

Human Resource Management - I
Prof. Kalyan Chakravarti
Department of Basic Courses
Indian Institute of Technology, Kharagpur

Lecture No. # 20
Contemporary Issues in HRM – I

Good afternoon. Well today's class we are going to take up the topic which is called contemporary issues in HRM. Contemporary that means, belonging to the present - here and now. The issues which we take up are basically not new issues. And the solutions which we will propose by means of tools and techniques are also not new. The main issue which we will address is the issue of competition.

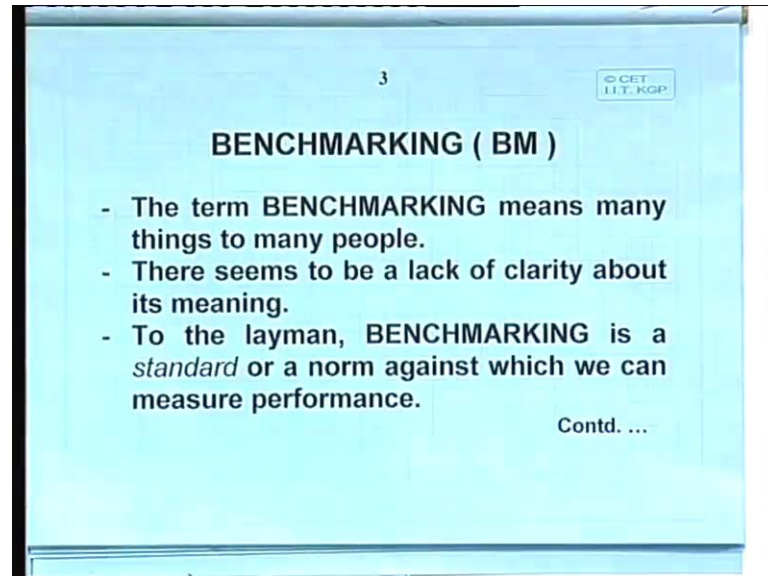
In the business world, there is a changing environment like in the rest in the world. And as the environment changes, businesses have to align themselves, remold themselves, reshape themselves to survive and prosper in the new environments which are thrown up all the time, again and again.

The current issue, as I said, is unfettered competition. And this has been brought in by liberalization, which means that the world is becoming a small village so far as trade economy is concerned, tariff barriers have been removed. The world is freely now trading, the commerce is free, there is transfer of money across nations, there is transfer of goods. The locations in which you manufacture and the location which you sale are interspersed across the world. And that brings in with it an acute competition. And the competition really translates into cutting costs ruthlessly. The advent of information technology has made this more and more possible. And we are fast reaching a stage where the competition has become so ruthless that it would be difficult for many companies to survive.

There is consolidation across the world in many industries. The weak are falling by the way side, the strong are consolidated their position. Now, in this scenario, which has emerged, some of the tools and techniques which were there earlier but, not of so much relevance. Because the need to use them was not so acute. Such tools and techniques

today have assumed enormous importance. And in this topic, we shall touch up on some of them.

(Refer Slide Time: 03:59)

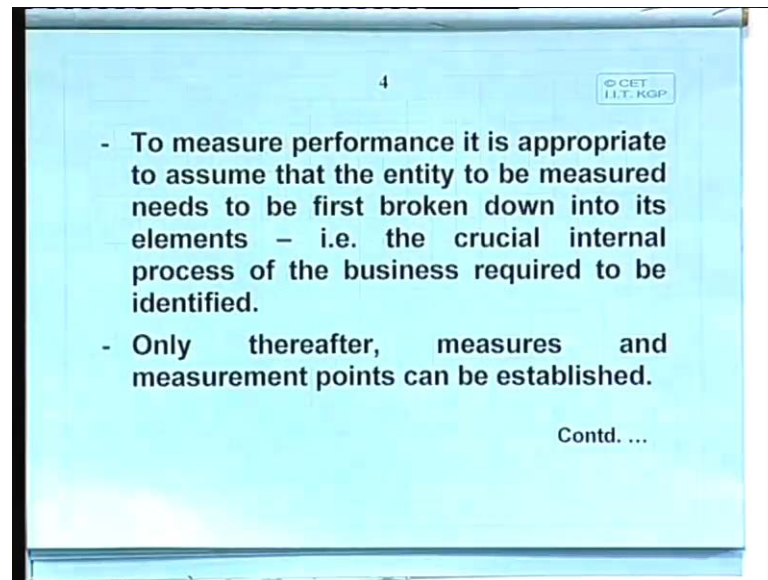


To start with let us see this technique of 'BENCHMARKING'. Benchmarking, as the name suggests, is really to setup a standard and measure performance against this standard. That is a benchmark. The term benchmarking means many things to many people. But essentially it means setting a norm or a standard and then measuring your performance against the same. Does it mean that the norms are fixed? Does it mean that the norms do not change? Of course, not. As one keeps on achieving consistently against the norms, what does one do? Yes, one tries to improve the performance even further, which means that you reset the norms again. So, there is a constant quest for improvements. And as I said earlier improvements translate really to becoming more and more and more cost effective so that you become a cost leader and you can beat the competition in the market place.

Because as we have said before, today we do not have the luxury of setting a price. Why is that? Because the price is set by the market by the consumers. So, given the price, the companies then have to strive to achieve a cost of production for goods and services, which would be low enough to support a profit, low enough to give a return commensurate with the efforts and the inputs that you put in.

So, cost reduction therefore, is the name of the game today. So, there seems to be some lack of clarity about the meaning of benchmarking but, essentially it is cost reduction. Any questions at this stage? To the layman then, benchmarking is a standard, as I said, or norm against which we can measure performance.

(Refer Slide Time: 06:21)



And to measure the performance, it is appropriate to assume that the entity to be measured needs to be first broken down into its constituent components or its elements. And why is that? Because what we set out to measure in our business operations are not simple entities, they are complex entities. And the way in which we can possibly measure them with some degree of accuracy is break them down into its components and then try to measure each of these components against benchmarks, which we said for each of these components. That is the crucial internal processes of the business required to be identified.

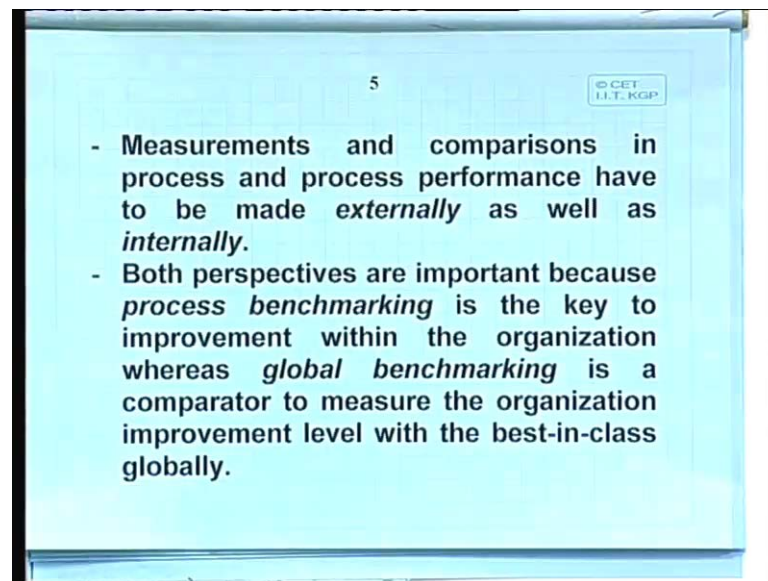
Now, everyone is clear about what we mean by internal processes? Let us say a manufacturing organization, now in order for you to manufacture, you have to undergo many activities, and you can call each activity as a process.

For instance, buying of material. Would you accept that you can call that a process? The procurement of materials can be called a process and within that there are components. When you procure materials, you have the purchasing function. And after the materials come, you have the quality inspection function for the incoming materials. And then you

have the ware housing function, you receive the material store them. And then you have the issue function, issuing it to the manufacturing units and so on.

So, there are number of main elements of activity which can be further broken down into smaller elements of activity. And in each of these case, benchmarking really means that you try and set a norm or the standard and then measure your performance against the same. Only thereafter, measures and measurements can be established.

(Refer Slide Time: 08:44)

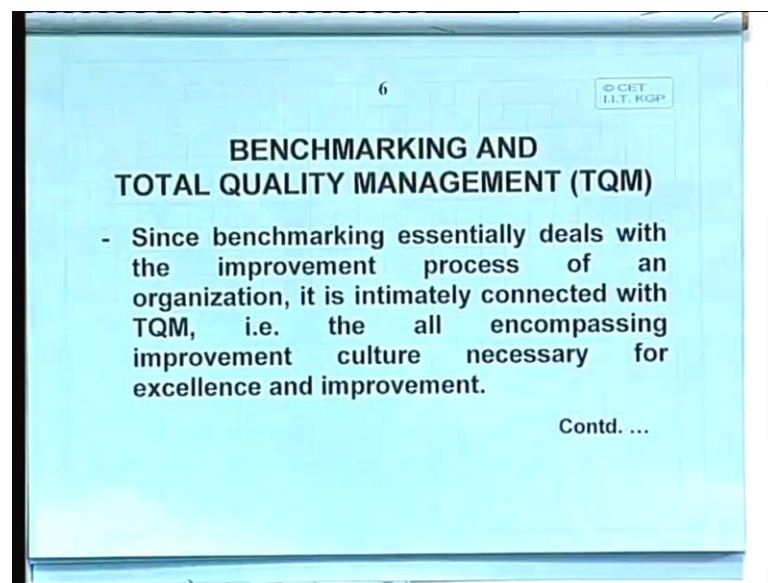


Measurements and comparisons in process and process performance have to be made both externally as well as internally. Both perspectives are important because process benchmarking is the key to improvement within the organization whereas, global benchmarking is a comparator to measure the organization improvement level with the best in class globally. Now, what does that really mean? It means when you set about benchmarking, you start by benchmarking yourself internally. That is mapping the various processes we have talked about, setting norms against these processes, achieving them, setting higher norms and continuing to have improvements in the norms.

But that is not all. Having done that, do not we like to compare with other competitors in a same industry and let us say within the same region and then farther afield in the same nation and finally, across the globe. Now, you might well ask, why do we want to have the best in class? Why not we are very good nationally, we are the cost leader? Yes anyone would like to answer that? Why do we strive to benchmark ourselves to be the

best in class in the world? Because, as we said earlier, we have become a global village. There will be competition which is coming from outside countries in your own backyard. And therefore, if you are content to only become the best in class in your home industry or within your national location, that is not good enough. Because competition is at your doorstep from around the world and that is the need why you should try to benchmark with the best in class in the whole world.

(Refer Slide Time: 11:05)



So, that is the type of targets that you have to set up. Many of you may have heard of Total Quality Management, that is TQM. And there is an interrelationship. With all these tools and techniques which will be touching upon in this topic, why? Because, as I said early on finally, it all boils down to cost cutting, cost reduction. You reduce the cost, you improve the productivity of your performance. Improving performance means improving productivity. And as we increase productivity, the cost reduces and it can support higher and higher profit margins. So, again and again it is interrelated benchmarking and TQM.

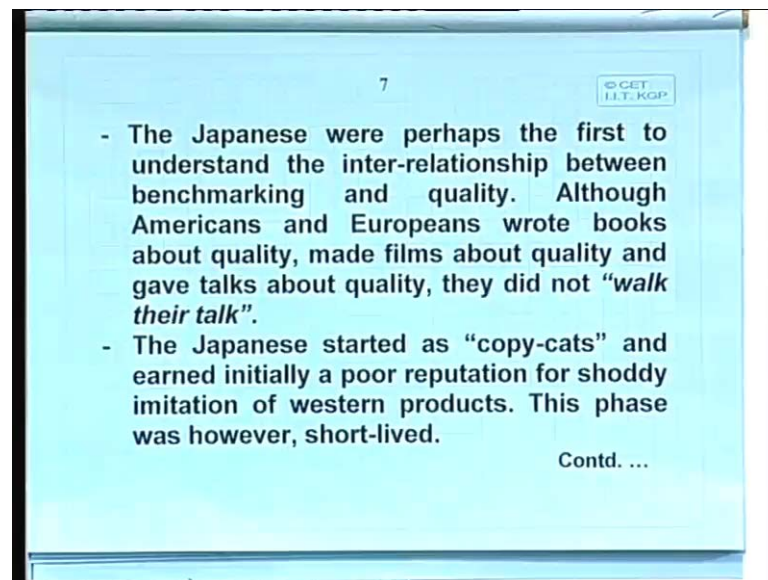
Since benchmarking essentially deals with the improvement process of an organization, it is intimately connected with TQM, that is the all encompassing improvement culture necessary for excellence and improvement.

Now, please mark this. We have talked earlier of breaking down the process into various elements. That is useful for the sake of setting standards for each of the elements, setting norms and benchmarking. But ultimately there has to be an exercise of integrating all

those elements together. Because finally, what are you delivering against which you make profit, either goods or services. So, whereas, benchmarking you can do an internal focus, as I said earlier. Internal process mapping, internal cost cutting, you can do it external that is compare your norms with that of your competitors in the industry, may be outside, the allied industries, geographically, nationally, internationally. But having done that finally, it is the client you have to address.

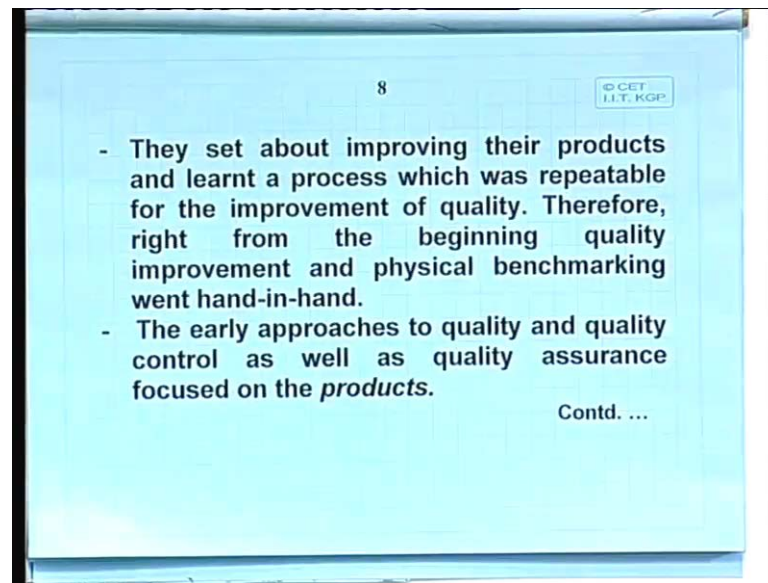
So, essentially then the focus changes from inside the organization to outside the organization. And TQM, the essential philosophy is take the holistic approach. Look at the whole organization, look at ways and means in which the whole organization can achieve excellence and then you have excellence to deliver to the client.

(Refer Slide Time: 13:52)



And who are the people who imbibed this philosophy? The Japanese were perhaps the first to understand the inter relationship between benchmarking and quality. Although, Americans and Europeans wrote books about quality, made films about quality and gave talks about quality, they did not to use their own phrase, walk their talk, they did not practice it. It was the Japanese who in the beginning started as copy cats. And initially earned a poor reputation for shoddy imitation of western products. But this phase was short lived. Because they soon discovered that this was a method to ruination in the long term business prospects of the country.

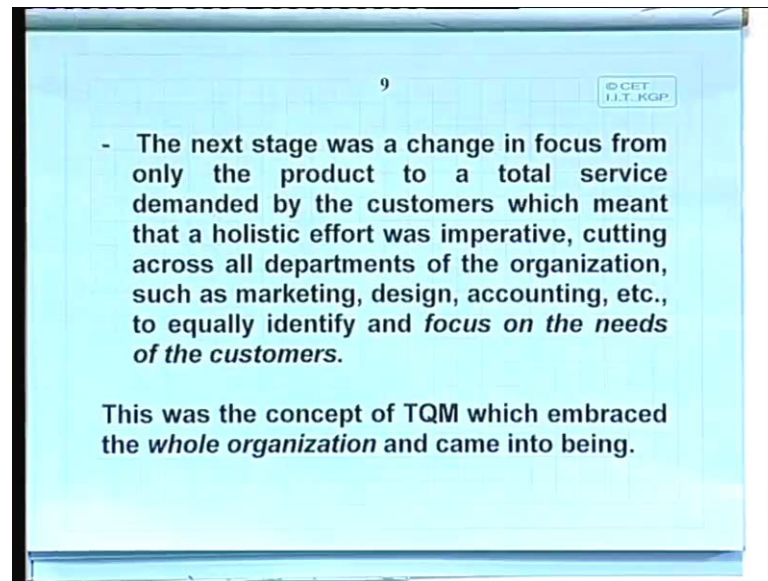
(Refer Slide Time: 14:59)



And then they set about making a complete turn, u turn. They set about improving their products and learnt a process which was repeatable for improvement of quality. That means, the eternal search for quality. You repeat, you improve. Repeat the process again, improve a little more and continue to improve. Therefore, right from the beginning, the quality improvement and physical benchmarking went hand in hand. Is this clear? Is this concept clear? Physical benchmarking tries for more and more and more improvements. So, having achieved the norm, you try to raise the bar, increase the quality standard. And that is why quality control it aims at the same end, excellence by all round development.

The early approaches to quality and quality control as well as quality assurance focused on the products. That was a classical early approach of TQM. Focus on the product, make a product which is of high quality. And implicit in that was that, that high quality product would prosper well in the market place.

(Refer Slide Time: 16:23)



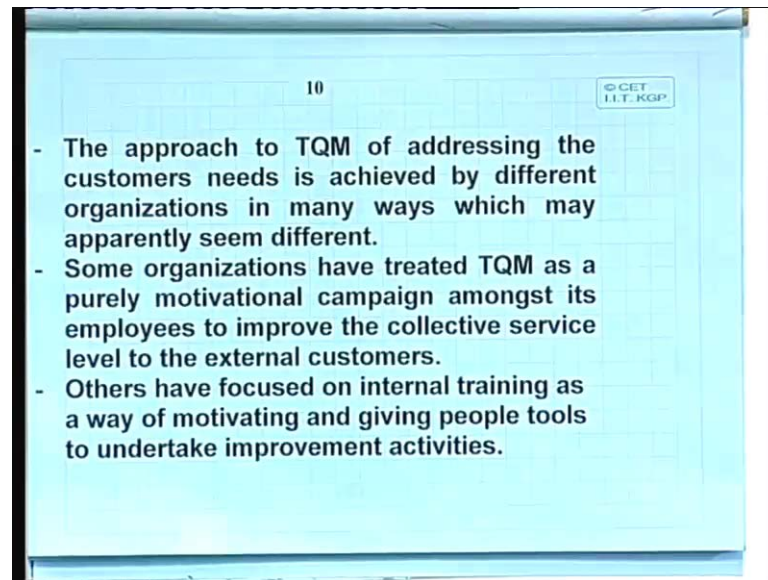
But then it went on to the second stage. And the next stage was a change slightly from the focus going from the product to a total service. Example, sell the product which is a refrigerator, quality excellent, cost low, price reasonable, good profit. Sell it to the client. But does the product quality end when you deliver to the client? And then it was thought of course, not because that refrigerator would be used for a number of years by the client. And the client's need, the need of the client to have bought that refrigerator must be satisfied throughout this time period.

Now, if there is a reduction in quality, in the few years after you made the sale, it will reflect back again on the quality in the eyes of the client, on the quality of your product. So therefore, the product quality then, the concept extended from the product being made in your factory to the lifetime of the product. And lifetime of the product meant that you have to take a whole view of the product quality, not only in the manufacture and insurance of its standards but, also in servicing the product. Servicing it to see that it continued to meet the expectations of the client in terms of the client's usage needs and did not fail.

So, the total service demanded by customers meant that a holistic approach was imperative, cutting across all the departments of the organization, such as marketing, design, accounting etcetera to equally identify and focus on the needs of the client. So, from the focus on products, focus on processes, it then shifted to the focus on the customers. And not only the customers in terms of supply of the product or service, on a one time basis, on a one of basis but, till the life of the product. So, long term. So, you

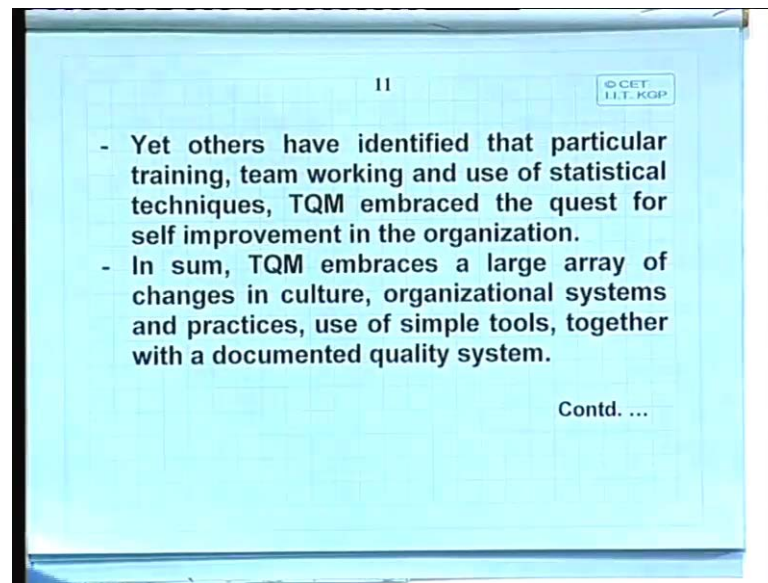
see the TQM then brought in number one, the holistic concept of quality. And then it brought in also the time concept, a long term concept of client satisfaction and may be client delight. This was the concept of TQM which embraced the whole organization and came into being.

(Refer Slide Time: 19:25)



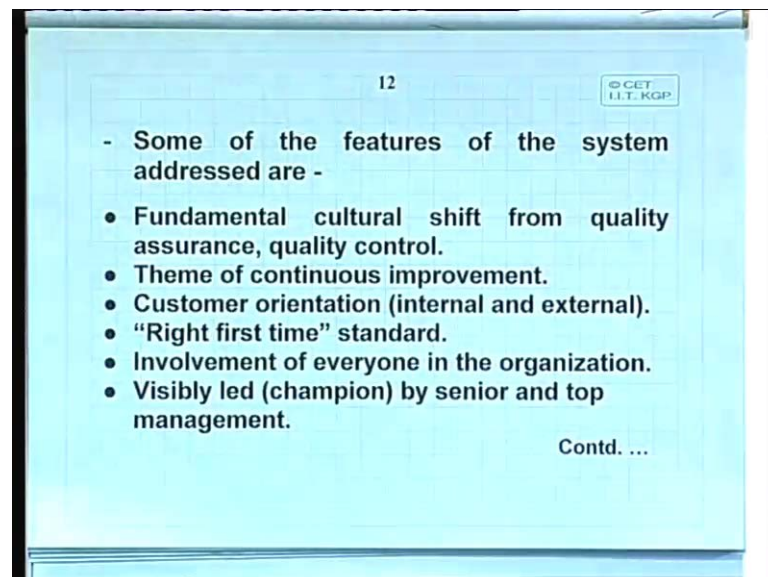
The approach to TQM of addressing the customer's needs is achieved by different organizations in many ways, which may apparently seem different. Some organizations have treated TQM as a purely motivational campaign amongst its employees to improve the collective service level to the external customers. On the other hand, others have focused on internal training as a way of motivating and giving people tools to undertake improvement activities.

(Refer Slide Time: 20:22)



Yet others have identified that particular training, team working, the use of statistical techniques, TQM embraced the quest for self improvement in the organization. In sum, TQM embraces a large array of changes in culture, organizational systems, practices, use of simple tools and techniques, together with a documented quality system.

(Refer Slide Time: 20:58)



And some of the features of a TQM documented quality systems are, Fundamental cultural shift from the quality assurance kind of thinking and quality control kind of thinking to a holistic overall quality delivery system, which in short means excellence.

Theme of continuous improvement. So, it not good enough, if you have a very good product. But there must be a continuous effort. You must always try to improve it further and further and further. Customer orientation, both internal and external. Now, what is this internal customer? Because normally we identify customers as someone who is external to the organization.

Now, the concept of internal customer is that, within the organization you have various processes which make up the whole system of manufacture of a product or delivering a service. And in that process, you have work division. You have some people who procured raw materials, some people who process it in the factory, some people who get orders from the client, some people who supply these orders through distributive channels and then people when products fail, some people go and troubleshoot and there are the service department and so on. Therefore, you have to have a theme of internal customer. That means, say you are a production unit, what is the input that you are getting in order for you to manufacture the product? You require raw material. Who is giving you the raw material? Well, as I said, the work is divided. You are the procure matter, materials or the purchase department or the stores who give you the input for work in your department. So, so far as you are concerned, do you see that to the stores department or the material department, you in the production department, you are their customer. But since you are internal to the organization, you are fellow department in the same organization. We say that, you the production unit, you are a internal customer of the material department. They service you, they satisfy your needs for incoming raw materials, incoming assemblies, subassemblies, bought out items and so on.

What about your clients? You are a production. Do you have internal clients too, internal customers? Yes? Who might be your internal customer? Well, I think the sales department or the marketing department, they are your internal customers. Are they not? Because who is indenting, who is giving the works orders for you as a manufacturing department to produce the goods? It is your sister department of the same organization, that is the sales or marketing department. And therefore, in that sense, they become your customer. And you see it is a chain within the organization, where you have work division, where you have division of responsibility and accountability, you automatically have a system which you can say of internal customers.

And TQM, one of the important features of the TQM system is the concept of internal and external customer orientation to both. Next is right first time standard. What does this mean? Exactly what it says, do not do wrong, do not make mistakes. Whenever any individual or any department performs any job which is allotted to them which is their responsibility, they must do it right the first time and continue to do it right the first time. Not only must they do it right once but, unto eternity. That is the whole focus, right first time. Why? I think it is self evident because a huge amount of waste and hence a huge amount of additional cost which need not have been incurred happens because you do not do it right the first time. So, you have to rework it or you have to reject it and make a fresh lot and that eats up good money, that increases the costs.

So, right the first time. Although, it appears very simple, one would be surprised to know what a huge percentage of cost is just added up into your product or service, simply because someone somewhere along the line made mistakes. Not once but, they keep on making mistakes day in and day out when they work for 300 years of the year in your organization.

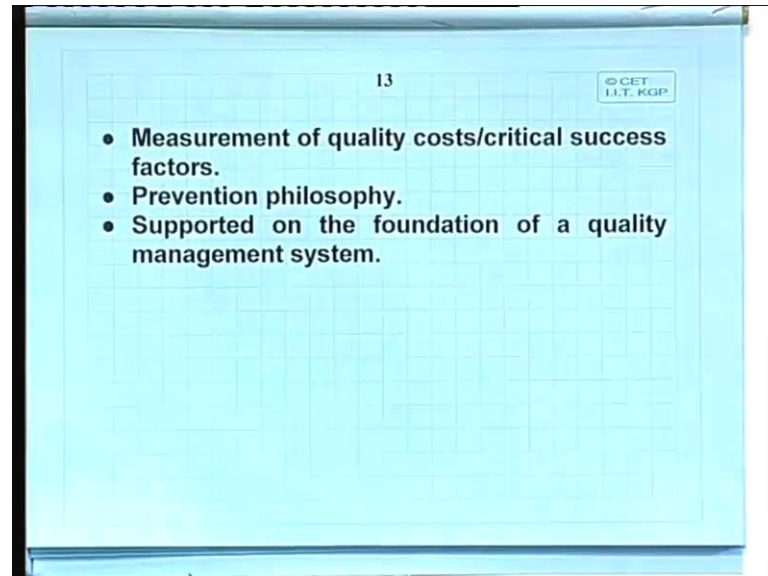
So, this is another important theme of TQM, right first time. Then involvement of everyone in the organization. Now, remember when we talked of organizations structure and design, you said that you have to structure your organization, work division. You have some division some department doing some type of specialized work so that you can have cost efficiencies.

Now, here is the concept involving everyone in the organization. Does it mean that the sale department should also be involved in manufacturing and the accounts department should be involved in the HR? No, not to that extreme. What it means is everyone must be involved, in the sense, they must all be working for the clients of the organization. So, it ties in with the other feature of customer orientation.

Involvement of everyone in the organization towards serving the client and then visibly led a champion. Who is a champion? Who champions a cause. So, a senior level officer or a team of top Management or senior Management, they must lead the effort for TQM. This is vital. And not only must they lead but, they must lead from the front, which is visible. People along the line, both vertically as well as laterally in the organization, should know and should be aware that this is a matter of great importance. Therefore, the

champion, the leader or the leaders who are getting his effort forward is senior management and top management.

(Refer Slide Time: 28:27)



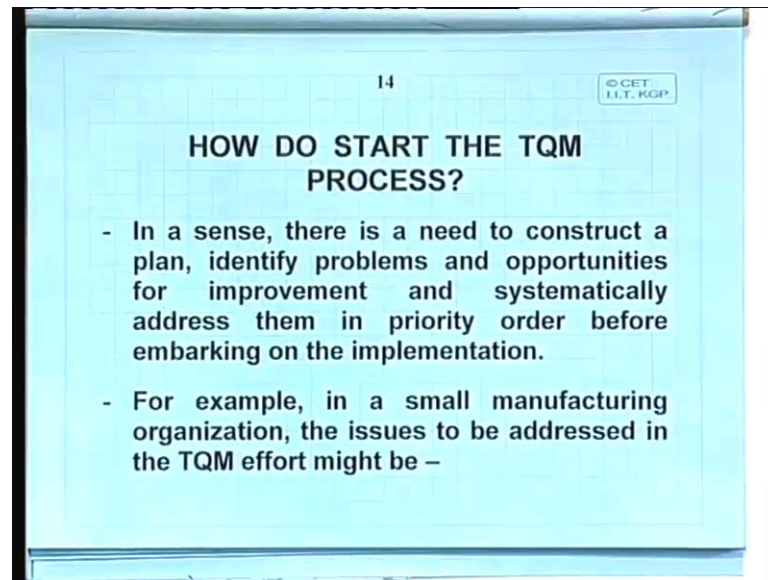
Another feature of this TQM is measurement of quality cost is critical to the success. So, they are critical success factors measurement. And that again is self evident, is intuitive. Unless you measure, how do you know how are you performing? And measure against what? Measure against benchmarks. So, hence the connection between the intimate relationship between the quality control, that is the TQM total quality control on the one hand and benchmarking on the other.

And prevention philosophy. Prevention is better than cure, you have heard this **adage** again and again. That it is better to prevent something, than to have to cure it. That means, it happens, it creates damage, creates loss and then we do damage control and cure it. So, particularly in terms of diseases or in relation to illnesses, we say prevention is better than cure. Even in say organization, in factories, we have the term preventive maintenance. What does that mean? It means you try and service and maintain a piece of equipment or machinery before it fails, before it breaks down, prevent it by regular maintenances and so on.

Then last is supported on the foundation of a quality management system. Finally, if you do all these things but, disparately, discreetly and there is no convergence by which this is controlled. That means, there is no coming together of all these various efforts into a

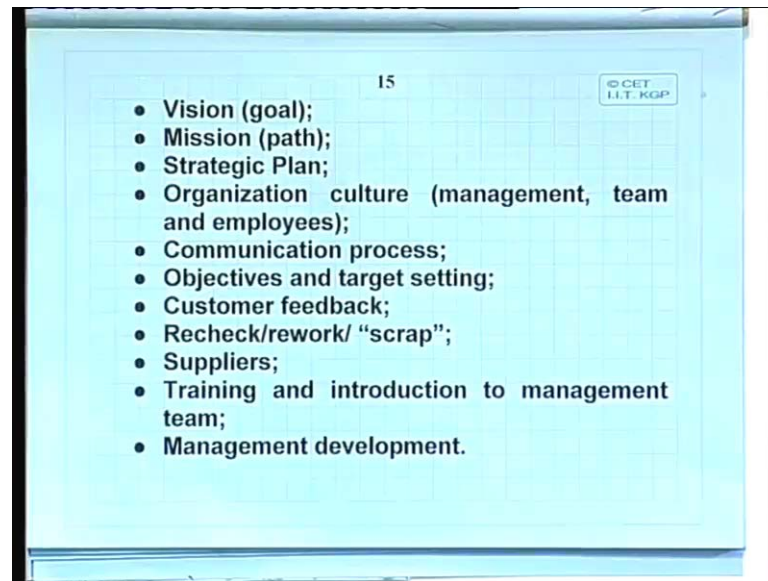
system which is monitored and then controlled and then corrected. Then you are likely not to have a total quality management good system. You will have failures. So, supported on the foundation of a total management system. Management must be involved in it and totally. Any questions?

(Refer Slide Time: 30:52)



So, we all understand the need for total quality and benchmarking. So, having said that, how do we start the TQM process? In a sense, there is a need to construct a plan, identify problems and opportunities for improvement and systematically address them in priority order before embarking on the implementation. So, I think this also one realizes that before you embark on a major venture, you have to make at least a rudimentary plan of how are you going to do it, what is the method, what is the process, what are the resources you need for it and in what times, what are the milestones that you target, what time do you want these activities to result in an outcome. For example, in a small manufacturing organization the issues to be addressed in TQM effort might be, writing up or setting up a Vision, which means a goal for the organization itself, a small organization.

(Refer Slide Time: 32:10)



The mission, which means really the path, the way in which you will attain the goal, in which you will reach the goal. The Strategic plan, the further details, which deal with who will do what, when and with what resources. That is Strategic plan. And then organization culture, management, team and employees. Would you rather have cross functional teams, teams of people from various departments assemble doing the job or you have differentiation, you have different departments each specializing in their own job and tying it together at the end for the whole product.

So, organization culture. Some people say, organization culture is a lubricant like oil is a lubricant for efficient functioning of a piece of machinery. Some people say that the culture is something which is the lubricant for efficient operation of the organization. This is the analogy which is sometime given and efficient operation means efficient outcomes.

Of course, culture is very important in many other aspects. But communication process is something which is also very much responsible for building a good culture. Communication process involving people, use of teams, all these propagate what? They propagate a culture, they propagate or make a statement of how the Management of this organization wants to achieve its goals, in what way do they want to do it.

So, culture is a common cement or a bond which tells people, may be not in a formally. There is no circular which says the culture of this company shall be employees, should be friendly, employees should help each, other there is no circular which says so. But

this is what develops from the actual working, the ways of working, the ways of helping, the ways of communicating.

Then having said that, you come down to the brass tacks, the natty gritty in that organization. If you have to have a quality control total quality TQM effort, objectives and targets have to be set up each department. Now, we have the components of the whole system. You address the components, job element, departments individually, set up the objectives and the targets.

Customer feedback. As we said earlier is highly Customer oriented a TQM. So, one has to set up mechanisms of obtaining feedback from the customers so that you do not think you are doing a great job but, you do not really know how your client is viewing your efforts. Recheck, rework and scrap is used, in the sense, of whatever may be the department, whether manufacturing or marketing or finance or accounting, everywhere their work is performed. You should recheck, are you doing it as per the norms? Rework means conceptually you change the norms, you should always do it successfully. Is there a bottlenecks? Check and scrap them, bring some new system in place. Suppliers. Why suppliers? They are external to the organization. But they supply you with vital inputs, without which you could not do your job well.

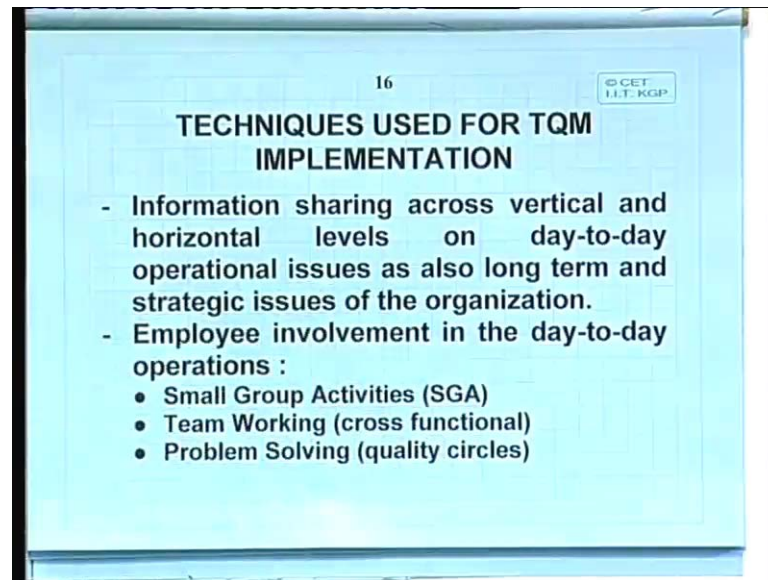
So, when you take a holistic view which TQM is all about, when you take a whole view of the organization, when you take a view which is customer oriented; that is, your aim and goal is to satisfy the customer, delight him. People who give you the inputs for you to be able to do that job are also important. Hence Suppliers are also important to address, when you make a TQM effort.

Training and introduction to management team. Since it is champion and driven by top management, the employees along the line, both vertically and horizontally have a great need to know who is their champion, who is their team. And then also to be trained in some of the tools and techniques of improvement in the quality of the elements of work which each individual does.

And then Management development. What do we mean by Management development? That means, looking at the long term servicing of the client, you require to have new champions who come on when the old champion retire. You require to have people developed in the organization over the years who shared the same common values of the

team of management of yester year, who retire from the organization. So, you have to keep the management developed in the ways of thinking which the organization has adopted and would like to perpetuate. So, management development is an ongoing long term very critical effort, when you embark on the TQM. Any questions?

(Refer Slide Time: 38:31)



Some of the techniques used for TQM implementation. First is information sharing across vertical and horizontal levels on day-to-day operation issues as also long term and strategic issues of the organization. Say some people say that a closed organization is one where information is not shared, where everything is secretive, where across the vertical line as well as the horizontal line of the organization people closely guard the information of their own little departments. Why do they do that? Well, one theory is, that is the way to exercise power by withholding information which are normally required by other departments in order for them to do their job well. But, why you now see, they say closed, because closed organization are those where the information channels, the flows of information are closed.

In the political sense if you see, if you read in the newspapers, there is a cue in that country. And it has closed itself, what does it mean? It has cut off its radio station, cut off its telephone, it has cut off connection with the world. So, closed organizations are one where the information flow is very slow, very little and incalculable harm is done particularly, in a competitive environment. When you have organizations where most of

the people, apart from their own job, they do not know what is happening around them, both in the day- day operations as well as the company's plan, the long term plans of the company.

Very often, closed organizations justify their state by saying that there are various critical secret information, highly confidential, which can do incalculable damage to the organization, if it is leaked out, if it falls into the wrong hand and so on. But by enlarge that is only a posture to be power brokers. Because in any typical organization, not more than fifteen or twenty percent of information can be labeled as secret. All other information should be as transparent as possible.

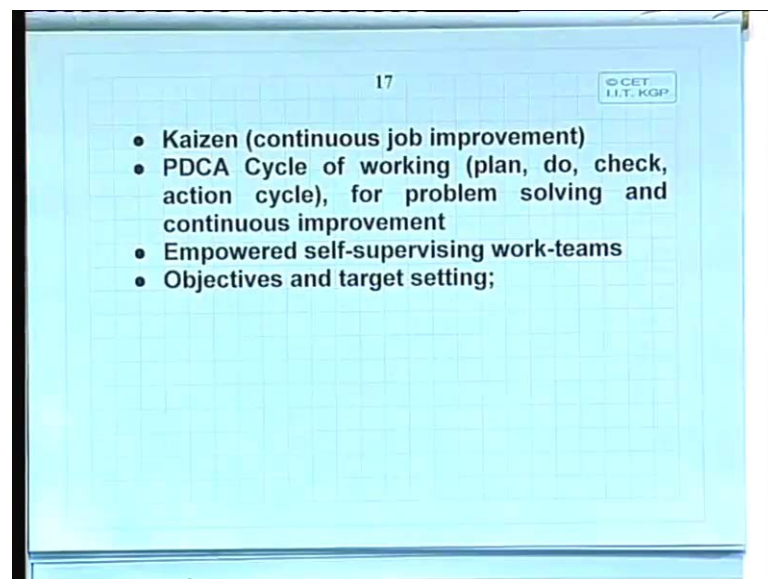
So, employee involvement in the day-to-day operations. And there are ways of doing it. One is SGA, small group activities. What does that mean? It means typically five to six people, either intra department; that is, within the department or inter department; that is. cross functional, may be drawn from sales and drawn from production. They work on certain problems. These are day-to-day operations or they work in normal day-to-day operations as a team, even if there is no problem. But they work in groups.

What is the important thing is team working and group working. Team working and group working is a great help for organizational learning because then people when they work together and particularly, when they are cross functional; that is, people drawn into one team from different departments, they come to see the way other departments work. They come to learn many things from the other departments of the company. And that way a learning process diffuses across the whole organization, both horizontally across departments as well as vertically across chains of command. The reason is, if you have bosses who are on the same team, because the problem or the kind of work requires different levels of people working together, then there is a learning process which goes on. There is a maintaining which happens. The lower level sees how the bosses work in the team. The higher level bosses also learn, they learn cultural issues, they get feedback on what is the state of the satisfaction of the employees down the line. So, there is a overall learning which comes out of team working. And more and more companies today as competition, has become more and more critical, more and more intense more and more companies are adopting team working of course, for problem Solving but, not limited to that. They are using it for normal operations too, wherever they find it possible

depending on the kind of job they have and the industry and so on. And they find it far better than working in the classical departmental mode.

So, problem solving, you had quality circles. Has anyone heard of what is quality circle? Yes, quality circle started off as a small group activity which involved people from the same department who had quality problems. Say, you have department making parts which were made of steel and they were to be make it as per the drawing. And they found that they getting too many rejects because the tolerances are not coming as specified in the drawing. So, it was a local quality problem. And instead of passing this problem up stairs so to say; that is, from the quality inspectors to the quality control to the production department manager. They hit upon a plan of why not form a team of few senior people from the offices few of the operators and try and see whether you could solve the problem here and now as a team at a lower level itself. Lower, in the sense, operational level. And it seem to work and that is where it became more and more popular. And they started meeting in trying to solve problems after office hours too, after the shift is over, they met. And then the management when they found that it is something which is very good, they started giving encouragement. And then quality circles are formed in other departments. Sometimes, quality circles also operated across departments; that is, people drawn from multi departments. And then in order to encourage them, it became a system. That is, you had reward which were given and recognition was given to people who did well.

(Refer Slide Time: 45:32)



And then it became a movement started in Japan and swept across the world in the wake of more and more competition. Then, Kaizen is the Japanese term meaning continuous job improvement. So, in that sense, Kaizen and benchmarking, which we started off. Benchmarking, what did we say? The philosophy of benchmarking is also continuous improvement. So, Kaizen is a system which means continuous improvement.

PDCA cycle of working. This is another technique, plan do check and then action cycle. So, everything that you do, you follow the cycle for problem solving and continuous improvement. And empowered self supervising work teams, what does that mean? Empowered means classically you have a team of operators or workers and you have a supervisor who supervises their work, checks their work, helps to solve problems if there are problems. But self supervising work-teams and empowered which means that there is no supervisor. You have only a team of workers and it is their job and they are given the responsibility. They are empowered to solve problems if it happens, to draw materials, to inspect the quality and to credit the production to the stores. They do it all by themselves.

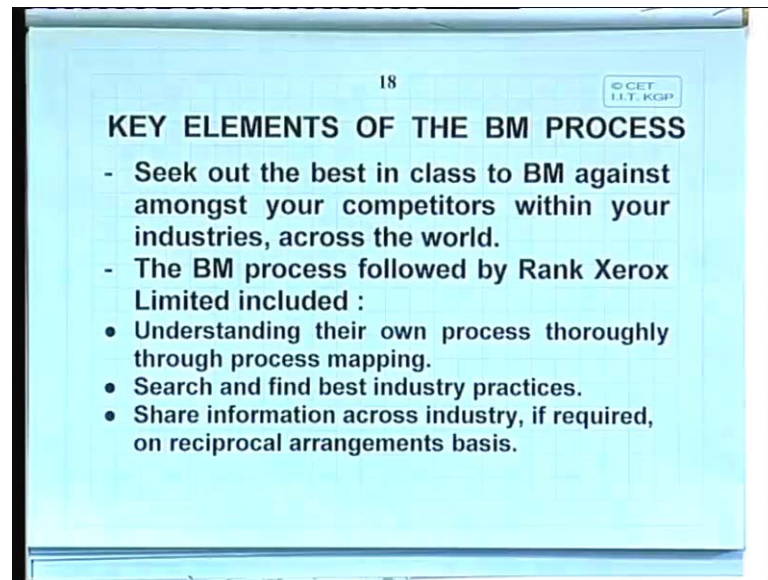
And how does this help? Yes? Well, yes it helps because the recognition kindles in them a sense of self respect, after all they are human beings. Many of them in their own social lives, may be chairman of the local society. Here as operator on a machine they do not get this respect. But when you have empowered work teams who supervise themselves. gives them a feeling of great self work. And that in turn draws out their talents. They involve themselves, they become committed to the work and it creates what we call synergy and you get very good results. Because then with fewer people, lower level of supervision you get excellent outcomes and outputs.

Objectives and target setting. This is an absolute must wherever any controlled activity is done for improvement. Objectives and target, you have a objective of the department, which at a lower level. You have the Vision of the company, which is high level. Departmentally you have an objective which flows from the vision of the company to all the departments. And then it manifests itself in the department as the objectives, the vision manifest objects.

Target setting is like the mission and strategic plan. So, you set benchmarks within a time frame of what are the actions you will take against various elements of work in order for you to achieve these objectives. So, this is also a key part of managing for

overall excellence. So, we see that benchmarking, we started off, and then we went on to quality saying that it is same coin but, two different sides. And then total quality, where we said that it is bringing in the external focus. That means, from what you do yourself to what the Customer wants you to do. So, changing the focus to the customer.

(Refer Slide Time: 49:41)



And then we say that these two are inter related. And the key elements therefore, is to seek out the best in class to benchmark. Best in class worldwide, starting with from amongst your competitors in your own region and your own nation but, then from then on across the world, because now we have global competition.

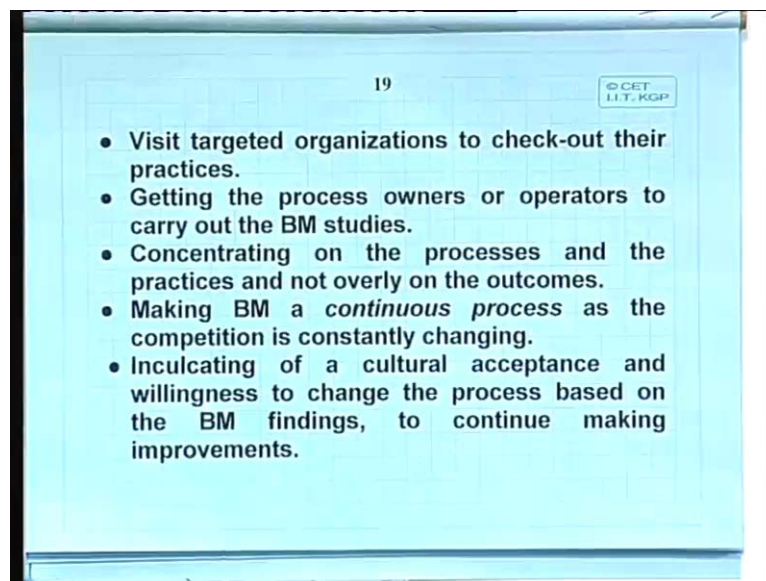
The bench marking process followed by Rank Xerox corporation, for instance included these steps. First of all understanding their own processes thoroughly through process mapping. Now, here is a term, process mapping is nothing but, analyzing the process which you follow, the elements of work that you follow sequentially or sometimes in parallel in order for you to manufacture or product or deliver a service. And in the process of mapping, very often we find that when the process was set up at that time, they may have been different tools, different machines, different type of raw materials. And therefore, a certain sequence of process was followed in order to get good results. But somewhere along the line the technology improved, you have better type of machines, materials may have improve and so on. But organizations follows the same process which had been set up when it first began. And therefore, some of the processes

may well have become redundant, means they were not adding value to the business, not adding value to the activity, not adding value to the output but, only eating up time and money. And therefore, increasing the cost. So, process mapping is very important because then you can identify and then eliminate all those elements of work built into the process, which are not adding value to the outcome.

So, we start with process mapping in Rank Xerox. Then what they do? Search and find the best industry practices. Typically they try and send out questionnaire or telephone competitors, that is a typical process. Those who are making the same products or similar products; that means, they are in the same game, same market, same customer profile and segment. Just try to get their cooperation at least in terms of what are these kind of outcomes that you are achieving. So, we want to compare with you, are you better than us or are we better than you? And of course, usually you have to do it being practical on a reciprocal basis.

If you simply want to pick their brains and not disclose any of your information, of course, they would not give it to you. But if you do it on a reciprocal basis, then quite often you can get information about the practices and the targets and the outcomes achieved by your competitor and you have to give the same from your side.

(Refer Slide Time: 53:14)



Then, share information across industry required on reciprocal arrangement basis. In fact, it is a process where in order to get information, you have to give information. So, it is not sequential, it is simultaneous.

Visit targeted organizations to check out their practices, then getting the process owners or operators to carry out the bench mark studies. You discover during this visits that your competitor is doing the process a little differently and also they have got different bench marks. So, then we have to discuss it with your own operators or process owners as is called here. And then try to motivate them to do some studies to see why we cannot do it if the competitor is doing it.

Then concentrating on the processes and the practices and not overly on the outcome. Now, here is an important point to note. Outcomes versus process, remember that. In all these systems we are talking about that, total quality system, the Kaizan system, benchmarking. These systems which are tools and techniques for constant and continuous improvement, they are emphasizing again and again on the process. That means, the processes that you set up, if you do each of the elements of the process excellently, the outcome is going to be excellent. So, concentrate on the process. So, not overly on the outcomes. Outcomes will come provided your processes are done.

Then, making benchmarking a continuous process as the competition is constantly changing. We said that before, this is exactly what Rank Xerox does too. And then inculcating of a cultural acceptance and willingness to change the process based on the bench mark findings to continue making improvement. This is the most difficult part usually. Set up targets, people achieve targets. Having achieve targets, they want to rest on their laurels. You want to change, you want to change the process, you want to raise the benchmark and then you have resistance is a normal human phenomenon.

But that is where the culture has to change. You have to build in a culture where willingly this is accepted as a way of life. As so long as you work in this company, we have a philosophy in this company that continually you have to keep on improving, cannot rest on your laurels year after year. What you did last year becomes history. You have to do something new, something better this year and so on in all the succeeding years. And those who can achieve this culture, they achieve the output and then they go ahead and they beat their competitors.

We will stop here now. And then we will continue in the next lectures with some of the others tools and techniques which have become contemporarily accepted in order to beat the competition, which is very contemporary issue and problem today. Thank you very much.