



GO Global Organization
Design Society

READINGS IN GLOBAL ORGANIZATION DESIGN

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“WE WANT TO ATTRACT GOOD PEOPLE, RETAIN THE BETTER
PEOPLE AND ADVANCE THE BEST PEOPLE”

by Christabelle Noronha

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January 2001 | Christabelle Noronha

"We want to attract good people, retain the better people and advance the best people"

'With people-related knowledge resources becoming a key competitive advantage in today's world, the Tata Group has felt the need to refocus its attention on leadership development,' says R. Gopalakrishnan, executive director of Tata Sons, and member of the Group Executive Office, detailing the group's new initiatives in developing human resources

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With rapid technological change as well as global consolidation in industries from banking to telecommunications, companies need Chief Executives and managers skilled in running complex enterprises. Companies need to cast their net wider for managerial talent and have meaningful processes for grooming potential Chief Executives. They also need to do a better job of drilling down into the organisation to spot and nurture future leaders early in their careers and develop a system of succession planning on a continuing basis.

In order to meet these challenges, the Tata Group is taking some major initiatives in key areas. The group is focusing on human resources, as potentially the most important aspect of the group's change agenda.

R. Gopalakrishnan, executive director of Tata Sons, and member of the Group Executive Office, who, is also responsible for the HR function, spoke to *Christabelle Noronha* about the group's new HR initiatives.

tata.com: In his New Year message, the Chairman had said, and I quote: 'It has also been possible to finalize broad human resource development templates for the Group that will vitalize career growth through reward systems and job mobility.' What steps are being taken in this direction?

R. Gopalakrishnan: The Tatas have had a long tradition of managing human resources. The enlightened view they took with regard to labour in Jamshedpur as well as the early initiative they took in setting up the Tata Administrative Services, or TAS, have both been well documented. But times have changed significantly and with people-related knowledge resources becoming a key competitive advantage in today's world, the Tata Group has felt the need to refocus its attention on leadership development.

Historically, leaders were developed in individual companies, and the group played only a small role. Only two activities were managed as a group – the Tata Management Training Centre, or TMTC, and TAS. With the formation of the GEO, the signing of the Brand Equity Business Promotion, or BEBP, agreement by group companies, HR has become a very important part of the change agenda in the group.

A survey was done to assess the needs of companies and managers in the group. The findings that emerged were:

- mobility for growth
- competitive remuneration;



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- performance measurement system;
- potential assessment system;
- group training inputs
- group resourcing

While several Tata companies may have their own performance measurement systems their systems must be able to 'speak' to each other, and, likewise with potential assessment. Like computers speak to each other through an XML standard, we need a group approach to performance management.

tata.com: What is the Group HR mandate?

RG: To attract good people, retain the better people and advance the best people. We are seeking to construct an integrated HR system, in which the central backbone will be the Tata Work Level. Around this concept we will have a performance measurement system, (PMS) potential assessment system (PAS), career development system (CDS) and a remuneration policy (RP), all held together by an organised methodology to enable the system to operate in harmony.

We are now at the work-in-progress stage, and are piloting work levels in a few select companies.



A company manages its business through two kinds of work – managerial work, done by people with clear authority and accountability, and with influence over resource allocation; the second is supervisory work, done by skilled people who implement assigned tasks and report to managers.

To fit the proposed Tata framework, the whole group's management jobs will be studied. There can be a maximum of six Tata Work Levels (TWL), though not every company will have all six levels. TWLs will be determined by the level of challenge in the job, so it is the backbone of the HR framework which will be implemented.

tata.com: So, what are these work levels, how will they impact companies and affect their current structures?

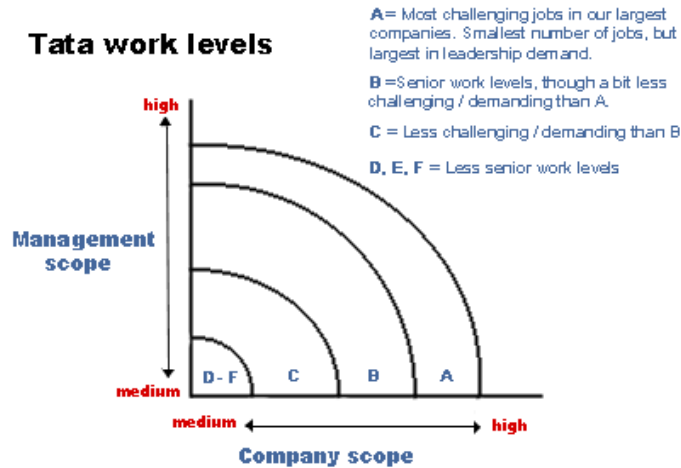
RG: Work levels are determined by two factors; the Company Scope (CS) and the Management Scope (MS). The intersection of these two is the Tata Work Level. – A is the highest and F the lowest.

We have classified our companies into three scopes - we call them Scope 1 Company, Scope 2 Company and Scope 3 Company, naturally, all companies don't have the same scope. Scope 1 companies are complex and/or large as measured by parameters such as turnover, profits, manpower, nature of competition, extent of co-ordination and control required. Scope 2 companies are large companies but less complex, whereas Scope 3 companies are medium sized.

Management scope is de-linked from Company Scope. It tells you at what level of managerial work you are within the company irrespective of the size or the complexity of the company. Management scope 6 is typically the lowest level of management, with

some functional responsibility in a line or staff function to deliver results in a fairly defined structure of customers, technology, geography and time frame.

As we progress along the ladder the management scope increases to encompass leadership, performance and accountability. At the highest level, scope1, the individual concerned, usually the chief executive, will be responsible for running the enterprise, delivering results and ensuring shareholder returns.



Traditionally, we look at the organisation as a pyramid with the Chief Executive and senior management at the top and others at different levels of the pyramid. If you use a windscreen wiper model and plot the management scope on the y-axis and company scope on the x-axis, then, the work and scope of the manager is very wide in a large and complex company and the wind screen wiper is at A, the highest level. The highest quality of work gets done here. This area has the smallest number of jobs but is largest in leadership demand.

Obviously, between companies the quality of work will differ for the same management scope. Under the new framework, managers can aspire over a period of time in their career to move upwards from work level F to work level A. Today we have a situation in the group where people just change designations. The new initiatives have nothing to do with designations. It is to give insight to the CEO and top management of companies into how to get a flatter hierarchy and give their managers better quality jobs. We would like to have managers who are motivated to produce the highest quality of work.

tata.com: How will all this benefit employees and help in career progression?

RG: Career development is largely about spotting good people, giving them job mobility, rotation and progression up the organisation structure. We have developed a model wherein an individual's capacity to progress up the organisation can be tracked based on the work levels we have defined and the experience and exposure of the individual concerned. We will gradually implement a structured methodology to manage our human resources and manager's expectations from the group.

There are some functions like HR and finance, which do not have a sector bias and, thus, can be freely rotated across companies operating in different business sectors. Others like technology, research and manufacturing are sector-specific functions, which, while have limited scope for rotation across companies, can nevertheless be used in different functions to develop their general management. Both functions have potential to rise to general management or to be functional specialists.

A Tata leader is required to develop six characteristics through his career. The more senior the leader, the more of these qualities they are required to exemplify. The characteristics are:

- functional competence
- people management ability
- delivery capability
- conceptual skills
- competence with external agencies
- character / courage of conviction

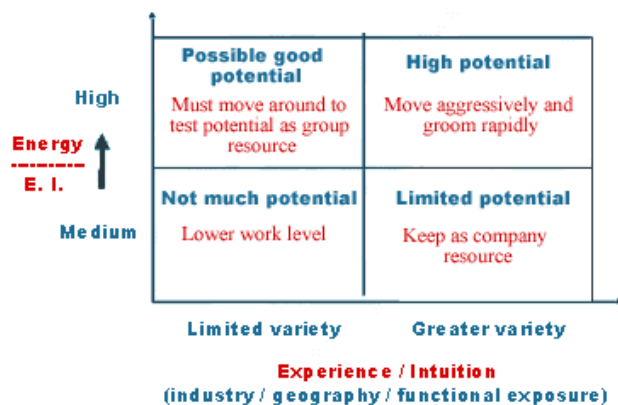
These new initiatives, together with the group focus on career planning and development will have its impact on individual employees of the group.

tata.com: How do you identify potential leaders in such a large group with over 10,000 managers?

RG: By bringing increasing levels of objectivity and order into the entire exercise, all managers in the group will be continuously evaluated on the basis of a matrix that maps their "Energy"(emotional intelligence) with their "Experience" (intuition) gained over the years. Typical leaders are those with multi-functional and multi-location experience and have very high levels of energy – both physical, emotional and intellectual. They look and conduct themselves as highly energetic people.

The analysis provided by such a matrix allows the group to keep track of the potential leaders in the group and harness their abilities for the group's progress. The matrix is fairly self-explanatory and provides a rational basis for tracking key managers. The exercise will also help in identifying high performers or proven leaders.

When rotation helps to develop leaders



The company is the unit where potential and performance of the manager is assessed and this is the foundation of the system. Those meeting certain criteria will come into the group's radar screen, but the position is not assured for all times.

tata.com: Of the good performers how do you identify the outstanding leaders?

RG: A very significant departure from the past is the process of managing career development of employee's group-wide, instead of looking at specific companies only. A key to this is the consultative process between the companies and the GEO. For instance if a company needs to recruit a resource of a certain level of seniority, they will need to do so in consultation with the GEO as there could be a good resource within the group. What we are saying here is that as the work levels rise in a company, the degree of consultation with the Group Executive Office also increases. In order to make this happen, systems will be devised. It is a major departure and a very positive one for the group. It will be implemented progressively and will be effective over the next 18 months. In the mean time companies will continue to recruit senior people till the systems are all in place. For the first time the group will have a system for mobility, not a perfect one I should add, but vastly better than the one we presently have.

tata.com: Over what period of time will this system be in place across all companies?

RG: The Tata Group is very large, and it will be foolish for it to try to bring all its managers within the new scope and have all the systems working from day 1. It will be

done in a phased manner.

I would hope that our top companies, which cover 75 per cent of our management, would come into the loop within 18 months. By the end of 2002 we should at least have a radar screen that catches all our managers. But I want to emphasise that systems are easy to devise in the head office, it is the implementation on the ground that matters, and therefore a great deal of work remains to be done before the system can deliver its intended benefits. All that we have now is a great idea, and a pilot project going on.

tata.com: The Tata Group is perceived very poorly on compensation and hence unable to attract talent. Would you like to tell us about the group's remuneration policy?

RG: We have done a survey on remuneration, and have articulated a philosophy of remuneration. It is driven partly by market trends and partly by the group's needs. As a result of this, the Group has already developed a remuneration architecture. It can be implemented by companies only progressively, as the groundwork on work levels, has to be first completed.

tata.com: The Tata Group was the first Indian group to set up a central managerial pool through TAS, but it seems to have lost its sheen. How do you plan to regain TAS's lost glory?

RG: As part of the group HR initiatives we are in the process of re-orienting TAS with the purpose of developing a powerful stream of high quality managers to lead Tata group companies in the years ahead. But TAS is not the only source. There are three sources of high quality managers – companies' internal promotees, companies' direct recruits, and the group's TAS recruits. A lot of work is currently being done in this area by our companies and at the group level.

tata.com: How do you plan to leverage TMTC to build competence? How do we shift the emphasis from training to learning?

RG: TMTC's mandate is to play a unique role in delivering the Group HR mandate, which is to attract good talent, retain the better talent and advance the best. The uniqueness must be perceptible to the larger companies that are well endowed with functional training facilities as well as others that do not have in-house training facilities of their own and hence depend on outside training centres to meet their needs.

In order to move forward the first step the TMTC took was to conduct a survey of twenty four Tata companies to find out their training needs. The survey findings threw up four overarching themes – Customer Connectivity (marketing), Corporate and Business Strategy, Leadership Development and Governance for effective growth. In order to meet companies' needs TMTC is in the process of developing value-added programs and is putting together a training calendar for the year 2001-02.

The whole calendar will be re-oriented to address the selected themes that are being conceptually thought out for two kinds of "customers".

- Large companies which have their own training centres and don't need the standard programs but have the need to bring the group perspective to their managers
- Companies which do not have in house training facilities and have to depend in any case on sending their managers outside for training.

The programs have been structured into three categories. Programmes that will cover generic high quality programs, and discuss live Tata constituents. Others that will be of international standard to develop high quality people into top leadership; and very few that will begin after 12-14 months -- for top quality managers, in order to churn out the very best for the group's most valuable A level jobs. These programs will be conducted in collaboration with institutions such as Ashridge, Harvard, and others. We are talking to these institutes to run some very high quality programs so that some of our good potential leaders can be put through a very intensive program in the year 2001-2002.

tata.com: All this appears very ambitious. How soon do you see it taking shape?

RG: Great companies have great systems, but they are built up over long periods. The

task of our generation is to build systems that will last. We are on a journey to build the proverbial cathedral, the walls will surely be seen in the next 18 months.

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GO Global Organization Design Society

GO SOCIETY PURPOSE AND VALUES STATEMENT

To support the organizing of work in a responsible, fair and healthy manner in which people are led in a way that enables them to exercise their capabilities.

The Society believes this requires applying a systems framework* emerging from reflective inquiry in which levels of work and capability are the initial paradigm and growth in human awareness is the essential process.

The benefits are organizational effectiveness, fulfilled people and organizations designed for value-creation, sustainability and social well-being.

Note: inspired by the work of Wilfred Brown and Elliott Jaques

The *Global Organization Design Society* was founded in 2004 to establish and operate a worldwide association of business users, consultants, and academics interested in science-based management to improve organizational effectiveness.

The GO Society fulfills its purpose by:

- Promoting among existing users increased awareness, understanding and skilled knowledge in applying concepts of Levels of Work Complexity, Levels of Human Capability, Accountability, and other concepts included in Requisite Organization and/or Stratified Systems Theory.
- Promoting among potential users of the methods, appreciation of the variety of uses and benefits of science-based management, and access to resources. The GO Society supports the learning and development of current and future practitioners by holding world conferences and professional development workshops, publishing books and a journal, and maintaining a resource-rich web site with related articles, monographs, books, videos, blogs, discussion groups, and surveys.

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