TATA CONSULTANCY SERVICES

JRD QV Award winner, 2004

Tata Consultancy Services (TCS) is Asia’s largest IT services, business solutions and outsourcing company. It offers consultancy in IT and IT-enabled services, delivered through its unique Global Network Delivery Model™. Established in 1968 in Mumbai, TCS has more than 120,000 employees in 42 countries around the world. The company has experience and expertise in providing IT solutions across many industries: banking and financial services, life sciences and healthcare; government; travel, transport and hospitality; retail; telecommunications; and energy and utilities.
The Y2K fever of the late 1990s gave Indian information technology companies a unique opportunity to showcase their expertise. Smart companies were able to leverage this international recognition to offer broader, more critical solutions to leading companies in the world. Tata Consultancy Services (TCS), with its pioneering global delivery model, was best placed to benefit — and it grabbed the opportunity.

The backbone of TCS’s delivery model as it stands today is an elaborate system of quality management processes. In 1998-99, TCS had processes that ascertained that customer requirements were met. To ensure that the organisation as a whole had the competencies necessary to deliver sustained value to global customers, TCS needed institutionalised mechanisms to align individual competencies — at all levels and functions — with market needs. It needed to get seriously started on the road to business excellence.

The role played by international standards such as the Software Engineering Institute Capability Maturity Model (or SEI-CMM) in the journey that TCS undertook has been much discussed. What is
not appreciated to the same extent is the central and formative role of the Tata Business Excellence Model (TBEM) in raising the overall excellence standard at TCS.

“When Tata Consultancy Services signed the Tata Brand Equity and Business Promotion agreement in 1998–99, it began its formal business excellence journey,” says executive vice-president G Jagannathan. The recognition of the need for business excellence was evident from Mr Jagannathan’s move to TCS in 2002. As company quality head at Tata Steel during its business excellence journey and, later, as chief executive officer of Tata Quality Management Services (TQMS), he had been at the helm of the Tata group’s business excellence efforts. His contribution to TCS’s vision would be invaluable.

I THE LEADERSHIP FACTOR: The management was aware that rapid improvement could happen only with full and visible commitment from the top leadership.

So a cross-functional team comprising people reporting directly to managing director and CEO S Ramadorai was formed to spell out the opportunities for improvement in each of the seven areas delineated by TBEM.

But the major thrust, says Mr Jagannathan, came from the managing director himself. “I remember one incident particularly well. When I joined the company I wanted to, first of all, raise awareness in the US, the most important of geographies (60–70 per cent of our revenues came from there at that point). But the people there treated the initiatives I was putting in place as just more training programmes; they didn’t take them seriously.

“I was told that dates were not available for a programme I was trying to arrange. When I informed Mr Ramadorai he told me that he himself would attend the programme. Almost magically, dates
started becoming available! He sat through the class and even spoke at the end of the programme on the importance of business excellence. This sort of visible commitment went a long way.”

**EFFECTIVE COMMUNICATION:** Besides leading by example, the management also made innovative efforts to communicate the new values and vision and increase awareness of TBEM. “It was relatively easy to convince TCS employees and associates,” says Mr Jagannathan. “Most of them are engineering graduates, highly educated and relatively sophisticated intellectually.”

Despite this relative ease, direct efforts were needed to elucidate the huge significance of what was being attempted. One such effort was a regular column Mr Jagannathan wrote in the internal TCS newsletter. Writing as Vikas, a fictional business development manager, he talked of the ways in which he was using TBEM to solve actual problems. “I was trying to illustrate how the model was not just about winning awards and about gaining points. I wanted to show how it could solve real difficulties and help people do their work better. This helped get people to adopt TBEM more wholeheartedly.”

Mr Ramadorai, too, would regularly use TCS’s communication channels to convey his vision of what the company could achieve and what it needed to do to achieve that. He would also conduct regular reviews of the improvement process.

Many programmes were organised to make TBEM, and business excellence in general, a part of life at TCS. Among them was a ‘business excellence week’, which featured games and competitions to make learning more enjoyable. Another important effort was leadership communication cascaded through a global video conference covering about 30 different locations simultaneously. The leadership team shared their expectations with about 350 managers across the world.
Overall, it was important to get a buy-in. Business excellence champions were created across the organisation. Each unit or department — including the delivery centres, TCS UK, TCS Europe, the human resources and marketing departments — had at least one champion.

This policy was in line with Mr Jagannathan’s strong belief that business excellence was not the job of just the business excellence team. “It has to be built into the system,” he explains. “That’s why we kept it lean. We were then about 10-12 people spread across TCS’s global locations.”

**SHARING SUCCESS STORIES:** To put in place business excellence processes that would align the company with TBEM requirements, TCS conducted a thorough benchmarking exercise. It looked at a number of widely varying organisations for best practices, from universities to fast-food restaurants. Among these were companies that had successfully adopted the Malcolm Baldrige framework, on which TBEM is based.

Given the care with which its processes were designed and its vision communicated, it is not surprising that TCS faced little resistance. “I am a positive guy,” says Mr Jagannathan, “so I wouldn’t call it resistance. Rather, I would call it ‘an inability to comprehend’. The communication abilities of the business excellence champions and the intellectual sophistication of the TCS workforce helped us deal with this inability.”

Successes achieved in the improvement processes feedback were to create goodwill, points out Krishnan Ramanujam, chief operating officer at TCS Financial Solutions, a strategic business unit of the company. “Initially, there may have been some complaining, but over time people become converts. No one really thought of it as drudgery.” The “drudgery” problem was reduced as the processes and procedures introduced at TCS didn’t come in the way of work.
Enough time was allotted for the processes and the documentation involved; and the processes were kept to a minimum in smaller and simpler projects.

After the basic processes had been put in place and TBEM assimilated within the company, the main effort shifted to sharing best practices among the far-flung units of the company so that the entire organisation could benefit.

Driving this process of sharing was the Business Excellence Systems Team (or BEST), a cross-functional group of assessors and experts who visited units across the company to assess the way they did things and to spread knowledge. The cross-functional and cross-divisional nature of the team aided this process.

For example, when TCS North America was to be assessed, the team visiting a US unit would comprise one member from the American geography and others from other parts of TCS. Most members of this team would be drawn from a group of 30-40 TQMS assessors, all from within TCS, who were not only able to bring knowledge from other Tata companies through their external assessment assignments, but were also intimately involved in internal assessment efforts.

SUCCESS AND MORE: The processes that TCS has been able to put in place as a result of all these efforts are among the best in the world. As a leading IT company, it has been able to create a complex and integrated mesh of systems that capitalises on the organisation’s strengths.

As a result TCS was able to attain enough points to win the JRD QV Award in 2004, the second Tata company to bag the honour. The maturity of an organisation, the degree to which it is able to ensure a certain level of quality and effectiveness depends on the way it is able to retain and use its knowledge and learning. At the
heart of TCS’s systems, therefore, is its intricate knowledge management system, KNOWMAX, which represents a convergence of a number of different knowledge management processes and includes several cutting-edge technologies. This system connects people across the organisation, and the organisation with its customers, suppliers and partners.

Much of this knowledge is created in the course of planning and implementing the company’s projects. TCS’s Integrated Quality Management System (or iQMS) is a sophisticated project management system that can store and communicate information and the knowledge created in its projects and software development work.

“Project management is the blood flowing through TCS, regulating its health,” says Mr Ramanujam. “It’s what ensures that TCS meets its cost, delivery time and quality commitments. Whether things will pan out according to plan is always uncertain. The key, therefore, is managing risk. This is what TCS excels in, day in and day out.”

The iQMS system provides checklists and guidelines for the conduct of every project and the means for monitoring it. Along with the various software development methodologies defined by TCS’s software engineering process groups, iQMS lays out a comprehensive road map for each project.

**HUMAN RESOURCE MANAGEMENT:** While business excellence in large organisations depends on the degree to which competencies are institutionalised, not everything can be codified. A lot still depends on the knowledge stored in individual minds. Human resource management, therefore, plays a crucial part. The HR team at TCS ensures that individual competencies in the workforce match the organisational competencies customers require. It has developed a formal competency management
process, integrated with its learning management system, to ensure a proper fit between the competencies required and those available.

For each role in the organisational structure, a competency profile details the certifications and competencies required. Each individual employee is profiled in terms of the nature and level of his or her competency. All the information is fed into the learning management system and analysed, so that special learning programmes can be designed to deal with gaps in the competencies of the company’s workforce.

In addition to these systems TCS has introduced a variety of other initiatives, including PULSE, its associate satisfaction survey, and SPEED, its performance management and personnel development programme. An important part in the integration and digitisation of this whole process has been played by TCS’s balanced scorecard system. “It would have been impossible to operationalise strategy without it,” says Mr Jagannathan.

While the improvement processes initially focused on the corporate level, the focus soon shifted to the unit level. Since 2006-07, the focus has moved to each of the company’s 140 or so key customer accounts, from which TCS receives 70 to 80 per cent of its revenues. Through an ‘Account Excellence Programme’, TBEM has been adapted to suit the requirements of key customer accounts. For example, at the account level the most important aspect of business excellence is leadership. So the TBEM criteria were tweaked to give greater importance to leadership.

**REAL BENEFITS:** The benefits of TCS’s business excellence efforts can be seen in its actual business performance. Reports published by Gartner and Forrester have consistently ranked the company at the top of the global applications outsourcing services industry, even above such giants as IBM and Accenture.
“There is a clear relationship between TBEM scores and performance,” says Mr Jagannathan. “The gains have been significant. Our strategy development process is truly world class. TCS is a benchmark in the industry for delivery excellence. Customer satisfaction has been improving steadily over the years; it stands at 87.7 per cent now. Associate satisfaction too has been growing every year and stands at 73.7 per cent; this is in spite of having added some 30-40 per cent more associates in the last two years.”

Success has created its own difficulties. “TCS has been doubling in size every two years,” explains Mr Jagannathan. “It now has about 119,000 people, including 10,000 non-Indians, spread across the globe, doing diverse types of work. With such explosive growth the challenges faced in getting people to follow standardised processes are tremendous.”

Dealing with cultural diversity, he says, is the key concern today. The focus has been to build uniform global systems that are attuned to local practices through the hiring of people who understand local cultural practices, and the rotation of employees across geographies so that they learn how to deal with cultural diversity. This process is being driven by the Process Excellence Group at TCS.

THE IMPORTANCE OF TBEM: SEI-CMM provides rigour at the operating level, and iQMS was developed on the basis of this global model. But TBEM is a much broader framework. “The delivery process is one of the key aspects of TBEM and SEI-CMM helps us strengthen it,” says Mr Jagannathan.

TBEM is at the centre of the business excellence journey at TCS. Unlike companies that have developed in a sheltered market and have, therefore, needed a special sort of internal spur to get them going on the road to business excellence, TCS has always had to
have a strong customer orientation. While this aspect of excellence has been driven automatically at TCS, the other aspects have been drawn primarily from the TBEM folder.

Though the nature of TCS’s business differs from businesses such as Tata Steel’s — in that it doesn’t have a physical product — Mr Jagannathan believes that all types of organisations can learn from the company. “We are the benchmarks in delivery, with 95 per cent completion within budget and without defect. Our model is generic and not really industry-specific.”

The TCS case study demonstrates that two factors are key to the success of a company’s efforts to attain business excellence: leadership commitment, which has to be part of the strategic intent of the company, and high-energy people to drive it.