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Do BPOs have the courage to say NO?

Ironically, the future of an Indian BPO depends less on the number of contracts it bags and more on how many times it has the guts to say NO!

by Akshaya Bhargava

The Indian BPO industry is at an interesting juncture. It is poised for greatness but the risk of failure is equally real. A lot of folks are asking themselves – How do we cause it to take one direction and not the other? To me, the central issues cluster around the theme – are we really in control of our destiny? I fear that the answer is far from an unconditional yes. I for one, firmly belong to the 'no' or 'highly conditional yes' camp.

I say this because the BPO industry in India lacks a definition of itself. Everything from medical transcription to call centers to animation is considered BPO. It is not geared to the discipline of the public disclosure of data. I am aware of at least four different ways of defining attrition – making objective comparisons and benchmarking very hard. It has a tendency to prioritize growth above all else – just take a look at the number of press releases on 'seats' being added, people being hired. It is prone to taking short cuts – a deliberate strategy to scale up by poaching trained people from competitors. It is competing fiercely for tiny pieces of business without insisting on long term contracts and is willing to engage in frequent price renegotiation.

These observations may sound a little harsh for an industry that is clocking huge rates of growth and indeed, the temptation to overlook the problems is strong. However, just as good brakes in a car actually allow you to go faster – if we applaud growth without making thoughtful deliberation and discipline as preconditions we will end up jeopardizing the very growth that we prize.

Stated differently, the rapid growth of the BPO industry today, is largely demand led. As a result, customers are dictating the terms and unless the industry achieves a better balance between customer demands and the commercial logic for meeting

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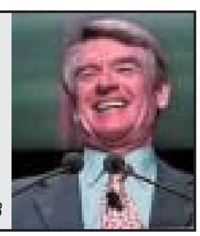

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them, we will not be in control of our destiny. So how do we know that we are in control? To me, this is embodied in our collective ability to say no – to the kind of work we don't want to do, to uneconomic deal structures and to unreasonable risk. To elaborate:

Type of work: One of the most important decisions that a CEO of a BPO company gets to make is about the core competence of his company – i.e., what is it that we want to be good at? A parallel (and even more critical) question is – what kind of work we will NOT do? This is the difficult part, which is precisely the reason that most CEOs have not bothered to make that decision. Current market evidence strongly indicates that most BPO companies will bid for almost any deal that comes their way ("we will worry about profitability once we do win the deal").

Deal Structures: The Indian BPO industry is awash with "innovative" deal structures ranging from Build-Operate-Transfer, White Labeling, Re-badging, Outsourcing-with-option-to-buy-back, Joint ventures, Co-managed-Outsourcing and the like. In reality, very few of these structures actually make long-term sense for both the customer and the supplier at the same time. I have seen a number of BPO companies agreeing to deal structures that are unlikely to ever turn profitable. The competition for new business is so strong and the supplier community so inexperienced, that even unreasonable deals get signed. A CFO of a large BPO company once admitted to me that all they wanted was to prevent the deal from going somewhere else and were willing to take the risk of the customer not enforcing all deal requirements.

Operational Risk: This is the soft underbelly of true BPO and perhaps one of the least understood aspects. All processes carry operational risk – the risk that someone makes a mistake resulting in a financial loss. On more than one occasion, I have seen examples of customers demanding that the supplier be liable for this risk on the grounds that it is the supplier who executes the process and should therefore take the risk. This principle may sound intuitively correct but in reality BPO pricing is never quoted on a risk-adjusted basis and to agree to this would place a degree of risk on the supplier that is totally disproportionate with the reward. For instance, banks can take the risk of duplicate payments because they factor this risk into the price they quote to their customers. BPO companies do not and I cannot conceive of any logic that justifies this risk without a corresponding price premium.

The bottom line is that if we want the BPO industry to keep growing without major hiccups, it is vital that the industry, and indeed, each company within the industry, take a hard look at these three factors, decide where its business footprint should lie and having made that decision, have the courage to say no to business that does not fit.

BPO is possibly the single largest commercial opportunity to face India. But our ability to capitalize upon it, to a very large degree, depends on our ability to say NO!

The author is CEO of Progeon

Taking management to the grassroots

It's said that great CEOs don't merely run their companies effectively but also don the cap of an inspirational guru. Jack Welch and Narayana Murthy have done it successfully. It's now the turn of M S Banga, CEO of India's largest FMCG company, Hindustan Lever Ltd.

Being HLL's first MBA chairman, Banga uses the AGM platform to inspire not just his employees but also his long and complex supply chain of over 2000 suppliers, people working in over100 manufacturing locations, 7000 stockists and about one million retail outlets.

In the recent AGM held in June, this year, Banga held forth on 'Reinventing Distribution'. Perhaps the word 'reinventing' is apt because HLL is credited with revolutionizing distribution network in India since the early 1940s. With competitors imitating or improvising its distribution strategy, it was time HLL woke up with a new version.

In his AGM speech Banga spoke about the paradigm shift in his distribution strategy. "We are now reinventing distribution to strengthen our competitive advantage in the emerging consumer and market scenarios. Our earlier focus was to drive wide availability and enable easy access to our brands for consumers. We now seek to go well beyond this distribution paradigm. Our new approach is more holistic – touching consumers in multiple ways at the point-of-purchase and more importantly, creating opportunities for consumers to receive brand messages and experience our brands."

The old one-size-fits all approach to service, credit and other terms of trade is being replaced with a strategy to address each channel – grocery stores, chemists, wholesale, kiosks and general stores – with a differentiated mix of services. For this stockists' infrastructure and systems are being reoriented.

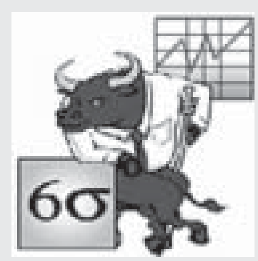
HLL believes that the conventional channels are no longer effective and therefore is pioneering new channels. These channels are being created on the principles of holistic contact with consumers. The new channels include: Project Shakti – to provide micro-enterprise opportunities to women from shelf-help groups making them direct-to-home distributors or HLL brands. With this plan HLL hopes to reach out to some 100,000 villages.

Extensions of this initiative are Shakti Pracharini – health, hygiene and wellness campaign, Lifebuoy Swasthya Chetna – communicating the importance of personal hygiene. Project Shakti aspires to dramatically shift the paradigm in rural distribution and communication, touching very large number of rural Indians in a compelling manner. "It enables us access to untapped markets and addresses a huge opportunity."

Banga's people philosophy of 'hire for attitude and train for aptitude' rings in nicely in service offering in Lakme salons or in Ayush Therapy centres. HLL's scale of training capability is unparalleled. It hopes to train 300,000 people in 1,500 towns and thousands of villages. Most of those being trained are its channel partners or franchisee employees. The training involves improving functional skills and product knowledge apart from providing holistic development inputs.

The HLL network is on its way to creating one million self-employed entrepreneurs – perhaps the best way to take management to the grassroots.

Six Sigma gets personal



Common knowledge about the Six Sigma concept is restricted to its role in huge cost savings through sharp quality improvements over a period of time. What's less known is that Six Sigma has been through three evolutionary stages and is now in its fourth – applying Six Sigma to improve an individual's personal life.

Mikel Harry, currently the president of the Six Sigma Management Institute, says that Six Sigma can now be applied to personal life. "The baseline logic is simple: Measure your flaws to reduce them and take control of your life. You will surely do better," he said recently. But unlike in manufacturing, a clear list of flaws and the process to reduce them is yet to be drawn.

The journey to the fourth stage has been long and painful to some and profitable to many. The first generation of Six Sigma was from 1984-1994 when Motorola initiated it primarily for reducing the number of defects in its telecommunication equipment. The second stage commenced with ABB in 1994 and lasted till 2001. In this stage Six Sigma graduated to become a business tool, emphasizing cost reduction as the lynchpin of quality management.

Since 2001 Six Sigma has evolved into third generation where its focus is on value creation. This is a significant phase as value creation moves the power of quality even closer to the customer.

Even though Six Sigma is in moving into its fourth avatar most corporates are known to take it naturally through these phases. "It's a very natural process of unfolding as a company starts to use it."

Plausibility theory gives instinct a chance

A new form of decision analysis is turning rational methods of risk management on its head. CEOs are lapping it up

To counteract the hazard of human error in risk assessment and decision-making, businesses for decades have employed rigorous analytical techniques (such as decision trees, simulation models, and probabilistic reasoning) drawn from a discipline known as decision analysis. Yet, despite several decades of exposure to these techniques, human intuition and emotion still upend the best-laid plans of CEOs.

> **Despite the mathematical proof defending the logic of expected value, in the real world, when hearts and minds do battle, the heart — one's fears and hopes — often prevails**

Defenders of existing methods of decision analysis argue for better training to overcome these weaknesses. But rather than fight human behavior, decision analysis can embrace intuition. Plausibility Theory is a promising new approach that accepts the rationality of intuitive decision-making and offers business leaders a path forward, write Tim Laseter and Matthias Hild, in the Summer 2004 issue of *s+b*.

The analytic underpinnings — as well as the weaknesses — of conventional decision analysis lie in Bayesian statistics, named for Thomas Bayes, an 18th-century English Presbyterian minister who developed rules for weighing the likelihood of different events and their expected outcomes. In the 1960s, Harvard Business School Professor Howard Raiffa popularized the application of Bayesian analysis in a business context. Managers influenced by Bayesian theory make decisions based on a rigorous calculation of the probabilities of all the possible outcomes. By weighting the value of each outcome by the probability and summing the totals, Bayesian analysis calculates an "expected value" for any given decision. The technique teaches managers to accept decisions with positive expected values and avoid those with negative ones.

Despite the mathematical proof defending the logic of expected value, in the real world, when hearts and minds do battle, the heart — one's fears and hopes — often prevails. Our gut instinct knows that focusing on the average result may work in the long run, but as individuals we are more concerned about the specific case: How much can we lose? What's the likelihood of a bad result occurring?

Plausibility Theory replaces the Bayesian *expected-value* calculation with a *risk threshold* that is more comfortable for most people. Although developed only in the last five years, it shows great promise as a way to drive rigorous decision analysis while focusing on the real priority of most decision makers: downside risk. This new theory still examines the range of possible outcomes but focuses on the probability of hitting a threshold point — such as a net loss — relative to an acceptable risk.

The use of a risk threshold also resolves another conundrum associated with Bayesian statistics: the problem of unknowable risk. Most business decisions involve a mix of knowable and unknowable risks.

Rigorous application of Plausibility Theory's new math could change the way many strategic decisions are made. No longer forced to choose between their gut instincts and "rational" analysis, managers can now apply rigorous analysis in a far more instinctive way. Plausibility Theory embraces rather than challenge the rationality of intuitive decision making. Its use of risk thresholds offers an approach to decision analysis that is much easier for managers to accept than the Bayesian expected value. Plausibility Theory offers a comprehensive set of consistent rules for decision making. It draws upon the hypothesis-testing logic of classical statistical methodology while avoiding some of the "paradoxes" created by the Bayesian method.

> **No longer forced to choose between their gut instincts and "rational" analysis, managers can now apply rigorous analysis in a far more instinctive way**

Further work remains to be done, of course, before the new theory can be established in the world of statistical analysis. "The current Bayesian paradigms draw upon more than a century of testing and refinement by several generations of mathematicians, whereas the basic logic of Plausibility Theory has emerged only in the last five years. Nonetheless, many signs within the world of business suggest that the time is ripe for a fundamental rethinking of our definitions of 'rational' thought," the authors believe.

The greatest resistance to this new theory as a method for strategic decision-making may come from within the community of academics, economists, and statisticians committed to the Bayesian view. As one senior scholar commented, "I hope I die before this takes over. I've invested too much effort learning the traditional model to switch at this point." But businesspeople tend to follow a more practical approach: If it works, use it.

How companies and customers are co-creating value

Terms like customer satisfaction and customer delight are passé. The age of companies and customers creating value together is the new fad. New-age companies are involving customers right from the design to the delivery stage of a product. This co-creation of value allows customers the choice of level or the range of levels of participation in the lifecycle of a product or a service. To C K Prahalad, co-creation makes the customer an insider.

This emerging trend was spotted by C K Prahalad and Venkat Ramaswamy, who in their latest book *'The Future Of Competition: Co-Creating Unique Value With Customers'* offer readers a stimulating look at a fascinating shift away from the firm-centric view of value creation, toward the possibilities opened by new technologies that allow consumers themselves to interact with and directly add value to their chosen product. The authors teach business administration and marketing at the University of Michigan Business School.

Drawing upon real-life examples, and focusing on the key foundations of co-creation - dialogue, access, risk assessment, and transparency, The Future Of Competition offers a transforming and revolutionary wealth of insights into commercial and marketplace trends of the present and the near future.

The authors ask why, despite unbounded opportunities for innovation, companies still can't satisfy customers and sustain profitable growth. The explanation for this apparent paradox lies in recognizing the structural changes brought about by the convergence of industries and technologies; ubiquitous connectivity and globalization; and, as a consequence, the evolving role of the consumer from passive recipient to active co-creator of value.

Clearly, managers now need a new framework for value creation. Because, increasingly, individual customers interact with a network of firms and consumer communities to co-create value. No longer can firms autonomously create value. Neither is value embedded in products and services per se. Products are but an artifact around which compelling individual experiences are created. As a result, the focus of innovation will shift from products and services to experience environments that individuals can interact with to co-construct their own experiences.

These personalized co-creation experiences are the source of unique value for consumers and companies alike. In this emerging opportunity space, companies must build new strategic capital—a new theory on how to compete.

Value migration: how to stop stakeholders from taking a walk

Value migration arises from a company's inability to understand that just as products experience a lifecycle extending from growth to obsolescence so, too, do business designs—i.e., the activities in which businesses engage and the relationships they cultivate in order to deliver utility to customers and earn profits for companies. What happens to a company when its business design reaches economic obsolescence? In short, as Adrian Slywotzky, the guru of "value migration" says, customers move, staff moves, and value migrates from these companies and toward others that are better designed to maximize customer utility and company profits.

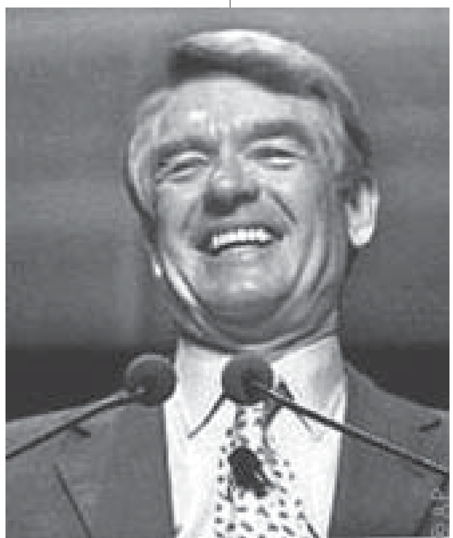
Antecedents though increasingly relevant in today's quick-paced, highly unpredictable business environment, the phenomenon of value migration is hardly new. While Slywotzky has brilliantly fleshed out the economic conditions for, and implications of, value migration, a number of earlier works made significant contributions to this area. Among the most important of these was Theodore Levitt's groundbreaking, 1960 article, "Marketing Myopia," which challenged then-traditional thinking about the process of organizational obsolescence.

How can companies ward off decline and extend growth? According to Levitt, by ascertaining their customers' needs and desires and, above all, by focusing their actions on helping customers solve their problems. Customers, Levitt contends, buy solutions to problems, they don't buy things. To continue growing, therefore, companies must be "customer-creating," "customer-satisfying organisms;" that is, they must do the things that induce people to do business with them.

In an article *'Stuck on the Past - A Primer on Value Migration & How to Avoid It,'* Laraine Spectator writes in the Summer 2004 issue of *Virtual Strategist* that despite its apparent simplicity, the value migration process is complex and avoiding or, even, reversing it requires that companies act purposefully to implement more effective business designs. To meet the challenges of value migration, management must understand both the direction and velocity of change in their industry.

Charles Schwab - innovator par excellence

Charles Schwab & Co. has been a "trend driver" — a firm that defines new product or service categories or subcategories — several times in its history. In the 1970s, Schwab was an early entrant in the discount broker category, which served to make full-service brokers less relevant to an important market segment.



During the 1980s, Schwab expanded the boundaries of the discount broker category by repositioning itself as a discount broker that also had state-of-the-art computer systems, reliable execution and service, and exceptional reporting tools. In doing so, Schwab made many of its discount broker competitors — especially those competing more narrowly on price — less relevant.

A first-mover advantage will be short lived if it is not supported by resources and innovation, or actively managed over time

In 1992, Schwab again changed the boundaries of the category by offering, in addition to its discount brokerage service, an innovative vehicle for buying and managing a large variety of mutual funds with no transaction fees, under the sub-brand OneSource. For investors, this meant there was now little motivation to search multiple brokerage firms for mutual fund options and do cross-firm analysis. Data on mutual funds was all conveniently packaged by Schwab and supported by a comprehensive information system.

In 1997, Schwab, after several unsuccessful efforts at providing computer-based transaction options for customers, made a commitment to offer trading over the Internet, even though this meant risking much of the company's commission income, which at the time came from telephone orders. As a result, the firm became one of the first brokerages to be defined as an "e-company" for securities trading. In the process, Schwab again helped define a new category in which it became a dominant brand.

After 2000, Schwab again moved to create a new category by becoming a full-service brokerage that nonetheless lacked the investment banking business that many megamerged financial-services companies had — a conflict of interests giving rise to perceived, and sometimes real, conflicts at traditional brokers.

The company's aim was to offer advice that appeared objective, uncomplicated, and, importantly, not driven by commissions. The effort follows from the Schwab vision "to provide our clients with the most useful and ethical financial services in the world." The new position was supported with a host of innovative branded products and services for individual and institutional investors, such as Schwab Advisor Network (a service that refers clients to fee-based independent advisors), Schwab Equity Ratings (an objective rating system for more than 3,000 publicly traded stocks), and Schwab Personal Choice (which matches resources, advice, and support to the needs, style, and goals of the investor).

Schwab's five lessons

1. Instead of resulting from a distinct decision, business strategy often evolves. Schwab's strategic position expanded over time and was not pre-planned or deliberately executed. Each step was part of a process that only sometimes resulted in a watershed decision.

2. Creating a product category does not necessarily make the existing category irrelevant. Schwab's strategic position as a discount broker was not eliminated or even scaled back when it stepped into new categories, but rather was augmented so the brand became richer and deeper rather than different. The firm remained true to its heritage as it expanded the scope of its brand.

3. A firm that attempts to create a new product category or sub-category without the support of a sub-brand has a difficult branding task because the scope of the master brand is likely to be stretched. Sub-brands such as OneSource and Schwab Equity Ratings provided a way for the Schwab brand to go to new places without damaging its original meaning.

4. A first-mover advantage will be short lived if it is not supported by resources and innovation, or actively managed over time. Schwab OneSource was a moving target for competitors. Mutual funds were added periodically. A method to screen funds was created. The Schwab Select List, a concise roster of the pre-screened mutual fund picks by category, provided the ultimate aid.

5. Strength also creates vulnerability. As a firm's position becomes stronger, it becomes harder to adapt to changing markets. At each evolution of its brand, Schwab has had to be mindful of its past. The evolution to a full-service firm may be the hardest of all because of Schwab's legacy as a limited-service firm.

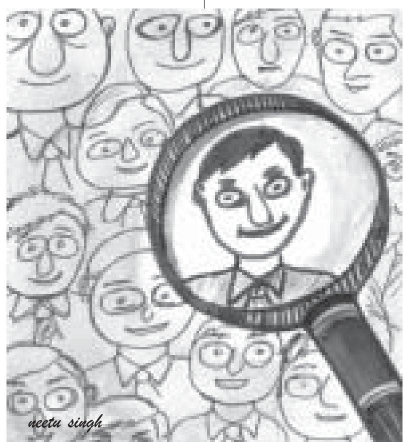
Adapted from David A. Aaker's latest book, Brand Portfolio Strategy: Creating Relevance, Differentiation, Energy, Leverage and Clarity (Free Press, 2004).

How to manage attrition

BPOs seem to be at a loss about facing high attrition levels. Only those who have effective entry-level processes can hope to manage it better

By Narendra Dev

"Come on yaar! Come and join us. The salary is better and we get air-conditioned cabs to work." Pretty soon, this call center agent gives in to peer pressure and leaves his/her current position - lost to the competition in a never-ending spiral of job hopping and dashed expectations.



Attrition is a huge problem in call centers. The company's investment in hiring the individual, investment in training, investment in salary while in training, all goes down the drain. It also results in lower quality and Operations metrics being missed (also referred to as SLAs or Service Level Agreements) due to inadequate resources. This in turn could result in clients lost and revenues lost.

This refers to attrition from when agents accept a job offer, to the time they are trained and ready to take the first customer call. Infant mortality attrition ranges in the industry from 30-50 percent. Why is it so high? Many agents accept job offers for call center positions without giving much thought to whether this is the kind of work they want to do. It is a job in the pocket, which they use as leverage to getting a better job.

Key to reducing on-the-job attrition is to provide a growth path to the agents so that they don't see their job as a dead-end

Coming from a college environment, they may not understand the stress of a call center job and the hardship of working at night. As they go through training, they get a glimpse of what the future will be like and conclude that this job is not for them. The HR managers at hiring companies too, in their zeal to fill hundreds of open positions, skimp on the interview process, ignore due diligence and hire agents with the wrong skills. This becomes apparent during the training process, resulting in terminations.

On-the-job attrition varies in the industry between 15-40 percent annually. It is useful to view on-the-job attrition along a timeline, as the agent stays with the company. Attrition is high for the first three months on-the-job because the agent is still getting used to the job. As they do it, they may conclude that this job is not what they want to do. The next three months (from 3-6 months) is marked by very low attrition. During this time, the agents are continuously getting better in their performance. From 6-12 months, attrition starts again and continues to increase as boredom sets in. They also realize that their experience has cash value in the marketplace. By 12 months, most the top performers have left and the agents left are usually not your top performers.

Attrition is a complex problem and there is no single answer to address it. Here is a portfolio of solutions which can make a significant difference.

Infant Mortality Attrition: To reduce infant mortality attrition, the hiring manager must do due diligence in the interview process. Have a clear skill description for the position you want to hire. Use psychometric online testing if the job requires special skills, which are not easily available. Engage Human Resources (HR) and Operations managers to interview the candidate before making an offer. Describe clearly to the candidate the job expectations i.e. night work, week-end work and expected phone load when making the offer. Check their references. Ask them to produce a relieving letter before they join, if they are currently working in another company.

On-the-job attrition: One element of reducing attrition is to ensure that jobs are compensated correctly. Voice jobs should be paid more than non-voice. Night jobs should pay more than day. Technical jobs should pay more than non-technical. Another key to reducing on-the-job attrition is to provide a growth path to the agents so that they don't see their job as a dead-end. Possible growth paths are into first level management or rotation into other client accounts or moving into offline support functions like quality, migration or HR. Encourage and actively sponsor after hours education programs like MBA, technical certifications and technical degrees. These education programs tie the agents to the company and reduce attrition.

In summary, attrition is a huge problem in call centers. However, companies who have applied right strategies have seen reductions in attrition. The money saved goes straight to the bottom line.

The author is Director of Sales at Patni Computer Systems, a BPO and IT Services company. Has 20 years of experience in sales and operations in outsourcing. He has taught outsourcing and BPO at The Wharton School of Business, IIM Bangalore and ISB Hyderabad. This study was sponsored by IIM Bangalore

Call centers: How to increase efficiency

The front lines of a corporate call center are often charged with emotion, and companies need to account for that when hiring and training workers to take on this critical role in customer contact, according to speakers at a recent Call Center Industry Forum sponsored by Wharton's Financial Institutions Center.

"There is a growing need for workers who have to deal constantly with the public to manage emotions – and this is especially true for those on the phones," said Steffanie Wilk, a Wharton management professor who has done extensive research on call centers.

With an estimated 3% of the U.S. workforce employed in call centers, the emotional labor of dealing with customers can lead to costly employee burnout and high turnover rates, according to Wilk. It's important, she said, to figure out ways to counter stressful situations so that employees "are not feeling overwhelmed by their work, so they are not building up more steam."

Nancy Rothbard, professor of management at Wharton, presented the results of research on workers' mood, performance and burnout conducted by her and Wilk at a large property and casualty insurer. During three weeks in May 2003, a group of 40 call center workers received computer prompts to answer four short questionnaires at the beginning and end of the day, and another two at random times, to gauge their mood. In addition, the researchers taped the workers during the period and are coding 6,000 calls to develop an objective measure of the emotions evoked during those calls. Each worker's overall positive or negative personal nature was also evaluated and controlled for in the research.

"When we think about call center workers, one of the biggest challenges is remaining resilient to the anger and hostility that can come their way. That's the negative side," said Rothbard. "But what about the positive side? If a client is pleasant and cheerful, does that infuse you with energy in the way I found it does when a positive mood from home spills over?"

The BMW Hostage

Rothbard recalled one conversation in which a caller accused the call center worker of keeping her BMW hostage at a body shop for three weeks. "What we really heard in the calls we listened to, and in focus groups, was that there is a wide variety of emotions, from very negative hostile ones to very sad ones." In addition, there were "incredibly difficult calls" coming in that referred to events surrounding the Sept. 11 terrorist attack, said Rothbard.

Earlier work, she added, shows an emotional spillover between home and work for employees. She suggested that problems at home do not necessarily lead to problems at work. "I found there was more evidence of enrichment – where positive emotions from home spilled over and caused people to be more engaged with work. Negative emotions also spilled over and caused people to be more engaged with their work. Employers fear spillover from home will cause workers to be disengaged, but people try to escape from a negative experience by throwing themselves into another role."

Preliminary results of the insurance company call center research show that workers' moods coming into the job surface throughout the day, Rothbard said. If workers arrived in a positive mood, they were likely to stay that way and the same held true if they arrived in a bad mood. As for the contagion effect of customers, Rothbard said there is spillover, but more for positive interactions than for negative ones. "My guess is [employees] are skilled and able to segment that away from themselves, but they let in the positive if the customer is cheerful and happy … Perhaps it's a coping mechanism."

In focus groups, according to Wilk, call center workers routinely say the hardest part of their job is that they know how to help the customer, but do not have the authority to take action, such as waiving a late fee. This forces the customer to get angry enough that he or she asks to speak to a person who has authority." "It's incredibly frustrating" for the initial call center representative.

Wilk said call center processes and operations should be better designed to anticipate callers' needs and make sure those calls are routed most effectively to people who can actually help the customer. "In the command and control model, in essence you set it up so that the customer has to get angry or upset with you before his or her issues can get resolved. You're signaling to the customer that talking loudly and screaming gets you what you want."

With the increasing use of foreign call centers, U.S. workers can feel even greater pressure, which then leads to burnout, added Wilk. "Only a small percentage of these workers are in a union. With technology, a flick of a switch can move their jobs away. Workers say that they are afraid to complain" for fear of being let go.

Hiring and Training

According to Daniel J. Ostgaard, president of Human Resource Advisors in Minneapolis and a consultant to several large call centers, it is important for companies to stick to fundamentals when hiring and managing call center employees.

First, he said, companies must understand their own organization in order to select the right person for the job. "If we focus on understanding the job and build a selection system, we want to start with the biggest impact and build on that," said Ostgaard. For example, companies should consider whether the job opening is team-based or individually oriented when drafting selection criteria. "I think it makes a great deal of difference what product people are supporting," he said.

Ostgaard also questioned the practice of moving customer service representatives into sales positions in which people who are courteous and friendly may be uncomfortable selling. In addition, he said an overemphasis on courtesy can be damaging. "The danger is you have people with great courtesy and presentation on the phone and they give bad information all the time." Ostgaard urged employers to create ways to measure and evaluate their call center hiring. Call center managers, he said, focus on many metrics. "Why don't we do [the same thing] for the selection process? We probably know the manager that consistently makes the best quality hires. We should, and we can, measure that."

Ostgaard also cautioned employers against falling for vendors who emphasize speedy analytical technology over fundamental selection assessment. "Vendors promote their product on instantaneous results and an easy-to-read and easy-to-interpret report. Great. Now I can make a bad decision faster and easier."

Culture Fits, and Misfits

Malcolm McCulloch, senior research consultant at LIMRA International in Hartford, Conn.– a non-profit research organization for the life insurance industry – suggested companies make a better effort to hire employees who will fit into the culture of their organization. Call centers, he said, typically experience a 30% annual turnover in employees. "It's very costly. Anything over 5% is pain and I've seen it where the mean is 17 days."

McCulloch defined what he calls "person-organization fit" as the match between an individual's values and preferences and the characteristics of the work organization. He used the example of a claim center where accuracy and attention to detail are important. An individual who avoids risk and accepts supervision is likely to feel satisfied and comfortable in the job and develop a commitment to the organization.

"On the other hand, a misfit at the claim center may have an entrepreneurial spirit. They're not going to be happy campers. They won't commit to the organization and they will soon leave."

Companies should develop measures to test for organization fit in hiring new employees, he noted. "In the business world a lot of people assume they know fit and talk about fit, but they really don't put a lot of rigor around it. They use a lot of subjective techniques. They say, 'My gut [tells me],' or 'My sense is.'"

According to McCulloch, companies can use front-line managers to develop a set of "descriptors" defining the company's culture. For example, one descriptor might be the word "predictable" – defined as an environment in which representatives know what to expect day to day. In a research project, Limra used 54 descriptors to create profiles of 11 companies that were matched against 360 employee responses. The employees were grouped into seven categories assessing the level of cultural match. Of the employees who were an extreme mismatch, only 11% were still on the job a year later. Of those with a very strong match to the organization's culture, 81% were still at their jobs a year later. Of those in the middle of the spectrum, with a moderate match, 68% were on the job a year later.

Pros and Cons of Scripting

Once workers are selected for call center work, most are trained for their specific jobs, but they should also be given a larger sense of the organization, said Larry Hunter, professor of management, University of Wisconsin-Madison.

Hunter has researched the role of scripts in call center work and found some contradictions. While workers say using scripts improves their skills and makes it easier to do their jobs, they also react negatively to scripting and report that it leads to lower morale over time.

Describing research developed from 800 responses at a large telecommunications company, Hunter said scripts help employees interact with customers and improve product knowledge. Workers with more scripting agreed more strongly that scripts are restrictive and reported that the amount of scripting was not related to the perceived helpfulness of the scripts. Employees with longer time on the job also tended to like scripts less.

"We see that scripting builds skills and managers have a reason to want them, but there is a downside,'" said Hunter. "More scripting is associated with lower job satisfaction, greater burnout and a higher intention to quit the job."

Hunter said companies should try to preserve the benefits of scripting, while protecting against the downside, by using two levels of training. The first level involves simple training in how and when to use the script. This is frequently done, but not always. In second-level training, workers are given a deeper understanding of why the script is being used and how it relates to efficiency and other goals of the organization, such as cross-selling.

This kind of training is unusual for call center employees, said Hunter. "If you can do that, I suggest you will cut turnover and increase efficiency. Where people don't think scripts are going to reduce their autonomy, where they have the big picture … they are less likely to be burned out and less likely to quit."

The two-level approach to training could be used in many elements of call center work, not just scripting, he noted. "Helping people understand why they are doing these kinds of things is critical in helping them to survive what can be a really stressful environment."

Managers or speed machines?

Managers in a BPO company are like Formula 1 racers. The speed with which they have to take decisions is throwing up several new challenges not seen before

- by Vasanthi Srinivasan

The BPO industry in India has witnessed phenomenal growth in recent years. A combination of factors such as low cost, a large pool of English-trained and western- thinking people as well as India's time zone position are often mentioned as reasons for the growth of India as a BPO hub. It must be recognized that the BPO industry is a vast agglomeration of industries and not a homogenous one. Each sub-segment has its own peculiarities and determinants.

A digital content development is very different from an equity research BPO. Similarly, voice and non-voice are two distinctly different segments. What is common to all the BPOs is the human intensive nature of their operations. The human intensive nature of the operations coupled with rapid growth and context specific factors like the relatively young workforce, shift work, inadequate understanding of the job and career prospects throws up unique managerial challenges. This article addresses the human resource challenges faced by managers operating in rapid growth environments.

There are some common problems faced by rapidly growing organizations. The first problem is caused by the need for rapid decisions. The speed with which decisions must be made in rapid growth organizations puts pressure on managers that many people are unable to cope with. Any decision-making process requires time to get relevant information, analyze and arrive at alternate solutions and to arrive at a decision. Since the time available for decision-making is less and the process demands intellectual and emotional application, it tends to put enormous pressure particularly among the new and young managers.

Such speed in decision-making requires rapid flow of information across projects/functions and departments. This places considerable amount of stress on the existing organizational structures. Under such conditions, decisions will either not get made and those activities which are not of immediate impact either to the customer or the profitability will never get done. The informal structure and culture of the organization is also affected since large numbers of managers are recruited from outside and the informal interaction among groups is unlikely to be as close knit and based on understanding. This could often result in distrust and misunderstanding and creation of 'silos'.

The second problem of rapid growth is caused by rapidly expanding job demands. Peter Drucker states that one of the biggest impediments to successful growth is the inability of the key managers to change their attitudes and behaviours to the changing needs of the organization. Expanding job demands would require different ways of managing through formal and informal structures. Such an organization would face challenges in delegation and development. High performing employees will often end up being staffed on critical projects. Adequate investment is not done on growth and development. In parallel, there may be a need to hire new employees for higher positions in spite of having someone internally who is 80 percent ready. This could result in frustration among the ambitious employees. Given the pressure to recruit, organizations have not been able to put together career systems and planning in general has been relegated to the background.

The third problem is the large recruiting and training demands. Fast growth requires the recruitment, selection and assimilation of large numbers of people in short periods of time. Since the industry is in its infancy, no systematic analysis has been done to identify the competencies that are relevant and required for the job. In the absence of such a clear job and role analysis, there is constantly an attempt to copy the recruitment and selection practices of competitors. In a tight labor market, poaching creates artificial increase in compensation levels. This becomes a serious management issue since most BPOs typically have opposing goals of efficiency and service excellence.

The relatively younger age of the employees, shift work and high personal disposable income and its impact on socialization in particularly metros requires organizations to raise fundamental questions related to what engages the workforce in this industry. Do employees see this as a "transient industry" or do they expect a promise of a career? Is money the only motivator or does loyalty have a role of play in building organizations? How much of direction do individuals need and how much of freedom do we provide? How do we structure work in a manner where individuals experience satisfaction or do we create a peer culture which offers support, learning and growth?

In the face of a high degree of ambiguity and uncertainty, the role of a manager becomes critical. A manager operating in this context is faced with three sets of paradoxes and the managerial challenge is in reconciling the paradoxes in a manner that is effective to the individual, team and the organization. These paradoxes are:

- **Balancing task accomplishment with people sensitivity:** Certain high growth BPO segments like contact centers require task accomplishment in very short turnaround time. The process metrics gives feedback almost instantaneously on performance. Each call is monitored and data is available because of the technology. There are stringent service level agreements to be honored. Every single employee has to be motivated and has to perform consistently at high levels of satisfaction. There is a lot of evidence to indicate that the service quality is influenced by the service climate within the organization and a significant number of parameters of climate have to do with perceptions of the employees of the organizational policies, practices and managerial behaviours. Against this canvas, managers need to be humane and sensitive and yet should be task-centered.
- **Managing ambiguity and signaling control:** In third party BPOs where the organization has multiple clients, multiple projects and multiple domains, the contract duration vary and the business models are complex, there is a high degree of ambiguity as far as the strategic direction of the organization is concerned. Managers need to buffer the employees from such uncertainty. Employees want their careers planned and they expect development and growth to happen. The real challenge for most managers is about engaging in discussions of growth and development as far as individuals are concerned in the context of an ever-changing reality of the organization.
- **Building conformity in the scenario of chaos:** How do you create and build systems, policies and procedures in an environment of rapid growth and change. Ensuring that employees adhere to the systems and implement them in the true spirit in which they are intended is a managerial challenge.

Managing these paradoxes requires a commitment to development: self-development on the part of the individual and managerial capability development on the part of the organization. Self-development is about building on self-management and social capabilities. Self-management capabilities include self-awareness, the ability to balance conflicting demands and the ability to learn. Social capabilities include ability to build and maintain relationships, build effective work groups, communication and ability to develop others. The managerial capability development process entails management skills, ability to think and act strategically, ability to think creatively and the ability to initiate and implement change. The challenge for the industry today is in creating opportunities for both the developments to happen in the workplaces.

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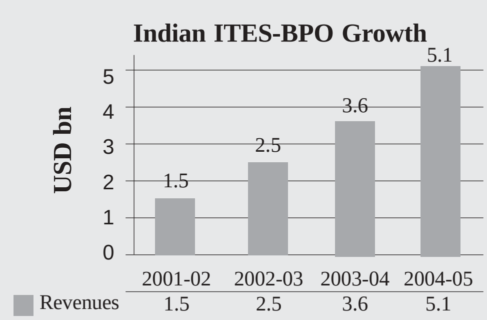
BPO trends

- For starters, the gap between India's market share and that of other countries keeps growing. Companies increasingly feel comfortable sending bigger and bigger projects to India; companies that have never before outsourced feel comfortable dipping their toes in Indian waters.
- Another trend is U.S. companies balancing their offshore risk by going to neighbors like Canada and Mexico. Canadian suppliers can handle highly complex projects better than other nations, and our neighbor to the north has a deep familiarity with U.S. business mores. And Mexico continues to offer an attractive cost structure. Both have geographic proximity going for them in the race for U.S. outsourcing contracts.
- Indian companies such as TCS and Satyam Computer Services are diversifying their bases of operations and moving to countries closer to the US such as Canada.
- Finally, new members of the European Union—such as the Czech Republic, Poland and Hungary—are an enticing nearshore option for Western European enterprises and Europe-based U.S. businesses. Their costs are low now, but they won't stay that way.

Source: July 15, 2004 Issue of *CIO*



Source: Nasscom

From Intel Inside to Intel Everywhere: Will the Chipmaker's Strategy Work?

Think Intel, and you probably think of the microprocessor chips that serve as the brains of personal computers. But the company over the years quietly has been expanding its horizons well beyond chips for laptop and desktop computers. It's already developed a major business in chips for server computers – powerful machines used by corporations and governments – and also offers to sell nearly complete servers. More recently, the Santa Clara, Calif.-based company has taken steps towards a similar strategy in the arena of data storage equipment. In addition, Intel has set its sights on wireless communications and is angling to play a key role in designing products for the "digital home."

Indeed, Intel's Chief Technology Officer, Patrick Gelsinger, outlined a grand ambition for the company in a speech last fall. "Before I retire from Intel, I want a piece of Intel technology touching every human on earth, every minute of every day, in every aspect of their lifestyle," Gelsinger said.

This strategy, which might be dubbed "Intel Everywhere," has its risks. They include the prospect that consumers will chafe against computer-based products in their living rooms, and the possibility that Intel will step on partners' toes along the way. In addition, Intel may face renewed competition from longtime rival Advanced Micro Devices.

On the other hand, observers suggest Intel is wisely pursuing new opportunities. Strong growth rates in the traditional PC arena have slowed down, and the semiconductor industry's recent momentum has peaked, according to a report this week from investment firm Merrill Lynch. Merrill Lynch downgraded Intel and other chip stocks from "buy" to "neutral", and cut its revenue forecast for annual growth in the semiconductor sector in 2005 from 16% to 6%.

Morris Cohen, a Wharton professor of operations and information management, says that heading into new markets could help Intel overcome a notorious problem in the chip industry: the volatile swings of demand that make capacity planning difficult. Cohen, who has consulted with Intel on supply chain strategy, said new arenas that offset the PC business cycle or offer stable demand could make it easier for the company to manage its equipment purchases. "Any expansion into markets that allow them to smooth out the production schedule…might help them," Cohen points out.

Intel, whose revenues grew 13% last year to $30.1 billion, ranks 65th on the *Fortune* 500 list, employs some 78,000 workers and bills itself as the world's largest chip maker. Its products include microprocessors, which control the central processing of data in computers, as well as chipsets, which are groups of integrated circuits for purposes such as controlling the flow of information between the processor and other devices in a computer.

Last year, Intel snagged a commanding 82.9% of the worldwide market for PC microprocessors, according to tracking firm Mercury Research. Dean McCarron, principal analyst at Mercury Research, estimates that more than 90% of the company's business is related to PCs, including microprocessors and chipsets.

But the company did not start off as a PC specialist. In fact, its launch in 1968 came more than a decade before personal computers became widely popular. Intel initially focused on semiconductor memory products. The company introduced the first microprocessor in 1971, but that chip went into calculators.

It wasn't until the mid-1980s that Intel made a strategic move to concentrate on microprocessors for computers, in particular the growing market of PCs. In the mid- to late 1990s, the company developed specialized microprocessors for the desktop, laptop and server computer markets. Intel now makes "applications processors" to handle email programs in wireless handheld devices, chipsets to allow voice communication in cell phones and products for network routers and switches.

To the general public, though, Intel comes across as a – or perhaps "the" - PC chip maker. That reputation has a lot to do with the company's "Intel Inside" marketing program, which was launched in 1991. Through the program, Intel offered to share advertising costs for PC ads that included the Intel logo. Intel now boasts that it is one of the top-ten known brands in the world, in a class with Coca Cola, Disney and McDonalds.

Chips and More

But Intel is much more than just a PC chip company. McCarron estimates that Intel's processors for server computers rake in multiple billions of dollars a year. And the company hasn't been content to sell just chips for servers. Over the years, Intel has helped generate a market in low-end servers by offering manufacturers chips, chipsets, system blueprints and even servers that contain everything but a few easily integrated components, like memory. In many cases, lesser-known manufacturers use Intel's package of server products to make what are known as "white box" servers.

Now the company is poised to duplicate this strategy in the growing world of data storage, which refers to specialized computers with multiple disk drives for holding digital information. "The server-commoditization wave is being repeated in storage," David Freund, an analyst with research firm Illuminata, wrote in a recent report. "Intel is planting (its) seeds and planning to reap the rewards." Already, Intel makes a number of semiconductor products for storage systems. But it is now weaving its efforts into a more comprehensive whole that would reduce the independent engineering needed to make a system.

Intel is working with partner Emulex to integrate some storage functions with processor chips, which could speed up performance and cut costs. The company produced a blueprint for a low-end storage product and showed such devices at a trade show earlier this year. And it has begun coordinating the work of several divisions that touch on the storage world, says Seth Bobroff, director of marketing programs and communications for Intel's networking and storage group. "It's absolutely a key area and one we see growing," Bobroff said. "We see the opportunity and are working as one."

Another opportunity Intel has in its sights is wireless communications. Here again, the company has done more than just produce chips. Last fall, Intel showed off what it called the Universal Communicator, a prototype handheld device that switches smoothly between wireless networks. The gizmo incorporated Intel's XScale processor, which is built to consume less power and fit into portable devices.

At a conference at the San Jose McEnery Convention Center , CTO Gelsinger demonstrated some nifty possible uses of the Communicator. Gelsinger employed the device to have a voice conversation with a colleague in the lobby, and when the colleague was near a coffee station, a menu of offerings appeared on Gelsinger's screen — representing a location-based service possible with wireless technology. Gelsinger said Intel had no plans to bring the Communicator to market. But, he added, "We expect this to spur innovation in real products."

Yet another market Intel is pursuing aggressively is the so-called "digital home," which refers to the growing overlap between computing devices and consumer electronics products like music players and televisions. Paul Otellini, Intel's president, declared the company's intentions in this arena in a speech earlier this year. "Our goal is to eliminate boundaries between electronic devices inside and outside the home, and we're working with the PC and consumer electronics industries to make this a reality," he said. Otellini outlined a vision of consumer electronics where individuals "have access to digital content anytime, anywhere, on any device."

As part of its push, Intel established a $200 million fund to invest in "companies that complement Intel products and accelerate development of key technologies and content which enhance and simplify the digital home experience." More directly, Intel said it is developing so-called liquid crystal on silicon technology, which is a method for making large-screen displays.

Entertainment PC

In keeping with its habit of building reference designs for devices that could eventually use its silicon products, Intel has worked to develop what it calls the "Entertainment PC." That's a slim PC connected to a television screen and designed to be used to organize and consume digital content such as music, movies and gaming. Intel said Entertainment PCs "will be capable of sharing content wirelessly and operated with a remote control instead of a keyboard."

In June, Intel announced new chip and chipset products designed, among other things, to enable PCs to produce surround sound and better video capabilities. McCarron said Intel's emphasis on digital media features in PCs makes sense because the traditional PC market has slowed down. While hardware companies in the PC arena enjoyed 20% to 30% annual growth rates in the 1990s, they now face growth in the single digits or teens. "If you want to grow, you have to move into new markets, and this is one," McCarron said.

Already consumers are embracing electronic products with connections to the computer world, such as the Apple iPod and other digital music players and liquid crystal display (LCD) televisions, which are now sold by PC makers Dell and Gateway.

The wireless field also appears to be fertile. Earlier this year, the chief research officer of market analysis firm IDC suggested that the proliferation of communicating devices, such as radio frequency ID (RFID) tags and mobile phones, will lead to a vast increase in the amount of data being sent on networks by 2012. Meanwhile, statistics show an increasing hunger for storage equipment, thanks to factors including government regulations for retaining data and the growing digitalization of content such as music. The amount of disk storage system capacity shipped worldwide in the first quarter of this year hit 247 petabytes, up 39.4% from the first quarter of 2003, according to a report by IDC. (A petabyte is a million gigabytes.)

But Intel's expansion plans may hit hurdles. Illuminata's Freund notes the company's forays into new arenas — such as the telecommunications market — haven't always gone smoothly. The digital home market has particular challenges for PC players, McCarron adds. One, he said, is a "communications barrier," where the computer industry must convince consumers used to buying audio equipment for $100 to $200 to buy a PC device that may cost hundreds more but comes loaded with more capabilities.

Intel and its allies also are up against an "ease of use" obstacle, McCarron says. "It's hard to compete with something as easy to use as a DVD player, where you just toss in a disk and push play," he explains. Intel is aware of this need to make sure "it just works." Along these lines, the company has developed audio technology designed to change the role of a computer's jack depending on what has been plugged in there – so if a microphone is plugged into a speaker jack, the computer will recognize the error and can change the jack to function as a microphone jack.

Then there's the question of whether Intel's new efforts threaten long-term partners. IBM, for example, declined to speak on Intel's possible storage white box efforts, saying it doesn't comment "on its competitors' plans."

Microsoft's Kevin Miller, who is in charge of the software giant's alliance with Intel, says the two companies have to work harder at communicating than they used to in order to avoid clashing. With Intel writing Windows applications and Microsoft selling products such as keyboards, it's a less simple era than when Intel focused on hardware and Microsoft on software, Miller suggests. "If we 'go dark' on each other, that creates the potential for collisions," he says. So far, though, the collaboration generally has gone well.

Even so, Intel's old microprocessor rival Advanced Micro Devices has turned up the heat in the server market. Last year AMD introduced its Opteron chips, which can run either 32-bit or 64-bit software – meaning they can take in data in 32-bit or 64-bit portions. The 64-bit extension allows systems to work with larger amounts of computer memory, which is helpful for applications such as databases. Computer giants Hewlett-Packard, Sun Microsystems and IBM all offer machines with Opteron chips. Intel only recently put out a comparable chip. Opteron "introduced competition into a market in which Intel didn't have competition," McCarron says.

But AMD's challenge doesn't seem to be slowing Intel down as it moves beyond the traditional PC. Company spokeswoman Laura Anderson says Intel intends to guard its existing turf even as it seeks new pastures. "We'll continue to keep our focus on both places," she says.

This article abstract, published in the July 14-27, 2004 issue, is reprinted under a content license agreement with Knowledge@Wharton

Innovation and Imagination at Work

Tata Mcgraw-Hill, Rs. 195

In Imagination and Innovation at Work, the Australian Institute of Management draws together a collection of articles, written by industry leaders and creative thinkers, that examines the innovation imperative for Australian business. This book's message is simple-business must innovate or perish, and the key to success lies in harnessing creativity at all levels of the organization, using it to meet strategic objectives and to drive profits and improvement. The articles explore how organizations can ensure both survival and success. Uniquely, the book also investigates the crucial role of imagination in the Australian innovation process.

Negotiate And Win: Proven Strategies From The NYPD's Top Hostage Negotiator

By Dominick J. Misino

Whether you realize it or not, you negotiate every day - with your boss, your clients, coworkers, and even the babysitter. But most of us aren't as good at cutting a deal as we'd like to be. Dominick Misino is. As the NYPD's top negotiator, he put his skills to work in high-pressure situations, successfully negotiating the release of hostages and stopping suicide attempts by the dozens. In one of his most famous cases in 1993, Misino successfully arranged the release of all 104 passengers and crew aboard the hijacked Lufthansa Flight 592. Over the years, Misino learned that when lives are on the line, you'd better choose your words and negotiating tactics wisely. In Negotiate and Win, this tough - talking word warrior shows you how to be subtle enough to get what you need - with anyone, in any situation.

Now a top business negotiation consultant to Fortune 500 companies, Misino shares the strategies and techniques he developed over twenty - two years and redefine in more than 200 tense situations. In Negotiate and Win, he uses his own harrowing, life - or - death experiences to illustrate the effective, no-non sense tactics that lead to more productive negotiations, such as:

BE YOURSELF - how to relax and use your personal strength while negotiating

LEARN HOW TO GIVE - giving a little when it will get you what you want

SELL THE TRUTH - build trust among those you negotiate with for an easier exchange

BE PREPARED - arm yourself with a confident attitude and the right information

GET IT DOWN - how to be sure the final decision is completely understood by both parties

kkbooks@vsnl.com or service@kkbooks.com

The Dum Dum Bullet: Adventures of a Corporate Soldier

By Sandeep Goyal. Published by Penguin Books India, Rs 295.00, July 2004

'Maybe I wasn't doing it for the client. I enjoyed the chaos … the roller-coaster work-style … the easy informality … the long hours. Maybe that was what advertising was all about. Not just a job, but a way of life.' Every year the Goodlass Nerolac paint company presented 10,000 'slightly naughty' complimentary calendars to its dealers. Along came Sandeep Goyal, the new twenty-something assistant manager, and decided to stir things up a bit. The slick new calendar featured the four hottest models of the time. Killer product in hand, a dash of ingenious marketing did the trick: he actually sold over a million of them.

Whether it is trooping through dusty mofussil towns in Rajasthan and Punjab or pitching a deal to corporate honchos in Tokyo and New York, Goyal's engaging account tells us how advertising in India reflects the complexity and diversity of its large target audience.

MBA In A Box: Practical Ideas from the Best Brains in Business

by Joel Kurtzman, Publisher : Crown Business. Rs 715.50

"MBA in a Box" brings together some of the best brains in business who show how the core curriculum of an MBA program works in the real world. People like Michael Porter, Rosabeth Moss Kanter, Adrian J. Slywotzky, Warren Bennis, and Bill George give you a box full of ideas and tools that can boost your career and help you add value to your organization. For example: Why finance is not just about manipulating numbers but of immense importance in sustaining growth, building widespread wealth, and creating jobs; The profit zone and how to tell if a business is in one; The skill of turning an idea or invention into a product that solves a problem for a market; Merging the need of business to produce and grow with the environment so they are both sustained; The latest thinking in marketing about branding, pricing, reversing a product's life cycle, and turning what has become a commodity into a specialty. And much more.

Joel Kurtzman is global lead partner for thought leadership and innovation at PricewaterhouseCoopers. Mr. Kurtzman has been an editor and columnist for the New York Times, the editor of Harvard Business Review, and is the founding editor of *Strategy + Business* magazine.

Purchase on www.oxfordbookstore.com

Offshore Outsourcing: Business Models, ROI and Best Practices

by Marcia Robinson, Ravi Kalakota, Publisher: Mivar Pr Inc January 2004

Something radical is happening to corporate organizational structures, something subtle yet far-reaching in impact. It is the rapid emergence of offshore outsourcing as a corporate strategy. Cost reduction, productivity improvement, and cheaper labor - these are the promises of offshore outsourcing. This book reveals how GE, American Express, Dell, British Airways, Delta Air Lines, BellSouth, British Telecom, and numerous other companies are successfully using offshore outsourcing to reduce costs associated with IT, customer care, finance and accounting, human resources, and transaction processing.

Offshore Outsourcing: Business Models, ROI, and Best Practices is a comprehensive guide to the real-world application of offshore outsourcing across all industries. Authors Marcia Robinson and Dr. Ravi Kalakota give you an in-depth analysis of offshore outsourcing. They discuss what is behind this trend, how it is paying off, and, most importantly, provide you with a step-by-step guide on how you can implement your own offshore strategy.

Based on extensive research and interviews, this book offers insight into how managers of leading firms are implementing offshore outsourcing. You will find plenty of practical tips and tools to apply offshore outsourcing in a wide variety of business environments.

Offshore Ready: Strategies to Plan & Profit from Offshore IT-enabled Services

by Stuart Morstead, Greg Blount. Isani Press January 2003

Offshore information technology (IT) services and IT-enabled services—including application development and monitoring, call centers and business process outsourcing—have the potential to save companies 35–65% on their in-house costs. They create opportunities for operational and IT executives to truly do more with less and for P&L leaders to find scarce dollars to increase sales and marketing budgets—business imperatives in the current economic climate.

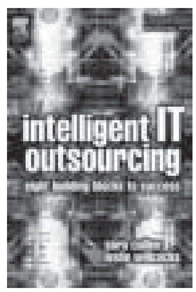
Form a comprehensive picture of the steps to success in an environment outside the status quo. The economics of moving offshore, a strategy authors Morstead and Blount call offsourcing, are so compelling that the ripple of current activity is set to become a tidal wave. It is estimated that in India alone, the size of the market will grow from $10.3 billion in 2001 to $77 billion in 2008. But in a world where domestic initiatives often suffer from poor planning, missed expectations and cost overruns, the stories of offshore failures can be alarming.

Offshore Ready presents an integrated, practical view of offsourcing, including the dynamics of offshore relationships, service provider options, risk management and approaches to cultural integration. Through case studies, industry analysis and personal experience, Morstead and Blount demonstrate the absolute necessity of executive commitment and thorough planning to develop, implement and sustain successful offshore initiatives.

www.amazon.com

Intelligent IT Outsourcing: Eight Building Blocks to Success

Sara Cullen, Leslie Willcocks, Printable, Publisher: Butterworth-Heinemann September 2003



Intelligent IT Outsourcing enables practitioners to focus in on the essential issues that need to be addressed so that the fundamental structure of their sourcing strategy and its implementation is sound. The authors provide insight into the challenges likely to be faced and give detailed advice on how to pre-empt and manage these.

IT and outsourcing continue to be problematic, not least because fundamental learning about this subject fails to be applied systematically, and because IT is inherently difficult to manage. The economics are not obvious and emerging technologies have to be addressed, therefore IT goes to the heart of many enterprises and interfaces with multiple business units and processes, and there are continuous skills shortages.

Unfortunately complexities are not removed in outsourced situations where additional problems come into play, for example the supplier's capabilities, whether the IT is right for an outsourcing solution, and whether the contract is robust but flexible enough to allow for outsourcing to take place. Objectives need to be realistic, and factors such as whether the internal management is mature and capable enough in this field, and the impact of prohibitive switching costs on behavior once an outsourcing deal has been signed all have to be taken into account.

The authors have built up over two decades of research, advisory and practitioner experience that enables them to distil the fundamental challenges in IT and outsourcing and demonstrate how these can be addressed.

www.amazon.com

Transform Your Business Through Embedded Services

IT Businessedge, June 2004

No doubt, you've read plenty about how service-oriented architecture can aid enterprise integration. But this piecesuggests another way to think of SOA, a way that, frankly, could prove that technology can still be a strategic differentiator.

The article compares how we think about SOA now to the inception of the Internet when people thought Web sites were merely electronic brochures. Likewise, SOA isn't just about systems integrations. In effect, SOA is a means for closing the gap between "our systems" and clients' systems, the writer contends. Instead of building applications that customers tack onto existing systems, companies and IT should think of SOA as a way to build "services," which can be embedded into the customer's business processes.

www.itbusinessedge.com

The Tao IT Leader

IT Businessedge June 2004

Here's something for your meditation this evening: the Tao IT Leader. What, you may be wondering, does that mean? This four-part series explains the philosophy of George Lin, the CIO of Documentum, an enterprise content management firm owned by EMC. Lin suggests that CIOs try too hard to force solutions. Instead, they must "focus on observing and understanding the most fundamental things and use the wisdom gained to create subtle but powerful influences." But the path of the Tao IT Leader isn't just enlightenment — it's also alignment, as this series explains.

While the first piece is a bit philosophical, the remaining pieces cover the surprisingly practical application of the Tao to IT leadership. You'll find the links for the remaining articles at the bottom. The second article, "Leading by Example," covers how to create an aligned IT division by practicing passion, humility, openness, clarity and agility. The third article applies these principles to position IT as a strategic partner. The last article explains how to sustain the gains of Tao leadership.

www.itbusinessedge.com

Religion and Business Ethics: The Lessons from Political Morality

Fort, Timothy L., Journal of Business Ethics. February 1997; Vol. 16, Issue 3

This paper discusses contemporary arguments about the role of religion in political morality highlighting the similarity between this issue and the issue of religion in business ethics. The article argues for an inclusive approach contrasting authors in political morality with inclusionists.

http://www.caseplace.org/references/references

Business and Naturalism: A Peek at Transcendence?

Fort, Timothy L., Business & Society. June 1999; Vol. 38, Issue 2.

"Bill Frederick's work calls on business ethicists to consider religion as well as nature. Because there are naturally wired religious impulses in human beings and because of the fairness of including normative approaches meaningful for business people. Frederick suggests that the 'R' in CSR4 should represent religion. This article takes up the theme in terms of the emerging field of naturalist theology, particularly (although embryonically) as stated by theologian Paul Tillich. Doing so creates (a) connections between 'God as Life' and nature and (b) linkages of the notions of symbol, culture, and transcendence. In addition to avoiding the so-called 'naturalistic fallacy,' this integration can foster ethical business behavior."

http://www.caseplace.org/references/references_show

Empowering Managers to Think with Spreadsheets

Ishwar Murthy, June, 2004, IIMB Management Review

The past decade has witnessed a proliferation of personal computers in the workplace, accompanied by an equally impressive spread in the use of the electronic spreadsheet. While most managers are comfortable with its basic functions, they remain 'passive' users of the spreadsheet, and its potential to become an integral part of managerial analysis and the strategic decision making process has remained unexplored, avers Ishwar Murthy, Professor of Quantitative Methods and Information Systems at IIMB.

A manager faced with a decision problem either outsources the analysis to a consultant or resorts to the old-fashioned back-of-the-envelope analysis. A strong deterrent for managers to do any form of quantitative analysis themselves is the daunting task of having to grapple with mathematically oriented topics.

Ishwar Murthy demonstrates, step by step, how spreadsheet tools such as Data Tables along with Goal Seek and Pivot Tables can help managers deal with the uncertainty in the decision making process and perform what-if analyses, generally considered the domain of the consultant. With the ease and flexibility that is built into the spreadsheet, data can be manipulated, transformed and turned around to provide views from different angles. Graphs of the resulting tables are easily and quickly generated. Through spreadsheets some of the more 'mathematical' models are easily comprehended and applied by the manager.

Business schools, particularly in India, Murthy adds, are partly to blame for the knee-jerk reaction of managers to quantitative models. Topics such as probabilities, regression and linear programming are currently taught in a technique driven manner, with a view towards training students to be functional experts or consultants.

http://www.iimb.ernet.in/html/

Innovate—Inexpensively

Publication Date: Jul 1, 2004, HBR OnPoint Collection. Gary Hamel , Gary Getz, James P. Andrew , Harold Sirkin , Darrell Rigby , Chris Zook

Nine out of 10 new products fail. With such a meager ROI, how can your company fund the innovation so essential to profitable growth? Use these strategies to squeeze more out of every dollar you invest in innovation:

1) Turn all your employees into innovators. At W.L. Gore, employees allocate 10% of their time to conceiving new applications for the company's materials.

2) Energize a congregation of volunteers—consumers who love tinkering with the very problems facing your firm. Google's annual Code Jam competition invites developers worldwide to tackle its toughest software problems.

3) Use small, low-cost, under-the-radar experiments—a quick-and-dirty test run of a product prototype in one venue, for example—to uncover an idea's potential and problems.

4) Make savvy choices about when to use strategic alliances, joint ventures, and licensing to commercialize new ideas. Going outside your company's boundaries brings rewards and risks—so select the right kind of partnership to generate the biggest profits.

A New Paradigm for Managing Shareholder Value

John J. Ballow, Roland Burgman, Göran Roos, Michael J. Molnar, July 2004

A staggering proportion of enterprise value does not depend on current operations, but rather on expectations concerning growth opportunities—what Accenture calls future value. Much of that future value depends, in turn, not on the resources (assets) that traditional accounting practice handles well—i.e. the monetary and physical assets—but on the resources it hardly handles at all—such as, intangible and intellectual capital. Many of the most successful companies in the last decade are organized around new business models like value shops and value networks.

In this research report we discuss these important issues and introduce a new methodology for managing shareholder value, one that manages all components of valuation by managing all of the company's resources.

http://www.accenture.com/

Rethinking the Role of the Entrepreneurial Leader

By Philip Cullum, Liz Padmore and Keith Ruddle

Ask senior executives to name the leader of an entrepreneurial organization—as Accenture and a handful of well-known figures top the list: Bill Gates of Microsoft, Sir Richard Branson of Virgin, Ingvar Kamprad of IKEA, Jeff Bezos of Amazon.com and Maasayoshi Son of Softbank.

CEOs also tend to see themselves as entrepreneurial leaders—or as trying to be. Seven in 10 of the CEOs Accenture surveyed believe their organizations as a whole will be more entrepreneurial in three years' time.

Yet despite this optimism about the future, many are confused about why their efforts to promote entrepreneurship in their own organizations have not been more effective. Only one in four believe their organizations are "very entrepreneurial." Many blame the drive for operational efficiency, which they say has undercut entrepreneurship.

A greater problem—perhaps connected to the perceived role of leaders themselves—is the lack of confidence CEOs have in those outside their circle of peers. All too often, executives claim that entrepreneurship is applicable to only some employees. Almost seven in 10 CEOs think their employees lack entrepreneurial instinct. At the same time, Accenture's research suggests that many top executives are nervous about a loss of control if all staff become highly entrepreneurial; half worry that employees can be too entrepreneurial.

http://www.accenture.com

Kanpur Confectionaries Private Limited

Author : Dixit M R ; Dixit Vandana M Year: 2002

Mr. Alok Kumar Gupta is required to decide his company's response to a proposal for becoming a sub-contractor to a large national player in the biscuit industry. The advantages to the company are in getting assured return on investment and access to APL's manufacturing expertise. The disadvantages are a possible loss of independence in decision making, dilution of company's own brand and family prestige.

http://www.iimahd.ernet.in/publications

Nitish @ Solutions Unlimited

Author : Vohra Neharika Year: 2001

Nitish at Solutions Unlimited is a case about a young MBA graduate who changed his job to an organization at the recommendation of his friend and his spouse who also worked in the same office. Nitish made a false start with the HR Department. The initial decisions taken by Meena came to the notice of the senior people in the organization and were perceived as incorrect.

The negotiations with Nitish following the initial mistakes and intervention by the Head of Marketing, Mr Kapoor, lead to hurting the self-image of Meena the senior most person in the HR Department. Meena and Nitish were unable to then reconcile the differences among them and things continued to go downhill from there for Nitish. The newness of the organization, the lack of key personnel at top positions, the adhocacy of organizational procedures, the complex play of interpersonal relationships, and clash of personalities all lead to a situation where Nitish felt that he was caught in a downward spiral.

http://www.iimahd.ernet.in/publications

Love your neighbour – through downsizing

Lars Kolind, former CEO of Oticon in Denmark - one of the world's premier suppliers of products for the hearing impaired - shares his spiritual experiences through downsizing and success with Debra and William Miller

For me spirituality is the acceptance of the existence of a God, whatever that is, and to adhere to my religion. That is how I understand spirituality; however, I am quite open to other peoples' interpretations. My values come from my spiritual views, which are strongly influenced by my Christian religion. The theme of my spiritual context would be: "love God and love your neighbour."

Spirituality began to influence my work decisions even at an early age of 18; however, I have become more conscious about it as I have matured. When I see what I have done and the decisions I have made in different situations it is clear that spirituality has always been there, I've just become more conscious about it.

If you look back at the Oticon story, there were two phases. One was the downsizing, and the other was the building of the new company into a huge success.

I started with the company in 1988. Because we were close to bankruptcy, my first major action involved carrying out a dramatic downsizing. In the downsizing phase we were under extreme pressure because the whole company was falling apart. We were pressed to an extent that most people simply cannot imagine.

We were forced to reduce staff very dramatically. I was really under pressure to determine which principles we should use to make the decisions as to who to lay off. I took the decision, which *no one* understood at the time, that we would not fire anyone over 50. Neither would we fire people who were so essential that we didn't think we could survive without them. But other than that, we would let those people go who we thought would have the best chance of getting another job quickly - even though these were obviously the ones I would have preferred retaining.

I just couldn't look into the eyes of all of the people that we would kick into prolonged unemployment in order for the rest of us to make money and prosper. I just couldn't do that.

I must admit that I simply made these decisions and I didn't really think about where they came from, which was from my conscience. Normally someone in my position would let the department heads talk to the people. But I didn't do it that way.

I talked to every single person that was to be laid off and told each of them that they were going to be fired and that we would work with them to get a new job the best we could. I was experiencing all their bad feelings as I was confronting myself with the doubts and fears of all of these people. To me it would have been an act of cowardice to let others do this for me.

The interesting point was that we got through this amazingly well. There was total acceptance, even though no one really understood it. But once it was done, people said "wow" and really respected my decision. I maintained a number of the people who were fired as very good friends because they respected that it was necessary. It turned out that we managed to work with almost all of them to get new jobs.

Later I realised that this was really an expression of my spiritual principles. But I must admit that while doing it I didn't think much about it. Yes, I did follow my conscience and that is certainly the voice of spirituality.

After the downsizing of Oticon, it took us two years to find out what the essence of the company actually was. We came out of a tradition where our tag line was "Leaders in hearing technology." We were so oriented to hearing technology, that we forgot almost everything else. I could see that this was not right, that we were far more than a technology company. I worked day and night to find out who we really were and what our fundamental purpose should be.

What inspired me was the fact that we were dealing with people who had enormous personal problems due to lack of hearing. I was so conscious that we were making money serving these people who were in such a bad condition, so I asked myself, "What is our role?" This helped me to see that fundamentally our job was to add to the quality of life of those we served. This led us to phrase the essence, the vision of the company to be: "Help people with impaired hearing to live as they wish with the hearing they have."

This all had a tremendous effect on our employees, customers and dealers. We were not only saying all of this; we were living it. We went through the process where we examined every corner of the company.

I asked the question a hundred times, "Does this help people with impaired hearing to live better with the hearing they have or does it not?" What struck me was that if you phrase your purpose this way, and if you demonstrate that you mean it, then you earn a tremendous respect from everybody, not just the employees. This included researchers, knowledge partners at universities, the private clinics and our dealers.

I later realised that all of this came out of my desire to involve myself in doing something for these people, to improve their situation. I am sure this was highly inspired by my fundamental beliefs about what's truly important in life.

This article is part of a series of executive interviews William and Debra Miller of the Global Dharma Center have conducted for their international research program "Spiritual-Based Leadership".
Ashoke Maitra was, till recently, Director (Corporate) of Human Resources for the Times of India Group and Director of the Times Foundation

Burgernomics

The Big Mac index was devised by The Economist in 1986 as a light-hearted indicator of whether currencies are at their "correct" valuation level. This innovative notion, referred to by the magazine as "Burgernomics", is based on one of the oldest concepts in international economics; the Purchasing Power Parity (PPP), which holds that in the long-run currencies should move towards the exchange rate that equalised the prices of an identical basket of goods and services in each country.

The consumer basket in this case was limited to the Big Mac hamburger claimed by McDonald's to be roughly the same in all the company's outlets worldwide. The Big Mac PPP, calculated by dividing the local currency price of a Big Mac in a certain country by its American price, is the exchange rate that would leave Big Mac prices the same in the US as in other countries. Comparing actual exchange rates with PPPs reveals, albeit simplistically, whether currencies are over or under valued against the dollar.

Memplex

Memetics is the study of how ideas replicate. Just as purpose of genes is to replicate itself, so is the purpose of meme – the essence of a replicable idea. Like genes, a strong meme cancels a weak one.

In the seminal book The Meme Machine author Susan Blackmore says that organizations are people bound together by memes. Any active organisation therefore represents not just an idea but possibly an idea of ideas. She calls such organizations memeplexes – that are made up of their own visions, myths, missions and values. When memes governing the organizational culture weaken employees and customers begin to distance themselves. This may lead to the possibility of withering away of organizations.

Social Impact Management

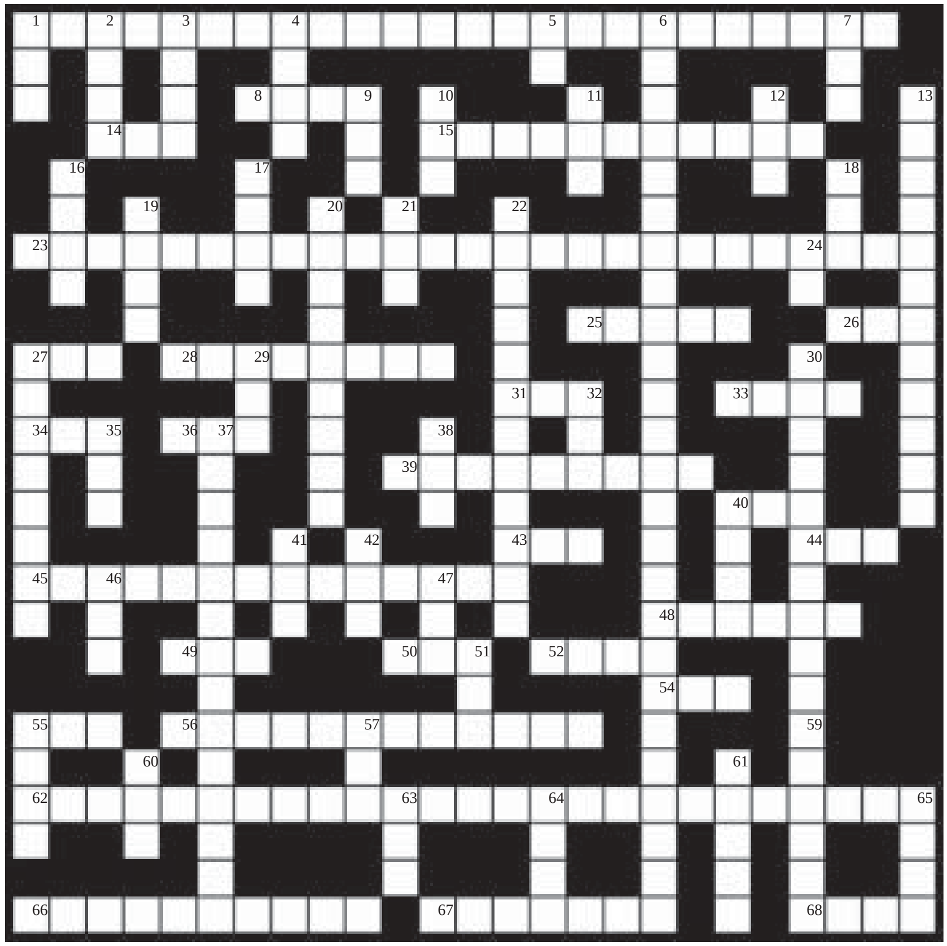
Social Impact Management is the field of inquiry at the intersection of business needs and wider societal concerns that reflects the complex interdependency between these two realities. It is a critical part of contemporary business because without an understanding of this interdependency, neither business nor the society in which it operates can thrive. In fact, this understanding is becoming increasingly more essential as private corporations grow in size and influence, and public pressure intensifies for corporations to address pressing social and environmental concerns.

Research, teaching and practice of social impact management consider the social context within which a business operates. The intersection between traditional business concerns and the social context has important consequences for both the present and future viability of a business's activity, and also for the society within which that business has, by necessity, to operate.

No. 001

CROSSWORD – 002

(On General Commercial Knowledge)



Accross

1 HSN Classification of goods given by this Organisation(5,7,12)

8 Execute this to protect Govt.Revenue(4)

14 Incoterm for Carriage Paid(3)

15 Primary Customs Document for Import(4,2,5)

23 Free Foreign Exchange(6,11,8)

25 F.C.P.C .interest rates are based on this (Abvn)(3)

26 WCO System of Classification of goods(Abvn)(3)

27 Forex policy making body in India(Abvn)(3)

28 United Nations Commission on International Trade Law(Abvn)(8)

31 Incoterm equivalent to F.O.R. (Abvn)(3)

33 World Bank(Abvn)(4)

34 Air Freight Document(Abvn)3

36 General Landing Date(abvn.) (3)

39 On value(9)

40 Incoterm for delivery Ex ship(3)

43 Document to be filed with Customs by the Carrier or his agent, on imports(Abvn)(3)

44 WTO permitted levy if the import price is less than normal cost of production of the exporter(abvn.) (3)

45 Rate of duty cannot be determined without this(14)

48 Refund of excise duty on exports(6)

49 Protective duty against imports harming local industry(abvn.) (3)

50 Export documentation System designed by IIFT based on U.N.LAYOUT KEY(abvn.) (3)

52 Common currency in EU(4)

54 Free alongside ship: Incoterm(3)

55 Cost Insurance &Freight: Incoterm(3)

56 Primary Customs document for export (8,4)

62 All should familiarize with this to handle E Commerce(10,4,11)

66 Determination of duty(10)

67 Payment of duty under reserve(7)

68 A portion of your forex earnings can be kept in this account in forex itself(abvn.) (4)

Down

1 Successor to GATT (Abvn)(3)

2 You require this to enjoy any export benefit (Abvn)(4)

3 EXIM Policy authority (Abvn)(4)

4 Standard Input-Output Norms by ALC (Abvn)(4)

5 Normal RBI form for exports by sea/Air(2)

6 Documentary credit, not Revocable(11,6,2,6)

7 Erroneous word to indicate free Importability (Abvn)(3)

9 Incoterm for Delivery duty Paid(3)

10 Exchange Control Authority in India (Abvn)(3)

11 Free on Board-Incoterm (3)

12 You need this to clear your imports from a port other than where you have registered your import Licence or DEPB (Abvn)(3)

13 Customs permission for a vessel to enter port(5,7)

16 Duty Free replenishment scheme w.e.f 4.2000(Abvn)(4)

17 Export obligated CG import scheme(Abvn)(4)

18 Notice to Show Cause (Abvn)(3)

19 Orgn for Economic Cooperation & Devpt (Abvn)(4)
20 International Commercial Terms of ICC (Abvn)(3)
21 All importers/exporters require this (Abvn)(3)
22 Document of carriage by Sea(4,2,6)
24 EURO is the common currency here(Abvn)(3)
27 Refund of input duties suffered on exports (8)
29 Wrongly used word for Additional Duty of Customs (Abvn)(3)
30 Basic principle behind Customs Valuation (11,5)
32 Surrender Advance Licence to get this to source Goods indigenously (Abvn)(3)
35 Basic Customs Duty (Abvn)(3)
37 1% Addition by customs to CIF import value (7,7)
38 Alternate to GR for EDI exports (3)
40 Export value based Duty Credit scheme (Abvn)(4)
41 Pre-determined drawback rates (Abvn)(3)
42 Postal customs (Abvn)(3)
46 Authority fixing SION (Abvn)(3)
47 Inland Dry Ports(Abvn)(3)
51 Value investigating department of customs (Abvn)(3)
55 Authority administrating Customs, Excise &Service Tax (Abvn)(4)
57 International Chamber of Commerce(Abvn)(3)
60 Bank administrating EURO (Abvn)(3)
61 LC Rules ICC 500 are known as this (Abvn)(5)

Crossword contributed by Prof. S Krishnamurthy, faculty, IIM Bangalore

Answers CROSSWORD – 001

ACROSS:

1.Incoterms 4.Award 6.Contract 11. Consideration 14.Offer 15 Bond 17 Void 18 MIGA 19. Arbitration 20 FIDIC 25.At sight 26. Fine 27.NB 28 IOU30.CIF 32.IMF 33. Lease 34.Bailee 37. Warranty 39.Bill of exchange 42.EMD 43. OECD 44. IBRD 45.Insurance 48.FAS 49.UCPDC 50.Usance 51 DEA 52.CFR 57.Negotiable documents 58.RR 59.DA 60.CISG 61TRIPS 62 Gats 63. LR

DOWN:

1.Information technology act 2.EXW 3.Memorandum of understanding 4. Acceptance 5.Restitution 7.Condition 8.Bid 9.DDU 10 FEMA 12.RBI 13. Invoice 20 Negotiable instrument 22.Liquidated damages 24.Penalty 29.Breach 31.Force majeure 35.WCO 36.HSN 38 Lien 40.Cheque 41 AWB 45. ICC 46.URC 47.Uncitral 51.DP 53. ICB 54. Fee 55.Goods 56.WTO

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Why BPOs need internal branding

Does branding have a role to play in a tech company? Do the persuasive tools of branding have relevance in the world of the tech-enabled enterprise? Are ITES/BPO and branding strange bedfellows?

-by Harish Bijoor

I keep getting asked these questions at every 'gyan-spouting' session I undertake. Never mind whether the audience is a bunch of BPO enterprise CEOs at Bali, or a bunch of eager-beaver students in Trichy!

The answer is always a big yes. Branding plays as significant a role in a BPO enterprise as it does in an FMCG-effort. Branding is a key tool to use in a BPO outfit for sure! But a different kind of branding altogether!

A super-brand is typically an entity that packs 100 percent emotion and zero percent functional-pull. The commodity at the other end of the spectrum is all about 100 percent functional appeal and zero per cent emotionality! Across this seamless continuum lie the various entities of the commodity, the quasi-brand, the brand and the super-brand!

Just one more alert! Branding is a two-way process. Just as the morphing upwards of the commodity to the super-brand is a process at play, there is a reverse process that goes with the pull of gravity. Super-brands have to feel the pull and morph from the status in the stratosphere to become mere brands and then on to quasi-brands and eventually a commodity status. The case of a 'Dalda' or a generic 'Xerox' are classic examples of what I call the de-branding process!

And so, there are two processes at play. The branding process which swims upwards and the De-branding process which swims downstream! Branding a BPO enterprise needs to take keen attention of both processes!

Think BPO enterprise as the way we know it today. Whether it is in Vietnam, a Gurgaon or a Bangalore!

Think BPO. Think jobs. Lots of them. Walk-in interviews. Madly–driven Toyota Qualises. Young work-cultures. Cubicles and artificial lighting. Weird working hours. Night shifts. Foreign accents at play. Accent training. Cafeteria food. The list can go on.

The BPO enterprise today is largely a commodity. A commodity that is immediately identified by the sector-issues and sector identity-tags of the BPO industry itself! Young folk do a lot of "BPO-hopping", as I love to call it! Ask the young guy out there doing to the BPO enterprise what he does to his Pub every weekend, hopping from one to the other, why he does it. You get all the answers that point to a commodity sector set of weaknesses in BPO space!

BPO space today is all about a 'parri-passu' environment of little distinction. One BPO resembles another. Never mind if the nametag is a Symphony or a Dell or an AXA! Largely, one BPO environment resembles another! The ever-sought-after employee, who switches from one work environment to another, at times just hopping across the road to the building with the better view, is comfortable from day one. There is little to distinguish in this space. The very same breed of the clonal consultant sets up literally every BPO enterprise!

The lighting is the same, the food is the same, the headphones come from the same supplier and if you are unlucky you might have the same accent trainer training you in your new abode as well! If you suffer from unlucky Karma, your boss might be the same as well. He moved just a few minutes ahead of you across the road to the enterprise with the better view!

What does one do in such an environment? Is branding a tool that can help recruit better people, retain them longer and help relieve the stress of training and re-training and the associated pains of an HR manager in a BPO outfit?

In a recent project, we have identified as many as 347 difference points that add up to the big picture of a wholly different BPO entity that will stand out like an exclamation mark

Most certainly it is! I promote internal branding in a BPO enterprise! Internal branding that is different from the overt external branding one is normally exposed to in our contemporary commercial lives!

Internal branding that is all about creating that distinct identity that will set apart one work environment from the other. And guess what, the distinction points that create for this difference can be many. In a recent project, we have identified as many as 347 difference points that add up to the big picture of a wholly different BPO entity that will stand out like an exclamation mark! God is in the details of Internal branding!

Internal branding is a cusp process one can create. A cusp process that involves equally the marketing discipline as it does the HR department! The two marry seamlessly to provide this seamless brand experience that will be seen, heard and impacted upon the employee at large!

Do you want your employee to think thrice before she quits your BPO outfit to join your cousin's outfit across the road?

There is one potent tool out there for you to use! Internal Branding! Try it for size!

The author is CEO, Harish Bijoor Consults Inc., a private-label consulting outfit with a presence in the markets of Hong-Kong, London and the Indian sub-continent. harishbijoor@hotmail.com

Baldies' party

It's a great example of how tight focus on a small audience can lead to big success.

Dozens of bald men and one bald woman went to Gary's Uptown Restaurant and Bar on a Wednesday evening. Most people went in because they heard on TV, radio and in newspapers about the food discount offered to balding and bald men on Wednesdays.

"We were totally, totally blown away and absolutely shocked that it went international," said Gary Arnold, the restaurant owner who started the deal to boost sluggish sales on Wednesday nights.

Tracy and Modesto, baldies from Sacramento, US, have made the pilgrimage to Gary's, and Arnold expects Bay Area folk to show up soon, since he just did an interview broadcast there.

Arnold even got a call from a razor company a couple times to talk about sponsoring a new head-shaving razor.

Spineless Indians?

"…Workers are sometimes so determined to please their American bosses that they don't speak up even if they know that the instructions given to them are wrong" – One of the cons about Indians working in BPOs, according to a global outsourcing survey conducted by the CIO magazine – July 2004.

Forbes confers Six-Sigma on Mumbai's *dabbawallas*

ISO 9000s or the BIS' may not have the guts to give Mumbai's *dabbawallas* any certificates. It had to come from an American magazine. *The dabbawallas* have been conferred with a six-sigma performance rating by the *Forbes* magazine for a 99.999999 percentage of correctness - which means just one error in six million transactions.

To add to it the 114-year-old institution hasn't had a single strike till date.

Movie on the *Monk who sold his Ferrari*

Robin Sharma is in India to do a movie based on his bestseller *The Monk Who Sold His Ferrari*. At 39 Robin has an inimitable style of an evangelist when he speaks. He may succeed in conveying powerful messages but the key is to make the movie not merely educational but entertaining as well.

Pen *v* pencil

When NASA began the launch of astronauts into space, they found out that the pens wouldn't work at zero gravity (Ink won't flow down to the writing surface).In order to solve this problem, it took them one decade and $12 million.

They developed a pen that worked at zero gravity, upside down, underwater, in practically any surface including crystal and in a temperature range from below freezing to over 300 degrees C.

And what did Russians do......................................??

The Russians used a Pencil!!!

Is your boss a Socialized Psychopath or Sociopath?

Most bosses are bullies of different types. Don't be fooled by if your boss is suave and nice to you. S/he can belong to the new breed - socialized psychopath or simply a sociopath. Here are some tips to know them better.

- Always charming and beguilingly plausible, especially to those who are capable of protecting or enhancing the sociopath's position
- Excels at deception (this must never be underestimated, but always is)
- Excels at evasion of accountability
- Is extremely and successfully manipulative of people's perceptions and emotions (eg guilt and anger)
- Silver-tongued, has an extreme verbal facility and can outwit anybody (including a top barrister) in verbal conflict
- Is adept at appearing to offer weak and inadequate people the positions of power
- Identifies those essential to the sociopath's survival and manipulates their perceptions by making them feel special and thus obligated to reciprocate with support and protection
- Is likely to leave behind a trail of dysfunctional organizations, destroyed businesses, ruined careers, stress breakdowns and suicides

To know more about other types of bosses go to http://www.bullyonline.org/workbully/serial.htm

Balance Sheet Of Life

Our Birth is our Opening Balance	Character & Morals, our Stock-in-Trade
Our Death is our Closing Balance	Friends are our General Reserves
Our Prejudiced Views are our Liabilities	Values & Behaviour are our Goodwill
Our Creative Ideas are our Assets	Patience is our Interest Earned
Heart is our Current Asset	Love is our Dividend
Soul is our Fixed Asset	Children are our Bonus Issues
Brain is our Fixed Deposit	Education is Brands / Patents
Thinking is our Current Account	Knowledge is our Investment
Achievements are our Capital	Experience is our Premium Account