

# IMC RAMKRISHNA BAJAJ NATIONAL QUALITY AWARD

## Case Study

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### ABC SERVICES LTD

**2015**

The Case Study describes a fictitious IT services organization. There is no connection between ABC Services Ltd and any other IT services organization or other organizations cited in this application. This case study is prepared for use in the 2015 Ramkrishna Bajaj National Quality Award Examiner preparation course. Since this case study is developed for training and understanding the possible content of an actual RBNQA application, all Criteria requirements are not addressed. The Results Criteria also contains fictitious data and are prepared to serve as a guide to organizations preparing an application.

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# 2015 Eligibility Determination Form

## IMC Ramkrishna Bajaj National Quality Award

### 1. Applicant

Official Name\_ ABC SERVICES LTD \_\_\_\_\_

Other Name \_\_\_\_\_

Headquarters Address

XXXXXXXXXX \_\_\_\_\_

\_\_\_\_\_

### 2. Highest-Ranking Official

Mr. ☒ \_\_\_\_\_ Mrs. \_\_\_\_\_ Ms. \_\_\_\_\_ Dr. \_\_\_\_\_

Name S Narayanan \_\_\_\_\_ Title CEO \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Mobile \_\_\_\_\_ E-mail \_\_\_\_\_

### 3. Eligibility Contact Points

Mr. \_\_\_\_\_ Mrs. ☒ \_\_\_\_\_ Ms. \_\_\_\_\_ Dr. \_\_\_\_\_

Name S Quest \_\_\_\_\_ Title \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Mobile \_\_\_\_\_ E-mail \_\_\_\_\_

### 4. Award Category and For-Profit/Non Profit Designation (Check as appropriate.)

\_\_\_\_\_ Manufacturing (For-Profit Only) \_\_\_\_\_ Education (For-Profit)

☒ Service (For-Profit Only) \_\_\_\_\_ Education (Non Profit)

\_\_\_\_\_ Small Business (For-Profit Only) \_\_\_\_\_ Health Care (For-Profit)

\_\_\_\_\_ Indian Overseas Business (For-Profit Only) \_\_\_\_\_ Health Care (Non Profit)

### 5. Size and Location of Applicant

a. Total number of

▪ Employees (business) \_\_\_\_\_ 800+ \_\_\_\_\_

▪ Faculty/staff (education) \_\_\_\_\_

▪ Staff (health care) \_\_\_\_\_

b. Sales in the preceding fiscal year.

▪ Check amount: \_\_\_\_\_ 0-Rs 100 Cr ☒ Rs 101 Cr – Rs 1,000 Cr

\_\_\_\_\_ Rs 1,001 Cr – Rs10,000 Cr \_\_\_\_\_ More than Rs 10,000 Cr

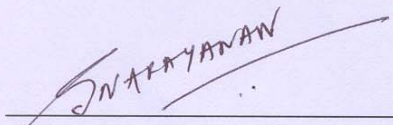
c. Number of sites: \_\_\_\_\_

d. Attach a line and box organization chart for the applicant. In each box, include the name of the unit of division and its head.

**6. Signature of the Highest-Ranking Official**

I state and attest that

- I have reviewed the information provided by my organization in this Eligibility Package.
- To the best of my knowledge.
  - No untrue statement of a material fact is contained in this Eligibility Package and
  - No omission of a material fact has been made in this package.
- I understand that at any time during the 2015 Award Process cycle, if the information is found not to support eligibility, my organization will no longer receive consideration for the Award.

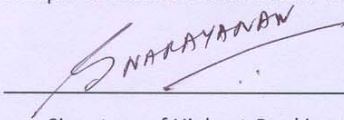
  
Signature of Highest-Ranking Official

25/05/2015  
Date dd/mm/yy

Printed Name S. Narayanan

**7. Eligibility Determination Filing Fee**

Enclose a Rs50,000/Rs.20,000 (+12.36% service tax) non-refundable fee to cover the cost of the eligibility determination. The cheque or demand draft should be made payable in Mumbai to IMC Ramkrishna Bajaj National Quality Award Trust.

  
Signature of Highest-Ranking Official

25/05/2015  
Date dd/mm/yy

Printed Name S. Narayanan



*If you are unable to respond to any item,*

*Please contact the IMC Quality Cell at (91-22) 22025438 before submitting your form.*

Website: [www.imcrbnqa.com](http://www.imcrbnqa.com)

IMC Ramkrishna Bajaj National Quality Award

# 2015 Application Form

## IMC Ramkrishna Bajaj National Quality Award

### 1. Applicant

Official Name ABC SERVICES LTD

Other Name \_\_\_\_\_

Headquarters Address xxxxxxxxxxxx

\_\_\_\_\_

\_\_\_\_\_

### 2. Highest-Ranking Official

Mr. \_\_\_\_\_ Mrs. \_\_\_\_\_ Ms. \_\_\_\_\_ Dr. \_\_\_\_\_

Name Mr. S. Narayanan Title CEO

Address As above

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Mobile \_\_\_\_\_ E-mail \_\_\_\_\_

### 3. Eligibility Contact Points

Mr. \_\_\_\_\_ Mrs. \_\_\_\_\_ Ms. \_\_\_\_\_ Dr. \_\_\_\_\_

Name Ms. S. Quest Title Head – Business Excellence

Address \_\_\_\_\_

\_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Mobile \_\_\_\_\_ E-mail \_\_\_\_\_

### 4. Award Category and For-Profit/Non Profit Designation (Check as appropriate.)

|   |   |
|---|---|
| <input type="checkbox"/> Manufacturing (For-Profit Only)            | <input type="checkbox"/> Education (For-Profit)   |
| <input checked="" type="checkbox"/> Service (For-Profit Only)       | <input type="checkbox"/> Education (Non Profit)   |
| <input type="checkbox"/> Small Business (For-Profit Only)           | <input type="checkbox"/> Health Care (For-Profit) |
| <input type="checkbox"/> Indian Overseas Business (For-Profit Only) | <input type="checkbox"/> Health Care (Non Profit) |

### 5. Criteria Used (check one.)

☒ Business Criteria for Performance Excellence

☐ Education Criteria for Performance Excellence

☐ Health Care Criteria for Performance Excellence



## 2015 Application Form

### IMC Ramkrishna Bajaj National Quality Award

6. Application Components (Check as appropriate.)

☒ 2015 Eligibility Determination Form

☒ 2015 Application Report

7. Application Fee

Depending on the category applicable to you please enclose Rs.1,00,000/-/Rs.20,000/- (plus 12.36% service tax) to cover one Application Report processing. The cheque or demand draft should be made payable in Mumbai to **IMC Ramkrishna Bajaj National Quality Award Trust.**

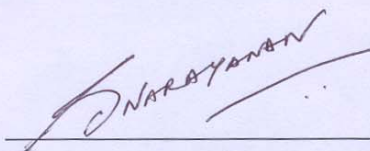
8. Release Statement

We understand that this application will be reviewed by members of the Board of Examiners.

Should our organization be selected for a site visit, we agree to host the site visit and to facilitate an open and unbiased examination. We understand that the organization must pay reasonable costs associated with a site visit.

If our organization is selected to receive an Award, we agree to share information on our successful performance and quality strategies with other Indian organizations.

Authorized Signature: \_\_\_\_\_



Printed Name: \_\_\_\_\_

S. NARAYANAN

Date: \_\_\_\_\_

26/07/2015

*If you are unable to respond to any item,*

*Please contact the IMC Quality Cell at (91-22) 22025438 before submitting your form.*

Website: [www.imcrbnqa.com](http://www.imcrbnqa.com)

IMC Ramkrishna Bajaj National Quality Award

## Organizational Profile

### P.1 Organizational Description

ABC Services Ltd. is the IT & BPO arm of ABC Corporation founded in 2007 to primarily serve the customers of ABC Manufacturing. With the philosophy of providing best customer service levels and value to all stakeholders, the company now operates from two cities providing IT services to other national and international customers.

ABC Service's primary business is to develop loyal customers for life through superior service. This strategy has been very successful and the business has grown from 11 crores to 82 crores in six years.

**P.1a(1)** ABC delivers custom development, application maintenance services and BPO services using telecommunication networks with IT as their main backbone. From a small team of 25 members servicing their parent organization, the company today has over 800+ employees and provides a comprehensive suite of services to its customers. Primary operations are from the two locations Mumbai and Chennai. An integrated delivery model comprising of "on site", "on-shore" and "off-shore" mechanism is deployed to deliver the company's products / services. Table P1.1-1 highlights the services and the delivery mechanisms.

**Table P.1-1: Services & Delivery Mechanism**

| Table P.1-1   |   |
|---|---|
| Service Offering  | Delivery Mechanism  |
| <b>Custom Development:</b><br>Deployment and support applications ranging from global applications to small department based apps.        | Mostly "off-shore" and "on site" during deployment & pilot run                |
| <b>Application Maintenance Services:</b> To provide world-class maintenance and support to IT applications deployed at customer locations | "off-shore" with "on shore" manager/support personnel if customer requires it |
| <b>ITES/BPO Services:</b> Back office services such as Finance & Accounting, Data Processing, eRetail operations                          | "off-shore" with "on shore" manager/support personnel if customer requires it |

**P.1a(2)** ABC Corporation's leadership strongly believes in creating value for all stakeholders and a sustainable organization. The Mission of the

corporation as "One Big Family" inspires the workforce, suppliers and partners to work and serve with integrity, building trust and loyalty to the purpose of the organization, which is to serve all stakeholders and ensure their well-being. ABC's VMV is also derived from the same set of values in table P.1-2

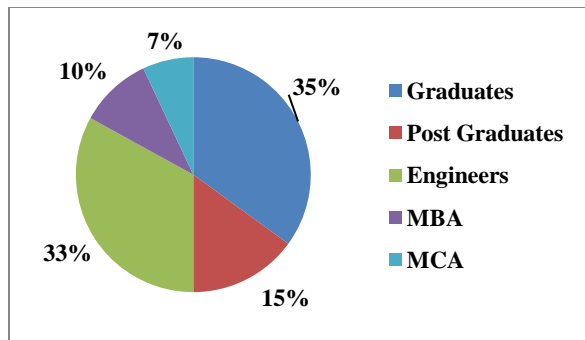
**Table P.1-2: Vision, Mission, Values**

| Table P.1-2 |  |
|-------------|--|
| Vision      | To be the most preferred supplier to the customers and markets served  |
| Mission     | To provide customer with IT enabled services and promote the well-being of all stakeholders  |
| Values      | <ul style="list-style-type: none"> <li>Customer driven excellence</li> <li>Integrity: in all our dealings with all stakeholders to build trust</li> <li>Operational Excellence: focus on nurturing innovation through training &amp; development and performing every process effectively and efficiently using technology and quality frameworks</li> </ul> |

**P.1a(3)** ABC has around 800+ personnel who are full-time employees of the organization and about 200 partner resources. Approximately 90% of the workforce is involved in the business related functions and the balance 10% of the workforce are part of the various support departments such as HR, Finance, Quality, IT and Management staff.

ABC considers its employees to be its single most valuable asset and therefore great emphasis is placed on employee recruitment and training. Details on the recruitment and training process can be found in Section 5.1c. The current demographics for educational qualification are shown in Figure P.1-1.

Employee empowerment, morale building and motivation, rewards and recognition, team building activities, energizing the workplace, bringing an element of fun into work life and several other such methods are used to engage the workforce, combat attrition and increase productivity. The industry being young, majority of the workforce are the 'under 30' age group and have high energy levels and expectations. The HR Department is constantly deploying innovative ideas to involve the young crowd and give them a sense of belonging and responsibility towards the organization.



**Figure P.1-1: Workforce Educational Qualification**

ABC has employee friendly policies that ensure a productive working environment. The company has a high density of employees using laptop and broadband enabled equipment that facilitates them to work from home and offers flexibility in work timings. Safety is considered one of the company absolutes and extreme care is taken in ensuring a safe and healthy working environment for its employees and partner resources alike.

**P.1a(4)** The facilities at Mumbai and Chennai include best in class infrastructure given the nature of the company's business. Work spaces are designed keeping an open and collaborative environment in mind. Equipment plays a vital role in this industry and the company's equipment is kept to current levels of technology in the market place with a well-defined process to refresh equipment on a periodic basis. The company has invested extensively in reliable infrastructure that helps provide 24x7 support coverage to its customers.

ABC considers investment in technology to be as important as investment in its people. Using technology to automate various production processes improves accuracy, efficiency and margins. The workforce is provided with laptops, remote connectivity and mobile connectivity wherever required. This facilitates employees in providing the required level of service to its customers while maintaining a healthy work-life balance. Employees are encouraged to be more productive during the work-week and take the weekends off to ensure that they are able to spend time with their families.

State of the art routing equipment provides redundant and fail-over internet access through multiple access links that assist in meeting requirements for short TAT projects. Backup equipment provides secure data storage while maintaining confidentiality; at the same time providing

accessibility on a need basis. Security equipment deployment provides ABC an edge for data transmittal through secure tunnels. This means that no intruders can see through the secure tunnels while providing the flexibility of forming unlimited secure connections and resulting in scalability of the service.

**P.1a(5)** ABC is registered as a software development unit with the Software Technology Park of India, (STPI). The Companies Act, Customs, Central Excise, Income Tax, Service Tax and other acts and laws are applicable for a software development and BPO company.

Other regulations applicable are the labor laws and regulations, Shops and Establishments Act, Provident Fund Act, Gratuity Act and the Minimum Wages Act, etc. Regulations such as the IT Act 2000, Indian Copyright Act, Indian Penal Code Act and the Indian Contract Act, 1972 provide adequate safeguards to companies off-shoring work to the US and UK.

Information Security, especially personal information is a big subject being debated in the ITES/BPO segment and companies in India are taking as many precautions as possible to ensure that information of their customers is protected. The means of doing this is setting information security standards, adopting international best practices, doing a risk assessment and measuring compliance by having company procedures audited by independent parties to ensure that these procedures are current and are compliant.

**P.1b(1)** The founder of ABC manufacturing serves as the Chairman of the Board. The Senior Leadership Team (SLT) comprises of the CEO, CFO and CMO and these three members along with the BU and Functional Heads form the senior leadership team at ABC. The organization structure can be found on page vi of this application.

The Company is governed by a Board of Directors and there are 6 Directors on its Board comprising of three executive directors and three independent directors and the Chairman. The independent Directors are those members who share the vision of the organization and who can contribute to its growth. The CEO reports to the Chairman & the BOD and the other SLT members report to the CEO. The BOD is responsible for the selection of the CEO, effective governance of the ABC's affairs; and the adoption and adherence of sound policies and practices. The BOD meets on a quarterly basis to review business performance.



# ABC Services Ltd.

**P.1b(2)** ABC operates in three geographical regions for the international market, North America comprising of USA & Canada, Europe and Asia. Domestically, the customers are presently from the Western and Southern States. Customers are segmented into four groups: manufacturing, service, financial institutions and content publishers. In addition, to help focus its customer relationship building strategies, ABC's listening mechanisms are developed for the various customer life cycles (Table 3.1-1).

ABC considers regulators, suppliers and partners, society as its stakeholders, besides the workforce and the customers who are the major stakeholders. The key requirements and expectations of these groups are shown in Table P.1-3.

**Table P.1-3: Stakeholder Needs**

| Table P.1-3       |  |
|-------------------|--|
| <b>Customers</b>  | <ul style="list-style-type: none"> <li>• SLA compliance</li> <li>• Accountability &amp; transparency in all transactions</li> <li>• Prompt responses to queries / communication</li> </ul>   |
| <b>Workforce</b>  | <ul style="list-style-type: none"> <li>• Provide a safe and healthy work environment</li> <li>• Competitive employee benefits</li> <li>• Learning &amp; Development</li> <li>• Career progression</li> <li>• Empowerment</li> </ul>                      |
| <b>Regulators</b> | <ul style="list-style-type: none"> <li>• Proactive compliance to regulations</li> <li>• Responsiveness to requests for information</li> <li>• Timely &amp; accurate regulatory filing</li> <li>• Appropriate risk assessment &amp; mitigation</li> </ul> |
| <b>Suppliers</b>  | <ul style="list-style-type: none"> <li>• Transparency in contracting</li> <li>• Prompt payment of bills</li> </ul>   |
| <b>Partners</b>   | <ul style="list-style-type: none"> <li>• Mutually beneficial relationships</li> <li>• Transparency</li> </ul>  |
| <b>Society</b>    | <ul style="list-style-type: none"> <li>• Employment opportunities</li> <li>• Individual growth and financial aid</li> </ul>  |

**P.1b(3)** ABC utilizes several suppliers and partners to support the administrative, operational, technology infrastructure of the company (Table P.1-4).

Partners are distinguished from suppliers as those business associates who are directly involved in the delivery of ABC's product/service. Suppliers are those who provide essential support services such as security, housekeeping and canteen management.

**Table P.1-4: Suppliers & Partners**

| Table P.1-3      |   |
|------------------|---|
| <b>Suppliers</b> | <ul style="list-style-type: none"> <li>• Security Services</li> <li>• Housekeeping Services</li> <li>• Canteen Services</li> </ul>            |
| <b>Partners</b>  | <ul style="list-style-type: none"> <li>• Technology service providers</li> <li>• Staffing companies</li> <li>• Business Associates</li> </ul> |

A key requirement for selecting a partner is a verifiable track record of ethical conduct of business, ability to deliver services on time with the required standard of quality. ABC has *zero* tolerance toward any ethical violations by its employees, suppliers and partners. All employees and partner resources are provided training on the ethics requirement of the organization, with specific focus on information security and IP requirements.

There are regular governance meetings with senior leadership from partner organizations and partners to ascertain progress on partnership, identification of areas of improvement and in sharing key focus areas where the partner is likely to play a key role. Key partners are invited to interact regularly with ABC, and they support strategy, process improvements, and innovation. Several partners also participate in strategic planning and ABC leverages partnerships to understand best practices in the industry.

## P.2 Organizational Situation

**P.2a(1)** As per industry ranking by NASSCOM, ABC is featured amongst the top 20 IT-BPO export companies in India, in the short span of five years from 2007 to 2012. The company has moved from the 20<sup>th</sup> rank in 2012 to the 19<sup>th</sup> rank in 2013. This ranking by NASSCOM does not feature organizations whose corporate headquarters are located overseas, such as Accenture, Cognizant, Capgemini, etc., who have significant India-centric delivery capabilities. The top 20 meanwhile is led by TCS, Infosys and Wipro who have traditionally occupied Number 1, 2 and 3 slots respectively.

ABC has grown market share in the domestic market and in the North American geography over the past five years fueled by its vision to be the most preferred supplier to the customers and markets served. ABC's continued investment in people-process-technology has positioned it to be a growing IT services organization. The focus the next three years is to grow the domestic market as ABC leadership believes there is much scope for growth.

**P.2a(2)** The key change taking place that affects the competitive situation is that the larger IT companies and multi-nationals have set up their captive centers in various regions of India. Customer satisfaction and loyalty have always been important but now are essential for sustainability. And the way to customer loyalty is building trust relationships and delivering consistently as committed.

ABC's vision is realized through robust and agile systems and procedures, continual technological improvement and innovation; motivated, trained staff – The People, Process & Technology way. The success factors are dependent upon these three key elements. These criteria are similar for other IT service organizations and hence constant innovation and benchmarking these three criteria are crucial to the success of the organization.

**Table P.2-1: Organizational Comparative and Competitive Data Sources**

| Table P.2-1                               |  |                       |  |
|---|--|-----------------------|--|
| Data                                      | Source   | Frequency             | Remarks  |
| Generic Company Information               | <ul style="list-style-type: none"> <li>Company website</li> <li>NASSCOM</li> </ul>   | Annual / As available | Information sourced is the revenue growth, workforce numbers, geographic spread, number of products/services |
| Customer Satisfaction                     | <ul style="list-style-type: none"> <li>Internal BE team</li> <li>Third Party</li> </ul>  | Annual Conducted once | Proactive method using both internal and external sources  |
| Benchmarking of services / service levels | <ul style="list-style-type: none"> <li>Third Party</li> <li>Staffing companies</li> <li>Business associates</li> <li>Technology Partner</li> </ul> | Conducted once        | Sourced during partner meets, at conferences, etc.   |

**P.2a(3)** Primary sources of organizational comparative and competitive data are described in table P.2-1. Generic information is sourced from NASSCOM publications, competitor websites and informal sources by the workforce. Best practices and other benchmarking data are provided by the staffing partners, business associates and technology partner.

**P.2b** The IT services industry is growing rapidly with large to mid-size players dominating the sector and so are the challenges since there are so many players – from multinationals to family-owned businesses. There are currently almost no entry barriers. Some of the key business, operational, human resource strategic challenges and advantages are highlighted in table P.2-2.

**Table P.2-2: Strategic Challenges & Advantages**

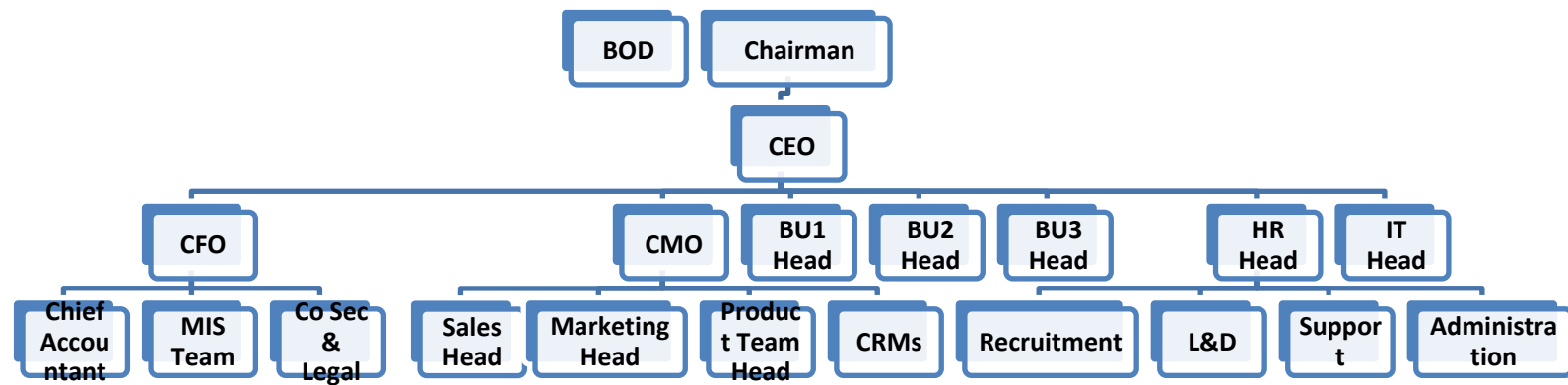
| Table P.2-2  |  |
|--|--|
| Strategic Challenges   |  |
| <ol style="list-style-type: none"> <li>1. Sustained customer driven excellence</li> <li>2. Attracting and retaining talent from the same pool that other companies are vying for talent</li> <li>3. Sustained cost reduction with consistent increase in input cost and rupee fluctuation</li> <li>4. Reaching a critical size</li> <li>5. Security: Instilling in our customers confidence in our ability to safeguard their data</li> </ol>  |  |
| Strategic Advantages   |  |
| <ol style="list-style-type: none"> <li>1. Robust governance processes, including daily dashboards, monthly performance reviews by senior leadership, quarterly Board reviews</li> <li>2. Ability to work across cross-vertical platforms such as retail, manufacturing, media, banking, insurance, etc.</li> <li>3. Agile processes and transparency of operations</li> <li>4. Technology adoption: Keeping pace with technology and agility in maintaining and updating changes;</li> <li>5. Constantly innovating and finding a better way to do things</li> <li>6. Trust relationships with existing customers</li> </ol> |  |

**P.2c** ABC's approach to process improvement has been an evolutionary journey from a Plan-Do-Check-Act (PDCA) approach, to Continual Improvement, to using the Six Sigma methodology for focused problem solving. This evolution has occurred under the umbrella of the RBNQA criteria which have been applied since the very beginning. Key performance measures for each function and process are identified at a granular level and are evaluated at the monthly senior management meet. Detailed performance reviews are carried out in these meetings and necessary actions required to bridge the gaps are documented and followed through.

Improvements identified are implemented by the BE team along with other cross-functional teams, depending upon the nature of the gap. Continual Improvement, one of the guiding principles of the ISO 9001:2000 Standard, is practiced and is used as a tool to monitor and control action plans and strategy. Emphasizing on the "Process Approach", the ISO 9001:2000 Quality Management System enables teams to deliver consistent / improved quality to the customers through process improvement. More about this process can be found in Section 6.2b(3).

The three broad performance measures which are the current focus at the business unit level are business growth, SLA compliance and cost competence. Product/service performance measurement is done through "quality objective" target setting, which is monitored on a weekly basis by both the PRB and the BE team. The service level and daily operational parameters deal with TAT, Quality and productivity.

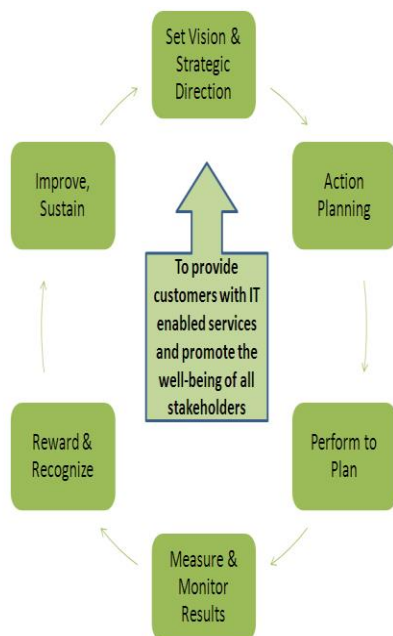
## ORGANIZATION CHART



## Category 1: Leadership

### 1.1 Senior Leadership

**1.1a(1)** In 2007, the Chairman and the Senior Leadership Team at ABC set the vision for the organization with input from all stakeholders (Figure 2.1-1). The VMV of the organization is given in Table P.1-2 in the organizational profile. The vision is derived from the mission of the organization and the key business factor – which is that ABC Services Ltd. is in the IT and ITES business with custom development, application maintenance, data processing and data management being the core focus areas. Figure 1.1-1 illustrates the leadership system implemented by the SLT to deploy the vision and create a sustainable organization.



**Figure 1.1-1: Leadership System**

The VMV are reviewed each year as part of the SPP to ensure that the VMV are still relevant, performance oriented with a synergized purpose throughout the workforce. The Senior Leaders rely on both internal and external stakeholder input gathered during the SPP (refer 2.1a(1)) to decide if revisions to the VMV are necessary.

Senior Leaders carry out their responsibilities in a manner that reflects their commitment to ABC's VMV and take personal accountability for their actions. ABC's Code of Ethics is the foundation for the ABC culture, driven through its values. The annual strategic

objectives are cascaded to each BU/Function by the Senior Leaders through functional goals which are in line with the VMV. The HODs then further cascade these goals to the team and are reflected in their KRAs.

The Senior Leaders use a variety of platforms to deploy the VMV to the workforce, suppliers/partners, community and other stakeholders as described in Table 1.1-1.

**Table 1.1-1: VMV Deployment Methods**

| Table 1.1-1      |                      |   |
|------------------|----------------------|---|
| VMV              | Stakeholder Group    | Deployment Approach   |
| Vision / Mission | All                  | Website, intranet, all internal / external communication, contracts, publicity materials  |
| Values           | Workforce            | <ul style="list-style-type: none"> <li>• Induction training</li> <li>• Town Hall Meetings</li> <li>• CEOs address</li> <li>• KM Portal &amp; Newsletters</li> </ul> |
|                  | Suppliers & Partners | <ul style="list-style-type: none"> <li>• Formal meetings</li> <li>• Contracts</li> <li>• Newsletters</li> </ul>   |
|                  | Customers            | <ul style="list-style-type: none"> <li>• E-mailers</li> <li>• Service Delivery</li> </ul>   |
|                  | Society              | <ul style="list-style-type: none"> <li>• Community Service</li> </ul>   |

The effectiveness of the Senior Leaders personal deployment of the VMV is reviewed through stakeholder surveys, overall KRA performance and is evaluated during the SPP.

**1.1a(2)** The SLT are responsible for creating an environment that fosters ethical and legal behavior and ensure compliance to the Code of Business Conduct & Ethics at all times. Whistle Blower Policy, Supplier Code of Conduct, Gift Policy, Policy for dealing with Sexual Harassment, etc. provide guidelines for behavior to the workforce, partners, suppliers and vendors.

Legal and ethical requirements are systematically and fully deployed to the workforce through the induction program, annual education sessions, and partner/supplier/vendor contracting and performance updates. As part of the annual performance objective all employees are expected to complete a minimum four to eight ethics & security on-line courses available



on the intranet. Functional Heads submit a monthly compliance report to the Compliance Officer who reviews the reports and pending issues to initiate actions at policy / functional level. Additionally, posters clarifying ethical behavior are displayed at prominent locations across all units/offices for continual reinforcement.

All ethical violations are discussed in the BOD and results of the investigations are communicated to the workforce. Such instances are also quoted as part of the induction program to new employees by the SLT so that the learning is integrated into the organization's L&D process.

**1.1a(3)** Organizations' need sound strategies, effective execution and a commitment to improve continuously in today's competitive environment. ABCs senior leaders create a sustainable organization by striving to understand and exceed customer expectations, ensuring operational excellence and by being agile. Customer service, employee engagement, productivity and cost reduction are embedded disciplines at ABC. Senior Leaders drive a clear sense of purpose, achievement of the mission and strategic objectives through the Leadership System (Fig. 1.1-1). Table 1.1-2 summarizes the leadership initiatives for creating a sustainable organization, the responsibility and the resulting impact of these initiatives.

**Table 1.1-2: Leadership Initiatives – Creating a Sustainable Organization**

| Table 1.1-2  |   |   |  |
|--|---|---|--|
| Area   | Initiatives   | Responsibility  | Impact   |
| Accomplishment of Mission, Strategic Objectives, Innovation, Agility | <ul style="list-style-type: none"> <li>Performance reviews and a robust R&amp;R program to engage &amp; motivate employees</li> <li>Six Sigma/Problem Solving training and KRAs for every workforce member to execute an improvement project</li> </ul>   | CEO / Business Heads / HODs                                       | Motivated workforce with high levels of employee engagement        |
| Positive customer experience   | <ul style="list-style-type: none"> <li>CEO / Business Heads engage with customers regularly to seek feedback on service provided, understand requirements</li> <li>Customer sensitivity training to the entire workforce</li> <li>Annual CSAT &amp; prompt VOC action planning</li> <li>Organization wide announcements of customer appreciation accompanied by the team/individual responsible and special recognition for them</li> </ul> | CEO / CMO / Business Heads / HR / Head Quality & BE               | Improved customer relationship and increased customer satisfaction |
| Develop & enhance leadership skills                                  | <ul style="list-style-type: none"> <li>Fast-track individual identification</li> <li>Development through MDPs at IIMs</li> <li>Executive coaching sessions</li> </ul>   | BOD / CEO / Head HR   | Succession planning, trained future leaders                        |
| Environment for organizational & workforce learning                  | <ul style="list-style-type: none"> <li>KRA based training</li> <li>Best Practice / Improvement Projects sharing through the Knowledge Portal <i>Pegasus</i></li> <li>Learning from customer best practices and implementing in the organization</li> </ul>  | CEO / Business Heads / HODs / HR Head / IT Head / Senior Managers | Learning organization  |

**1.1b(1)** Senior Leaders engage the workforce and encourage frank two-way communication through various communication methods, such as Open House, internal newsletters, monthly meetings, updates on the intranet portal, recruitment materials and other

stakeholder forums (Table 1.1-3). These methods are systematically reviewed for effectiveness informally throughout the year and formally during Step 2 of the SPP, using overall KRA performance and the workforce engagement survey. Through the workforce

# ABC Services Ltd

engagement survey SLT reviews comments on two questions related to leadership openness and communication. Based on information received from this survey, a monthly CEOs Desk conference call was initiated through which the CEO communicates company updates including success stories in service excellence and recognition of “heroes of the month” for exceptional work. This was further enhanced as a two-way mechanism by instituting a Q&A session after the updates. This has been well received by everyone in the organization.

The SLT takes an active role in reinforcing high performance and customer and business focus by designing R&R programs based on the needs of both the organization and the workforce, and through direct participation in the programs. The workforce is motivated in various ways and the culture is one of teamwork with a clear sense of purpose. People are given an opportunity to bring their intelligence,

ingenuity and passion in the work in which they are engaged.

**1.1b(2)** Senior Leaders create focus on action and balance value for customers and stakeholders through the SPP and performance reviews as described in Table 4.1-2 to track organization and business performance. The weekly Performance Dashboard and the monthly BU Report are used to track business performance. The weekly Performance Dashboard highlights progress against the targets set during the SPP. The monthly BU / HOD Report is reviewed during the monthly meeting of the SLT and HODs and the achievement of the strategic objectives and action plan from the SPP are tracked during these meetings along with recommendations for course corrections. Together, the objective targets, reports & review of performance and communication by the SLT ensure that an appropriate environment for change, improvement and innovation to accomplish the vision of the organization.

**Table 1.1-3: Communication Methods**

| Table 1.1-3                         |  |   |                              |                                    |
|-------------------------------------|--|---|------------------------------|------------------------------------|
| Communication Mechanism             | Topics Covered   | Workforce Coverage                          | Frequency                    | Responsibility                     |
| Daily Huddles                       | Plan for the day / review performance (TAT, complaints, etc.) / identify improvement opportunities / celebrate success                 | All teams including the CEO and his reports | Daily                        | Team Leads / HODs                  |
| CEO Talks                           | Organization updates / success stories / R&R   | All   | Monthly                      | CEO                                |
| BU Town Hall                        | Share progress to plan, discuss values, recognize staff, solicit any concerns, share results of BU, BOD updates, Birthday celebrations | BU team members                             | Monthly                      | BU Head                            |
| Newsletter                          | Organizational Performance & key changes   | All   | Monthly                      | Head – Corporate Communication     |
| HR Open House                       | Informal meeting with various teams  | All   | Once a quarter for each team | HR Head & team                     |
| BOD Meeting                         | Provide oversight of the organization / review performance   | BOD   | Quarterly                    | Company Secretary / Chairman / CEO |
| Chairman’s Meet                     | Theme based interaction, VMV   | SLT   | Annual                       | Chairman                           |
| Annual Day                          | Celebration, R&R, reinforce VMV  | All   | Annual                       | Head HR, SLT                       |
| Intranet / E-mailers / Notice Board | Multi-purpose  | All   | As required                  | Head – Corporate Communication     |

## 1.2 Governance & Societal Responsibilities

**1.2a(1)** ABC believes that corporate governance is about commitment to values and ethical business conduct and about how an organization is managed. Towards this end ABC strives to do the right things by following the highest standards of professionalism, integrity, accountability, fairness, transparency, social responsiveness and the best business practices to meet all stakeholders' needs and expectations.

**Accountability for management actions:** The Company has laid down a detailed Code of Conduct for its Board of Directors and for its Senior Management Team. These are posted on ABC's website. All Board Members and Senior Management personnel affirm compliance to the code on an annual basis. The annual report contains a declaration to this effect signed by the CEO of the Company.

A good mix of independent directors on the Board, code of conduct for Board members, a larger role for the audit committee, certifications by the CEO and CFO on the effectiveness of accounting controls and stringent adherence to regulations, clearly lays down management accountability towards all stakeholders.

Fiscal accountability is established through the system of budgeting and cost center management. All business and support functions are run as cost centers. Each owner of the cost centre takes responsibility to own the centre and works prudently. These cost centers are governed by a budgetary control system.

An independent audit company conducts the annual financial audit of the organization and the management accountability for the organization's actions is linked to the fiscal integrity of the organization and therefore addressed by the fiscal audit. The organizations commitment towards ethical practices and governance is also demonstrated through undergoing the SAS70 audit for its business processes. The audit committee is constituted by the Board and provides effective supervision of the Company's financial reporting process with a view to ensuring that financial statements are accurate, sufficient and credible. It meets every quarter and all the three members of the audit committee are the independent Non-Executive Directors.

**1.1a(2)** The CEO and SLT goals are driven through the strategic direction of the company. The SLT develop 60–90–120 day action plans based upon the

strategy and key objectives outlined during the Annual Strategic Meeting and performance is tracked against these plans.

The performance of the SLT members is evaluated quarterly by the CEO, who reviews it based on the monthly performance review as well as achievement of personal development goals. The performance of the CEO is reviewed by the Chairman who rates him on achievement of the goals outlined in the SPP as well as personal characteristics such as communication, flexibility, creativity and leadership. Both the feedbacks are considered by the HR Compensation Committee and approved by the BOD for determining executive compensation on an annual basis. HR conducts an external benchmarking study and provides input to the HR Compensation committee. This Committee independently reviews the compensation & recommends compensation to the BOD for approval.

In 2010 a formal 360° feedback process for all SLT members was initiated on an annual basis. The feedback for each leader is obtained from peers, and managers reporting to them, including external stakeholders of partners and customers. Feedback from this process and the performance reviews are used by the SLT to further their development and improve their personal leadership effectiveness by (1) identifying areas of deficiency (2) creating collective and/or leader-specific development plans.

**1.2b(1)** ABC being an IT services company, its key product is service enabled by its staff and contractors. Hence, the nature of the business does not involve any emissions or other pollution. However, ABC has deployed an Environment Policy to proactively address and drive environmental care. The structured Environmental Program aims at reducing the carbon footprint through reduced travel and use of virtual meeting's, focus on saving paper usage, water and electricity. The mantra for environmental concern is "reduce-reuse-recycle". The type of environmental care and the method for addressing is given in table 1.2-1 and results are presented in item 7.4.

ABC is a signatory to the UN Global Compact and the organization's ethical code for suppliers is based on these guidelines. ABC expects that its suppliers and partners should support and respect the protection of internationally proclaimed human rights and ensure that they are not complicit in human rights abuses. They should not discriminate, involve child labor or any form of forced or compulsory labor. All these

requirements are built into the organization's supplier selection and review process.

**Table 1.2-1: Environment Care Methods**

| Table 1.2-1               |   |
|---------------------------|---|
| Type of Environment Care  | Method for addressing the concern   |
| Electricity Conservation  | <ol style="list-style-type: none"> <li>Efficient use of lighting systems. All lamps / tubes are replaced with CFLs</li> <li>All desktops have been substituted with Thin-film Transistor (TFT) monitors</li> <li>Employees are encouraged to switch off monitors while away from the desk.</li> <li>LEED certified green building for office premises, wall to wall windows maximizing usage of daylight</li> <li>DC wiring to feed from single DC power supply at the workstation, thus saving 50% electricity.</li> <li>Use of high coefficient performance air conditioners</li> </ol> |
| Water Conservation        | <ol style="list-style-type: none"> <li>Restrooms have auto-sensors and flushing system which use water to the extent it is needed.</li> </ol>   |
| Paper                     | <ol style="list-style-type: none"> <li>Use electronic media to the extent possible.</li> <li>Printers and printing facility only available to few with proper justification and authorization.</li> <li>Reuse paper for printing on both sides / making notepads from the unused side.</li> <li>Printer toner &amp; cartridge refilled and recycled</li> </ol>  |
| Disposal                  | <ol style="list-style-type: none"> <li>Dead batteries of UPS, laptops are sold to authorized vendors for disposal</li> </ol>  |
| Co <sub>2</sub> Emissions | <ol style="list-style-type: none"> <li>Reduced travel and increased use of virtual meetings</li> </ol>  |

The company has developed a robust policy and framework for enterprise wide risk management for legal and regulatory requirements. SLT members review key compliance to legal, regulatory and information security requirement during the monthly

reviews. The key compliance processes, measures, goals and results are provided in Table 7.4-2.

**1.2b(2)** All the members of the Board and senior management personnel are governed by ABC's "Code of Conduct" built from the governance structure. The code of conduct describes what constitutes conflict of interest, honest and ethical conduct, corporate governance, confidentiality, fair dealing, use and protection of the company's assets, compliance with laws, rules and regulations. Any waiver or breach of the "code of conduct" needs to be actioned by the Board of Directors.

Adherence is monitored on a quarterly basis by the Legal & Compliance team seeking disclosure from the senior management personnel and also from the Directors requesting them to submit disclosures regarding all material, financial and commercial transactions wherein they have any personal interest that may have a potential conflict with the interest of the company at large. The Legal & Compliance team continuously monitors the organization for gaps and supports teams in closing the gaps and taking corrective actions. The CEO in turn gives an annual disclosure through the corporate governance report declaring that all the members of the Board and the senior management personnel of ABC have affirmed compliance to the ABC Code of Conduct.

**Table 1.2-2: Key Processes Measures / Indicators for Enabling & Monitoring Ethical Behavior**

| Table 1.2-2           |                                   |  |
|-----------------------|-----------------------------------|--|
| Process               | Measures / Indicators             | Deployment   |
| Code of Conduct       | % compliance                      | Throughout the governance structure, organization and in external interactions |
| FTE Engagement Survey | Management integrity score        | Throughout the organization  |
| Internal Audit        | No. of findings related to ethics | Throughout the organization  |

Key processes and measures/indicators for enabling and monitoring ethical behavior are in table 1.2-2 and the results for these indicators can be found in item 7.4.

Ethical behavior begins at the very top and the Chairman, CEO and the SLT leaders through their actions, speech and dealings with the employees convey the message of honesty and integrity. Lying, twisting of facts and concealing the truth is not tolerated and is a severely punishable offence at ABC.

All employees, contractors and other suppliers are bound by a formally signed 'code of conduct' and are required to sign an NDA before commencing work. A session on ethical and compliance is conducted at induction for all new employees at the time of joining to create an ethical and compliant environment from day one. Training on the security principles regarding confidentiality and integrity and the sanctity of customer information is imparted to all employees and suppliers. Whistle-blower policy can also be used by employees to report any ethical breach.

There is a formal disciplinary action matrix which recommends suitable action for breaches and prompt disciplinary action is taken in case of any breach. This information is also made public so as to prevent future incidents. All performance reviews cover ethical shortfall in behavior. Compliance and audit checks also uncover areas of systematic breaches of ethics.

**1.2c(1)** ABC believes that societal well being begins with the stakeholders (employees, partners,) who work for the company, as well as supporting the community. To this effect it builds relationships with its stakeholders and communities that go beyond financial support. In order to contribute to the societal well being and benefit of these communities, as well as their environmental, social, and economic systems, ABC offers a set of value-add programs and actions as part of the ABC Foundation initiatives.

The ABC Foundation runs several community development programs across various communities in an around Mumbai and Chennai, as part of the organization's CSR initiatives. One member of the BOD is nominated to the Foundation Board for a 3-year term to review and guide the Foundation's activities. The CSR programs of the Foundation are reviewed during the strategic planning process when budgets are allocated for the developmental programs.

The organization also has a strong focus on caring for the environment which is evident from the layout and structure of the office, use of recyclable products throughout the facility, constant focus on minimizing wastage on power and water. The company's ethical conduct of business and zero kickback policy are also considered as contributions to socio economic well

being. Table 1.2-3 provides a high-level view of the organizations societal well-being initiatives.

**Table 1.2-3: Societal Well-being Initiatives**

| <b>Table 1.2-3</b>   |  |
|--|--|
| <b>Initiatives to support stakeholders / community (ABC Foundation)</b>  | <b>Initiatives to support the Environment</b>  |
| <b>Education:</b> <ol style="list-style-type: none"> <li>1. Funding / scholarship to stakeholders &amp; deserving community candidates</li> <li>2. Evening Adult Study Centers</li> </ol>                            | <b>Save the Trees:</b> <ol style="list-style-type: none"> <li>1. Use electronic media / printers only given to the Senior Leaders and policy to print only if absolutely required</li> </ol> |
| <b>Health:</b> <ol style="list-style-type: none"> <li>1. Blood donation drives</li> <li>2. Health camps &amp; free check-up</li> <li>3. Provide special aids to the differently-abled including computers</li> </ol> | <b>Recycling:</b> <ol style="list-style-type: none"> <li>1. Paper (unused portion) by creating notepads</li> <li>2. Segregating canteen waste</li> </ol>                                     |
| <b>Empowerment:</b> <ol style="list-style-type: none"> <li>1. Vocational training to youth &amp; women</li> </ol>  | <b>Reduce:</b> <ol style="list-style-type: none"> <li>1. Usage of power</li> <li>2. Usage of water</li> </ol>  |

**1.2c(2)** ABC believes that corporate social responsibility (CSR) is the long term company's involvement for overall development of its stakeholders and the community. Key communities have been identified in the two locations in which the company operates: Mumbai & Chennai. The company also partners with government agencies, NGOs, and local bodies such as the Rotary Clubs, Lions Club in the identification and implementation of its community development programs.

The dedicated CSR team creates an annual plan and budget to support ongoing and new initiatives based on the three-pronged focus areas of Education-Health-Empowerment. This approach is based on the core competence of the organization in "service excellence" and is used to improve people's lives and provide a means of livelihood. While one BOD member is specifically assigned the responsibility for the success of the CSR initiatives, other BOD members also contribute through voluntary hours and associate themselves with at least one of the CSR initiatives. All ABC senior managers are expected to proactively identify in their IPs a community program to become involved with and eventually serve in a leadership



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capacity. The managers further cascade this down to their teams who are also encouraged to get involved in the various programs. The company offers benefits such as paid leave in lieu of hours served in community welfare as well as eligibility for the company's reward

& recognition program. Table 1.2-4 highlights the various programs under the three key focus areas, the various stakeholders involved and the benefit areas.

**Table 1.2-4: Key CSR Initiatives**

| <b>Table 1.2-4</b>    |                                |  |  |
|-----------------------|--------------------------------|--|--|
| <b>Key Initiative</b> | <b>Program</b>                 | <b>Benefit area</b>  | <b>Stakeholders Involved</b>   |
| Education             | Knowledge Program              | Funding / Scholarships to staff and meritorious economically challenged candidates recommended by local social organizations | BOD / Senior Leaders/Management team of ABC provides mentoring/guidance towards academic project work undertaken by its employees. |
| Education             | Evening Adult Training Centers | Creation of infrastructure, supporting English language skills   | BOD, Senior Leaders / Management Team  |
| Health                | Blood Donation Drives          | Bi-annual program wherein staff donate blood and support the local hospital  | Entire organization staff  |
|                       | Health Camps                   | Free health checkups organized in the rural communities around Mumbai & Chennai  | Managers & Supervisors assist the doctors & other hospital staff in organizing and monitoring                                      |
|                       | Special Aids                   | Provide differently-abled persons with special aids, specially computers and provide a means of livelihood                   | BOD  |
| Empowerment           | Computer Education Program     | Vocational training to youth and women, facilitating the courses, computers supporting software and computer books           | Senior Leaders / Management Team act as coaches, guiding the students  |

## Category 2: Strategic Planning

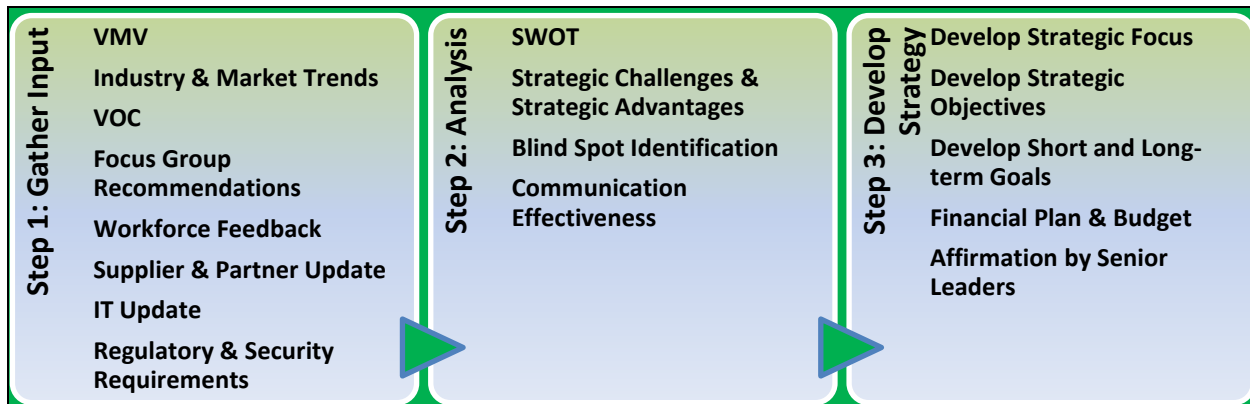
### 2.1 Strategy Development

**2.1a(1)** ABC's strategic direction is guided by the vision and mission of the organization translating to service excellence. A senior leaders retreat is held annually in December / January wherein the short and long-term strategic direction and goals are finalized. The short-term time horizon is one year with a three-year rolling long-term plan. BU/Functional Heads

make 30-60-90 day rolling plans based on the goals set for the short-term, with the long-term view of three years.

ABC is in its eighth year of operation and in the growth phase in an industry that witnesses rapid changes. Hence in order to be agile, the short and long-term time horizons have been determined.

Strategic Planning is a 3-step process (Figure 2.1-1) and the strategic objectives and the short and long-term targets are the outcome of this process.



**Figure 2.1-1: Strategic Planning Process**

**Step 1:** In this step, key inputs such as the VOC, Industry & Market trends, Focus Group recommendation, feedback from stakeholders, IT update and the Regulatory & Security requirements are collected (Figure 2.1-1). The Focus Group comprising of the BU / Functional heads, CMO, CRMs, Product Teams meet and discuss industry and market trends, upcoming customer requirements and the operations scenario and document recommendations for development of new product / service, enhance current service, new workforce skills required, etc. The VOC is the customer feedback conducted by the BE team. A dossier containing the analysis information, reports, recommendations are given to the SLT and BOD one week prior to the strategic meeting retreat. This enables the members to collect their thoughts and analysis prior to the meeting, and also ensures that informed discussions can take place.

**Step 2:** This step is characterized by in depth analysis of the business situation and opportunities for growth. It begins with a vote on the relevance of the VMV of the organization. SWOT analysis helps ABC in identifying areas of strengths and competencies developed over last eight years of operation. ABC's core competencies are: understanding customer needs and designing products / service, use of technology and

robust project / program governance processes. The core competencies enable identification of key strategic challenges and strategic advantages (see Table P.2.2). The interactive sessions in this step helps identify the organization's capabilities, challenges, advantages, blind spots for growth and long-term success. All deliberations and changes are recorded and the process moves to the next step.

**Step 3:** The outcomes of the deliberations in Step 2 are used to create business strategy focus. The strategic objectives and goals for the short and long-term which address the challenges and leverage advantages is articulated. Specific issues that can be addressed immediately through initiatives within the current resource and capability base are included in the short term strategic plan with a one year horizon. This step ends with a high-level financial plan and the budgets being decided. All members affirm their role, and acceptance of the goals outlined in the strategy.

**2.1a(2)** Key considerations during the strategic planning includes operational results for the past years, operating metrics for similar organizations in the IT / ITES industry besides the reports described in Figure 2.1-1 in the Step 1 phase. The detailed list of parameters covered in the analysis during the SPP is given in Table 2.1-1.

**Table 2.1-1: Strategic Considerations**

| Table 2.1-1                   |   |
|-------------------------------|---|
| SWOT                          | <ul style="list-style-type: none"> <li>Review of past performance</li> <li>Competitor profiles and comparisons with competitors</li> <li>Brainstorming &amp; Discussion</li> </ul>                                      |
| Shift in industry, technology | <ul style="list-style-type: none"> <li>Product Group research</li> <li>Participation in industry forums to gain external inputs</li> <li>Identification of emerging technologies</li> </ul>                             |
| Customers, Markets & Products | <ul style="list-style-type: none"> <li>Customer insights from the CRMs</li> <li>Market information by sales &amp; marketing teams</li> <li>Product / Service comparisons with competitors</li> </ul>                    |
| Workforce                     | <ul style="list-style-type: none"> <li>Annual workforce satisfaction &amp; engagement survey</li> <li>CMPF</li> <li>Proactive planning for capacity, capability</li> <li>Recommendations to reduce attrition</li> </ul> |
| Business Performance          | <ul style="list-style-type: none"> <li>Bringing process efficiencies</li> <li>Innovations</li> </ul>  |

Long-term sustainability is addressed through the agile action plans based on the strategic objectives and involvement of all senior leaders, BOD, sales & marketing teams, product teams, CRMs, BE teams.

**2.1b(1)** Strategic objectives are outlined during the SPP and an abbreviated list of the objectives for 2014 is outlined in Table 2.1-2. Strategic objectives have a three-year horizon with short term goals for one year with progress reviewed on a monthly basis.

**2.1b(2)** The strategic objectives of ABC have been defined by capitalizing on the advantages and to minimize the challenges of the organization (see Table P.2-2). The key strategic advantages and challenges are evaluated each year during the SPP and the strategic objectives are revisited. Challenges such as attracting and retaining employees are addressed through employee friendly programs and evaluation and revision of policies as applicable and relevant to current day business scenarios. Equal and more emphasis is laid on the strategic advantages that the company has, to ensure that they remain as advantages and are maintained for long term sustainability of the organization.

Innovation is employed in all areas of the organization. The operating system is such that continuous improvement and out of the box thinking are part and parcel of the organization's culture. Some examples of these are the implementation of the tax service architecture, proof of concept based approach for all major or complex projects, etc.

A Focus Group comprising of the Product Team, CRMs, business unit and functional heads meet prior to the SPP to determine the needs of customer, market conditions, workforce requirements, etc. Their deliberations and recommendations on the need to develop additional core competencies, increase product / services, employee policies, benefits, are presented during the SPP retreat. These recommendations are then considered for defining the strategic objectives.

**Table 2.1-2: Strategic Objectives**

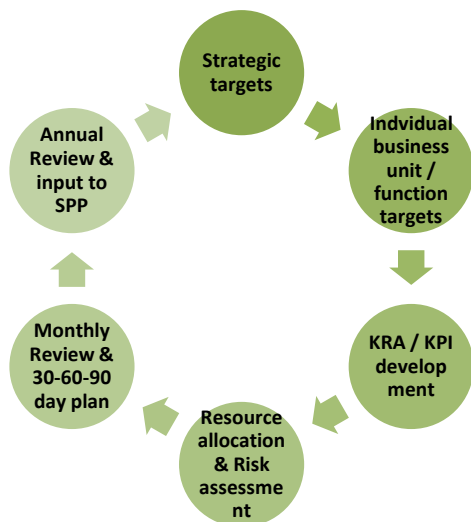
| Table 2.1-2  |                     |                       |
|--|---------------------|-----------------------|
| Key Objective  | Current Performance | Projected Performance |
| Maintain current earnings as part of "Sustain" strategy and position for "Grow" strategy | 82 Crores           | 100 Crores            |
| Grow the Domestic Market   | 3 Crores            | 7 Crores              |
| Maximize customer satisfaction   | 5.78                | 6.5                   |
| Enhance employee engagement & satisfaction   | 5.85                | 6.5                   |
| Employee Turnover  | 4.67%               | 2%                    |
| 100% SLA compliance  | 98%                 | 100%                  |
| 100% Ethics compliance   | 100%                | 100%                  |
| Meet & exceed regulatory compliance requirement  | 100%                | 100%                  |

At the end of every SPP retreat, feedback is collected from all participants about the effectiveness of the planning cycle and topics covered to ensure continuum and improvement in the process.

## 2.2 Strategy Implementation

**2.2a(1)(2)** Action plan development and robust governance processes are a core competency of ABC. The long-term strategic objectives of the organization and the short-term (2014) targets are provided in Table 2.1-2. These strategic objectives, goals and targets are the input for the action plan for each business unit and function. Figure 2.2-1 further elaborates the action planning process.

The organizational goals outlined are converted to targets for each business unit and function. These business and functional targets are then cascaded to the department and employee levels through KRAs and KPIs and linked to the CMPF. The key suppliers and partners are also informed about the relevant aspects of the strategic plans as appropriate. The monitoring of progress of implementation is during the monthly meeting of the SLT. These meetings ensure timely checks on the progress. Resource constraints, risk or other challenges encountered during the execution are discussed in these meetings and course corrections or actions required for appropriate solutions are decided.



**Figure 2.2-1 Action Planning Process**

**2.2a(3)** Financial and other resources required to accomplish the action plans are linked to the business plan for the organization. The allocation of resources is prioritized considering the short and long-term plans, and the impact on the strategic objectives and goals. The risks associated with the action plans are outlined during the action planning stage (see Fig. 2.2-1). The resources deployed are monitored during the monthly senior leaders meet and any resource constraint, issues and requirement of additional resources, reallocation of resources are discussed.

With regards to financial viability, apart from the performance monitoring, detailed cost budgets are monitored through a budgetary control system and all potential commitments for both CAPEX and OPEX are validated against budgets. Detailed cash flows and working capital requirements are monitored by the CFO and the finance team to ensure ABC has sufficient liquid funds to take care of the operations as well as exigencies. Processes for requisition of additional resources unbudgeted spends

are in place. The organization uses the cash flow and internal funds for any such requirements.

**2.2a(4)** Human Resource plans are developed during action planning and the workforce capability and capacity is considered during this exercise. Based on the strategic objectives and the short and long-term action plans, manpower requirement including competency requirements are determined (refer Figure 5.1-1). If adequate workforce capacity and capability does not exist then supporting HR plans are developed to identify new hires, retraining, promotions and the overall development of the workforce (see criteria 5).

**2.2a(5)(6)** The key performance indicators and measures for every business and functional area is derived from the organization's strategic objective targets (Table 2.1-2) and outlined in the action plan for each business/function. These targets are further mapped to the various departments and individuals. Every individual carries the organization's objectives in the performance score card containing the KRAs. The performance score card contains the relevant targets with a 5-point rating scale.

ABC uses several methods to ensure that its action plan measurement system reinforces organizational alignment, that it covers all key deployment areas and stakeholders, and that action plans can be modified quickly and effectively when needed. The objective targets are reviewed on a monthly basis at the BU/Function level by the senior leaders and every quarter by the BOD.

The 30-60-90 day targets and action plans provide the business and functional heads to make necessary changes or course corrections if a shift in plans is required. Discretionary budgets are available at short notice and revision in resource allocation priorities are carried out systematically. This makes the organization agile.

**2.2b** The strategic objective and long and short-term performance targets are outlined in Table 2.1-2. A third party competitor survey was initiated in 2010 which provided information on customer sentiment about ABC on five parameters (Figure 7.2-3). The score difference on the product/service features was the maximum with ABC at 5.6 and the best-in-class organization at 6.2. Since product / service features are one of the factors to acquire new customers and grow the business, ABC constituted a product team to study the market and provide recommendations. Other comparisons such as revenue, operating expenses, EBIT, PAT, (Figures 7.5-6 to 7.5-7) etc. that can be obtained from competitor websites is also used.

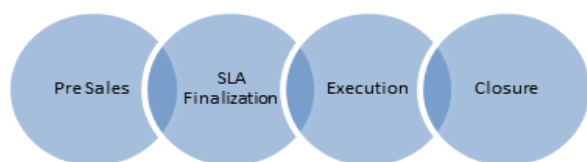
## Category 3: Customer Focus

### 3.1 Voice of the Customer

**3.1a(1)** ABCs customer segmentation is based on the sector and product/service offering and broadly classified into four segments of manufacturing, retail, financial institutions and content publishers. While majority of the customers only subscribe to one product/service, some the larger customers subscribe to both the IT and ITES services. Large customers are those that provide annual business of over Rs 10 crore .

ABC has developed multiple listening/learning mechanisms (Table 3.1-1) to engage and obtain actionable information from its various customer groups and to enable customers to seek information, conduct their business, and provide feedback. The approach to customer listening can be characterized as customer-focused and to build trust relationships through excellent service delivery. The listen and learn mechanism also depends on the type of product/service, for example, the Custom Application Development service is project/program based, whereas the Application Management and ITES services are transactional in nature.

There are basically four lifecycle stages for the business lines (Figure 3.1-1), with a small difference in the last stage which is the closure stage. For the IT business of custom application building, closure of the process is when the application is delivered and accepted by the customer. For the transactional business in ITES and the application maintenance in the IT business unit, closure will happen at the end of the contract or upon termination of a contract.



**Figure 3.1-1: Customer Lifecycle**

Senior leaders are also personally involved in building relationships with customer and make direct contact during the various lifecycle stages of the customers to determine areas of improvement and if there exists any new requirement.

**3.1a(2)** Project / Program based services usually also signify the end of the customer operational relationship, or at least till such time that the customer has a new requirement. The customer satisfaction survey conducted at the end of the project serves as a listening post for “former customers”. Any dissatisfaction discovered during the CSAT and not uncovered earlier during execution is investigated by the business units and preventive actions planned for the future

Prospective customers normally solicit information for IT / ITES services from service providers by floating RFPs and RFQs, which contain the requirement of the service. Table 3.1-1 highlights the listening mechanism and the actionable information obtained for potential customers during the presales stage.

Besides these listening mechanisms, sales and functional personnel meet former, potential and customers of competitors at various technical conferences, informal networks, during sales pitches, etc. and they use this opportunity to determine customer perception of ABC and also the possibility of new business. These listening mechanisms help ABC in formulating the value proposition.

**3.1b(1)(3)** The primary means for determining customer satisfaction, dissatisfaction and engagement level is the annual CSAT conducted by the BE team (see Figures 7.2-1, 7.2-2 & 7.2-5). Each survey is designed to capture actionable information regarding overall satisfaction, dissatisfaction and satisfaction with services and products, with the goal to exceed expectations and increase customers’ engagement with ABC. Most of the questions in the survey are common to all the business lines, but is also customized for each service. Responses to the survey questions are based on a 7-point scale (Table 3.1-2) and also contain some open-ended questions.

**Table 3.1-2: Survey Questions Scale**

| Table 3.1-2 |                        |
|-------------|------------------------|
| Scale       | Rating                 |
| 1           | Extremely dissatisfied |
| 2           | Very dissatisfied      |
| 3           | Dissatisfied           |
| 4           | Neutral                |
| 5           | Satisfied              |
| 6           | Very satisfied         |
| 7           | Extremely satisfied    |



**Table 3.1-1: Customer Listening Mechanism**

| Table 3.1-1                                     |  |  |  |
|---|--|--|--|
| Lifecycle / Engagement Stage                    | Listening Method   | Frequency  | Actionable Information   |
| <b>Pre-Sales</b>                                | Sales, CMO, BU personnel meetings with potential customers / Customer visit to ABC offices | Depending upon RFP / RFQ or expression of interest by the customer   | Understand customer requirement, goals challenges, and expectation in order to build the service delivery  |
| <b>SLA Finalization</b>                         | Discussions with customer sponsor / project teams  | Upon contract being awarded  | Detailed information on metrics for quality, TAT, communication, support, etc.   |
| <b>During Execution</b>                         | Status calls / visit to customers offices / complaint resolution                           | Status calls: weekly<br><br>Visits: as required<br><br>Complaint resolution: acknowledgement within 24 hours and closure within provided deadline (see service ticket management system below) | Weekly status calls is the proactive mechanism used to keep the customer abreast of the project / transactions and engaged<br><br>Visits are to build relationships and bonds with the various personnel such as the program manager, users, senior management, etc. |
| <b>Other listening &amp; support mechanisms</b> | Customer Satisfaction Survey   | Conducted annually for the transactional services or upon completion of a project/program  | Feedback on quality of service/support, SLA compliance with respect to delivery, timeliness, working relationships, product technical performance, overall satisfaction, etc.  |
|   | Service ticket management system   | Internet based system to provide instant access to ABC personnel   | Customer can submit any issues related to product quality, defects, etc.   |
|   | Online status dashboard  | Real-time view of the status of service  | A proactive approach to provide real-time information on the service contracted. Customer can also use the live chat for some services through this dashboard for any queries, issues, etc.  |

The survey captures engagement information through questions regarding likelihood to recommend and ABC's ability to meet customers' service requirements. Scores from each survey are aggregated to produce a percentage engaged score for the customers (Figure 7.2-5).

The BE team conducts interviews of all customers who have provided average and below average scores and identify areas of customer dissatisfaction and concern. Subsequently the interview data is analysed and shared with the leadership team and across all the business units. All preventive actions planned from

this input and process improvements made are shared with all including the customers.

A competitive benchmarking exercise was conducted by an external agency and was initiated in 2010 to secure and unbiased view of the organization and specifically with respect to competition across the various stakeholders at the customer end. The results of this survey can be found in Figure 7.2-3. The result for overall satisfaction with ABC services is close to the best-in-class and similar to the internal CSAT score. The decision to conduct this benchmarking exercise once in three years was made by the SLT based on the results of the first survey and to continue to get an independent view.

Customer engagement levels are also assessed through analysis of the complaints, feedback, issues and SLA compliance, which also provide indicators of customer satisfaction. The aim is to have *zero* complaints and SLA failures. As these are the two major factors which cause dissatisfaction.

Primarily there is not much difference in the requirements of the four customer and market segments and hence the current approach deployed yield the required result. However, the CSAT does reflect scores for the IT services separately from that of the ITES services (Figure 7.2-4).

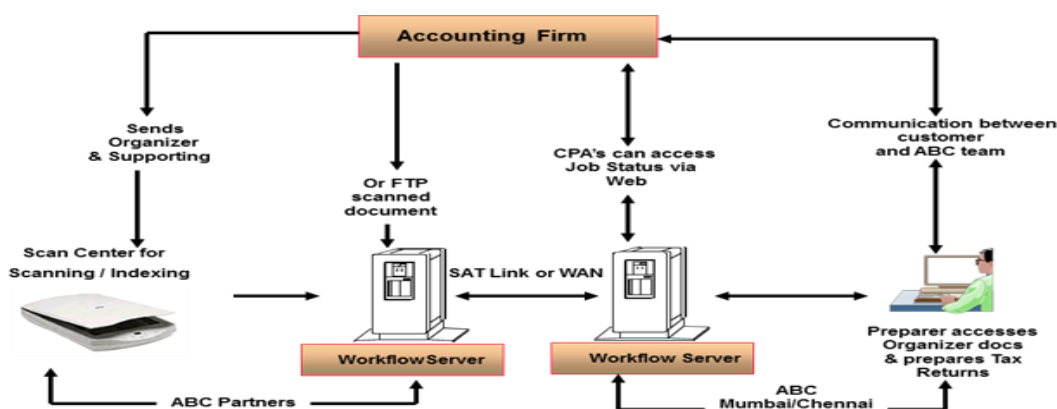
**3.1b(2)** The external party was contracted for competitive benchmarking not only product / service features but also for determining overall satisfaction / dissatisfaction relative to competitors, and to get the views of a cross-section of stakeholders interacting with ABC at the customer end. Customers were asked to rate their satisfaction with ABC vis-à-vis competitors (Figure 7.2-3) and as can be seen from this Figure, ABC is close to the best-in-class in overall satisfaction.

## 3.2 Customer Engagement

**3.2a(1)** In 2011 a “Product Team” was created based upon feedback from the sales teams and the market, to identify evolution of new products/services and industry trends. The “Product Management” team performs the role of being the “watchdog” for each of the business lines at ABC. They keep a watchful eye on all industry developments, shifting market trends and keep the sales and marketing team as well as the business informed of these changes.

The product team also recommends developing new product/service or enhancing current business processes based upon their analysis of the market and industry trends. This team works closely with the CRMs and business unit heads, managers to also identify additional customer requirements, strategies and growth plans. Together with the market, industry trends and customer requirements and strategies, the product team is able to build a comprehensive picture of future needs. Based upon the identified product/service requirements, the business units build/innovate the service lines to meet and exceed expectations of the various customer groups.

An example of a new product/service line was the tax processing service for US & UK customers. The roots of this transaction processing business began for the custom development business unit as ABC was building the tax processing application for the customer. The CRM during discussions with the customer’s sponsor discovered that the company was challenged with processing tax returns during peak times because of staff shortage. This provided an opportunity for the ITES business unit. The CRM worked with the product teams and the business unit heads to carve a new service and thus expand the business and relationship with the customer.



**Figure 3.2-1: Tax Service Delivery Architecture**

ABCs innovation using technology and service delivery mechanism in the creation of an integrated workflow system for processing tax returns for US & UK nationals (Figure 3.2-1) transformed the traditional method of tax processing. The process uses technology, communication networks and domain knowledge. The Accounting firms who are ABC customers, scan all documents received from the tax payer and create a folder on the workflow system deployed by ABC. The transaction team supporting this process at ABC Mumbai & Chennai login to the workflow system and sort, enter, and process the details in the accounting system which works with the workflow system. A special application to mask tax payer identification details was developed by ABC to conform to information security and privacy laws of both countries, providing assurance also to the Accounting firms as well as their customers, the tax payers. The workflow system provides ABC customers real-time view of the progress of their work along with communication management for queries, responses, etc.

**3.2a(2)** ABCs operations are deployed on workflow systems and operations are tracked in real-time with access provided to customers. This enables all customers to secure project/process status anytime, anywhere and also serves as an early warning signal for schedule failures. Similarly, *URView* the service ticket application hosted on the internet enables customer to raise concerns, log issues, provide feedback and submit change requests. This application along with the workflow systems of the various processes are the two most important support and communication mechanisms provided by ABC to the customer.

Besides system based support processes, the customer also has access to multiple touch points at ABC from the project teams, sales personnel, CRM to the senior leaders. All personnel are identified by name and contact details in the SLAs.

There are also weekly calls through which project status, SLA compliance/failures, transactional information is exchanged with the customer's project teams or team leads. Minutes of these calls are recorded and stored in the CRM database.

Most customer groups have similar requirement – i.e. the status of their work and a communication mechanism for requests, complaints etc. All support requirements are defined and agreed through Service Level Agreements. Special support service requests are also entertained by ABC and managed through the SLAs.

**3.2a(3)** The current customer groups are based on ABCs product/service offering along with specific skills required for each service offering as well as the sector of operations. The market segmentation is done on the basis on geography, with English as the main business language. ABCs approach to using customer, market and product offering information to identify future customer groups is to deploy a product team (described in 3.2a(1)). Every business unit has dedicated product manager/s depending on the size of the business and the market potential. Product Managers are usually domain experts and are knowledgeable about the organizations' processes and capability. Further information about this process is described in criteria 3.2b below.

This team presents a report annually to the SLT on the industry developments and shifting market trends along with their recommendations prior to the SPP. They also work with the individual business units and CRMs to determine goals for future products/services. This is then further deliberated during the SPP and decisions on pursuing recommendations of the product team finalized.

**3.2a(4)** The product team, CRMs and business units work together to enhance existing product/service offering and the pre sales team builds the sales & marketing collateral to improve marketing. Customer is the focal point of all improvement initiatives and ABCs approach, deployment, innovation, is described above with one example of the tax processing service line. This innovative service has yielded customer loyalty and evident from the fact that the customer has not signed up for a 5-year agreement with automatic renewal after 5 years for an additional 5 years.

ABC also uses information of competitor best practices provided by the technology and recruitment partners and insights from the competitive benchmarking done by the third party to enhance existing processes. The business teams involved in improvement projects follow the standard practice for using customer data and best-practice information to drive improvements and innovation.

**3.2b(1)** One of the tenets of ABCs approach to realizing the vision of the organization, which is to be the most preferred supplier to the customers and markets served is building trust relationships. While the main responsibility of building relationships exist with the CMO, and the sales & marketing team, the delivery team and senior leaders play an important role.

The company also heavily relies on the team of CRM (Customer Relationship Manager) who consistently interact with their customers. The CRMs almost become an extended arm of the customer's set-up. As an intrinsic member of the customers' team, the CRM is able to draw ideas about changing requirements and expectations from the customers including their strategies and growth plans. The team of CRM bring back this knowledge to the same focus group as discussed in the Strategy Section consisting of the Product Managers, Senior Management, Delivery, Sales teams etc. The focus group discusses on converting this information into new strategies, enhance product/service scope and new lines of business.

The mantra for building market share is Hold-Grow-Add. Hold denotes ensuring that the customer is retained over the long-term by ensuring service excellence. Grow entails ensuring that the existing customers have multiple services across business lines, or have more than one transaction processing SLA. Add, ensures that new customers are added each year as per the goals set during the SPP. A profile of potential customers is identified based upon the action plans from the SPP and the sales and marketing team make planned sales pitches to the potential target customers.

Finally, the company also relies on industry experts, consultants and universal guidelines like Forrester reports or NASSCOM reports to understand industry trends. These give the company a starting point which is then pursued by the product group and focus group for further analysis and investigation.

**3.2b(2)** ABC has a structured Complaints Management Process to manage and provide resolution to customer's issues, queries, change requests, feedback, etc. Managing customer complaints is a part of the ISO 9001:2000 Standard and ABCs complaint management procedure is defined in the QMS.

An internet application called *URView* (a service ticket management application) is deployed and is accessible to customers, sales staff and the entire workforce. Customers' can use this portal directly or call sales/operations staff, email, to communicate with ABC. All complaints, issues, feedback received are logged into this application if not logged in directly by the customer. ABCs goal for response time, acknowledge any item raised on this portal is 24 hours and the system ensures that sufficient alerts are sent

prior to this. Timely acknowledgement and resolution emphasizes the Organization's approach to customer service excellence.

When an investigation is initiated, actionable information from the customer is sought to fix the problem and closure dates provided. Project teams are empowered to make decisions concerning immediate corrective action for prompt complaint resolution. The system has built-in escalation mechanism if closure is not done or a problem is not resolved.

Upon completion of the investigation, and corrective actions, processes are analyzed to avoid recurrence. Preventive actions are put in place and only then is the logged item closed. Based on the severity of the logged item, the BE team initiates a leadership follow-up with the customer to confirm a positive resolution.

All logged items are included in the Monthly Review items of the business units. The severity and number of logged items show the overall health of each project and unit. The BE team also publishes a high-level customer complaints/requests dashboard \*\* on a weekly basis to ensure effective management of items logged in *URView*. The dashboard highlights the status of customer logged items, key trends, root causes and corrective and preventive action taken. Figure 7.2-7 is an extract of this dashboard. This approach allows focused improvements throughout the organization and helps in recovering customers' confidence, satisfaction, and engagement.

*Note:*

\*\* BE dashboard on customer complaints will be showcased and presented during the site visit.

## Category 4: Measurement, Analysis & KM

### 4.1 Measurement, Analysis & Improvement of Organizational Performance

**4.1a(1)** Being and IT Services Company, data and information are integral to the business. ABCs focus is measurement and analysis to improve quality, productivity, and being competitive for growth and sustainability. This is accomplished with integrated hardware, software systems and with assistance from skilled IT personnel who operate numerous enterprise systems to support the myriad activities of company.

Key Performance Indicators (Table 4.1-1) are derived from the strategic objectives of the company (step 3 of the SPP) and are selected to support tracking progress against the short and long-term goals of the SPP. The measurements include tracking progress against plan, competitors, efficiency, improvements and compliance. Data collection is through the various IT systems (Fig 4.2-1) such as *TrackOn*, the project/process monitoring system, *URView* the customer issue tracking system, *Dosti* the sales & marketing team application, *HRMantra*, *FinPlus* and *Pegasus*. All these systems provide trend and other data which are used to analyze the health of the organization. These systems are used to generate automated dashboards.

**Table 4.1-1: Key Performance Indicators**

| Table 4.1-1: Key Performance Indicators                                |                             |                     |                           |   |                                    |
|--|-----------------------------|---------------------|---------------------------|---|------------------------------------|
| Table 4.1-1  |                             |                     |                           |   |                                    |
| Selected Metric  | Means of Analysis           | Review Frequency    | Owner / Process           | Comparative Data Source or Benchmark        | Category 7 Reference               |
| Finance  |                             |                     |                           |   |                                    |
| Revenue  | FinPlus                     | M, Q, A             | Finance / CFO             | Internal targets as per SPP                 | Fig. 7.5-1                         |
| Revenue by BU / Geography  |                             |                     |                           |   | Fig. 7.5-3                         |
| EBIDTA, PAT  | FinPlus, Research           | A                   | Finance / CFO             | Comparison with competitors / best-in-class | Fig. 7.5-6 & 7.5-7                 |
| Audit Compliance   | Audit Findings              | Q, A                | Finance / CFO             | Zero non-compliance                         | Fig. 7.4-1                         |
| Legal & Regulatory compliance  | Compliance Report           | Q, A                | Company Secretary / CFO   |   | Table 7.4-2                        |
| Customer   |                             |                     |                           |   |                                    |
| Revenue per Customer   | FinPlus                     | M, Q, A             | S&M / CMO                 | Internal targets as per SPP                 | Will provide during the site visit |
| No. of projects / processes per customer                               | Dosti                       |                     |                           |   |                                    |
| New Customers added / additional process per customer / Customers Lost |                             |                     |                           |   |                                    |
| CSAT   | Dosti / Pegasus             | A / Once in 3 years | BE Team / Third Party     | Internal                                    | 7.2-1                              |
| Operations   |                             |                     |                           |   |                                    |
| SLA compliance score   | PRB reports, Monthly Review | W, M, Q, A          | Business Teams / BU Heads | Internal                                    | 7.1-3                              |
| Cost Effectiveness   |                             |                     |                           |   | 7.1-4                              |
| Efficiency / Productivity  |                             |                     |                           |   | 7.1-5                              |
| No. of customer complaints / issues                                    | URView                      | W, M, Q, A          | BE Team                   |   | 7.2-7                              |
| Improvements/Innovation  | Pegasus                     | M, Q, A             | BE Team                   |   | 7.1-6                              |
| Workforce  |                             |                     |                           |   |                                    |
| FTE Engagement / Satisfaction  | Annual Survey               | A                   | Third party / HR          | Internal benchmarks                         | 7.3-4                              |
| Recruitment Status / Attrition   | HR Mantra                   | M, A                | HR Team                   |   |                                    |
| Code of Conduct / Ethical breaches                                     | Incident Report             | M, A                | Legal & Compliance team   |   | Table 7.4-2                        |
| IT   |                             |                     |                           |   |                                    |
| System Uptime  | Downtime report             | D, W, M, A          | IT infrastructure Team    | Internal benchmarks                         | 7.1-7                              |
| Help Desk Support TAT  | TAT Tracker                 | M, A                |                           |   | 7.1-8                              |
| BE Team  |                             |                     |                           |   |                                    |
| External audit compliances   | Audit Reports               | Q, A                | BE Team                   | Internal                                    | Table 7.4-2                        |



**4.1a(2)** ABC identifies appropriate sources of comparative and wherever possible competitive data. Figure P.2-1 in the Organizational Profile provides information on comparative data sources. During the SPP the participants review existing comparative sources to determine appropriate benchmarks that support the vision of the organization as well as other ABC strategic initiatives.

Because ABC strives to be “best in class” it selects the top performance level for measures among its diverse competitors (Fig.7.2-3). Closing an identified gap between the existing ABC level and the best-in-class benchmark necessitates review by the senior leadership team along with the product teams and CRM to identify needed improvements. If ABC is the top performer (price – refer Fig. 7.2-3), performance is checked against the desired target or projections.

The SLT uses the comparative information to monitor the strategic plan, core competencies, strategic challenges and maintenance and reinforcement of strategic advantages. For example when ABC was considering acquiring Zoom, the e-Retail solutions provider due diligence of Zoom’s processing efficiency & effectiveness against ABCs own process in the area helped verify that Zoom’s processes would enhance ABCs processes in the e-Retail solutions space and gain advantage of market share.

Each process owner in the individual business units monitors and analyses financial, organizational and key process metrics via the *TrackOn* Dashboards.

**4.1a(3)** ABC uses listening and learning methods (Table 3.1-1) during the various life cycle stages of the customer journey. It begins by proactively listening to the customer and determining the various metrics and success measures. The listening method is further strengthened during the execution phase by the operational teams as well as the CRM. An example of listening method (3.2a(1)) was the innovation of the integrated delivery model for the tax service.

Systematically determining customer requirements, designing the service delivery (Fig. 6.1-2), measuring and monitoring performance, analysis of issues or poor performance and resolution by the cross-functional teams leads to process improvements (6.2b(3)). Breakthrough improvements or innovations are when the various teams from sales & marketing, operations, business excellence, etc. work together in problem solving.

**4.1a(4)** ABC keeps its performance and measurement system current with business needs through the various performance reviews, analysis and

revised actions as described in Table 4.1-2. These reviews are held either through physical presence or through video conferencing and other offsite meeting applications.

When the action plans are developed the individual Heads review the measures to ensure that they meet customer service standards. Trends are monitored as per the review meetings described in Table 4.1-2, which also help in identifying new opportunities and challenges to determine timely and appropriate action.

**4.1b** Organizational performance and capabilities are reviewed during the monthly senior leaders review meetings. During these meetings, issues along with opportunities for improvement are identified along with a wide variety of data, reports and information. This meeting provides an overall view of the health of the organization since the review is for all the three business units and the support and enabling functions.

Besides these meetings the weekly PRB reviews and the BE dashboard reviews the progress and performance of the projects / processes as per the SLAs. These meetings provide early warning for SLA lapses as well as lessons learned, changing business need, objectives, etc.

ABC has an elaborate performance reporting, analysis and review system deployed across the organization to ensure high performance and these are illustrated in Table 4.1-2

**4.1c(1)** Best practices are shared as lessons learned on the KM portal *Pegasus* and discussed during morning office huddles, MD talks, BU Town Hall, during the monthly reviews of business unit and functions, weekly reviews by the PRB and BE teams. This ensures that best practices are shared across the entire spectrum of the workforce and functions. The best-practices talk about the changes and the improvements initiated and achieved and are also made a part of the refresher training within functions.

**4.1c(2)** Projections of ABC’s future performance are based on extrapolated historical trends and to meet the growth targets outlined during the SPP. As stated in P.2-1, comparative and competitive information is sought from competitor websites, NASSCOM newsletters, surveys, and informally through the business partners. Since the third party benchmarking survey in 2010, there has been an additional thrust to increase our service lines and ABC pursuing new sectors, the tax processing business is one such example.

**Table 4.1-2: Performance Analysis & Reviews**

| Table 4.1-2                         |   |  |  |
|-------------------------------------|---|--|--|
| Review Forums & Frequency           | Key Performance Measures, Variance & Trend Analysis   | Participants   | Outcomes   |
| Board Meeting – Quarterly           | Financial results and variance analysis, operational performance, status on strategy implementation projects, treasury performance, statutory & legal compliances                         | BOD, CEO, CFO, Company Secretary                         | Corporate guidance, long-term strategies, sharing best practices in other organizations                                |
| Audit Committee Meeting – Quarterly | Financial results and variance analysis vis-à-vis previous year / Quarter performance, audit reports, review of compliance, code of conduct   | CEO, CFO, Company Secretary, Auditors                    | Corporate Governance actions required for open audit points  |
| Operational Review – Monthly        | Organizational performance review (operational metrics, performance with respect to action plan, KPI, cost of production, etc.) – review actual vs. target, variance, trends, discussions | CEO, CFO, BU / Functional Heads & their direct reports   | Improvement projects, course corrections   |
| Sales Review – Weekly               | Sales status review, market developments, customer updates – updates, comparisons with targets, market & customer information, brainstorming  | CMO & sales team, marketing team, Product Managers, CRMs | Revised market penetration discussions, customer strategies and new opportunities identified, sales course corrections |
| PRB Meeting – Weekly                | SLA compliance, <i>URView</i> (service ticket management application) status, other issues, best practices, CAPA done – brainstorming and discussions                                     | BE process teams / delivery team leads, managers         | Improvement processes identified, best practice sharing  |
| Morning Huddles – Daily             | Discuss work plan for the day, issues, customer complaints – use of visual dashboards generated from the workflow system to review variance   | All members at team / project level                      | Smooth operations and meet daily production targets  |

The product team also studies the market for the best-in-class for various parameters and internal targets are sent based upon their findings which is discussed and finalized during the SPP.

**4.1c(3)** The findings of the monthly organizational performance review are prioritized for opportunities for improvement and innovation. Prioritization is based on the impact on the different criteria's such as customer needs, business requirements, and gap between plans vs. actual and organizational performance metrics. Those most closely related to the strategic objectives are ranked as the highest priority to address. Once the senior leadership establishes priorities, the BE team is chartered to resolve the same (see also 6.2b(3)). The weekly status report prepared by PRB & the BE dashboard also provides opportunities for continuous improvement.

Table 4.1-3 lists some of the examples of innovation from various reviews:

**Table 4.1-3: Improvements & Innovation**

| Table 4.1-3                               |  |
|---|--|
| <b>Business Innovation</b>                | <ul style="list-style-type: none"> <li>Integrated workflow using technology and telecommunication networks and information security to process tax returns of foreign nationals</li> </ul>   |
| <b>Technical Improvements/ Innovation</b> | <ul style="list-style-type: none"> <li>Code templates that are reusable in embedded technologies</li> <li>Online real-time dashboard for all projects / processes</li> <li>Build Verification Utility</li> <li>Test Utility</li> <li>Data cleanup tool in the eRetail process</li> </ul> |
| <b>Process Improvements / Innovation</b>  | <ul style="list-style-type: none"> <li>PM Toolkit used to track costs, margins, hours spent on project vs. physical presence of employee at the office</li> <li>Reduced TAT of 1<sup>st</sup> to 24-hour from a 4 day turnaround</li> </ul>  |

Improvement objectives are also set for partner resources in line with the organizational goals. The HR Head and ten members including members from the business function meet regularly with vendors/suppliers, including those not involved in the SPP, to seek ways to enhance business relationships, streamline roles and collaborate on future activities (refer 6.2b(2)). For example since ABC has been involving the staffing partners with the capacity plan and need for resources the average time for new recruits has dropped from 70+ days to around 20 days (refer Fig. 7.3-3).

## 4.2 Management of Information, Knowledge & Information Technology

**4.2a(1)** ABC pays particular attention to data and information properties as most of this is the property of its customers. Being an ISO 27001 certified organization and having deployed Information Security Systems, all controls as required by this standard are applicable. Table 4.2-1 below summarizes how ABC manages accuracy, integrity and reliability, timeliness, security and confidentiality of the data.

**Table 4.2-1: Data & Information Properties**

| Table 4.2-1     |  |
|-----------------|--|
| Accuracy        | <ul style="list-style-type: none"> <li>Detailed FTE Training for transaction process, data entry processes</li> <li>Application / system based validation and rules</li> <li>Established tolerances for variation in data sets</li> <li>Data audits</li> </ul>   |
| Integrity       | <ul style="list-style-type: none"> <li>Different enterprise software systems for different functions of the business</li> <li>Role based access control</li> <li>Redundant system design and system monitoring</li> <li>Automatic server scans to identify possible security failures</li> <li>Virus &amp; malware protection, including regular VAPT</li> </ul>   |
| Reliability     | <ul style="list-style-type: none"> <li>Centralized IT Operations, monitoring system uptime/downtime</li> <li>Mirrored server and daily/weekly/monthly backup stored at offsite remote facility</li> <li>Defined system testing processes</li> <li>Quarterly audit of backup data</li> <li>DR Plan and regular drills conducted</li> </ul>  |
| Timeliness      | <ul style="list-style-type: none"> <li>Real-time availability and retrieval of data</li> <li>Help desk and online complaint management system with defined SLAs on TAT &amp; reports published on uptime and complaint resolution daily</li> <li>Established system performance standards</li> </ul>   |
| Security        | <ul style="list-style-type: none"> <li>Standard desktop configuration with regularly updated virus and malware protection</li> <li>Separate servers for the various business operations</li> <li>Access to data and systems provided only after appropriate sign-offs as per Security Policy, mandatory password changes, system lock-out after failed attempts</li> <li>Security firewalls and intrusion prevention systems</li> <li>Redundant system design with automatic server scans to identify possible security failure</li> <li>Device hardening and access restrictions</li> <li>VAPT testing of critical business applications</li> <li>IT Security audit conducted by external agencies</li> </ul> |
| Confidentiality | <ul style="list-style-type: none"> <li>Adherence to applicable data protection laws</li> <li>Limited access to customer data based on job function</li> <li>Desktop access protection by passwords and screen lock after idle time</li> <li>Information Security policy a part of the induction training</li> <li>Regular awareness communication</li> </ul>   |

**4.2a(2)** Data and information are available via the intranet to the workforce and via Web access to customers, partners and suppliers. Each desktop/countertop terminal or computer/ laptop is password connected to ABC's intranet and e-mail system, and ABCDW.

ABCDW is a set of enterprise resource systems (see Fig. 4.2-1) that support key ABC functions and is the primary collection agent for information. Information from the KM application *Pegasus*, the workflow tracking application *TrackOn* from which the dashboards are derived, *URView*, *HR Mantra*, *FinPlus*, are all key applications for setting priorities for the strategic plan and process improvements.

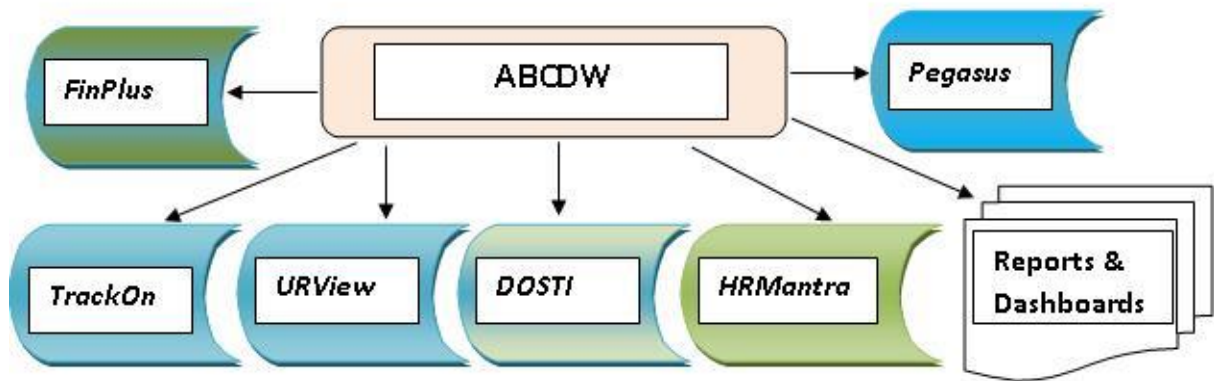
ABC has deployed a customized 3<sup>rd</sup> party tool as its workflow engine called *TrackOn*. In the IT business this is absolutely essential since there are multiple stakeholders both at the customer end as well as within

ABC who need to interact and get the status of projects / processes. Project and process dashboards are automatically generated from this application and provide accurate, timely and real-time data to all its stakeholders. Customers, partners and suppliers can also connect with the organization's workforce through email or phone.

**4.2a(3)** In 2007 ABC began designing a KM portal *Pegasus* to capture the explicit and implicit knowledge of the workforce, process information, etc. This portal is a knowledge storehouse and is home to several thousands of documents which are continuously being updated by the workforce and accessible to the workforce. Table 4.2-2 illustrates how the organizational knowledge is managed and Table 4.1-2 on Performance Analysis & Reviews also lists the outcomes of the various reviews.

**Table 4.2-2: Organizational Knowledge Management**

| Table 4.2-2  |  |
|--|--|
| Transfer and collection of workforce knowledge   | The QMS and SOPs contain the first level of information about the projects, processes. The work instructions provide specific and detailed instructions about the various tasks in a process. These work instructions are continuously updated by the workforce based upon their experience in undertaking the various tasks, thereby also capturing the knowledge gained during execution.                  |
| Transfer of relevant knowledge from and to customers, supplier, partners and collaborators               | The CRMs proactive collect and transfer the latest information about the customer during the weekly S&M review meetings. All other information about the customer is stored in <i>Dosti</i> including CSAT scores. <i>Dosti</i> also links to the <i>URView</i> platform and the number & type of issue raised by the customer for a project /process is also available for analysis and knowledge transfer. |
| Rapid identification and sharing and implementation of best practices                                    | ABC disseminates messages via e-mails, screen-savers and other visuals. Best practices are shared during the PRB meetings and other review meetings outlined in Table 4.1-2 and then communicated by the BE team to the organization's workforce. This is done similarly for process improvements undertaken by the BE and cross-functional teams.   |
| The assembly and transfer of relevant knowledge for use in innovation and the strategic planning process | Criteria 2.1 outline all the reports and information that is used during the SPP. The various information systems deployed at ABC including the KM portal <i>Pegasus</i> assist in securing trend data for operations, CSAT, market and customer updates from the CRM platform <i>Dosti</i> and workforce data from HR Mantra.   |



**Figure 4.2-1 ABC Enterprise Resource System**

**4.2b(1)** ABC procures software and hardware as required by the business from approved suppliers to ensure quality and reliability. Table 4.2-1 provides information about how ABC provides for reliable and secure hardware and software. All the hardware including PCs, Servers, Routers, Gateways, Switches, etc are procured from branded manufacturers and approved suppliers (see 6.2 b(2)). User friendliness is ensured through system design that involves key users and testing prior to implementation. IT Help Desk is also available 24x7 to the entire workforce. The Employee survey feedback also has one question related to the “ease of use of technology”.

The IT Infrastructure Team supports the entire organization and keeps the hardware and software fully functional with minimum downtime. Software licenses are maintained and controlled by this team for the third-party software purchased for the business. They ensure that the installed software is always updated by applying latest patches, service packs, etc. automatically. The Department also conducts license audit periodically to review compliance to the Licensing agreement.

**4.2b(2)** ABC ensures minimal disruption in emergency scenarios and disasters through invoking the DR plan which was put in place after a thorough risk assessment during ISMS implementation. By maintaining the servers at an off-site mirrored facility, the applications data and information is available should a major server crash occur in Mumbai & Chennai.

The Business Continuity Plan can be invoked should either of the data centers experience a complete shut-down disaster. Critical processes from a customer service point of view are given higher priority for quicker recovery of processes.

All BCP & DR measures are tested at defined frequencies with mock drills as per the protocol. The ISMS Manager randomly specifies an emergency situation such as a fire, flood or a malicious new virus which immediately initiates a proactive drill on the established relevant emergency process. Once the drill is complete, the parties involved (including the IT staff) hold a session to assess the drill’s effectiveness and procedures. During the session, the group identifies problem areas not identified earlier; additional training or vendor support needed; captures lessons learned and develops any necessary policy procedure revisions. The assessment includes potential impacts on customer service and employee safety. Results of mock drills conducted are presented in Fig. 7.1-9

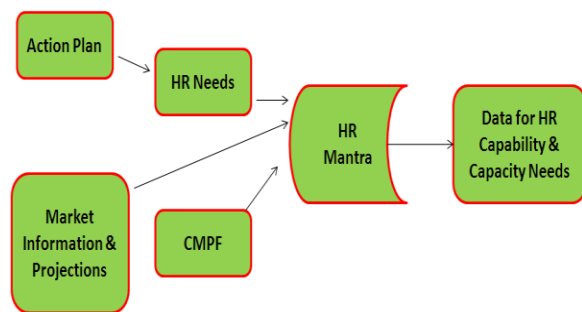


## Category 5: Workforce Focus

### 5.1 Workforce Environment

**5.1a(1)** Workforce capacity planning is part of the action planning process. Based on the action plan arising from the strategic objectives and individual business unit targets, the capacity requirement is finalized.

For assessing capacity, the existing human resource strength of ABC is taken into consideration. The same is compared with the capability and capacity required to meet next year's goals and if a gap exists, then the concerned BU and Functional Heads initiate the recruitment process by completing the manpower requisition form in which the workforce capability and capacity requirements are clarified. The workforce requirements are planned by also factoring in attrition trends and training/induction plus on-boarding timelines. All HR needs for action plans are entered into HR Mantra the HR Database (refer Fig. 5.1-1). HR Mantra enables a single view of the organization's needs for the short and long term and is used by the HR Team to enable accurate projections for recruitment, training & development and other workforce requirement. Staffing requirements are monitored through monthly dashboards (see Fig. 7.3-1) generated from HR Mantra.



**Figure 5.1-1: Capability & Capacity Planning Process**

At ABC, every role / position has a clearly defined Job Description (JD) which details the skills and competency required for the role including key deliverables. These are outlined in the Competency and Performance Framework (CMPF) of the organization. The CMPF helps in assessing capability transparently during internal / external hiring.

The skill matrices are used to track individual staff capability for the assigned roles, training need identification, including cross-skilling for optimal

utilization of the resources. The skill matrices are reviewed annually prior to the SPP by the individual functional and business unit heads and the JDs and HR Mantra are updated as required.

**5.1a(2)** ABC's mission of service excellence begins with the hiring process and a structured approach to hiring, with checks and balances built-in ensures the quality of hiring. This approach has been through numerous cycles of refinement. Two years ago a step was added to ensure that ABC's diversity goals were taken into consideration during the recruiting process as the company is working in various domains. Last year the step of screening for qualities of ethical behavior and attitude was incorporated. The short- and long-term goals in HR Mantra include those for diversity. ABC is an equal opportunity employer and there is no discrimination based on caste, creed or gender. Women constitute approximately 60% of the FTEs and work in both the business operations as well as support functions and are given equal roles and responsibilities. Operationally, diversity is supported through festival celebrations, women's day, etc. The HR Department is responsible for the annual evaluation of the workforce population to ensure that ABC meets its goals for diversity outlined during the SPP.

**Retention:** Key issues identified for attrition are opting for higher education, location and work, better opportunities. The management team addresses these issues by taking proper actions such as awarding of employee stock option, salary corrections for employees with critical skill-set, retention bonuses for trainees and accelerated growth options for high performers. New recruits undergo a 10-day induction program, to familiarize them with the organization and company culture. Every new recruit is assigned a buddy and reviews are conducted after 3 – 6 – 9 – 12 months to assess their achievements and on the job learning. It is also mandatory for all new entrants to work on an improvement project during their first year, which exposes them to the Six Sigma & Project Management concepts.

**5.1a(3)** The organization promotes “growth from within” and this is implemented by inculcating a culture of meritocracy and high performance where growth is directly related to performance. The CMPF ensures that all employees are clear about the work that they have to do; and that the individual objectives (IP) align with the strategy objectives arising from the SPP (refer Fig. 5.1-2).

Performance appraisals are carried out annually. Managers and employees discuss actual performance

against objectives, including behaviors and progress on their development. Effective feedback and identification of areas of improvement and development of a Performance Improvement Plan (PIP) are an integral part of the performance appraisal process. High performers are also recognized through this process and are given suitable elevation and roles and responsibilities (refer 5.2c(3)). Performance linked variable pay (incentives) with thresholds, targets and accelerators ensure that the employees are motivated to achieve and exceed their individual objectives.



**Figure 5.1-2: Manage & Organize the Workforce**

**5.1a(4)** The Marketing Team and Senior Leaders continuously monitor market trends to understand the current and emerging capability and capacity needs relative to workforce requirements. These needs are then incorporated into HR Mantra, which provides a view of the future workforce requirements for this continuously and rapidly changing industry. This information is also used as part of the SPP relative to the HR plans required for action plan development. As the need arises, the BU Heads & the COO work with HR and Finance to ensure that budgetary, hiring and workforce development needs are addressed.

Multiple approaches are used to prevent productivity losses due to attrition, which include flexible hours as well as cross-training. The added benefit of cross-training is workforce development. To date, there has been no requirement for workforce reduction, as ABC maintains strict cost control and fills positions internally.

**5.1b(1)** ABC provides facilities to its employees, which are in-line with some of the best in class companies engaged in the same line of business.

All facilities of ABC are certified under OHSAS 18001, ISO 9001 and ISO 14001. In accordance with the provisions of all these standards the organization ensures that the adherence to the standards and regulatory norms go well beyond the requirements, thereby providing a safe and healthy working environment.

Workplace health is monitored periodically and reported. Employees are required to undergo regular medical check-up and are covered under the

Company's medical insurance policy. Training is conducted in first aid, evacuation procedures in case of fire as well as general health awareness programs every year. The Training Department also conducts Yoga sessions, health information & stress buster sessions and employees are encouraged to attend, by both the HR and management. Exercising the neck and stretching is stressed to relieve the physiological effects of desk related work.

Following factors ensure workforce health safety and security:

**Table 5.1-1: Workforce Health, Safety & Security Considerations**

| Table 5.1-1 |  |
|-------------|--|
| Sr No       | Factors considered for workplace environment   |
| 1.          | Facility is environmentally friendly and is in a green building  |
| 2.          | The workplace design ensures sufficient space for each employee while providing adequate privacy and communication between individuals at the same time                        |
| 3.          | In meeting rooms, LED based plasma screens used instead of traditional projectors. The lighting within the premises is kept at 300 lumen thus ensuring less stress on the eyes |
| 4.          | All hallways are clearly marked with exit signs for emergency evacuation   |
| 5.          | Electronic fire alarm systems and smoke detectors are placed in all cabins, meeting rooms and cubicles for fire detection with sufficient time for safe evacuation             |
| 6.          | Medical room with on-call Doctor facility  |
| 7.          | Trained fire wardens (trained in first aid and emergency evacuation procedures) are designated to every area   |
| 8.          | All stairwells have railings on both sides to avoid falling off stairs during evacuation   |
| 9.          | A large cafeteria is provided to accommodate 150-200 seats.  |
| 10.         | CCTV & 24-hour security including female guards  |

The BE team continually makes improvements to security approaches through analysis of feedback and incident reporting. The goal of the organization is to have zero incidents. Employees are also asked to provide suggestions for improving the workplace factors during the HR Open House (refer Table 1.1-3), giving suggestions through the intranet portal and also the physical Suggestion Box. Improvements made and the measures taken are tracked and implemented as found pertinent.

**5.1b(2)** ABC has formulated employee friendly policies, catering to the needs of the diverse workforce groups and segments. These policies providing various benefits to the employees are listed in Table 5.1-2

**Table 5.1-2: Workforce Benefits & Policies**

| Table 5.1-2        |   |
|--------------------|---|
| Employee Need      | Policy  |
| Career Progression | <ol style="list-style-type: none"> <li>1. Employee Education Assistance Policy</li> <li>2. Professional / Executive Development Education Policy</li> </ol>   |
| Work-life Balance  | <ol style="list-style-type: none"> <li>1. Leave Policy</li> <li>2. Compensatory Off Policy</li> <li>3. Flexible Working, Part-time Working Policy</li> <li>4. Sabbatical Policy</li> </ol>  |
| Employee Benefits  | <ol style="list-style-type: none"> <li>1. Leave Travel Allowance</li> <li>2. Housing Rent Allowance</li> <li>3. Company Car Policy</li> <li>4. Children's Education Reimbursement</li> <li>5. Group Health Insurance Cover</li> <li>6. Group Personal Accident policy</li> <li>7. Employee Referral Policy</li> <li>8. Club Membership Policy</li> <li>9. Transfer, Relocation Expenses Policy</li> <li>10. Credit Card Policy</li> </ol> |
| Health & Safety    | <ol style="list-style-type: none"> <li>1. Prevention of Sexual Harassment Policy</li> <li>2. Grievance Redressal Policy</li> <li>3. Physical &amp; Environmental Security Policy</li> <li>4. Whistle Blower Policy</li> </ol>   |

The Sabbatical Policy and Credit Card Policy were the result of feedback from the last climate survey. The Sabbatical can be availed by lactating mothers, or executives undergoing management and other professional training.

## 5.2 Workforce Engagement

**5.2a(1)** Workforce engagement and satisfaction is a key focus area for ABC leaders and all senior leaders are actively involved in strategies related to the workforce. The organization uses a combination of formal and informal communication mechanisms to determine the elements of workforce engagement. The structured annual workforce engagement and satisfaction survey (refer Fig. 7.3a-4) is the primary method for determining elements that affect workforce engagement and satisfaction. The survey is administered through an online portal by an external agency for the entire workforce. The survey asks the workforce to provide their perceptions on six engagement elements and to provide comments. ABC also uses algorithms in other parts of the survey to determine the relative importance of the engagement levels. Results are analyzed by the HR Team to identify patterns and trends. To ensure data stability, fewer than 10% of the survey questions are changed each year. Although the same survey is presented to the entire workforce, the feedback is segmented based on the stratified results of the survey.

Additionally, as a result of feedback from the RBNQA feedback report in 2012, two additional items were added: "I would recommend a friend to work here" and "My level of engagement is [1-5]" (with 5 being the highly engaged/satisfied based on the defined engagement and satisfaction elements). This improvement ensured alignment with the success factor of an engaged and highly satisfied workforce. .

Additionally, feedback is also obtained from other engagement activities such as Town-halls, Offsite events, Monthly BU & FH meetings with their teams and the various surveys on the facilities. The type of queries raised and the energy and involvement levels provide indirect feedback about the engagement levels of the workforce. Other engagement determination indicators are the analysis of exit interviews, attrition rate (Fig. 7.3-2), and absenteeism. Attrition rates, absenteeism and analysis of exit interviews are shared during the monthly reviews with the senior leadership.

Employee engagement at the FTE level and junior executives is driven also through informal forums. The "HR Open House" session and "lunch with the CEO" is the formal mechanism driven by HR and festival celebrations, team event's, JOSH activities, etc. are the fun activities to engage the younger workforce group. The senior managers, BU, FH and the CEO meet informally once a month in the evening for an "Even'in" session. This is a free format event driven

by HR to connect senior managers and the executive team to build synergy.

**5.2a(2)** ABC has a variety of approaches to foster a culture of open communication, high-performance work and an engaged workforce. An open-door policy is part of the culture, and well-attended morning huddles, monthly BU/FH meetings help ensure open communication. A recent initiative of the CEO addressing the entire organization through an audio call has received a warm response.

As part of its endeavor to create a culture that resonates with the MVV of the organization, the management encourages independent thinking and collaborative work. For this various forums are organized, which facilitate idea sharing and interaction with leadership.

The culture of openness is also characterized from the layout of the office space with sufficient cubicle space, cabins with glass facades which are semi-transparent and round discussion tables that foster barrier-less communication.

**5.2a(3)** ABC believes that it cannot realize its vision of being the preferred service provider without a fully engaged and committed workforce and that compensation and R/R are key elements in satisfaction and engagement. The Variable Compensation Program (incentives) ties 10% of the workforce compensation to service performance factors.

FTE performance is evaluated through the IP (Fig. 5.1-2), which is fully integrated with the SPP. The year-end individual performance review with the goals set out in the IPP is used to determine compensation, reward and recognition. Mid-year reviews of FTE performance for fast-tracked individuals are conducted in June, with the strategic planning objectives as a reference. This model of performance tied to objectives has been so successful that ABC has seen a drop in attrition and increased employee referrals (refer Fig. 7.3-2 and 7.3-6).

**5.2b(1)** The formal and informal methods to assess workforce engagement and satisfaction are described in 5.2a(1) and results for these are presented in 7.3. Table 5.2-1 outlines the various mechanisms, the target audience and the focus area:

The informal methods of the various communication meetings, social gatherings provide indirect indicators by the level of participation and enthusiasm exhibited by the individuals.

**Table 5.2-1: Engagement Assessment Methods**

| Table 5.2-1                                      |                                  |  |
|--|----------------------------------|--|
| Engagement Determination Mechanism               | Target Employees                 | Focus Area   |
| Annual workforce satisfaction and climate survey | All                              | Organization Feedback  |
| Townhall, BU / FH Meetings, Morning Huddles      | All                              | Organization / Business Unit / Function feedback                                       |
| “Josh” activities                                | All                              | Fun@work   |
| HR Open House                                    | All                              | Team sentiments / grievances   |
| “Even-in”  | Senior Managers                  | Understanding and getting to know next-level leaders                                   |
| Attrition Analysis                               | All                              | Measures to be taken to curb attrition   |
| Absenteeism Analysis                             | FTE, Developers, Junior Managers | Measures to be taken to curb absenteeism   |
| Exit Interviews                                  | All                              | “No holds barred” feedback provides deep insights into the reasons for dissatisfaction |

**5.2b(2)** The HR Head presents findings of the various workforce satisfaction and engagement results (refer table 5.1-2) in the monthly senior leaders review meeting. The HR team also recommends actions needed based upon analysis of all the various engagement activities. The recommendations are then discussed during the monthly meetings and further actions determined and deployed.

**5.2c(1)** The approaches for workforce and leader development are key to addressing challenges in the current environment and to develop a high performance culture. For example, FTEs need to attain an increasingly higher technical knowledge to meet the expectations of customers. Further, approaches need to be agile to meet the rapidly changing environment. To increase the agility and the performance of the workforce and leader development system, all development interventions are linked to ABCs core competencies, strategic challenges and service delivery processes arising from the action plan. Discussions on

# ABC Services Ltd

the training interventions occur at a broad level during the SPP and further elaborated after the action plan.

4. Quality, Security training
5. Behavioral training including Ethics

L&D at ABC comprises of 4 types of interventions:

1. Induction program (for new recruits)
2. Technical Training
3. Process related training specific to the customer domain

These interventions of the L&D system that address the various factors and their outcomes are presented in Table 5.2-2.

**Table 5.2-2: L&D Interventions and Outcomes**

| Table 5.2-2   |   |  |
|---|---|--|
| L&D Requirements  | Approach  | Outcome  |
| Organizational performance improvement & innovation           | <ul style="list-style-type: none"> <li>Organizational objectives linked to individual goals</li> <li>Idea bank on the KM portal and R&amp;R for the best idea generation / transformational changes recommended</li> </ul>  | Process Improvement Ideas generated and implemented (see Fig. 7.3-7) |
| Ethics & ethical business practices                           | <ul style="list-style-type: none"> <li>Code of conduct and ethics training during induction</li> <li>Take four to eight on-line courses annually on ethics and security</li> </ul>  | Zero code of conduct / ethical breaches for 2 years (Fig. 7.4-3)     |
| Customer Focus  | <ul style="list-style-type: none"> <li>Role based customer sensitivity training</li> <li>Various communication by senior leaders on customer focus</li> </ul>   | Training record and skills chart for every employee                  |
| L&D identified by self, supervisors, managers, senior leaders | <ul style="list-style-type: none"> <li>Training interventions</li> </ul>  | Training record and skills chart for every employee                  |
| Transfer of knowledge from retiring / departing workforce     | <ul style="list-style-type: none"> <li>All implicit knowledge is passed on to the new employee</li> <li>Cooling off period of one month for employees leaving the company</li> <li>Knowledge database “Pegasus” contains best practice sharing information as well as lessons learned and ensures capture of implicit knowledge.</li> </ul> | Lessons learned database / Best Practices database on the KM Portal  |
| Reinforcement of new knowledge and skills on the job          | <ul style="list-style-type: none"> <li>OJT follow-up by HR</li> <li>Assigning of tasks to the employees trained on new skills and follow-up on proficiency by HR and updation of CMPF / skills chart on HR Mantra</li> </ul>  | Updated CMPF / Training record and skills chart for every employee   |

**5.2c(2)** Effectiveness of the L&D process is measured through various sources at ABC. Some of the assessment methods are: 1) Program review / Feedback upon completion of the program 2) Pre & Post participant assessment 3) Feedback from reporting supervisor / manager on new skills displayed 4) No. of Ideas generated / participation in improvement projects.

Program feedback is measured and published in the HR Dashboard as well as on the KM portal (refer Fig. 7.3-8)

**5.2c(3)** ABCs approach to career progression is learning and growth oriented, providing equal opportunities for all and differentiated tracks for high performers. While majority of the workforce undergoes the annual performance appraisal process, mid-term promotions or other role changes, are not uncommon for fast-trackers who continue to deliver “stretch” assignments successfully.

Critical positions are mapped and second line for all these positions are maintained ensuring successful and smooth transition in cases of change / attrition.



ABCs philosophy is generating leaders from within. In line with this philosophy all senior leaders have come up the ranks.

A fast track leadership development program is available for employees who qualify. These employees are earmarked for key roles, fast growth and increase in compensation. The assessment is done through an assessment and development center comprising of case study presentation, group activities, psychometric testing and one-on-one interaction. This ensures that future leaders will have the required competency. The competency criteria are reviewed every year. The identified employees are elevated and put on an accelerated growth path, given cross-functional responsibilities in recognition of their potential to deliver value to the organization.

To sustain a high performance culture employees are given added responsibilities on every promotion and move across functions or location. The career plan is discussed with the employees and based on their aspirations and organizational need the action plan prepared for execution. Job rotation is ingrained in our philosophy and

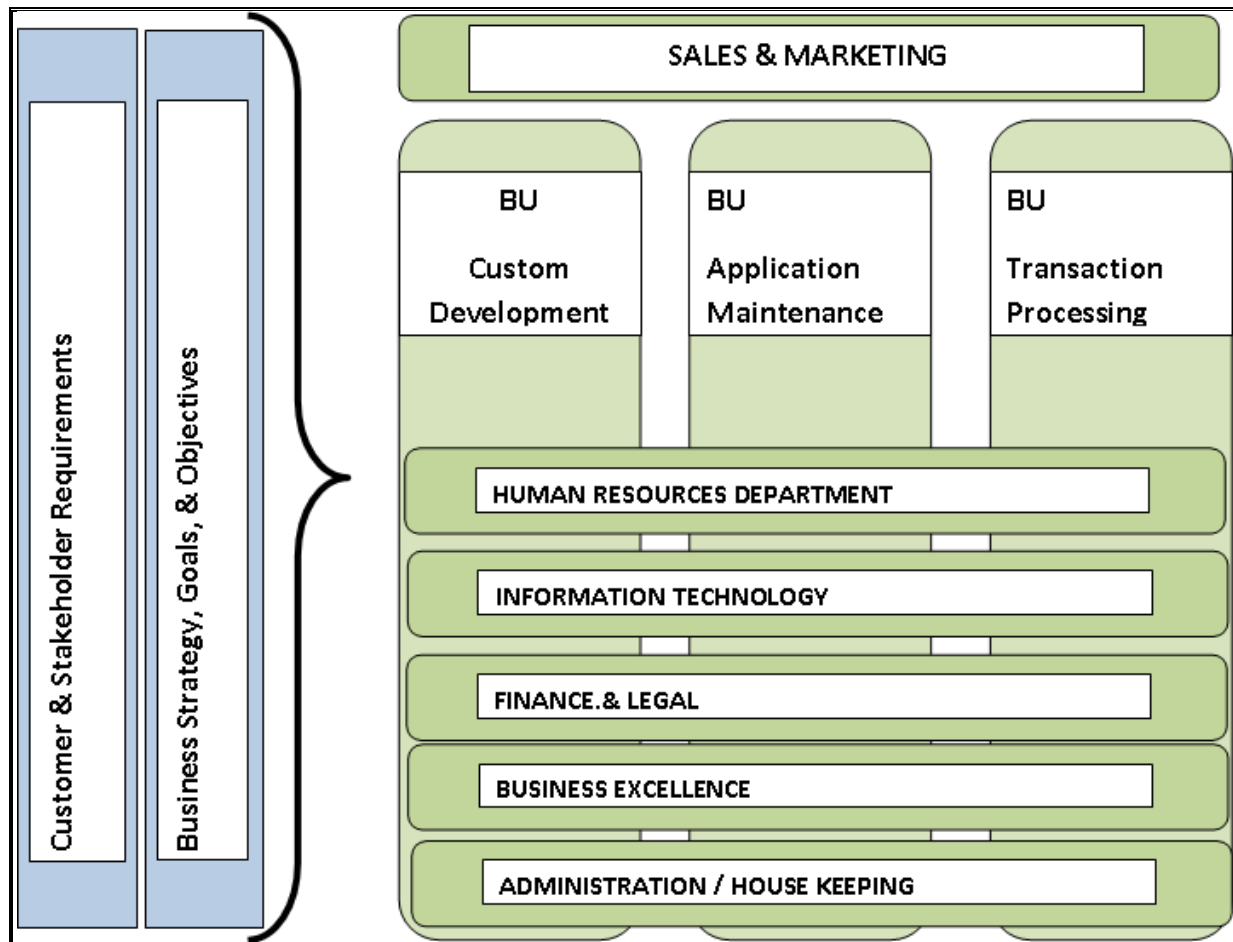
A well-defined succession plan for all the critical roles exists. Employees who have consistently displayed / live with the values of the organization take up the managerial position. Development of second line is one of the KRAs for all managers. This ensures managers spend adequate time in the development of their team members. Any lateral position is the first internally advertised to look for talents within the group companies.

## Category 6: Operations Focus

### 6.1 Work Systems

**6.1a(1)** ABCs work system design has the three service lines as verticals with the support processes running horizontally (Figure 6.1-1). It is designed to create clear operational accountability and budget responsibility based on customer needs and expectations. The system also ensures that the

individual business units and support functions are agile and that feedback from customers, partners, suppliers, is incorporated into refreshing the design. Work systems are dynamic and evolve based on changing customer needs. All systems are documented and maintained in the QMS. Changes to the QMS are governed by appropriate change management process where stringent reviews are conducted by the BE Team, including senior leaders and sometimes the customers.



**Figure 6.1-1: ABC Work System**

The core competencies of ABC can be derived from its vision, mission and values. Customer needs and expectations are the fundamental drivers. The ability to design, deploy and sustain service delivery models and the standard systems and standard work process deployed across the organization ensure that the work systems deliver successfully customer requirements.

ABCs core competencies drive the development and innovation of work systems.

Two factors are responsible for the decision to outsource. First and most fundamental is the customer's mandate, i.e. the customer has explicitly banned further outsourcing. Second, key work processes such as design of service, application development is not outsourced. The delivery processes that are outsourced are those that can be managed more

efficiently through outsourcing. For example: some of the business services such as the application maintenance have a mix of internal resources as well as contract staff sourced through the staffing service partner. Similarly, some work packages in the transaction processing service line are also outsourced. The security, housekeeping and canteen services are fully outsourced with reporting relationships to the Administration team.

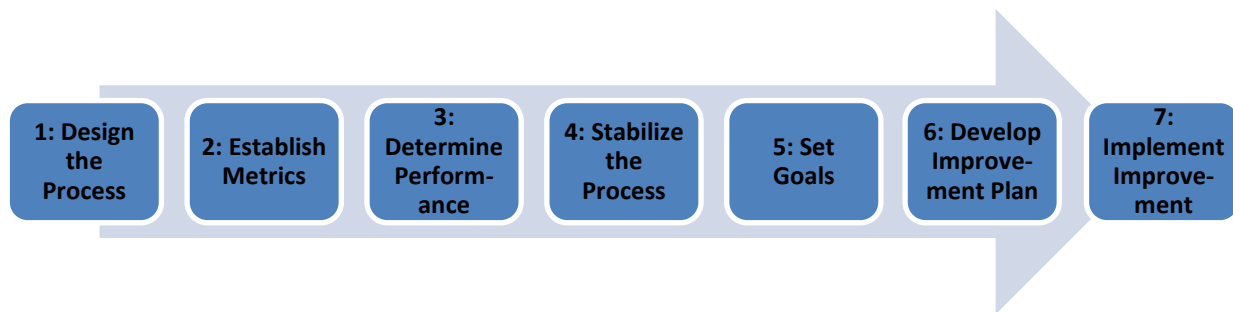
**6.1a(2)** The key processes requirements are defined by the customer's product / service needs. Quality, TAT and other delivery metrics for measuring success are identified using SIPOC (refer Fig. 6.1-2) and is the basis for defining work systems and processes. SIPOC considers input from suppliers and partners and helps in defining expectations and measures of success. Multiple listening posts are designed in the system to listen to customers (refer Table 3.1-1) and this is used during the design of the service delivery mechanism as well as redesign for improving the process. Periodic engagement meetings capture the voice of the partners and suppliers.

The key requirements for the work systems are customer input and the metrics that define the quality of the deliverables and the relationship.

**6.1b(1)** ABCs key work system and how this contributes to delivering value to customers is shown in Figure 6.1-1. The system is organized around the three main lines of business that deliver customer value with the leadership and marketing and sales function being the enablers and the HR, IT, Finance, BE and Administration being the support processes that run across the three vertical business lines.

The enabling processes and the business lines are designed to deliver customer value by ensuring autonomy and synergy with the strategic objectives. The business lines work as independent businesses for service delivery and budget prioritization, yet benefit from the best practices of the other business units in the support processes.

Within the sales & marketing function (enabling) and the other support functions, individuals are identified to support each business unit. Hence in these functions the organization functions as a matrix organization with individuals in these functions having dual reporting and accountability. Dual responsibility ensures that the individuals develop skills within their function as well as learn from peers on best practices in the other businesses.



**Figure 6.1-2: Service Delivery Design**

The service delivery design consists of seven steps beginning with the creation of a Supplier-Input-Process-Output-Customer, (SIPOC) diagram as the first step. SIPOC clearly defines the supplier and the customer for each process. The requirements for each process step is then documented and confirmed with the process owner. The most common requirements of ABC's work processes are quality (accuracy), reasonable cost, timeliness, and short cycle time. In Step 2, Establish Metrics, the process owner uses the specified requirements to define the measures that will be captured and tracked to manage process performance. For the improvement process in step 7, ABC uses the six sigma method for focused problem (refer P.2c).

**6.1b(2)** Strategic cost management is a key priority for ABC since it is also one of its core competencies. Cost rationalization targets are determined during the SPP and defect prevention is one of the measures for controlling costs.

Costs are controlled through elimination of waste and reduction in rework. The workforce is trained on the first-time-right concept. They understand that the longer the rework cycle, the higher is the cost. Hence defect prevention is one of their goals. The preventive mechanism is built through causal analysis and mistake proofing. Problems and issues are prioritized systematically and preventive measures are introduced in the process to avoid recurrence.

The improved processes are shared through meetings and documented as lessons learned on *Pegasus*. The QMS is also updated to ensure that future processes benefit from the learning. Other preventive measures include skilling the workforce and building their competencies. Availability of the documented lessons learned and improved processes works as reference material for the workforce.

**6.1c** ABC is an ISO 27001 company and the Business Continuity Plan (BCP) and Disaster Recovery Plan (DR), a requirement of this Standard outline in detail the plan for workplace preparedness for disasters and emergencies (refer also to 4.2b). The BCP & DR plan is owned by the CEO and managed by the Information Security Manager (ISM) who ensures that they are kept current. The DR plan details chains of command, actions, and notifications required for emergencies, including weather calamities such as floods & fire, power failure, pandemics, etc. It also includes the requirements and time for resumption of operations after an event. Regular drills are conducted to ensure effective training and to identify areas to improve preparedness and prevention. After any emergency preparedness drill, the SLT conduct a review and analyze the strengths and weaknesses of the process. Based on the findings, improvements are implemented, including any related training for associates. Figure 7.1-9 lists the various drills conducted and the preparedness status.

Risk Assessment is a part of this Standard and every year the risks are reviewed for likelihood and impact and preventive actions implemented. For example, one of the risks identified was “people” in the event that there was a total shutdown such as “Bandh” in any one of the two operational locations Mumbai & Chennai. This risk is even greater for transaction processing jobs with 2 to 24 hour turnaround times. To minimize this risk projects that have short TAT operate from both the locations and are executed seamlessly using the integrated workflow system *TrackOn*.

Table 6.1-1 outlines some of the precautions taken by the organization to minimize risk and damage in the eventuality of a disruption or disaster manifesting.

## 6.2 Work Processes

**6.2a(1)** ABCs service delivery design is illustrated in Figure 6.1-2. SIPOC is the tool used to determine the key requirements of the end deliverable (custom application, maintenance or transaction process) along with the customer, supplier and partner requirements. Along with SIPOC the process team may benchmark

similar processes and define “best practices” that will be incorporated into the new process design. Technology that may facilitate process execution will be considered, evaluated, and incorporated into the process design. The new or reengineered process is piloted, results evaluated, and process steps modified as needed prior to full implementation.

**Table 6.1-1: Workplace Preparedness**

| Table 6.1-1       |  |
|-------------------|--|
| DR Area           | Precautions  |
| Power Failure     | <ol style="list-style-type: none"> <li>1. Dual power sources</li> <li>2. Full DG backup</li> <li>3. UPS for critical systems</li> </ol>  |
| IT Infrastructure | <ol style="list-style-type: none"> <li>1. Redundant telecommunication infrastructure</li> <li>2. Off site backup</li> <li>3. VPN connectivity to senior leaders and critical resources</li> </ol>  |
| People            | <ol style="list-style-type: none"> <li>1. Critical services operated from both Mumbai &amp; Chennai locations</li> <li>2. Multiple entry and exit points at both offices</li> <li>3. Fire equipment such as smoke detectors, fire alarms, sprinklers and fire extinguishers deployed</li> <li>4. Signs for directions and identification of safety infrastructure</li> <li>5. Fire wardens identified and trained in evacuation &amp; first-aid</li> </ol> |

Improvements to the work processes are designed by considering customer requirement and issues through customer feedback, supporting metrics and consistent customer engagement. Lessons learned are stored in *Pegasus* as well as updated QMS documents ensure that organizational knowledge is incorporated into the new processes.

Metrics are captured at every stage of the project process and much of the metrics is captured through the customized workflow tool deployed across the entire organization. Compliance to the metrics (Table 6.2-1) enables the team to determine robustness of the service delivery design or the need for improvement. These metrics are tracked weekly and reported in the PRB meetings and the formula and method for calculation is provided in the QMS.

**Table 6.2-1: Project / Process Metrics**

| Table 6.2-1  |   |
|--|---|
| Metric   | Objective   |
| Effort Variance  | Project completion within budgets / Transaction processes within budgets  |
| Schedule Variance  | Project completion within planned schedules / Ongoing processes delivery as per schedules                                   |
| Size Variance  | Project completion in planned manpower size / Ongoing processes using manpower as stipulated in the service delivery design |
| Defect density per unit size                             | To reduce the number of defects   |
| Defect Rate  | To reduce the number of defects   |
| Productivity   | Resource performance monitoring   |
| Cost of Quality  | Exploring cost of performing process improvements and innovation  |
| IT performance (system uptime & TAT for logged requests) | To ensure system availability at near 100% and resolution of issues within 2 hours to minimize loss of production           |

**6.2a(2)** ABC uses a defined set of tools and methods to design processes within the framework of the service delivery design (Fig. 6.2-2), including incorporating efficiency and effectiveness factors (part of Step 1) and establishing metrics to assess these factors (Step 2). To ensure that the processes implemented continue to meet requirements, the process metrics (Table 6.2-1) are monitored on a weekly basis by the process owners and the PRB (STEMPS 3 & 4).

When a new process is required, or when a process needs to be re-engineered (Steps 5, 6, and 7), ABC charts the BE team along with a cross-functional process team, which conducts a process workshop facilitated by an experienced Six Sigma Black Belt. In this workshop (which may occur over an extended period of time), the team completes the detailed steps of the service delivery design process.

The key work processes and their requirements are illustrated in Table 6.2-2.

**6.2b(1)** The key work process relationship to the work systems and the key metrics for these work processes is described in Table 6.2-2. Daily operations for key work processes are monitored through in-process measures that are directly linked to process requirements. Ongoing input and feedback from key

stakeholders is secured through VOC, supplier & partner meets. The monitoring and control of these work processes is through the daily status tracked through *Trackon*, weekly dashboards, monthly senior leader reviews.

Regular monitoring of these parameters indicates progress, accuracy and conformation to the defined process. Any deviation from the processes and variation from the expected results becomes a case for quality improvement and course correction. If the process indicators reveal that the performance is declining, the team does a RCA. If needed, an improvement project is initiated (refer 6.2b(3))

**6.2b(2)** The Supply-Chain at ABC is managed through SOW / contracts and SLAs. A formal process for supplier /partner selection and qualification is in place and the selection process is managed by the commercial section of the Finance function and HR team. An RFP is floated outlining the requirement and suppliers are evaluated on the response to the RFP, references and past performance. ABC ensures that suppliers are positioned to enhance performance and customer satisfaction by requiring that suppliers' values are aligned with those of ABC.

The supplier performance metrics are defined in the statement of work / contract / SLA and their performance is tracked against these metrics. Metrics for suppliers generally involve TAT, quality of service and feedback from internal and external customers. Supplier performance is evaluated on a regular basis and failure to meet the defined metrics results in meetings with the suppliers. If the performance does not improve further, then the supplier services are terminated. The contracts also carry a penalty / reward clause to incentivize the suppliers / partners

**6.2b(3)** ABC's approach to process improvement as mentioned in P.2c has been an evolutionary journey. Work process improvement is critical to the business to reduce variability and to improve the product / service delivery. Improvements are identified either during the SPP stage, performance review of projects / processes to the set goals or by the workforce. The KM Portal *Pegasus* is host to the idea bank of the improvement ideas by the workforce. Substantial cost reduction and process efficiencies have been seed on account of implementation of various ideas.

ABC systematically drives improvement that ensures both breakthrough and continuous improvement. Breakthrough improvement is achieved for large-scale improvement opportunities and can be deployed across the entire organization.



# ABC Services Ltd

Organizational-level projects are prioritized based on their impact on accomplishing organizational goals. The BE team along with cross-functional teams chartered for the improvements are guided by experienced Six Sigma Black Belts who guide the teams through the Six Sigma Define, Measure, Analyze, Improve, Control (DMAIC) methodology.

Besides Six Sigma, structured project management processes are followed the Project Management Office

(PMO) is a part of the BE department. Every business unit has project managers, employees who have been certified as Project Management Professionals (PMPs) through the Project Management Institute (PMI). These PMPs support and coach project team leaders throughout their improvement projects as well as operational projects. Improvement is validated through process measures that are tracked and reported monthly.

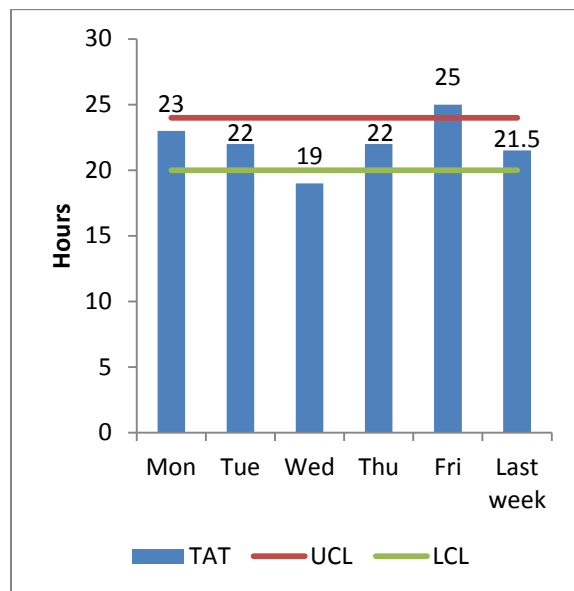
**Table 6.2-2: Key Work Processes & Requirements**

| Table 6.2-2       |      |  |  |   |
|-------------------|------|--|--|---|
| Key System        | Work | Key Work Process                                     | Key Requirements   | Performance Metric  |
| Sales & Marketing |      | 1. Lead Generation<br>2. Sales Process               | <ul style="list-style-type: none"> <li>Target Achievement</li> <li>Effective lead management &amp; conversion</li> </ul>                               | 1. New Customers added<br>2. Revenue Growth   |
| Service Delivery  |      | 1. Service Design<br>2. Project / Process Management | <ul style="list-style-type: none"> <li>Provide value to customer</li> <li>Meet / exceed SLAs</li> </ul>  | 1. Customer retention<br>2. Customer growth<br>3. SLA compliance                                  |
| HR                |      | 1. Recruitment<br>2. L&D                             | <ul style="list-style-type: none"> <li>Timely recruitment of “right” candidates</li> <li>Upgrading, cross-skilling and motivating employees</li> </ul> | 1. Number of open positions and average time to onboard<br>2. Workforce engagement & satisfaction |
| IT                |      | 1. IT infrastructure management                      | <ul style="list-style-type: none"> <li>Availability of systems, networks</li> <li>Help Desk</li> </ul>   | 1. System downtime<br>2. Time to respond to incidents/requests                                    |

## Category 7: Results

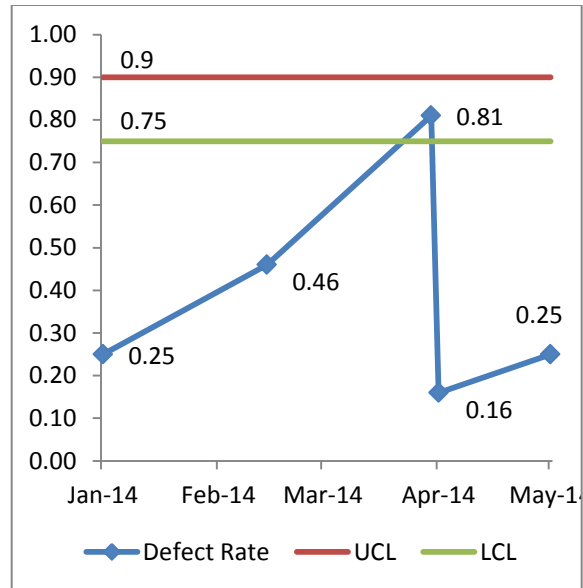
### 7.1 Product and Process Outcomes

**7.1a(1)** The primary measure of product/service and process performance that directly serve ABC's customers is SLA compliance. Two of the major factors of product/service are Schedule or TAT and Quality. These are tracked along with effort variance and cost variance (refer Table 6.2-1) on a weekly basis by the PRB team. The variance is calculated as per the formulas in the QMS. Upper and lower control limits for each project / process are identified based upon the SLA with the upper control limit being the SLA requirement. The performance is tracked for every project / process and then rolled up for each business unit which is then presented during the monthly senior leader meetings as well as the BE dashboard. Figure 7.1-1 is the representation for one of processes in the Transaction Processing business. The Quality parameter too is specified in the SLAs and Figure 7.2-2 provides the defect rate for one of the Application Maintenance projects. Dashboards and reports are mostly system generated and these will be presented during the site visit, Figure 7.1-3 is the annualized dashboard for the three business units.



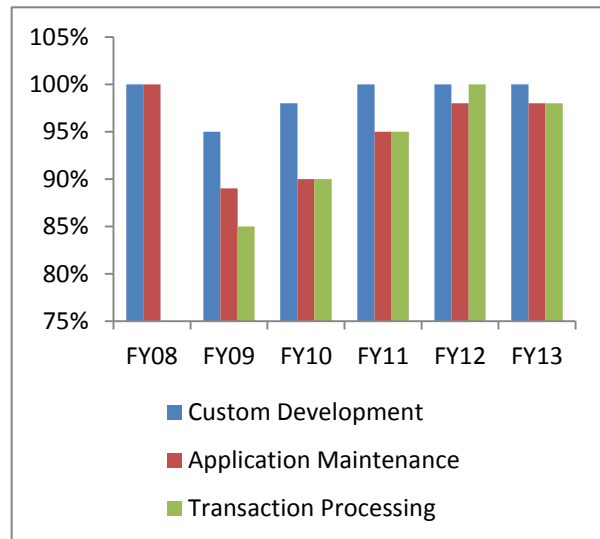
**7.1-1: Project Green TAT**

Customer complaints are another measure of product/process performance and ABC continuously strives to ensure "zero" complaints and Fig. 7.2-7 illustrates that there is a downward trend in the number of complaints as well as the resolution time.



**7.1-2: Defect Rate - IT Khoj**

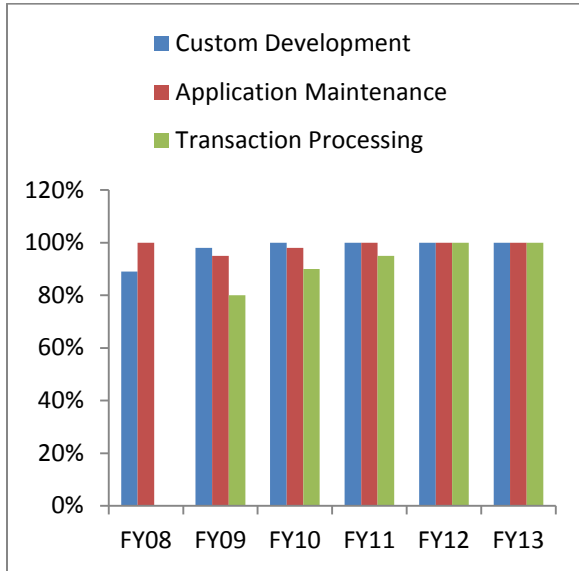
Satisfaction level of the customer's vis-à-vis competition is the measure and ABC conducted a third part survey in 2010, results of which are presented in 7.2-3.



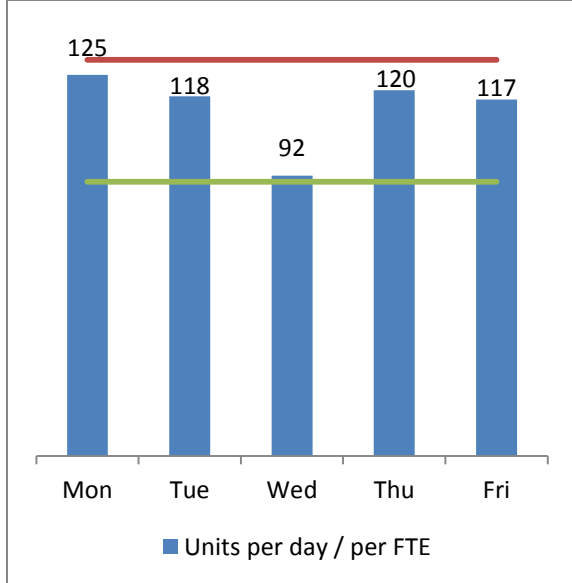
**7.1-3: ABC SLA Compliance Dashboard**

**7.1b(1)** Effort variance, cost variance, size variance, productivity are the internal measures used to indicate effectiveness of operational performance. These measures are also tracked on a weekly basis, similar to the schedule and quality parameters. All these measures are generated from *TrackOn* and available for review in real-time. Costs are tracked at the project level as well as the business unit level.

Effort and productivity are project / process specific and are tracked through the workflow system and can be generated from the system. Fig. 7.1-5 shows the productivity for one week for one of the projects in the Transaction Processing business unit. Fig. 7.1-4 is the annualized budget compliance of all the business units.



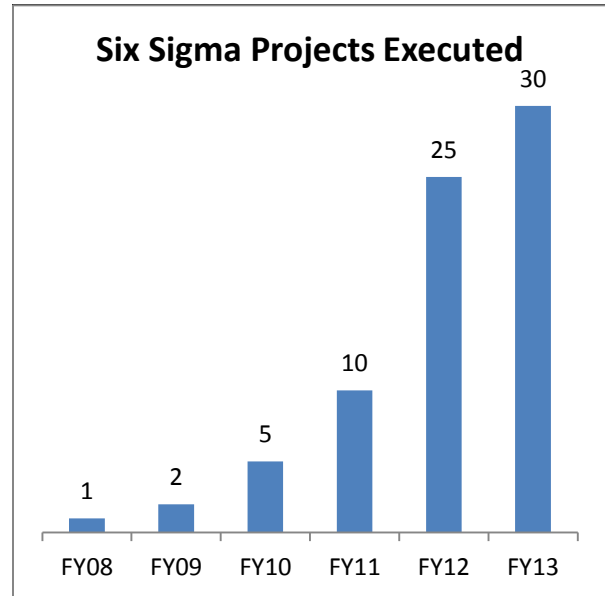
**7.1-4: ABC Annualized Budget Compliance**



**7.1-5: Productivity – Indexing Project**

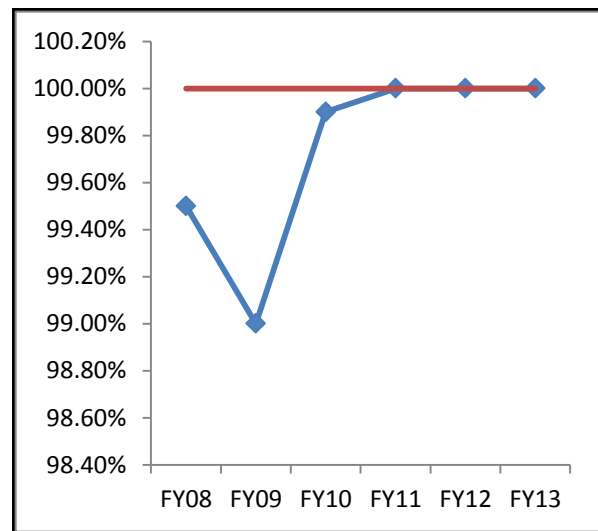
Process improvements, are carried out by the BE team with cross-functional teams using the Six Sigma approach. An increasing number of Six Sigma projects

are being seen as illustrated in Fig. 7.1-6. Details of these projects can be shared during the visit

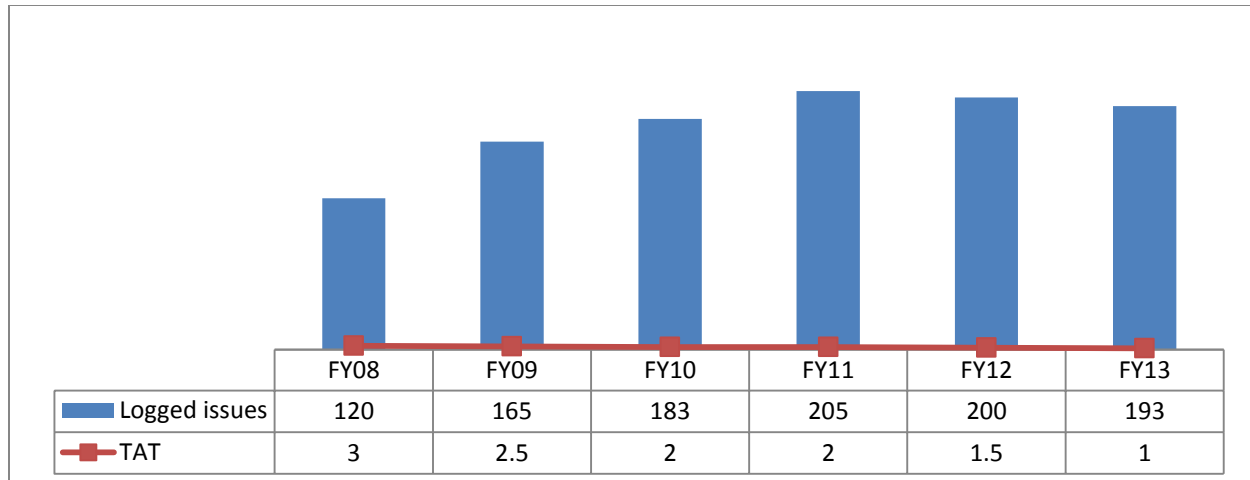


**7.1-6: Improvements through Six Sigma**

The IT team tracks system uptime (Fig. 7.1-7) and the TAT for logged issues/incidents (Fig. 7.1-8), which is the measure used to track the effectiveness of the IT infrastructure team.



**7.1-7: System Uptime**



**7.1-8: TAT for logged IT incidents**

**7.1b(2)** Fire Drills and other DR drills are run on critical business applications at planned intervals. Status of the drills (Fig. 7.1-9) is tracked using the Red-Amber-Green colour coding for visual effect as to the emergency preparedness of the organization, as well as alerting the management for urgent attention.

|             | Q1 FY10 | Q3 FY10 | Q2 FY11 | Q4 FY11 | Q1 FY12 | Q3 FY12 | Q2 FY13 | Q4 FY13 |
|-------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Fire Drills | Amber   | Green   | Green   | Amber   | Green   | Green   | Green   | Green   |
| DR Drills   | Amber   | Amber   | Green   | Amber   | Green   | Green   | Green   | Green   |

**7.1-9: Mock Drills**

**7.1c** ABC measures achievements against the targets outlined in the SPP (refer Table 2.1-1) and the key performance indicators for these targets along with their reference are given in 4.1-1. Core competencies are reviewed during the SPP after due consideration to the market analysis reports.

## 7.2 Customer Focused Outcomes

**7.2a(1)** Figure 7.2-1 below illustrates the overall satisfaction of ABCs customers for the three business units over the past six years and as per the CSAT conducted by the BE team. There is a positive trend seen in the overall satisfaction and a substantial drop in the dissatisfaction as can be seen from Figure 7.2-1. The goal is *zero* dissatisfaction.

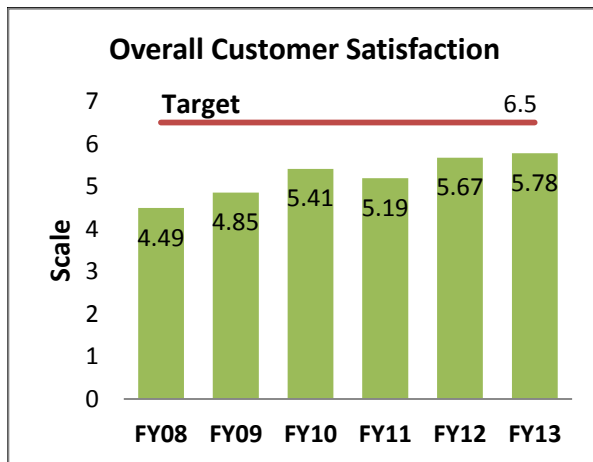


Figure 7.2-1: Overall Customer Satisfaction

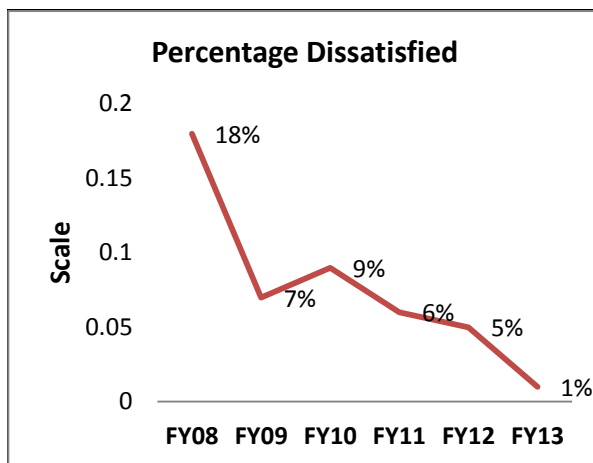


Figure 7.2-2 Percentage of Dis-satisfied Customers

The senior leadership and BOD initiated a third party survey in 2010 to benchmark ABC services and perception in the market. Figure 7.2-3 illustrates the survey results compared with the best-in-class on five parameters. ABCs scores on price were better than the best-in-class competitor, and the communication parameter was as good as the best-in-class. On quality too, there is a close match. ABC is cognizant of the

fact that there is work needed in the product/service features space and the product team was created in 2011 to ensure that ABC is competitive in the market/industry.

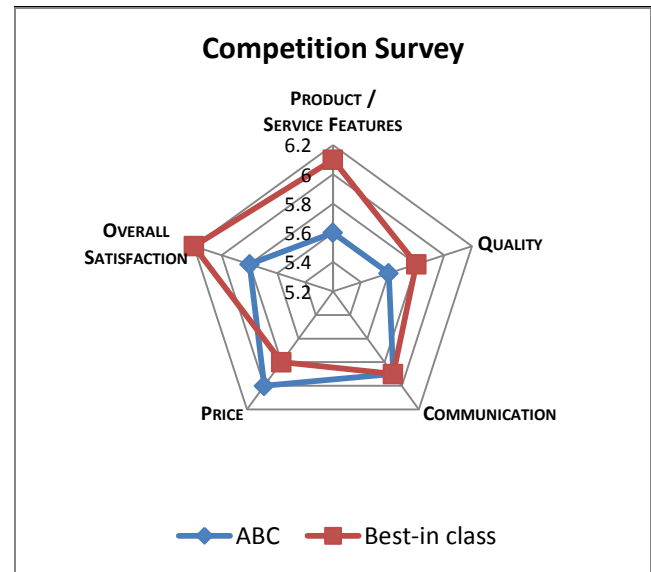


Figure 7.2-3: Competition Survey

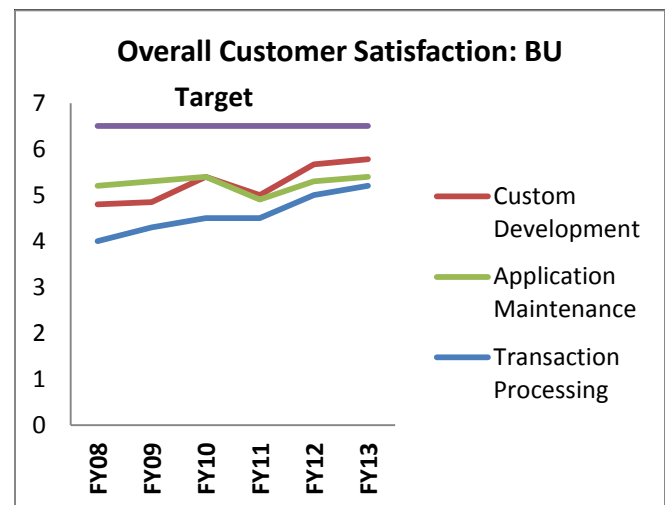


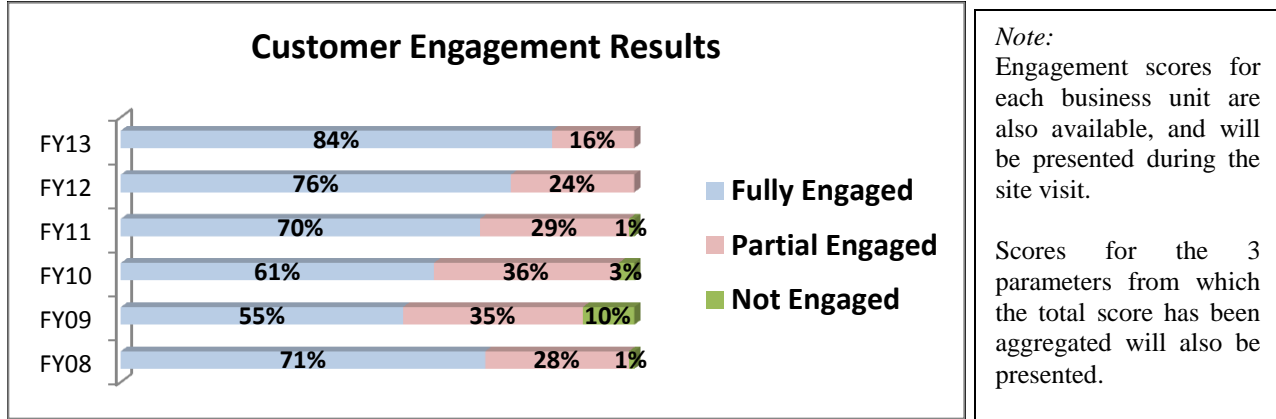
Figure 7.2-4: Overall Satisfaction per BU

In Figure 7.2-4 the upward trend of the overall satisfaction for the three business lines is clearly visible. Transaction Processing has seen a fairly steep rise in satisfaction and this is because of ABCs innovative use of technology to ensure SLA compliance of timely delivery and consistent quality. Several other quality initiatives, compliance with the SDLC and SMLC has led to the increased satisfaction scores for the other two business lines of custom development and application maintenance.



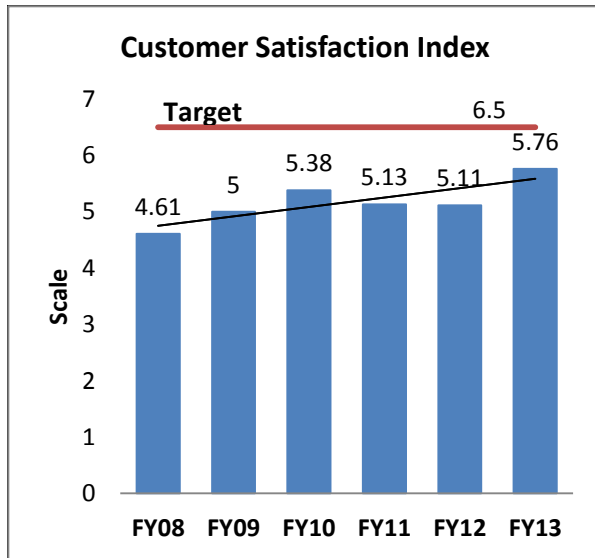
**7.2a(2)** The aggregated percentage score for customer engagement from the annual CSAT is given in Figure 7.2-5. ABC's goal is to have no disengaged customers. In 2009 there was a drop in the percentage engaged scores, but FY13 scores with no disengaged customers is the result of preventive actions and

improvements in the service delivery for all business units. This is further ratified by the drop in the number of complaints as can be seen from Figure 7.2-7.



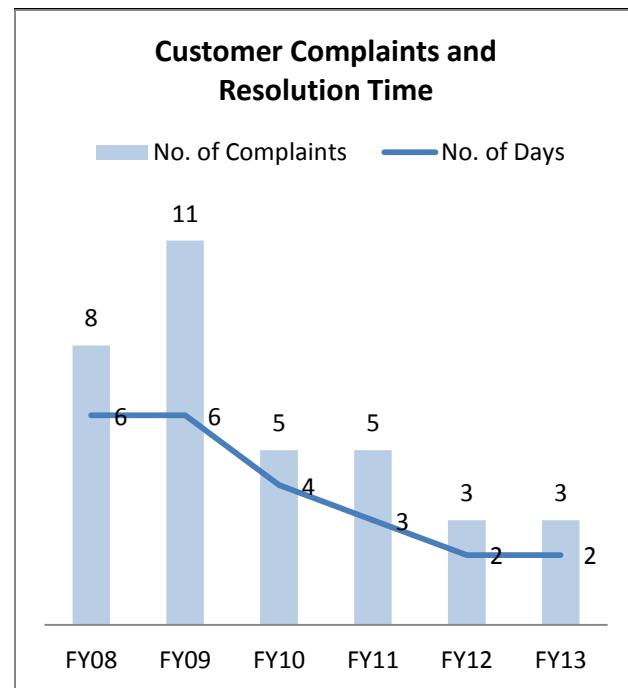
**Figure 7.2-5: Customer Engagement Score**

Figure 7.2-6 is the customer satisfaction index with a healthy upward trend.



**Figure 7.2-6: Customer Satisfaction Index**

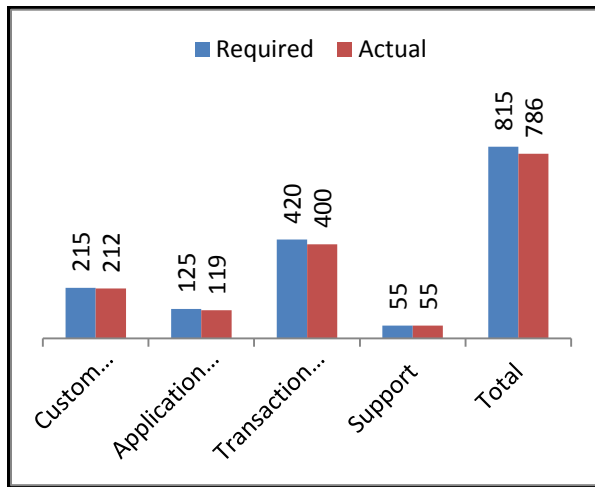
The weekly dashboard published by the BE team on the analysis of complaints, issues, etc. will be presented during the site visit. Figure 7.2.7 provides a high-level view of the reduction in both the complaints as well as the time for resolution, which has resulted in greater customer satisfaction and engagement.



**Figure 7.2-7: Customer Complaint Data**

### 7.3 Workforce Focused Outcomes

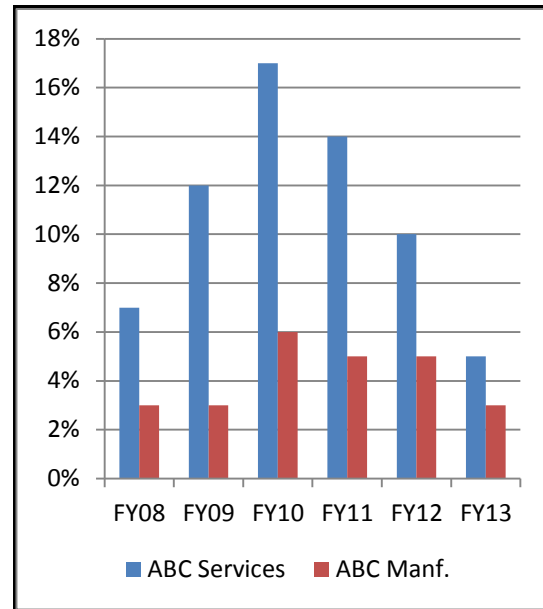
**7.3a(1)** Workforce capability & capacity requirements are tracked through *HR Mantra* which is updated by HR based upon requests for new skills, capacity or replacement of resources. HR Head in the monthly dashboard presents the staffing levels and Figure 7.3-1 illustrates the levels across the organization for June 2014. All staffing levels reports are generated business unit, function, project / process wise through *HR Mantra* making it easy to identify trouble areas and take both corrective and preventive action.



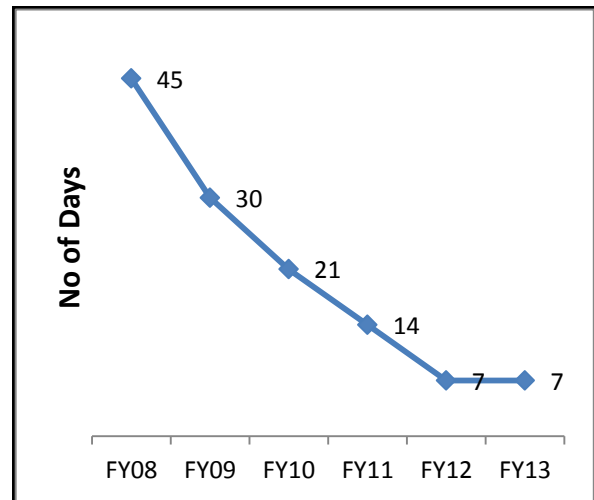
**Fig 7.3-1: June 2014 Staffing Levels**

Attrition levels (Fig. 7.3-2) have also gone down significantly after combating attrition trends. Several engagement initiatives were implemented and continue to be enhanced including investment in L&D and other fun activities. Attrition and workforce satisfaction is benchmarked along with ABC Manufacturing and best practices for retention and other revelations from the survey are used to ensure employee satisfaction.

The number of open positions has also seen a decrease annually (Fig. 7.3-3) because of the reduction in recruitment cycle times after the recruitment partners were made part of the capability and capacity planning. The TAT is also significantly improved because of bulk recruitment of entry-level positions for the Transaction Processing business.



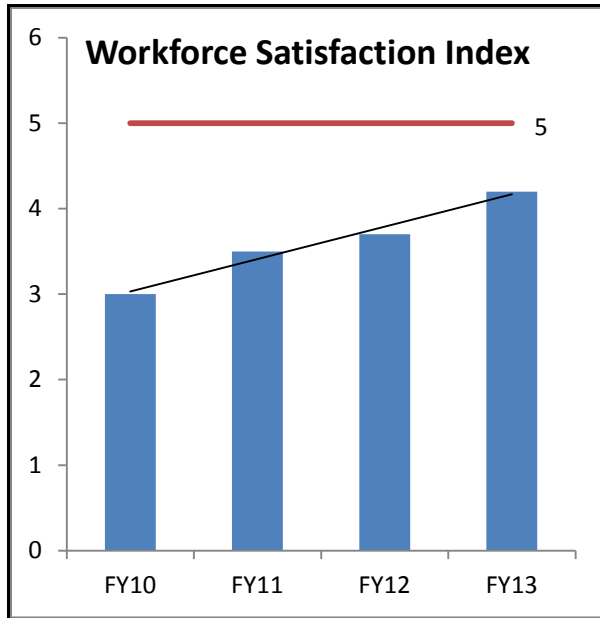
**Fig 7.3-2: Attrition Trends**



**Fig 7.3-3: Recruitment Cycle Time**

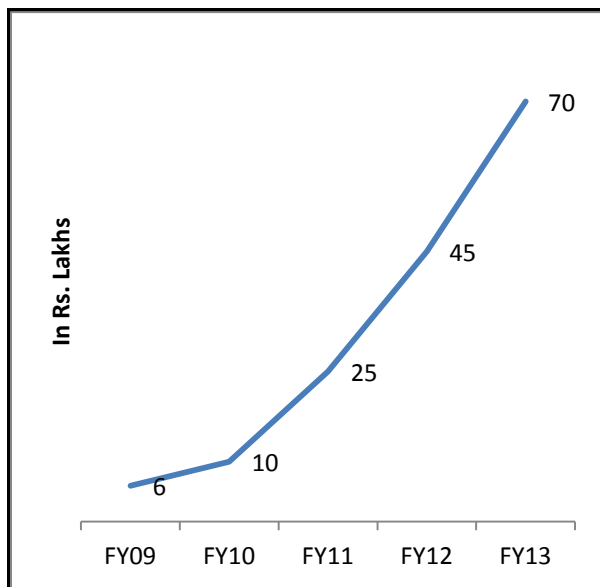
**7.3a(2)** The workforce satisfaction and engagement survey tracks employee feedback on several parameters from their team, supervisor, manager and SLT to their work. The scores have changed over time and Fig. 7.3-4 presents the overall satisfaction index. Workforce climate survey results are benchmarked with ABC manufacturing (not including workers). The third party annual survey was instituted in late 2010 when attrition levels were very high. The exit interviews had provided some insights, but the SLT

felt that an independent view, may surface the hidden reasons.



**Fig 7.3-4: Workforce Satisfaction Index**

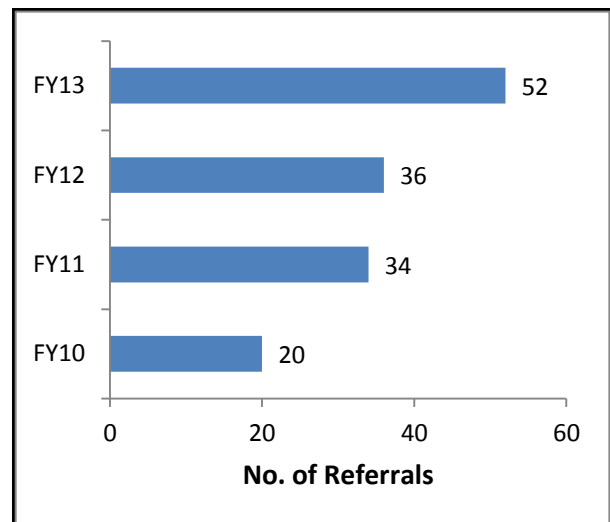
Fig. 7.3-5 provides the ABCs investment in R&R programs, josh activities and other events. The investment has gone up significantly and is important and necessary to ensure workforce continued engagement.



**Fig 7.3-5: Workforce Welfare Expenses**

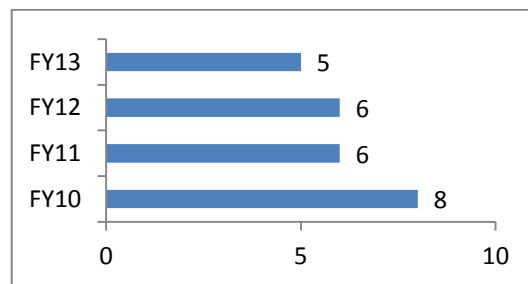
The increase in welfare expenses can be attributed to the increase in the entry level workforce. The younger generation motivating factors are fun and parties. This was revealed from the survey as well that the younger generation seeks instant gratification and reward for work well done. Table 7.3-1 lists the various fun@work activities that have increased the workforce welfare spend.

The employee referral program initiated in 2010 is another indirect indicator of workforce engagement and as can be seen in Fig. 7.3-6 the number of referrals is increasing. This is also the outcome the workforce perceiving the organization as a fun place to work.



**Fig 7.3-6: Employee Referrals**

ABC considers associate absenteeism a measure that is related to both workforce satisfaction/dissatisfaction and a healthy and safe work environment. Figure 7.3-9 shows that the average number of days absent per employee over the last five years has been dropping.

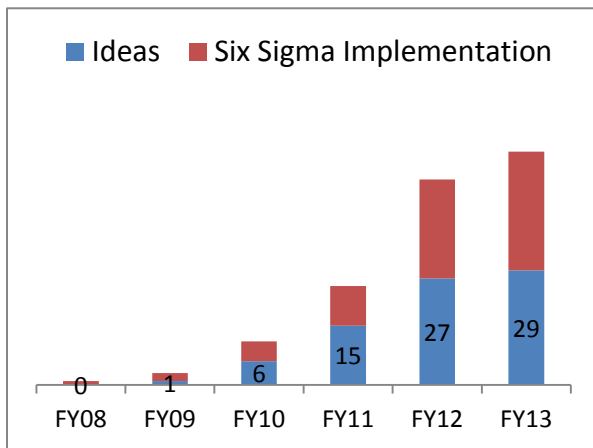


**Fig 7.3-9: Absenteeism days per employee**

**Table 7.3-1: Fun@Work Activities**

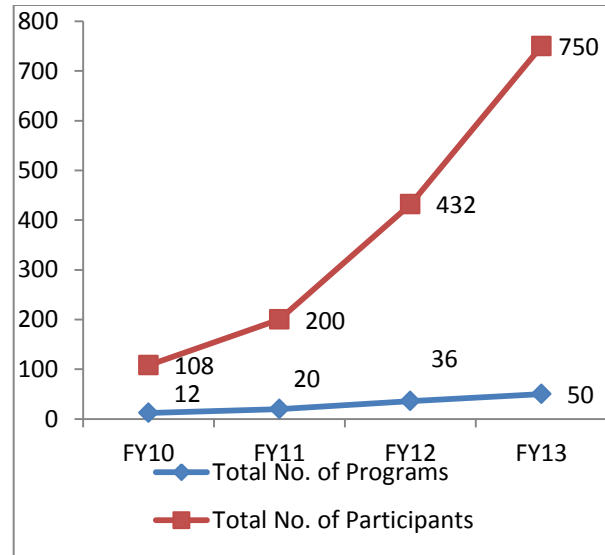
|   |
|---|
| Friday 1-hour Jam sessions  |
| Tickets to movies for team performance  |
| Hobby classes   |
| Dinner & party at project closure   |
| Intranet Quiz on several topics programs and reward for the top three respondents |
| Rewards for the best idea every month   |
| Special cash incentive to employees recognized by the customers                   |

Figure 7.3-7 lists the number of ideas recommended by the workforce. Some of these ideas were undertaken as Six Sigma projects and since some of them represented only small changes to a process, they were implemented without any project being assigned. The increase in the number of recommendations is also an indicator of increased engagement.



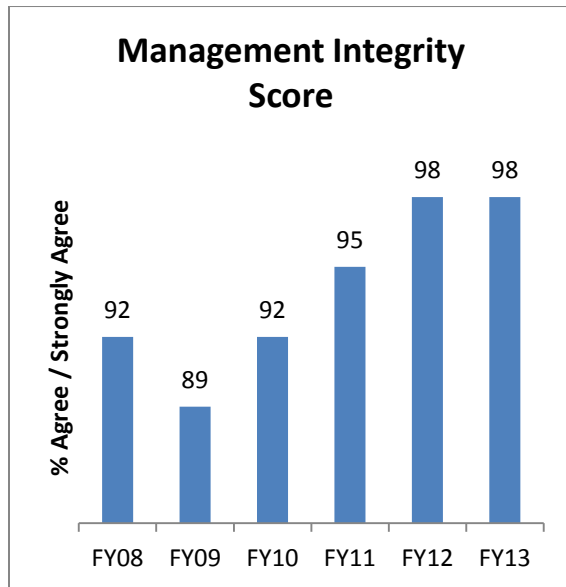
**Fig 7.3-7: Idea Generation**

**7.3a(4)** The L&D activity is reviewed on a monthly basis and Figure 7.3-9 provides details for training other than the induction and OJT. As can be seen from the figure the average number of participants has increased each year. This can be attributed to the implementation of programs that the workforce indicated interests.

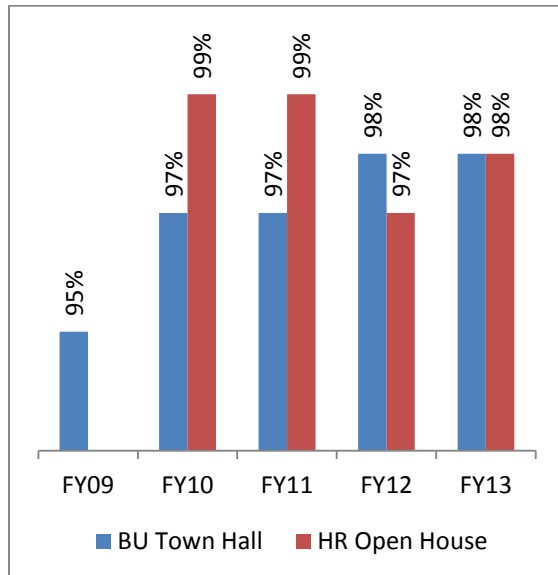


## 7.4 Leadership & Governance Outcomes

**7.4a(1)** The key measure of senior leaders communication and engagement with the workforce is the annual workforce satisfaction and engagement survey conducted by a third party. Figure 7.4-1 and 7.4-2 provide the ratings on two of the questions, workforce satisfaction (7.3-??) and management integrity (7.4-1).



**Figure 7.4-1: Management Integrity Score**



**Figure 7.4-2: Two-way Communication - Attendance**

Table 1.1-3 outlines the communication methods deployed at ABC by senior leaders. Figure 7.4-2 illustrates the success of two-way communication of the BU Town Halls and the HR Open House. The HR Open House which is a team wise closed group meeting was initiated in FY10 since there was an influx of new recruits in FY09 and senior leaders decided that it would be better to have the meetings with smaller groups.

**7.4a(2)(3)** ABC complies with all applicable laws and regulations and to date there have been no non-compliance or adverse findings. Table 7.4-1 below illustrates this claim:

**Table 7.4-1: Fiscal Accountability**

| Internal Controls      | Performance Parameter  | Actual Performance   |
|------------------------|--|--|
| Account reconciliation | 100% reconciled accounts   | 100% reconciled accounts on a quarterly basis  |
| Internal Audit         | 100% adherence to the requirement<br><br>Exceptions to be signed off by the Directors      | 100% adherence to the process<br><br>Exceptions pre-approved by the Directors                        |
| Statutory Audit        | 100% true and fair view of financial performance and no qualifications in the audit report | 100% true and fair view of financial performance and no qualification in the audit report since 2007 |
| Tax audit              | Correct & accurate computation of income tax , liability and its payments                  | No issues reported in audit report since 2007  |

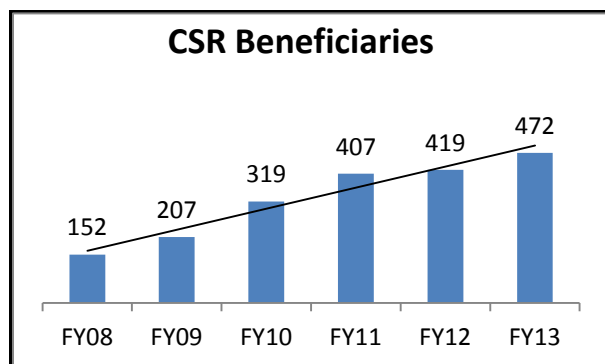
**7.4a(4)** ABC demonstrates consistent improvement over time on a variety of legal and ethical measures (Table 7.4-2). Ethical competency scores represent the post-education sessions / online course test scores after ethical training; this training has resulted in a downward trend in ethical and legal findings by an internal auditor.



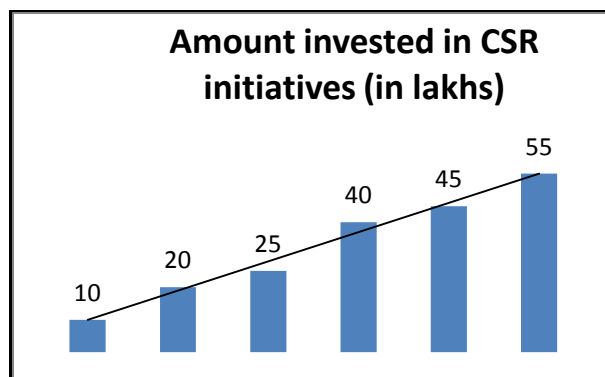
**Table 7.4-2: Governance & Ethics**

|                            | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 |
|----------------------------|------|------|------|------|------|------|
| Code of Conduct Compliance | 100% | 100% | 100% | 100% | 100% | 100% |
| Ethical Competency Score   | 94%  | 98%  | 100% | 97%  | 100% | 100% |
| No of Whistle Blower Cases | 0    | 1    | 0    | 0    | 0    | 0    |
| No of employee dismissals  | 0    | 1    | 0    | 0    | 0    | 0    |
| External audit compliance  | 100% | 100% | 100% | 100% | 100% | 100% |
| % of Legal compliances     | 100% | 100% | 100% | 100% | 100% | 100% |

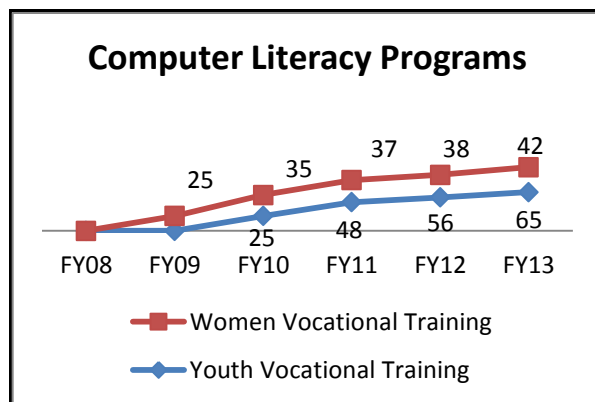
**7.4a(4)** ABCs CSR initiatives are illustrated in Table 1.2-4. The organization's approach to fulfilling societal responsibilities is to empower and help people to help themselves. A total of almost 2000+ (Figure 7.4-3) individuals have directly benefitted from the various initiatives of the organization with a total spend of Rs 195 lakhs (Fig. 7.4-4) over the past eight years. Results of the computer literacy programs to empower women & youth (Fig. 7.4-5), the blood donation drives and free health checkup (Fig. 7.4-6), and the special aids given to differently abled individuals (Fig. 7.4-7) are presented. All results show an increasing trend revealing ABCs social sensitivity.



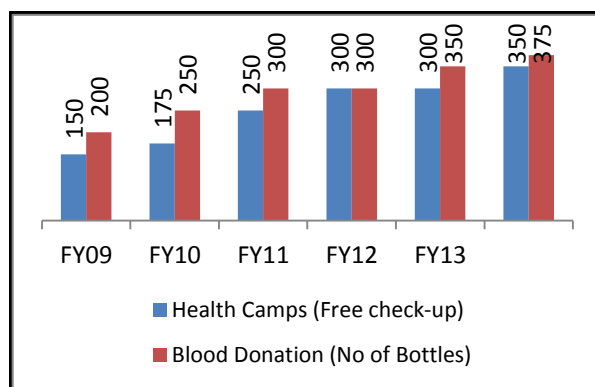
**Figure 7.4-3: CSR Beneficiaries**



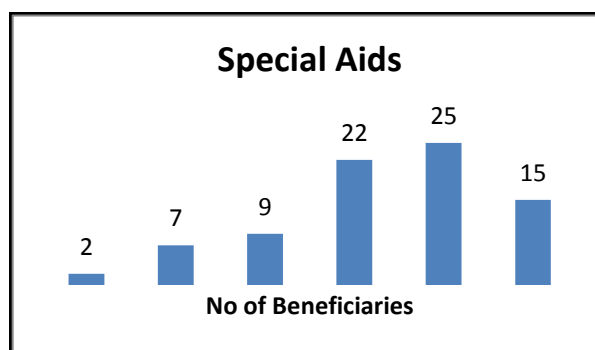
**Figure 7.4-4: CSR Total Spend**



**Figure 7.4-5: Empowerment**



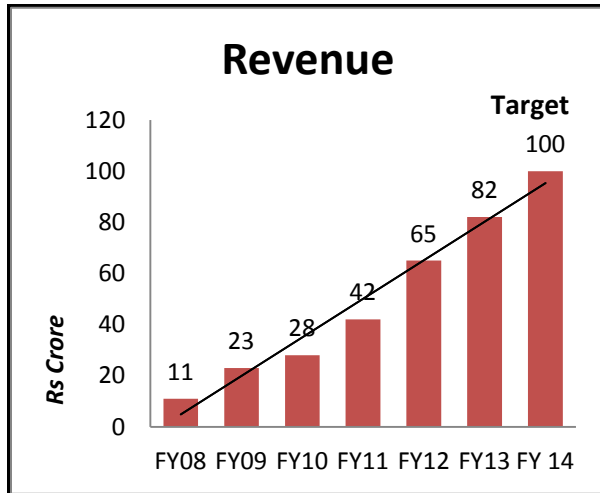
**Figure 7.4-6: Health Initiatives**



**Figure 7.4-7: Special Aids Beneficiaries**

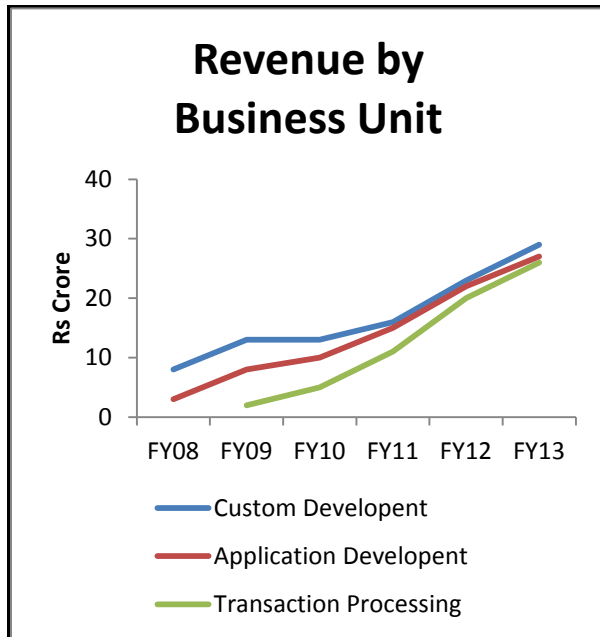
## 7.5 Financial & Market Outcomes

**7.5a** Revenue growth is a measure of ABC's success in the IT industry and in a short span of less than a decade the organization has seen a steady growth as can be seen in Fig. 7.5-1. The company has a target of Rs. 100 crore in FY 2014.

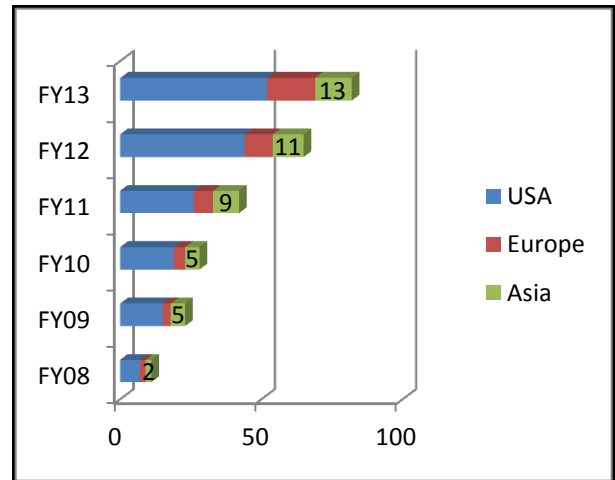


**Figure 7.5-1: ABC Revenue**

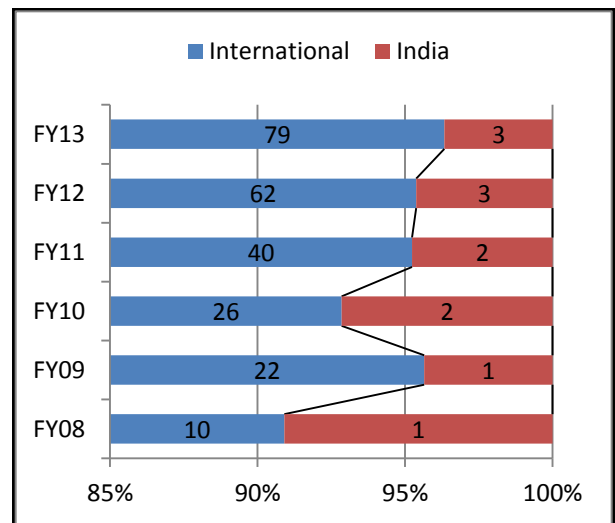
Figures 7.5-2 and 7.5-3 illustrate revenue by business unit and geography. The strategic objective for 2015 is to grow the domestic market and as can be seen from Fig. 7.5-4, there is much scope for improvement.



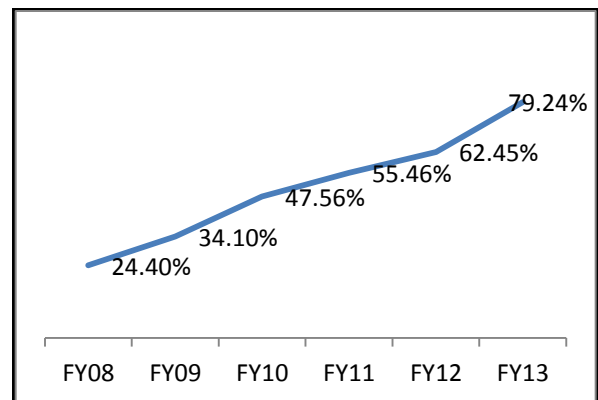
**Figure 7.5-2: Revenue by Business Unit**



**Figure 7.5-3: Revenue by Geography**



**Figure 7.5-4: Revenue: International v/s Domestic**



**Figure 7.5-5: Cash & cash equivalent to total revenue**

## ABC Services Ltd

ABC secures financial information on competitor organizations from company websites and other published material such as Annual Reports. Figures 7.5-6 and 7.5-7 are EBIT and PAT margin comparisons with the closest competitor.

*Note: The financial graphs presented here are for representational purposes only and have no relationship to each other.*

*Other financial data such as ROE, Operating Expense, Operating margin, performance against budgets, business unit wise profitability can be presented.*

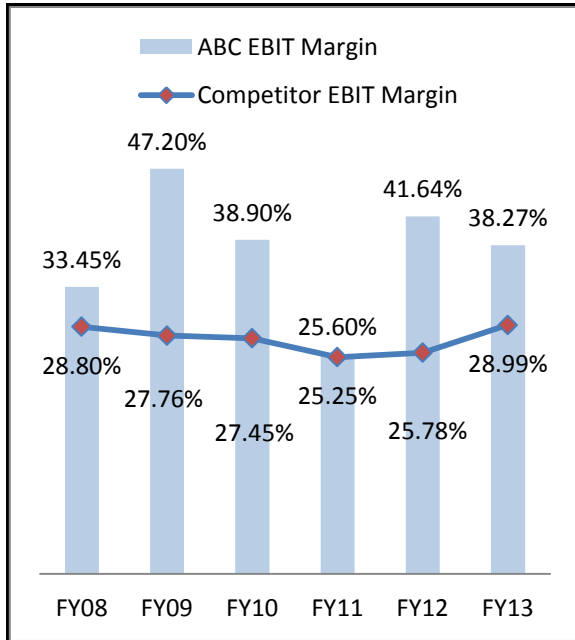


Figure 7.5-6: EBIT comparison

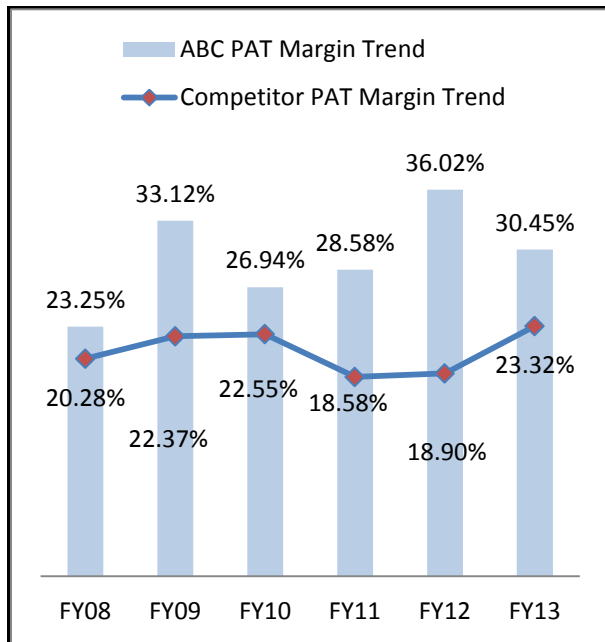


Figure 7.5-7: PBT comparison

# Glossary of Abbreviations

|                |   |                |   |
|----------------|---|----------------|---|
| <b>B</b>       |   | <b>M</b>       |   |
| <b>BCP</b>     | Business Continuity Plan                      | <b>MDP</b>     | Management Development Program                |
| <b>BE</b>      | Business Excellence                           |                |   |
| <b>BI</b>      | Business Intelligence                         |                | <b>O</b>                                      |
| <b>BOD</b>     | Board of Directors                            | <b>OJT</b>     | On the Job Training                           |
| <b>BPO</b>     | Business Process Outsourcing                  | <b>OPEX</b>    | Operating Expense                             |
| <b>BU</b>      | Business Unit                                 |                |   |
| <b>C</b>       |   | <b>P</b>       |   |
| <b>CAPEX</b>   | Capital Expense                               | <b>PAT</b>     | Profit after Tax                              |
| <b>CEO</b>     | Chief Executive Officer                       | <b>PIP</b>     | Performance Improvement Plan                  |
| <b>CFO</b>     | Chief Financial Officer                       |                |   |
| <b>CFT</b>     | Cross Function Tea                            |                | <b>Q</b>                                      |
| <b>CMO</b>     | Chief Marketing Officer                       | <b>Q&amp;A</b> | Question & Answer                             |
| <b>CMPF</b>    | Competency Management & Performance Framework | <b>QMS</b>     | Quality Management System                     |
| <b>CRM</b>     | Customer Relationship Manager                 |                |   |
| <b>CSAT</b>    | Customer Satisfaction                         |                | <b>R</b>                                      |
| <b>D</b>       |   | <b>R&amp;R</b> | Reward & Recognition                          |
| <b>DR</b>      | Disaster Recovery                             | <b>RFP</b>     | Request for Proposal                          |
|                |   | <b>RFQ</b>     | Request for Quote                             |
| <b>E</b>       |   |                | <b>S</b>                                      |
| <b>EBIT</b>    | Expense before Income Tax                     | <b>S&amp;M</b> | Sales & Marketing                             |
|                |   | <b>SLA</b>     | Service Level Agreement                       |
| <b>F</b>       |   | <b>SLT</b>     | Senior Leadership Team                        |
| <b>FTE</b>     | Full Time Employee                            | <b>SPP</b>     | Strategic Planning Process                    |
|                |   | <b>STPI</b>    | Software Technology Park of India             |
| <b>H</b>       |   |                | <b>T</b>                                      |
| <b>HOD</b>     | Head of Department                            | <b>TAT</b>     | Turnaround Time                               |
| <b>HR</b>      | Human Resources                               |                |   |
| <b>I</b>       |   |                | <b>U</b>                                      |
| <b>IIM</b>     | Indian Institute of Management                | <b>UK</b>      | United Kingdom                                |
| <b>IP</b>      | Individual Plan                               |                |   |
| <b>IT</b>      | Information Technology                        |                | <b>V</b>                                      |
| <b>ITES</b>    | Information Technology Enabled Services       | <b>VAPT</b>    | Vulnerability Assessment & PenetrationTesting |
|                |   | <b>VMV</b>     | Vision Mission Values                         |
|                |   | <b>VOC</b>     | Voice of Customer                             |
| <b>J</b>       |   |                |   |
| <b>JD</b>      | Job Description                               |                |   |
| <b>K</b>       |   |                |   |
| <b>KM</b>      | Knowledge Management                          |                |   |
| <b>KPI</b>     | Key Performance Indicator                     |                |   |
| <b>KRA</b>     | Key Result Area                               |                |   |
| <b>L</b>       |   |                |   |
| <b>L&amp;D</b> | Learning & Development                        |                |   |
| <b>LOB</b>     | Line of Business                              |                |   |

