People matters
Leading People
Building Organizations
Vol. II, Issue 7, July 2011
Rs. 75

M&A THE INDIAN WAY

As Indian companies increasingly opt for inorganic expansion to procure resources and achieve growth, a planned approach to integrate cultures, people and systems will form the key to deriving value from these deals

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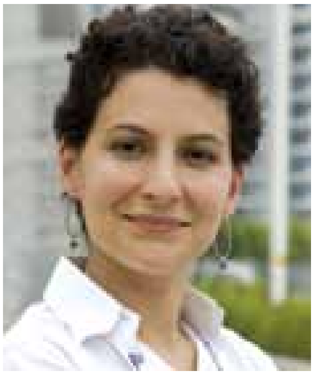

ESTER MARTINEZ
Managing Editor

THE FAVOURED ROUTE

Experts predict that India's cash-rich firms will continue their inorganic expansion both in domestic and overseas markets in 2011. Last year, India saw a three-fold increase in the overall M&A deal value over 2009, taking Indian M&A activity back to the levels of 2007. Bharti Airtel's $10.7bn acquisition of Zain in Africa was a major contributor to this upward trend.

Year-to-date M&A deal value as of May 2011 shows a slight decline in deal activity. Possible reasons could be uncertainty in the regulatory environment, high interest rates and a general dulling of the India story due to perceived governance deficit. However the drivers for Indian companies to grow inorganically remain the same and will continue to thrust M&A activities in India. In this issue, *People Matters* invites business leaders and domain experts to share their experience of transactions, specially on why focus on intangibles - culture and talent - is crucial to deriving value from any transaction.

This issue also brings to you conversations with A.M. Naik, Chairman and MD, Larsen & Toubro, who shares the change journey at L&T to prepare the company for global competitiveness; and with Quatrro Chairman and MD, Raman Roy, who reflects on the evolution of the BPO industry and its impact on talent management practices.

In our regular sections, Vivek Paranjpe gives his expert advice on how companies can support employees' financial needs by facilitating education and making resources available to reduce pain points. In the section "Creating Great Workplaces" by the Great Place to Work® Institute, India, Prabir Jha of Tata Motors shares his views on what makes a great workplace.

The coming weeks promise great excitement at *People Matters* as the team gears up for its annual special on "Best Companies to Work For, 2011" in collaboration with Great Place to Work® Institute, India. Like last year, *People Matters* will release the yearly book that will carry an extensive coverage of the 2011 winners. You can book your copies by writing to us at info@peoplematters.in.

As always, we welcome your feedback and suggestions.
Do write to us at editorial@peoplematters.in.

Happy reading!

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Letters to the editor

A seminal contribution
Greetings from Max Group! At the outset, I would like to congratulate for seminal contribution made by you in highlighting India's skill capability through your survey. I really commend the quality of the output which is outstanding and informative. I have thoroughly enjoyed reading the article.
- P. Dwarakanath, Max Group

Need for vocational education
Liked the point of why vocational education is not as popular as it should be. Two more angles which need to be addressed are use of technology and the maturity of the customer who is buying.
- Harpreet S. Grover, Co-founder & CEO, CoCubes.com

Great cover design
I really enjoyed the story. A great cover page and story.
- Aruna Jayanthi, Capgemini Outsourcing

A well-timed article
The June 2011 cover story on "India's Skilling Industry – In Need of Synchrony" has been well timed.
- Devarajan Iyer, Knight Frank (India) Pvt. Ltd

The industry must lead the way
A very nice, relevant and important story on "India's Skilling Industry: In Need of Synchrony." Congratulations on yet another great work done. Industry has to lead the way while the government can create a positive ecosystem for the industry to develop. It is true that we need minimum governance.
- Sanjeev, Surya Consulting

Great context setting
The context setting has been done beautifully in the cover story – "The Sales Factor" which brings together excellent highlights of some of the typical nuances of each industry. Some of the other good reads were

Mr. Manoj's and Mr. Kamath's interview, as well as views from Sonali Roychowdhury and Sundara Rajan which were very incisive.
- Rajnish K, Executive Vice President – HR, Unitech Infrastructure

On Elango's column
That is almost the whole life explained in the article - from childhood to retirement. This is a great article which puts you into introspection. Thank you
- Piuesh

***

The article was refreshing and is bound to make you sit back and think. My favorite part was what your parents had to say. Planning meals for the day is actually what you end up with when you have nothing else to look forward to over the day. I experienced this myself when i took a break from work after marriage for a few months. Thank you for the great read.
- Ranjini

***

The column was very insightful and prompts us to think why we always discuss past incidents (because we always want to run away from the present). We try to live in the past or the future rather than savoring the present which is the foundation for all past glories and follies.
- Ganesh Chandra

Congratulations
I followed *People Matters* in its early days when I was with Mahindra Satyam BPO in one of my roles as the head of HRO practice. It has been 2 years since then and I am pleasantly surprised to see your organization become a formidable player. Congratulations on your success and growth.
- Chakrapani Tummalapalli, Launchship Technology Solutions

Insightful Technology Supplement
The technology supplement in the June issue of *People Matters* is a great idea. It is nice to see someone taking the effort to bring together the various technology partners that companies can opt for. This is especially very beneficial for all in the HR profession.
- Jaya

Interesting Blogs
I have noticed you have included a new section 'Blogosphere' in your magazine. It's a great idea and the selection of the blogs until now has been very interesting – it is nice that you have thought of such innovative ways to help us readers gain more than one way of acquiring information. Being a student, this section is very exciting as each month it introduces us to a new bloger.
- Sourav T.

Bringing the best of India's leaders
I thoroughly enjoyed reading M. Damodaran's interview in the Change Maestro's series in the June issue. There is a lot of learning when reading the experiences of such great corporate leaders and this section has been bringing the best of India's leaders. More importantly, I am intrigued with the personal details that emerge from these interviews which helped me know more about the person, as opposed to only knowing their accomplishments which is readily available.
- Vikram

Send your comments at editorial@peoplematters.in/info@peoplematters.in

UPDATE

Maruti strikes back after 13 days

The strike by 2,000 workers of Maruti's Manesar factory, which came to an end recently after 13 days, is a new age labor law case of reference for modern India. On June 4, the workers went on a strike demanding recognition of a new union, Maruti Suzuki Employees Union (MSEU), formed by those working at the Manesar plant. Since no intimation or notice was given to the management about the strike, the strike was called illegal according to Industrial Disputes Act, 1947. R.C. Bhargava, Chairman, Maruti Suzuki India said, "Our stand is clear. The strike is illegal. Even the Haryana government and labor commission have said the same. Still, we will continue to talk".

The Haryana government toughened its stand on the workers of Maruti Suzuki's Manesar plant by declaring the strike illegal and imposed a ban on the strike by passing prohibitory orders. In a press statement, Haryana MoS for Labor and Employment, Shiv Charan Lal Sharma, pointed out that the state government had also referred the matter to the local labor court under the provisions of the Industrial Disputes Act, 1947. This move of the state came even as the Maruti management offered the striking workers a peace proposal. Seven days into the strike, the management expressed their readiness to "review" two of the workers' demands if they in return agree to call off the strike and make up for the losses in production due to the strike.

The management suggested a modification in the structure of the existing union and the company agreed to the establishment of individual bodies at the Manesar and Gurgaon facilities to deal with plant-level issues. Maruti has also proposed the formation of a governing council comprising of workers' representatives from both the plants to deal with corporate level issues like wage negotiations. However, the management made it clear that they would not accept any union which had members from outside or with political affiliation.

The strike made headlines partly because strikes have become increasingly rare. The number of strikes instigated as a result of labor unrest, has witnessed a declining trend from 227 in 2005 to a 79 in 2010. The 13 days Maruti strike has become yet another case of reference of the workers, the management, and the state working together to reach a cordial settlement.

The management even agreed to treat sympathetically the 11 workers who were sacked for instigating the strike at the facility. S.Y. Siddiqui, Managing Executive Officer, Administration - HR, Finance, IT & COSL, Maruti Suzuki India Ltd said, "We have said that we would look at the issue of reinstatement of the eleven workers who were terminated sympathetically. But they have to face some disciplinary action. Also, we were ready to reduce the penalty in the no work no pay policy from eight days to four days. After all we have lost more than Rs. 400 crore, so some disciplinary action has to be taken. But our first demand is that they should come back to work immediately."

Though the 13 days strike led to loss of approximately Rs. 420 crore or 12,600 units, Maruti Suzuki's structured and composed approach to resolve the scenario is reflective of the maturity of the leading Indian organization that is home to such a large workforce.

ET-GPTW 2011 Awards: Google leads the pack

The Economic Times and Great Place to Work® Institute joined hands to find out the best workplaces; companies that cared for its employees and vice-versa. More than 500 companies signed up for this year's survey, of which 471 met the strict eligibility criteria.

Google once again leads the pack as India's best company to work for this year, followed by Intel and Makemytrip. GPTW conducts this annual survey among 3,800 companies in 44 countries, but the India study is currently the biggest single workplace study in the world.

People Matters will carry a special issue in the month of August and release its yearly book of the *'The 50 Best Companies to Work For India 2011'* on 3rd August in Delhi and on 24th August in Mumbai.

Who is hiring?

BHEL to hire 25,000 in 5 years

BHEL will hire 25,000 people over the next five years to take its total headcount to 55,000. While 15,000 people have already been hired in the past four years, the aim is to hire 5,000 people every year for the next five years. These 5,000 new recruitments would comprise of 1,000 engineers, 1,000 diploma holders and 2,000 ITI graduates, among others.

Future Generali plans to recruit 1,725 advisors this year

Life insurance company Future Generali India plans to recruit 1,725 new advisors this year. This will add to the company's existing advisor base of 53,000 employees operating across 191 offices in 18 states.

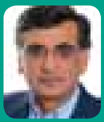
PSBs into recruitment spree this fiscal

Public sector banks are focusing on heavy recruitments this fiscal. With many vacancies arising in banks owing to superannuation and other related factors, hiring on a large scale has become inevitable for the lenders. Amongst these lenders are Central Bank of India and Vijaya Bank, which plan to recruit 2,500 and 1,500 employees respectively this fiscal year.

Dhathri Ayurveda to create 1000 new jobs

Dhathri Ayurveda Private Ltd will soon introduce 100 retail outlets to cater to the emerging ayurveda market. The new venture will provide 1,000 job opportunities, both directly and indirectly.

Corporate Appointments



Unilever has appointed **Harish Manwani** as its Chief Operating Officer effective June 2011.

Kotak Mahindra Old Mutual Life Insurance has appointed **G. Murlidhar** as the Managing Director of the company effective June this year.

Mahindra First Choice Services, the multi-brand car servicing firm, has appointed **Y.V.S. Vijay Kumar** as its Chief Executive Officer effective June this year.

Wipro Technologies has appointed **Manish Dugar** as the Global Head of Wipro BPO effective June this year.

Sony Ericsson announced the appointment of **P. Balaji** as the Managing Director of the company's India operations, effective from July 1, 2011.

NHRDN New National President

The NHRDN Board unanimously approved the recommendations of the Search Committee and appointed S.Y. Siddiqui, Managing Executive Officer, Administration - HR, Finance, IT & COSL, Maruti Suzuki India Ltd. as the new NHRDN National President for the term July 2011 to June 2013. Siddiqui takes over from NS Rajan, Partner and Global Leader - People Organization, Ernst & Young.

Job Enforcement in the private sector

In their initiative to take affirmation action to ensure employment of the weaker section in the private sector, the Union government is creating a mechanism of 'voluntary disclosure' by the corporate and private sector for Scheduled Castes (SC), Scheduled Tribes (ST) and other weaker sections.

At present, under the provisions of the Constitution, reservation in employment and education for SCs, STs and Other Backward Classes (OBCs) is only applicable to the public sector undertakings, and public and private educational institutions. While there has been a demand for job reservation of such sections, the same has not evoked a very positive response from the private and corporate sector and therefore the government has decided to step in to encourage intake of weaker sections in the private sector as well.

HR giants form "Indian Staffing Federation" (ISF)

Major staffing companies in India have come together to form the Indian Staffing Federation (ISF) to professionalize the Indian employment landscape. The founder members of the Association are: Adecco, Allegis, GI Group, Global Innov, Kelly, Ma Foi Randstad, Manpower and Teamlease, together representing close to 50% of the Indian organized staffing market. K. Pandia Rajan, Founder Chairman of Ma Foi, has been unanimously chosen to be the President of ISF. Its objectives would be to champion sustainable growth and establish quality standards for the Staffing Industry at large and a code of conduct for the members.

In Search of Change Maestros: Series VII - **A.M. Naik**

Courageous and Bold

Chairman and Managing Director, Larsen & Toubro, **A.M. Naik**'s passion and commitment enabled him to bring about the required changes to grow the company's revenue from Rs. 109 billion to Rs. 46,108 billion. Practicing the philosophy of 'change is a way of life', he has driven growth at L&T through emphasis on ethical governance, customer centricity, people power and entrepreneurial innovation. In a conversation with the authors, he talks about the crucial need for entrepreneurial leaders to multiply value for the organization.

Excerpts from the book *In Search of Change Maestros** by Dr. Pritam Singh and Dr. Asha Bhandarker

**In Search for Change Maestros,* Dr. Pritam Singh & Dr. Asha Bhandarker, Sage Publications, 2011

While A. M. Naik inherited a conglomerate organization with a great history, which had great talent, where people had a sense of belonging, it lacked adequate focus and direction. His keen observation of global trends was able to unfold in time, the roar of competition from across the globe that was going to hit India, and hence enabled him to prepare L&T for the expected tsunami of competition. His strong belief in ensuring excellence is a journey, and not a destination, and his focus on achieving better each time, enabled him to bring about the required transformation to take the company to sustenance.

Turnaround strategies at L&T

Quest for excellence: The approach of being constantly in the quest for excellence is introduced through the questioning approach. To see everything through a new lens that strives to improve all the levers of competitiveness. There is a continuous and unstoppable drive to seek excellence in everything.

Thinking tomorrow today: They restlessly scan the emerging trends in order to map the future. There is a constant focus on identifying issues and challenges, and thus, they prepare themselves in anticipation of the imminent changes.

Global thrust: There is an active thrust on thinking global – global scale, strategies, processes and managerial talent. This became the major mantra to de-risk the business, which soon became a part of the collective vision and mindset of people.

Focused growth strategy and value creation: There was an active thrust on value creation through divestment, portfolio restructuring, building cost and quality competitiveness, along with customization, innovation, speed of response, and people power. This was coupled with a continuous focus on re-aligning the business strategy to respond to the changing business context.

Speed: In a fast-paced world, where everyone is running, walking is equivalent to moving backward. L&T was transformed from being a 'sleeping giant' into a 'sprinting giant' with the introduction of speed, urgency and quick response to move ahead of competition.

Empowerment: The company reaped the fruits of nurturing a highly empowered work culture by enabling tremendous amount of togetherness, loyalty and sense of belongingness amongst its employees. This led to a greater identification with, and a sense of pride in being a L&T-ite.

I believe there should be devotion with passion. Passion is beyond dedication, where you put priority for the cause beyond anything else. In my case, devotion was L&T

Entrepreneurial innovation: Great organizations attempt to make continuous efforts to avoid the trap of inertia by striving to promote a culture of risk taking, innovation, empowerment and tolerance towards mistakes.

Ethical organization: L&T-ites take great pride in the ethical orientation of their company, and this is driven by their values of transparency, ethics and integrity. There is a zero-tolerance policy to any transgressions on ethics.

Customer focus: They believe that the organization exists because of its customers and so, follow a customer-centric approach for creating a winning organization. 'In service lies success' has been the guiding principle for L&T-ites since its inception.

Caring organization: Concern for employee well-being was reflected in L&T's decision to make employees shareholders in the company. The culture demonstrates a high degree of concern towards employee welfare and spends adequate time to understand the needs and expectations of employees through continuous interactions.

Contribution-centric meritocracy: It is a professional company where performance is a key requirement. There is a strong connection between performance and reward which further enhances the thrust on contribution and merit in the organization.

Nurturing talent: The HR techniques like 360 degree appraisal, assessment centers, mentoring, and counseling aim to build a leadership bank at L&T. There is emphasis on younger people holding higher positions.

Dr. Pritam Singh is Professor and Director General at IMI, New Delhi and former Director MDI, Gurgaon and IIM, Lucknow. He has been awarded the *Padma Shri* for his outstanding contribution in the field of education.

Dr. Asha Bhandarker is Raman Munjal Hero Honda Chair Professor of Leadership Studies at Management Development Institute, Gurgaon.

Q Who are the leaders that you have admired?

I admire my father who has been my number one role model for his selfless lifetime contribution to educate the poor and the downtrodden. Among political leaders, I admire Sardar Vallabhai Patel for his firmness, bravery and his quality of always leading from the front. Among corporate leaders, I do not find anyone selfless and I believe only those who are contributing to a larger cause are worth being inspired by.

I also admire our founders. While Mr. Larsen was an unassuming person, who was more a human being than a businessman, his partner Mr. Toubro was more of a businessman who created a reputation of L&T in the 60s as being the most honest company.

Q What is your philosophy and expectations in life?

My expectations have always been very modest. I feel that you should think and dream optimistically, and spend your resources realistically. Having grown up seeing the villages and the poor who my father worked with, my expectation when I graduated was to cross a 4 figure salary, and within 13 months of joining L&T, I got Rs 1000.

People can convert the vision into reality only if they come down from 40,000 feet to the ground level

Q How did you bring about a transformation at L&T?

When I became the CEO in 1999, my first thought was to bring prosperity to shareholders. 60% of L&T today is what I have built from scratch in the areas of heavy industry ship building, railways, boilers, turbines, power hydrocarbon, upstream hydrocarbon downstream, defense nuclear aerospace, etc. The winning formula that made this possible was devotion with passion.

I was determined to take L&T to the next level and transform it into a global company. So my number one objective was to align our growth to the growth of the nation, and the number two objective was global competitiveness. I believed that the two must be aligned as the company's growth depended on the growth of the nation. My third objective was to bring prosperity to all stakeholders. For this, I started L&T's life stock option for employees, which was a concept that was much ahead of its time. I thought it was important to do something for the employees who have given their entire life to the organization and this was a way to provide them economical independence. However, I faced a lot of resistance from my colleagues on the board who feared that such an initiative would put the whole organization in turmoil. I spoke about this at least 10-20 times every month, all over India and to all sections of people, but nobody looked at L&T stock options until 2003.

Q What is your advice to today's leaders who strive to ensure continuous organizational growth?

I believe there should be devotion with passion. Passion is beyond dedication, where you put priority for the cause beyond anything else. In my case, devotion was L&T. Unfortunately, when people talk about vision, they are only looking from 40,000 feet above and have no knowledge of what is happening at the ground level. People can convert the vision into reality only if they come down from 40,000 feet to the ground level. There are hundreds of micro steps where each micro step must be planned, strategized and executed to make vision a reality. The power and ability to come down from 40,000 feet to the ground level with speed comes from the ability to coordinate hundred different things.

Q Tell us more about your family's involvement in educating the less priveleged?

We run two trusts – the Naik Family Trust and Miravali Trust (in my granddaughter's name). So now three generations of the Naik family have contributed to education. After my father died, my mother and I decided to continue the thread and started in 2001. We have a new campus there and have created a brand new school for nursery, primary school, high school and junior college. I acquired land from the Gujarat government and started a school dropout training centre. There, we run 2 courses - wireman and tractor mechanics, which have helped these people become self-made businessmen. I am more satisfied if I am able to help these people become productive.

Q How would A. M. Naik best describe himself?

A self-made, entrepreneurial leader. pm

Looking at the World of Tomorrow

As the BPO industry transitions from pure labor arbitrage to knowledge driven solutions, so does the talent base and ways of managing the new workforce. **Raman Roy,** Chairman and Managing Director, Quatrro BPO Solutions, talks to *People Matters* about this new face of the BPO industry

Q What is driving the changes in the BPO industry?

If you trace the historic links of the BPO industry or even the IT industry, we actually came into being because of labor arbitrage; as one of my colleagues put it: "your mess for less". "Whatever way you are doing it, we can do it with the same number of people, the same efficiency, and the same way as you do it, but instead of costing you 100 dollars, it will cost you 60 dollars maybe even 55. We could save clients half the investment, because the cost of people in India was about 1/6th or 1/7th of the cost in the west. I think now, the industries have gone beyond labor arbitrage and today there are several other options that are available and perhaps at a higher level as we have already skimmed the part that could have been covered by labor arbitrage.

The next level of industry evolution is very different. It requires a different set of people. Today the "knowledge worker" has domain capability, has domain knowledge, has problem solving and decision making capabilities as against the traditional BPO employee, who had a rule based definition for every problem. In this new model, the structure of business is also different, the profitability is different and so is the talent base and ways of managing the new workforce.

Managing this talent is very different from anything we have done before; today in Quatrro, we have engineers, masters, doctors

QUICK VIEW

- Today's knowledge worker has domain knowledge, and problem solving and decision making capabilities
- Managing the new talent pool is different as they have different aspirations and career expectations
- It is key to manage employee aspirations and address the value that they seek from the company

and post graduates and they are not doing low-end work but also high-end work that is aligned to their domain capabilities and their knowledge. It is a totally different game managing them.

Q How is managing these groups different?

To start with, their aspirations are different; what they want to do, what they want to learn, what they want to evolve to, the value that they are looking at in the company and what their families want, is vastly different. The employee today participates in how he or she wants to be managed; it is not a decision of somebody sitting in a boardroom and applying their wisdom, it has become a two way process.

So, "learning to listen" is the key to moving ahead. This is easier said than done. Learning how to listen is incredibly difficult in an organization, as this needs to happen at all levels. Daily interactions between the team manager and the team should happen as he/she has to be the eyes, ears and the mouth piece of the organization. This cannot be a one way communication, because that can be lethal if managers do not take ownership of the discussions and do not represent the organization properly in the eyes of the employees.

This change is easy to talk about but very tough to implement, because it requires a different "manager" profile. It is what I call the 'old model' and 'new model' ways of managing. In the old model, promoting people to be team leaders was far easier, because in this model one is executing the directions of a group of "wise men" who are guiding, coaching and they are only getting their decisions implemented. In the new model, yes, one is implementing what some "wise men" decide, but they also influence what the "wise men" think and help them to modify or better their decisions. This requires an understanding of what the game plan is. The process is far more evolved now and many people do not reach there, as one cannot promote everybody based on just tenure or performance. The person needs to have the right "participative leadership" abilities to make it.

Q Tell us more about this 'world of tomorrow'. What are the traits of the manager/leader in this new work environment?

The 'world of tomorrow' is a place where the managers are listening, are participative and connect with their teams. It is not an easy task, where you have to listen and at the same time, learn to respect and appreciate the one you are listening to. Culturally, there is a set of people who think it is a denigration of their position, if their approach to leadership comes from an autocratic school. They think that a leader's job is a one way road and when you make it two ways, then their position is jeopardized.

To my mind, the world of tomorrow is a team play. As a cricket crazy country, I very frequently take cricket team examples as an analogy to what the



new world-at-work looks like. For example, our captain is a wicket keeper and a batsman but he is never going to bowl as he has others in his team who can bowl; the leader doesn't necessarily have to do everything.

Q What are your future growth plans and how is your talent strategy changing to adapt to them?

One of the big aspects that we identified was that outsourcing has been successfully leveraged by large corporations but it is not within the reach of smaller corporations, the mid-market, and that is where we went down the park and said we will offer our services to the mid-market. Today, we are very delighted to say that we have over 9,000 customers on an annuity basis. The challenge is that their needs are totally different from what a fortune 500 company would need. The mid-market needs a multi-skilled team, so we need a different breed altogether. That is where you need a knowledge worker to be able to work for the mid-market; because you are replacing a knowledge worker.

We are the only BPO today that offers solutions to the mid-market on an offshore basis and we are the only company that offers technology and services coupled together where the customer pays "by the drink". It is a fundamental shift, so a large part of the revenue of Quatrro today is on a transaction basis and not on a per hour basis. We see a huge market sitting there, where we can see the offshore capabilities for that market.

The world of tomorrow is a place where the managers are listening, are participative and they connect with their teams

Q For this strategy, you need a different set of competencies in-house. Are you looking at 'building' or 'buying' these competencies, or do you seek a combination of the two?

It should be a combination, you know; it is not one or the other in the world of tomorrow. Nothing is so simple. You copy, you duplicate, you learn, you talk to people and you find out what worked, you allow people to innovate, you make mistakes and you get something right. Today, it is a combination of make, buy, steal, copy, duplicate and all of the above.

Q What is the role of M&As in your strategy?

M&As are a core part of our strategy. What we have to first see, when we are looking at a M&A activity, is what our strategic intent is: Is it to expand the market, is it to get into a new domain area, new expertise or is it to do more of what we do, scale?

Secondly, what is the DNA and the culture of the organization? For me, if the DNA will not work, I know that the transaction will not happen. I will give you an example; we were looking at a company in the U.S. and we were meeting with the CEO for a lunch meeting. The CEO of that company travelled the previous night, he took first class and he stayed at the Four Seasons where the cost of his room was 4 times the cost of the room I was staying in. A meeting, for which he would have normally spent \$500, he spent \$3,000. It is not that I do not enjoy good things in life but our company ethos and culture were just too different and it would have never worked out.

Q Is DNA a deal breaker?

If the DNA is different, it is not right or wrong, it is just that the way he does business and the way I do business is different and if it is that different, we will spend too much time arguing over those differences rather than doing business; so it is better not to proceed.

Q What if the DNA fits?

If it makes business sense, then there is always a hypothesis that one plus one is greater than two; if it is greater than two then we progress with it. We have done nine transactions till now that have some form of a M&A. We have bought, we have sold, we have divested, we have invested and we have acquired. So, it is a part of our day to day business. pm

M&A

India's merger and acquisition (M&A) volumes reached a consolidated USD 49.8 billion by the end of 2010, registering a growth of 317% over calendar year 2009[1]. While the abysmal M&A numbers of 2009 were due to the severe financial crisis, the upswing in 2010 was quite dramatic and it took deal activity close to levels seen in the heady days of 2007. Outbound deals were a huge contributor to the overall figures with a stupendous growth from USD 1.4 billion in 2009 to USD 22.5 billion in 2010. Bharti Airtel's acquisition of the African telecom assets of Zain for USD 10.7 billion in the first half of 2010 was the largest contributor to outbound M&A activity from India.

There are different drivers for this substantial increase in deal size over the last year. Experts quote a few - from improved confidence in the global economy, easy money sloshing around due to quantitative easing in the US, low equity market valuations, the strengthening of the rupee against the dollar and importantly, the availability of assets that offer synergies with existing Indian businesses.

Telecom, oil and gas, pharmaceutical, metal, and banking accounted for over 50% of the total M&A deal value during 2010. Overall, most sectors saw an increase in M&A activity with the clear emergence of a need for consolidation, to bring about scale, cost benefits and technology advancement. Domestic deal value increased to USD 18.3 billion in 2010 - three times that of 2009 and nine times over 2007 - a clear indication that companies are increasingly recognizing opportunities to consolidate capabilities and capture the domestic market.

Cross-border transactions increased significantly over the previous year to USD 22.5 billion in 2010. The two primary drivers of outbound deals have been the need to secure raw material for Indian manufacturing & power companies to meet energy needs and to enter into new, less-crowded emerging markets, like Africa and the Middle East, which have a ready opportunity for Indian consumer brands.

While companies continue to leverage on M&A for their inorganic expansion, a recent Boston Consulting Group analysis re-iterated the somewhat well-known fact that an average M&A transaction actually destroys value for the acquirer. The report quotes the absence of clear process, assigned responsibilities and performance measures, during the integration phase as being the primary deterrents to realizing deal value. The success of a deal depends not only on identifying the right target, but will also require good due diligence that evaluates both tangibles and intangibles & a planned approach for integrating culture, people and systems.

In this M&A Special, *People Matters* presents views from industry and technical experts in the M&A domain who share their expertise and experience on how Indian companies can capitalize on their M&A strategy.

1 Dealtracker, 6th Annual Edition, Grand Thornton, 2010

THE INDIAN WAY

Act quickly, execute flawlessly: Olivier Blum, Country President and Managing Director, Schneider Electric India shares the success factors that led to Schneider Electric's many acquisitions as they recently announced the acquisitions of Luminous Power Technologies, which is their 6th acquisition in the last two years and the 8th in the last decade.

Retain talent and customers alike: Dinesh Venugopal, Chief Corporate Development Officer, Mphasis, shares the nuances of acquiring AIG Systems Solutions Pvt. Ltd. (in 2009) and Fortify Infrastructure Services (in 2010), and what Mphasis did right to make these deals successful.

HR due diligence can avert M&A failures: R. Sankar, PwC discusses the vital need for HR due diligence prior to sealing the deal and emphasizes the need to pay equal attention to both the 'hard' and the 'soft' aspects of the deal.

Talent & organization challenges in M&A - an Indian perspective: M&A experts from Accenture disclose the key areas that companies must pay attention to in order to ensure a successful M&A. They emphasize the essence of post deal organization, HR transformation, cultural alignment and change management as being the four cornerstones to drive an effective M&A.

Implications of cross-border deals: Anupam Prakash from Mercer gives an insight on why cross-border deals require a different approach as the people implications are unique to each country.

Show me the money: The article by Aon Hewitt differentiates acquiring companies as 'overachievers' or 'underachievers' in deal success. The article shows a clear trend in 'overachievers' identifying liabilities at the due diligence stage and using 'Total Rewards' as a tool to enable retention of key talent through effective people integration in an M&A.

Managing change is critical for deal success: Tushar Khosla and Vishala V. Thiagarajan of IBM draw attention to the role of change management in an M&A deal to facilitate employees from different organizations to work together.

The legal side of Indian M&As: Manoj Kumar shares the legalities for Indian companies to undertake M&A transactions. He explains how the legal implications differ with the nature of business, size of entities and geographical coverage of the business entities involved in the deal.

M&A ACTIVITY IN INDIA

TOP M&A SECTORS IN 2010

Sectors	US$ mn	%Value
Telecom	14,616	29%
Oil & Gas	11,273	23%
Pharma, Healthcare & Biotech	6,244	13%
Metals & Ores	4,099	8%
Banking & Financial Services	3,640	7%
Mining	1,974	4%
Power & Energy	1,500	3%
Real Estate & Infrastructure Management	985	2%
Hospitality	958	2%
FMCG, Food & Beverages	947	2%

Source: Grand Thornton, Dealtracker 6th Annual Edition 2010

DOMESTIC DEALS

373 DEALS

US$ 18.3 BILLION

Domestic deals values in 2010 increased almost three-fold to reach US$18.3 billion, up by 173% over 2009. The growth was driven by Oil & Gas, Telecom and Real Estate & Infrastructure Management sectors.

"M&A opportunities should not influence the strategy, but the strategy should drive M&A as a means to achieve the goals that the organization has set for itself. M&A must not be undertaken in an opportunistic way but as part of the planned strategy."

OLIVIER BLUM
Country President and Managing Director, Schneider Electric India

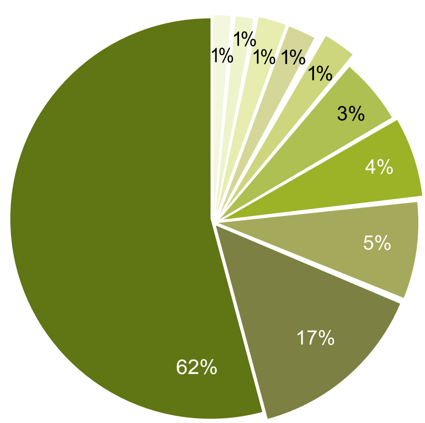
"The first thing that can come in the way of a successful integration is making assumptions about what each party wants or needs. If the acquirer believes that they know what the acquired company wants or needs without finding out a collaborative approach, this can become one of the biggest problems in a successful integration."

DINESH VENUGOPAL
Chief Corporate Development Officer, MphasiS

TOP DOMESTIC M&A SECTORS IN 2010

Sectors	US$ mn	%Value
Oil & Gas	11,273	62%
Telecom	3,093	17%
Real Estate & Infrastructure Management	834	5%
Banking & Financial Services	711	4%
Metals & Ores	553	3%
FMCG, Food & Beverages	256	1%
Hospitality	224	1%
Pharma, Healthcare & Biotech	210	1%
Power & Energy	173	1%
Aviation	157	1%

Source: Grand Thornton, Dealtracker 6th Annual Edition 2010



OUTBOUND DEALS

198 DEALS

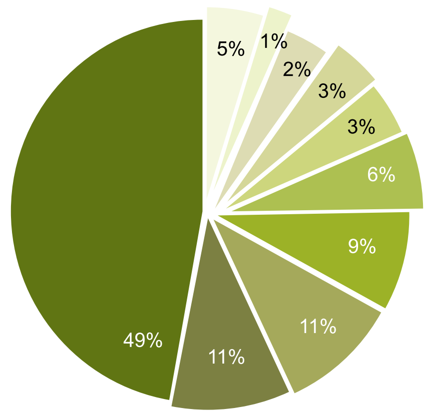
US$ 22.50 BILLION

The outbound deals accounted for 45% of the total M&A deal value in 2010 as against 12% in 2009. The deal values in 2010 were 16 times those of 2009. The year saw top investments in varied sectors such as Telecom, Banking and Metals.

TOP OUTBOUND M&A SECTORS IN 2010

Sectors	US$ mn	% Value
Telecom	11,025	49%
Banking & Financial Services	2,475	11%
Metals & Ores	2,475	11%
Mining	2,025	9%
Pharma, Healthcare & Biotech	1,350	6%
FMCG, Food & Beverages	675	3%
Hospitality	675	3%
IT & ITeS	450	2%
Agriculture & Agro Products	225	1%
Others	1,125	5%

Source: Grand Thornton, Dealtracker 6th Annual Edition 2010



MAJOR DOMESTIC DEALS

Acquirer	Target	US$ Mn
Chennai Network Infrastructure Ltd	Aircel Ltd (Tower Operations)	1,700
Reliance Power Ltd	Reliance Natural Resources Ltd	1,500
Reliance Industries Ltd	Infotel Broadband Services Pvt Ltd	1,000
ICICI Bank Ltd	Bank of Rajasthan Ltd	608
Axis Securities & Sales Ltd	Enam Securities Pvt Ltd	446

Source: PWC, Asia Pacific M&A Bulletin, 2010

MAJOR OUTBOUND DEALS

Acquirer	Target	US$ Mn
Bharti Airtel	Zain Africa BV	10,700
Hinduja Group	KBL European Private Bankers	1,863
Hindustan Zinc Ltd (Vedanta Resources)	Anglo American Plc- Zinc Business	1,340
Lanco Infratech Ltd	Griffin Coal (Griffin Cool Mining Pvt Ltd & Carpenter Mine Management Pvt Ltd)	845
Fortis Healthcare Ltd	Parkway Holdings Ltd	685

Source: Grand Thornton, Dealtracker 6th Annual Edition 2010

TOTAL YEAR SUMMARY (YEAR TO DATE), MAY 2011

Deal Summary	Volume			Value (US$ mn)		
Year to Date	**2009**	**2010**	**2011**	**2009**	**2010**	**2011**
Inbound	23	38	51	847	5,000	17,348
Outbound	27	39	74	311	17,764	5,803
Total Cross Border	50	127	125	1,157	22,764	23,151
Domestic	50	207	138	3,689	4,369	3,342
Total M&A	100	334	263	4,846	27,133	26,493

Source: Grand Thornton, Dealtracker, May 2011

Act Quickly, Execute Flawlessly

Schneider Electric recently announced its 6th acquisition in the last two years by acquiring 74% stakes of Luminous Power Technologies. **Olivier Blum,** Country President and MD, tells *People Matters* why it is essential for the strategy to drive the M&A deal to help the the organization achieve the goals it has set for itself and not the other way round

Q What is your strategy for Schneider Electric India and what is the role that M&A is playing to achieve this?

From 2008, our strategy in India has been to accelerate growth; we want to reach in 5 years, where it would take us 10 to 15 years to reach organically. We have made strategic decisions about our products, markets and channels. We envision M&A as a way to breach the gap between where we are today and where we wish to be. The gap is what gives us the opportunity for M&A and not the other way around.

Q Today your organization has more than 12,000 employees. How do you keep a culture of belonging to a common company? Is it important?

It is very important. In fact, so much that even before we finalize a deal, we evaluate how likely and synergistic people integration is. If we have doubts about being able to integrate the cultures of the organizations, then the deal will not happen. While there is no perfect match, we should at least be confident that both cultures can be integrated, otherwise it will not make sense. The first 100 days of the integration period are the most important. Our focus at this stage is totally on people: their roles, their development needs, their ambitions, etc. We ensure that we retain the key people in the teams.

Today, we ensure that any employee of the acquired entity has the same benefits as that of a Schneider employee, with the same tenure from the joining date of the acquired organization. This helps establish a sense of belongingness and unity.

Q What is your strategy post deal? Do you follow a "tightly coupled" or "loosely coupled" approach? Why?

We follow two different models depending on what is the strategic intent of the transaction. It can be a fully integrated model that starts from day one, where integration normally takes between 3 to 6 months with the acquired company till it is fully integrated in terms of HR processes, manufacturing, functioning, etc. In the second model, a transaction does not involve any integration at all. In the case of Zicom Electronic Security Systems, it was a fully integrated acquisition, as that was the way we felt the benefits of the transaction could be maximized. In the case of the latest transaction, Luminous, we intend to keep the company functioning as it is today. We want to maintain the brand and the working as it is as we believe, for the B2C market, the brand and position of the company is very important.

Q What are the steps you follow in every deal? How important is the people angle in any transaction?

The people angle in a transaction is crucial, especially in India. From pre-deal to implementation, people and cultural synergy is very important, since there is a possible risk of losing key people in the early days of integration - hence eroding the value of the acquisition.

The biggest risk is retaining people post deal. This is especially true in India due to the talent demand–supply mismatch

Q What is your advice to companies looking at expanding through M&As? What are the risks?

Firstly, be clear on the strategy. M&A opportunities should not influence the strategy, but the strategy should drive M&A as means to achieve the goals that the organization has set for itself. M&A should not be undertaken in an opportunistic way but as part of the planned strategy.

Secondly, M&A requires support from the top. Once you decide to go ahead with a transaction, you need to be able to act quickly and execute flawlessly. If the management does not support the M&A strategy and empower the team, there are many risks that will come to culminate into a successful deal.

The third is cultural fit. Closing the deal is just 5% of the overall operation. One still has 95% thereafter post deal, which is integrating the teams and making them work together. The only approach for excellent execution is to ensure having a very strong process for the first 100 days.

The biggest risk is retaining people post deal. In India, this is especially true due to the talent demand–supply mismatch. Competitors will always be watching for the right time to poach talent and in an acquisition situation, the uncertainties and risks make it a great ground for competition to take people. It is for these reasons that it is so important to plan for the first 100 days and to execute flawlessly towards people integration.

In all acquisitions we have done in India, we have been able to retain 95% of the talent. This is a great achievement and I think the credit goes to our structure and agile process of integration that is critical to ensure that people know their place in the new organization and feel engaged, valued and motivated. pm

How to ensure a successful M&A?

- **Be clear about the strategy.** M&A opportunities should not influence the strategy, but the strategy should drive M&A to achieve organizational goals.
- **Have the required support from the top:** There must be support from the top management to ensure that the Merger or Acquisition is successful.
- **The first 100 days are crucial.** Closing the deal is just 5% of the overall operation. 95% starts post deal when the companies must work towards integrating the teams and make them work together.

Q What drives the M&A strategy in MphasiS?

Earlier this financial year, MphasiS underwent a large scale transformation process. We have chosen to focus on strengthening our vertical approach in order to service our global clientele. This focus will help us differentiate in the market. Our objective is to provide the customers an end-to-end solution; hence, we look at what the customer needs and we evaluate our internal capability. In the process of assessing the gap, we decide if we should bridge the gap by "building" capabilities or by "buying" them. The building strategy is naturally slower but also less expensive; while the buying strategy can give you access to faster delivery and hence capture the opportunity.

Our M&A strategy is designed to accelerate our strategy implementation and support our growth plans.

Q When are M&As really adding value to the company strategy?

Firstly, one needs to pick the right company; even when we started the process of acquiring Fortify, we looked at more than 75 companies to start with, then we narrowed down to 10 and again to 5 and finally we were tracking just 2 before we did the acquisition.

Finding the right choice is a bit like an arranged marriage. Once you start thinking about getting married, you imagine the best possible option, with the best possible quali-

Retain Talent and Customers Alike

MphasiS has grown significantly over the years through the inorganic route. Since MphasiS became a HP subsidiary, there have been two notable acquisitions; AIG Systems Solutions (in 2009) and Fortify Infrastructure Services (in 2010). **Dinesh Venugopal,** Chief Corporate Development Officer, MphasiS, discusses with *People Matters* on what drives the M&A strategy at MphasiS and how it adds value to the overall growth of an organization ties and then you realize that this person does not exist and you go down the street and find out that even your neighbors' daughter is now engaged. Similarly, with business leaders, they would tell the M&A teams that we want the best possible acquisition and eventually what happens, is a mix between what is available and what is possible.

Secondly, once the company has been chosen, the integration plan is extremely important. Choosing the company and aligning the right integration plan is the key for a successful implementation. The integration plan will have the details of the cultural fit of both organizations, the type of integration it would be, either tightly coupled or loosely coupled along with a two year integration plan and metrics. Finally, the plan should ensure that the final entity gets the best of both worlds in terms of best operations, practices and technology.

Q Can you elaborate on the difference between a "tightly coupled" integration and a "loosely coupled" integration?

In a loosely coupled integration, one will keep the merged entity as a separate entity all together, with their own P&L and own structure, without integrating the teams, customers or operations. This is as opposed to a tightly coupled integration, where there is a seamless integration of the teams.

CASE STUDY: Acquisition of a Global Insurance Major

Business continuity

One of the core focus areas much before, during, as well as after the acquisition was ensuring seamless delivery; this was ensured to the extent that the client did not feel at any juncture that the management had changed, resulting in a change in the organization's DNA. To ensure that clients could be assured of continued best-in-class delivery, the management team from MphasiS met with the clients of the global insurance major much before the merger, to help them understand and be comfortable with MphasiS delivery capabilities.

People factors

One of the biggest people-challenges was aligning the culture and mindset of the two organizations. Though both were IT service providers, one was an offshore captive of a conservative insurance giant, and the other was a fast-growing company that was young at heart; these differences contributed to significant changes in organizational culture, and this was one of the chief aspects addressed during the integration process.

For example, from something as simple as dress code or more close to heart, leave policy were different for the two organizations. While the differentiating factors themselves were relatively low-impact, what mattered was how the employee felt about the change, and how it was implemented.

The global insurance major as a seller was particular that some of their commitments to employees be kept up, at least for the duration of that financial year, if not longer. From a human resources operations perspective, we had to conduct in-depth studies that compared and contrasted policies and employee benefits and ensured that there was no great mismatch between existing employees and those from the acquired organization – this was a very crucial step. For example, some offerings like dependent coverage of medical insurance was continued for a year for the global insurance major's employees with the existing service provider, before merging the policy with MphasiS' service provider.

Managing change

Needless to say, anyone who has worked on mergers and acquisitions would tell you that communication is the key to managing change. This single factor can make or break the amalgamation so effectively, that nothing else can mend the damage done by bad communication strategy.

The management teams of the global insurance major as well as MphasiS were aware of this, and a dedicated team worked on a comprehensive communication strategy. Communication plans and collateral were designed and finalized to the minutest detail possible, and synchronized between both the organizations. Irrespective of how well managed an acquisition is, there are always roadblocks that come up during and after the process. Top talent retention is one of the key issues, since market forces use the inherent instability of any change, to attract and poach talent. Even though communication plans and acquisition strategies can be extremely well-planned, change always brings apprehensions and there is a lingering feeling of insecurity amongst employees. So, the proof of the pudding of having managed the integration well is a dipstick survey at the end of 3-6 months, to understand employee satisfaction levels, which was undertaken to assess what changes can be made to make such a large-scale acquisition more effective.

There are a multitude of books written on M&A, hordes of research papers, but what finally matters is how each merger or acquisition is managed on the floor and if the relevance of it is understood from the perspective of every last stakeholder. What worked well in this M&A, was that the management teams from both organizations have met on a common platform of wanting to make the experience a pleasant one for employees, clients and other stakeholders, planning every single step of the process, communicating every last and minute detail, talking the talk and more importantly, walking the walk.

*Case developed by **Sunitha Vadlamudi Lal,** Business HR Head - BPO (Domestic & International), MphasiS*

Every transaction will require a different integration process depending on what are the synergies that the deal will bring to the table and what is the best way to materialize them

For example, when we acquired AIG Systems Solutions in 2009, this deal required a full integration in order to extract the benefits of the transaction. The reason we acquired AIG was to have access to the skill sets and hence the teams had to become part of the insurance practice. The complete integration was the source of synergy from the deal. This was different when we acquired Fortify Infrastructure Services in 2010; we decided that we would leave the organization to function independently as we wanted to preserve the entrepreneurial culture.

Every transaction will require a different integration process depending on what are the synergies that the deal will bring to the table and what is the best way to materialize them.

Q What, as per your experience, are the three main tenets for a successful integration?

The first must of any integration is 'retention of talent'. Being in the services business, people are our real assets. Top talent should remain with the organization for the value of the deal to be realizable. The second is the customer. All integration plans should ensure that the customer receives a seamless service delivery during the integration. The integration plan should identify synergies at the forefront and very carefully track that these synergies are being realized. Honestly, I feel that if you focus on talent and customer, the rest will fall in place. The third is the operations, which means that the integration plan should look at adopting the best of both the worlds; even if the company is small, the larger organization should look at adopting the best practices and leverage on that value.

Q How are these tenets different in a domestic integration versus cross-border integration?

The integration is not different. Of course, in cross-border integration, there are issues related to culture and perceptions that are very important. For example, the meaning of career growth or career opportunity can be significantly different in different parts of the world. Therefore, one has to be sensitive in order to ensure that talent is retained.

Q From your experience, what can go wrong in an integration and why?

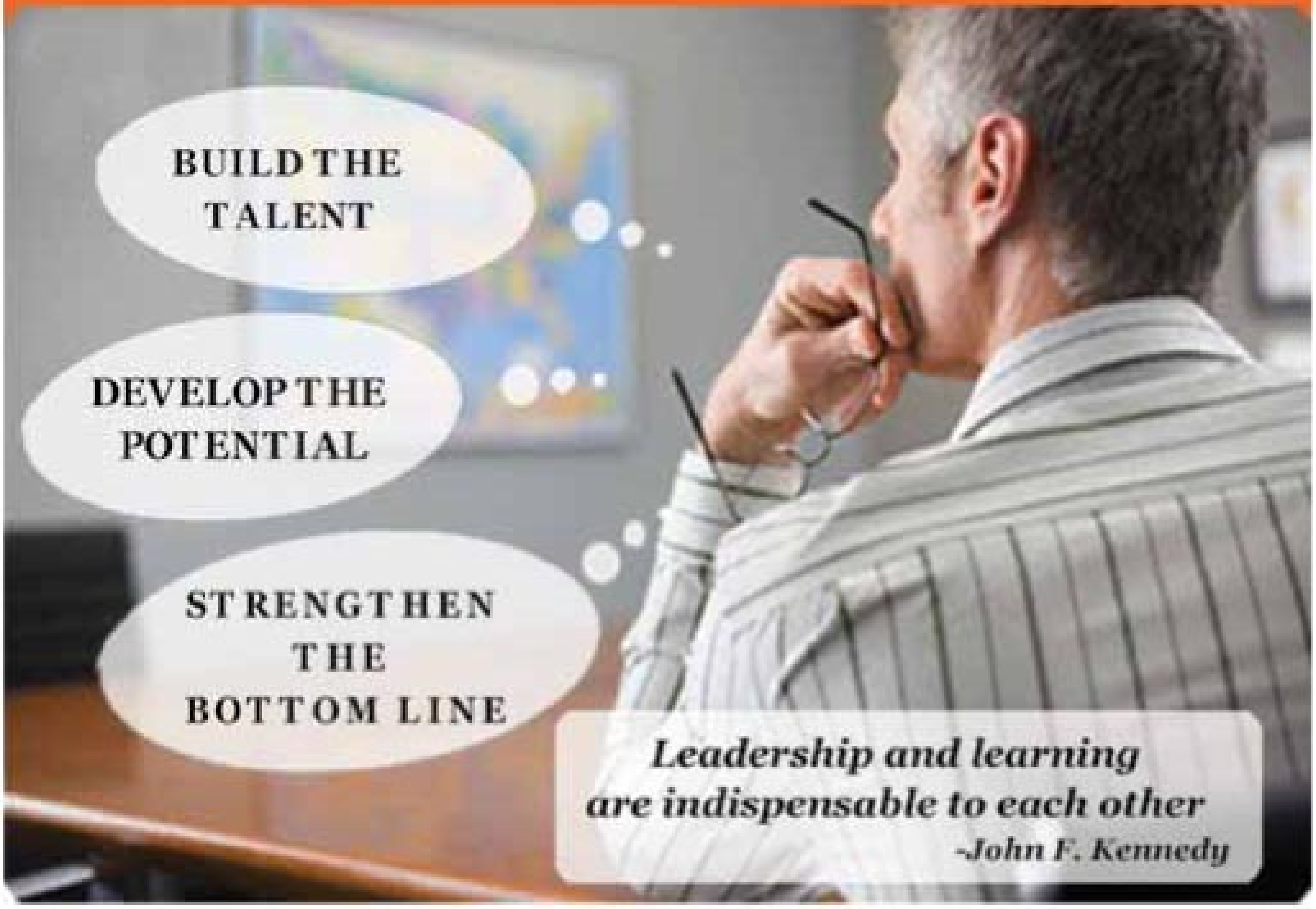
The first thing that can come in the way of a successful integration is making assumptions about what each party wants or needs. If the acquirer believes that they know what the acquired company wants or needs without finding out a collaborative approach, this can become one of the biggest problems in a successful integration. From my experience, what works is a collaborative approach, where both parties together, openly discuss what the particular expectations and requirements are. A version of this plan should be ready and agreed to even prior to the signing of the deal.

The second thing is to have a clearly framed integration plan with milestones. This plan should be aligned to the synergy that is expected from the deal and should have milestones that track the progress of integration as planned. This integration plan also should be shared with all relevant players of the plan.

The third thing is to make big and painful decisions upfront. If a company knows, that post integration, some roles will not exist, it is better to communicate the same upfront and not keep the suspense that can generate anxiety and attrition in the teams that might be acquired. When faced with tough or sticky decisions, always go back to the strategic rationale for the acquisition and use that as the compass to help you make the right calls.

Having a plan, tracking results, communicating and collaborating are actually the base of a successful integration. Interestingly, even though they are simple processes, we continue to forget them in every deal. If you see, seldom is the case that the same people are involved in the M&A deal. Therefore, from deal to deal, any one of the persons involved in an integration plan might have been part of a deal 3 or 4 years earlier, so we tend to forget these basic principles as we do not apply them regularly.

LEADERSHIP TRAINING FOR MANAGERS



Top Management

- Drive to understand Vision/Mission
- Align performance goals with Strategy
- Take charge and lead in crisis
- Lead a winning team

Middle Management

- Planning and executiuon
- Team-building
- Conflict Management
- Deliver on goals

Frontline Managers

- Understand customer relationships
- Communicate clearly and concisely
- Project an executive image
- Sell yourself and your ideas

Every member of your organization needs to have the right skill and contribute to your organization's growth

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HR Due Diligence

can avert M&A failures

The due diligence stage should include equal consideration to both 'hard' and 'soft' aspects of the organizations, explains **R. Sankar,** Executive Director, PricewaterhouseCoopers, India

QUICK VIEW

- Dealing with people issues at the beginning is crucial in an M&A deal
- While focusing on cost, system and process is easier, culture and people-related aspects are more difficult to assess
- HR professionals must equip themselves with the knowledge, tools and skills required to lead HR due diligence

Despite overwhelming evidence that inadequate attention to people and culture is the main reason for failures in M&A, HR continues to get short shrift. HR is less sexy, does not get the adrenaline pumping, its issues and concerns are less easy to quantify and its chiefs are far away from the high table.

Subdued during the last two years or so, owing to the global recession, M&A activity is picking up as economies rebound. Having reached the limits of organic growth, many companies see M&A as the principal means to meet or surpass stock market expectations. Ensuring that people issues are dealt with properly, not only increases the chances of a successful deal, but can also minimise the performance dip that invariably follows the completion of the transaction.

So, what are the HR issues that must occupy the minds of the buyer in the pre-deal stage? The issues may be categorised into two: the hard and the soft.

The hard issues are concerned with costs, productivity, structure, headcount, pay and benefits, regulation, processes and systems. The soft issues comprise of culture, leadership, morale and motivation and ease of integration. In addition, if the deal's success depends on rationalising headcount, then due diligence to satisfy oneself of the numbers as well as the ease and speed with which the redundancies can be given effect to, is important.

As both sets of issues (hard and soft) are important and often stand between success and failure, they cannot be left to the post-deal stage, and must be considered during the pre-deal due diligence.

The purpose of the due diligence is to identify:

(1) Factors whose impact is likely to be so adverse that they can put a question mark over the deal (for example, material non-compliances).
(2) Factors that could have a material impact on the deal value (for example, under-funded pension liabilities, and redundancy costs woven into contractual arrangements with employees).
(3) Risks that the buyer must be aware of and can mitigate (for example, the risk of losing key talent) so that the transaction achieves the intended results.

A due diligence also provides the assurance that things are as stated by the seller and that there are no surprises. Further, if the deal is predicated on manpower rationalisation, the due diligence provides the buyer the opportunity to ensure that the synergies are realistically valued and are attainable within the desired timeframe.

Time is of essence during a due diligence. Much data has to be analysed in a compressed timeframe and appropriate conclusions drawn. Not all the data sought will be available or available in the form required. Critical judgement has to be therefore applied to arrive at conclusions regarding risks and valuations.

The hard aspects of a due diligence are usually examined in a virtual data room in which data is shared with identified members of the due diligence team. The data room is kept open for a specified period and provision is made for queries and clarifications that may arise on the examination of the data furnished. Given the compressed time available for such an exercise, the success of a due diligence will depend greatly on the use of pre-existing templates for data collection and reporting and tools for data analyses. It is also important to define the data requirements clearly. For example, if data relating to attrition is sought, attrition should be defined clearly so that the data furnished meets the requirements. Too often, much time is lost

How does one assess the "culture" of the target company? How would one identify its critical personnel whose retention may be critical to realising deal value?

and rework done because data requirements are not clearly defined.

In planning the due diligence, it would be useful to ask what outcomes are sought, what information and analyses is required to achieve the desired outcome, define the data sets and collect information accordingly. Too often, standard templates are used with hardly a thought to why the information is needed and to what use it will be put to. This results in time spent collecting and analysing irrelevant data, while important aspects that may have a material bearing on the transaction may tend not to be considered at all or given scant attention. Working back makes reporting easy, as the findings of the due diligence can be linked clearly to the key decision points in the transaction.

While the hard aspects can be understood through the collection and analyses of data, the soft aspects present a challenge. How does one assess the "culture" of the target company? How would one identify its critical personnel whose retention may be critical to realising deal value? A due diligence of the normal kind is inadequate for these purposes. Instead, these aspects must be dealt with at the leadership level. But, given how busy the leadership of the two entities would be during this period, this is a difficult task. An effective way of doing this would be through the use of experienced external advisors for a day or two. A facilitated session guided by the external advisor can help the two sets of leaders understand each other's organizational culture. Advisors bring diagnostic tools to help understand key strands of the organizational cultures, decision-making style (autocratic vs. consensual), the extent of performance differentiation, organizational values and their manifestation, the degree of process orientation, etc.

It must be borne in mind throughout, that the objective of the exercise is not to critique the culture or ways of working of the target but to help the buyer in his decision whether to buy the target and if so, then on what conditions.

In order to identify key talent that is critical for the buyer to retain after the transaction is done, the target may be asked to supply the buyer a list of his key personnel and critical positions. These employees are then interviewed by a team consisting of the buyer and his advisors. Through the review of their performance data and through other behavioural and leadership tests, the buyer can make a comparison of the target's key personnel with his own (should the two entities operate in the same industry) and satisfy himself as to the correctness of the target's assessments.

Although this article has focused on pre-deal aspects and the due diligence, in practice it is difficult to visualise pre and post-deal issues in water-tight compartments. Thought is often given to pre-deal to post-transaction issues including integration strategy. For example, how will the provident fund of the target be dealt with if the buyer does not have a trust of his own but uses the EPFO? How do we transition the insured benefits (for example, healthcare) of the target company seamlessly? What must our integration strategy be? How should redundancies be handled? Attention must be focused on "what will change" and "what will not change" on day 1. A detailed internal and external communication plan must be prepared and kept ready. It would be useful after the due diligence has been completed and before the transaction date is set in order to work through these and similar issues.

In closing, it must be remembered that the work of HR will feed into other work streams and vice versa; so it is important that there is effective co-ordination of the work being done by them in order to avoid overlaps. For example, both HR and finance would be interested in people cost data and pension liabilities. A Programme Management Office can help avoid overlaps and ensure effective co-ordination.

Given the importance of HR in M&A, the time has come for HR professionals to equip themselves with the knowledge, tools and skills required to lead HR due diligence as well as ensure effective post-deal management to realise deal value. pm

Talent & Organization Challenges in M&A

An Indian Perspective

Post deal organization, HR transformation, cultural alignment and change management are the four aspects that can help accelerate the M&A process, say **Deepak Malkani,** Lead; **Jayesh Pandey,** Senior Executive and **Rhiju Bhowmick,** Manager – Talent and Organization Performance, Accenture

M&A activity in India continues to remain strong. The total deal value increased from USD 24bn in Q-1 2010 to USD 29bn in Q-1 2011. With deals on the rise, corresponding attention must be given to the enabling factors that often define success or failure in a M&A. This is especially true for in-bound acquisitions where foreign companies acquire Indian businesses. This segment has shown a 13 increase in Q1 as compared to 2010.

A merger, acquisition or divestment brings with it unique people challenges that are outside the domain of Business-As-Usual functioning. The size and diversity of India (22 official languages, 28 states, and 7 union territories) add on to this complexity. Differences in business and operating models, HR practices and organization culture throw up additional challenges in effectively leveraging upon the benefits of inorganic growth.

The M&A Talent and Organization agenda, often seen as having less quantifiable "balance sheet" impacts in the nearer term, can nevertheless cause significant delay in value realization. Early focus on the following key areas can help avoid such value destroying "valleys" and accelerate the synergy realization:

1. Post Deal Organization
2. Human Resource Transformation
3. Cultural Alignment
4. Change Management

Deepak Malkani

Jayesh Pandey

Rhiju Bhowmick

1 Post deal organization

Any M&A will require a relook at the organization design of the combined entity. The incoming unit(s) may bring with it new geographic presence, channels, business processes, brands and manufacturing assets. The headcount may multiply and demographic profile of the employee base may undergo dramatic change. In addition, the large and complex nature of this change is likely to produce lack of direction and ambiguity of role expectations in employees across levels. Unless the transition and to-be organization design is tackled upfront, information asymmetry, fractured reporting lines and lack of coordination can start eroding the deal value very early into the integration.

The geographic dispersion of India and uniqueness of local business models necessitate a rigorous and hands-on approach to organization design. At the very least, a transition design needs to be in place within the first 100 days of the deal, while the longer term organization design is on its way. This takes ambiguity out of the governance equation and allows senior leadership to efficiently execute the decisions critical for value realization.

QUICK VIEW

- Unique people challenges that are outside the domain of usual business functioning , come along with any M&A
- Any M&A will require a relook at the organization design of the combined entity
- Running change management as an integrated business process can significantly mitigate the disruptive change effects of M&A

Done correctly, post merger organization design stabilizes the combined organization, drives transparency in governance and decision making and provides employees the clarity of direction, roles and reporting early on into integration. The net outcome is quick stabilization into Business-As-Usual and delivery of the promised transaction value to shareholders. Operational benefits translate into effective people integration, clarity of career levels and reporting structures and active driving of employee engagement.

Effective post merger organization design approaches combine top-down and bottom-up approaches. The starting step is defining the organization foundation: capturing the strategic intent and specific deal context, reviewing as-it-is structures and developing strategic KPIs for the combined entity. These set the ground for top level design with principles aligned to strategy. Management processes are reconfigured and the bottom-up design rolls up to meet top-down. The design cascades to business units, departments, teams, jobs and sub-processes. FTE projections and capacity are adjusted and the whole process involves important buy-in from key stakeholders.

2 Human resource transformation

With changes in business model and employee profiles, the HR function of the post-merger entity faces its own challenges. Any planning will need to build in the fact that post merger, the HR function itself will often undergo rapid reorganization, while at the same time, supporting the massive organization-wide changes.

In a headcount-additive M&A, the HR function is suddenly faced with the task of reorganizing itself so that it is aligned to the changes in the line function. In case of a divestiture, the retained HR function may have lost some or all key staff in critical HR areas. At the same time, the organization it serves will have a reduced manpower and business diversity. Both scenarios – whether divestiture or acquisi-

CASE IN POINT 1

A large Indian conglomerate divested some of its businesses to a US MNC. The retained HR organization was faced with several challenges: Reduction in field force and increase of overseas workforce as a percentage of the total headcount; change in nature of business - manufacturing-driven to knowledge-driven and loss of HR capability due to resource transfer. The organization responded by undertaking a major transformation that reorganized the HR service delivery model, base lined HR capability and restructured the HR organization. This ensured business alignment and more effective support towards enabling the corporate strategy.

CASE IN POINT 2

In a large and complex merger, two competing firms came together in the Indian market. They had a history of rivalry, overlapping brand portfolio, complex operations and the combined entity commanded more than 50% of market share. Aggressively tackling culture early on, the combined organization identified their respective strengths to design the new cultural foundation of management behavior. Success was measured by the fact that the integration was seamless, there was more than 50% increase in EBITDA and 60% market share.

tion – trigger changes in HR service delivery, changes in HR IT systems and a need to redraw the HR capability baselines in light of the additional responsibility of running a larger (or smaller) set up. Incoming HR talent needs to be leveraged appropriately and redundancies addressed.

In the Indian context, complexities arise from differences in HR maturity levels, differing core capabilities and evolving nature of HR service delivery models. Degrees of differences also exist depending on whether the HR organization caters to a domestic or international workforce. Lack of robust HR MIS data and trends can slow down the process. Lastly, there is the big issue of HR bandwidth. Accenture research shows that most Indian companies struggle to address a variety of people- and organization-related challenges inherent in M&A environments. In the survey, only one-third of CEOs and CHROs indicated they have performed "well" or "very well" in aligning workforces quickly during an M&A.

The human resource function has to support the post-merger task force in addition to its day job of supporting Business-As-Usual. This often places considerable strain on HR talent bandwidth and executive time. Early planning and contingency resourcing can help alleviate some of these issues.

Cultural alignment

3 Often the two combining organizations have distinctly different cultures. During integration, such differences can present a potentially significant barrier. The drastic differences in the regional cultures of India add to this complexity. M&A deals that involve at least one "regional" player, where most of the operations and/or employees come from the same geographic location of India, are one representative of such cultural differences. Global deals are another. Such deals often come with different cultural values embedded into the DNA of the combining entities.

Poorly integrated or un-addressed cultural issues may manifest themselves as decision making paralysis, organizational conflict, erosion of employee morale and worst, flight of talent. All of these can have significant business impact and can delay synergy realization.

An effective cultural integration strategy must play an active role from the pre-deal stage, using the HR due diligence exercise to identify key cultural values of the target. Understanding the current cultural values will allow addressing of key cultural similarities and differences. Post merger, the business rationale of the deal will drive the culture alignment options, supported by the culture due diligence findings. The current cultural values, in combination with desired culture view from the top, are essential to identify culture gaps and build the alignment roadmap.

For example, in a recent multi-billion cross-border merger involving a large Indian buyer, cultural assessment and alignment played a significant role in designing an operating model for the combined global enterprise, unlocking millions of dollars in deal synergies.

Change management

4 Often post-deal change management is handled in a fractured manner. Individual components like strategic employee communication, run as standalone work-streams. This generates two major risks. Firstly, fragmented change management escalates coordination complexities, making delivery of forceful change benefits within periods of turbulence difficult. Secondly, soon after deal announcement, executive attention tends to shift elsewhere. Without proper change planning and project management early on, it becomes difficult to secure executive time and bandwidth towards driving the change.

Culturally, Indians tend to have an inherent quality to adapt and improvise. This helps during major change events like M&As. But at the same time, a booming demand for talent means that there is only so much of ambiguity and forced change that employees will live with. It is here that the benefits of strategic change management demonstrate themselves. Articulating a clear roadmap for the to-be organization, judicious selection of change levers like leadership, communication, employee networks, incentives, etc. at different points of the change curve, actively managing the supply and demand of change and finally running change management as an integrated business process can significantly mitigate the disruptive change effects of M&As. pm

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Implications of Cross-border Deals

Anupam Prakash, Partner, Mercer India, talks about the opportunities for Indian companies in cross-border M&A, and the crucial role that people and human capital considerations play in ensuring a successful transaction

Today, in my view, there are two countries which have a great opportunity in exploiting cross-border M&As: China and India. The reason for this is that these two countries are used to scale and size. They have large domestic markets, know how to sell at scale, know how to manufacture in scale and so on. Besides China, India (and the U.S.), there is no other country that really understands size and scale.

India in particular, is very well placed to do cross-border deals, as India-based organizations understand diversity, complexity and scale. This is due to a thriving culture of private sector and entrepreneurship, something that their Chinese counterparts have not been exposed to. In China, it is mostly the state-owned enterprises which have been doing cross-border deals. In India, M&As are being performed by very large enterprises as well as by mid-sized, and even smaller organizations. At all levels, Indian companies are innovating in terms of products, opportunities and business models, by exploiting the M&A platform to globalize rapidly.

Cross-border deals vs. domestic deals

When looking at cross-border transactions, the only thing that is actually different from domestic deals is the people or human capital aspect. Broadly, you can classify these HR aspects in two categories: one is related to employment matters (regulation, benefits, legal issues); the other relates to softer issues related of culture, communication, behavior and style. When an Indian company is acquiring in India, these two challenges do not really exist; or at least, organizations are completely familiar with them. The moment the deal is cross-border, these challenges become significant, and potentially, can derail and disrupt the deal. When an HR head is looking at the benefits, or the liability, or actuarial valuation to pensions and benefits for India-based population, a standard due diligence activity will easily provide estimations. This is not the case in cross-border deals. Just to give you an example, a large auto-components player in India made an acquisition in Europe. The acquirer did not undertake an HR work stream

QUICK VIEW

- Cross-border deals must pay attention to the people side
- Most promoter-owned Indian companies have a unique set of dynamics that many in the west are not familiar with
- Cultural interventions, cultural assessment and coaching are crucial for the success of cross-border transactions

audit, which they could have done quite easily during the diligence stage, and went ahead with the acquisition. They later realized the liabilities in terms of severance, workers' compensation, and issues related to other employment matters - healthcare, pensions, retirement and gratuity. These costs were so large that the company carried a large load on its P&L and balance sheet for several years - as a result of which the transaction did not realize the planned business synergy till much later in the game. The level of liabilities that some countries impose on employers in terms of severance pay, benefits, employee rights, trade unions, etc. is of a magnitude, that Asia-based organizations find it difficult to comprehend and cope with.

The second challenge of cross-border deals relate to the softer aspects: style, culture, communication, behaviors. Most Indian companies doing transactions are promoter-driven and managed - these types of organizations have a unique set of dynamics that many organizations in the west are not familiar with. If an Indian promoter is going to maintain the senior management of the newly acquired company, then it is important to sensitize both the promoters on how to deal with a global management team, and the senior global team on the dynamics and expectations of promoter-driven business based in India. Cultural interventions, people assessment and coaching are crucial for the success of these transactions.

A classic intervention to cope with these issues is a culture scan. Done during the M&A process, this tool can easily determine cultural gap and fitment between the two organizations, and throw up an action plan to cope with the gap, as well as, define a roadmap for integration across aspects of management style, organizational communication and team interactions during the post merger phase, and after.

A good deal is not enough – people's role is crucial to realize the planned synergy

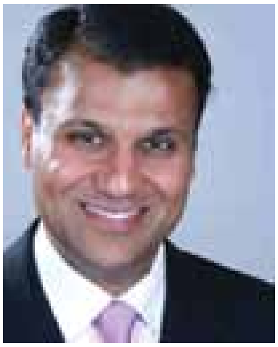
When planning a transaction, organizations typically tend to consider three things: balance sheet synergy, acquisition of technology and access to customers.

Unfortunately, not many companies will look at the employees and the HR issues till later into the due diligence stage, or worse, and more often, till later into the post deal period. This is the reason we find many cross-border deals ending up not realizing the planned business synergies, having a delayed integration, or in many situations, continuing to work as two independent and unrelated organizations, even long after the deal has been consummated. This is a real pitfall, one that needs to be avoided, if Indian organizations aspire to use mergers and acquisitions as a vehicle for globalization. Pm

Indian companies are in particular, well placed for cross-border M&As, as they understand diversity, complexity and scale, due to a thriving culture of private sector and entrepreneurship, something that their Chinese counterparts are not exposed to, due to a historical lack of private sector activity in that country

Show me the Money

Sharad Vishvanath, Principal, Aon Hewitt M&A Solutions and **Jaidev Murti,** Senior Consultant, Aon Hewitt M&A Solutions, disclose the strategic importance of Total Rewards for successful people integration in an M&A deal

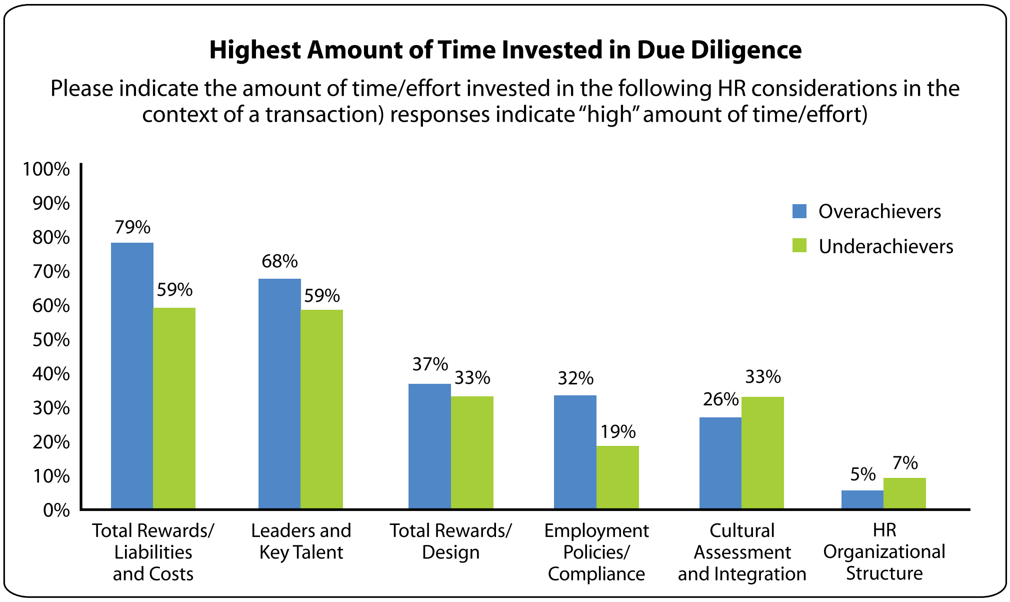


Sharad Vishvanath

Jaidev Murti

The past decade has seen unprecedented Mergers & Acquisitions (M&A) activity globally. Our research indicates that we are at the beginning of another boom cycle (the last one peaked in 2007). In fact, as per published research, the first quarter of 2011 witnessed the highest M&A activity (~USD 800 Bn) since 2007 and if, as likely, sustained at the same level, will surpass the 2007 levels this year. Another key shift we have observed is that upto 25% of the total deal flow is now in APAC or from APAC firms. This trend is projected to strengthen in the near future with a bias towards increased inbound activity by MNCs (87% firms indicated increased APAC M&A activity) and outbound M&A activity by Asian corporations. That is a significant indicator of the levels of M&A activity and thus the complexity that firms coming into or APAC firms acquiring outside will face, given their relative inexperience with M&A and integration challenges. Couple this with the increasing trend of integration being a stated strategy for many M&A deals, and it creates a perfect storm of challenges that can risk both the short and long term success of these deals.

As the global focus on inorganic growth continues, it is interesting to examine some of the key people and human capital factors that can influence the realization of the deal objectives and synergies in a transaction. In a research that was recently conducted by Aon Hewitt across 103 global companies, the number one factor that assumed importance in the minds of acquiring companies was "Total Rewards". In conjunction with the retention of key leadership and talent – total rewards is a critical aspect in the valuation and realization of deal synergies.



Source: Aon Hewitt

We also looked at the difference in practices and execution between the self confessed "overachievers" & "underachievers" on deal success which throws light on some interesting facts.

As an example, the design and execution of the rewards packages for key talent and leaders can often determine the likelihood of their retention in the new organization. With nearly three quarters (71%) of organizations providing a retention package to targeted employees in the acquired firm, 57% of these companies continue to lose critical employees at the same or a higher rate than the non-critical staff. Given these rates of key talent loss, it is easy to understand that less than 50% of the deals have successful outcomes, and they actually realize the deal objectives and synergy targets that were originally forecasted.

QUICK VIEW

- There is a clear-cut difference between the practices adopted by "overachievers" & "underachievers"
- The design and execution of the rewards packages for key talent determine the likelihood of their retention in the new organization
- Overachievers have a clear advantage over their counterparts and are simply better at managing their money

Total rewards is typically defined as the package of monetary and non-monetary elements of value delivered to employees to drive performance. Though, for the purpose of the study, total rewards was defined as compensation and benefits programs only, excluding levers such as organization culture, work environment, etc.

Core DNA elements that firms need to embed a total rewards perspective

Aon Hewitt research shows that traditional elements of rewards—pay benefits and stock awards—are no longer the differentiating factors for organizations. And with employee trust and engagement at a low, focusing on the total "package" of pay and rewards—and not just the pay—provides acquiring companies with a more compelling platform to engage and retain key talent.

In the context of a merger deal, there is an even greater opportunity and need to address total rewards—both for incumbent employees and new employees from the acquired organization. It is insightful to note that even with "total rewards" cited as a top human capital lever of deal success, only half of the companies indicated their total rewards initiatives as effective. It is clear that the opportunity exists for better leverage of a total rewards lever during deals.

There was a clear distinction in the total rewards strategy of overachievers versus Underachievers. In fact, the research corroborated this by demonstrating the ability of overachievers to retain critical talent at a rate two and a half times (2.5 times) higher than that of underachievers due to a rigorous focus on total rewards amongst other aspects.

So, what are these DNA strands that a firm should weave into its M&A strategy?

DNA Strand #1: Overachievers are more laser-focused on key total rewards liabilities while doing due diligence

There is a wide range of human capital considerations in due diligence. It includes the review of leadership and key talent, assessment of total rewards liabilities and comparability of designs, cultural analysis, and assessment of compliance. However, overachievers not only spend a higher amount of time on total rewards liabilities and costs in due diligence, they are laser-focused on specific liabilities during this phase.

As opposed to evenly spreading their efforts across total rewards elements in due diligence, overachievers put additional efforts against (a) employment contracts as well as change in control and severance agreements; (b) executive compensation; (c) executive benefits/perquisites; and (d) defined benefit retirement plans. These areas are most likely to create total rewards liabilities, and overachievers give them the appropriate extra effort to ensure that their deal model has captured these liabilities and costs.

DNA Strand #2: Overachievers look at total rewards in the aggregate

Increasingly, leading companies are managing total rewards as an integrated portfolio and in alignment with the broader employee value proposition. When we examined overachievers and underachievers, we found that overachievers consider total rewards in the aggregate when negotiating the purchase agreement and determining their go-forward total rewards approach.

For example, 67% of overachievers most often agree to provide compensation and benefits that are substantially similar in the aggregate to the existing target company plans for a stated period after closing (compared to 50% of underachievers). They are also more likely to require this commitment for their employees in a divestiture situation (69% of overachievers vs. 41% of underachievers,). Further, 63% of overachievers, compared to 34% of underachievers, consider design changes "across all total rewards programs" when integrating acquired organizations.

DNA Strand #3: Overachievers make performance-based retention a key element of total rewards in acquisitions

Organizations have not lost sight of the importance of leaders and critical talent in driving deal success. In fact, respondents to our study indicate a strong commitment to retaining key employees with 70% of them always using personal communications and/or conversations with acquirer leaders in these efforts and 71% typically providing a retention package to acquired employees. 66% of all respondents identify addressing and implementing retention plans as one of the top three actions in total rewards contributing most significantly to acquisition success.

Key Employee Retention Methods

Which of the following methods do you use for retaining key employees of the target organization? (Responses indicate "always")

Source: Aon Hewitt

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Overachievers are simply better at managing their money, saving it in due diligence and **spending it through well-designed, timely stay-and-play retention approaches**

One striking finding from the study results is the basis for payment of retention incentives. Years ago, the payment of retention incentives was invariably based on the passage of time—stay with the combined organization for a period of time. The data now shows that at almost all levels, retention incentives include some element of post-closing performance or achievement of deal objectives as a partial basis for payment.

What drives the success of overachievers is how they structure their retention package. Not only do overachievers tend to develop a special retention vehicle using a mix of cash and stock above the individual contributor level, and uniformly pay retention within one to three years (and not beyond), they also measure their success more deeply in the organization - below the executive level, with a combination of time and achievement of post-closing metrics.

DNA Strand #4: Overachievers are more equipped, more focused and more effective

Overachievers ensure they have capable and adequate resources (internal or external) to support total rewards during the life cycle of a deal and drive their effective execution. While most organizations in our study indicate relevant experience in different aspects of total rewards in both acquisitions and divestitures, 72% characterize capabilities to address total rewards challenges in M&As as "inexperienced" or "building capability."

In our study, overachievers not only indicated higher levels of experience for negotiating total rewards approaches when compared to underachievers, they were more than twice as effective at executing these initiatives in transactions. Perhaps, more importantly, overachiever organizations were most effective at retention planning, addressing retirement benefits, and addressing executive compensation plans—all consistent with the areas of focus in due diligence provided in DNA Strand #1.

The emerging market perspective

The DNA elements outlined are critical for, and very applicable to, emerging markets like India and China as well. But there are nuances that are pronounced due to the dynamic nature of these markets. Let's examine a few of the emerging market's DNA strands.

Firstly, retention of talent in emerging markets is even more critical, given the severe talent crunch and rising cost of talent. An interesting insight is that, most successful firms look equally closely at the "mighty middle" or "solid performers" rather than just high performers. This results in two specific strategies. One, their retention strategies have to also focus on the non-cash lever of "career and growth" without which pure cash based retention levers can easily be bought out in the market especially if the talent is disengaged with the merger story. Two, successful firms will have an articulated retention strategy and fanatical execution for the larger ~ 50% of their solid performer population as well, because attrition at any level can be crippling for the growth strategy, which is inevitably a key rationale for the deal.

Secondly, our research indicates that in deals involving family-owned businesses in emerging markets, successful firms spend a lot more time and give more attention to rewards compliance and liability issues than in normal deals. This is critical as sometimes the "operating in the grey area" factor for such targets can have significant compliance and monetary consequences.

Thirdly, in emerging markets, executive compensation design though not always complex, is very important, given the leadership talent crisis in these markets (Aon Hewitt research predicts a 75% shortfall of leaders in these markets). Thus, successful firms, who are overachievers, spend a lot of time in the design of executive compensation with sometimes granular details.

In summary

Our research clearly illustrates the strategic importance of total rewards as a critical aspect of M&A activity. By being able to identify material liabilities in due diligence and drive better retention of employees through total rewards designs and retention packages, overachievers have a clear advantage over their counterparts. In a nutshell, overachievers are simply better at managing their money, saving it in due diligence through liability identification and in integration through holistic, performance-driven, cost-based designs and also spending it through well-designed, timely stay-and-play retention approaches. This leads to a retention rate and transaction success for overachievers, that is materially higher than that of their competitors. pm

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Managing Change is Critical For Deal Success

What is it that makes acquisition integration successful? Is it leadership alignment or culture alignment or employee transition management? **Tushar Khosla** and **Vishala V. Thiagarajan,** Strategy and Transformation, GBS, IBM, share critical areas that make acquisition integration successful

The inorganic route to achieving growth aspirations has always been an attractive proposition in the corporate world. However, not all acquisitions deliver the value they set out to.

In several cases, wherein the acquisition fails to deliver value despite a good strategic fit, the causes are often identified as pertaining to people matters – for instance, leadership conflicts, cultural differences or employee disengagement, especially in the acquired firm. At the same time, acquisitions that are supported by effective change management throughout the deal lifecycle tend to mitigate these concerns and stay on track. This article examines the three critical areas - leadership alignment, cultural alignment, and employee transition management - that are vital to successful acquisition integration.

Leadership alignment

"Committed Leadership is the single most critical factor to ensure the success of acquisition integration. Explicit, supportive, visible leadership, that is aligned around the change can greatly facilitate getting the rest of the organization to support the transformation." - Christopher Fitch, IBM-Global Lead for Acquisition Integration Leadership & Change.

It would be easy to assume that the completion of the acquisition is a natural consequence of the consent and buy-in of the leadership team in the acquired entity. But, there couldn't be anything farther from the truth. Acknowledging that the leadership team needs a significant and deliberate focus and acclimatization is an important initial step.

Experience demonstrates that acquired leaders can spearhead success, but only if managed well. In a majority of cases, the erst-

QUICK VIEW

- The consent and buy-in of the leadership team in the acquired entity is important
- Cultural misalignment is often the reason why employees from different organizations are unable to team-up effectively
- Change management interventions through the deal life cycle have to be planned and delivered in an integrated manner

while acquired CEO and senior leadership are instrumental to a smooth transition, retention of acquired teams, and deep relationships with key customers. However, if not integrated and managed well, the acquired leadership team can be the greatest impediment to the integration.

Hence, a clear focus on acquired leaders must be a part of the Organizational Risk Assessment exercise during the due diligence phase itself. Key questions such as how critical is the retention of each leader, what is the probability of a leader leaving, etc., are analyzed in detail at this stage.

Individual interviews with acquired leaders during the due diligence phase are instrumental. A certain degree of expertise is required to conduct these interviews in order to get an insight into the leaders' commitment and ability to contribute in the post-acquisition scenario. Apart from interviews, a study of organizational history, key organization initiatives/projects and cross referencing often add valuable information about the leaders, helping us to reach the right conclusions. Risk mitigation plans rely heavily on the leadership gaps and concerns revealed during this process.

Further, it helps one to be prepared with a plan while conducting face-to-face leadership alignment sessions soon after the 'close' to ensure clarity around the case for acquisition and what it means for both the parties, shared vision of the acquired entity, revised performance expectations, reporting relationships, and revised mandate or priorities for projects that leaders were sponsoring in their earlier roles. Another often neglected but critical area is the communication protocol. Acquired leaders must be familiarized with what to communicate, how and when, as the ones who earlier 'reported' to them, continue to reach out to them for clarity and validation during and after the transition.

A study to identify actions that would improve the integration experience and retention of CEOs from acquired companies revealed three main imperatives – meaningful roles that substantially impact the combined organization, an early start to career development with specific targets, and the availability of a senior mentor and a 'go to' person who can provide the clarity and understanding on 'how things are done here', besides helping leaders integrate into larger communities and grow their influence and eminence.

Leadership alignment also requires sensitizing the leaders from the acquiring company to the value addition and strengths that acquired leaders bring in. Any leadership behavior or conduct that undermines the importance of acquired talent must be severely curbed to avoid disproportionately high reactions during sensitive times.

Cultural and business practices alignment

Cultural misalignment is often cited as the reason why employees from different organizations are unable to team-up effectively or deliver jointly on programs. Most organizations incorporate specific initiatives towards cultural alignment as part of the integration, albeit with varied degrees of success. In the absence of a tangible, prioritized and structured approach to addressing cultural gaps, reactions may be in the form of too ambitious a plan focused on totally reforming the culture of the acquired company to reflect that of the acquiring company, or a passive approach of relying on slow osmosis leading to cultural harmonization. Clearly, both approaches fail to deliver.

Let us sample a case of organizational acquisition wherein the leaders from both entities, while discussing shared values and principles, were convinced of alignment as both entities


Tushar Khosla


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Business practices - Contrasting views supporting similar values

Company A	Company B
Customer requirements always come first, even if internal directives and deadlines slip.	When we receive a directive from our head-quarters, the deadlines are firm.
We believe in commitment and are willing to take longer to make some decisions to get everyone on board.	Speed is critical so we expect leaders to make fast decisions, and consider employee input if it will improve the decision.
We expect people to closely follow our policies.	Some of our policies are strict, but many are guidelines and we expect employees to exercise their best judgment.
Relationships are important, and we work hard to ensure that everyone feels included and comfortable during discussions.	We believe in "straight talk" – which means that we tell it like it is and do not politicize or sugarcoat the information.
When a priority becomes a metric, leaders are expected to "sell" its importance to employees through communication, discussion, work priorities, and so forth.	We allow our leaders to decide how they are going to handle metrics within their own departments as long as they meet our business requirements.

Adapted from: Can Two Rights Make a Wrong, Sara J. Moulton Reger, IBM Press

historically pledged for "customer focus" and "measured risk taking". Hence, they assumed there would be no conflicts in the post-acquisition scenario. But, as it turned out, there were several differences in the practices that both followed to serve similar values. In line with its customer orientation focus, Company B encourages employees to do whatever it takes, including agreeing to develop customized solutions, while the employees of Company A believe that the best way to serve the customer is to help them select from a menu of existing options with minimum customization, as it provides standard, risk free and cost effective solutions to the customer. For Company B, measured risk-taking means employees can intuitively take the right steps without checking with their supervisor, but within limits, while for Company A, any risk-taking needs prior approval although the approval may be forthcoming if the manager believes it falls in a measured risk category. Both approaches are right, but creating a right vs. a right situation needs to be reconciled if the entities are to work effectively post-acquisition.

Of course, it is important to carry out cultural gap assessments using standard dimensions like customer focus, innovation and risk taking, teaming, conflict resolution, process orientation and work/life balance, but it is rarely sufficient. It is business practices, the tangible representation of culture, which reveal conflicts and hence need to be reconciled, and the accepted practices socialized. The best way to showcase this is to leverage the power of stories. IBM has effectively used the concept of 'Outcome Narratives' wherein typical work situations, say customer making a deviation request, are considered, and the desired outcome, role of decision makers, expected behaviors and supporting reference material available are presented. These outcome narratives become easy reference guides and help employees understand the expected behavior and desired outcomes as they encounter situations in a new business environment, without falling into the trap of leveraging the preferred way from their earlier organization.

The status of cultural alignment and uniform adoption of business practices requires monitoring on a periodic basis and the development of new or modified versions of 'Outcome Narratives' and revised communication strategies to ensure rightful interpretation and effective reflection in the desired conduct.

Employee transition management

Organizations are well-versed in the process of integrating acquired employees as far as HR information systems, compensation

alignments or managing on-boarding (including welcome events) on 'day one' of their service commencement with the combined entity, are concerned. Employees are familiarized with the new company rules, policies, processes, etc., through initial orientation sessions and provisions are made to ensure protracted support by including reference websites and help desks, and most importantly, associating a 'buddy' or a mentor to each of the transitioning employees. Despite all these preparations and efforts by functional departments, there are often variations in employees' experiences during transition and this is attributable to change management interventions associated with transition.

As Chris says, "The goal should be to not only retain key talent to deliver on the deal-specific accountabilities, but also to integrate those individuals into the combined entity in a way that helps them feel comfortable and motivated about the whole acquisition process." It falls upon the change management team to manage employees' perception about the change during the whole transition, by keeping them informed, helping them manage uncertainty and make informed decisions, and enabling them to perform well in redefined roles and new operating environments.

Communication is the key to keeping employees engaged. Communicating in the right way needs some deliberation around the content, messenger, media, frequency, and feedback mechanisms. Not everything is final or known upfront, but nothing rankles more than silence. It helps to let people know when the information will be available and then let them live through the uncertainty. Hence, there must be an emphasis on socializing the overall event calendar and keeping it live and relevant. Other pitfalls to avoid include differences in messages received from different sources, discrepancy in timings of the receipt of messages by different groups, or leaders failing to send the right non-verbal signals through their actions. Web 2.0 based options, such as blogs, wikis, etc., have added to the reach and power to connect, and can compliment face-to-face meetings and town-halls that still rank in effectiveness.

As far as people-related activities are concerned, the responsibility of keeping a pulse on the effectiveness of such measures and providing feedback falls upon the Change Manager. In this respect, periodic roundtables and surveys with the acquired employees help immensely. In the absence of feedback on employee experience and sentiments, we may not know the effectiveness of the measures that we undertake, often in a supply-oriented, compliance-driven manner. Effective change management is driven by real insights and that means Ask, and not Assume.

Change Management Prerequisites

Change Management activities and interventions throughout the deal life cycle have to be planned and delivered in an integrated manner. For this to happen, the change management program should be embedded in the overall program plan. This also means that the change management team is a part of the overall integration team, and change management activities and achievements are tracked at the program level as part of the deal value realization scorecard.

Clearly, change management requires commitment of the right investments, selection of appropriate resources, powerful positioning, and integration with the overall plan, to enable integration success. This is one investment in people matters that will pay for itself several times over. Finally, given the stakes at hand, the inherent complexities of people issues in acquisition integration, and the requirement to influence senior leadership teams from both the organizations, it is imperative that the Change Manager is a senior practitioner with sufficient experience, expertise and skills in managing change associated with integration processes. With optimal resources and a focused strategy driving it, change management can steer the integration process to enable acquisitions deliver promised value. pm

Making change work: Four facets that change masters rely on

Allocate the right budget upfront for integration management activities to ensure adequate provision for expertise, system support and planned interventions

Strive for a full, realistic understanding of the upcoming challenges and complexities, and then follow with actions to address

Leverage resources appropriately, including effective top management sponsorship, assigning dedicated change managers to projects and empowering employees to manage transition

Use a systematic approach to change that is focused on outcomes and closely aligned with formal project management methodology

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The Legal Side of Indian M&As

While an M&A is like any other commercial deal, there are many governing laws that must be understood in detail. **Manoj Kumar,** Assistant Vice President, Corporate Professionals Capital Private Limited, explains the legal and people aspects of an M&A

M&As are critical in corporate life and are considered as inevitable tools for inorganic growth. The main objective of a M&A is to add value to all the stakeholders, based on the assumption that it will produce higher corporate potential value than the value of the two separate entities. Trend shows that with economic prosperity, business houses tend to involve more and more in M&As to meet various corporate goals. Dynamics of India are strong and M&As have become a strategic choice for the growth of Indian companies. Many international and Indian M&As have helped companies to scale to the next pedestal and maximize the long-term value for stakeholders. However, practical experience shows that there are an equal number of cases where the M&As have failed to achieve the desired result.

Any major M&A transaction involves three major challenges – (1) commercial understanding including valuation & consideration (2) legal compliances to implement the transaction; and (3) post transaction implementation issues to achieve the desired advantages of a M&A.

Commercial understanding

As business grows, the management feels the compulsion of inorganic growth – to go at an upper echelon, to create larger market share, to enter into new geographic horizons or a new line of business. Thus, the search for M&A target starts, which leads to deal negotiations, business due diligence, valuations and arriving at commercial understanding for M&As. With the help of experts, a structure of the transaction is created to make it optimal in terms of cost, efforts and time.

Legal compliance phase

While framing the deal structure, legal framework governing the transaction is very significant. The legal complexity of an M&A depends upon the nature of business, size of entities involved, geographical coverage of the businesses and mode of transaction finalized. The primary law governing M&As is the Indian Companies Law; however, there are several other statutes which directly or indirectly govern these transactions:

QUICK VIEW

- The legal framework for M&A in India segregates mergers from acquisitions
- Mergers refer to consolidation of two or more business entities in which any one or all entities lose their legal existence, whereas Acquisitions refer to the takeover of controlling stakes of one company by another

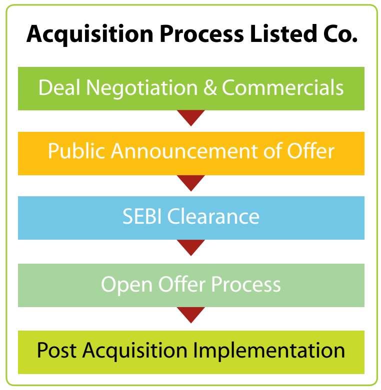
- The Tax Laws – basically Income Tax.
- Stamp duty & property tax provisions of respective states.
- Regulatory frameworks of the industry.
- Accounting norms as prescribed for M&A.
- In case of listed companies – Securities Laws especially SEBI Takeover Regulations & Listing Agreements with Stock Exchanges.
- Foreign Exchange Laws in case of cross-border M&A.
- Anti-trust laws or Competition Act if the size of businesses are significant.

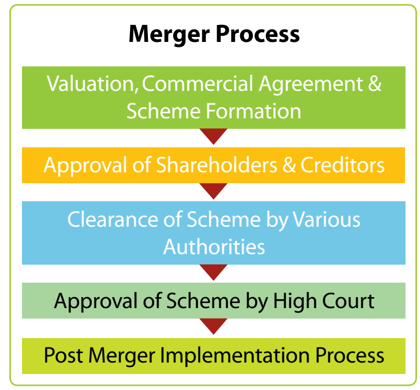
The legal framework for M&A in India segregates Mergers from Acquisitions. Mergers refer to consolidation of two or more business entities in which any one or all entities lose their legal existence, whereas Acquisitions refer to the takeover of controlling stakes of one company by another. In this situation, the legal existence of the acquired entity continues.

In Acquisitions, involving Indian companies where none of the entities are listed, the process is much simpler in terms of legal compliances and here commercial considerations and cost aspects due to tax and stamp duties play a significant role. The transaction is carried through private agreements to cover commercial understanding.

Acquisition of an Indian Listed Company is mainly governed by the SEBI (Substantial Acquisition of Shares & Takeover) Regulations (also called 'SEBI Takeover Regulations'). These Regulations mandate an Open Offer by the Acquirer of a Listed Company to acquire at least 20% more stake in the Listed Company from the public shareholders at a price equal to or more than the price at which it acquires the substantial stake (15% or more). This provision is meant to give an exit opportunity to public shareholders who might not be interested to continue with the new management. Mergers (or amalgamations) of Indian companies are highly regulated and require various approvals – first by the BOD of the companies involved, then by the shareholders and creditors, then by Central Government (through Regional Director of Ministry of Corporate Affairs & Official Liquidator) and finally by the High Courts of the states where the registered offices are situated. Thus, the whole process takes 5-6 months. If the Merger involves one or more listed companies, then additionally, prior approval of the Stock Exchanges where the securities of the company are listed would be required.

Though Mergers or Acquisitions are just a commercial choice of structuring a deal, when it comes to cross-border M&As, the difference becomes significant as Indian law does not permit merger of an Indian company with a foreign company and hence only inbound acquisitions are possible and mergers are not permissible.





M&A implementation needs to be carried out keeping in mind the **legal framework governing the transactions**

Post transaction implementation phase

Generally, for M&A deals, companies involve finance, taxation and legal team/experts and take due care of all commercial aspects - business, markets, financial, legal, etc.. But in most of the cases, HR issues like post M&A organizational design and cultural differences are often overlooked. Experience tells that HR plays a critical role in a successful M&A. Announcement of a M&A creates an uncertainty in the minds of employees with questions relating to job security, loss of identity and power status and adjustment to the cultural differences, etc. cropping-up, which need to be handled delicately. Lack of HR planning and communication may lead to suspicion, demoralization and loss of key personnel, which ultimately leads to loss of business. The HR issues are more behavioral than legal. The HR & Labor Laws in India do not cater to M&As and the same is broadly governed by the Transaction Agreement or Scheme of Merger and hence must be managed tactfully to make the transaction a success.

While M&A strategies originate from commercial considerations, its implementation needs to be carried out keeping in mind the legal framework governing these transactions, tax and other cost aspects, contractual obligations and impact of cultural and HR issues. Hence, it is important to craft an M&A deal in a very thoughtful manner so that maximum advantage can be derived with the least possible hassle. pm

Q What percentage of hiring do you do at the entry level, middle level and senior level?

We hire very little at the middle and senior level. Our plan is to hire in large numbers to support our growth plans – right now, we are about 34000 megawatt and want to become 74000 megawatt by 2017. And we have about 15 new projects coming up, out of which 10 are Greenfield projects. In order to man these places, we need people at various levels. Therefore, we have boosted our intake at the grassroot level – we are taking around 1000 fresh hires at the executive trainee level.

Q What is the talent management philosophy that ensures that people hired at the base level are channelized in the right direction?

We believe in hiring in large numbers at the base level and thus try to pick the best of the lot from campuses, who go through a very precise and structured induction process. The new joinees undergo a one year exhaustive training program where they are totally exposed to the power industry. This process ensures they are put in various verticals to learn on-the-job. They spend ample time in each vertical, which helps them to specialize in a particular area by gaining good expertise in that particular field. During this time, each new recruit is assigned a mentor who provides guidance from the overall personality and growth point of view. We have a strong coaching culture, where a more experienced person in the field hand-holds the fresh recruit to help him/her learn fast on-the-job and enables him to specialize in certain technical areas. After spending adequate time

Growing Talent from within

S.P. Singh, Director-HR, NTPC, speaks with *People Matters* on how providing social security and support to employees can generate unquestionable employee commitment in a particular area, the person's ability and aptitude is assessed to identity the domain area that he/she can specialize in.

Our talent philosophy also focuses on building a leadership pipeline and we begin identifying key talent from the moment they join. Employees' capabilities are assessed at various points of their career to identify skill gaps so that focus can be laid on the areas of improvement for each employee. The assessment and development centers, in turn, help in chalking out the right development plans for our people.

Q How are you able to measure employee aptitude?

The structure of the rigorous training process that employees go through allows a direct and continuous employee assessment, while on the job. The system enables continuous interaction between the new employee and his/her superior during which the superior is able to assess his/ her aptitude and capabilities on a real-time basis.

Q Do you find it difficult to attract talent given the changing demands of the new generation employees?

I would not say that the public sector faces any difficulty in attracting quality talent. Rather, I would say that there are two sets of young people who are looking for jobs today – one group is still looking for a very safe and protected environment where they would like to have a good pay package and growth opportunities, and the other set of people are those who would like to take more risks and explore opportunities in the private sector, with the hope that ultimately at some point in time they will earn more in the private sector. So, at any point in time, there will be two sets of people who will be available for both sectors.

And especially in the power sector, the private sector has not been able to make such a big entry. So, we have not faced any problems in attracting quality talent, as NTPC continues to be the first option. There was a time when many people were disillusioned by the private sector entering the space in a big way and many people left NTPC to explore those opportunities.

Q Your plants are often located in remote areas. How do you keep employees engaged in such situations?

We face very little attrition and we have been able to establish ourselves as an employer of choice. The key lies in understanding the dynamism and the changes occurring in the expectations and aspirations of the people. There are three generations living at one time and the rate of change being so fast, it is imperative for the organization to pay special attention to ensure employee engagement as an active practice. To give you an example, when I joined as an Engineering Trainee (ET) in 1975, we were happy to get a cycle, but today an ET knows that the day he joins, he is eligible to apply for a car loan.

In most of our projects, which are located in far flung places and away from city life, the challenge is in creating an engaging environment for our employees within the townships we have established. We not only have to think about the employees' engagement but there is an equal need to cater to the employees' spouse and children's needs and aspirations within the township. We have adequate amenities within each township to make them self-sufficient and fill the void of the facilities that a metro city automatically brings. Broadly, we have mapped employee requirements in three major categories – medical, education and social.

Our talent philosophy focuses on building a leadership pipeline
and we begin identifying key talent from the moment they join

We have recently started the NTPC Employees Housing Welfare Association which is aimed at enabling employees to own their own house in their choice of cities and we are presently trying to gauge the employee preference of cities where projects can be initiated.

Q What makes NTPC a preferred workplace?

Our constant aim is to provide a very secure and learning environment for our employees, where they enjoy the freedom to take initiatives, and grow. With the revision of the Pay Scale, our compensation packages have also become quite competitive.

All our efforts work towards providing social security and a support system to all our employees, which I believe is very crucial. The amount of commitment this generates is incomparable to any amount of compensation, and employees are clearly more willing to contribute to the organization simply because the organization cares for them. pm

Real Estate in India

Embarking on its Global Journey

Joyce Phillips, Global Head HR; **Anurag Mathur,** MD and **Reena Wahi,** Director – HR, Cushman & Wakefield, share their views on the evolution of the Indian real estate industry, and the need to overcome the challenges on attracting the right talent to make their presence felt in the global platform

The Indian Real Estate industry started to come of age around early 2000 which also marked the beginning of a new phase of growth for Indian and multi national corporations in India. This growth required the Indian real estate market to grow at a never before pace to meet the requirements of office, retail and residential spaces. Also with multinationals entering/expanding in India, there was a requirement of structured, professionally managed real estate services to not only acquire (on sale/lease) space, but also to manage and maintain them. The organized part of this industry is where International Property Consultancies (IPC) started to operate by providing professionally managed services of the highest quality to the developers and occupants. These service providers to the real estate industry are bringing about a change in the way the industry is viewed in India currently, by taking the industry to a more professional mode of functioning.

The real estate industry in India fundamentally has 3-4 stakeholders – the developers; others who fund real estate; buyers or investors of real estate; and real estate service providers. The services in this industry include an array of activities such as professional services like consulting, advisory, valuation for clients

QUICK VIEW

- The real estate industry has seen tremendous growth in the past decade
- With MNCs entering the scene, demand for professionally managed real estate services has increased
- As markets become global, there is a need for players to be able to move people across geographies to meet changing client demands

(clients could be any of the stakeholders mentioned); brokerage transactions, which form a very large revenue component as it brings volume of business; and property/facility management, as well as other specialized services like hospitality, retail, residential, etc.

Cushman & Wakefield has been in the real estate services providers' space in India for over a decade and has been a major catalyst in helping the Indian real estate sector mature and organize itself better. The company operates in India with a staff strength of over 1,300 employees and has 9 offices across 8 major locations in India. Starting out with only 10 employees, the company has grown its employee base to provide superior services to their clients.

The globalization phase

The globalization initiatives at C&W aim at not only taking the organization to its next growth phase but will also to have an impact on how the real estate industry will evolve to a more mature stage. This is being done by driving transparency across its core activities.

As markets change and become more global, flexibility in terms of being able to move people across geographies will help in meeting the changing needs of clients. In order to create a highly co-ordinated and aligned global organization that will enable C&W to provide high quality and creative real estate services to its customers, a common point created through the globalization process will help in addressing local as well as global client needs seamlessly.

The HR strategy is not looked at in isolation and people and leadership is a part of the organizational culture. The long term focus is to work on becoming more effective and efficient in our people initiatives and to make the globalization agenda possible. This can be done by creating a culture where people feel a part of the organization and want to embark on the organization's success journey because they see value in it and drive that kind of a culture. The key idea is to enable employees to truly understand how they can contribute to the larger business plan through their day to day activities. Hence, there is a need to look at performance collectively and assess it under common parameters for the organization as a whole. To achieve this, the foremost job is to align

JOYCE PHILLIPS

ANURAG MATHUR

REENA WAHI

While real estate is a matured and organized sector elsewhere in the world, the industry is still at a nascent stage in India with less than 15 years of existence, which brings along its own set of challenges and opportunities for organizations in this industry the organizational objectives to the individual capabilities.

The new globally aligned core performance management process has been designed in line with the strategic business plan developed by the leadership team. In this process, the CEO defines the goals and objectives first, which is then cascaded to the management committee, and they prepare their goals and objectives to meet that business plan, which is then cascaded to the rest of the organization. The objectives flow to the last employee of the chain to ensure that everyone is integrated with the initial global business objective. This is also done across global regions and follows a global calendar for all activities so that all programs and processes can take place collectively. Therefore, when people perform their individual goals and objectives, they are actually aligned to the overall business goals and objectives.

"Today's talent is looking for more than just a job – they want a career, while **historically the real estate industry has not been well-structured to provide this"**

The evaluation, where the usual focus has always been on sales and brokerage, financial achievement metrics is now moving towards taking a more balanced approach of looking at financials, quality client interaction and growth plans. This global integration process of PMP will help C&W in becoming a truly global high performance organization.

However, the performance management process is not just about performance review but also feeds other activities that enable evaluation of competencies, and in turn, helps identify training and development needs, into an overall talent management strategy.

As the industry moves into the next phase of globalization, where the focus will be on creating a system which will allow easy entry and exit of global workforce for strategic places and positions, companies need to prepare themselves internally to cater to talent mobility. For example, someone who has worked in a matured western market can add value to an emerging market in India, where that experience is directly valid and significant. While this is a common practice across other industries, C&W would like to pioneer such progressive HR practices in the real estate industry and thereby try to bring about a mindset change in the manner in which this industry is viewed traditionally.

The talent strategies

While this is a matured and organized sector elsewhere in the world, the industry is still at a nascent stage in India with less than 15 years of existence which brings along its own set of challenges and opportunities for organizations in this industry.

Being a new niche industry, the initial challenge was finding the right talent pool and skilled professionals for this industry and also attracting quality talent as real estate in India was not the most sought after career for the Indian youth.

Traditionally, the real estate industry was very transactional or brokerage-oriented, and therefore heavily driven by financial results and incentives, which were linked to the financial performance of the front line brokerage and sales staff. However in the last 10 years, the real estate industry has matured in India with newer and more global players coming into the market or existing ones consolidating their positions. Hence, the challenges of attraction and retention of talent have grown manifold in a sector which has not established its employment brand firmly. Today's talent is looking for more than just a job – they want to know what is in it for them, their career path, etc., and historically the real estate industry has not been well-structured to provide this.

Therefore, an integrated HR and talent strategy will create a professional and globally aligned workforce comprising of people with different skill sets, with opportunities to provide careers across the globe, robust career paths, and structured employee development initiatives, and this in turn will help in establishing a firm employment brand in the Indian market. Such initiatives in the industry will enable real estate organizations to move up the value chain, and thereby propel this industry to become a preferred career option. The long term aim is to develop and grow the organization as well as its competitors, stakeholders and the industry as a whole. pm

The HR Alchemist

The HR Leadership Dialogue 2011, a conference organized by Network 18 in association with Monster.com explored some of the challenges and solutions presented to HR professionals across the industry. *People Matters* brings you key highlights and learning from the conference

The change in the pace of business dynamics is leading to compelling changes in the way people are to be managed. Today's demographics, learn-ability skills and employee expectations do not have precedence. While the changing market dynamics is the reason for the change phenomenon, the HR departments will have to play the role of alchemist. These and many more such relevant HR issues were discussed at the HR Leadership Dialogue 2011, a conference organized by Network 18 in association with Monster.com

Strategic HR

1 With business growing at a fast pace, the role of strategic HR becomes imminent. Strategic HR is about looking ahead. The future of any organisation, its mission and its vision, is dependent on the business strategy. The first step is to understand the business strategy, take the business strategy into HR strategy, convert the HR strategy into supporting processes, and then into tools which then bring meaning to a business.

Metrics and measurement

2 An organisation will view its productivity, costs and other variables, which are required to take it forward. Metrics and measurement as an end product will only be successful if the revolving elements around it are clearly around leadership and value systems today. If an organisation has the right set of values as well as the right ingredients of culture and sub culture, the way employees are measured in that organisation will be different. The requirements of today have changed dramatically. Within a team or department, we see how the boss is able to connect emotionally with people right down to the last level. Employees' aspirations as well as desires get reflected in the metrics, that is, the way an organisation progresses today. These critical ingredients will govern the future of an organisation.

Leadership

3 Today, an HR professional faces five distinctive generations of people who are working in the organisation - a traditionalist, a baby boomer, Gen X, Gen Y and Millennial. Each one is anchored in a particular paradigm of management or leadership. The future of leadership will be 'cloud leadership', which essentially means that one can 'tap it' when required, otherwise it is nonexistent. There will be nothing called a permanent structure of leadership; it will be a distributed leadership model.

Innovation

4 Innovation can be best described as fulfilling somebody's need. It is a new need which is created and an existing need which is upgraded. It could be in business, could be in strategy, customer, product or process. HR professionals need to create an engagement quotient for all employees with the organisation and should act like the culture and value builders. In future, innovation is going to be an extremely crucial value and a part of the DNA of the organisation. HR needs to act proactively, like engagement agents, in creating innovation as an active quotient in every organisation.

Attrition

5 Today we are in a situation of talent shortage with four or five players fighting for the same talent. As people switch jobs, compensation levels rise. Although there cannot be a situation of zero attrition, organisations should concentrate on 'forming' employees, which is a deliberate cultivation of talent from within the organisation rather than 'fishing'.

Work life balance

6 The nucleus that is emerging out is the importance of people within an organisation. Organisations today have started talking about intellectual capital rather than capital investment; this is the biggest paradigm shift which is taking place and gaining momentum. Once the focus is on intellectual capital and people are your main driver for your business, companies start seeking what keeps their employees happy and satisfied. Factors like compensation, responsibility, or cutting edge technology of the company are fading away and what really matters to employees is support of their peers and supervisors in addition to pride in what they do. In the future, what will matter most are relationships at work and that is where this entire issue of finding happiness and satisfaction of employees becomes a point of focus or study.

The Experts' Views

JACOB JACOB

Chief People Officer, Apollo Hospitals

"Metrics and measurement is really an art more than a science. If you want metrics and measurement to work, the most critical ingredients are leadership, values and culture in the organization."

RAVI SHANKAR B.

Senior VP - HR, HCL Technologies

"The future will be about aspirational leadership; which means that people should believe that they have to follow the leader. If you are not a leader of an aspirational nature, I have no reason to work with you and follow you."

MS RANGESH

CHRO, Orchid Chemicals & Pharmaceuticals Ltd.

"Innovation has to do with the culture, value, and the DNA of the organisation; if u don't have the culture and value which imbibes the organization into a culture of innovation, the organization is not going to progress."

SANJAY MODI

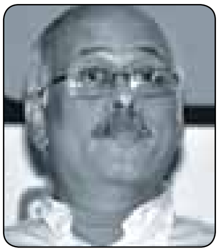
Managing Director (India, Middle East and South East Asia), Monster.com

"Each individual has to find their own way to handle stress. There cannot be a blanket philosophy or policy or some HR document which can define it; you have to pursue your own calling and take out time to smell the rose and enjoy."

VENKATANARAYANAN R.

Executive Vice President - HR, Rane Holdings Ltd

"Today, the reasons for entry and reasons for exit in an organisation paradoxically appear to be the same."



MUTHUKUMAR THANU

CHRO - TAFE Limited

"The HR function, in the next 2-3 years will have to necessarily align itself to the business strategy. The point to ponder now is whether or not HR and business strategy is able to connect to one another for greater effectiveness."

NHRDN Seminar on Managing Gen Y @ Workplace, Mumbai

National HRD Network and NHRDN Mumbai Chapter in association with Jagan Institute of Management (JIMS) hosted an enriching seminar on a very important and emerging challenge 'Managing Gen – Y @ Workplace'. *People Matters* was the media partner for the event. The seminar gathered some of the esteemed speakers from the HR fraternity who addressed sessions on various topics. In the first session 'Wooing GEN-Y', the speakers were Marcel Parker, Chairman, IKYA Human Capital Solutions (Chair), Sonali Roychowdhury, Head-HR, Procter & Gamble India, Judhajit Das, Head-HR, ICICI Prudential Life Insurance, K. Sudeep, Head-Talent Acquisition-India, Tata Consultancy Services and Dr. J.K. Goyal-Director, Jagan Institute of Management Studies, who shared their insights on 'The Branding Way - channelizing the vigor and enhancing the proficiency'.

Panelists during the recent NHRDN seminar

In the next session on 'GEN-Y- The Communiqué' Saagarika Ghoshal, Chief People Officer, Reliance BIG Entertainment India, Ramesh Sangare, President, HRDC, Ujjwal Banerjee, Head-Quality Assurance, Academy of Global Education Services and Pooja Jain, Associate Professor, Jagan Institute of Management shared their practical thoughts on the use of new communication mediums and the emerging role of social media.

'Keeping GEN-Y Engaged' was another interesting topic where the speakers shared their thoughts on Gen-Y being a perfect example of man being a social animal who needs to be engaged in a holistic way. The Gen-Y needs their share of frolic and care at the work place which is much beyond the traditional need for compensation and monetary benefits. Building this engagement entails aligning Gen-Y with the organizational culture and vision while recognizing and respecting his socio-cultural background, thus enabling him to blend in with the organization. The session saw speakers like Rajesh Padmanabhan, Head-HR, Capgemini India (Chair), Dr. Tanaya Mishra, Chief People Officer, ACC Concrete Limited, Balaji Chandrakumar, Vice President-HR, Etisalat DB Telecom and Dr. Sujaya Banerjee, Chief Learning Officer, Essar Group.

'Y Stay-Retention Strategies for GEN-Y' was the topic for the 4th session where points like work-life balance, growth opportunities, monetary and non-monetary benefits were impressively discussed by Gopalji Mehrotra, VP & Global Head - HR, Zensar Technologies Ltd. (Chair), Swati Datye, Director-HR, First Data India, Aparna Sharma, Director-HR, DBOI Global Services (Deutsche Bank Group), Priyank Parakh, HR Business Partner, Kraft Food (Cadbury India).

Creative Thinking

More Than HR Global (MTHRG) in its 10th anniversary year, continued to unleash its galaxy of international Gurus. Tony Buzan, the man with the highest known Creative IQ and amongst the Top 3 Speakers, delighted the audience that comprised HR and non-HR individuals alike!

Tony Buzan's evening seminars on 'Creative Thinking', in Mumbai on 27th May 2011 and in Bengaluru on 24th May 2011, presented by MTHRG, Vati & Right Selection Group, were incomparable in their appeal to the universal audience. *People Matters* was the Knowledge Partner for this event.

Tony's insights were related to the HR profession and he said, "One of HR's important functions is 'thinking about thinking' or 'meta-cognition' and "HR manager is the manager of human intelligence".

Tony Buzan during the MTHRG special seminar

Cadenza India HR Summit 2011

The India HR Summit 2011, held on June 2nd, 2011 at ITC Grand Central by Cadenza Solutions aimed at addressing the role of in-house and external counsels in this new regulatory and business paradigm.

The summit provided useful and cutting-edge information on a variety of topics including pervasiveness of social media and its consequences; employee benefits - best practices, challenges of managing talent in competitive times, and a motivational talk by management guru Shiv Khera on the topic “Winners don’t do different things, winners do things differently”.

The summit was attended by over 100 delegates including CEOs and HR Heads. K Raghavendra, VP & Head HR, Infosys BPO delivered the keynote address on the theme ‘Aligning HR to Business Strategy’. Some of the other eminent speakers were Cello Gardner, Deputy Director HR Specialist Services – HRD, University of Pretoria; Raj Kalady, Managing Director, Project Management Institute, Ester Martinez, Co-founder & Managing Editor, *People Matters* and V.K. Menon, Senior Director, Indian School of Business.

TPO Conference 2011

Rangrut.com organized its 3rd Annual TPO Conference 2011 in Mumbai on June 18th. The Annual TPO Conferences was attended by HR heads from leading corporate houses and Directors of educational institutes. More than 300 delegates including CXOs, entrepreneurs, HR professionals, directors, training & placement officers, placement consultants and other representatives attended this conference. *People Matters* was the media partner of the event.

HR leaders of organizations like IIT Bombay, Thomas Cook, SPJIMR, Raymond, MTHR Global, HR Infotech, iGate, Rabobank and many more participated in this event. It started in the morning with a keynote address by Parul Sharma, MD & CEO, Rangrut.com who asked blunt questions on campus placements, global reach, technology, and employability to the panel of speakers present there.

Shreyamun Mehta, GM-HR Alcatel Lucent suggested companies to hire a professor before you hire his student from campus. Kishor Bhalerao, VP-HR (Head - HR), Persistent Systems supported this argument

Panel discussion at the TPO Conference 2011

with examples of initiatives taken in his own company. Lakshmanan M T. Senior Vice President-HR, iGATE Patni provided insight on how social media is changing rules of the game, and how positive results can be achieved. In the panel discussion, collaboration and strategies of campus recruitment were discussed between IIT Bombay, Datamatics, Siemens, Netmagic, Syntel, & Informatica. Dr. Anita Bandyopadhyay from Raymond threw light on employability and ways to overcome challenges.

Kenexa Strategic HR Leaders Forum 2011: New trends in HR Leadership

Kenexa hosted its ‘Strategic HR Leaders Forum 2011’ on 10th June 2011 in Mumbai where *People Matters* was the media partner. The forum attracted global and Indian leaders from the HR industry. The event unveiled innovative insights to create high performance organizations by linking employee engagement to leadership.

Over ninety business delegates from across the world attended the forum. The event saw some thought provoking speakers like Bill Erickson, Vice Chairman & Executive VP, Kenexa, Phil Braybrooke, International Business Development Director, Kenexa, Lakshmi C., Talent Strategy Head, Accenture, Dr. Maninder S. Khalsa, Head - Talent Development & Nurturing, VIOM Networks, Anand Garg, Chief Officer, South-West Hub of VIOM Networks, Neeta Mohla, Director Kenexa-Inspire One. pm

EVENTS	DATES	LOCATION	ORGANIZED BY
IQPC India: HR Technology India 2011	4-5 July	Bengaluru	IQPC
Diversity and Inclusion Happenings	8 July	Pune	Nasscom
Great Place to Work® Conference 2011	8, 15, July	Mumbai, Bengaluru	Great Place to Work® Institute
People Matters Talent Acquisition Conclave 2011	13 July	Gurgaon	People Matters
Great Place to Work® Conference 2011	22 July	New Delhi	Great Place to Work® Institute
NASSCOM: HR Summit 2011	27-28 July	Chennai	Nasscom
People Matters Conclave: Dialogue with Winners – Great Place to Work® 2011, Brought to you by Monster.com	3 August	Gurgaon	People Matters
National HRM Summit	4-5 August	New Delhi	AIMA
People Matters Conclave: Dialogue with Winners – Great Place to Work® 2011, Brought to you by Monster.com	24 August	Mumbai	People Matters

Note: Please note that this list is not exhaustive. We update this information on a regular basis. Please visit our website www.peoplematters.in/events for more information on events. If you wish to share information about upcoming events, please contact Vrishi Malhotra at vrishi.malhotra@peoplematters.in

People Matters aims to bring updated information about training programs 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 info@peoplematters.in to share more learning opportunities with the rest of the readers.

TRAINING PROGRAM	DATES	LOCATION	ORGANIZED BY
Interactive Session with Mr Dilip Chenoy, CEO & MD - National Skill Development Corporation	1 July	Lucknow	CII
Korn/Ferry Talent Management Certifications (powered by Lominger)	4-8 July	Mumbai	Korn/Ferry International
Train the Trainer	7-9 July	Pune	Dale Carnegie
3P Compensation Management	7-9 July	Gurgaon	Mercer
Sales Advantage	12-14 July	Delhi	Dale Carnegie
Personal Effectiveness: The Dale Carnegie Seminar in Effective Communication & Human Relation Skill	13-15 July	Bengaluru	Dale Carnegie
Powerful Organisational Diagnostics	15 July	Bangalore	Transcendix
Workshop on "Improving Employee Engagement using Social Media Tools"	16 July	Pune	NHRDN

Is it a good idea to incorporate a wealth-sharing mechanism for employees? Vivek Paranjpe, Consultant & Strategic HR Advisor to Reliance Industries, answers professional and ethical dilemmas faced by our readers at their workplace

Our Expert, VIVEK PARANJPE, Consultant & Strategic HR Advisor to Reliance Industries

THE COUNSELLOR

Wealth sharing mechanisms

Q *I am the HR head in a medium sized start-up company. We have recently started and registered and we are keen at incorporating a wealth-sharing mechanism for our employees. What are the different options that I have for long term equity based programs? Do you think this is a good idea and what are the possible issues these plans may bring up?*

It is difficult to respond to your query since the information provided by you is not adequate. It is not clear if you are a publicly listed company or not. If you are not a public limited company with shares disbursed through the stock exchange route, what mechanisms do you have for valuation of your equity base? I am not even clear if you are already a profitable company. I am also not clear what the size of your company is and which employee segment you have in mind. A lot also depends on what business you are in, and I am not clear about that too. I can only say that since you are a start-up, it may be a bit too early to start thinking of equity based programs.

To begin with, you need to have complete clarity on what you want to achieve. Without well stated objectives, it may not be right to conceive a program. You may have multiple objectives to achieve. Ask yourself questions like: Is it the retention of people that you want to achieve? Is it only about sharing of success/wealth with your people? Is it about creating a sense of ownership in the minds of few? Depending on a combination of what you want to achieve and the stage your company is at, there are several options available to you.

If it is just about wealth sharing, you can have an aggressive variable pay program with considerable up side as well as some down sides linked to the individual or company's performance. You may also consider a performance bonus program over and above the normal committed compensation, which is linked to the company's performance as well as individual's performance.

If your focus is on creating ownership, some equity participation of senior leaders can be considered, it all depends on how you are structured and what the long term intent of the owners is. Employee stock option programs will certainly be an option, however depending on the stage of the corporation, the desirability of such programs can be determined.

If retention of key talent is the sole objective, you may consider pure play cash programs in the form of aggressive retention bonuses, deferred payments linked to the milestones and performance, long term loans for creating assets, etc. This will, to a very large extent, depend on the cash that you can spare for such programs.

While monetary programs are important, I always believe that creating a sense of ownership amongst your people is more important. Questions that you need to ask are: Are the employees proud of their association with you? Do they feel empowered? Are they part of the decision making process? Are they recognized for their good work done? Do you delegate adequate authority to them? Do they enjoy adequate freedom?

To sum up: There are multiple ways in which you can share success and wealth. What you should od depends on the clearly stated objectives and the stage of your corporation in its life cycle. The monetary programs on a standalone basis have limited success. You need to combine them with the emotional connect, aggressive development plans and growth opportunities. In short, take a holistic view.

Caring for employee finances

Q *I love your section as there is always a lot to learn from the pertinent questions that our colleagues ask. I really appreciate you taking time to run this space. Here is my question: We have recently been included in the Great Place to Work list and we are proud of all our initiatives like taking care of our employees' career aspirations, learning and growth, health and fitness, work-life balance, etc. We think the next step will also be to support our employees in managing their finances, so our company can ensure that they get the best deals and do not have to waste time in paper work for loans, insurancse, etc. From your experience, what are the best practices in caring for employee wealth? How can we support them in making better financial decisions in life?*

It is always an excellent idea to support your employees wherever you can, however, just ensure you don't go overboard. Having achieved a lot, you want to now support your employees in managing their personal finances. While this is a good idea, I am uncomfortable with the words "support the employees" in this arena. I would suggest that you should try not to be paternalistic. Providing education, sharing knowledge and making the resources available is a right role to play, but avoid advisory service. Don't get involved in the savings and investments that your employees make. As a corporate house, you don't want to get mixed up with the decisions that employees make in respect to their personal wealth.

There are several ways in which you can help. Multiple workshops, coffee talks, knowledge sharing sessions, etc. can be conducted by various financial institutions and professionals to improve the financial savvy of your people along with sharing of information on the investment avenues. You may also consider allowing financial institutions, insurance professionals, stock brokers, tax experts, etc. to periodically do their road shows at your campus. Just provide space to them to set up information desks and kiosks, wherein your employees can walk in and avail their services. Avoid prescribing anything; let your employees use their free will to choose from multiple options that exist.

Consider segmenting your workforce and work on the age specific needs. Your younger workforce may be in need of loans to acquire assets and therefore you may consider asking financing companies to showcase their products and services. You may consider regular seminars for older people in financial planning for post retirement period. Several products and services like medical insurance schemes, life insurance programs, discounted vehicle purchase programs offered by certain car dealers and road shows by even some of the retailers can become a permanent fixture of an employee service corner in your campus.

To sum up: There is no one way to achieve what you have in mind. You just need to create space and provide some time; many institutions and professionals will be interested in building awareness and promoting their business at your campus. As management, your focus should be on education and making the resources available without taking the role of being a promoter of any one ideology or investment. You don't want to be accountable for the returns that an employee gets. pm

Vivek is a Senior HR professional with over 35 years of experience, ranging several leadership positions, in India and abroad. He leads his consulting practice since 2003 and presently works as a Strategic HR Advisor to Reliance Industries, and is also an independent Director on the Board of Motilal Oswal Financial Services Ltd. Prior to this, he was based at Singapore for several years where he was Director HR - Operations at Hewlett Packard for the Asia Pacific Region.

Allow Vivek to clear your career and professional dilemmas by writing to us at *ask@peoplematters.in*

The Mortal's Guide to Surviving M&As

While there are numerous 'corporate manuals' to guide the company, here is an 'individual's guide' to survive corporate mergers and acquisitions

BY **ELANGO R.**

Mergers, acquisitions and takeovers are an integral part of the corporate world, and this trend is picking up momentum in India as well. The last few years has seen some big M&A activities in India too – iGate-Patni, MphasiS-EDS, Vodafone - Hutchisons Essar, Ranbaxy –Daichi, Tata – Corus, to name a few.

As the Indian market evolves, consolidates and goes through cycles of crests and troughs, each of us, active members of the corporate workforce, will definitely encounter mergers and acquisitions in some form or the other. We will definitely work for companies that will be sold to somebody, divisions that are hived off or services outsourced, and therefore rebadged. And most of us will be unprepared when this hits us!

There are tons of 'how to manuals' from a company perspective, but little for us, ordinary mortals, who will be the most impacted in an M&A process. I spoke with a group of people, employees, managers and senior leaders, who have experienced mergers, to shape this column and have used that discussion to structure the article in three parts1) what we feel, 2) how we react and 3) tips to succeed based on 1 and 2.

What do we feel when we go through a merger or an acquisition?

All of them admitted that they went through extreme lows. A common feeling, especially amongst the tenured employees is a sense of betrayal and loss.'What will happen to me?' is a common rhetorical question, coupled with 'will I still have my job? will my medical benefits change? what will happen to my boss?'

Suddenly the familiar anchors: the logo, the company name, the familiar routine all disappear adding to distress and resentment – towards both the acquiring and the acquired company.

Clearly, it was an emotional time full of stress, fear, insecurity and resentment - a heady cocktail that leads to irrational behavior and actions that we would not indulge in, under normal circumstances.

Now that we know what we feel, let us see how we react?

QUICK VIEW

- M&A activity is an emotional time full of stress, fear, insecurity and resentment, but don't rush to the job market
- Treat the post M&A company as a new company that you have joined where you would try hard to succeed, to build relationships and align with the culture

All respondents admitted to updating their resume, renewing their recruitment consultant contacts and reaching out to past managers and colleagues. They rushed into the job market, often to the same watering holes.

Bonding near water coolers was another common thread through their experiences: foes now become friends because nothing brings people together like a common enemy. Every change from the weather, to toilet cleanliness is attributed to the new management and one confidant even admitted a strong urge to derail every new initiative. The poor lad who was willing to cross over and make a new beginning from their group, was seen as a traitor and labelled a "chalu chap".

I re – read what I wrote and was worried if I had overdone the reaction. I was in for a surprise - when I passed the notes to my group for comments, all agreed that they did experience what I had written in varying degrees. Some smiled knowingly, others said it was a little on the higher side but nobody denied this. I felt better.

It is time we all feel better! I don't think our reactions will change… most of us will feel this way and react this way simply because companies can be bought, not people!

Now that we know what we will feel and how we will react, here are some ideas on how to manage the feelings and reactions, to get the better of these events.

Treat it as a new job

Treat the post M&A company as a new company that you have joined. One of the group members said this well "Most of us would have behaved differently if we had joined a new company, we would have tried hard to succeed, to build relationships and align with the culture. I wish we had done the same when we were acquired".

Misery loves company – but the new management may not like miserable company!

It is human to congregate, commiserate and conference with fellow beings. Get over it and focus on what needs to be done. Commiseration and congregation will not change things. Your results will get you the attention, a better retention bonus and who knows, a bigger job within the new entity!

Focus on what you can control

It is natural, you will be worried, feel insecure and all kinds of fears will grip you.

A common feeling, especially amongst the tenured employees is a sense of betrayal and loss.

'What will happen to me?' is a common rhetorical question, coupled with 'will I still have my job? will my medical benefits change? what will happen to my boss?'

No point in worrying about what you cannot influence. Focus on what you can – your attitude, and your willingness to embrace the new company. Make it easy for others to integrate and help the new management succeed.

Don't jump but keep your options open

Update your resume, activate your networks but don't jump immediately. Career decisions should never be taken in a hurry. Wait and watch before you take the jump. Sometime you may actually get a good severance package if you wait and not run.

Watch the company you keep

Always important, but in this situation even more. Avoid the company of dissenters and derailers. New managements start mapping and watching for such behavior from day one, so start building your bridges in the new organization.

Align

Your earlier company's culture may have been great, but it is over. Do we still wear the same pants we wore to school just because we loved school? Quickly align and find out what works in the new workplace and start learning how you can focus on making things happen.

Above all, think through, be calm and don't be impulsive. Mergers and acquisitions are trying times emotionally and otherwise. Realize that and compensate for it.

Good luck and leave your experiences: success, failure and 'I wish I had done differently' stories as comments. pm

Elango R, is the Chief Human Resources Officer at MphasiS. You can follow him on twitter@ agastyasays and read his blogs on www.agastyaelango.com

REDEFINE THE TALENT CATCHMENT

A Great Place to Work® Institute Series

Prabir Jha, Senior Vice President & Head- HR, Tata Motors, shares his thoughts on the prevailing talent challenges and the need for companies to pay attention to the essence of respect, integrity, fairness and fun in creating a great workplace

Q What are the top 3 people related challenges facing your industry today?

I speak with an experience of 10 months in the automotive industry and I am still learning and discovering what the challenges are, but very clearly, like many industries, the number one challenge is really about talent. Everyone needs people, so it is the 'pair of hands' philosophy. The industry is growing exponentially which is creating niche roles every day and there is a need for skilled people, operators and even people on temporary roles. So, I think talent is and is going to be a huge issue. The catchment itself is reasonably limited, given the present aspirations that the Indian automotive industry has. Getting talent in terms of quantity, and I dare say quality, is really the number one challenge. There are people, but are they really the best people? This is not a question peculiar to the automotive sector, because I saw the same challenge in the pharmaceutical sector as well.

The other big challenge is that for some of the skills, you compete with other industries for talent. So, if you look at the entry level and at your graduate engineers, the IT industry can take anyone and everyone. Thus, it is obviously an issue. Another issue is that even when you take fresh engineers, many of them want to do things beyond engineering in the years to come. At least among those who are coming from premier institutes, you find this trend. And that is a challenge by itself. So, either you go down the education value chain and look at diploma engineers or you say that you will take people at the graduate engineers' level and it is fine if three years later they are not going to be with you, since they would move on to acquire an MBA or other masters degree. Therefore, there are constraints in terms of engineering colleges and quality of ITIs that can churn out people at the lowest end.

The third challenge which is increasingly becoming prominent and which is flowing from all of the above is capability building. Because there are more jobs chasing lesser people, even an average person can think of jumping jobs without much improvement in his/her skill base. Therefore, capability, which is actually a function of demand-supply equilibrium, is in a way a downstream to my first two points. Thus, with the industry evolving, are we investing in capability building and that too at the level which the industry needs, are pertinent questions. Today, the product quality is getting better, so I think the world is shrinking and the quality expectations and the customer expectations are sky rocketing and rightly so. But are we able to build an improved capability, within a specific time, with respect to manufacturing and R&D, sales & marketing and pretty much the entire gamut? I think that will be a big concern. People will still get jobs because companies will need a 'pair of hands', but by jumping jobs you do not necessarily improve capability and this might be an industry issue that I see.

Q What are the innovative ways of responding to this?

I feel we must redefine the catchment. I see a great opportunity in questioning the traditional thinking in terms of staffing in this industry. Why do you need an engineer for every job? Why not a diploma engineer? And I will push the envelope a little more, why not a higher secondary school graduate? What is so complex? It is more about the skill building attitude rather than a formal diploma or a degree which counts, because in India we know that not every degree or diploma is saleable. One way of increasing the catchment is to go down the education value chain. Align jobs, de-skill jobs and get it done by people with a lesser educational qualification. Thus, you need more of vocationalism; you bring down the costs and the person does the job that he or she is mentally prepared to do, rather than getting an engineer who is not as excited about the job and leaves a couple of years later.

The second option is, looking at solutions from beyond the industry. Why should one hire only from within the industry? Having worked in many industries, I find that no industry is unique and there is another way to expand the catchment by looking for learnability. Unless you question the established paradigm, you will remain where you are. But it will mean, people getting comfortable with new thought paradigms and saying 'it is ok not to be an engineer, it is not a sin'.

Q What makes it so difficult for organizations to become great workplaces?

It starts first with 'respect' which is very important. Respect does not mean agreeing with whatever the person is asking or demanding. But is there respect even when one disagrees? Can people speak their hearts and minds out and does one hear it with respect and without judgment?

The second thing which is important is 'integrity'. Do we, as leaders, act the way we speak? Therefore, it is not just integrity in the financial sense but also in thought and action. I think great workplaces must repeatedly demonstrate integrity of thought and action because credibility comes only from that. The third is 'fairness'. It is important to be fair, but it is even more important to be perceived to be fair. Fairness is not appeasement or being soft, but in calling a spade, a spade. Fairness is about taking tough calls and being able to say one person is better than the other. It will be equally unfair to people who have great potential and are better than others, in a world which is so talent deficit, if you appease and say everyone is equally good. To be fair to the person is to give the person an opportunity to understand where he or she stands, but if the person does not improve or change, then even doing tough things but with respect and integrity is a testimony of fairness.

And the last is that people must have 'fun'. Fun is not just about cutting birthday cakes and having Friday evening outings; while all that is important, we must also understand that one size does not fit all. Some people have fun solving great technical problems or doing things beyond formal work, like helping with community development. So, do you have enough opportunities for such people? A fun place is where people can connect with each other and share experiences with people across levels, across locations. Therefore, while fun can be defined in different ways, these dimensions are instrumental in building great workplaces. pm

Getting talent in terms of quantity, and I dare say quality, is really the number one challenge. **There are people, but are they really the best people?**

Read complete interview on www.peoplematters.in

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Jobs of the week

Nous Infosystems
Senior Manager- US Staffing
Location: Bangalore
Job ID: 7851178
Description: Person must have extensive experience identifying, interviewing, qualifying, evaluating and negotiating rates for applicants.

Zensar Technologies Ltd.
Associate Manager- Global C&B (Compensation& Benefits)
Location: Pune
Job ID: 9943938
Description: Creates salary structures keeping in mind internal equity and external competitiveness; Identifies appropriate salary studies and conducts market studies to design compensation programs.

GlobalLogic India Pvt Ltd
Senior Manager-Training
Location: Noida
Job ID: 9869093
Description: Would be involved in competency mapping; analyzing training needs based on competency gaps for progression of delivery teams.

Syntel Inc
CSR Manager
Location: Mumbai
Job ID: 9941194
Description: The Incumbent will be responsible for development of the Resource Mobilization strategy and ensure adherence to the same.

Oracle Financial Services Software Ltd
Payroll / Compensation Executive
Location: Mumbai
Job ID: 9587442
Description: Experience of 2-3 years in finance back office or accounts or taxation. Good analytical & communication skill.

Mindtree Limited
Talent Acquisition Lead
Location: Hyderabad
Job ID: 9940928
Description: Aspirant should be familiar to all facets of IT recruitment; Should be able to lay the role of a lead , Planning / execution; Should be well versed with job market and bench marking.

Qlogic India
Technical Recruiter
Location: Pune
Job ID: 8604447
Description: Looking for Technical Recruiter with 3+ years of prior technical recruitment experience. (6- Month contract position / extendable based on mutual requirement).

UST Global
Senior Manager - Performance Mgmt & OD
Location: Thiruvananthapuram / Trivandrum
Job ID: 8904118
Description: Performance Mgmt Manager is responsible for managing and supporting the planning, implementation and improvement of human resources talent mgmt functions to include performance mgmt, change mgmt.

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Jobs of the week

Objectwin Technology Inc
Sr. US Recruiter
Location: Bangalore
Job ID: 9683771
Description: Recruiter should have 2 plus years in Recruiting IT professionals for Financial / Automotive / Pharma / Product Development domain. Must have experience in VMS/ MSP based US Recruiting. Must be comfortable to work for EST, CST time.

ValueLabs
Technical Recruiters
Location: Hyderabad
Job ID: 9780303
Description: Sourcing / Screening profiles according to the job specifications. Coordination with the candidates - Ensures the joining of the selected candidates.

Novartis Healthcare Private Limited
Assistant Manager-HR Operations
Location: Hyderabad
Job ID: 9676127
Description: Responsible for managing the payroll processing to ensure in time and accurate payroll runs. Must have experience in HR Operations, specialized in Payroll process for a site upto 1000+ Associates.

EMC Corporation
Sr. Recruitment Co-ordinator
Location: Bangalore
Job ID: 9885035
Description: Primary responsibility of the Recruitment Coordinator is to drive process execution, on all pre employment processing activities within the scope of Global HR Shared Services.

Firstsource Solutions Limited
Sr. Executive - Recruitment
Location: Mumbai
Job ID: 9904077
Description: Responsible for carrying out recruitment and screening of candidates for all junior levels. Improve and modify the recruitment process to meet internal customer requirements.

eBay, Inc
Senior Recruiter
Location: Chennai
Job ID: 9676956
Description: To recruit the best qualified staff for eBay Inc. to maximize customer satisfaction and achieve company goals and objectives.

Jobseekers - To apply for above jobs

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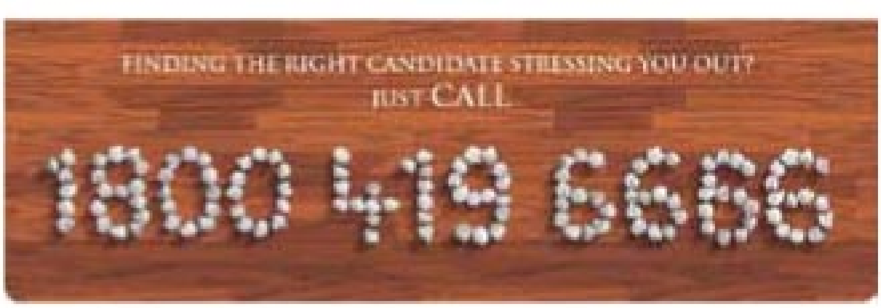

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OD AND MORE
A blog on the domain of Organization Development (OD), Leadership Development, Institution Building, and related areas

HIGH PERFORMERS AND THE C WORD...

Organizations rattle on about creating high performers. I am examining this phrase (creating high performers) which, like many phrases these days, has become fashionable to use without our examining what it means actually ...

Can we actually create high performers? I really wonder... To me, it seems like the people with capability for sustained performance that exceeds workplace expectations (lets call them high performers) are already there in the system... they do not need to be created anew...

All that the organization needs to do, is identify such people and create the conditions that sustain their excellent workplace performance. The shift in focus for leaders and talent managers is important. It has to do with the C word... yeah, you got it ... Culture...

On the other hand, I see L&D folks engaged in even more training, more workshops, more offsites, more "busy" days... Time for some double loop learning, don't you think?

But then, culture is an ambiguous thing to handle, it is more long term, it has uncertainties, it is infinitely more complex than training... We hear statements that leaders today need to be more tolerant of uncertainties and ambiguities, more embracing of complexity, etc.. Why would we not give them culture on the menu?

Culture is an ambiguous thing to handle, it is more long term, it has uncertainties, it is infinitely more complex than training

One of my hypotheses - actually two of them are as follows - (1) Maybe, L&D folks find themselves deficient in their knowledge and skills when it comes to Organization Development (OD), and (2) maybe, they do not believe that they have the required authority (adhikaaram - a more precise Indian term) for this. And, maybe the two are intertwined - perhaps having the knowledge and skills would give them the adhikaaram ...

So, a clarion call then, for L&D folks to move beyond calendars and spreadsheets...

Kartikeyan V is the Founder of Vistas Consulting (www.vistasconsulting.com) which consults in Organization and Team Change, Leadership Development, and Human Resources through a distinctive transformation methodology.