

SAMPLE CHAPTERS

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Aligning Ferret: How an Organization Meets Extraordinary Challenges



A Business Novel
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Introduction

Unaligned organizations cannot survive in today's ultra-competitive world.

Colleagues across industries have confirmed that they consider strategy and alignment related concepts important, but lack time and energy to study and implement such ideas. They assume they will have to read 'heavy' books that are 'too academic.' Understanding and implementing alignment is all very nice, but it can wait till after the next project deadline. And the next...

Yet, strategy implementation does not happen in a vacuum. The world does not slip into time-stasis while people discuss 'value to customer' and 'learning and growth'. And unfortunately, an organization that postpones alignment can't survive because its customers and financiers always have other options.

So, we decided to make the concepts interesting and easier to grasp by placing them in a realistic and relevant context. For this, we wrote a business novel that demonstrates the application of these concepts in a fictional setting full of the usual chaos of deadlines, resignations, and problems of rapid growth and change.

Our fictional organization, Ferret, is located in Bangalore and develops and customizes investment-management software. Some months before the story starts, the founders sell their stake to PTI, a US firm, which was its main customer.

The story opens with Sunil Chinnappa (Sunny), a senior project manager at Ferret, achieving a milestone in the implementation of world-class processes across the organization. Later, Sunny is shocked to realize that PTI is extremely dissatisfied with Ferret's performance. Now, the firm must re-examine its direction, define a suitable strategy, and align the organization, while continuing to operate in a typical, contemporary situation: projects arriving suddenly; high attrition rates; new executive management and shortage of skilled people; problems during project execution.

Through *Aligning Ferret*, you share six months of this alignment journey, as narrated by Sunny. You see people at Ferret apply concepts, models, and frameworks (Balanced Scorecard, People CMM, strategy maps and MBNQA), as they understand them. As you read you wonder: did the people interpret the concepts correctly and apply them well, or could they have done some things differently? Do similar situations exist in your work environment? Can you use these ideas to be more coherent and effective in your work, even if at the level of a group or project?

Here are some aspects of strategy definition and implementation you can explore through the situations in this book:

- **Using models and frameworks for organizational effectiveness:** There are several models and bodies of concepts available. Organizations must examine these to decide strategic directions and align functioning.
- **Establishing owner/customer expectations:** Organizations should understand their owners and customers and decide what value they should provide them.
- **Defining internal initiatives to meet owner/customer expectations:** The organization's processes should be geared to creating value for owners and customers. People, competencies, and continuous improvement should all be aligned to support this.
- **Ensuring commitment and involvement across the organization:** People across the organization must understand and appreciate the big picture to feel involved.

- **Implementing measurement systems for monitoring progress:** Progress towards goals should be monitored to highlight problems well in time for action. This requires measurement systems that include appropriate lead and lag indicators.
- **Establishing an effective performance management system:** Performance goals of groups and individuals should be aligned to the organization's goals. Goals should be agreed upon, and performance against them managed. Clear feedback should be given in a timely manner. Team success must be encouraged.
- **Building, acquiring, and retaining competencies:** The organization needs to identify and nurture competencies necessary for achieving its objectives.
- **Establishing a suitable organization structure:** This is another element necessary for organization-wide alignment.
- **Absorbing continuous change:** Change is a part of today's dynamic business environment. Strategies cannot be treated as static, and must be re-aligned as we proceed.

The book includes a list of useful resources as an appendix. For more material, and to contact us or order copies of this book, visit: www.postscript-impressions.com

Swapna Kishore
Rajesh Naik

1: A Not-so Perfect Wednesday

Wednesday, Jan 12, 2005, 20:30 hrs, Hotel Taj Residency

'Congrats, Sunny. You did a great job running the implementation program.' Dr. Rao shakes my hand briskly. Dressed in a dark suit, and fitter than most men half his age, he looks his role as a topnotch consultant.

'Thanks,' I say. 'We couldn't have managed without your help.'

Doc and I are at the Taj, where all of Ferret gathers today to celebrate our assessment at maturity level 3 of the CMM^{®1}. I'm feeling something like a post-exam hysteria. I've just survived months of pleading and bullying to implement CMM at Ferret. The last two weeks have been hectic, coordinating the assessment, while dreading all the time that something will go wrong. Now I can't stop grinning as I glance at Ferret employees and families pouring into the banquet hall.

'What's next, Sunny?' Doc asks.

'I'm going to take a break before I return to project management.' I don't want to offend him, so I add, 'CMM was good learning, of course, but I'm relieved the assessment is over.'

'I was asking about Ferret's future. Improvement is a journey, you know. It never gets over.'

'Ferret's plans? I guess we'll just maintain things here. Rajiv had said Alan at PTI will be happy with CMM level 3. Did he say something else to you? Does he want us to move to statistical management?'

PTI (Packer and Treadwell, Inc.) has been Ferret's main customer for years. Last year, they bought up all Ferret shares from the directors and other shareholders like me, and became the owners. As our CEO Rajiv Panicker says, all we need to do is keep them happy.

'Further software process improvement is always an option,' Doc says. 'But an organization needs more than processes for project execution.'

'Like interfacing with internal IT systems?' I ask, puzzled. 'The new inter-group coordination process is working well enough.'

'Think. Right now, when you get projects—'

'Oh, marketing.' And we need to streamline recruitment and other HR processes, too. I've been so engrossed in project management since joining Ferret I've become narrow-minded.

'No, I'm talking of something much more important. I'm referring to—'

'Dr. Rao, the reporters want to meet you.' Manny, our marketing executive, is dressed for his PR part with his designer shirt and earnest expression. He shepherds Doc away to meet a young lady in khadi top and jeans, and a man with a camera slung from his

¹ CMM, or Capability Maturity Model, is a process model from Software Engineering Institute (SEI), Carnegie Mellon University. The CMM for Software is a staged model that provides an evolutionary path of process improvement to help firms deliver high-quality software projects on time and within budget.

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shoulder. I'm about to follow them when I notice our HR executive, Sheri, walking towards me, wobbling on her high heels and holding the pleats of her sari. It's obvious she would rather be in her usual jeans and kurti, or a salwar-kameez suit, her feet ensconced comfortably in trainers. She calls out, 'Sunny!'

I grin. 'Hi, Sheri. You look—'

'Where's the press release for the reporters?' she says. 'I e-mailed you at least three times.'

Sheri forwards so many inspirational e-mails that I've created a filter to shunt her mails to a 'sparetimebrowsing' folder, but I can't tell her that. I must remove the filter tomorrow.

'Dr. Rao will tell them all they need.' I point to where Doc is chatting with the reporter.

I picture reporters talking to me next, and reporting it as an item in the business pages of the paper: a snap of me smiling, a legend like *Sunil Chinnappa, coordinator of Ferret's quality journey, explains why software companies adopt process models like CMM*, followed by an interview where I'm at my articulate best.

'This whole press business is new for me, Sunny,' Sheri says. 'MSK handled it for the PTI takeover, and we haven't needed any publicity since he and the other directors left. Just write a couple of sentences, okay? The reporter said her editor will allow only a few lines on Ferret, and she prefers using our statement verbatim.'

Two sentences, hmm... I scribble the assessment scope and level for her. I wonder whether to mention names—mine, Doc, Rajiv—but it seems pretentious and I'm not sure how one writes such stuff for a press release, so I skip them. The newspapers may not write about me, but I can add this process and quality related experience to my resume: 'Spearheaded CMM implementation at Ferret.'

Ferret employees and spouses have started filling the hall. Although I've been with the firm since it started, and I recognize most employees, I can't remember everyone's name. Four hundred people are difficult to know individually. I smile at anyone I think I know, and pick up a glass of orange juice from a tray held out by a liveried attendant.

CMM implementation is over. Tomorrow, I'll sweep clear my table of all the manuals, notes, and other related stuff. Then, after a nice, relaxed three-day weekend with Shubhangi in Goa, reliving our honeymoon, I'll restructure my overgrown pending lists and resume normal work.

'Sunny? Did you read my mail?'

I turn around to face Abhay. His usual clean-shaven face is rough with stubble, and his shirt is crumpled. He's obviously come here straight from HO, because his backpack is still slung over his shoulder. 'Mail? No, I haven't read the project mails for a few weeks. Is it something urgent?'

'Its... well, I need more budget for my project.'

'Your project's got an effort overrun? How much?'

'Twelve days.'

'Okay, that's within the contingency range.' I pat his back. 'Besides, you still have some weeks to go, you may even catch up with such a minor effort variance.' 'Twelve days is not a high overrun for an eight hundred-plus estimate, and quite acceptable for someone managing his first project.'

'But it'll increase every week.'

'Why?'

Abhay wipes his face. 'Maybe you should see the report.'

We move to a table piled with bouquets and gifts. Manny and Sheri are chatting up reporters nearby. Abhay extracts a spreadsheet printout from his backpack, and I set down my juice to read it.

The total estimate for Abhay's project was 864 days. The effort already spent is 876, and the estimated effort to complete the remaining work is 130 days. That's an overrun of... yes, 142 days. Damn! Yet, the cell with the overrun shows twelve days.

'Did you change the cell formula?' I ask Abhay.

'Changed the formu...oh, that...yes, the template had a bug, so I corrected it.'

I feel uneasy. If Abhay's project had been selected for the assessment, this would be a 'weakness'. Multiple weaknesses, actually: the large overrun; the use of the wrong template; and my delay in checking his report. We could even have failed the assessment.

Doc and Rajiv are standing a few feet away. Rajiv is stooping slightly to listen to Doc. The smile on his face seems forced. With his thin, six-foot-one frame and black suit, Rajiv reminds me of a vampire today. I'll need to highlight this large overrun to him soon. I hope he won't think I deliberately hid the deviation till the assessment results were announced. Just last month, Rajiv told me, 'Sunny, let's make sure we truly deserve the CMM level 3.'

'Er, Sunny, is this very bad?' Abhay asks.

I wish he'd kept me better informed, and not changed a formula whimsically because he thought it was wrong. But it's not only his fault; I should have checked his reports more carefully. Processes can help smooth out work only if there are enough checks and balances.

'We'll discuss this tomorrow. Thanks for letting me know,' I say. Brooding and fretting won't help and this problem needs time to resolve.

Abhay looks relieved as he walks away.

I don't feel like socializing now. This process failure, on the day I was feeling so triumphant, has dampened my spirits. The party is picking pace; I see some arm-in-arm couples enter and I think of Shubhangi. She hasn't returned my calls. I dial her mobile again; it's still switched off. She doesn't even know about the party. I call the Pinnacle board number.

The receptionist tells me Shubhangi is in a meeting. I insist my call's urgent, so she puts me on hold with an over-cheery waiting tune.

I want Shubhangi here today to share my success. I want her to know that my claims of increased workload weren't an excuse to skip errands at home. A few weeks ago, when I forgot to collect the laundry, she had burst out, 'You keep saying you are busy implementing processes. Okay, but I didn't avoid chores when I helped in ISO implementation at Pinnacle.'

'You were part of a team. At Ferret, I'm the one responsible,' I said sharply. 'I have to define processes.'

'And these are just operational processes. Pinnacle's moved on to important things.' Shubhangi had tossed her hair back; it was longer than usual. 'You didn't pick up the stuff from the chemist, either. Even I'm stressed out preparing for next week's audit but I remember to handle payments and bank and all that.'

I hope the surprise vacation in Goa will be apology enough for all those forgotten shopping lists and errands. Shubhangi loves Goa almost as much as she loves her hometown Pune. Three days and two nights in a room with a private porch facing the beach—ah! Maybe I can persuade her to wear a bikini, a tiny polka-dotted one—

Shubhangi's irritated voice jerks me back to the present. 'What is it, Sunny? I'm with the auditors.'

'I'm at the Taj for the post-assessment party. We've been assessed at—'

'Level 3 of CMM. You've been talking about it for weeks.'

'You can join us if you leave now,' I say.

'I told you I'm with the auditors. They need data. I'll be late. Anything else?'

'No, sorry,' I murmur, and disconnect.

Shubhangi has told me about the auditors often enough, but I keep forgetting.

'Hello hello hello!'

I jump. Sheri's at the mike, tapping it. 'Testing sound system, one, two, three,' she says, and I know it's time for the official part of the function to start.

The next fifteen minutes are spent in speeches, and giving and receiving gifts and flowers. Rajiv gives a formal, obviously prepared talk about Ferret's emphasis on good software processes and quality. He thanks Doc and me and everyone, and then Sheri staggers across to present Doc with a bouquet and a gift-wrapped package. I say my part, thanking everyone. Doc commends us on our achievement, and says we need to keep working. The whole process of expressing gratitude and praising and encouraging each other seems circular.

Then it's over and we can eat.

Eating out is not a novelty for me; but this is the Taj, and I need to relax today. Food seems as good a way as any to do that.

I'm balancing my plate of fried chicken when I notice Rajiv. He's squinting at the crowd as if searching for someone; he catches my eye, nods, and begins heading towards me. He steers through the families, pausing for introductions to the spouses. He shakes hands with some ladies, and folds his hands in a Namaste for others, maybe depending on how traditional he thinks the lady is.

'I've been waiting for the assessment to get over, Sunny,' he says as soon as he reaches me. 'Something really urgent came up today. I got an alarming mail from Karen, and she's copied it to Jim.'

'Karen's from the CFO's office at PTI,' he adds, prompted by my blank expression.

'And who's Jim? What's this about?' I ask warily.

'Revenue targets. According to Karen, we are ridiculously behind on revenue and profits. Manny's report shows he's on target, but she's mentioned a percentage, and I haven't been able to check the data today, because of,' he waves his hand, 'this CMM.'

'You can catch Manny tomorrow,' I say.

'I can't come in tomorrow. My father-in-law died last night. My wife's left for Kerala, and I've to take my kids there.' This time he points to a sulky teenaged girl in a tank top, and a younger boy in jeans. 'I'll catch the first flight out tomorrow, drop the kids, give my condolences, and return by night, but you must handle this e-mail or it may escalate.'

'But...'

'See, Jim must have read Karen's mail claiming a severe shortfall, so although I'm sure she's mistaken, Jim's going to get hyper about it.'

'Err...but who *is* Jim?' Our boss in PTI is Alan, head of the IT division, and he's a cool guy. Another contact is Dr. Green, who heads the R&D cell of PTI.

Rajiv blinks, as if disoriented. 'Jim? So you don't know about Alan leaving?' He scowls. 'Jim Newton joined as PTI's COO in November. Alan left PTI last week, and Jim's also handling IT' now. He sounds like a totally result-oriented, no-nonsense manager.'

Rajiv was picked by Alan to manage Ferret operations after PTI bought all the shares. Maybe Jim would prefer to bring in someone else for managing Ferret, or set aggressive targets for Rajiv.

'I've forwarded all the mails I thought could help,' Rajiv says. 'Crosscheck the data with Gaurav and Manny before shooting off a reply, and make sure you respond. We can't have PTI upset with us.'

'Okay.' I pause. 'Rajiv, I need Friday off. I'm taking my wife for a vacation.'

'Friday? That's the day after tomorrow. We'll see.' Rajiv looks around. 'By the way, you haven't introduced me to your wife yet.'

'She's handling an audit delegation at work,' I explain.

It strikes me that if Pinnacle's audit is not completed by Friday, the Goa trip will have to be cancelled. Restless, I reach for my mobile, but decide against interrupting her at work again.

Wednesday, Jan 12, 2005, 23:50 hrs, Sunny's apartment

As I take out my latchkey, I notice dust in the creases of the clay Ganesha fitted on our apartment door. The bells hanging on the doorframe could do with a brisk rub of Brasso, too.

Dusting is my job, as is getting our cars serviced, another long-pending chore. Shubhangi does the cooking (sometimes) and the financial transactions. I had intended to catch up with some chores after the party, but now I'm exhausted. Two hours in the traffic jam near the half-constructed Indiranagar flyover has given me a headache, and tomorrow isn't going to be relaxed either, with Abhay's problem, and the mail Rajiv is so tense about. And I've to begin clearing my backlog of normal work built over the last few weeks.

Shubhangi's handbag and chunni lie discarded on the sofa, and I can hear her in the shower. I walk across to the dining table and find the Goa tickets gone. At least she's seen the surprise I left for her, so she'll be in a better mood.

What I need right now is a cup of strong, black coffee to sip while I channel-hop between late-night shows. In the kitchen, though, I find we're out of coffee powder. I dip a tea bag into hot water and then remember I finished the milk powder today morning. I must find the shopping list Shubhangi had given me a few days ago.

I'm pouring the insipid tea down the kitchen sink when Shubhangi enters, toweling her hair dry. Her face is tight. I wonder what other chores I've missed out. 'Shubhs, have—'

'Lakshmi Akka called,' she says.

My stomach knots. 'What did she want?'

Lakshmi Akka, my sister, is fifteen years older than I am, and usually doesn't contact me unless she needs something from me. She's bossy and has always enjoyed making me run errands and finding fault with anything I did.

'Sharad's coming to Bangalore,' Shubhangi says. 'Her son, remember?'

'He should be studying rather than visiting relatives and sightseeing.' The boy finished school last year but since he didn't get admission to an IIT, Akka made him take a year off to prepare and reappear for the entrance exam.

'That's what he's coming to stay here for, studying.' Shubhangi gives a hollow laugh. 'He's enrolled at an institute in Bangalore for an intensive preparatory course for IIT JEE. They've already paid his fees.'

'Here? You mean, with us?' My mouth falls open, so I pull up my jaw. 'But we can't look after a teenaged boy. Both of us are working. Didn't you tell Akka that?'

Shubhangi glares at me. 'Akka didn't *ask* me, she *informed* me. The phone's there.'

I look at the phone and then at Shubhangi's glinting eyes. 'What else did Akka say?'

'Sharad's already boarded the train. Akka told me it's the first time he's living away from home.'

That's all I needed to round off a far-from-perfect day. 'I'm thrilled,' I murmur.

'I'm busy so you go to the station. The train and coach number are near the phone.' She sighs. 'The audit delegation is leaving on Friday. I'm *sick* of it.'

Under the phone are the train details, along with the Goa tickets.

'Better cancel those Goa reservations,' she says. 'We can't leave Sharad alone in the apartment a day after he lands here.'

'Guess so,' I say. For our way of living, which is like an extended hostel life, a guest is an intrusion, because we've to keep the place cleaner and stock food and cook. We got stressed playing host when my parents visited us for a week. Even when Shubhangi's younger brother lived with us for three weeks of summer internship, we found it a problem though we weren't formal with him around. Sharad will be staying for months.

Consolidation Exercises

Ferret's operations center around building and customizing software in the investment decision-making and investment management area, mainly for its client in the US. Ferret has just been successfully assessed at maturity level 3 of the Software Capability Maturity Model. This means that Ferret has good processes in place for managing its software projects.

While discussing the achievement of this milestone, the assessor, Dr. Rao, tells Sunny that 'an organization needs more than processes for project execution.'

- What could Dr. Rao be referring to? Which other processes could Dr. Rao be referring to? Apart from processes, what could Dr. Rao be referring to?

PTI has acquired Ferret and thus become Ferret's owner in addition to being its main customer.

- Based on what you know about Ferret, how do you expect this takeover to impact Ferret's business focus?

We see an instance where a project manager, Abhay, submits an incorrect report.

- Why did Abhay not realize the impact of changing the spreadsheet formula?
- In this instance, what damage could such erroneous reporting cause?
- Ferret has been implementing improved processes for project management, and Abhay's mistake represents a slippage in process implementation. How can such problems be reduced at an organization level?



2: A Different Perspective

Thursday, Jan 13, 2005, 10:00 hrs, Sunny's office room

'Two of my programmers messed it up,' says Abhay. 'I had to scrap their programs fully.'

Abhay is sitting opposite me, looking defensive and defiant. I remind myself that this is his first assignment as a project manager and that mistakes happen. I count till ten under my breath.

'You shouldn't have changed the spreadsheet formula,' I say. He looks blank, so I add, 'You said you corrected the cell. What do you think 'variance' means?'

'Variance is the difference between the estimate and actual. That's what I changed the formula to.' Abhay sounds impatient, like I'm being slow-witted or discussing irrelevant things.

'So, according to you, variance is the difference between estimated effort for the whole project, and actual effort spent till now?'

Abhay nods. 'My estimate for the project was 864 days. So far, I've used 876. The variance is 12 days.'

'Your project needs 130 days more to be completed.' I scribble the numbers for him. 'You've spent 876 days already. So you need an *additional* budget of 142 days *over* the initial budget of 864.'

'Yes. But right now, the variance is still 12, isn't it?'

I fight my impatience and use an example he'll understand. 'Think of cricket,' I say. 'When a team chases a target, it doesn't wait till the last over to estimate its winning chances or decide its strategy. Instead, it focuses on the required run rate during *every* over, to check whether its current scoring rate is good enough.'

He frowns, then peers at the numbers.

Abhay joined Ferret as a project manager a few months ago. He worked as a senior programmer in his earlier job. I don't remember whether he attended any project management course after joining us. I had given him manuals to read, but even I've to admit, they act as sedatives.

'Okay, I get it.' Abhay looks sheepish. 'The estimate is for the entire project, so we should compare it with actual and projected effort for completing the work, not only the effort spent till now.'

Very well put. I'm impressed.

He continues, 'But reporting correctly wouldn't have made any difference.'

At least he now understands there's a problem. Now I must make sure he sees that proper reporting helps.

'An early alert allows us to act in time,' I say. 'For example, I could have allocated better programmers to you. Or you could have...'

We discuss for a while and decide that he'll reassign a senior programmer to the critical program, pitch in himself with extra hours, give more guidance, and try to reduce the variance.

I need to tell Rajiv about the overrun. After Abhay leaves, I prepare a note for Rajiv on the problem and how I plan to handle it. I hope he won't comment on how my processes failed to detect the slippage in time. I also need to discuss this with the investment manager in PTI to get an extension of the deadline. I call up Manny to find out from him when PTI is launching the investment product that Abhay's project supports, and am very relieved to hear that PTI has deferred this product to match a later date. With input from Manny, I draft an e-mail to the PTI manager to explain that we need an extension of the delivery date, but that it will not impact their product launch schedule.

I can't do anything more about Abhay's project problem now, so I turn to the e-mail from Karen. Rajiv's obvious tension about it has got me nervous. Revenues and profits are not my responsibility, but I've to reply on Rajiv's behalf, and I better be very careful. PTI owns Ferret and I shouldn't make a mistake that will embarrass us. Maybe I can use a noncommittal response to stall the problem by a day, till Rajiv returns.

Thursday, Jan 13, 2005, 12:00 hrs, Sunny's office room

Rajiv has flagged all his forwarded e-mails as priority. I click on the one he got from Karen.

<Date: January 12, 2005>
 From: karenS@pti.com <mailto:karenS@pti.com>
 To: Rajivp@ferret.co.in <mailto:Rajivp@ferret.co.in>
 Subject: Revenue Targets

Rajiv,

This is regarding Ferret's revenue and profits for April 2004 to December 2004. The revenue achieved by you is only 20% of the target. There is also a substantial shortfall in your profits. Please confirm that you still expect to meet your original target by March 2005.

Please respond ASAP as this affects PTI's overall revenue and profit projections, and we need to know about any expected shortfall as early as possible.

Karen Staines
 Asst VP Finance,
 Packer and Treadwell, Inc

Only twenty percent? I read Karen's mail again. Sounds bad. Very bad, in fact. Surely the shortfall can't be so drastic, or someone at Ferret would have pressed panic buttons by now. If this is true, I'm glad I'm not in Rajiv's shoes.

Karen possibly misunderstood something or used wrong data. Maybe she's new at PTI, a trainee or intern. I check her job title—Asst VP. Oh, well, that sounds senior enough, but anyone can make a mistake.

First, I need the revenue and profit projections. I scan Rajiv's e-mails. The only relevant one dates back to when MSK was still at Ferret, and it gives the estimate he prepared before the PTI takeover.

Projection for projects to be procured from April 2004 to March 2005		
Quarter	Revenue Projection Rs.crore	Projection in million \$
April 2004-June 2004	12	2.66
July 2004-Sep 2004	14	3.11
Oct 2004-Dec 2004	16	3.55
Jan 2005-March 2005	20	4.44
	62	13.76
Profits After Tax (Projected for the Year 2004-05): Rs 5 crores (US \$ 1.1 million)		
Assumptions:		
1. Projects from PTI are estimated at current agreed rates and are time-and-material projects. It is assumed that the rates will not change during the year. Material costs are excluded from the projections.		
2. The split between PTI and non-PTI revenue is expected to be even		
3. Dollar to rupee conversion is assumed at a steady Rs. 45 per dollar		

According to this, the expected revenue up to December 2004 was US\$ 9.32 million. I print the e-mail and then locate the quarterly status reports that Gaurav, our accounts man, sends to Rajiv. I ignore the project-wise splits, and use the totals at the bottom for the three quarters. Then I check back that the summation formula used is correct. I heave a sigh of relief.

Ferret revenue for the first three quarters is US\$ 9.6 million, more than the US\$ 9.32 million target. To be triply sure, I confirm the numbers with Gaurav over the phone.

I draft my e-mail to Karen carefully.

Dear Karen

This is with respect to your mail regarding revenue targets. I am responding on behalf of Rajiv, as he is not here today.

The data is:

Ferret's revenue target for April 2004 to March 2005: 13.76 m US\$
 Billing already done (April 2004 to Dec 2004): 9.6 m US\$
 Billing expected in Jan 2005 to March 2005 from projects under execution: 4.5 m US\$

Therefore, the total revenue for the year is expected to be 14.1m US\$.

Please let me know the basis of the shortfall perceived at your end, so that I may investigate further.

Thanks and regards

Sunil Chinnappa

I read it a couple of times to check whether it's polite enough, mark a copy to Rajiv, and click on SEND. It's still night in the US; Karen's response will be in only tomorrow morning, and Rajiv can take it forward from there.

I can revert to my projects, finally.

Fresh from the Abhay experience, I'm more careful as I scan the reports of projects in my group. I examine the formats used, and crosscheck figures. I validate assumptions. The templates are new, and people may make mistakes while using them.

My mobile vibrates, flashing Shubhangi's name, and jolts me out of my work. She doesn't normally call me during the day. Oh, yes!—I've to pick up Sharad today.

'Yes, Shubhangi?' I say. 'Is this something urgent? I'm leaving for the station.'

'You're still at Ferret? I thought you'd be cleaning the guestroom. Your nephew must be used to seeing Akka dust the furniture thrice a day.'

'Don't worry, I'm on my way.' I fumble in my wallet to extract the slip with the train and coach numbers.

My Honda City is parked in its allotted slot in the basement. Unfortunately, though, it's blocked by a huge, black Scorpio. Visitors are supposed to park in the visitors' parking area on the ground floor, but the slots often get filled up by people coming to HO from Towers. It's the job of the security guard to make sure we HO people aren't inconvenienced by these 'guests.' I fume at the guard.

The Scorpio doesn't budge when he pushes it. He peers through the driver-side window. 'Gear *mein hai, sahib,*' he says.

'Check with the reception for visitors,' I tell him.

While the guard tries to locate the errant driver, I dial the railway enquiry number and navigate their IVRS system for the train's arrival status. I'm in luck; the train is running late by two hours. If this SUV doesn't delay me further, I could even drop home for a short while to clean the place a bit. I pace up and down the basement till a programmer from Raman's group marches to the SUV, key in hand.

'I've been waiting for half an hour,' I tell her.

'I had come here for accounts. They should have more parking for people from Towers.' She shrugs, gives a perfunctory smile, and reverses her monstrous vehicle. Her stereo blares a remixed distortion of *Jab Chaaye Mera Jaadu*.

As I drive away in my relatively sedate silver Honda City, I wonder whether Sharad will be as pampered as this girl. Looking at her made me feel older—for Sharad, I'm Uncle. Ouch.

Thursday, Jan 13, 2005, 18:00 hrs, Sunny's apartment

The guest bedroom is our dumping ground. I survey it in despair—it overflows with useless appliances and material. I have barely thirty minutes to make it usable by Sharad.

I start by clearing the bed. I deposit the fused tube lights in the garbage. I check the lofts, find one empty, and heft everything else from the bed into it—a nonfunctional toaster, a defunct hairdryer, a torn pair of jeans, and a faded bed sheet. I dust the bed. It looks okay by my standards.

Then I check under the bed. I find a leather belt with a broken buckle, a torn wallet with a few ten rupee notes still in it, a purse of Shubhangi's with a stuck zipper, a defunct phone instrument, a Sony walkman I had forgotten about, and a pile of newspapers I should have chucked out three months ago. I duly dump all the items into the loft. Closing the loft door takes some effort, but finally it's done.

The room looks more spacious. I hope Sharad is a typical surly teenager who won't notice lizards tangoing under his nose. Even if he's as nitpicky as Akka, he might as well know the reality of the Sunil Chinnappa and Shubhangi Dixit apartment on Day Zero. There is no point setting the bar too high.

Thursday, Jan 13, 2005, 20:00 hrs, Bangalore City Station

The train is already emptying by the time I reach the correct platform. People step out of coaches: harassed mothers, teenagers with backpacks, grandparents gripping their grandkids, business people impatiently checking their watches. The platform fills with scurrying porters, and decibel levels rise. A group of young men chat near a tea stall, some with hippie-style long hair.

I check the coach number, S04, and rush to meet Sharad.

But how will I recognize the boy? I last saw him ten years ago, when he was a chubby eight-year-old wearing knee-length shorts.

I call up Akka. I'm not sure I can directly ask her what her son looks like, so I say, 'Sharad's train is coming in. I forgot to ask you his coach number.'

'S04. I told your wife. Didn't she note it down?'

'Er... yes, I mean... right, S04, isn't it? Will he be having much luggage?'

'A strolley and a backpack,' she says. 'You can buy him whatever you think he needs.'

'Yes. What is he wearing?'

'You won't have any problem recognizing him. He looks like his father used to when we got married—'

I don't remember what her husband looked like either, but I can't say that. 'Okay.'

'—but he's got a ponytail and a beard. You may want to tell him to become more respectable and concentrate on his studies.' Disapproval is thick in her voice.

I grin. This Sharad could be interesting.

Coach S04 is almost empty now. As I'm wondering what to do, an anorexically thin youth steps out. He is of medium height and has an untidy ponytail. His bushy eyebrows are joined, giving him a surly, intense look. He's gripping a blue strolley bag. His backpack strap is frayed.

I walk across to him and stick out my hand. 'Sharad?'

'Hello,' he mutters. His handshake is limp.

At least he didn't call me Uncle or Maama or something old-sounding like that.

'How was the journey?' I ask.

He shrugs. 'Okay.'

'Long one, wasn't it?'

'Yeah.'

'When do your classes start?' I ask.

'Monday.'

'Shubhangi and I will be at work tomorrow.'

'Okay,' he grunts.

I glance at him.

'Got books to read,' he says.

Conversation on the drive back is no better. The boy seems incapable of uttering complete sentences. I try to remember how communicative I was at his age to an uncle sort, and don't think I was any different. This boy grew up with Akka, and that probably reinforced his habit of saying as little as possible.

Once home, I point to the guestroom. 'Your room.'

He puts his strolley on the bed and dumps his backpack near it. Then he yanks open the door of the wardrobe. A load of Shubhangi's old clothes tumbles over him. I swallow my laughter and extract him from under a red salwar. His face turns maroon. I send him off for a shower, and clear the wardrobe.

I'm wondering what to do for dinner when Shubhangi calls. 'Has he reached? I'll be late again, and I need to leave early morning tomorrow. Can you handle the food?'

'Of course,' I say.

'What will you cook? I don't think we have any vegetables. Maybe khichdi with pickle.'

'Cook? Why should I cook? I'll order a home-delivery.'

'Akka won't approve,' Shubhangi says.

'How does it matter? Food is food.' It's bad enough having a guest with an active vocabulary of twenty-five words; if I've also got to meet the high standards of my sister, I'll go crazy.

'Akka will expect us to feed him home-cooked food. It's always the woman who gets blamed. Just do it for one day, Sunny. The auditors will leave tomorrow and—'

'I'm not going to cook. Even boiling an egg stresses me out, you know that. As for Akka, if she isn't happy, she can call him back. I—don't—care.' I disconnect.

'Er...'

I swivel around. Sharad is standing there, his clothes wet and clinging to him, his hair dripping water. He's clutching a damp bundle. I raise my eyebrows.

'No towel in bathroom.' He holds out the dirty, wet clothes. 'Where?'

'There.' I point to the overflowing laundry basket. Did he hear what I said to Shubhangi?

Friday, Jan 14, 2005, 09:30 hrs, Sunny's office room

I've barely set down my briefcase when Rajiv calls. 'Did you see Karen's mail?'

'No. I'm—'

'Read it. I'm coming to your room right away.'

I'm already tense when I click the e-mail, marked priority.

<Date: January 13, 2005>
 From: karenS@pti.com <mailto:karenS@pti.com>
 To: Rajivp@ferret.co.in <mailto:Rajivp@ferret.co.in>; Sunilc@ferret.co.in <mailto:Sunilc@ferret.co.in>
 Subject: Re: Revenue Targets

Rajiv/ Sunil,

As per the projections at the beginning of the year, the billing of Ferret from April 2004 to March 2005 should be 6.88 m US\$. The billing so far is only 1.4 m US\$, based on the detailed reports.

Please note that for our purpose of revenue targets at PTI, we only consider targets for Ferret's non-PTI projects.

Also, according to the quarterly balance sheets sent by Gaurav, the Profit After Tax up to December 2004 is 0.3 m US\$, well behind the annual projection of 1.1 m US\$, hence the concern.

Karen Staines
 Asst VP Finance,
 Packer and Treadwell, Inc

They consider only non-PTI projects for their targets? Why? We don't even take up non-PTI projects! Right now we have only three such projects, all in maintenance. One is

under me, and one each under Arun and Haren. If Karen is only considering revenue from these, her figures seem about right.

I scroll down the e-mails Rajiv sent earlier to locate the project-wise split of billing. I note the numbers for each quarter and the estimates for the remainder of the financial year for these three projects. Yes, the total is 1.4 m US\$, as Karen said. A fraction of our real billing.

But where did Karen get the target figure of 6.88 m US\$?

'Did you see it?' Rajiv strides into my room, his face tight with tension.

I stare at the revenue projection prepared by MSK. It does not give separate targets for PTI and non-PTI projects. 'This doesn't have—' Then I notice the small line buried as an assumption. 'Oh!'

The split between PTI and non-PTI projects is expected to be even.

The overall target was 13.76 m US\$. Half of that is 6.88 m. I look at Rajiv. 'I don't understand this. If PTI wants us to get revenue from non-PTI sources, why do they keep loading us with work?'

'I don't know,' Rajiv said. 'They haven't even noticed that we are far ahead of target when it comes to PTI projects.'

Rajiv sits opposite me, pauses for a minute, and reaches for the phone. 'Let me check with Manny. He may know the background.'

I stare at the MSK projection, and Karen's e-mails. 'Wait a minute,' I say slowly. 'Maybe they look only at non-PTI because PTI revenue to Ferret isn't revenue any more. It's internal because PTI owns Ferret. When MSK made these projections, Ferret was not yet part of PTI—'

'That's obvious now,' Rajiv cuts in. 'PTI revenue to Ferret can be seen as transfer pricing. Alan never said... Anyway, the point is, why didn't Manny get non-PTI work if he was supposed to?'

'Why should he? Internal or not, PTI *is* our main customer. They keep us busy with enough projects on CORE, especially after Dr. Green's mandate that CORE should be used for investment decision-making. PTI also give us Baseworks customizations. When do we have the time to get external customers? We don't have the manpower—'

Rajiv is already dialing. 'Manny? I wanted to know about non-PTI projects and why... What?' Pause. 'I have a projection that clearly states you should get half your revenue from non-PTI. Yes?' Another pause. 'What do you mean, where and who, it's in MSK's mail... Pardon?' Rajiv nods a few times, frowns, listens, and finally says, 'You don't have any such document?'

After disconnecting, he wipes his brow. 'Apparently, MSK never treated PTI and non-PTI work differently, and he must have prepared this projection for PTI to bargain for good rates during the takeover. Manny was informed only about the total revenue expected, and so he concentrated on PTI because they wanted their projects done.' Rajiv pauses. 'Manny says he thought PTI work was priority, so he didn't bother to build contacts outside PTI.'

'Makes sense,' I concede. 'Manny can't be accountable for a projection he never even saw.'

'We should have checked our comfort level with the projections PTI uses,' Rajiv says. 'Or we should have negotiated for revising the targets.'

I don't see how Rajiv can use 'we', because checking projections and ensuring revenue are definitely not my tasks.

'I guess you'll take this forward with Karen as needed,' I say, hoping he gets the hint and lets me resume my work now.

'When is your flight to Goa?' Rajiv asks abruptly.

Goa? Oh, I still haven't canceled the tickets and hotel booking. 'Today morning,' I say sheepishly. 'I'll take the vacation later. Things have come up.'

Sharad had been sleeping when I left; I woke him and told him about the bread and butter in the fridge. Now I suddenly picture a clumsy, matchstick-thin Sharad poking around in the kitchen for the gas lighter and setting the apartment on fire while trying to make tea. The boy doesn't even have our numbers in case of emergency.

'Come to my room.' Rajiv gets up. 'There's another PTI issue I want you to work on.'

'But—'

Rajiv is stalking out of my room. I follow him while trying to call home from my mobile. No one picks up. Surely Sharad couldn't be sleeping still?

Friday, Jan 14, 2005, 10:30 hrs, Rajiv's office room

Rajiv thrusts a clipped bunch of papers at me across his glass-top table as soon as I enter his room. I read the first page:

<Date: January 12, 2005>
 From: JimNewton@pti.com <mailto:JimNewton@pti.com>
 To: Rajivp@ferret.co.in <mailto:Rajivp@ferret.co.in>
 Fw: Subject: Future business directions

Rajiv

I hope you have initiated skill building on XAPTEC (I am forwarding the relevant extract of a mail below). I believe it is difficult to get staff for it.

Jim

>From: AlanG@pti.com <mailto:AlanG@pti.com>
 >To: alldepheads@pti.com <mailto:alldepheads@pti.com>
 >Subject: Future business directions of PTI
 >
 >One of our target segments for tailoring financial products is the XAPTEC
 >technology. We expect this to form 5% of our customizing services with the first
 >project coming up around December 2005. In 2006, this will form 20% of our
 >work.
 >These projects will be executed offshore by Ferret (India division of PTI).

The word XAPTEC is highlighted with a marker.

I flip through the other papers. They are all e-mails, long ones, full of PTI targets and back-and-forth between various PTI departments on them, with Rajiv copied on each one, though the discussion does not involve him. I can't find anything specific for Ferret except in the e-mail with the highlighted passage.

Rajiv points his twig-like finger at one section. 'This line was buried in an e-mail unrelated to Ferret. Apparently, Jim expected me to start developing skills on XAPTEC based on it.'

Why is he telling me all this?

'Jim has scheduled a telecon today.' Rajiv's frown deepens. 'He says he's unhappy because of various issues.'

I can see that Rajiv expects me to ask which issues, but I don't want to keep getting pulled into this, so I say nothing.

Rajiv continues, 'He'll call today evening, 7:00 pm our time. I want you to be there, and I want you to do some ground work.'

'Ground work?'

'Jim is concerned about profits.' Rajiv dials a number. 'Gaurav, Rajiv here. I'm sending Sunny over to you to get data on Ferret profits. We've fallen behind on them.' He turns to me after hanging up. 'Gaurav is expecting you.'

'Rajiv, I really need to work on my projects. I didn't get time due to CMM and—'

'Exactly. Now that CMM is over, you can help out on this,' he says.

'No, wait, the CMM implementation was in addition to my usual job. I was staying late every day. My project managers—'

'Great job, too, Sunny, all that CMM work.' Rajiv waves his hand. 'I appreciate that. When you get the data from Gaurav, make sure you find out all the assumptions. We don't want to be caught flatfooted again, do we?'

'We'. Obviously Rajiv hasn't heard a word of my protests about workload. I'll talk to him about this later, when he's less hassled because Jim's off his back.

Friday, Jan 14, 2005, 11:30 hrs, Ferret HO

'Sunny, I am *not* responsible for the profits.'

Gaurav is standing at his desk, hands on hips, and he glares hard at me. I'm always wary of interacting with him. I know people handling accounts need to be methodical and procedure-driven, but Gaurav extends it to a fault. And he hates disruptions, or anything that implies he could have made a mistake. Rajiv obviously rubbed him the wrong way.

'Rajiv just wants me to gather data for a query from PTI.' I give what I hope is a helpless smile to switch him to a friendly mode. 'This is for the first three quarters of this financial year,' I add.

'Oh, I thought... Hmmm.' Gaurav sits down. He opens a folder and peers at it. He taps the table with a sharpened pencil, then scoops up a calculator.

'Maybe you can give me the profit and loss statements you sent to PTI? How often do you send them? And how does Ferret calculate profits?'

Gaurav puts down the calculator and stares at me, slightly puzzled, as though he's been interrupted during a ritual. 'Quarterly. I first give our data to M&M—you know M&M, our chartered accounting firm. They prepare the financial reports and send them to me. I e-mail that profit-and-loss to PTI.'

He opens a file, turns the pages, pausing once in a while to slap a sticky note on a page. Finally, he pushes the file across to me. 'Is this what you need?'

The sheets he has selected contain the submitted profit and loss statements. As Karen had said, the profit projected for the year was US\$ 1.1 m, while the cumulative profit so far is US\$ 0.3 m.

'Have our operations become more expensive?' I ask him. We earned enough revenue, so profits should have remained in the expected range.

Gaurav points out the expense figures. 'The expenses increased, but that always happens in a growing firm. I don't know what basis MSK used.'

'MSK projected the profit assuming fifty percent of the projects were non-PTI,' I say. 'But most of our revenue is from PTI now. Does this affect profits?'

'PTI projects don't give us any margin.'

I stare at him, shocked. 'We've been doing mostly PTI projects all these years. Wasn't Ferret making profits?'

'That was when MSK was here.' Gaurav shrugs. 'He used to negotiate with PTI every year to fix a good person-day rate. But after they took us over, PTI fixed a much lower transfer rate. This new rate only covers costs and overheads.'

'You mean if we only worked for PTI, our revenue would be the same as our costs?' I press on. 'What about non-PTI projects? Do they give better margins?'

'Please look at this.'

I first check the Vesta billing rates. Vesta, currently under Arun, has always been a problem project. Sure enough, its rates are as low as PTI's current rate. No margin there. My project, Intermoney, and INSCO, which Haren runs, have better rates but the overall revenue is so low that the volume of profits they contribute are low, too.

So Karen is right about the profits. Why am I not surprised?

I thank Gaurav, note down the data, and leave him to his muddle of stickies and files. I'm still thinking rupees and dollars and profits and losses, when someone calls out, 'Hi Sunny, do you like the new plants we've got?'

Mary, our receptionist, has abandoned her usual seat behind her curved desk. She's standing near a couple of brand new wooden planters and beaming like a proud mother showing off a tiny tot, her large white teeth slightly edged with the bright red lipstick she always wears. Her red printed sari contrasts vividly with the somber reception decor, and the chunky silver pendant of her bead necklace gives her an exaggerated ethnic look.

The plant she's pointing to has long, sword-like leaves.

'It's called mother-in-law's tongue,' she informs me. 'Sharp leaves, you see.'

'Interesting,' I say, retreating and edging away, and I bump into someone. 'Sorry.'

It's the girl who had parked her Scorpio behind my car; she flashes me a smile—as though keeping me waiting in the basement parking has made us friends. I wonder whose car she's blocked today. 'Hi,' she says. 'We meet again.'

I smile back and pull out my phone. I punch the home number. Again, there is no response. He must be in the bathroom, I tell myself. Sharad's a big boy, he should be fine. At his age, I lived alone as a student in Delhi.

I call up Shubhangi, anyway. 'I'll be late,' I tell her. 'Sharad's not picking up the phone.'

'Must be a Kumbhakaran-type sleeper,' she says. 'Hey, Sunny, let's freak out this weekend. Let's go shopping, have pizzas, buy some music—'

'Towing along a teenager with an active vocabulary of ten words?' I say.

'That bad, eh? I never even got to say hello. I'll be going home early today, though. Those auditors have *gone!* GONE!'

She sounds so happy I start imagining a relaxed weekend. Maybe Sharad's not such a bore, after all. He may like beer or something. A boy who grew his hair long despite a mother like Akka couldn't be a total washout.

I'm smiling to myself and entering my room when Murali approaches me. 'Sarita's not shifted the two analysts to my project,' he says without preamble. 'You remember the—'

'I remember, I remember,' I say hastily. Sarita and Murali are my project managers. Sarita had to release two senior analysts for Murali's project, and it seems she has decided not to. 'I'll talk to her.'

'What if she can't give them?'

'We'll do something,' I assure him.

Friday, Jan 14, 2005, 13:30 hrs, HO canteen

Every chair in the canteen is occupied except for one where two senior project managers, Sheena and Karuna, are seated. I walk across with my executive mini thali. 'May I join you?'

They make an odd pair. Sheena is wearing a gypsy-style cotton skirt and a sleeveless blouse that shows her muscular arms. Her silver hoop earrings are as large as bangles. She's looking around, grinning and waving out to people, who wave and grin back. She's got that sort of a grin. Karuna is on her mobile. She looks formal and intimidating in her expensive salwar suit, which makes her appear even heavier than her already-generous build. I've often seen them lunching together here at HO, though Sheena sits at Cactus and Karuna at Towers. I always think of them as two very different sorts of persons, but they seem good friends—women are a strange species at times.

'Sure, Sunny.' Sheena grins at me. 'So you've shaken free of Rajiv's new assignment?'

Trust Sheena to know. Under her fun-loving appearance is one of the most observant people at Ferret, and the best brain, too.

'Rajiv's assignment?' Karuna looks up. 'You mean, you are doing more on quality?'

'Just helping him with some urgent e-mails.' I don't think Rajiv would like me to tell people about Jim's annoyance or our shortfalls, so I change the topic. 'So, Karuna, I hope you are liking Ferret?'

Karuna joined Ferret recently, after six years in an IT subsidiary of a Fortune 500 MNC. She's handling the Baseworks part of PTT business, a fast-growing branch because of Ferret's distinct price advantage compared to PTT's US subcontractors. While coordinating with her for CMM implementation, I found Karuna sincere, sometimes too sincere.

'It took me time to adjust to the procedures here,' she says. 'But I'm fine now.'

Maybe she can help me understand the internal pricing type of concepts better. 'How did you compute costs for internal projects in your old firm?'

'Actually, our internal customers were awful,' she says after a pause. 'They gave us low rates, kept changing the requirements, and then cribbed about the work. Our parent company even threatened to close down the IT group in India. So we began getting external clients. That shut them up.' She grins, and for a moment I glimpse why she and Sheena hit it off well.

As I eat, I think about my discussion with Gaurav. Karuna's input matches my impression so far. I'm amazed I hadn't realized this earlier. But then, profits and revenues were not really my focus.

Hey, they still aren't.

Now if only I can make Rajiv understand that.

Consolidation Exercises

Ferret has always defined revenue as the money it receives for software created for PTI and other customers. Now Karen (from PTI's CFO office) informs them that 'revenue' can only include money received from non-PTI customers. Sunny realizes that these represent two different perspectives; as PTI now owns Ferret, Ferret needs to work in accordance with PTI's perspective.

- Which aspects of Ferret's planning and operations may need to change to suit the new owners, PTI? Consider areas such as target customer segments and marketing goals, type of projects, intellectual property, and margins and profits.

After the takeover, PTI stops paying Ferret market rates for its services, and instead switches to a transfer pricing that allows Ferret minimal margins.

- How does this switch affect Ferret's objectives? Will profits be an important objective? Could this conflict with PTI's interests?

Jim Newton, the COO of PTI, is upset about the communication gaps and missed targets. He wishes to discuss this with Rajiv in a teleconference.

- What concerns do you expect Jim to voice?
- What ground-work, if any, would you suggest to Sunny and Rajiv for this conversation?

Abhay's misinterpretation of 'effort overrun' and Ferret's misinterpretation of 'revenue' (from the PTI perspective) are both instances of mismatches leading to misleading reporting.

- What, in general, causes such mismatches, and how can organizations avoid them?
- Suggest actions that Ferret can take to avoid such misleading reporting in future.

XAPTEC is one of the target platforms for PTI financial products. Jim points out that Ferret, as a supplier of skills to PTI, should have competencies in XAPTEC. Ferret was unaware of this expectation.

- How can Ferret ensure that it responds in time to such expectations and does not miss the cue?
- In general, how can Ferret build the competencies it needs to execute future business? Consider how it may identify such competencies, or set up systems to train or recruit such skills with enough lead time.



3: An Unhappy Stakeholder

Friday, Jan 14, 2005, 19:00 hrs, Rajiv's office room

The phone rings at 7:00 p.m. as scheduled.

Rajiv and I are sitting with a speakerphone between us, our pads open on his table. Near us lie folders with the collected data and e-mail printouts.

A voice in a Texan accent comes through. 'Rajiv? This is Jim.'

'And this is Karen,' says a female voice.

'Hello Jim, hello Karen,' says Rajiv. 'This is Rajiv here.'

'And I'm Sunny...Sunil,' I say.

'Good. Let's get down to business,' Jim says. 'We'll start with revenue and profit, because Karen's got another meeting. Rajiv, I saw those mails and your figures look off track. What's the problem?'

'Ferret defines revenue as including both PTI and non-PTI revenue,' Rajiv says. 'We do not differentiate—'

'That's wrong,' Karen cuts in. 'PTI doesn't give you revenue. What we have is an internal transfer pricing. Revenue is what external customers pay.'

'Yes, but earlier, Ferret treated PTI as a customer and—'

I wince. Rajiv sounds defensive, giving the impression he's not understood their concern.

'PTI owns Ferret,' Jim booms. 'You can't just—'

'It was a mistake,' says Rajiv quickly. 'I've told my accounts and marketing people to mail you the updated, correct numbers. But for the past, because we didn't consider PTI and non-PTI separately, we took on very few non-PTI projects. So we can't meet the non-PTI revenue target, though our PTI revenue—I mean, execution—is well above the target.'

Karen's sigh is audible across the oceans. 'I guess Ferret profits will also be much lower, then. Okay, I'll expect your mail soon. I've got to go now.'

'So your revenue and profits are totally off target,' Jim says. 'And I don't have your plans.'

'Plans?' Rajiv looks stunned. 'You have project-wise data and—'

'Plans, Rajiv. Overall plans, like your direction of growth, the sort of projects you'll execute, how much of our outsourced work you'll undertake.' Jim sounds irritated.

Rajiv's forehead creases. 'We've improved our processes and our focus is to execute PTI work better and—'

'Really? Ferret handles only 5% of our outsourced IT work.' Jim's voice is sharp. 'We acquired you to reduce costs but we still have to use other IT vendors—expensive ones. If that's all you can execute...' He trails the sentence off.

'Jim—' Rajiv wipes his brow.

'I may acquire another low-cost firm in India or China and move work there.'

'Our operations are efficient and our output is of high quality,' Rajiv tells Jim. 'Just last week our processes were successfully assessed—'

'That's all very nice.' Jim sounds bored. 'But it doesn't address my concern.'

'Oh, okay. I'll revert on this, Jim.'

'Make it soon. The IT division is only part of my job here, till I find a replacement for Alan.'

Jim disconnects without bothering to say goodbye.

Friday, Jan 14, 2005, 19:30 hrs, Rajiv's office room

'This is more serious than I thought,' Rajiv says. For the last fifteen minutes he's been pacing restlessly and mumbling, and I haven't had the heart to tell him I must go home because Jim's call has nothing to do with my work. 'I could do with some tea. What about you, Sunny?'

'Black coffee for me,' I say.

Rajiv places the order with the canteen and slumps into a chair. 'Alan's focus had been operational efficiency and quality. But Jim...'

What can I say? I understand nothing about corporate pressure. Was Jim really very unhappy, or applying pressure, or merely getting a status update? I glance at my watch.

'Were you involved in Ferret's target setting?' Rajiv asks.

'No. MSK and other directors handled the planning themselves. I think they wanted to keep growing Ferret till it was big enough to sell.'

Rajiv nods. 'Alan said if PTI didn't buy Ferret, someone else would. Then CORE would reach a competitor and he didn't want that to happen. I must figure out one day what exactly this CORE is.' He sighs.

'CORE is important for PTI because their analyses showed it improves returns.'

'Jim's focused on costs and revenues.' Rajiv leans over. 'He'll get some other vendor if he's not happy with us. Can CMM help us with what he wants?'

'CMM improves operations,' I say. 'But I didn't get a feeling he was looking at stuff like delivery times, effort, and quality. His concerns seemed more drastic. Broader.'

'What about higher levels in CMM?'

'They focus on the quantitative angle, like quantifying project and process goals and improvements, and optimizing processes. They also address aspects like innovation and having a self-driven loop for improvement.'

'Yes, well, but we need much more.' Rajiv closes his eyes and concentrates. 'Things like business goal-setting... how we intend to get new projects... generate revenue, decide the types of projects to get, plan long-term development of employee skills... and of course, profitability.'

I look at my watch again. 'Rajiv, I think I must—'

'Isn't the next IGC on Monday?'

The IGC or Inter Group Coordination meeting is a monthly event I started as part of the CMM Level 3 implementation. These meetings provide a simple and effective way of sorting out inter-project issues on resource sharing, as well as problems with support departments. I've noticed, for example, that Col. Gulati is more careful now about his commitments for admin-related activities, probably because he understands how his delays affect projects. Of course, as I initiated the system of IGC meetings, I'm still responsible for calling and handling them.

'Right,' I say. 'The IGC is on Monday, 11:00, second-floor conference room as usual.' I know what's coming.

'Good.' Rajiv gets up, looking more energetic. 'I'll brief senior managers about this discussion in the meeting. We can brainstorm and get cracking on the underlying issues.'

'Corporate discussions aren't really part of the agenda,' I say.

'Don't you have an item that says 'Other topics to be discussed'? We can bung this under that.'

'Yes, but—' I look up and see his face transformed by a grin. He's pulling my leg; he knows I'm very particular about conducting the meeting properly so that everyone's time is utilized efficiently.

This 'other topics' item Rajiv is adding will drag the meeting beyond its usual hour and a half, but he's right—we do need to discuss this with the management team.

Friday, Jan 14, 2005, 21:40 hrs, Sunny's apartment

Sharad is sitting on the couch, shoulders rounded, head held in his hands. I mutter a 'Hi' and walk across to the kitchen, where Shubhangi is picking up containers, opening them, and dumping them back on the shelf, frowning and muttering.

'Cooking something?' I ask.

She turns around, squares her shoulders and draws herself up. 'You didn't tell Sharad the door is self-locking. He got locked out.'

'Locked out? Why did he go out?'

'To accept a courier package. He didn't have any money on him, and he doesn't know our phone numbers,' Shubhangi says. 'When I returned he was lying half-dead at the door.' She sticks her tongue out and rolls her head to the side.

Shubhangi was in the dramatics club at college; that's how I met her.

'And you hadn't called Lakshmi Akka to tell her he'd reached,' Shubhangi continues after a while. 'She kept calling here all day and getting no reply. She didn't have our cellphone numbers, and she was worried and furious.'

'*You* could have called Akka,' I say, annoyed that everything seems to be my fault. 'Why behave as if it's—'

'You picked up Sharad, you knew I was going to be late, it's *your* sister, *your* nephew.' Shubhangi bangs an empty container on the kitchen platform. 'No rice, no daal, nothing. We're even out of cheese cubes. What *did* you do with the shopping list I gave you last week?'

Lost it, most likely. 'Shanti Sagar's got an improved thali meal on their home-delivery menu; they even include curd rice,' I tell her hurriedly. 'I'll place the order right away. Then let's see what we need to do.'

The list we make keeps growing. Like, how will Sharad commute to his institute; he seems too diffident to even go down and buy a cola. What about meals? Shubhangi and I live like college students/bachelors—we eat bread for breakfast and take our lunch at our office canteens. Dinner is usually eaten out, or we order a home-delivery or microwave something. Here we are, constantly pushing back the 'starting the family' stage—at least I'm pushing it back even if Shubhangi isn't sure—and now, we have a teenager to look after.

Finally I decide enough is enough. I call Sharad into the kitchen.

'See, Sharad, we aren't much into cooking,' I say. 'We usually eat bread or order from Shanti Sagar or China Town or we microwave an instant meal. I know your mother is particular about—'

'I can help,' he says timidly. 'You know, like in...'. He looks around the kitchen.

'No need for help,' Shubhangi says. 'If you eat rice, I can cook rice and daal with vegetables or you can eat it with curd or pickles.'

'I'm okay with anything,' he says.

'And about your college, I'll drop you on the first day but you'll have to manage with buses or autorickshaws after that. I'll get you a map.'

'No problem.' The boy shrinks back, as if I'm attacking him.

'Eat your lunch out,' I continue relentlessly. 'We won't be at home, anyway.'

'No problem,' he mutters, clutching the kitchen slab for support.

'Your uncle will give you a spare key for the apartment,' Shubhangi says.

Uncle? Right, I'm uncle to Sharad.

'Okay,' says our loquacious young man. 'Good. Fine.'

'Did you notice how he looked around the kitchen?' Shubhangi says to me later. 'I bet he was comparing it with his home. Akka's kitchen must be sparkling clean, not like,' she waves her hand, 'this.'

'Who cares!' I say. 'At least he can't complain to her. Guy can't speak a sentence longer than four words, and talking to Akka is tough even for the best of us.'

Monday, Jan 17, 2005, 08:00 hrs, En route to Ferret HO

As I drive Sharad for his first day at Excellent Resultz Tutorials and point out the landmarks, he says, 'Err... got only two hundred rupees. Amma gave rest as bank draft. Got to open account.'

'We can't do that just now. Take this.' I peel out some money from my wallet for him, and drop him off at his institute.

I drive past an ATM but more than twenty people are queued up, so I don't stop. Even so, it's 10:45 when I reach HO, and the IGC meeting is at 11:00. I have no time to orient myself.

Consolidation Exercises

Jim expresses extreme dissatisfaction over the lack of plans regarding Ferret's future directions.

- What type of plans could Jim be expecting?
- Identify the top three areas that Rajiv and Sunny should plan for, to meet Jim's expectations. What should these plans contain?

Rajiv decides to share Jim's concerns with the senior managers of Ferret in an Inter Group Coordination meeting. He also wants to discuss future plans.

- What suggestions do you have for Rajiv to handle this meeting? Should he discuss Jim's concerns, and related data and assumptions?
- For each of Jim's concerns, consider the pros and cons of involving the management team at this stage. Think about the advantages as well as problems/ complications/ confusions/ uncertainties that could arise as a result of sharing information during this meeting.
- For aspects that Rajiv should share during the meeting, suggest how he could present them. How can he ensure that the managers participate in identifying possible courses of action?

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About the Authors

Swapna Kishore and Rajesh Naik are engineers from IIT and management postgraduates from IIM. Their work experience spans multiple IT and management consulting organizations. Swapna's current interests are process and quality management. She also writes fiction. Rajesh is a consultant at QAI India Ltd and helps organizations improve systems related to performance, quality, and people.

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