Implementing a turnaround strategy: A case study in services industry

Niraj Vyas
niraj.vyas@gmail.com

ABSTRACT

There are many factors which drive an Organization’s success. Leadership, organization design and structure, people, change management, organization culture, innovation and technology focus, flexibility and ability to adapt to changing market trends are some of the factors. As the organization passes through its stages of lifecycle of rapid growth and maturity it faces many challenges which threaten its survival in a competitive market landscape. The ability of the organization to respond to these challenges determines whether it goes into the phase of decline and oblivion or charges ahead to a phase of rebirth and fuels further growth. An organization often faces delivery issues in the rapid growth phase when its systems, processes and structure are not designed to handle the growth. Picking up signs of ailing health of the company and a proactive approach in handling these issues early in the process is key to a turnaround. Implementation of a structured turnaround strategy will be vital to the revival of service delivery issues faced during this period. This paper is a case study of a successful turnaround strategy implemented in the services industry. This case study examines the various stages of implementation of a structured turnaround strategy and action plans implemented in each stage. The paper also considers the importance of considering a multi-dimensional approach towards handling quality issues with categorization of focus areas into customer, process and people categories. Applying best practices from the manufacturing industry in the services industry is also evaluated.

Key words: Turnaround Strategy, Quality Management, Human Resource Management, Problem Structuring, Root Cause Analysis.

1. Introduction

An organization passes through various stages in its lifecycle. These include the Birth, Growth, Maturity, Decline and Death. In each of these stages the organization faces various challenges and crisis.

An organization in startup phase (Birth) will have challenges of having limited resources, recruiting and training high performance team and building a strategy, structure and systems without a clear framework. A rapidly growing organization (Growth) will have challenges of putting structure and systems for scaling and integrating new team to handle the expanding scale of growth. Organizations which need to sustain the success achieved so far (Maturity) will have challenges of creating a path for taking unit to next level, justifying need for new initiatives and leading in shadow of existing leader and managing the team he created. Units which need realignment will need to convince the team that change is essential with a careful restructure of leadership and org structure (Watkins M, 2003)

Units which see a decline (Decline and Death) and a need to turnaround need to reenergizing demoralized team make effective decision under pressure and make tough calls. An
organization is prone to death and decline if the challenges faced in each of these stages in not dealt with effectively.

2. Review of literature/theatrical background of the study

Companies like Kodak, Fiat, Motorola, Xerox, and Sun Microsystems have seen failure due to Premature Ageing Syndrome with issues of stagnating growth, tentative change, weak leadership and lack of a success culture. On the other hand companies like AT&T, British telecom, Daimler Chrysler, Swiss Air, Time Warner have faced Burnout Syndrome due to excessive growth, uncontrolled change, autocratic leadership and prevalence of excessive success culture as its characteristic (Siehe G et al.,)

Organizational sickness has been defined as a gradual or sudden ‘existence-threatening decline’ in performance (3). This can be precipitated by internal actions or inactions or by external circumstances and environmental factors. This sickness in delivery calls for a turnaround situation. A turnaround situation is one where a company suffers declining economic performance for an extended period of time, such that the performance level is so low that the survival of the company is threatened unless serious efforts are made to improve its performance. Achieving turnaround calls for a totally different set of skills to probe into the causes of decline and to formulate appropriate strategies to transform the company for a fresh lease of life (Sunita Panciker, 2011)

Studies have shown that successful turnarounds were accomplished through progressive building up of organizational competencies, as suggested by the stage theory (through strategies such as employee engagement, cost rationalization, lean management, image building, and focusing on core business) before taking up aggressive growth and expansion strategies. A turnaround is a doubly entrepreneurial act involving ‘negative-to breakeven’ and ‘breakeven-to-positive’ phases (Manimala, M. J, 2005), which also may have several sub-stages within the two broad phases.

There are many approaches for driving a turnaround strategy. According to Wheelen and Hunger turnaround strategies are a form of retrenchment that emphasizes the improvement of operational efficiency. The two principal types of turnaround strategies, contraction and consolidation, are used when a corporation’s problems are not pervasive. However, researchers have largely ignored the possibility that firms may choose a growth strategy or stability strategy when experiencing declining performance. The most common growth strategies are diversification at the corporate level and concentration at the business level phases (Wheelen, T. & Hunger, J 2011).

2.1 Research objectives/research questions/hypotheses

This paper is a case study of a business unit which was facing delivery issues due to challenges faced in the rapidly growth stage. The unit applied a successful turnaround strategy by focusing on a growth and stability strategy. This case study highlights the various stages of implementation of a turnaround strategy with a multi-dimensional approach towards handling quality issues. Although this case study is from an operational unit in the services industry, utilizing best practices from the manufacturing industry is also evaluated. The structured approach demonstrated in this case study can be utilized towards application of turnaround strategies for operational units and ensure a prompt and proactive approach is adapted for managing delivery challenges.
2.2 Overview of organization and turnaround scenario

This case study is from a unit within the healthcare industry, a knowledge process outsourcing (KPO) group responsible for providing safety services for global studies conducted for biopharmaceutical companies. This IT enabled service unit had established a reputation for providing quality services at par with global providers and was looking at a consistent year on year growth. After managing the stages of initial growth it was moving into a phase of maturity with a challenge to sustain the success achieved so far. This stage of maturity required the unit to cater to a larger pool of global customers and provide flexibility in its standard delivery model.

To ensure focus on quality and productivity, the unit invested on upgrading the technology. System upgrades were launched with a new module aimed to increased efficiencies and to improve customer experience. An investment was made in terms of adding new headcount and a new team was developed to manage specific part of the operations.

However within a span of a few months of implementing this strategy, there was an increase in number of customer complaints. There were dissatisfied internal project teams who started spending most of their times managing customer calls. The systems testing team reported major defects in the system post release. The turnaround time lines for delivery of services to the customers started dropping. Higher employee attrition was reported within one of the key functional unit within the operations. One customer pulled out of their large programme and more customers were threatening to quit.

The unit implemented a transformational strategy with a focus towards establishing stability within the operations and identification and resolution of issues driving customer dissatisfaction. The issues and action plans were structured around 3 key areas viz Customer, Processes and People. Within a span of 4 months, customer grievance calls died down, escalations dropped dramatically; and delivery metrics improved. Within 6 months customer grievance turned to appreciation. This case study identifies the approach towards implementation of the turnaround strategy within the operations center.

3. Analysis and interpretation

For this case study, the stages of implementation of a Turnaround strategy are classified into following:

1. Stage of Evaluation and Assessment
2. Acute Needs Stage
3. Stage of Restructuring
4. Stage of Stabilization
5. Stage of Revitalization

3.1 Stage 1: Evaluation and assessment

3.1.1 Identification and Segregation of Focus Areas (Customer, Process and People approach)
It is important to stay focused and understand the problem areas and filter them from the noise received in these situations. The best way to know the ground realities is to get the feedback with the team on the floor. The employees involved in the process are the best source of feedback as they know the challenges and give the best indicators of what should be changed. An anonymous survey sent to key internal stakeholders is another way to seek feedback objectively by asking specific questions to get a structured “noise free” response. Data and metrics give a good indication of what is going wrong within the operations. A breakdown of the process into sub processes and measurement at each sub stage of the operations will help identify bottlenecks and failure points in the assembly line. In this case study, the following problem areas were identified which were then segregated into 3 buckets; customer, process and people:

3.1.2 Customer

Missing turnaround timelines for sending reports to the customer

![Figure 1: Metrics of Customer Reporting Timeline](image)

Poor quality of query data sent to customer sites

![Figure 2: Customer Complaints Trend](image)

Customer Queries not answered on time

3.1.3 Process/ systems

1. System defects leading to poor quality data sent to customers
2. Inadequate testing of the system during testing phase, with no end to end review of the upgrade on the delivery process.
3. Process gaps where there was no handover from team 1 to team 2 for managing queries
Implementing a turnaround strategy: a case study in services industry  
Niraj Vyas

4. Inadequate placement of resources in the process with no coverage in certain time slots leading to delays
5. No metrics to track delivery of team and no ongoing monitoring
6. Issue log to track issues and implementation of preventive actions

3.1.4 People

1. Team lead not thoroughly involved in development of process and not engaged
2. Inexperienced functional lead identified for managing day to day operations
3. Resignation of some members
4. Employee selected on contract for key role in the operations with no clarity on career ladder
5. Capacity calculation for anticipated growth required to handle workload
6. Talent review and preparation of career ladder to align
7. Motivation and involvement of staff required for overall strategy

3.1.5 Prioritization of focus areas

It is not possible to address all the issue at once and prioritizing issues which need action will be key to a successful implementation of the turnaround strategy. Following is the table with priority rating assigned to each focus area:

Table 1: Segregation of Issues and Priority Key for Classification of Issues

<table>
<thead>
<tr>
<th>Area</th>
<th>Priority Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer</td>
<td></td>
</tr>
<tr>
<td>1. Missing turnaround timelines</td>
<td>2</td>
</tr>
<tr>
<td>2. Poor quality of query data sent to customer sites leading to confusion at sites</td>
<td>1</td>
</tr>
<tr>
<td>3. Customer Queries not answered on time</td>
<td>1</td>
</tr>
<tr>
<td>Process/ Systems</td>
<td></td>
</tr>
<tr>
<td>4. System defects leading to poor quality data sent to customers</td>
<td>1</td>
</tr>
<tr>
<td>5. Inadequate testing of the system during testing phase, with no end to end review of the upgrade on the delivery process.</td>
<td>2</td>
</tr>
<tr>
<td>6. Process gaps where there was no handover from team 1 to team 2 for managing queries</td>
<td>2</td>
</tr>
<tr>
<td>7. Inadequate placement of resources in the process with no coverage in certain time slots leading to delays</td>
<td>1</td>
</tr>
<tr>
<td>8. No metrics to track delivery of team and no ongoing monitoring</td>
<td>3</td>
</tr>
<tr>
<td>9. Issue log to track issues and implementation of preventive actions</td>
<td>2</td>
</tr>
<tr>
<td>People</td>
<td></td>
</tr>
<tr>
<td>10. Team lead not thoroughly involved in development of process and not engaged</td>
<td>4</td>
</tr>
<tr>
<td>11. Functional lead identified for managing day to day operations</td>
<td>4</td>
</tr>
<tr>
<td>12. Resignation of some members</td>
<td>2</td>
</tr>
<tr>
<td>13. Employee selected on contract for key role in the operations with no clarity on career ladder</td>
<td>3</td>
</tr>
<tr>
<td>14. Capacity calculation for anticipated growth required to handle</td>
<td>4</td>
</tr>
</tbody>
</table>
Implementing a turnaround strategy: a case study in services industry

Niraj Vyas

The identification of the research problem is the most difficult and important part of the whole research process (7). Likewise in handling a turnaround situation, identification and articulation of a problem statement and listing areas of concerns creates the platform to build actions plans to drive change. Assigning priorities for action plans helps focus on immediate needs and drive damage control initiatives.

3.2 Stage 2: Acute needs stage

In this stage it is critical to address the areas which need immediate actions. These are areas which require an aggressive approach towards implementing corrective actions, since the focus areas identified threaten to impact safety, data integrity, risk assessment and decision making at the customer end, if not addressed immediately. These issues eventually threaten to harm the company’s reputation if not addressed with a very high priority.

1. Poor quality of query data sent to customer sites: In the services industry delivering low quality product will be catastrophic. There can be harm safety, data integrity and decision making. This needs to be immediately addressed to avoid any further damage.

Actions Implemented: A 100% manual check on data sent to the customer was implemented and automated delivery reports were stopped immediately.

2. Customer Queries not answered on time. This can be frustrating for the customer who is expecting an immediate response from a service provider. The customer can escalate this issue to the outsourcing team who in turn will escalate it to the Board

Actions Implemented: All customer queries were routed to the functional lead who was assigned the responsibility of addressing the queries. A timeline for response was defined and communicated to the customer facing team. A tracking sheet was developed to ensure all queries were tracked and responded within timelines.

3. System defects leading to poor quality data sent to customers: For an IT enabled service with thousands of transactions per day, a system defect with automated data delivery can send inaccurate data to the customer and the delivery unit may be completely blinded to the extent of damage.

Actions Implemented: All automated faxes and emails from the system were stopped and a manual override was implemented to ensure reports with systems defects did not reach the customer. A very high priority ticket was raised to development team with a list of all
identified defects which needed immediate action. Against each of the defects a mitigation plan was implemented considering the timeline required for fixing the defects.

4. Inadequate placement of resources in the process with no coverage in certain time slots leading to delays: Having a resource but not placing this resource where there is requirement is as good as not having someone at all. This needs to be immediately corrected.

Actions Implemented: Placements of resources was changed with immediate effect to cover a timeslot which was not covered.

Review of Actions in Stage 2: This is a stage which needs maximum intervention from the functional lead with a daily monitoring of all action plans implemented with review of related metrics. Implementation of labor intensive manual oversight is required with a need to extend beyond job roles and working overtime to cover delivery issues.

The nature of the top management team in a company is of greater significance for success or failure than any of the company’s products, skills or physical assets (8). A standing meeting by the functional lead explaining the current situation, enlisting the focus areas and explaining the impact if these are not addressed will engage the team to provide their fullest cooperation. Working beyond the hours, beyond job roles is the need of the hour. The functional lead needs to be involved in every action plan and showcase the commitment, positive attitude to the team. Showcasing the positive intent, willingness to change the situation and demonstration of an action plan will provide direction to the team.

3.3 Stage 3 restructuring stage

In this stage all high Priority items need to be addressed as soon as the damage control through the category 1 items has been addressed. These are the key items which need to be addressed tactically to ensure the keys gaps in the operations are taken care off. Identification of a root cause for each of the issues identified and implementing appropriate corrective and preventive actions for the root cause identified needs to be the theme of restructuring stage.

From the current action plan, there are following focus areas with the corrective actions which were implemented:

3.4 Missing turnaround timelines

Like in the manufacturing sector, the service sector too has processes which can be linked to the assembly chain with similar issues, bottlenecks and dependencies. Once services “in the field” receive the same attention as products in the factory, a lot of new opportunities become possible (9).

To identify the root cause of delays, it is important to break down the assembly line into individual processes, usually available through process flow charts and monitor each individual process in terms of stress levels, time taken for each step, % utilization of resource at each stage to pin down the root cause. Below is the breakdown of the process as an assembly line and supporting data which helped identify the root cause.
Using the Pareto principle, 20% of areas cause 80% of delays, it was confirmed that the root cause of delays was at Team 1 and Team 2.

To further drill down the reasons of delays at this step, the “5 whys” technique was implemented. This technique was developed by Sakichi Toyoda for the Toyota Industries Corporation. When looking to solve a problem, it helps to begin at the end result, reflect on what caused that, and question the answer five times. Most obviously and directly, the Five Whys technique relates to the principle of systematic problem-solving: without the intent of the principle, the technique can only be a shell of the process (10).

A thorough process approach towards root cause analysis is key to detection of focus areas within operations which need attention. Fishbone diagrams or Ishikawa diagrams is another tool which can be used for the detection of root cause of failure within the operations. A Ishikawa are causal diagrams created by Kaoru Ishikawa (1968) that show the causes of a specific event. Ishikawa are causal diagrams that show the causes of problems with factors related to Equipment, Process, People, Management, Environment and Materials listed as probable causes of errors.

In this case study the 5 why technique was utilized for root cause analysis

3.5 Delays in product delivery was linked to delayed handover by Team 1 to Team 3

- Why 1: Why were there delays in handover from team 1 to team 3?
Implementing a turnaround strategy: a case study in services industry
Niraj Vyas

Team 1 could not identify the prioritization of items since the new system did not adequately provide the pool with timelines. Also placement of available resources was not matching as per influx

- Why 2: Why could the team not prioritize tasks in the system and why were these requirements not provided and tested before system rollout?
  
  This was due to fact that the system requirements were conflicting and were not tested before rollout

- Why 3: Why were these requirements conflicting and why were these not tested before rollout?
  
  The team leads which provided the requirements did not participate in testing and the member who tested were not fully aware of the requirements

- Why 4: Why did the team lead not participate in testing or train resources for systems testing?
  
  The team lead did not put in a plan to allocate and prepare a delegation task sheet to identify the best resources for testing and did not communicate all the risks, testing plans etc

- Why 5: Why did the team lead develop risk mitigation and testing plan?
  
  The team lead did not have prior experience in managing change and implementing major process changes.

3.6 Delays were also due to delayed delivery by Team 2 to Team 3

- Why 1: Why were there delays in handover from team 2 to team 3?
  
  Team 2 could not prioritize the tasks as the system and process did not assist them in assigning priorities

- Why 2: Why could Team 2 not prioritize the tasks?
  
  Team 2 was split into 2 teams 2A and 2B with no link or handover process between the 2 sub teams

- Why 3 Why were these 2 team split and why was there no handover process in place?
  
  These teams were made and allocated tasks based on a process split (2A responsible for downloading the customer query resolution and 2B for entering the query in the system), but the team lead did not identify that a process flow with handover from team 2A and 2B was critical

- Why 4: Why did the team lead not develop the process?
  
  The team lead was managing other operations and did not have expertise to develop process workflows and manage a new complex workflow with the system upgrade

- Why 5: Why was the team lead assigned additional responsibilities with no prior experience and why was there no training plan implemented?
  
  The additional responsibilities were assigned to team lead based on prior performance and not on talent. A talent gap analysis was not performed with no training plan in place.

From this 5 why analysis, the following areas were identified as root cause

- i. Inadequate involvement of team lead in driving change
- ii. Inadequate system requirements
- iii. Incomplete system testing
- iv. Inadequate placement of Team 1 resources
- v. No handover of process from team 2A to team 2B

Corrective Actions:
Implementing a turnaround strategy: a case study in services industry

Niraj Vyas

- The functional lead was replaced
- High priority system upgrade requirements were collated and approvals obtained for an urgent system upgrade
- A new requirement was added in the system to allocate a timeline for completion of tasks for team 1 and team 2 which can ensure adequate time is available for the rest of the teams
- A cross functional team was put in place with members having past experience in handling change, process expertise and domain knowledge to plan the upgrade, system testing and training
- Team 1 resources were realigned to have maximum coverage based on influx trend
- Team 2A and Team 2B were merged as one team to eliminate and handover and related delays

After rollout of the system upgrade teams 1 and 2 were allocated a module in the system where all the queries were assigned priorities in terms of timeline for delivery. These timelines were allocated for teams 1 and 2 and were programmed in the system. As a result of this, the time taken for actions at team 1 and 2 reduced significantly.

Table 2: Data showing Improvement in timelines for handling queries at Team 1 and Team 2 after system upgrade

<table>
<thead>
<tr>
<th>Final Product Delivery Timeline</th>
<th>Expected Time for handling query (Hrs)</th>
<th>Actual Time for handling query (Average Hrs) Prior to system upgrade</th>
<th>Actual Time for handling query (Average Hrs) Post System Upgrade</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 hrs</td>
<td>4</td>
<td>10</td>
<td>3.3</td>
</tr>
<tr>
<td>48 hrs</td>
<td>8</td>
<td>9.5</td>
<td>6</td>
</tr>
<tr>
<td>72 hrs</td>
<td>12</td>
<td>9.5</td>
<td>5.05</td>
</tr>
<tr>
<td>Total Events</td>
<td>2654</td>
<td></td>
<td>2502</td>
</tr>
</tbody>
</table>

3.7 Tracking quality issues

Occurrence of quality issues in delivery operations is expected. However it is important to track issues in terms of number of occurrences, type of issues (major or minor, reoccurrence) and source of issues. A systematic tracking of issues as and when they occur and monitoring these over a period of time provide useful information about the trend of the issues and effectiveness of the corrective and preventive issues implemented.

Actions Implemented for driving quality improvements:
- Establishment of a quality goal for the functional team
- Linking of quality goal to each employees performance evaluation
- Rewards and recognition for the best performers
- Developing detailed standard operating procedures where required
- Process training
- Monthly review of quality metrics
Implementing a turnaround strategy: a case study in services industry
Niraj Vyas

Table 3: Template for Tracking Issues

<table>
<thead>
<tr>
<th>No</th>
<th>Date of issue Logged</th>
<th>Functional Unit</th>
<th>Process (area of delivery)</th>
<th>Type (Critical, Major, Minor)</th>
<th>Root Cause</th>
<th>Corrective Action</th>
<th>Preventive Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.8 Handling team attrition and team motivation

Employees who perceive that leadership practices emphasize quality, customer service, and employee development tend to be more satisfied with their jobs and the organization overall. As a result, customers are more satisfied and will maintain a long-term relationship with the company. Whether employees are supported and enabled to manifest value for the customer ultimately depends on leadership (The Ken Blanchard Companies, 2009)

During a period of consolidation where customer issues are peaking, the internal team, especially the team facing the customer will be under immense pressure. The customer is expecting immediate turnaround and does not want any compromise in quality. The customer facing team requires a concrete corrective and preventive action plans with specific dates which can be communicated to the customer to assure a revival. This pressure is then passed...
Implementing a turnaround strategy: a case study in services industry
Niraj Vyas

on the delivery team. This pressure mounted on the delivery team on the floor adds on to the already existing pressure of the need to improve with emphasis laid down by the functional team lead to ensure zero quality issues and on time delivery. This is bound to cause attrition.

Apart from ensuring that the replacements are made with appropriate training and on-boarding it is important to maintain motivation of the team and equip the team to handle the pressure. It is important that the team leads maintains communication with all the members and demonstrate a positive attitude towards the situation. Celebrating small wins with achievements of smaller milestones provides a good perspective to the team that there is steady improvement.

Applying job enrichment strategies with the team helps a stronger team involvement in the execution of team objectives and goals. Job enrichment is directed at improving the essential nature of the work performed. The idea behind job enrichment is that motivation can be enhanced by making the job so interesting and the worker so responsible that he or she is motivated simply by performing the job (Fred C. Lunenburg, 2011).

Five “implementing concepts” for job enrichment are identified. Each one is a specific action step aimed at improving both the quality of the working experience for the individual and his work productivity. They are: (1) forming natural work units; (2) combining tasks; (3) establishing client relationships; (4) vertical loading; (5) opening feedback channels.

3.9 Testing of system upgrades

A software system is usually governed through standard procedure of identification of user requirements, validation plans, functional qualification plans and user testing plans. It is important however that the business users identify specific areas of the modules which need to be rigorously tested. Apply best practices like regressions testing and a complete end to end testing where testing is just not restricted to the specific module which is upgraded, but the entire workflow is tested end to end to assess impact that module change on the entire delivery line. The intent of regression testing is to ensure that a change such as those mentioned above has not introduced new faults (Myers, Glenford, 2004). A lot of defects not picked up in module testing are picked up in an end to end testing. Apart from identification of a testing strategy, it is important to let the testers trained and prepared for the testing.

3.10 Stage 4: The Stabilization Stage

In this stage it is important to capitalize on the improvement driven through stage 3 on quality and on time delivery. This is the stage of implementation of long term preventive actions which will ensure a stable and consistent delivery. Following areas were handled in stage 4:

1. Delivery Monitoring plan through Metrics:
2. Aligning team goals with unit goals and career mapping

4. Monitoring delivery through metrics

To survive and prosper competing in the information age, companies must use measurement systems derived from their strategies and capabilities (Kaplan, R.S, 1996). The Balanced score card method employs performance metrics from financial, customer, business process, and technology perspectives. Adding metrics related to employee satisfaction, employee
Implementing a turnaround strategy: a case study in services industry
Niraj Vyas

turnover and talent reviews to the balanced score card complete all the monitoring elements. The balanced scorecard seeks to include nonfinancial metrics that are strategically important for a firm’s long-term performance (Rajiv D Banker et al., 2004),

It is important for the functional lead to carefully select the appropriate metrics which measure and provide relevant process points within the operations. The following set of metrics was selected for monitoring and evaluation based on root cause analysis performed in Stage 2.

Note: These metrics were monitored for the functional team under focus and were in addition to the business unit performance metrics.

4.1 Business process Timeline/ delivery Compliance
a. % Timeline compliance for team 1 (actual vs expected compliance of >95%), This compliance includes the number of cases processed within timelines after receipt of data from customer sites.
b. % Timeline compliance for team 2 (actual vs expected compliance of >95%), This compliance includes the number of cases processed within timelines and allocated to Team 3 after receipt of data from Team 1
c. % Queries sent to customer by team 1
d. % Queries resolved by customer and entered in system by team 2

4.2 Business process outlier analysis
e. Breakup of reasons for delays by the team 1 and team 2

4.3 Business process quality
f. Trend of quality issues by team 1 and 2 with breakup of root cause analysis
g. Trend of system bugs and defects post rollout

4.4 Business process Productivity
h. Throughput per employee in team 1 and team 2
i. % Utilization at team 1 and team 2

4.5 Employee
j. Employee engagement
k. Employee turnover

4.6 Customer
l. Average age of all outstanding queries not resolved by the customer
m. Time taken by customer to resolve queries (actual vs expected within 24hours)
n. Customer satisfaction scores related to delivery by team 1 and team 2

A regular review of these metrics helped identify specific areas within the operations which needed focus or bottlenecks which need additional resourcing. A cross functional review of
all parameters which include delivery, quality, productivity, customer satisfaction and employee engagement ensures a holistic monitoring of the operations.

4.7 Establishing direction for the team

4.7.1 “Level 5” strategy cascade

Quite often large organizations make a lot of effort in establishing the company’s vision, mission, strategy, goals and objectives. These are quite effective at the corporate level and help drive the goals necessary for growth of the organization. In a multinational company, individual business unit/product groups/geographies derive their own strategies based on corporate level strategies and goals.

![Figure 7: Level 5 Strategy cascade](image)

However it is important to establish a similar cascade of strategic action plans within a business unit and encourage each functional unit to establish their own goals and objectives which are aligned to the business unit strategy. This “level 4” cascade of the strategy creates a platform for each employee within the unit to identify his/her role towards achieving the Business Unit strategy and ultimately the Company Strategy. This functional unit strategy then needs to be a part of each employee goals, completing the “level 5” cascade.

This cascade of the company goals into employee goals is described by Peter Drucker as the concept of Management by Objectives (MBO). MBO also known as management by results (MBR), is a process of defining objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization in order to achieve them (Drucker, Peter F, 1954).

4.7.2 Engaging each employee to drive the strategy

After completing the mapping of the company goals to each team member, it is vital to ensure an effective and assertive communication of these goals. Instead of a top down aggressive approach of communicating only the level 5 goals, a more effective way is to start with the company goals and engage each team member on how their performance will help the company achieve its goals.
Below is the example in the case study describing how the Level 5 cascade was completed:

**4.7.3 Linking of company goals to the employee**

**Table 4: Linking Company Strategy to Employee Goals**

<table>
<thead>
<tr>
<th>Level</th>
<th>Area</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company</td>
<td>Contribute to developing a healthier world</td>
</tr>
<tr>
<td>2</td>
<td>Geography</td>
<td>Focus on establishing and delivering integrated healthcare services in a growing region</td>
</tr>
<tr>
<td>3</td>
<td>Business Unit</td>
<td>Achieve &gt;10% growth YoY to become a leader in providing data service in 3 years</td>
</tr>
<tr>
<td>4</td>
<td>Functional Unit within the Business Unit</td>
<td>Above par performance for delivery and quality for data queries and establishing a stable and sustainable operation to deliver growth with a proactive approach towards managing risk</td>
</tr>
<tr>
<td>5</td>
<td>Employee</td>
<td>&gt;95% on time delivery with &gt;99% compliance to quality of data queries</td>
</tr>
</tbody>
</table>

It is important to encourage participation from each employee towards solving challenges faced by the functional unit. This will create a sense of engagement within the team and an opportunity for them to contribute. Simply giving employee a sense of agency, a feeling that they are in control, that they have genuine decision making authority can radically increase how much energy and focus they bring to their jobs (19).

**4.8 Stage 5: The revitalization stage**

The outcomes of the turnaround strategies can result in

- **Rapid Decline:** This is possible for situations where a bad strategy was chosen for implementation in the acute needs stage (Stage 2) or a good strategy was put in place but these were not implemented as required. A retrenchment strategy will need to be considered. The Retrenchment strategy of the turnaround management describes wide-
Implementing a turnaround strategy: a case study in services industry
Niraj Vyas

ranging short-term actions, to reduce financial losses, to stabilize the company and to work against the problems, that caused the poor performance \(^{(20)}\).

6 Continued failure: This is possible when the Acute needs stage (Stage 2) was handled well avoiding a rapid decline in delivery but failure at the Restructuring stage (Stage 3). The loops holes have been temporarily plugged but the root cause of failures have not been dealt with, causing the temporary corrective action starting to fail, over a period of time. The action plans implemented in Stage 1 are labor intensive and will not sustain in the long term.

However if the leadership team still believes, a repositioning is possible, action plans need to be restructured as described in stage 3 aggressively to move from an acute needs stage to stabilization stage (Stage 1 to 3), Failure to do so will need a decision for retrenchment.

- Success: If the outcome of the new strategy turns out to be good with progress from stage 1 to stage 4, evident through the key delivery metrics, a turnaround is called successful. At stage 5, Revitalization Stage, the company needs to leverage on the consistent delivery demonstrated to the customer and focus on creating new delivery benchmarks and creating differentiators which can be offered based on the scalability introduced in the operations. This focus will fuel in the desired growth and motivate the team to expand market share, enter new markets or add on new products.

![Figure 9: Stages of Turnaround Strategy](image)

The following focus areas were identified in Stage 5
1. Assessment of scalability of existing operation with respect to headcount, team lead talent, system performance and productivity
2. Process reengineering in terms of handling queries where sending queries to customers via fax was followed up by phone calls to ensure timely query resolution.
3. Upgrade of customer portal which gave customers a view of project status with listing an graphs along with all outstanding queries and an option to solve the query online
4. Training and coaching of the team leads to handle growth

5. Recommendations/ suggestions/ findings

5.1 Implication for leadership and management

The purpose of sharing this case study is to develop a perspective of strategic choice for firms in decline phase especially for fast growing units which have shown the market potential, established a reputation in its entrepreneurial growth stage but are unable to cope up with the growth. A fast growing unit showing good response in its birth and growth stage is likely to choose Growth as a strategy instead of retrenchment and push towards establishing stability and strive to move towards maturity phase. The confidence showcased through high levels of past financial performance and availability of required resources will support their strategic plan. However choosing growth as a turnaround strategy requires a structured approach towards the implementation of the operational action plan.

5.2 Implication for managers

This case study also highlighted the role and application of management best practices in the successful implementation of the turnaround strategy. These include viz planning and organization, prioritization, root cause analysis, quality management, decision making under certainty, employee engagement, leadership, role of metrics, balanced score card, operational control and management by objective. In the services industry utilization of best practices applied in the manufacturing industry with an assembly line approach may be applied successfully. This case study has shown that a manager plays a crucial role in implementation of the growth strategy crafted by the leadership team.

5.3 Limitations of the study

The scope of this case study is limited to a growing unit facing a turnaround scenario with delivery issues in the growth phase and the leadership focusing on growth as a strategy instead of retrenchment.

5.4 Conclusions

This case study demonstrates that the implementation of a transformational strategy requires a multi-dimensional focus across all areas of the operations. Identification and implementation of action plans across focus areas of process, technology, people and customer requirements ensured that all areas of the operations were addressed. A prioritization of action plans identified in each focus area and staging the implementation through different phases with checkpoints at each stage helps in a structured approach towards tracking progress. The role of leadership in driving action plans is vital to ensure a successful transformation is achieved.

5.5 Future Work:

A study of a structured strategy to handle growth with a proactive approach towards handling challenges which growth brings across leadership/ management, technology and process
Implementing a turnaround strategy: a case study in services industry
Niraj Vyas

investments, continued focus on quality and ability to handle growing customer base should be conducted which could include case studies and best practices across various industries.

6. References


Implementing a turnaround strategy: a case study in services industry
Niraj Vyas

15. R. W. Walters and Associates, Job Enrichment for Results (Cambridge, Mass.: Addison-Wesley, 1975),


