or the product, incentives are mostly paid out monthly or quarterly and occasionally half-yearly. Annual payments are rare for field staff but seen as a practice for regional sales roles as annual payments end up being considered as a bonus and runs counter to the philosophy that reward should be as close to the actual performance to be effective and drive performance.

Dangling the proverbial carrot is a skill that sales managers vie to attain excellence in and sales compensation is heavily biased by this philosophy. The key objectives of sales compensation should be:

- To drive higher sales measured most often in units of sales in order to create good performance and sustained growth over the long term.
- To promote customer stickiness by cross selling additional products with product wise thresholds.
- To create guidelines and rules that prevents staff from "gaming" the system.
- To drive prudent credit decisions in case of financial services with hold backs of payments earned.
- To drive higher participation in the incentive plan

Unfortunately, the intention to be comprehensive, balance all products, set detailed guidelines and encourage participation often ensures that many plans suffer from the following issues:

- Targets set at the head office and assigned to regional/local offices out of sync with actual potential.
- Complex plans with too many targets - thresholds are either easy and do not change behaviour or too hard
- Sales Contests over and above the incentive plan run

to cover short term dips in performance in specific products resulting in sudden increases in sales (often with mis-selling) and drop in performance after the contest – almost like withdrawal symptoms!

- Managers goals often not aligned with the sales staff goals – objectives of profitability often conflict with the 'more sales units' goals of the sales staff.
- Too many caveats leaving staff frustrated or unclear on how much they will earn or lose.
- If performance trend is below minimum threshold during a particular month, many stop trying. Once threshold for earning is achieved, some stop trying to achieve beyond the threshold and instead hold sales leads and postpone to next month to help attain the minimum.
- Low performers continue in the system while strong performers get disenchanted with the tougher targets and new rules.
- High fixed variable ratios make financial coping difficult for the strong performer who has a couple of bad months – the drop in incentives hurt quickly and keep people on a constant treadmill.

The economic downturn and the pressure on costs have made many organizations review their sales compensation plans. Employers have had, on the negative side, to deal with employees mis-selling resulting in losses, lack of adequate customer due diligence and outright fraud. In many companies, lower sales across all sectors have automatically lowered incentive earnings. Coupled with higher inflation, the lower earnings were a double squeeze for employees.

As organizations try to address these issues, they have created some new trends, which are:

1. Balancing fixed and variable pay with a bias to reduce the variable or 'at risk' pay.
2. Organizations particularly in financial services hurt by the credit crisis are focusing more on 'responsible selling' with an increased trend to back end part of the payments to be released after confirming that no mis-selling or poor credit performance has occurred.
3. Tighter performance management metrics to ensure that sales plans are more closely intertwined with organizational objectives – a closer link with indicators of profitability.
4. Reworked communication to ensure greater comprehension.
5. Increased focus on audit and due diligence of construction and payments of Incentive Plans.

However there are clearly several ways to improve overall sales management and align compensation more closely to longer term objectives.

Balance Short Term & Long Term Parameters

Move the typical short term bias on objectives and targets towards a balance between the short and long term. This needs to be clearly specified in goal sheets and shared through levels of management. The reward could be through a pre-defined amount as a bonus if long term parameters are met. While this approach clearly puts money behind the organizational objectives versus individual objectives, a defined sum could also promote retention.

Balanced Scorecard

Performance Management reviews tend to be an accumulation of monthly target achievement and people issues often don't get adequate focus. As these reviews lead to the annual compensation review, a balanced scorecard approach with equal weightage to people, process, customer, business and financial goals would be a useful method to temper sales at any cost. This will support both audit and team objectives, help identify the individuals with potential for sales and business management and avoid making bad managers out of exceptional sales officers.

Improved Communication

There is a huge opportunity in both simplifying and increasing the frequency of performance linked compensation targets and goals. Consider replacing complex policy documents and caveats with 'Earning Tables' which show the actual rupee value that will be earned for every

unit of performance. Clearly specify deductions or take outs and leverage technology to keep employees informed on a daily basis if possible of where they stand on the earning table or what additional effort is required to move to the next slab. Earning tables should be easy to understand and there should be no hesitation to put these on notice boards or to provide a sales compensation payslip on a monthly basis just like a monthly payslips.

Enhanced Recognition

It is often said that people join a company but leave their supervisors. Lack of recognition is often cited as a key reason for disengagement and ultimately 'surfing the thresholds' performance and attrition. Many organizations do a great job of a structured recognition program that transparently identifies/ classifies performers into groups with clear benefits to graduate into the higher cat-

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egory. One retail organization has a guaranteed overseas trip with recognition from the CEO for their 'Club 100' each year. A pat on the back, an appreciation card, small awards, dinners, et al, have a big impact when delivered with a personal touch.

Transparent Career Paths and Development Plans

Slightly obtuse perhaps, but better compensation can be delivered if a structured and transparent career path is published that allows employees to see what they need to achieve both in terms of performance and skills to get promoted to the next level in the organization. The next level should represent a higher compensation level and with a clear enhancement of responsibilities that justify the higher compensation. It is essential that these steps are not just sales target achievement steps but include, for instance, certified skills relevant to the next role like managing through metrics, advanced product expertise and coaching for performance. Focused development by design is often a cherished reward!

Design for loyalty and retention

Appropriate elements in the compensation structure that support retention both in the same role and in the

organization linked to performance can be added. Reward a sales officer to remain a sales officer if that is what he is best suited for rather than try to make him a sales manager and setting him up to fail. Some innovative methods have included a role specific retention of part of the monthly incentive with a matching contribution from the Company that is paid out if the employee remains with the organization for between three to five years. Another innovation is share of branch level profitability on an annual basis provided one remains part of a particular branch for long.

In summary, the clear direction fuelled by the downturn is a focus on responsible selling with rewards spread over the lifecycle of revenue from the product with a balance of audit and compliance. Recognition and developmental focus are useful non-cash high impact rewards that can help align heart and mind with the organizational objectives. share of branch level profitability on an annual basis provided one remains part of a particular branch for long.

In summary, the clear direction fuelled by the downturn is a focus on responsible selling with rewards spread over the lifecycle of revenue from the product with a balance of audit and compliance. Recognition and developmental focus are useful non-cash high impact rewards that can help align heart and mind with the organizational objectives. ■

K.S. Kumar is Executive Vice President, Human Capital, Fullerton India

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Compensation: Cost or Investment?

Hay Group's **Reena Wahi** and **Simran Oberoi** examine the trends and implications for businesses in India

**REWARD IS
NOW A TOP
MANAGE-
MENT ISSUE**

**WITH THE CEOS
AND BOARDS
GETTING CLOSELY
INVOLVED**

Is compensation a cost or investment? This is a dilemma that every Human Resource professional faces year on year when convincing CEOs and CFOs to approve the year's salary and bonus budgets. And this question is now even more critical as India is seeing a spiral increase in compensation payouts, which impacts the overall cost arbitrage of India's competitiveness in the global economy. Compensation strategies, so far, have been designed within the four walls of the Human Resource office and are not yet topics of discussion in board rooms, with the exception of the CEO's pay package!

Traditionally, most of the companies in India (including MNCs) view communicating and tracking compensation from a cost perspective since they use the Cost-to-Company (CTC) approach rather than the Value-to-Employee approach for all key aspects – attraction of talent, reward communication and monitoring pay competitiveness. There are various reasons for this:

Limited role of HR in strategic decision making: Historically, the Human Resource department was accustomed to operating within pre-defined budgets that were provided to them by the business and finance teams. They had limited or no influence on decisions pertaining to the business strategy and its linkage to people strategy, which subsequently defined the compensation strategy.

Emphasis on external market practice for cash pay components: When organizations monitor employee remuneration as a cost, they tend to be followers, that is, they track

market trends to compare the competitiveness of base salary or total cash and their requirement is to match the market pay practice. Such practice tends to negate the effective use of compensation as an effective tool of organizational strategy. Furthermore, it undercuts the organisation's ability to reward employee vis-a-vis its top-line and bottom-line performance.

Compensation structure design primarily focus on tax effectiveness: In India, allowances form a large part of compensation structure and one of the primary reason behind this has been the various tax deductible provisions in the Direct and Corporate Tax structure of India. Every April, the focus has been to re-design the architecture to accommodate these changes and minimize tax outflow with little consideration of whether the structure works to drive sustainable performance or not.

High fixed cash components in the pay mix: According to Hay Group PayNet (our comprehensive global compensation and benefits platform), the total value of allowances adds up to 40% of the Total Remuneration and matches the Base Salary values almost equally across levels. With this type of structure it is imperative that organizations tend to view compensation as a cost to be monitored.

The result of viewing and managing compensation solely as a cost is that the organizations develop strategies that culminate in short term solutions. In turn, this leads to:

Disengagement rather than higher engagement: Companies that were using compensation as key means of retaining employees (either through higher salaries or

retention bonuses) were forced to reduce employee cost. Compensation budgets being squeezed or reduced to minimal levels combined with few other alternatives being built in, led to high levels of disengagement and a drop in motivation. According to Hay Group's research in 2009, a review of 1,249 leaders from high-profile organizations operating in the Indian market revealed that over 60% of the leaders were not engaging the employees they led and were in fact, demotivating them; only 18% were creating and engaging environment that encouraged high performance.

Operating cost pressures: In terms of monetary cost, employee costs constitute almost 50-80% of the overall operating cost of the company mainly because the quantum of compensation payouts is determined by market demand and supply factors of the job, and not by relative job worth and its contribution. Moreover, the lack of corresponding productivity and performance on the part of the employee leads to enhanced pressures on overall operating cost.

Pay structure not linked to performance: When the pay structure is more cash-centric especially focusing on fixed components, it does not drive performance.

With companies now focusing more on rebuilding profitability, reward is more under the microscope with CEOs asking the following questions:

1. What performance are we getting in return for what we pay?
2. What is the effectiveness of all the costs allocated to reward?
3. What is the ROI?

Hay Group's recent global research paper "Changing Face of Reward" highlights that reward is now a top management issue with the CEOs and boards getting closely involved. Therefore, it is time for Human Resources now to manage compensation as P&L and learn the art of striking a fine balance between cost containment and investment maximization. This is more relevant in the Indian context where structural changes in tax laws will require more innovative approaches to attract and retain employees.

So, how does one achieve that balance?

Periodic realignment of reward strategy to ensure its alignment to business strategy: With the dynamic nature of business

these days with business models, strategy and operating models changing frequently, it is critical for HR to periodically review the alignment of reward to business. This can be effectively done with the use of a Total Reward Framework that aligns business needs and employee needs.

ROI to be the key metric on HR Scorecards: Along with other HR metrics like attrition, employee engagement scores, et al, ROI too should now become an important metric on the HR Scorecard and the effectiveness of all tangible and intangible reward programmes should be tracked periodically.

Pay for relative worth of the job rather than the person: When compensation is treated as a cost, organizations tend to focus on paying the person rather than for the job size. They prefer to calculate the feasibility of hiring a person depending on what the employee would cost them, rather than identifying the overall value that is being invested in the new employee because the job that he/she is performing is critical. Also organizations tend to create internal equity issues when they use the cost approach by hiring at different pay levels irrespective of the defined pay range for a job. If they use the investment approach they would be defining a pay range for a certain role/job and hiring within that.

Performance is the new mantra: Organizations which track employee pay as cost, tend to provide inflationary or purely market based salary increases. However, if compensation is an investment, then merit-based increases are vital since they recognize past performance and drive future performance as well. Variable pay is one of the critical levers for driving performance and engaging employees in organizational goals. Apart from incentives and bonuses, differentiated reward structures for high performers and critical roles would help in using limited budgets effectively.

The challenges that lay ahead are developing and delivering reward programs that drive performance and retaining and motivating talent without affecting the bottom-line.. This may sound like a tall order. However, organizations who can keep their eye on the ball will reap better returns in terms of long-term business performance. ■

ROI SHOULD ALSO NOW BECOME AN IMPORTANT METRIC ON THE HR SCORECARD

AND THE EFFECTIVENESS OF ALL TANGIBLE AND INTANGIBLE REWARD PROGRAMMES SHOULD BE TRACKED PERIODICALLY

Reena Wahi is Managing Consultant and Head of Reward Strategy at Hay Group.
Simran Oberoi is Asia Pacific Chemical Sector Leader at Hay Group.

It All Adds Up!

Piyush Mehta, Senior Vice President-HR, Genpact, talks about the relevance of the total value proposition strategy in the success of Genpact

Every organization's key expectation from its compensation philosophy is to attract, reward and retain talent at an optimal cost. The total rewards program may include base pay, variable incentive plans, equity based plans, benefits and recognition programs. But is this enough to achieve the above goals? The answer may have been a 'yes' a few years ago, but if someone is asked this question today, the answer – would be 'no'. A total rewards program alone does not differentiate one organization from the other. And this is the reason why Genpact moved from total rewards approach to total value proposition strategy.

Over the years, the definition of total rewards has expanded and it now comprises of cash compensation, variable pay, long term pay, benefits and last but not possibly the most important, career advancement. While monetary compensation is essential to attract skilled workforce, it is equally important to give them a line of sight in to what the organization can do for them in terms of their professional development and growth. At Genpact, training and development are integral to this value proposition. Our consistently low level of employee attrition year after year is a testimonial to the success of this value proposition.

A TOTAL REWARDS PROGRAM ALONE DOES NOT DIFFERENTIATE ONE ORGANIZATION FROM THE OTHER. AND THIS IS THE REASON WHY GENPACT MOVED FROM TOTAL REWARDS APPROACH TO TOTAL VALUE PROPOSITION STRATEGY

Ours is a young workforce and we understand their needs – both personal and professional. Ten years ago we launched a program called Education@Work, which allowed employees to enroll in to management courses and continue their education while working. Today, the Education@Work program boasts of 80 internationally acclaimed courses and 14,000 enrollments. The intent continues to empower working professionals with Best in Class Trainings and building a vast internal talent pool for Genpact.

Last year was a tough business year and most organizations were taking a placid approach to training and development. Genpact however, continued to strengthen its talent pool by investing over 40,000 hours of leadership development training for over 500 high performers to prime them for the next level. Our flagship programs like GOLD (Global Operations Leadership Program), HRLP (Human Resource Leadership Program), FMP (Financial Management Program) and IMLP (Information Management Leadership Program) are designed to build domain depth and provide individual career growth as each trainee undergoes rigorous training in their domain coupled with first hand project management experience and job rotations.

The reward and recognition programs are also a critical element to the total value proposition. We reward top performers in both monetary and non-monetary ways. We have fine tuned our rewards program to suite different employee demographics. The focus for middle and senior management is on high visibility, organization wide recognition and nominations to external forums, consortiums and seminars. The reward strategy for front line managers and operating teams, on the other hand, is to give instant performance rewards through our catalogue reward systems, peer to peer recognition platforms, et al.



ORGANIZATIONS NOW NEED TO LOOK BEYOND THEIR CURRENT OFFERINGS AND INCORPORATE THE VALUE PROPOSITION IF THEY WISH TO COMPETE IN THE TALENT MARKET

opportunity to change their role after every 2-3 years is both exciting and career enhancing to them. And that's just what we offer. On an average, Genpact employees get a role change in roughly two years (*lateral or vertical*) depending on their performance and readiness. In 2009, we had over 6,000 promotions globally with numerous employees getting selected for global assignments and cross functional projects. We encourage high performers from line to move to domains like Six Sigma, Re-engineering, Transitions, Business Development, Training and Human Resources to provide a cross functional depth – an essential for every true leader.

We have leveraged on our technology to provide employee friendly work set ups like *Work from Home*. Employees who work on rule based processes (typically single contributors) enjoy the opportunity to work from home thereby maintaining a healthy work life balance. It's priceless for those who dread long commutes and wish to balance their personal and professional responsibilities. For those who work from our offices, the environment is open, transparent and employee friendly. We encourage employees to participate in our corporate social responsibility programs to foster a sense of overall fulfillment.

Finally, employees today are looking for more than a loaded paycheck. More and more people are being driven to look at job changes not only from the perspective of increase in existing compensation but also the value proposition of the next employer. Organizations now need to look beyond their current offerings and incorporate the value proposition if they wish to compete in the talent market. From a first hand experience, managing employee satisfaction through total value proposition is far tougher than managing through traditional total rewards approach. The total value proposition approach has many levers that can impact employee satisfaction. So, as an organization we have to focus on all these levers and can not afford to neglect any. ■

A pertinent question in any high performing employees mind will be 'Where am I headed?' An ideal performance management system should answer that before the question is tabled. Our performance management system allows the management to conduct a bi-annual talent assessment and succession planning for each employee and link it to their growth and career aspirations. This kind of timely performance evaluation provides the employee with the required feedback that can help them improve their individual development areas – some thing that employees actually look forward to!

The new generation of employees knows that true education is 'on job' and therefore an



Demographically Customised Rewards

Demography, as also customisation of rewards plays a vital role in an organisation's ability to attract and retain talents

■ BY R. SANKAR

It is that time of the year when the energies and attention of HR professionals are focused on decisions relating to salary increases, bonuses and offers on the campuses. It is therefore just the right time to reflect on a crucial aspect of remuneration, namely demographics.

Demography is defined as the study of populations. In the context of remuneration, it has two aspects – external or societal and internal. Externally, it refers to the impact that changes in population in a society have on the remuneration practices employed by organisations in that society. Internally, it refers to the extent to which the aspirations of different segments of an organisation's workforce impinge on the organisation's remuneration practices on the one hand and the extent to which an organisation's remuneration practices can be attuned to attract the segments which the organisation feels it needs on the other. Demography plays a crucial role in an organisation's ability to attract and retain talent.

Societal demography

We are an ancient civilisation but a young country. Young not only because our post-colonial history is a mere 63 years old but because 48% of our population is below 25 years of age¹. Economists refer to this as demographic dividend, which few countries enjoy today. However, depressingly, 23.6% of our youth is illiterate². And of those that have had the benefit of a tertiary education, only few are employable. We face the enormous challenge of providing access to universal, good quality education to our youth. The pace and extent of our response to this challenge will determine how well or poorly and how soon we will reap the demographic dividend.

A key aspect of demography is gender. While 48.4% of our population consists of women³, only 6% of them are part of our organised workforce⁴. Social factors and attitudes play an important role in women joining and staying in the workforce. Many of them drop off after marriage to raise a family. Given our talent shortages, we need to innovate around HR and

A KEY ASPECT OF DEMOGRAPHY IS GENDER. WHILE 48.4% OF OUR POPULATION CONSISTS OF WOMEN, ONLY 6% OF THEM ARE PART OF OUR ORGANISED WORKFORCE

remuneration practices that would enable us to benefit from the skills that women bring to work.

Thanks to advances in medicine that we are now living longer than before. The average life span of an Indian rose from 59.7 in 1995 to 64.7 in 2007⁵. Again, given our talent shortages, it seems wasteful for us to pension off capable, senior and experienced employees. While physical and some

mental capabilities tend to decline with age, older employees provide corporate memory, the richness of their experience and wisdom that is hard to teach. They are also a source of stability and reassurance to a young workforce whom they can coach and mentor. Organisations facing talent shortages would do worse than review their policies and practices, not least those related to remuneration, to tap into this growing talent pool.

I come to yet another aspect of our demography: the differently-abled. Too many organisations require the same level of fitness and physical ability of all their employees regardless of the different roles the employees would play. Thus there are standard fitness tests that candidates must pass in order to qualify. I know of candidates who are colour-blind being rejected for roles that did not require superior abilities at colour recognition!

As more and more of our youth join the organised sector, they will bring enormous diversity to the workplace. This will present opportunities (the advantages of diversity are well-known) but pose challenges as well. For too long have managements represented the urban, engineer-MBA, CA paradigm. Given that our elite professional educational institutions are too few in number to cater to the requirements of our burgeoning population, it is inevitable that this paradigm will change. People with other backgrounds will tend to bring a different set of experiences and values and will also likely view issues and problems with different optics. Finally, as Indian organisations extend their global reach, they will have to pay attention to attracting and retaining a global workforce with implications for rewards, organisational culture and talent management.

Internal demography

An organisation's internal demographic refers to the constitution and evolution of its workforce and the changes to which it is likely to be subject to in the future. Aspects of internal demography include education, age, gender, language, skill, nationality and performance. In our context, it would also include sections of the work-



force from marginalised communities, castes and regions.

Organisations do tend to differentiate on the basis of education. Higher scholastic achievements and qualifications from better-regarded institutions do tend to be rewarded higher at entry level. Rightly, such differentiation ceases to have merit thereafter and performance takes over. Age and gender are well understood but inadequately addressed through HR and remuneration policies. Remuneration policies in old-era organisations tend to be more benefits-oriented, rather than cash-oriented. For instance, a typical pay structure would consist of employer provided housing, retirement and healthcare contributions. Such a structure would find favour with older employees but will not attract younger ones who typically want larger amounts of cash on hand. Similarly, many organisations have one-size-fits-all pay policies and structures that are not aligned to the needs of women.

Unique skills including language must be recognised and rewarded. For instance, a company that seeks to expand its business in Japan must recognise and reward Japanese language skills. Employers have invested significant effort and money in creating and updating their skills inventory but the extent to which they reward differentiated skills is a moot point.

Cost and quality of living vary from country to country. Therefore companies with a global workforce have had to calibrate their remuneration policies to take account of these differentials. Problems arise however when employees from one country are asked to relocate to another country. Are such employees to be paid at par with the employees of the country to which they are being asked to move? Or should they continue to be paid their home country salaries? Tax considerations and job opportunities for the spouse who may have to give up his or her career in the home country also play an important role in such decisions.

Demography and Rewards

It is important that employers craft policies and practices that are sensitive to societal and workforce demo-



AS INDIAN ORGANISATIONS EXTEND THEIR GLOBAL REACH, THEY WILL HAVE TO PAY ATTENTION TO ATTRACTING AND RETAINING A GLOBAL WORKFORCE WITH IMPLICATIONS FOR REWARDS, ORGANISATIONAL CULTURE AND TALENT MANAGEMENT

graphics. This calls for a high degree of innovation and an inclusive mindset. In the matter of remuneration, issues for consideration include:

- Flexible pay structures that cater to the needs of a diverse workforce
- Restructuring work and pay to make it possible for retiring employees to work for longer
- Restructuring career paths and HR policies to make it attractive to retain women for longer and provide

them with opportunities to reach the highest positions in the organisation

- Customised pay and careers for the differently-abled
- Flexible work and pay practices to allow employees to work at their own pace and from home
- Special efforts (through training and on-boarding) to include employees from disadvantaged sections in the workforce
- Pay and rewards that allow employees to alter the structure of their pay depending on their needs at a given point in time (like sabbaticals, healthcare and pension contributions, flexible work hours, et al)

As customisation comes at a cost, employers must balance it against considerations of efficiency and administrative ease, and must communicate their policies and their rationale and benefits to the wider world especially to the talent segments they wish to attract and retain.

The difficulty of implementing customised, flexible reward programs in our country is the expectation from employees to have the cake and eat it too! How often have we heard from employees that they want work-life balance but that they should be paid and treated just the same as employees who are prepared to sacrifice work-life balance to further their careers? This leads to inequity and unfairness. Employees must be educated to understand trade-offs and to accept the consequences of the choices they make. They cannot and ought not to expect the best of too many worlds. ■

1. Source: US Census Bureau, Internet Database, December 2007 (latest available data).
2. Source: 2000-2004 data from the Education for All Global Monitoring Report, UNESCO (2006).
3. Source: CIA World Factbook
4. Source: A press release from CII, 2005
5. Source: World Bank, World Development Indicators

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Monetary Compensation? Not enough!

■ BY VARD A PENDSE

Sanguine economic indicators and enhanced business activities have left employees looking for more than just mere compensation

The last 18 months have provided some relief to the Compensation and Benefit Managers! Well, low or no increment management decisions must have been a relief with no employee queries and grievances to handle. Employees were concerned about maintaining and ensuring job security more than compensation. Business manager's expectation ensured that the HR Managers had to shift gear completely from attraction and retention to measuring efficiencies and productivities.

However, since the last few months, life is once again on the upward spiral albeit with many twists and turns – some know and some unknown. Various aspects related to managing and retaining employees seem to have undergone a complete change in the last 18 months. And now the HR managers need to once again shift gear and deal with different and conflicting aspects. The balancing act between the aspects will be the key challenge!

Measuring Economic Parameters and Impact on Employee Sentiments: After a phase of deceleration in growth during the second half of 2008-09, the Indian economy exhibited signs of recovery during the first half of 2009-10. The first quarter of 2009-10 saw GDP growth of around 6.1%, which accelerated to 7.9% in the second quarter of 2009-10. The growth was driven by a strong revival in industrial output and better performance of the services sector. The Indian stock markets too had been severely hit by the global crisis. However, stock market trends are now signalling revival of confidence amongst the Indian and foreign investors who are now beginning to believe that the Bulls are here to stay!

The agriculture sector, however, witnessed a deceleration in growth during the second quarter of 2009-10 partly reflecting the impact of a deficient south-west monsoon. As prices of food grains spiraled, the inflation exhibited a dangerous upward trend. The government hiked the petrol prices as well, which will have a cascading effect on price hikes and therefore inflation.

Economic growth figures are all positive as compared to 2008-09. But when we compare to 2007-08, perhaps the growth just does not seem to have happened. Financial results of



2009–10 reveal that while most companies showed a positive growth in the bottom line, the top line had just not grown as compared to earlier years.

The positive economic indicators are reflected in the headlines, which discuss the fresh investment, expansion plans and fund inflows all geared towards the growth of the economy. However, as one of the PE analyst shared - the mood is of cautious optimism. Global economy is still on the path of recovery and the future of the Indian economy will be impacted by global economy, local demand and the monsoons.

Enhanced activities and positive economic indicators inspite of inflation has had a positive impact on the employee sentiments and there is a sense of buoyancy especially amongst the younger employees. Job markets have opened up and recruitment agencies are back on calls. Uploading a resume on the internet implies atleast 3 calls within a week. Fear of job loss now seems a distant past. Aspirations in terms of salary increases are high.

But HR managers have to deal with Business Heads and CEOs for their approvals. Business Heads and CEOs are cautious about the fixed cost increases that they are willing to commit. This inspite of the positive outlook and growth plans, CEOs want the HR teams to look beyond compensation for attracting and retaining talent.

Simplification of Structure: Compensation in India has been traditionally driven by talent availability, income tax rules and inflation. For the first time both inflation and income tax seem not to have a critical role to play in determining the compensation levels. Income tax had over the years reduced the tax breaks available to various salary components resulting in simpler compensation structures. Direct Tax code bill introduction has further simplified the structure. Companies are moving away from the Flexible Plan/ Reimbursement-driven structure. Many companies have already encashed benefits such as housing, car and loans and the trend would continue. Younger employee profiles and income tax rules would perhaps make the Compensation and Benefit Manager's life a bit easier!

Spiraling Benefit Cost

HR function had to review its compensation and budget and cut back on the peripherals and non essential items. One of the biggest benefit cost has been the Employee Medical Insurance cost. Over the years, medical insurance cost have increased multifold and are expected to increase further. Though companies seem not to have reduced the medical insurance coverage amount, there is a definite trend to re-define the 'family' to whom the benefit is applicable. Typically, company medical insurance plans are extended to parents, spouse and children but are now increasingly being restricted to self, dependent spouse and children because of the

UPLOADING A RESUME ON THE INTERNET IMPLIES ATLEAST 3 CALLS WITHIN A WEEK. FEAR OF JOB LOSS NOW SEEMS A DISTANT PAST

cost aspect. Another trend visible is allowing the employee to choose from the basket of benefits available. This ensures for the company a control over employee benefit cost and for the employee the ability to choose the benefits as per his requirements.

Recent amendments in the Gratuity Act, increasing the maximum gratuity payable from Rs. 350,000 to Rs.1,000,000 have increased the company's funding liability.

Senior and Mid level Compensation: Cost consciousness and need to reward performers is viewed more critically than ever before. 'Rewards linked to performance' is more relevant than ever before. Ratio of Fixed Earnings linked to Variable Pay is increasing especially for business roles and middle and senior roles. Variable pay is no longer tied to annual perfor-

mance but for performance over a period of time. Long term incentive plans now play a role in retaining talent as well as rewarding employees on long term contribution.

Junior Level increases: Simplification of Income Tax and lowering of Tax slabs have impacted the employees earning less than Rs.500,000 very positively. The tax burden has reduced and resulted in higher take home salary. Entry level salaries for both engineering and management campuses have not shown any increase since April 2008. Even though companies did visit campuses this year and most campuses have had a good placement for the 2010 batch, it is still marginally short of full placement. Companies have not increased their entry level salaries at the campuses. Lowering of tax slabs and no increase at the campus salaries would impact the increases provided at the junior level.

The biggest change in the recent years has perhaps been in the way compensation is viewed by management. It is a 'cost / expense' and there is a need to regularly review the productivity and performance. Performance Management needs to detail expectations, measure performance and provide linkage to reward.

From Compensation to Total Rewards: There is growing realization that monthly salary package and the annual performance bonuses cannot be the only retention tool available with HR Managers. Concept of Total Reward is gaining importance. Opportunity to learn, groom and build one's career, as well as providing the employees a work-life balance, providing an opportunity to meet personal aspirations, et al are seen as critical as compensation. Many companies are implementing sabbatical leave policy, flexi work hour and work from home policies to meet the employee needs and aspirations. Career planning/ succession planning are other initiatives that go a long way in retaining employees!

The biggest HR challenge would be in terms of educating the employee to accept the changing paradigm! ■

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Rewards Today and Tomorrow

Changes in the wake of a changing environment!

In today's scenario, rewards have become more holistic in nature than just being tangible in nature and more strongly linked with performance management

■ BY RAJESH RAI

Usually debates and discussions on compensation and its related aspects are very common among HR professionals – to the point of even saying that there is too much 'unnecessary' focus on it. In fact, during discussions on various HR subjects, I have observed HR professionals demanding discussions on subjects beyond compensation, considering rewards/compensation as very 'déjà vu'.

In the wake of the downturn, however, I have a different opinion. The face of rewards has undergone a marked change in thought. Today, where companies are focusing on cost containment and trying to optimize unnecessary rewards and compensation, their concern over retaining their brightest talent still remains. But what specifically has undergone a change?

a. Rewards or compensation benchmarking is fine but there is more to it

We all have believed in benchmarking and following the market. Indeed, this is one of the ways in which we get to know where our compensation & rewards philosophy lies and how good or bad we are. But in today's times, the decisions on these aspects have become beyond just the market. No one size fits all and hence 'to each his own' is the new approach. Therefore, whatever the market might suggest,

companies today are striving to maintain a balance between the market and internal equity/changes. They are trying hard not to go overboard or repeat what happened to salaries when the economy was on a high wave ride. Internal parity has assumed significance far higher than what was seen in the last few years. A good trend to come by!

b. High performance actually means much higher performance

The bar on performance has reached a new high. Patience towards average performance seems to be going down. Not that companies are not willing to invest in developing their employees, but then the focus of development is largely on employees who are doing very well or have potential to do so. Rewards and performance are finally drawing towards a direct straight line of correlation! There is little room for poor performers in an organizational system today.

c. Potential today is important, very important

The focus on potential and succession planning wasn't higher. With constraints and limited resources, great potential upkeep has further become tough. However, from an employee perspective, unlike earlier years, potential based rewards are not merely seen in compensation or benefits alone but in meat-



er roles, lateral movements, special projects, mentorship and the likes. Again a great trend to see! It's about improving one's skill set than just the compensation part of one's career looking at long term survival in the employment scene.

d. Cost is important and hence every increase has to be justified, even if the increase is high enough

Needless to say, focus on bottom-line has assumed larger significance across sectors. In some cases it's been a proactive approach to manage costs even if things haven't been affected, while in others, it's been a reactive one based on the downturn aftermath. Rewards and compensation assume significant importance today in board rooms (*probably the first time ever!*), balance sheets and profit and loss statements that throw EBIT or EBITA numbers.

e. Outstanding talent is still very much to be retained

No matter what, he focuses on outstanding talent still remains. Compensation or reward changes or higher benefits still very much follow great talent. All organizations today focus much higher on retaining great talent and so exceptions for them are a possibility. At the same time, the overall budgeted percentage of high performers has gone down, given the higher bar on performance. So the goodies are for the few ones who have done exceedingly well in line with the new (higher) expectations. *But the future may be slightly different, as viewed from the organizational point of view!*

Given all the above imperatives, what holds the future then?

a. Defining even more clearly what higher performance means & retention of exceptional talent, however with a rider

Clearer definitions of performance and clarifying the same to the employees would assume greater emphasis. Retention of exceptional talent would be the key. However, succession planning would also be very important given that no company today would like to give into a few exceptional employees, lest it should resort to out of bound shell out on compensation and benefits to those selected few. *Everything would have to be within reasonable bounds from now on.*

b. Higher proportion of variable pay

The winds seem to be going toward this, however again 'to each his own' in this area.

Variable pay is dependent upon the kind of roles and the kind of deliverables the role has. As a result, its impact as a proportion of total pay within the overall context of reward and compensation may be limited, even if growing, unless we are talking of fairly senior roles.

c. Letting people know that we do a lot for them in the rewards area

Organizations do a lot if both tangible and non-tangible rewards are considered together. They however fail big time in communicating these effectively. The buy-in of the line managers is very important in communication. In India, it's also a cultural mind-set that has to be kept in view given that the traditional emphasis on numbers has been much higher than the non-tangible bit. *However communication on rewards would have to be much higher in the future and in the right way.*

d. As per the recent global study by The Hay Group on Changing Face of Reward, applying the Return on Investment approach to Rewards and Compensation is the way forward

Everything would be measured in the ROI mode. And as Hay puts it, the approach to Rewards would also have to align with this philosophy. *It would be important today for companies to know what they would be getting back for what they are paying.*

e. Increased emphasis on being what we are and believing in it strongly

At the cost of repetition, at the end of all the above what would work would be the 'me, myself' approach. While market belief and trends would always be important, it would be my survival or growth that would be at stake as the company and henceforth, companies would do what is best for them, while trying to keep a balance, and aligning compensation and rewards in a much tighter way, not seen in the previous years

Rewards have become more holistic today. It encompasses aspects such as succession planning and rigorous linkage to performance management like it never happened in years before. Rewards today and in the coming future are slowly becoming an all encompassing HR subject that is beyond just numbers or analytics, but more of a tool to manage costs, retain employees, build a performance driven culture and justify any investments towards it in a very business-like approach. ■

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Rajesh Rai is HR Head at Benetton India

Building a Reward System for Effective Change Management

To initiate any Change Management exercise, communication alone is not enough. An effective reward system is equally vital

■ BY **SAMBIT CHAKRABORTY**

An effective reward system coupled with communication and learning is one of the most critical levers of the change process.

However, even if the change message is well communicated and well received and people are given the opportunity to learn so that they can behave differently in the new environment, it doesn't follow that anyone is going to change their behavior unless it is backed up by a reward system.

Over a period of time at Avenir, we discovered through our various implementations in different industries of our proprietary Change and Performance Management (CAPM) programs that the joy of learning, skilling, cross skilling, better work life balance as well as meeting corporate

goals, talent pool management, et al, can be brought together by having a comprehensive reward system that underpins the change management programs.

Why is this question of the reward system so important? That's simply because people only work for lure of reward. For some people the reward may be mainly financial, but for others, it will be a question of good company, good coffee, status, brain stimulation, good resorts and restaurants, and free tickets for movies, games, theatres. In short, a better and a more wholesome life.

When change management utilizes the various effective time management principles within the program, it leads to soft benefits besides achieving corporate and individual goals and achieves the ultimate holy grail – work life balance and creates a more productive and efficient work force and an organization that does “more for less.”

Communication and learning systems can be a bit theoretical. Of course, it may cost something to pro-

duce a communication package and to put the learning system in place but these activities don't actually hurt anyone. It's only when the change process gets implemented and begins to change the reward system that people perceive that they are going to be in danger of getting hurt and everyone will be able to see if management is really serious about implementing change. This is when an effective reward package and reward delivery system needs to come into place.

Rewards are great, aren't they? But remember, people are enjoying their rewards and having a good life because you're rewarding them for working the way you wanted them to work in the past. Now you want them to work differently and to behave differently. So you'll need to reward them differently. First, you'll need to reward them to change, and then you'll need to reward them to work the way you want them to work in the future. You'll want to reward them for changing - getting the right skills and behaving the right way. You'll want to reward them

for going a bit further than average and doing things really right. You will also want to reward them to collaborate, to innovate and to work to achieve global goals than chase local optimizations.

And don't forget, that they too are thinking - if I've got to work to get new skills, what's in it for me? How's it going to work if I'm doing a great job, but the other team members aren't? Why should I lose out because the others aren't performing? How am I going to move ahead if there are fewer levels in the organization? What sort of reward will I get? Is it worth the effort to change? The reward system has to

be more group or team orientated rather than individual performance orientated.

So before plunging into a change project, you need to answer a few questions about the current and future reward systems. First, concerning the current system - What are the current rewards? What is currently rewarded? How do you give the reward? And then about the future system - What are the rewards going to be? What's the scoring system going to be? Who's going to be doing the scoring? How will rewards be given? Who is going to be rewarded? Who will do the rewarding?

PEOPLE ARE ENJOYING THEIR REWARDS BECAUSE YOU ARE REWARDING THEM FOR WORKING THE WAY YOU WANTED. NOW YOU WANT THEM TO WORK DIFFERENTLY... SO YOU WILL NEED TO REWARD THEM DIFFERENTLY



SAMBIT CHAKRABORTY

Senior Management including CEOs, VPs, Executive Directors, Managers, Supervisors, and the Change Engineering team members all need to be informed of the answers to these questions upfront. And make it plain upfront to the people who do the rewarding that if they don't give a reward that is due, they will be in deep trouble as it will give the impression that you're not serious about change. And once people start thinking that you're not serious about change, and begin to doubt your integrity, then no one is going to change their behavior.

A final point - your change management program and the reward schemes that underpin it must ensure a win-win at all levels and a greater incentive for cross-functional collaboration. This will engender out-of-the box thinking. Build an effective communication delivery system to highlight early success stories. Publicize and reward aggressively and use your informal communication mechanism to ensure best practices are shared quickly and the company is on the track of continuous improvement. ■

Sambit Chakraborty is Principal Consultant at Avenir. He can be contacted at: samchak@avenirco.com

TOTAL REWARDS IN INDIA

The Changing Landscape

Hitherto a fascinating piece of theory, the concept of Total Rewards has found a strong footing in the Indian business circles

■ BY MONISHA CHANDA

Total Rewards as a concept is gaining a lot of popularity in India in the last few years, primarily because of two broad phenomena; first being the diverse needs of an evolved workforce. Our workforce today is exposed to the developed world, articulate about their needs, and wants the best of everything – competitive salary, comfortable lifestyle, job security, career enhancement options, work-life balance, et al. Organizations realize that cash is easily replicable by others and to remain competitive, they are being forced to design a differentiator, which is much beyond the traditional elements of pay and bonus, and caters to a population which has diverse needs. Second reason behind the emergence of the concept of Total Rewards is the dip in India Inc.'s business performance. Till 2008, employees had

got used to receiving handsome increments in the range of 14-16% on an average. Prime focus in rewards was on pay and bonus and to some extent on long term incentives. Slowdown on the business front in 2009 led to salary and hiring freezes, low attrition levels, cost containment, lower employee budgets on development and travel. New recruits were being hired at lower salary levels due to increased availability as very few companies hired. India Inc. witnessed the lowest ever salary increases in the last five years in 2009 – to the tune of 7-9% on an average. Sector wise analysis indicated that the lowest salary increases were observed in the Financial Services and IT/ITeS sectors and highest increases were observed in Pharma followed by Manufacturing and FMCG sectors.

To compensate for lower payouts, companies have tried innovative intrinsic ways of mo-

TOTAL REWARDS EMPHASIZES THE IMPORTANCE OF CONSIDERING ALL ASPECTS OF REWARD AS AN INTEGRATED AND COHERENT WHOLE

tivating and engaging with employees by focusing more on enhanced communication, job enrichment/ enlargement, career and succession planning, internal promotions, et al; rather than on increasing pay levels, thereby focusing on cost containment. Employees, in return provide their time, talent and efforts to the company. Total Rewards emphasizes the importance of considering all aspects of reward as an integrated and coherent whole. Successful companies realize that productive employees create value for their organizations in return for tangible and intangible values that enriches their lives.

Several definitions of Total Reward are prevalent in the marketplace. One of the simpler ones that we subscribe to is **“Value that an employee gets in exchange for the employment relationship with the employer.”**

Total Reward and Motivation

Attraction and retention of talent is the main objective of any Total Reward Program, as also is the motivation of talent ensuring productivity, participation and improvement in business. There is a close linkage between motivation and rewards. For the purpose of this article, we have used Clayton Alderfer's ERG (Existence, Relatedness and Growth) theory to understand the three levels of motivational needs of employees and their linkage to different reward elements. Alderfer had clarified that the existence group is concerned mainly with providing basic material existence. The second group is the need of individuals to maintain interpersonal relationship with other members in the group. The final group is the intrinsic desire to grow and develop personally. More than one need may be operative in an individual at the same time. If a higher need goes unsatisfied then the desire to satisfy a lower need intensifies.

MONISHA CHANDA



Employees completely subscribe to this correlation. As per them it is only if growth needs of an employee are not met that they start worrying about pay not being competitive, peers not being co-operative and helpful, bosses not being mentors to them, et al. In case the growth needs are met, employees would be engaged even in the absence of the existence level needs being fully met.

FIVE SUCCESS FACTORS OF TOTAL REWARD DESIGN

For designing an effective Total Reward program, there are 5 success factors that an HR Manager must keep in mind.

1 Total Reward program needs to be aligned to the Business Strategy

Total Rewards programme is reflective of the Organization Strategy and the HR strategy, which are further determined by external and internal influences.

One of our clients, a Product Innovation company that needs brightest of minds pays Total Cash at market rate but rewards innova-

tion in product and processes. Job descriptions are flexible and generic so that employees end up performing well beyond their jobs. Emphasis is on career development and employee growth.

More such real life scenarios captured from various organizations are presented in the picture below:

2 Total Reward needs to have a linkage and complement other HR Systems

Total Reward in relation with:

- **Recruitment** - Total Reward is the signature statement of an employer that helps in attraction of talent. It is a sizeable determinant in inviting applications for jobs and enhancing offer acceptance.

- **Learning and Development** - Non-Compensation rewards such as trainings, coaching, mentoring, et al, help meet affiliation needs of employees, apart from development. Succession planning can also be used to assess employee potential, differentiate high potentials and provide structured and formal growth opportunities.

- **Performance Management** - The outcome of PMS, in its most basic form, is used for Reward Management. At the next step both systems should inculcate and promote same values and behaviours. In fact, fair and balanced performance evaluation and feedback is a rewarding experience in itself.

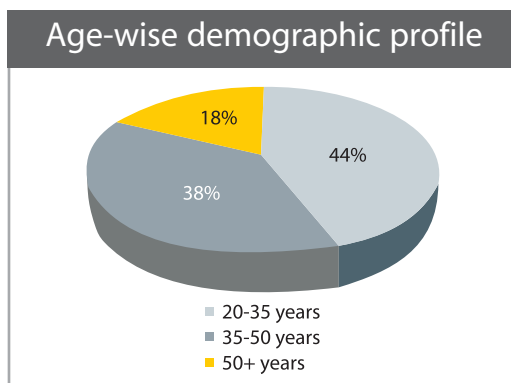
- **Work Culture** - Total Reward and Work culture go hand-in-hand — One defines the other. An organization that wants to promote team culture will promote team based incentives, team activities and team affiliation. Cultures of flexible working, dependant support, et al, are the most valued attributes of an organization that employees would not trade for anything.

3 Align Total Reward with Employee needs

Understanding “What employees want?” is the most complex jigsaw puzzle. However, let us try to understand this from the basics by looking at the demographic profile of our working population (in terms of age & level and qualification background).

Organization	Business Reality	People Challenges	Rewards Strategy
Manufacturing • Automobiles • Consumer Durables Strategy: Product Innovation	• Product Leadership • Shift to Mass Customization and Innovation • Cycle Time	• Agile Risk Taking, Innovative People	• Reward innovation in products and processes • Market-based pay • Flexible-Generic job description
Services • IT • Ite Strategy: Customer Focus	• Clients demand partners who focus on employee retention • Customer Intimacy	• Shortage of talent • High attrition rates • High impact of the downturn • Delight customer by exceeding expectations	• Flexible in compensation • Focus on non-compensation elements career & job security, specially after downturn
Start-up • Financial Services • BPO Strategy: Cost Cutter	• Speed to Market • Operational Excellence • Pursue cost-effective Solutions	• Scarce resources • Low infrastructure • Maturity level of young workforce	• Affiliation-CEO meetings, employee referrals • High empowerment and risk taking • Low value spot rewards
Public Sector • Power • Oil	• Government Control • Stiff Competition from private players	• Limitation by government on cash component • Less focus on individual performance	• Focus on benefits like housing society, schooling, job security, training • VP linked to company performance

Age-wise demographic profile



Age and level:

Majority of India's workforce is in the age group of 20 – 35 years (as seen in the graph).

Qualification background:

Graph shows the distribution of qualifications from various educational institutes.

Each group would have a different set of predominant needs.

An illustrative (on next page) of how employee demographic profile can be used to determine the Reward needs of employees.

4

Communicating Total Rewards Programme

Many organizations do not publicly formalize their Reward Programs for fear of over commitment or being copied by the competition. However, a formally launched Reward Program generates much more goodwill with employees. A comprehensive, well balanced (compensation and non-compensation rewards) program customized to the needs of employees and implemented fairly and effectively is difficult to imitate.

Communication of the Total Reward package has to bear the following objectives in mind:

- Increasing the “Perceived Value” of benefits
- Enhancing the sense of transparency and fairness of the system
- Increasing utilization of benefits
- Managing employee expectations
- Accessibility of information of the package to employees and potential employees for an easy comparison with competition

5

Continually re-evaluate the program

Re-evaluation of Total Reward program is necessary to ensure overall alignment and checking its impact on the organization. Additionally, companies should watch for changes in the following 4 factors that impact Reward package design:

- Business Strategy - decides focus areas of Reward elements
- Type of Business - determines the extent of internal parity and market competitiveness
- Employee Demographic profile - the deciding factor for introducing certain rewards and requires flexibility
- Government regulation - helps to decide the compensation structure due to taxation.

Overall, the concept of Total Rewards seem to be finding currency in the changing landscape where an employee value proposition is viewed on a more holistic scale encompassing what an organization can offer, be it the organizational ethos, its leadership, employer brand, the intrinsic culture, nature of work and pay. Hence pay by itself is being viewed as an insufficient differentiator. “Organizations will continue to consolidate their Total Rewards philosophy, aimed at optimizing the value for the employer as well as the employee,” says NS. Rajan, National Head and EMEA Leader - People & Organization at Ernst & Young. ■

ATTRACTION AND RETENTION OF TALENT IS THE MAIN OBJECTIVE OF ANY TOTAL REWARD PROGRAM, AS ALSO IS THE MOTIVATION OF TALENT

Employee needs derives from demographic profile

Age profile 20-35 year	Stage on ERG theory	Family Status	Cash-in-hand needed	Preferred Benefits	Drivers
Junior mgmt	Existence	Majority single, newly married, young kids	Low	Phone, cars, vouchers, discounts	Quantum of salary, work, innovation
35-50 years middle mgmt	Relatedness	Growing kids, old parents	Very High	Luxury cars, children education	Promotion, affiliation, achievement, flexibility
50+ years senior mgmt	Growth	Old parents, planning for retirement	High	Retirals, medical, insurance, savings	Accomplishment, creation

Monisha Chadha is Senior Manager - Business Advisory Services, Human Capital

IS REWARD ENOUGH FOR EMPLOYEE ENGAGEMENT?

Reward may have been imperative for employee engagement, but not any more as recognition assumes an even more important role in engaging employees, evaluates **Simon Gluyas**, Executive Consultant, Kenexa Asia Pacific

For many organisations, Employee Engagement has become the number one metric to measure the impact that employees have on business success. A question that is frequently debated within organisations is the impact that *Reward*, or how much we pay our employees, has on Employee Engagement. Before we can answer this question, we must first recap what Employee Engagement is and why it has become such a popular discussion point on the agenda of many company CEOs.

It is difficult to find a single definition of Employee Engagement. However, it is generally agreed that engaged employees are committed and proud of their organisation, and are willing to serve as advocates by recommending it as a good place to work to family and friends. The value of an engaged workforce to the organisation is that employees are more loyal, thus reducing the costs associated with high turnover. They work harder and smarter, and are willing to display discretionary effort to go beyond the call of duty in their role.

Employee Engagement, however, is not just about maximising produc-

tivity; it is also about creating a psychological affiliation with the organisation so that employees feel that what they do is 'more than just a job'. The factors that tend to contribute to this psychological affiliation include confidence in the organisation's future, support for work-life balance, career development and training, valuing and recognising employees and a good relationship with one's manager or leader.

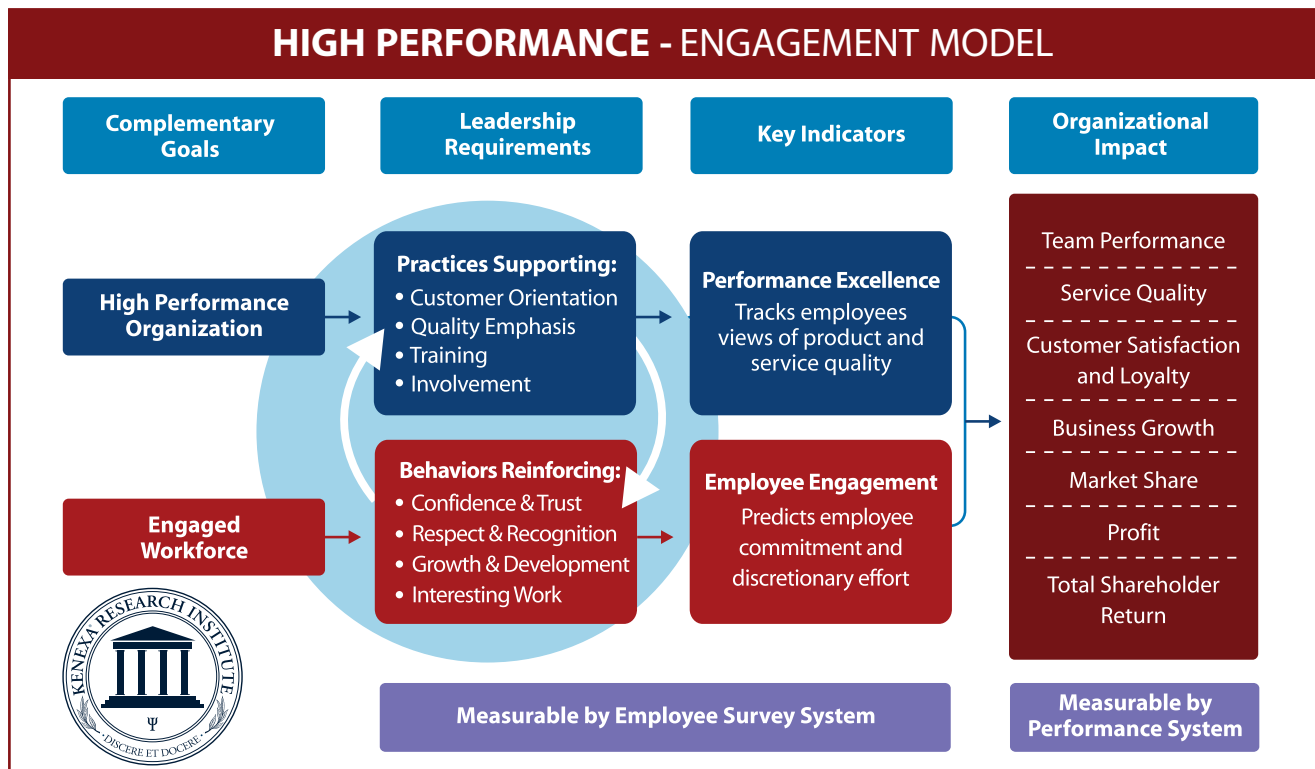
While there are some differences in the importance of these factors by industry and geography, the frequency that these factors appear as potential drivers of engagement across organisations is remarkably consistent.

More recently, the concept of high performance engagement has started to emerge within academic and research literature. The premise of high performance-engagement is that having an engaged workforce, while important, is only the first part of the engagement challenge. Research studies have shown that factors linked with high performance-engagement include a strong customer orientation, an emphasis on quality, and investment in training and involvement in

decisions. Another way to view this is attitudinal engagement (having an engaged workforce) and strategic engagement (having a high performance focused workforce). These two concepts of engagement have both been shown to have powerful relationships with business performance metrics and are, therefore, considered to be complimentary goals.

Let's take an example of a customer service representative working in a retail store. It is important that this employee is attitudinally engaged with the organisation. This will ensure that he/she is loyal (less likely to leave), that he/she is an advocate for the organisation and he/she is willing to apply discretionary effort when doing his/her job. However, it does not necessarily mean that the employee will be a high performing employee. This is where strategic or high performance-engagement comes into play. The customer service representative who is also strategically engaged will do everything he/she can to ensure that every customer is satisfied.

So, where does Reward and Recognition fall within the concept of a high performance-engagement model?



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Every year, Kenexa®, a leading provider of business solutions for human resources, captures the opinions of thousands of employees all over the world via our customer base and the Kenexa Research Institute. This data is collated into powerful normative databases to provide organisations with contextual information regarding how they compare on employee engagement factors. In addition, Kenexa publishes an annual WorkTrends™ Report that illustrates global drivers of employee engagement and other trends within these vast employee data sets.

The last three years of analysis on the global drivers of employee engagement reveal some interesting findings in relation to Reward and Recognition. Reward is typically measured by questions such as: 'I am paid fairly for the work I do,' 'If I left my current job, I would be able to find another job that paid me similarly or better than what I earn now,' and 'Overall I am satisfied with my pay.' Recognition is typically measured by questions such as: 'I regularly receive the recognition I deserve,' 'My Manager provides me with regular recognition for my work,' and 'Where I work, employees are recognised for delivering outstanding customer service.'

In 2007, the overall theme of satisfaction with pay (Reward) appeared as a global top 10 driver of engagement, as did the overall theme of satisfaction with Recognition. However, for the years 2008 and 2009, the theme of Reward did not appear and instead, the theme of Recognition started to appear as a global top 10 driver. These findings indicate that how much employees are paid (Reward) has a limited impact on how engaged they become with the organisation. Rather, it is the concept of receiving Recognition for their work that is much more important. These global analyses are supported at an organisational level, where it is significantly more common for a Recognition question to appear as a key driver of engagement. Reward questions, on the other hand, rarely, surface. In addition to Recognition appearing as a key theme over the three years, themes of Career Development and Training Opportunities have also surfaced.

So what are the implications of these findings?

These findings present a clear picture that simply increasing an employee's pay (Reward) is unlikely to result in improved Attitudinal or Strategic Engagement. More important is the recognition, career development and training opportunities that are provided to employees. While every organisation's story of engagement can be different, generally speaking, an investment in initiatives around these themes will produce a higher return in terms of driving overall engagement levels within the organisation.

The manager population in any organisation plays a critical role in addressing these themes of Recognition, Career Development and Training. Obviously, there needs to be an infrastructure in place (clear career development paths, training programs, et al), but at the same time the manager's role in personalising these areas for each individual is what makes the difference. We know this to be true as there have been various studies that show that managers who are considered to be high performers also have higher overall engagement scores for those that they manage.

Therefore, an organisation can gain great leverage from learning from their very best managers in driving overall engagement. These managers do great things when managing their reports on a day-by-day basis, so a smart organisation will take the opportunity to learn from these talented people. I will share with you a personal example about the best manager I have ever had. Whenever I called this person, he always used to say "How can I help you be successful?" These very simple words are incredibly engaging, as they show a genuine interest from the manager in my individual success. It is this type of simple behaviour that effective managers display on a consistent basis across all aspects of people management.

So in summary, if you are serious about driving Employee Engagement, focus on Recognition and not just on Reward. Ask yourself the question: 'What makes our very best managers so good at what they do?' The answer will provide you with a large part of the secret recipe to create a high performing and highly engaged workforce. ■

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Profile: Applicant should have worked in manufacturing setup with experience in Training & Developing calendar etc.
Location: Mumbai
Shine Job ID: 71552

Recruitment Officer

Experience: 0-2 Years
Profile: Require graduate with written and verbal communication skills, having knowledge of computer.
Location: All India
Shine Job ID: 69411

Executive - Recruitment

Experience: 2-5 Years
Profile: Handling the entire recruitment process from initial interviewing to final placement.
Location: Mumbai
Shine Job ID: 66796

Executive - HR

Experience: 1-2 Years
Profile: Co-ordinate with clients & motivating towards the company growth & company workflow process.
Location: Bangalore
Shine Job ID: 70162

Recruitment Executive

Experience: 0-1 Year
Profile: Candidate must be independent with strong communication skills – both verbal and written.
Location: Kolkata
Shine Job ID: 68424

HR Manager

Experience: 0-1 Year
Profile: Scheduling interviews, tracking candidates & taking care of joining formalities.
Location: Delhi
Shine Job ID: 64253

Recruiter

Experience: 0-2 Years
Profile: Arranging telephonic interviews and follow up with the selected candidates for joining.
Location: Bangalore
Shine Job ID: 64050

Executive - HR

Experience: 2-4 Years
Profile: Handling recruitment, payroll, good knowledge of MS office applications, especially MS Excel.
Location: Delhi
Shine Job ID: 71225

Mid Level Jobs

Senior Manager - HR

Experience: 5-9 Years
Profile: Responsibility includes managing all the HR related tasks at w/h having around 500 shop floor staff.
Location: Other Haryana
Shine Job ID: 70857

Executive - HR

Experience: 4-7 Years
Profile: Sourcing of candidates, conducting interviews, placing a candidate followed by Induction.
Location: Vadodara
Shine Job ID: 70393

Sr. Recruitment Manager

Experience: 4-7 Years
Profile: Maintaining and enhancing relations with consultants to ensure business growth.
Location: Maharashtra
Shine Job ID: 70165

HR Officer

Experience: 5-10 Years
Profile: Should have experience in payrolls, performance evaluation and general HR practices.
Location: Delhi
Shine Job ID: 67815

Personnel Manager

Experience: 5-10 Years
Profile: Candidate should well versed with all the labour laws especially Contract Labour etc.
Location: Mumbai
Shine Job ID: 69003

HR Manager

Experience: 6-11 Years
Profile: Recruitment, Induction, Employee Relations and Administration.
Location: Bangalore
Shine Job ID: 69076

Assistant Manager - HR

Experience: 4-6 Years
Profile: Responsible for dealing with all HR IR Policy and handling employee welfare activity.
Location: Mumbai
Shine Job ID: 69883

HR - Recruiter

Experience: 5-10 Years
Profile: Candidate should have ability to handle Recruitment co-ordination and fulfillment for it's clients.
Location: Pune
Shine Job ID: 67140



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Experience: 10-20 Years
Profile: Design & implementing corporate strategies and framing HR policies, procedures & implementing the same.
Location: Delhi
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Head - HR

Experience: 10-15 Years
Profile: Dealing with legal/compliance regulations such as contractual wages, hours of work etc.
Location: Chennai
Shine Job ID: 69084

Head - HR

Experience: 10-15 Years
Profile: Recruitment, Industrial Relations, HR policies, Security, General Administration etc.
Location: Amritsar
Shine Job ID: 60867

AGM - HR

Experience: 11-15 Years
Profile: Responsible for a strong performance culture & aligning people function with the business goals.
Location: Jaipur
Shine Job ID: 59631

Head - HR

Experience: 15-20 Years
Profile: Candidate will be responsible for setting and defining proactive or strategic HR process.
Location: Multiple Location
Shine Job ID: 62712

Head - HR

Experience: 10-25 Years
Profile: Candidate should have exp. in HR Domain & must have handled all verticals in HR & IR.
Location: Multiple Location
Shine Job ID: 71050

Head - HR

Experience: 8-13 Years
Profile: Formulation of HR Processes, and Policies, Compensation and Benefits structuring & Admin.etc.
Location: Delhi
Shine Job ID: 60101

Head - Bus. Development

Experience: 16-25 Years
Profile: Manage sales team & maximize revenues through inventory mgt. & serving customer needs.
Location: Mumbai
Shine Job ID: 62526

Top Management Jobs

Ninty 10 Consultants



VP Operations

Experience: 16-22 Years
Profile: Ensuring optimum utilisation of all resources for highest productivity.
Location: Mumbai
Shine Job ID: 72683

Le Marche retail Pvt. Ltd.



General Manager

Experience: 10-25 Years
Profile: Accountable for planning, organising and directing all hotel services.
Location: Delhi
Shine Job ID: 68853

Vruksham Talent Group



Chief Finance Officer

Experience: 17-20 Years
Profile: Responsible for key performance deliverables of the entire Organisation.
Location: Hyderabad
Shine Job ID: 72534

Ninty 10 Consultants



Director

Experience: 10-15 Years
Profile: Technical role and eventually shifted to Sales or Business Development.
Location: USA
Shine Job ID: 69961

Corporate Relationz



AGM

Experience: 10-20 Years
Profile: Thorough knowledge in all cores of General Insurance.
Location: Kolkata
Shine Job ID: 67405

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VP - Client Servicing

Experience: 15-20 Years
Profile: Manage all internal operations independently.
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Dy. Manager - P&A

Company: Patton International Ltd
Qualification: Any Graduate, DSW.
Exp: 8-12
Location: Kolkata
Email: pna@pattonindia.com

Manager

Company: Tagros Chemicals India Ltd
Qualification: MBA - HR/ MSW - HR/ BL.
Exp: 10-15
Location: Cuddalore
Email: deepak@tagros.com

Liasion Officer

Company: Sentini Bio products (P) Ltd
Qualification: Any Graduate with an experience of 10-15 years.
Exp: 10-20, **Location:** Hyderabad
Email: rama@softential.com

Manager - Human Resources

Company: Indian Furniture Products Ltd
Qualification: Any Graduate with Master of Social Work (MSW) qualification.
Exp: 8-13
Location: Chennai
Email: hrifpl@stylespafurniture.com

Manager Administration

Company: Kumar Group of Industries
Qualification: Any Graduate/ Diploma in Personal Management.
Exp: 10-15
Location: Rudrapur
Email: applyatkgii@gmail.com

Manager - HR

Company: Himadri Chemicals & Industries Ltd
Qualification: MBA (HR) With LLB/ Industrial Law.
Exp: 8-13, **Location:** Kolkata
Email: hr_himadri@rediffmail.com

Manager - HR

Company: Fena (P) Ltd.
Qualification: Any MBA/ MSW/ MPM/ PGDM.
Exp: 8-12
Location: Roorkee
Email: hrd@fena.com

Manager - Training

Company: Sona Alloys Pvt. Ltd.
Qualification: B.E/ B.Tech + MBA (HR) with working knowledge in SAP/ERP system.
Exp: 10-15
Location: Pune
Email: rect@sonaalloys.com

Manager - Employee Relation

Company: Lodha Group of Companies
Qualification: MBA/ PG in HR from reputed institute and university.
Exp: 10-15
Location: Mumbai
Email: pooja.raul@lodhagroup.com

Sr. Manager (HR & Admin)

Company: Srivasavi Industries Ltd
Qualification: MBA-HR/ MPM from reputed institution with a degree in Law.
Exp: 10-15
Location: Bhisnupur
Email: srivasavi.hr@gmail.com

Sr. Manager (Personnel & Admin)

Company: J K Paper Ltd
Qualification: Post Graduate in Industrial Relations & Personnel Management from any reputed Institute / University.
Exp: 10-15, **Location:** Rayagada Orissa
Email: employment@jkmail.com

Asst. Manager - HR

Company: GK Placement Services
Qualification: Degree or Diploma in HR.
Exp: 6-11
Location: Khopoli
Email: gkplacements1950@gmail.com

Manager - HR

Company: Denso India Ltd.
Qualification: An expertise in Hardcore HR Functions.
Exp: 12-15
Location: Delhi/NCR
Email: anita_saxena@denso.co.in

Sr HR Manager - Plant

Company: Sperry Plast Ltd.
Qualification: Graduate and Degree/ Diploma in HRD/ PMIR.
Exp: 10-15
Location: Delhi/NCR
Email: hrd_ho@sperryplastlimited.net

VP - HR

Company: Net Ambit
Qualification: Full time MBA from premier Business Schools with specialisation in Human Resource.
Exp: 7-12, **Location:** Noida
Email: naukri@netambit.in

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Manager HR

Company: Gokul Refoils & Solvent Ltd.
Qualification: MHRM/ MSW or Degree in HR.
Exp: 8-12, **Location:** West Bengal
Email: Corporate_hr1@gokulgroup.com

Head - HR

Company: AMS consultancy
Qualification: Any Graduate/ PG well versed with all HR policies in a hospital Environment.
Exp: 7-12, **Location:** Ghaziabad
Email: resume@amsconsultancy.net

Manager - Personnel & Administration

Company: VPI Group-Victory Ceratech Pvt. Ltd
Qualification: Any Graduate, preferably MBA/ IR, having law degree.
Exp: 12-16, **Location:** Kadi
Email: hrd@pavits.com

Sr Manager - HR & IR

Company: GHCL Ltd
Qualification: Any Graduate/ PG with an experience in HR in a manufacturing industry.
Exp: 10-14, **Location:** Veraval Junagadh
Email: hrd@ghcl.co.in

HR Manager- Denmark & United Kindom

Company: Transcend Global Services (TGS)
Qualification: Master in Human Resources.
Exp: 10-20
Location: United Kingdom (U.K)
Email: india@tgsvisas.com

Sr. Manager - HR

Company: Parco / Liberty group
Qualification: Engineer MBA most preferred.
Exp: 10-15, **Location:** Nigeria
Email: amitkumarparco@gmail.com

Head HR

Company: MIMS Consultants Pvt. Ltd.
Qualification: Graduate in HR or a Post Graduate in MBA with major in HR.
Exp: 10-15, **Location:** Mumbai
Email: mims.deepti@gmail.com

General Manager - HR

Company: Weavetex Overseas
Qualification: Experience of minimum 10 years in HR & Admin department.
Exp: 10-15
Location: Delhi/NCR
Email: hrd@weavetexoverseas.com

Recruitment Manager

Company: Siva Group
Qualification: Any Graduate/ PG having thorough knowledge on negotiation, salary structure determination, offer letter generation, etc.
Exp: 8-13, **Location:** Chennai
Email: bhuvaneswari.sankaran@sih.co.in

Head - HRD

Company: GTS e-Services Pvt. Ltd
Qualification: Any Graduate/ PG having an experience in developing, recommending & implementing HR strategy & policy.
Exp: 11-15
Location: Mumbai
Email: careers.gsc@griffintravel.com

TOP HR JOBS

General Manager (Corp HR)
Company: Indian Conglomerate
Qualification: MBA from a premier B School.
Exp: 7-12
Location: Mumbai
Email: osmosisconsulting@gmail.com

Dy. HR & Admin Manager
Company: Indiana Gratings Pvt Ltd
Qualification: Any Graduate/PG, responsible for recruitment and administration of factories.
Exp: 20-25
Location: Pune
Email: hrd@indianagroup.com

Vice President - Human Resources
Company: ERLMS Ltd
Qualification: Bachelor Degree in Human Resources Management or other related disciplines with professional qualifications in industrial relations.
Exp: 15-20
Location: Mumbai
Email: mhyong@erlms.com

HR Head - Eastern Region
Company: ACC Ltd
Qualification: Any Graduate/ PG having experience as General HR - Plant & equipment maintenance processes - CAPEX - SAP is desired.
Exp: 10-18, **Location:** Kolkata
Email: sreekala.panicker@gmail.com

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KNOWLEDGE & NETWORKING

National HRD Network Delhi Chapter organized an event on 26 February 2010 with the focus of the event being **"HR Compass : The Evolving HR Competencies"**. The theme of this event was designed looking at the current dynamic environment where the profile of HR professionals has undergone a sea change. The program also had thought provoking discussions and experience sharing by eminent personalities like Mr. Akhouri, Mr. Sinha, Dr. Venkata Ratnam and many more. The first part of the special event was dedicated to late Mr. Jagdeep Khanpur who passed away in January 2010 where Mr. Siddiqui shared his memories and the contributions made by Mr. Khanpur to HR profession which will always be remembered.

All India Management Association (AIMA) in partnership with University of St. Gallen, Switzerland organized the Conference on **"Igniting the Spirit of Entrepreneurship"** on 04 March, 2010 at the ITC Maurya Hotel, New Delhi. The Conference having its theme as **"Creating an Enabling Ecosystem For Sustainable Economic Growth"** aimed at exploring the vital role played by Entrepreneurship as an enabler for sustainable economic growth and deliberated upon the relevant issues and factors that inhibit as well as promote the spirit of entrepreneurship in the economy as well as within organizations, which in turn will drive India's economic growth fuelled by entrepreneurial activities. The Conference showcased some of the iconic entrepreneurs who shared their journey to success and their experiences of setting-up successful business enterprises by overcoming the challenges. The conference featured Senior Ministers of the Union Cabinet, Leading Indian Entrepreneurs, Corporate Leaders and Academician who shared their vision and views on the environment for entrepreneurs in India and will pave the way forward.

National Campus Recruiters Conclave organized by HR Nexus on 11 March 2010 at Hotel Trident - Mumbai, aimed at recommendations on how to enrich & broaden engineering & management education so graduates are better prepared to work in a constantly changing global economy. The idea driving the Conclave was to provide a National level Platform to Institutes as well as organizations in order to discuss possibilities of better understanding each other's requirements and expectations, pertaining to fresh talent. Presenters at the Forum are leaders in the field from across the country, providing the attendees with long-term strategic ideas as well as front-line tactics they can implement now. It also focused on exploring 'others' best practices will make you a better recruiter.

An Appreciation of Culture Based HR Strategy was a program conducted by National HRD Pune Chapter on 13 March 2010. The objective of this functional competence module was to give a comprehensive understanding of the relationships between business strategy, organization, and human resources, with a focus on how to create a high performance workplace. The program focused on how to identify the Business Unit for which we are evolving the HR Strategy, identifying the sources of competitive advantage, enunciation of the business strategy, understanding the importance of what we want less of, understanding the business based on customer data, buying preferences, industry dynamics etc. There were a lot of case study discussions, demonstrations, role plays and interactive exercises that helped the participants to clear their queries.

The theme for the March special event organized by National HRD Delhi Chapter on 27 March 2010 was **"Transforming Business Leadership In Public And Private Sector"**. The program was designed in a crisp manner with very limited sessions and speakers. The first session focused on Research study by SAID Business School, University of Oxford, UK, and the speakers were Ms. Dee Broquard & Mr. Lalit Johari. In the second session which was on Transformational Leadership,

People Matters conducted three day comprehensive training program on **Quantitative Methods for HR** from 19th - 21st March and 26th - 28th March in Gurgaon and Mumbai respectively. This seminar provides a platform for deep understanding of quantitative concepts, basic statistics tools, reporting and MIS, mathematical modelling and regression analysis in the practical context of HR Management. The objective of the seminar was to help HR Managers to align their function to the business needs by understanding their data, creating scenarios and building business case for transformation using quantitative support information. The training was followed by a certification exam on the third day. Some of the topics covered during the training were data management, measures of central tendency, statistics for HR professionals, HR concepts and measurability, reports & MIS: collecting, organizing, grouping & displaying data, scenario analysis and regression models in HR environments. Watch out for more certification courses in the coming months in Bangalore, Pune and Chennai.

speakers like Mr. S Nagarajan ; Mr. D Bhattacharya & Mr. Rajnesh Singh, Mr. Rohitash Mal & Mr. Manoranjan Mohapatra shared their thoughts on people and business challenges.

Oxford India Business Forum 2010 was held in New Delhi on March 25, 2010. The participating business leaders, academicians and policy-makers discussed the challenges involved in higher education in the 21st century, in India. The forum was envisaged to provide a platform for the academicians to discuss changing phase of the management education. The forum was a part of the SAID Business School India annual programme. As per sources, the speakers included some prominent names like Kapil Sibal, Minister of Human Resource Development (HRD); Andrew Hamilton, Vice-Chancellor, Oxford University; Meghnad Desai, Director, Centre for the Study of Global Governance, LSE; Gita Piramall, Director, BP Ergo and Pankaj Chandra, Director, IIM Bangalore.

Optimize Execution Of Existing Resources To Flourish Your Business was an Emerge Forum organized by NASSCOM on 30 March 2010 in Kolkata. The focus of the program was to share how existing resources can be optimally utilized. It emphasised that every business has its sets of limitations and so even after calculating our limitations, if we sustain the desire for 'SUCCESS', then we have to really strive hard to get there and definitely we have to optimize our resources to the fullest. Businessmen at times find themselves to be extremely prosperous but at other times they may have to severely struggle merely for their organization's existence. The program saw a gathering of CEO's, Management and business strategists and business/departmental heads.

SHRM conducted its third Gurgaon Forum Meet on April 1, 2010 at the Vatika Atrium. The workshop was on **'Quality of Work Life and Driving Your Passion'** by Vinay Dumale -Hon. Dean & Lead Mentor, Manipal Institute of Media & Entertainment and Film & Media Veteran. The purpose of the forum was to support the advancement of the professional development of the HR practitioner in India. By building knowledge communities, creating knowledge resources, encouraging knowledge networking and mentoring. The workshop ended with participants' queries and expectations for/from the next Gurgaon forum SHRM meeting followed by Working Dinner. ■

For more details on events and trainings please visit www.peoplesmatters.in or connect with Rekha Choudhary at rekha.c@peoplesmatters.in

UPCOMING EVENTS

Events	Dates	Location	Offered By
The Indian HR Convention 2010	12 April 10	Pune	Tackyon
Global Immigration Trends, Challenges & Opportunities	15 April 10	Karnataka	NASSCOM
People Funda	16 April 10	Hyderabad	Executive Recruiters Association
Legal Aspects of Project Contract Management	20-21 April 10	Mumbai	Confederation of Indian Industry
National Campus Recruiters Conclave	23 April 10	Mumbai	HR Nexus
HR Nexus Excellence Awards	24 April 10	Delhi	HR Nexus
The Science of Building a Leadership Pipeline	30 April 10	Mumbai	Hewitt Associates
Negotiation Strategies	5-7 May 10	Hyderabad	ISB
Talent Acquisition and Employer Branding Conclave	6 May 10	Delhi	People Matters
HR Mission To Australia	10-14 May 10	Australia	National HRD
USA India Business Summit	10-11 May 10	Atlanta, Georgia	USA India Business Summit (UIBS)
Challenges of Leadership with Jim Tapper MD, Centre for High Performance Development (CHPD) India	11, 12, 14 May 10	Delhi, Mumbai, Bangalore	InspireOne
SHRM Annual Conference and Exposition	26-30 June 10	San Diego, California	SHRM

Note: Please note that this list is not exhaustive. We update this information on a regular basis. Please visit our website www.peplematters.in/ events for more information on events. If you wish to share information about upcoming events, please email Rekha Choudhary at rekha.c@peplematters.in

TRAINING PROGRAMS

People Matters aim to bring updated information about training programme available in the areas of Leadership and People Management. This is not an exhaustive list and we are always on the look out for outstanding programs, please mail us at editorial@peplematters.in to share more learning opportunities with the rest of the readers.

Training Program	Dates	Location	Offered By
Six Sigma-Green Belt Programme	21-23 April 10	Delhi	Indian Statistical Institute
High Impact Presentations	22-23 April 10	Bangalore	Dale Carnegie
Persuasive Communication Skills	23-24 April 10	Mumbai	Dale Carnegie
Crucial Confrontations	3-4 May 10	Delhi	VitalSmarts India Operations
Situational Leadership II	13-14 May 10	Mumbai	Blanchard International India
Quantitative Methods for HR	14-16 May 10	Bangalore	People Matters
Crucial Conversations (Trainer Certification)	25-28 May 10	Bangalore	VitalSmarts India Operations

Companies who wish to enlist their training programs or advertise with us may contact Rahul Singh at rahul.singh@peplematters.in or call +91 (0) 124 4304133



THE CONCEPT OF TIME AND THE ACCEPTANCE OF SHODDINESS

"I wasted time; now Time doth waste me" – Richard II

"...India is because of that wonderful aspect of Hindu cosmology which first of all gives a time-scale for the Earth and the universe – a time-scale which is consonant with that of modern scientific cosmology".
– Carl Segan, Cosmos

■ BY RAJESHWAR UPADHYAYA

In continuation with the theme of our previous article, the second point being driven here is an equally pertinent one. This has to do with Time. Let's go back to Brahma. All gods in the Indian cosmology die. There is no immortality except in the conceptually fallacious sense. Brahma, like Shiva and Vishnu, also dies. But ironically, they live much longer. Life is cyclically created and destroyed. Brahma, the creator, lives for 100 Brahma Years. One Brahma day is 4.32 billion years long. The four *yugas* together are called one *chaturyuga* (*satyuga*, *treat*, *dwa-par* and *kali yuga*). Seventy one *chaturyuga* make one *manu*; 14 *manus* make one *kalpa*. Thus, if you run the arithmetic, Brahma lives for 311.4 trillion years!*

Now this is an incredibly long period of time. So what happens to man during this unending duration? Why is he born again and again? Just like a setting sun rises again, a withering flower sheds seeds that begets itself, a banyan seed contains an infinite number of trees in an unmanifest form given an unending time span; man too will be born again and again until he realises that to break free from this cycle he

must become his own divinity. The cyclical concept of time and the eternal recurrence of everything throw an awkward light on the Indian people's orientation to time, materiality and achievement.

If you think about it, a man comes with nothing and lives a life spanning 60-65 years on an average and then goes with nothing. He dies only to be reborn again. So why this fuss in the middle duration? The whole purpose of life is to give up, to renounce – *Ty-aga*. Joy does not adhere in external objects with the ideal state being the state of desirelessness – beyond temptation and with no need from the mart of economic strife and gain! Two of the four vital stages in life are committed to preparation for giving up (*vanahprasta*) and then actually giving up (*sanyasa*) – power, pelf, wealth, personal wealth, relationships, *et al.* At the heart of the Indian psyche lies this unerring and profound apathy but nothing matters in the finest analysis. Everything is too temporary – brought down to its quintessential nothing!

This internalised state, to my mind, has contributed significantly to the present economic and political predicament in India, reinforced by damaging external locus of control - fatalism. Since time is in abundance, there is no sense of urgency unlike the western ethos where everything has to be achieved on this side of death. In the western ethos, there is no carry forward and no cosmic balance sheet cataloguing daily activities. Time is short and so is life. One must live in the minds of men to gain immortality. To be immortal is therefore to do heroic deeds and have great achievements. Time therefore is linear and efficient. PERT, CPM and Gant Charts are products of a society that is scarce on time.

The other significant impact of cyclical time is the relationship India has with its historical narrative. India never believed in history because it is too insignificant in the cosmic scheme of things, too narrow in its approach and too myopic in its scope. So India never went on to record history in any systematic way (the first historical document was

Rajatarangini in the 11th century AD). In India, not history but mythology is important since it contains kernels of abiding truths. Exaggeration is a technique to make visible that which would have otherwise escaped notice. Truth cannot be sacrificed at the altar of accuracy!

Documentation is a national weakness as everyone struggles with the issue of accurate documentation. At least every organization that I go to struggles with this particular issue. The reason is not discipline or laziness or even the absence of technology tools. The real problem lies in the larger scheme of things that makes documentation fundamentally not important.

The next impact of time is on our collective orientation to deadlines. We fail to see the 'dead' in the deadline and often wonder what the fuss is all about. Road repair, bridge building, stadium and infrastructure making for commonwealth games will all come under this profound relatedness of the average Indian to time.

An executive from Spain one mentioned to me that he had been to China and what he saw there staggered him in contrast to what he observed in India, which was a startlingly low level of intensity towards becoming an Asian giant. He feared on behalf of all Indians that India would lose the race to China. If only he knew, India does not care! In the finest analysis, nothing is important, except the realization of the same.

As Indians, where the Brahma mythic narrative is part of our collective unconscious, apathy is about the only sentiment we need to fight. I remember K. V. Kamath of ICICI Bank once ponderously commenting in a private meeting - "Apathy! That's our real problem".

As leaders, we need to err on the side of intolerance and impatience. In an environment of incredible indifference, these may turn out to be the mother of all virtues. We have to control impatience in all matters that subscribe to mediocrity - personal or professional. And make a commitment to not tolerate shoddiness in the vicinity of ourselves. ■

AS LEADERS, WE NEED TO ERR ON THE SIDE OF INTOLERANCE AND IMPATIENCE.

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Rajeshwar Upadhyaya, Director, Par Excellence. He can be reached at rajeshwar@parexcellence.org

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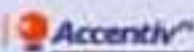
Studies show that today's new-generation employees believe a healthy work-life balance is far more important than just a great salary. This is particularly true in India, where a huge percentage of working adults belong to the 'sandwich' generation, with kids as well as old folks to look after.

Achievement, recognition and enjoyment at work are a crucial part of anyone's work-life balance. Go too, are achievement and enjoyment in the areas of family, friends and self.

Smart organisations are seeing it not just as a social responsibility but as a means to maintaining a competitive edge and winning talent.

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