EMPLOYEES FIRST CUSTOMERS SECOND

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SDMIMD PGDM-13175

Introduction

In early 2005, HCL Technologies faced with decreasing market share and losing its most talented employees to its competitors, HCLT faced a fundamental question – is the company in enough danger that it should attempt to transform itself before it's too late? Or should it just ride out the storm and hope for things to get better? This was the time when Mr. Vineet Nayar (former CEO of HCLT) came into picture, the man behind turning conventional management upside down.

He was born and spent most of his childhood in Pantnagar, a town in the foothill of Uttarakhand. He completed his schooling from Campus School Pantnagar. He studied B.Tech in mechanical engineering from College of Technology, G.B.Pant University and a Masters in Business Management at the XLRI Jamshedpur in India. Due to the diverse background of technology and management he viewed the pyramid i.e., hierarchy level inverted; that changed it all. This book is an epitome for conventional HR practices and depicts clearly how things can be brought back to normal rather better than being only normal with the help of humans. Perhaps, it gives the insight how people becomes the most valuable asset of every company.

Conventional wisdom says that companies must always put the customer first. So by putting employees first, we can bring about fundamental change in the way a company creates and delivers unique value for its customers and differentiates itself from its competitors. Through a combination of engaged employees and accountable management, a company can create extraordinary value for itself, its customers and the individuals involved in both

companies. Thus, when a company puts its employees first, the customer actually does ultimately come first and gains the greatest benefits.

Leadership is about exercising leadership by mobilising the resources one has. HCL's CEO Mr. Vineet Nayar actually exercised adaptive leadership where he first judged the situation and shaped up the solution as per the requirements. Without them, the company would have nothing but a shell with layers and layers of management or aggregators with controls and processes that has nothing to offer to the customers.

Analysis

Organizational design forms the most important part of every organization because it brings the purpose of creating an organization's structure and setting a definite culture.

This book gives the insight of how simple rules and practices can bring in big changes. The book describes four phases of the EFCS journey, broadly categorised as-

1. Looking in the mirror – Creating the need for change
2. Trust through transparency: Creating a culture of change
3. Inverting the organizational pyramid: Building a structure for change
4. Recasting the role of the CEO: Transferring the responsibility for change

To go deep, each and every aspect can be analysed separately.

Looking in the mirror – Creating the need for change

A company's performance is just one aspect of where it is. This position needs to be placed in relation to the entire landscape of the industry in which it operates and to see how it is evolving. One need to analyse the fundamental changes in the industry and translate this knowledge to the employees to help them see the truth of a new point for the industry and the own company's position within it. The pride one takes in their own work and their past makes it difficult to hear the truth.

In trying to engage staff members to get on board with a new strategy for change, often 3 types of people are encountered: The transformers, the lost souls and fence sitters. The transformers have been waiting for a long time for change to come and are often aggressive and even angry with the company and its situation. They want change, and they want it fast, as they are frustrated with the lack of change that they have thought necessary over time.

Lost souls are the ones sitting with frowns on their faces feeling that whatever is

proposed is hopeless and wrong. They are convinced that there is nothing you can do, and no plan you can follow that would ever change anything.

Fence sitters are the largest group who speak up the least and rarely ask questions, and who adopt a watch and wait philosophy.

This process of holding up a mirror and looking at the reality of the organisation as a starting point for change is one element in a continuous cycle of change that should happen periodically throughout a company's life. It is the key to creating the necessary aspiration for change, by helping the organisation to see the reality of its situation, to create dissatisfaction with the status quo and to build a hunger for change in the company.

Trust through transparency: Creating a culture of change

The essence of this strategy involves three main thrusts:

1. Firstly, to offer flexibility and transparency to kind customers who have never seen before.

2. Secondly, to sharply focus on value centricity, meaning to put all the company's energy into increasing the value it is creating for customers, rather than trying to build the volume of business it does with them.

3. Thirdly, and most importantly, to set a new standard for the value the company it can actually deliver, by unleashing the positive energy and passion of the company's employees, which will create boost in the value zone that will become the company's major differentiator.

> *The trust quotient-* The first challenge the company faced after deciding on this bold, risky plan was the trust quotient. While many people might be convinced by an idea through a stirring speech by a great orator, they probably will not trust that the idea can be executed.

> *The Nature of Trust-* Credibility, Reliability, Intimacy & Self-orientation

> *Giving everyone access to information-* This allows everybody in the organisation to see all the business units and the company's financial data. Employees gain a true picture of the overall performance of the company.

> *Opening up the office of the CEO-* Opening up the office of the CEO was another method employed by HCLT to increase transparency in

the organisation. This involved providing people in the organisation with a way to interact with the CEO and get the answers they wanted from the leader.

> *Employees First Customers Second-* Each company should undergo a mirror exercise on a regular basis to identify the true situation within the company. Then each company should find its own methods and catalysts, like those employed by HCLT, to increase transparency and trust and cultivate a culture for change.

Inverting the Organizational Pyramid – Building a structure for change

HCLT found that employees in the value zone were as accountable to enabling services such as finance, HR, training and development quality and administration, as they were to their immediate managers. While these functions were supposed to be supporting the employees in the value zone, the reality was somewhat different. Employees had virtually no power over the enabling functions, and if they had any problems they would have to go to their managers for help. Managers served as go-betweens and arbitrators who sorted out problems between employees and support

staff –herein lay their power, not in value creation, but in relieving bottlenecks. Thus, inverted the hierarchy by introducing factors like *360 Degree survey, the Smart Service Desk etc.*

Recasting the role of the CEO: Transferring the Responsibility for change

If an organisation remains highly centralized, with the office of the CEO at the centre of everything, it is acting like a spider. Organisations need to become more like the starfish and transfer more of the responsibility for change to the employees. Only in this way can an organisation continue to focus on the value zone and put employees first as the company continues to grow and change. Some of the measures taken to ensure the same were *Additions to the online communication portal, engaging the whole person etc.*

Conclusion

The conventional wisdom, of course, says that companies must always put the customer first. In any services business, however, the true value is created in the interface between the employee and the customer. Business of managers and management should be to enthuse and encourage employees so that they can

create a different shared value: enhance employees first and customers second. So, by putting employees first can bring about fundamental change in the way a company creates and delivers unique value for its customers.