India Tele Linkages (ITL) case study solution

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Short Description
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Description
India Tele Linkages (ITL)

India Tele Linkages (ITL) was one of the pioneers to enter the telecom business in India in the private sector. India T.L. was the only company to have brand recognition with its popular Tulip range of telephones. ITL had restructured itself into a multi product/ service group by diversifying into other telecom and non-telecom services like healthcare too. Its service venture included Chennai operations, ITL cellular and the cellular licensee in Andhra territory. After distributing different areas among different groups of companies, ITL also ventured into manufacturing of transmission equipments. In fact, ITL was the first company to get ISO 9002 accreditation in India. In the year 2000, it entered into a tie-up with LDC Telecom, Oman to manufacture SDH, digital control multiplier and some network access products.

The company registered a total sales of RS. 76 crores in 1995-96, a 22% growth over previous year’s figure of Rs.62.4 crores. The net profit was Rs. 9.14 crores, a growth of 67.7% over the previous year’s figure of Rs. 5.45 crores. ITL had forged an alliance with the global giant German Telecom for a complete range of office automation products.

The company had started distributing ISDN handsets and terminal adapters. The company had also set up a joint venture with Tkahami Ltd., Japan to manufacture pagers. ITL had chosen a strategy of building brands whether it was Tulip in telephone instruments or Spacetel in cellular services. As the third step in the growth of India Tele linkages, it was granted license to provide basic telephone services in telecom circle of the state of Tamil Nadu by the Ministry of Communications, Government of India on April 18, 1998. On August 4, 1999 India Tele Linkages set up its first private line at Coimbatore with its head office at Chennai and five regional offices at Bangalore, Hyderabad, Bhuwaneshwar, Trivandram and Coimbatore. Initially, the company was the only private player and did not perceive any threat from the sole player in public sector. It

had managed to get a net customer base of more than 1 lakh in the state of Tamil Nadu alone. Now, in the quickly expanding telecom sector new players were entering in the industry and some of them were well established, widely diversified and financially secure companies.

The various functional areas of ITL were: Operations, sales and Marketing, Technical, Finance and Accounts, Human Resources, IT, Materials, Limited mobility an quantity. The company had a very tall structure (Appendix I) wherein there were 14 levels with the first 9 level at every regional office and the other corporate level positions were at the corporate head office. The Coimbatore region was headed by Kamal Kumar, a 56 year old engineer from an army background who had taken VRS from the army to join the corporate sector. He had joined India Teletel after a short stint at Moray Enterprises as a branch head. ITL at Coimbatore had the departments of operations, sales, marketing, technical, finance and accounts which were headed by HOD of manager level. Human

resources was headed by Rakesh Sharma, Deputy Manager- HR, a 34 year old MBA with HR specialization. He was with the company since 1997 and reported to regional head, Kamal Kumar at Coimbatore and Sushil Kumar, Manager HR corporate office, Chennai. The Coimbatore office had hardcore (technical) functions with employees in the average age 29 years and representing all parts of the country. The male-female ratio was 90:10. ITL recruited people on the basis of employee's suitability vis-à-vis the job requirement or competencies required to do the job effectively. A detailed competency mapping exercise was undertaken for all the positions and each individual's competencies were identified and mapped against the desirable ones. All this was document in the Role Description Directory, listing individual's job responsibilities (KRAs) competencies needed, performance areas and measurement parameters. This exercise was done rigorously and updated at regular intervals. For this, the company would hire some international consultancy firm every time. Individual employee's performance,

irrespective of the level was monitored and feedback was given on the basis of the task assigned (as per individual's KRAs) and task completed (measurement parameters). For middle and higher levels, the feedback was given after every six months and for junior levels it was given quarterly. This formed an essential part of the Annual Performance Appraisal System. 360-degree appraisal system was followed for the higher levels, whereas for lower levels it did not apply. The data generated out of this exercise was solely used for the employee development. The promotion in the company was performance-based. The high performers were identified and given fast track career growth in the company. The performance assessment was an exhaustive process to be carried out in five steps. The first step was that an individual would fill in the self-assessment form followed by his rating by his HOD on the five point scale in terms of outstanding, very good, good, average, below average. In the third step, the employee after discussing with his HOD, would sign the form and it was then sent to a normalization committee which was constituted of HODs of all the departments. The committee would ensure that the disagreements would be settled while maintaining the bell curve in performance reports. The decision of the committee was passed on the HR. The last step was releasing of promotional/ increment letters. In order to motivate employees for higher performance, Performance Linked Incentive (PLI) were also introduced. The PLI parameters with the corresponding weightage factors were decided at the beginning of the year and depending upon the fulfillment of the target set in the PLI parameters, rewards for good work done (monthly), performer of the quarter (POQ), CEO performer of the award was given to the employees to recognize their contribution towards the growth of the organization. For good work done, two lunch coupons worth Rs. 50 were given to people from every functional area and for performer of the year, Rs. 1500/- was given to people from every functional area and for performer of the year, Rs. 10,000/- was awarded which could be given to just two or three people in the whole organization. The company had also introduced a unique 6-sigma system to encourage creative and innovative culture in the organization. The employees would register their suggestions on daily, weekly and monthly basis and earn credit points for each suggestion if accepted and implemented. These points were accumulated in the sigma system and the person earning the highest number of points in the mid-term evaluation would be awarded a cash prize of Rs.30,000/-. In addition to this, salary benchmarking was also done after two years to reduce disparity between the existing salary structure of the company and the salary structure of the leading companies in the telecom industry after reviewing the figures that would appear in the business bulletins. The company had also introduced the accident insurance, personal insurance, benevolent fund for the employee's family in case of natural death, insurance for spouse and family members, subject to the limit of designation and the premium being reimbursed by the company. The company also had the practice of celebrating birthdays, monthly fun days and breakfast meetings for the employees. For employees' wives, there was Teletel Wives Welfare Association that would arrange tours, meals, Porting, get-togethers and various contents to build a culture in the organization, wherein fun would be an intrinsic part while not losing the business head's wives. All the expenses were borne by the company. ITL company had a strong belief in continuous employee development and therefore, gave a lot emphasis on training. Everyfocus. The President, who would be CEO's wife, headed this association and all secretaries were regional employee was required undergo at least 11 Mondays training in a year in the key result area. Training needs assessment and evaluation of training effectiveness were also the important components of the training programme. An individual was required to fill in the need assessment from himself and performance assessment was also taken into consideration while nominating an employee for training. There was a CEO development programme too, at top management levels. Technical training was conducted in-house whereas for behavioral training, external consultants were hired. The company had a tie-up with three international agencies for EDPs in quality and motivation. It gave weightage to various customer touch points and identified and framed specific training modules. The company had also framed a policy of conducting openhouse at various levels. The CEO was supposed to have it once in six months at different regional offices, the Vice President once in three months and the Regional Head once in a month. Mostly, this exercise could not be rigorously followed due to hectic schedules of the managers. Kamal Kumar, the Regional Head and Rakesh Sharma HRD head at Coimbatore felt that the company had open culture as they followed an open door communication policy. Moreover, low panel walls and open cabins would further help the employees to have free and informal interactions. In spite of this the company had a very high employee turnover. There was poaching from other players in the fast growing telecommunication industry. Rakesh Sharma attributed this turnover to the lucrative packages offered by their competitors and Kamal Kumar was losing sleep over the loss of trained employees to the competitors. The competitors being well diversified and financially sound could bear the burnt of losses whereas India Teletel could not afford loss.

1. How far do you think that that HR strategies are in alignment with the corporate strategy of the company?

2. Had you been Kamal Kumar, what step would you to minimize the employ turnover?

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