

Chapter 1

Aspiration Driven Transformation

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Overview: All businesses operate in a mix of dynamically changing environment. This environment gets influenced by many factors such as political, legal, regulatory, competitive, economic, technology etc. Every organization strives to perform better than the other by meeting the competitive challenges, by overcoming internal resistance and by adjusting appropriately to many factors which are controllable and beyond its control. In this regard, Jack Welch, *Ex-CEO* of General Electric has said beautifully:

“When the speed of change outside the organization exceeds the speed of change within...”

... The end is in sight!”

This session discusses the BSNL’s approach to meet the challenges.

Lesson Objectives

Aspiration Driven Transformation in BSNL

- Change methodology in BSNL
- Project Shikhar
- Key pilot activities under Project Shikhar
- Restructuring in BSNL

Telecom Business Environment

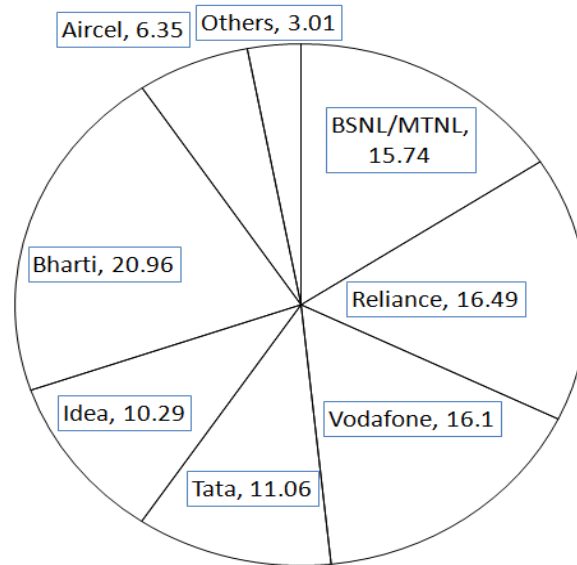
Since 1991, Indian Telecom sector has seen unprecedented growth. From a monopoly to multi operator, multi services, multi technology, multi vendor scenario, the journey has been very fast paced. In the year 2000 BSNL was formed, for taking care of the “Service Provisioning “ (The Installation, Operations and maintenance of the telecom services) provided by the Government..

Since its inception BSNL adopted Vision and Mission statements, which was revised from time to time, based on ground realities. Up to 2007, the Vision & Mission statements of BSNL were:

- Vision: To become the largest telecom Service Provider in Asia.
- Mission:
 - i. To provide world class State-of-art technology telecom services on demand at competitive prices.
 - ii. To Provide world class telecom infrastructure in its area of operation and to contribute to the growth of the country's economy

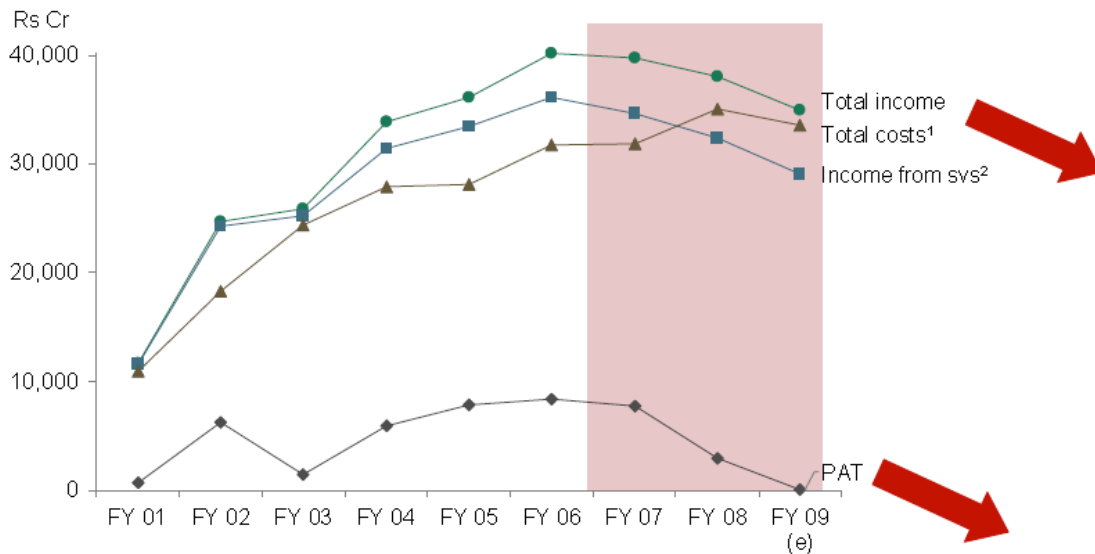
While efforts were certainly made to realize the Vision, the drastic changes external & internal environments of BSNL resulted in an altogether different scenario. This necessitated the need to have a relook on the entire activities.. Let us have a look at the statistics given below:

Market share of BSNL viz all others as on 31st August 2010



Note: Others means Etisalat, HFCL, Videocon, Stel, Loop, Shyam, Uninor

BSNL revenue & profit graph since inception



1. Include all costs including depreciation, interest and taxes 2. Services
Source: BSNL balance sheet, Evalueserve, BCG analysis

Obviously, the results are not in sync with expectations. A quick look at the revenue profile of various operators given below reveals another story.

Operator	Revenue* (in Rs. Crore)				
	*from web sources/V&D	2006-07	2007-08	2008-09	2009-10
BSNL		39,715	38,046	35,811	32,045
Bharti Airtel		17,888	26,436	36,962	38,800
Reliance Comm		14,468	18,638	22,941	22,130
Vodafone		10,565	15,477	22,224	23,200
Tata Communications		8,857	8,297	9,963	11,000

Service	BSNL Revenue Financial Year wise in Rs Crore					
	04-05	05-06	06-07	07-08	08-09	09-10
Landline	21853	20421	16605	12668	9173	8267
Mobile	3792	6433	9264	10579	9828	9760
WLL	347	481	568	618	636	574
Broadband	4	162	514	916	1756	2485
Circuits	421	530	512	757	960	1064
Receipt from other operators	N.A	6972	6146	5655	4304	2977

As can be seen above, the erosion of BSNL's number one position is gradual with a steep gradient. This status has necessitated the company to look at certain fundamental questions such as:

- Are all the employees motivated to deliver better results?
- Whether the management practices are conducive to support growth and challenging competition?
- Is the Vision statement aligned to reality?
- Do all the employees know and believe in the Vision of BSNL?
- What outcome is expected in next five years?
- What makes the other operators grow, in spite of little differences with BSNL, in technology and tariff?
- Is the organizational structure within BSNL too bureaucratic to deliver results?

Solution to reverse the present trend is possible only if answers to above questions are arrived at in an objective manner.

The solution to such situation is the 'Change' in the way we think, act and behave.

For identifying and introducing the desired "Change", an international consultant M/s BCG was appointed in 2008.

Transformation Exercise in BSNL

A massive transformation exercise has been taken up in BSNL in consultation with M/s BCG. As can be seen from the market scenario, while for the private operators, revenue and customer base have increased tremendously, BSNL's market share as well as profitability have shown a declining trend. In order to regain its lost glory, a root cause analysis was a must to identify the underlying issues and to address them. BSNL management appointed consultant who did a country wide survey and identified some of the factors as:

- Lack of shared vision among employees: In general, employees performed their duties from morning till evening without knowing what they all were trying to achieve for the company.
- Inability to see big picture: Employees were not aware how their contributions fit into the overall goals of BSNL. In general, no clarity on BSNL's corporate vision and objectives.
- Too broad structure: Broad structure having multiple responsibilities lead to dilution of focus on key growth areas and also made it difficult to assess and identify the impact of performance of various services offered by BSNL.
- Lack of documented role, responsibility and accountability matrix; the method of execution of a job or carrying out of an activity/function was left to the wisdom of the individual, to define it as per past experiences, practices or perceptions.
- Legacy processes: The way a work got done through old and conventional processes lead to inefficiencies and delays.

Taking clues from above factors, a detailed SWOT analysis of BSNL was carried out by interviewing many employees at various levels. (*SWOT stands for Strength, Weakness, Opportunities and Threat*).

Brief on SWOT analysis is given below:

1. **Strengths**—Strengths are the products, services, resources and capabilities of the company, those promote an increase in sales. In other words, strengths enable the company to increase its market share.

Strengths are internal elements, for example, good customer relationships; well-planned, efficient departments; efficient processes, clear business objectives and adequate financial, technological, and experienced and skilled human resources.

2. **Weaknesses**—Weaknesses are the shortcomings in any products, services, resources, or capabilities of the company which can cause decrease in business and market share.

Weaknesses are internal elements, for example, internal production problems, an unclear business strategy, high employee turnover, and a demotivated employees, old and obsolete machinery, poor workmanship etc

3. **Opportunities**—Opportunities are factors that a company can develop due to outside circumstances. Opportunities are the situations that have a potentially positive impact on the company.

Opportunities are external elements, for example, new markets emerging for new products being developed, economic recovery, expanding overseas markets, brand loyalty from long-standing customers, industry associations, conventions and trade shows, the encouraging external business environment

4. **Threats**—Threats are problems or sets of circumstances outside the company that can potentially have a negative impact on the company.

Threats are external elements, for example, economic recessions, changing customer needs and wants, new competitor entering the market, changing customer demographics and a lack of materials to manufacture the product, the unfavourable external business environment.

Based on SWOT analysis and after identifying various issues it was decided to launch Aspiration Driven Transformation process in 2008 titled as 'Project Shikhar' This activity was divided in two phases, Phase-I and Phase-II.

PHASE-I of Project Shikhar

The first phase was aimed to:

- Develop a shared aspiration for BSNL's future.
- Articulate a well-defined strategy to take BSNL back on the path of growth and profitability.
- Create a 5-year business plan outlining a range of potential outcomes.
- Develop a thorough sales & marketing strategy for each of the core businesses (Landline, Mobile, Broadband, enterprise etc.)
- Outline key implications on operations and customer service to support various businesses. (Business Process reengineering)
- Define the right organizational model to achieve the strategic objectives, along with critical changes needed in HR policies. (Restructuring)
- Implement the various initiatives in the form of Pilots – Vijay, Dosti, Udaan, Sanchay and Kuber - with detailed design and on-the-ground implementation.

Vision of BSNL by the year 2013 (under this shared aspiration for BSNL) is:

- Be the leading telecom service provider in India with global presence.
- Create a customer focused organization with excellence in Sales, Marketing and Customer Care
- Leverage technology to provide affordable and innovative products / services across customer segments including end-to-end converged services.

And the **Mission** statement of BSNL is:

- a. Be the leading telecom service provider in India with global presence
 - Maintaining a high rate of growth to protect and increase its market share in all segments of operations
 - Generating value for all stakeholders-business associates, vendors, shareholders & employees
 - Maximizing return on existing assets with sustained focus on profitability
 - Becoming most trusted, preferred and admired telecom brand
 - To explore international markets for Global presence
- b. Create a customer focused organization with excellence in sales, marketing and customer care
 - Developing a marketing & sales culture that is responsive to customer needs
 - Excellence in customer service-friendly, reliable, time bound convenient and courteous service
- c. Leverage technology to provide affordable and innovative products / services across customer segments
 - Offering differentiated products/services tailored to different segments
 - Providing reliable telecom services that are value for money.
- d. Provide a conducive work environment with strong focus on performance
 - Attracting talent and keeping them motivated
 - Enhancing employee skills and utilizing them effectively
 - Encouraging & rewarding individual and team/group performance
- e. Establish efficient business processes enabled by IT
 - Changing policies and processes to enable transparent, quick and efficient decision making
 - Building effective IT systems and tools

Key Priorities Identified For Phase II

This is the implementation phase of Project SHIKHAR. Several critical areas are needed to be addressed during this phase to make the transformation truly effective and impactful. The following key priorities for our organization have been identified:

- 1. Accelerating growth of mobile business by focusing on critical areas**
 - Building extensive and strong distribution and retail footprint
 - Innovation in pricing
 - Acceleration of 3G sales to capitalize on first mover advantage
 - Improving effectiveness of VAS
- 2. Leading and shaping the fixed access business by focusing on critical areas**
 - Addressing gaps in Sales & Distribution
 - Innovation in Product & Pricing
 - Building capabilities and offerings on content and VAS
 - Improvement in service delivery and provisioning times
- 3. Growing the enterprise business and becoming provider of choice by**
 - Establishing key account management
 - Innovation in products and solutions
 - Strengthening service delivery and service assurance
- 4. Expanding into new businesses**
 - Developing the infrastructure sharing business
 - Monetise other embedded assets
- 5. Focusing on financial assurance**
 - Fixing billing leakages and improving collection
 - Reducing operating costs
- 6. Improving customer service levels across different interface points**
 - Improving effectiveness of call center and CSC
 - Building new areas such as online
- 7. Implementing operations improvement initiatives**
 - Increasing service levels by reducing downtime and improving turn-around time
 - Reducing operating costs where feasible
- 8. Focusing on implementing critical HR priorities**
 - Recruitment at DGM, MT and JTO/JAO levels
 - Capability development
 - Defining appropriate incentive management program
- 9. Implementing new organisation structure across the organisation –**
 - Defining the roles & responsibilities and key performance indicators in the new structure
 - Enhance effectiveness of new structure by appropriate top-management MIS and planning and budgeting

The new Structure has been implemented and the functional Directors on BSNL Board have been re-designated as: -

Earlier Designation	New Designation
Director (Operations)	Director (Consumer Fixed Access)
Director (P&NS)	Director (Consumer Mobility)
Director (C&M)	Director (Enterprise)
Director (HRD)	Director (HR)
Director (Finance)	Director (Finance)

New Businesses (headed by an Executive Director): A new business unit has been created to take care of new business opportunities which BSNL plans to pursue. One such concrete opportunity that has been identified and being pursued is Passive Infrastructure Sharing. Other areas include expanding BSNL's core telecom operations in international markets; leveraging BSNL's real estate assets to earn additional revenues etc.

CFA, CM, Enterprise and NB Business Units will be responsible for generating revenue and driving profit in their respective areas. They will also have control over critical resources needed to drive the business – such as strategy & planning, product management, marketing, sales & distribution, customer service as well as engineering, development and operations of their respective network assets.

Macro view of new verticals with reference to customer, product & assets is given below:

	Director Consumer Fixed Access	Director Consumer Mobility	Director Enterprise	ED New Business
Customer	<ul style="list-style-type: none"> • Consumers • SOHO • Small enterprises 	<ul style="list-style-type: none"> • Consumers • SOHO • Small enterprises • Carriers 	<ul style="list-style-type: none"> • Medium & large enterprises • Carriers • ISPs 	Depends on nature of business
Products	<ul style="list-style-type: none"> • Landline • PCO • Broadband • VAS 	<ul style="list-style-type: none"> • GSM (2G,3G) • WLL • WiMax • VAS • Roaming 	<ul style="list-style-type: none"> • Voice • Data • Managed Services • NLS/ILD wholesale 	Depends on nature of business Passive Infra sharing

Network assets	<ul style="list-style-type: none"> • Access Media -Beyond local exchange (PSTN) -Beyond DSLAM (data) • All PSTN & Data switches -PSTN (TAX etc.) -Data (BRAS etc.) 	<ul style="list-style-type: none"> • Access Network (BTS) • 2G/3G • Wi-Max • CDMA • Switches -MSC -BSC 	<ul style="list-style-type: none"> • Transmission media upto local exchange (PSTN) • Upto DSLAM (data) 	<p>Passive infra-Towers, battery, generator, Air conditioning etc.</p> <p>Others (depends on nature of business)</p>
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In addition to these four business units, there are a few critically shared functions to enable the smooth functioning of the entire organisation. These functions comprise –

- HR (including Admin, Legal) –Headed by Director
- Finance – Headed by Director, supported by an Executive Director

Directly reporting to CMD

- ED Corporate Affairs (including Corporate IT, Corporate Planning & Monitoring, Corporate Marketing and Public Relations, Regulation)
- Company Secretary
- Vigilance (CVO)
- GM (Coordination & Monitoring) post has been created directly reporting to CMD

Each business unit will also have elements of these critical support functions, e.g. Finance, IT etc within its organisation structure to support respective business units.

The business unit focus, which has been developed at the Head Office is replicated at the Circle Offices and Region Offices. Hence each of the four BUs at Head Office have their representatives at the Circle Offices and Region Offices below them. This will ensure that there is a clear chain of command from top to bottom within each BU and accountability can be assigned to people at all levels. The same will also be true for all the critically shared functions.

Classification of Circle Offices: The existing Circles have been categorized as Big, Medium and small based on the infrastructure and the manpower, and revised structure has been worked out accordingly. The categorization of these circles is given below:

Large	Medium	Small
Andhra Pradesh	Assam	Andaman & Nicobar
Gujarat	Bihar	Chattisgarh
Karnataka	Haryana	Himachal Pradesh
Kerala	Jammu & Kashmir	Jharkhand
Maharashtra	Madhya Pradesh	North East-I
Rajasthan	Orissa	North East-II
Tamil Nadu	Punjab	Uttaranchal
Uttar Pradesh (E)	Uttar Pradesh (W)	
West Bengal		

All the circles have thirteen distinct sections namely, CFA, CM, Enterprise, Passive Infra, HR, Finance, Business Planning/IT, Civil, Electrical, Architect, Vigilance, Commercial & Regulation, CSC.

SSA restructuring: All SSAs in BSNL also need to be restructured to align their operations with the new vertical concept. This is being done progressively. In SSAs also CFA, CM, CSC, EB, Finance, Vigilance and HR/Admin/MIS/IT roles are defined. Depending on the size of SSA, job assignment and reporting structure is being planned.

Concept of Job Description: A key feature of restructuring is introduction of Job description for each new post. Besides JD, Key Result Areas (KRA) and Key Performance Indicators (KPI) have also been defined in alignment with the new Group Performance Management System (GPMS). This description enables the officers handling these jobs to have unambiguous understanding of their new role, expectations and measuring yardsticks for performance.

The essence of successful large-scale change is that while doing so, we have to unlearn some of the old ways of doing things and at the same time learn new ways of doing things. A new concept has been introduced for effective & timely implementation of change.

Dedicated Teams to Drive Each Priority Area

With a view to provide sustained focus and thrust to various initiatives, dedicated teams have been constituted in the Corporate Office to drive each of the priority areas. Each implementation initiative has the following “Core” team structure:

Project Sponsor: Director/Executive Director in the Corporate Office, who is responsible for providing overall guidance and direction, monitoring overall execution, results, providing policy inputs and resolving key issues that need attention of senior management

Project Champion: CGM/PGM/GM level officer in the Corporate Office who is responsible for driving implementation of the project/ initiative on a country-wide basis, monitoring overall execution results, preparing policy guidance, resolving key issues on a day-to-day basis and assessing and communicating on all projected issues.

Project Coaches: GM/DGM level officer in the Corporate Office who is responsible for day-to-day execution of the project/initiative, working in coordination with Circle and SSA level implementation teams (including training them on new ways of working), monitoring results at Circle/SSA level, trouble-shooting on a day-to-day basis and supporting the Project Sponsors and Project Champions to take the right policy decisions by giving feedbacks.

Transformation Management Office

A Transformation Management Office has been set up under GM (Corporate Restructuring) at BSNL corporate office. The TMO will be the overall coordinating node for the implementation phase.

Sum Up

BSNL is at a decisive juncture in the transformation journey. Starting year of implementation is very crucial for making substantial progress across the areas that have been identified for implementation. A lot needs to be accomplished and the passage is not going to be easy, but perseverance and commitment to the task of transformation on the part of BSNL employees will definitely help in achieving our common objectives. Continued enthusiasm and support of every BSNL member is essential for this endeavour to succeed. All employees of BSNL need to dedicate themselves to the transformation endeavour and thereby contributing for shaping a bright future for BSNL.

Brief on activities undertaken as part of Project Shikhar:

Project Vijay (Mobile)	
Market retailer survey	Map existing telecom retail universe; measure BSNL's reach and extraction
Wireless market potential model and target setting	Assess future evolution of market for BSNL and dynamically fix targets for SSA and sub-district (gross adds, net adds, retailer coverage etc)
Channel management team and structure	Franchisee channel structure Roles definition and create channel management teams Training for channel management team
Channel norms	Allocate areas to external and internal sales channels/representatives Prioritize retailer coverage based on volume potential Incentives structure for channel management team Day-to-day tracking and reporting
Project Udaan (Landline & Broadband)	
Product, Pricing & Analytics	Identify customer segments Map competitions' offers – tariff plans & product features Analyze present subscribers' usage pattern & attrition rates of various plans Develop economic models for testing and ensuring feasibility of all plans
Sales & Alliances	Structure of sales team - both BSNL own team and DSAs and define roles & responsibilities Develop detailed sales process, sales incentives & allowances / awards Sales force training modules through external professional agency
SD / SA (Network Operations)	New processes for advance feasibility checking & reporting Process improvements to ensure fast delivery
Customer Service	Process modifications for Customer service interfaces and for supporting sales team Lead generation mechanism and processes to capture leads and pass to Sales team

Project Dosti	
Billing and Collections, Service delivery and complaint handling, Improve market share	<ul style="list-style-type: none"> • Improved processes • New Plans • More interaction with PCO franchisees
Project Kuber	
Billing and Collections	<ul style="list-style-type: none"> • Ensure timely billing of circuits • Processes for bad debt recovery
Project Sanchay	
Savings	<ul style="list-style-type: none"> • Security Cost • Fuel cost, • Inventory management
Project Smile	
Customer Care	Improved ambience of CSC, multimode payment of bills, Shop in Shop concept, Training to CSC staff etc.

Assignments:

D) Categorize the following by SWOT analysis as applicable to BSNL:

Feature	S/W/O/ T	Reason
Valuable assets-copper, fiber, buildings etc.		
Declining handset costs		
More Competitors		
Large Talented manpower		
Low employee motivation & involvement		
Declining Tariff due to competition		
Growing market of mobile connections		
Age profile of manpower		

- II) What were the issues identified by M/s BCG after conducting the surveys within BSNL?
- III) What is the market share of BSNL as on 1st of the present month (a) for Mobile (b) for total telecom services?

IV) Sample Questions:-

Pick up the most suitable answer from the given choices.

- 1) As per the findings of BCG, the reason for lack of focus of the people was mainly because of
 - a) Too broad structure,
 - b) Large infrastructure
 - c) Lack of shared vision.
 - d) Inefficient processes.
- 2) The ADT was focussing for the year:
 - a)2012, b) 2015, c)2013, d)2011.
- 3) The initiative as the result of ADT is known as:
 - a) Project Udaan, b) Project Dosti, c) Project Shakti, d) Project Shikhar.
- 4) The improving the marketing of Mobile Services was focussed through
 - a) Project Dosti,, b) Project Vijay, c) Project Sanchay, d) Project Uday

- 5) In the new restructure, the Long Distance Networks are brought under :
 - a) Dir CFA
 - b) Dir Enterprise ,
 - c) ED NB,
 - d) ED (CA)

- 6) Savings on operational expenses on infrastructure monitored through:-
 - a) Project Kuber, b) Project Vijay, c) Project Dosti, d) Project Sanchay,

- 7) The Transformation Management Office at BSNL HO is headed by:-
 - a)GM(CA), b)GM(TR), c) GM(Restructuring), d) GM(SR)

- 8) In this context, KPI means :-
 - a) Key Performance Identification, b) Key Productivity Indicator,
 - c) Key Performance Indicator, d) Knowledge & Performance indicator

- 9) Which one of the following is a shared functionality throughout the organization:-
 - a) CFA, b) HR, c) CM, d) NB

- 10) What is the management tool used for monitoring the performance of a unit:
 - a) BBSC, b) IPMS, c) KRA, d) GPMS

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