Junior & Mid Level Leadership : Tenacious Technology Solutions (TTS)

Introduction

Tenacious Technology Solutions (TTS) is a 20 year old privately held software solutions provider located at Bangalore, with 3 branches located in the USA, Dubai and Singapore. The founder, a first generation Indian engineer, Naresh Rao started the firm from very humble beginnings at Bangalore in 1994. The early years featured long processes of persuading the prospective clients in making them develop trust in technology. Most clients in the early 90s were apprehensive about making software solutions as the sole driver of running their business. However, over a period of ten years, there were 7 client firms mainly from the FMCG and retail sectors who were regulars. A graph showing the gradual increase in turnover at the TTS is as shown below.

It is seen that the Annual Growth Rate in terms of turnover remained between 2-5% up to 2005 and after 2005, it was a different story. The growth spurted with a new built confidence which resulted in three successive years from 2006-09 boasting a CAGR of over 11%. This was mainly due to the beginning of the boom in the retail sector. Likewise, the profits, which remained between 4-9% till about 2006, entered double digits and by 2009-10, the annual profits were in the range of 22%. It should be noted that the CAGR fell marginally in 2008-10 due to recessionary conditions across the World, but saw a leap in 2010-11 which was the result of fresh, large scale investments in the retail

sector. In 2009-14, the firm has regularly earned profits in excess of 20%, the last financial year, it stood at 28%.

It may be noted that several US, UK and European Union retail chains established or refreshed their investments in their back offices in India in 2002-2008 and this trend went through a down turn in 2008-11. Again, these investments picked up after the weak or unsustainable investments were weeded out. It is interesting to note that many of the 1990s' start-ups in the IT-ITES (IT and IT Enabled Services) which were not growing at a fast pace focused their attention to the retail sector and the support services for the retail sector. Tenacious Technology Solutions (TTS) is one such firm from Bangalore which survived from 1994 to 2000, consolidated from 2000 to 2007 and started excelling in what it does from then on.
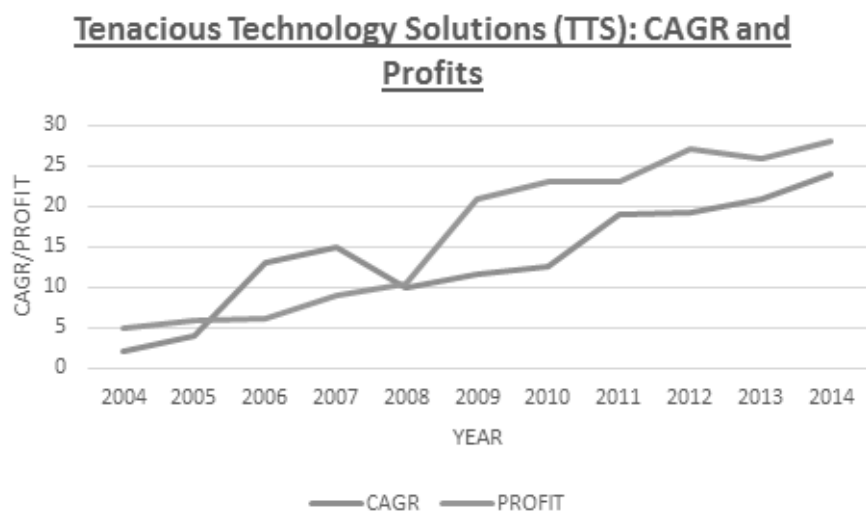
TTS specializes in providing software solutions, service and new product deliveries mainly in the area of bulk & retail logistics and retail firms. In the last few years, TTS has been identified as one of the fastest growing firms in its class and type. The turnover of the company, is presently around $ 100 million and from the 12th year of inception to the 16th year, grew at a steady rate ranging between 9-16 %. However, in the last four years, due to a sudden spurt in the number

of clients in the domain areas, the CAGR has grown at over 20%. Year on year growth of net profit for the current financial year is expected to cross 24%. The management is considering going public within the next 2 years as the expected high growth in the logistics and retail domains are seen to be extremely encouraging for the next 20 years. Currently, TTS employs over 3000 personnel with around 1700 at Bangalore and the remaining distributed in the local offices and client locations managed from Dubai, Chicago and Singapore. Over 73% of the employee force from top to bottom are engineers and programmers.
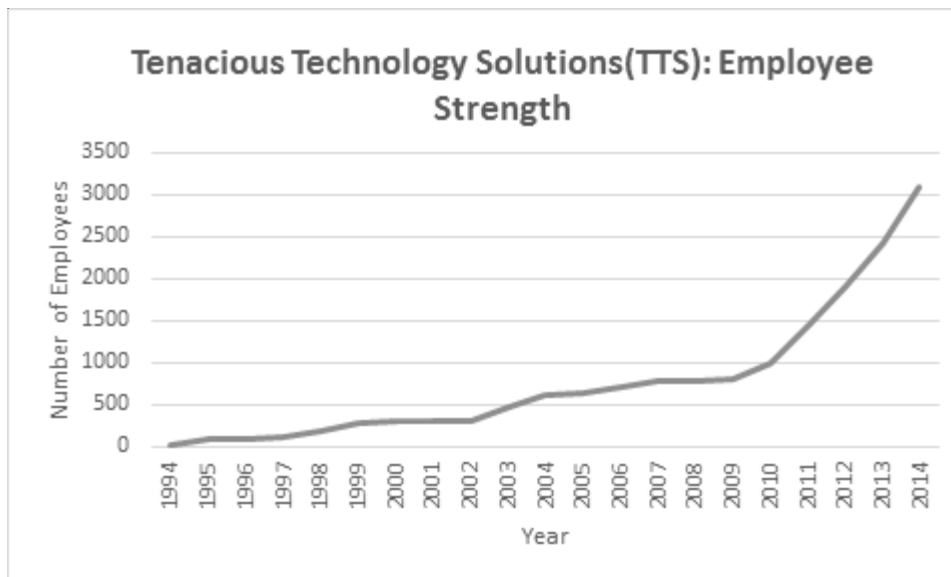
The Organisation

TTS follows the classic IT firm organization matrix of having 6-8 levels and 6 verticals. Among these, the verticals of Transportation Logistics and Air Logistics are relatively new additions with less than 3 years of existence. An organisation chart of TTS showing key designations is as shown below.

As TTS is seeing continuous growth in the last 10-12 years, the organisational structure also has seen regular changes. The designations of Chief Innovation Officer (CIO) and VP M&A have been

added in the last 5 years. CEO and President, Aryan Sharma is an alumnus of a reputed American B School specialising in Strategy and the COO is Mike Curran, a South African by birth and an alumnus of NUS, Singapore and he has been in India for the last 22 years. Mike is also the Global Delivery Head for regions other than the Asia Pacific or APAC. Narayan Prasad is the Delivery Head APAC region.
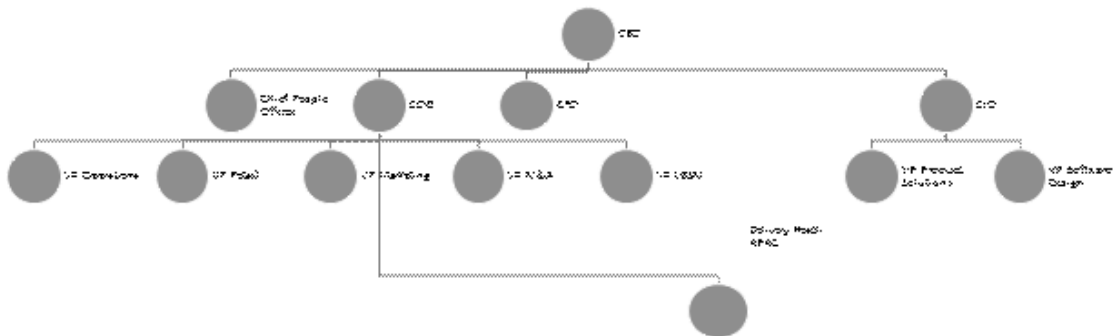
For any first time visitor to the TTS headquarters in Bangalore, the most significant cultural element visible will be the informal and cordial atmosphere in the premises. However, professional work ethics and efficiency are evident in the firm by the results produced. That is, the informality and cordiality are a result of the deliberation and care taken by the founders to ensure a conducive atmosphere in the work premises. In the past two decades, in Bangalore and in the overseas locations, TTS has earned a name as one of the better places to seek employment.

TTS prides itself for cohesion among its people, well laid out administrative practices including that of pay and perks. The career progression of its executives is expected to match the best in about 5-6 years and right now, TTS is in the second rung as regards to the net value of employment.

Continuous expansion of business areas into new and upcoming fields has resulted in TTS attracting people from varied back grounds including those qualified in accountancy, hotel management, insurance management, retail management etc.

The 'TTS Spirit' as the founders and the senior executives who grew with the organization refer to, is the ethos of the organization since its inception, by which they say the organisation has become what it is now. TTS Spirit can be effectively explained with the following five catch phrases,

• Not Giving Up

• Never Losing a Client

• Gracefully Admitting a Mistake

• Treating Employees With Respect

• Taking Quality of Service Seriously

It has become a habit for TTS executives to speak about morality, ethics etc and sometimes for other executives visiting TTS it seems a bit odd in today's environment. Nevertheless, Naresh Rao, the founder is very fond of lecturing the new recruits among his engineers proudly about this 5 mantras of TTS Spirit when they arrive. When such a spirit flows down from the top, the senior executive cadre seem to have internalized the phrases and do not hesitate to speak about the importance of these frequently whenever they meet the mid and junior level executives.

In fact, TTS has never lost a regular client due to poor quality of product or service in the business other than in those cases where the client needed to discontinue the contract due to poor business environment or bankruptcy or such reasons which are beyond control.

Background of the Case

Currently, there are 6 major clients who form 30% of the total business being serviced from Singapore. The clients are spread across Taiwan, Malaysia and China. A team of experienced domain service personnel and specialists has been in place at Singapore for the last 14 years. The 6 major clients have developed a very healthy working relationship with TTS have been highly impressed about the work ethics, culture and proficiency of the TTS and its executives.

Lately Narayan Prasad, stationed at Bangalore has been receiving a series of observations and complaints from the senior executives at one of the 6 clients located at Malaysia about the service team of TTS located with them. Delivery Head Singapore, Percy Chang who reports to Narayan Prasad has not been able to solve the problem, hence the client has reached out to the Bangalore HQ. The client does not want to harm the long running relationship with TTS.

TTS's business with this particular Malaysian client is to the tune of 7% of its turnover and on an average has resulted in 8-10% of its profits. The client's core business of retail logistics being very dynamic in nature, the continuous software, software maintenance and data analysis support given by TTS on site matters in a significant way to the client firm. Narayan Prasad would always be in touch with the senior executives of this client firm and has seen to it that TTS is sensitive to their needs.

Narayan Prasad reports to BM Rao, Global Delivery Head, also stationed at Bangalore. Rao and the VP Operations at the Malaysian client company being old friends, he has come to know that there is an issue to be resolved at Malaysia. Rao has told Narayan Prasad to rush to Malaysia to sort out the problem as well as complete some pending personal meetings with other Malaysian clients. There is also a new business opportunity which the TTS management are exploring at Singapore-Malaysia.

Briefly, the Back Ground of the Problem is as Under

The TTS service team of 8 engineers comprising of two groups of 4 provides around the clock service to the client at his location in Malaysia. That involves working in two shifts and each team member will get few night duties where one needs to be alert and working. Even the team head or group head gets the same duty as the team members.

The team is headed by Raj Sharma, Project Manager, a software engineer having 8 year domain experience and a PGDM graduate. In

addition to his duties as the Project Manager, he also functions as one of the group leaders. The other group is headed by Piloo Shroff, Assistant Project Manager, a software engineer with 5 year experience. At least 6 of the 8 executives have been working on the same project for the last one and a half year.

Raj Sharma and Piloo Shroff have domain experience in the technical aspects of the work such as software support and servicing as well as exposure to managerial aspects of the client servicing work. Raj Sharma is both a people manager as well as the on-site trouble shooter for the TTS. He, on operational matters reports to Percy Chang at Singapore. The remaining team members are all domain specialists trained specifically for the retail and logistics sector at the TTS HQ in Bangalore, once they had joined TTS after completing BE/B Tec in Computer Science or Electronics Engineering.

The Observation and Complaint

There are 3 reported cases of engineer on duty not being alert in the last 3 months. As the night duties are distributed by roaster, Raj Sharma works on one night duty in 15 days and Piloo Shroff works for 2 night duties in 15 days. The remaining 6 team members get 3 night duties each every 15 days. Sometimes, two or more team members may be present in the same night duty, especially on Friday nights and Tuesday nights when the work load is heavy.

In Particular, the Complaints are as Under...

1. Team leader Raj Sharma who is supposed to be On-Call during night duties to advise, intervene is not found and the team member on duty somehow manages the show without letting the client know about it.

2. Whenever Raj Sharma is not available, Piloo Shroff is called and this has created a not so cordial relationship between the Project Manager and the Assistant Project Manager. Piloo Shroff says that he is not having any personal life. Because of his knowing Raj Sharma for over two years, Piloo Shroff has resisted from

complaining against Raj Sharma directly either to Percy Chang or Narayan Prasad. Few of the other team members are aware of this cover up.

3. Three other team members who were found not alert during duty did so when Raj Sharma who was supposed to be present on night duty but had never turned up. However, the lack of alertness of the team members was not Raj Sharma's fault, but his absence came to the notice of the senior client executives as he should have been the first to address the problem. That is, officially, the TTS management does not know from its own sources that Raj Sharma was not available on duty where as he should have been, on two occasions.

4. Now it has become a very difficult situation for Piloo Shroff, where in, Raj Sharma, who was his role model till about six months ago has become a source of trouble on the work floor.

4. There is a general lack of motivation among the team members in the last 3 months.

5. The client senior executives complain that the errors and delays caused by the TTS executives in the last 3 months can cause major embarrassment to the client in business.

Percy Chang at Singapore, who addressed the problems on getting the complaints from the client executives has told Narayan Prasad that he is unable to 'handle' Raj Sharma. He has held two one on one meeting on location with Raj Sharma and Piloo Shroff.

Narayan Prasad has held one on one meeting on client location with Raj and Piloo. Raj Sharma while being unable to explain his absence in night duty on one occasion, says that the real problem is the reduced client team on location during the nights. This entails the TTS executives performing the client's own duties partly. Raj says that the senior client executives are not replacing the outgoing interface

team members. In addition, the client is very stingy in spending on necessary maintenance and infrastructure.

The client senior executives have told Narayan Prasad in the face to face meeting at Malaysia that the errors and delays have a cascading effect in the logistics and retail business and a problem once created takes several months to solve including destruction and re-creation of documents. Narayan Prasad knows that losing this client is not an option.

Raj Sharma the Project Manager

This 31 year old Project Manager (PM) is a key person for the TTS at the Malaysian client location and neighbouring areas. Raj Sharma has proven himself so many times in his 8 years of service at the TTS that Narayan Prasad is left wondering whether the nature of complaints from the client executives he is hearing are true or not. It is hard to believe that a motivated executive like Raj Sharma can let down the company in this manner.

As Narayan Prasad goes through the personal records of Raj Sharma, he finds that Raj has reasons to be unhappy regarding his career for the past one year. Earlier, Raj Sharma, an enthusiastic young engineer had impressed everyone in the first 3 years at TTS and TTS sponsored him for a paid sabbatical at a prestigious B School to study PGDM in Marketing-HR.   Later, on return, Raj was promoted as Deputy Project Manager and in his 6th year at TTS, Raj requested a client location posting at the USA which was turned down. The reason was that the TTS management wanted to use the people and marketing skills of Raj at a fast growth market like Malaysia whereas the US market has not been a growth market for several years till now. TTS again promoted Raj and sent him to Malaysia with increased responsibilities. Though he was promoted, Raj represented his desire again to go the US and stated clearly that he seeks to

continue his career at TTS in future. In this connection, Raj had a heated argument about a year and a half earlier with Vinayakan, Senior Project Manager-Client Locations, who presently is located at the USA on deputation.

Narayan Prasad Wants to Have a Detailed Talk with Raj Sharma,

Piloo Shroff, Assistant Project Manager and the Team

Piloo Shroff was groomed by Raj Sharma as a young engineer. Piloo is a B Tec graduate from IIT, Mumbai. In fact, Piloo's role model at TTS was Raj Sharma. However, since the time Piloo joined Raj at the Malaysian location, their interpersonal relationship has taken a down turn. Though Piloo has no specific personal grouse against Raj, it is evident that they have developed an antagonistic attitude towards each other.

The other 8 engineers are all of the rank of 'Engineer Consultant' at TTS and they all maintain a cordial relationship with both Raj and Piloo. Lately, they have noticed that Piloo considers Raj's attitude a little high handed and unnecessarily haughty. They all have discussed about it and think that Raj may be having some personal issues and this phase will pass.

As Global Delivery Head, Narayan makes it a point to frequently talk to the client executives and TTS executives and is sharp enough to understand from his several conversations in the past that all is not well between Raj and Piloo. And when the client's complaint were initiated, the first thought that came to his mind was the possible leadership lapses in the TTS team at Malaysia.

Narayan Prasad at Malaysia

In addition to the team leadership issue at Malaysia, Narayan Prasad has other meetings at Singapore and Malaysia lined up which may

take several days to complete. Therefore, he wants to first visit Raj Sharma's location and have a talk with each executive there and after completing his other visits and meetings again visit Raj Sharma's team and the client senior executives.

Narayan Prasad's meeting with Raj Sharma starts off on a cordial note and Prasad straightaway gets into the business and asks Raj Sharma as to why there are reports that he was absent twice during critical situations at the client location when he was needed most.   Raj's answer in summary have four points.

- The client company are having some internal problems and the number of their engineers on night shifts have drastically reduced. This has led to a situation where, the first level problems supposed to be solved by the client personnel are being passed on to TTS team and every night, the TTS duty engineer becomes saddled with basic problems which he is not supposed to address.

- Yes, he was absent on two occasions and the first was for two hours from 10pm to 12am which he had duly informed the concerned client senior executive. This was for receiving his wife and child at the airport as they were visiting Malaysia for the first time and his wife had never travelled abroad earlier. When he returned at 12am, he was told that there was a serious problem and due to his absence, the work was delayed etc.

- The second occasion was when there was a total shut down at the clients service centre due

    to a major technical failure and all systems were down. As it was unlikely that the situation would be normal, he returned home. However, the senior executive overseeing the work at the client plant reported his absence though his presence would have helped to bring back normalcy.

- Significantly, Raj Sharma points a finger at the attitude of the client senior executives. He says that there is more to the problem than just his being 'not available' in a situation. He says that there is an internal turf war going on in the client firm and not only the TTS executives but other service providing firms' executives co-located with the TTS team are also having day to day problems with the client working.

On hearing this, Narayan Prasad retorts that it is not his or TTS's problem to investigate or waste time on hearsay or gossip. For the first time in several years, Narayan Prasad loses his temper with Raj Sharma in this conversation.

Narayan Prasad decides that if he is unable to solve this problem amicably, he may need to escalate the problem to the CEO level because the top client bosses may reach out to the CEO before him. In its own way, it is a crisis at the TTS Malaysia and the client delivery section of TTS HQ.

The reader may go through the Exercise below and the questions asked as guidelines. However, these questions are by no means exhaustive and the reader may form more questions based on the data and content.

Possible Larger Implications of the Issue

Narayan Prasad assesses the possible larger implications of the issue of low morale, absenteeism by the TTS team in the given context and time with this client in the following manner

- Since few of the top management personnel have changed in the client firm, they may not consider the past positive relationship with TTS of an value, leading to non- renewal of their contract next year.

- This small problem now may eventually tarnish the image of TTS among its clientele where a large percentage of the top managers know each other.

- This being a people management problem and not a domain technical problem may require axing someone to set an example to the other team members to set things right.