

Skyline Technologies – Where Sky is the Limit

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This case study deals with growth and rising of a hypothetical company, Sky Line Technologies, which started as a 2 PC small company and grew into a BPO (Business Process Outsourcing) having 1500 employees operating in 2 varied domains in a span of 17 years. This case narrates how Virat, an entrepreneur, pioneered the first call centre in Ahmedabad and how Virat and his business partner Jignesh were able to achieve such phenomenal growth in a very high risk business environment; the challenges faced by them and the unique strategies formulated by them. The case also throws light on how they have grown stupendously, providing end to end services to national and international clients and how, because of their efforts, a BPO became a KPO (Knowledge Process Outsourcing)

Teaching Notes:

1. Understand the underlying strategy and various HR policies that can bring about success in a BPO
2. a. Strategy of growth

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- b. HR practices:
 - Values
 - Motivation
 - Recruitment
 - Induction
 - Training
 - Retention
 - Attrition
 - Performance Management
 - Feedback
 - c. Communication
 - d. Organisational culture and climate
3. Organisational structure; creating organizational culture; leading by example; Maslow's hierarchy of needs, motivational theories, role of effective communication in solving a problem/ dealing with employee insecurity; dealing with attrition; steps for employee retention; strategies for growth.
4. Knowledge about BPO industry; Understand the fundamental strategies; conducting SWORT(R- Risk) analysis and PEST analysis.
5. Group analysis; 4-5 participants
6. **Before:** (1) Understand the functioning of BPO industry & global BPO scenario.
- After:** (1) Comparative analysis of Sky Line with other BPOs in India.

Skyline Technologies – Where Sky is the Limit

Virat Pandya, CEO of Skyline was widely recognized as the pioneer and 'Guru' of the IT enabled services business in Gujarat (India). He played a pivotal role in proving Gujarat as a locale for global contact centers. Virat had set up Sky Line Technologies in 1992 with only 2 personal computers.

Virat was joined by Jignesh as Chief Operating Officer who brought a rich experience of Fortune 100 companies to Skyline. Jignesh was a Computer Engineer with an MBA from IIM – Ahmedabad. Jignesh’s expertise helped in the creation of customer servicing capabilities. Virat & Jignesh together took Skyline from a call center to a BPO and then to becoming a KPO in 2005. **Skyline Technologies completed 19 years in 2011 and is growing leaps and bounds.**

Virat Pandya was a true visionary and had identified that Ahmedabad was growing as the largest business center in Gujarat. It was considered a Tier-II city and offered lower business process overhead compared to Tier-I cities like Delhi, Mumbai, Chennai, Kolkata, Bangalore & Hyderabad. Skyline gradually moved from an IT training and software development company to a BPO in 2000. Subsequently in 2006 Skyline moved up the value chain by establishing the Knowledge centre. **By 2010 end, Skyline had 3000 people on board with its Knowledge Centers spread across four locations in India, one each in Hong Kong, Singapore and Bangkok.**

BPO INDUSTRY

Experts say Indian BPO industry has come of age. According to representatives of Motif (2006), a BPO industry stood for ‘Plush offices where rows and rows of young people are all wired up. These are also places with lively cafeterias. The government is in favour, the media loves it, college graduates think it is cool and middle management professionals now have a new career option. BPO represents a new commercial paradigm for international trade in services and India’s unique positioning makes it a beneficiary. Indeed, India’s BPO landscape has changed. The outsourcing industry is growing from strength to strength. Technical support and financial services have dominated India’s outsourcing industry, newer fields are emerging which are expected to boost the industry many times over. The success the Indian BPO industry is witnessing is just the tip of the respective icebergs. It is still spectacular, reaffirming the status of BPO as India’s sunshine sector. Investment consultancy firm McKinsey & Co. predicted that global outsourcing industry would be worth more than \$180 billion by 2010. Outsourcing industry in India has been experiencing growth for more than 20 years. A study carried out in 2008 revealed that as many as 6 of the world’s top outsourcing

destinations are located in India. As of 2007-08, Indian outsourcing industry is estimated to be worth nearly \$52 billion.

As per a survey conducted by Computer World in January (2010), "Indian IT companies have started adding thousands of employees after a year of relatively flat growth. But the same can't be said for U.S. companies. [...] Three of India's biggest IT services firms... have alone added a total of 16,700 employees in the last quarter. The U.S. IT work force... has a lot of lost ground to cover as a result of the recession. Industry group TechServe Alliance... counted 3.81 million IT workers at the end of September, marking a net gain of about 11,000 jobs to the end of last month."

According to NASSCOM estimates, almost every Fortune 100 company is looking for outsourcing its IT services needs to India. Currently, 220 of the Fortune 500 companies have already done so. This includes General Electric, Hewlett Packard, Citibank, HSBC, American Express and World Bank (ITCOT, 2006) NASSCOM studies pinpoint the following factors as the major reasons behind India's success in this industry:

- Abundant skilled, English-speaking manpower.
- Strong quality orientation among players and their focus on measuring and monitoring quality targets.
- Proactive and positive policy environment which encourages ITES/BPO investments and simplifies rules and procedures.
- Improving telecom and other infrastructure which is at par with global standards.
- Fast turnaround times and the ability to offer 24 x 7 services based on country's unique geographic location that allows for leveraging time zone differences.
- A friendly tax structure, which place the ITES/BPO industry at par with IT services companies.

Surveys by NASSCOM revealed that Indian companies were better focused on maintaining quality and performance standards. ITES/BPO companies were on the ascending curve as far as the quality standards are concerned. Organisations that achieved ISO 9000 certification were migrating to ISO 9000:2000 standards.

The motivational factors because of which BPO were gaining ground are:

- Factor Cost advantage
- Economy of scale
- Business risk mitigation
- Superior competency
- Utilisation improvement.

The BPO industry will continue the trend of consolidation in terms of service offerings to deliver enhanced value in the year 2007-08 according to the industry experts.

SKYLINE'S GROWTH FACTOR

Technology was the backbone of BPO industry and Skyline Technologies had international standards of Technology. As voice quality was a critical element in BPO, Skyline procured high end voice and data switches and workstations from high quality vendors such as IBM and HP. Data security was a major concern for their clients in US and Europe hence it was imperative for Skyline Technologies to ensure that they had a strong security system. They used Unified Threat Management Systems for IT security along with anti-virus software. Their system was able to warn the security group if any employee was trying to send some confidential data outside the Skyline Technologies network. Skyline was able to identify one of its employees who was trying to send some confidential data outside using the network system. He was terminated immediately. This level of security gave their clients a lot of confidence regarding data protection. They also had a strong system for data backup and consistent power supply.

It was important for Skyline Technologies to have cheap and good quality of infrastructure. In order to take care of infrastructural issues, Skyline chose Ahmedabad as their base location because cost of operation was 70% less than that in US and Europe and 30% less than any metro in India. They had dedicated floor for all their key clients. It had created high end quality labs and live simulation rooms to facilitate training.

Skyline Technologies considered its people as its asset. It had a proven track record of sourcing, training and retaining people. At the time of recruitment, in a BPO, the candidates

having good command over English were preferred. However, in Gujarat, proficiency in English had been a problem while recruiting. Usually undergraduates applied for the job and left after a very short period because they perceived it as a stop-gap arrangement in terms of long-term career. The graduates, who applied, were more focused and stayed longer. Skyline had a record of retaining more than 90% of its senior management in the last **10 years** and the attrition rate was as low as 20% as compared to industry average of 50 – 60%. Of the seven languages used in Skyline Technologies, intake for French was from Ahmedabad, whereas for Arabic, Japanese, Chinese, Spanish, German and Russian languages, they recruited people from Delhi, Mumbai and Pune. Exit interviews were conducted and Skyline had a record of taking back employees if they left at a good note.

During the induction programme, the employees were appraised about the various performance based incentives they could get, expected code of conduct and various HR policies. Three week training was given to them by expert trainers for fluency in English; stress was laid on grammar. The Management Information System of the company allowed them to post their problems to any level in the hierarchy. The internal website helped them to check their entire record i.e. leave taken, salary drawn and their performance feedback on a regular basis. The working environment was friendly, energetic, highly focused and target based. Mr. Virat Pandya visited the floor once in three days to meet all the employees.

QUALITY

Skyline Technologies was certified to be an ISO 27001 company with BS7799 IT security certification. It provided the best value for money to its clients due to its low cost of operations. The automation of processes had resulted in efficiency maximization. All the calls made were recorded and there was a daily and live update of transactions. The transactions were audited by the Quality Check team before delivery. The unit testing and system testing was done by Data Quality Audit team on the data by running it through different routines and programs. The clients appreciated Skyline Technologies' process oriented approach in providing services by meticulously planning the workflow and support systems, setting the right benchmarks for quality and delivery and using technology as a backbone to provide faster, better and cost-effective services to clients.

THE CRISIS

Skyline Technologies' Knowledge Services domain faced crisis in November, 2005 when its only client stopped outsourcing to them. However, the management did not choose to close down the domain but decided towards the betterment of the employees. Mr. Virat interacted with the employees on a daily basis. They were given four hours of training and four hours were devoted for recreational activities to improve their soft-skills, language. Generic and knowledge services specific training was also given to them with the motive of bringing about employee's self-actualisation and lateral growth. None of the employees was retrenched during this time. However, insecurity prevailed and rumour continued to spread. 30 % people left voluntarily of which 10% came back to the organization in 2006.

The domain resumed operations in January, 2006 by the same client who also gave them new assignment. Another four clients was added to the same domain in the year 2006. Skyline Technologies, like other BPOs in India benefitted from the economic meltdown in the United States. The rationale was that it compelled more companies in the developed country markets to look at outsourcing as a way to cut costs and enhance efficiencies. However, in the first quarter of 2009, the Indian BPO companies saw job losses too and Skyline was no exception. Virat and Jignesh knew that the recession cycle could be shortened by a positive response from the industry towards retaining and expanding its client base and also that cost-cutting through retrenchments was not the right way to tackle recession as these savings would be very small compared to the damage that they could cause in terms of employee satisfaction and service delivery.

Experts believed that during recession, the BPO industry would face a period of stunted growth while there could be a greater consolidation and diversification too. However, Skyline Technologies could manage to overcome all the hindrances due to the exemplary leadership and by 2010, Skyline Technologies had 14 clients and recorded annual turnover growth of 40% as compared to 2009.

- Q1. Highlight the strengths of Skyline Technologies.
- Q2. Assess the leadership style of Virat Pandya.
- Q3. Suggest suitable training measures to enhance the performance of Skyline employees.