

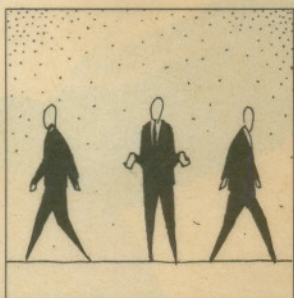
## CASE STUDY

# Choosing A Consultant

IN THE SPACE OF A SINGLE DAY, MOHAN Ramesh, the CEO of Phoenix Advertising, collapsed from contentment into chaos. On the fifth anniversary of the successful advertising agency that he had started for the Orion Group, Ramesh found himself accepting the resignation of his best account director, Jayanti Natarajan. Obviously, the pace of growth that Ramesh had set for the small start-up had left no time for organisational structures or sys-

tems to be created. So, felt Ramesh, it was time to launch a series of human resource and organisation building initiatives at Phoenix. Choosing to hire an HRD consultant than a full-time manager, Ramesh short-listed three: Delta Consulting, Magellan Management Consultants, and Dinesh Datta. Each then adopted a different approach to Phoenix' problems, and Ramesh found himself having to choose between them. At the moment of decision, what would you do?

**M**OHAN RAMESH WOKE UP FEELING elated. Today, August 30, was the fifth anniversary of Phoenix Advertising (Phoenix), the small agency that he had started as a subsidiary of the Delhi-based Orion Group, which was controlled and managed by the Gupta family. In these five years, Phoenix had grown far beyond his expectations. As he did his exercises on the lawn of his posh south Delhi house, Ramesh felt a great deal of fulfilment at the progress Phoenix had made. Coincidentally, he was due to deliver a guest lecture on *Building An Advertising Agency* to a group of students of marketing management at the Faculty of Management Studies (FMS) at Delhi University later in the day, and started reflecting on the contents of his presentation.



**A**lthough business was booming and bottomlines were healthy, Phoenix Advertising was being hit hard by employee turnover

### THE BACKDROP

In 1984, Ramesh had started his career as a marketing trainee with the family-managed, publicly-owned Orion Group. The conglomerate, with a turnover of Rs 425 crore, had a strong presence in the textiles business, with a secondary business focus on the home appliances sector and the light engineering industry. In 1990, Arun Gupta, the youngest scion of the Gupta family, had initiated the creation of Phoenix Advertising, and had identified Ramesh as its first CEO.

In the first two years, business for Orion had come solely from the group's companies, and the agency had been housed in a

small set-up in Delhi. Later, as more and more accounts started coming in, three branches had been set up in Bombay, Calcutta, and Bangalore. Ramesh's main aim had been to keep the organisation lean and efficient. Today, the Delhi office had 28 employees, Bombay had 25 employees, Calcutta had 19 people, and Bangalore 14. Each of the branches was headed by an account director.

The agency's list of clients was impressive, boasting of some big names in both the fast-moving consumer goods segment as well as the consumer durables business. Business was booming, turnover was high, bottomlines were healthy, and Phoenix was well on its way to becoming one of the major players in the advertising industry.

### THE SIGNALS

Ramesh reached the FMS early, looking forward to interacting with the students. At the podium, he traced the history of Phoenix, briefed the students about the rosy future of the advertising business, and gave them a run-down on what it took to be an advertising professional. During the interactive session at the end of the talk, there were the usual questions about careers in the advertising world, and the unusually high levels of mobility of the people in this profession.

Ramesh admitted that Phoenix, like any other agency, had also witnessed high turnover rates, and that this was a problem the whole industry was plagued by. People



left when they were offered a higher salary, and since poaching was common, there was not much that he could do about it. Except to live with the issue and work his way around it. Later, as Ramesh made his way to the office, he was in a reflective mood.

True, he said to himself, there was a trend of high employee turnover, but, of late, it had hit Phoenix pretty hard. Just the previous month, there had been three account managers who had quit its head office and, in the recent past, several others had walked out at the other branches as well. It was getting increasingly difficult to find good people to join Phoenix. But Ramesh merely shrugged his shoulders and walked into his busy office where Jayanti Natarajan, his brightest and, at 32, most promising account director, sat waiting for him.

Natarajan had joined Phoenix as an account manager from one of the leading ad agencies in the capital. A year ago, she had been promoted as account director, with three other account managers reporting to her. She followed him into his room, looking serious. As they sat down, she said: "Mohan, I have some bad news for you. You know the new campaign for Orion Suitings that I was working on? Well, I am not going to be around to see it off the ground. I have been approached by United Ads, and I have accepted their offer. Here is my resignation letter. May I request you to relieve me by the end of the month?"

Ramesh was stunned. The Orion Suitings campaign was an extremely important one. Natarajan was the best person he had, and he had allotted the account to her so that the client got the best possible servicing. "Why on earth are you leaving? Are you crazy? You can't go. Why don't you stay? I'll take care of the money and give you that house loan you wanted. In any case, Jayanti, you know that I can't relieve you for the next three months as per your contract. At least stick around till the new line is launched, then you can go—if you still want to."

"Don't misunderstand me, Mohan," she said in a low voice. "I'm not leaving only for the money. It's true that United Ads has offered me an attractive package, but I'm leaving for other reasons."

"What are they? Don't tell me that you

don't have any career prospects here," Ramesh replied. "You know you are one of the brightest people we have. We've plans for you. Phoenix is prospering, the world of advertising is expanding as never before. Stick around, and you'll grow with the business."

"I wish I could say yes to that," Natarajan said regretfully. "But it's just that I don't feel I belong here any more. For one, I feel that there is no cooperation between the account directors of the different branches. Take the case when I had some client problems that needed to be urgently sorted out in Bombay, and how Rahul Puri, the account director there, sat on the issue. It seemed like a deliberate attempt to sabotage the account. On yet another occasion, when Reena, one of my account managers, left, it was attributed solely to a personality conflict with one of our new recruits."

"Do you remember the time I had hired some management trainees? They just languished for three months waiting for their appointment letters, and finally, most of them left within six months of their joining. There was even the case of Neera Mehta, whom we hired for client servicing from another agency. She was offered a salary that was at least 50 per cent higher than her peers' pay-packets. These are all symptoms of something going wrong with the way people are managed here. And I'm not hanging around waiting to find out what happens next. I've made up my mind. Here are my papers, Mohan. Please waive the notice period."

#### THE CRISIS

RAMESH SLUMPED IN HIS CHAIR, HIS fists clenched hard, deep in thought. Something was terribly wrong. There had been a few occasions in the past when he had got disturbing hints of things going sour between the account directors in the different branches. Take the case of Puri, who had, in the recent past, taken two major promotion decisions without referring them to the head office. Or the time he had recruited three additional account executives—and not even bothered to report the fact to Ramesh.

It was well-known that there were no pay-scales in Phoenix and that wide disparities in human resource practices existed between the different branches. Recruitments were



**T**he gravity of the problem struck CEO Mohan Ramesh when his most promising account director, Jayanti Natarajan, put in her papers



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handled independently by the account directors, salaries were arbitrarily fixed, there were no records of manpower information, and ad hoc decision-making was the order of the day. This was compounded by the fact that there was no stated policy in the first place, and there was no person who could take charge of these responsibilities.

What was needed, it appeared to Ramesh, was a human resources development (HRD) manager to streamline the operations of the company, and create a culture that was strong and vibrant to improve the people's sense of belonging. Phoenix should become an organisation where people felt empowered to take the responsibility for themselves and their work, and feel proud of being part of the organisation, felt Ramesh, instead of the low morale that was staring him in the face.

One major consideration in the whole issue was that Phoenix was, basically, a small organisation, with a strength of only 86 employees spread over four locations. In larger organisations, these issues of organisation building were typically managed by HRD departments staffed by qualified professionals. However, for an organisation the size of Phoenix, a full-time HRD manager was not really warranted. Instead, Ramesh thought, perhaps it would be more suitable to bring in a consultant, who would work closely with the agency until it got back on the rails.

### THE CONSULTANTS

OVER THE NEXT TWO WEEKS, RAMESH contacted three HRD consultants, and briefed them about, and the issues and problems confronting Phoenix. A short background on each of these consultants read like this:

**DELTA CONSULTING:** A firm of consultants established in 1982 by two HRD professionals, Amit Shah and Gaurav Deshpande, with several years of working experience in the corporate sector. They were known for their hands-on approach to organisation development issues, and had gained credibility in industry circles. In the past, their work had been practical, realistic, and result-driven.

**MAGELLAN MANAGEMENT CONSULTANTS:** A transnational firm of consultants that had recently set up shop, headed by five high-profile consultants from the New York office, two of whom were of Indian origin. Its core strengths were systems, structure, and strategy—with a focus on the latest methodologies like

total quality and business process reengineering—in interventions and collaborations.

**DINESH DATTA:** Independent consultant. With a doctorate in organisational behaviour from IIM-A and 20 years' experience in industry, Datta had started his consulting career three years ago, and had undertaken behavioural workshops for a few clients. He also offered psychological counselling services.

Then, these three firms handed in their proposals for human resource interventions in the organisation building process at Phoenix. Each of them adopted a different approach:

### DELTA CONSULTING

#### Objectives:

- To generate reliable and objective data on culture-specific organisational issues.
- Based on this, to create an action plan to identify and resolve problem areas.
- To create internal change agents to sustain the organisation development process.

#### Proposed Activities:

- A perception study, which would throw up data to help diagnose some of the problem areas of the organisation.
- Acting on the diagnosis, an action plan would be formulated for organisational development. The action plan would focus on HRD activities like the creation of a newsletter and other fora for communication, holding of open-house sessions, training in basic managerial skills, team development, identification of other needs, pep talks by the CEO as well as other interventions that would depend on the outcome of the study.
- The consultants would identify one or more persons in Phoenix who would be trained as internal change agents. And they would work closely with this person on organisation development activities as well as the development of the support systems needed to sustain them. Eventually, Delta Consulting would ease itself out of the day-to-day management of these activities.

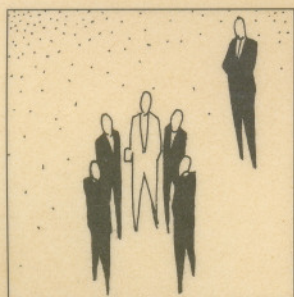
#### Timeframe:

- Three months for the diagnostic/perception study.
- One year thereafter for the implementation of the action plan and the final handing over to Phoenix.

### MAGELLAN CONSULTANTS

#### Objectives:

- To develop an integrated system with a view to managing the structures and pro-



**A**s the agency was small, Ramesh thought it was more feasible to bring in a management consultant rather than hire a full-time HRD person



cesses of Phoenix.

#### **Proposed Activities:**

■ A structured business process reengineering programme that would begin with an objective look at all managerial jobs through a factor-based job-evaluation system. Once this was done, systems and procedures would be designed for the creation of policy manuals, job profiles, person specifications, organisational structures, objective and target-setting systems, and the evaluation of performance against the achievement of these objectives.

■ Creation of support systems that would sustain rational policies for Phoenix. This would involve the recruitment of one or two people with the requisite organisation development skills for the management of the structural changes that would emerge.

■ Creation of a monitoring cell at the head office with a planning and marketing focus.

#### **Timeframe:**

■ Nine months from the date of the commissioning of the assignment.

#### **DINESH DATTA**

##### **Objectives:**

■ To create a credo for Phoenix that would be shared by everybody, with a view to enhancing the quality of the work-life of the individual as well as the organisation.

■ To enable and empower individual members to create situational contexts for the realisation of this vision and, thereby, renew and revitalise the organisation culture.

##### **Proposed Activities:**

■ Undertaking a visioning exercise, where a shared mission and vision statement would be created with the participation of the entire population of the organisation.

■ Communication of this vision and values statement, and lab-based behavioural interventions for creating a forum for sharing personal experiences and growing together.

##### **Timeframe:**

■ Ongoing. A close association with Phoenix for a period of two years.

#### **THE PROBLEM**

**A**LONE IN HIS OFFICE, RAMESH WENT over the proposals one last time. He had scheduled a meeting with his boss, Arun Gupta, the following day to discuss these issues in detail, and to arrive at a decision as to which of these intervention methodologies he would choose. Taking a hard look at the documents, he tried to crystallise his feel-

ings about each of the proposals that he would place before Gupta the next day.

For a start, the Delta Consulting approach seemed to generate high credibility, being rooted in the reality of the perceptions of the employees about the Phoenix way of working. Such an intervention would not rock the boat too much or ruffle too many feathers, and, at the same time, could get the agency back on track in a short time. The agency would also have the advantage of being in a position to retain the essence of the small organisation while working in a more systematic and organised manner without becoming too structure-driven.

The job evaluation proposal by Magellan Management Consultants might create too much of a structure for a small organisation like Phoenix. Freezing systems and policies might make the organisation too bureaucratic, and it could lose its flexibility. This might even stifle creativity, something that an ad agency could ill-afford. On the other hand, the formalisation of the agency's systems and procedures was what was lacking. The laying down of policies and procedures would certainly get over some of the problems he was facing, felt Ramesh, because of the ad hoc style of functioning.

The third and last proposal by Datta evoked a mixed response in him. On the one hand, working at the individuals in the organisation would certainly lay the foundation of a strong organisational culture that the entire agency would share. It was a meaningful exercise, which would ultimately allow the humanisation of the workplace that would be anchored in the long term, rather than a quick-fix approach.

This was a growth-driven approach rather than a simple coping response. However, Ramesh had some doubts that the emotional churning might lead to a loss of the business focus that had made Phoenix successful so far. It might also be time-consuming, and not result-driven. As Ramesh mulled over the pros and cons of each of these three proposals, he wondered which one of them he should recommend the next day. On that rested the future of Phoenix.

■ Case Study by ANEETA MADHOK, Professor of HRD & Organisational Behaviour, Narsee Monjee Institute of Management Studies, Bombay.  
Refereed By the BUSINESS TODAY Panel Of Referees



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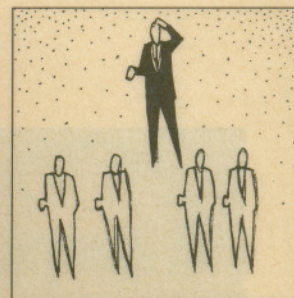
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## CASE STUDY

# Solution-A



**SUNIL DURANI**

Vice-President (HRD),  
Procter & Gamble India

**W**HENEVER BUSINESS IS good, organisations run the risk of becoming complacent. This complacency tends to seep into every nook and corner, culminating in a dangerous stress within the organisation. Fortunately, CEO Ramesh has picked up the early warning signals of the symptoms.

At the outset, Ramesh needs to get the basics right. He needs to get policies in place, some basic manuals written, and some basic personnel administration systems in place. His fears that such structures will bureaucratised the organisation are unfounded. On the contrary, the setting of some boundaries will take care of his people's needs for coherent processes and avoid ad hocism.

He will need someone to take charge of this role, work closely with the organisation, and put the systems, policies and so on in place. Magellan Management Consultants are too big for this kind of work. And there is no need for a diagnostic exercise as suggested by Delta Consulting since enough data on the state of the organisation is already available. All Ramesh needs to do is to build sensitivity in the top management, and energise them to take ownership of their

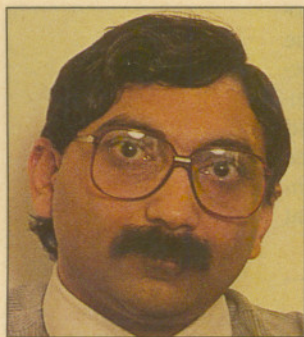
people and thus the ownership of the HRD processes. This requires his top management team to take time off and collectively examine and strengthen their commitment to the internal organisation processes.

Here, Dinesh Datta could play a significant role. He should be enrolled to play the role of a facilitator, a sounding board for ideas, for adding perspective and, generally, playing the devil's advocate. Ramesh should, however, ensure that he leads the process himself—and does not abdicate it to Datta.

An additional outcome of such an exercise would be to generate some broad strategies for action by the different account directors. These could involve a combination of different approaches for organisation development. A consultant like Datta should continue to be associated in the whole process of revitalising the organisation. He could be of immense value in enhancing the sensitivity of the account directors and institutionalising healthy inter-personal processes in the agency. He could also enable others to overcome the internal blocks they may be facing in this regard.

All in all, Phoenix stands an excellent chance of recovering from the mess it is in. The only chance that is required is for the top team to discover that they are indeed a part of the problem as well as the solution. Once this fact hits home, the solutions will be easy.

# Solution-B



**ISHAN RAINA**

Executive Vice-President,  
Contract Advertising

**T**HERE ARE PERHAPS VERY FEW industries which are as people-driven as advertising and yet, unfortunately, HRD practices in advertising are extremely inadequate. It is evident in the Phoenix case that Ramesh has been held accountable only for a customer wow—and not an employee wow. Even at this stage, Ramesh views the HRD options as a crutch to talk to the owners, and not as a positive tool with which to develop a culture. His first reaction, therefore, is not to look into the mirror, but to identify consultants.

Prima facie, the problem seems

to be one of lack of systems, structures, and policies. However, the genesis of the problem perhaps lies in the complete lack of communication and cohesion at the senior level. This has opened up the possibilities for unscrupulous or ambitious people to exploit the lack of networking to take unilateral decisions that prioritise personal goals and objectives over organisational ones.

The Delta solution treats the symptoms rather than the disease. It offers a highly structured approach that addresses the rank-and-file in the organisation. In doing so, it misses a fundamental point: the problem is at the top, where such solutions would be grossly inadequate, if not entirely ineffective. Worse,



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options like the pep talk could irritate senior managers like Natarajan since the real issue is not just lower motivation levels. Finally, conducting a perceptual study across levels in the company could make the entire process into a grievance-settling, point-scoring game, leaving the issues on the backburner and causing even more chaos and mistrust.

The Magellan solution is inapt in that it completely ignores Phoenix' organisational strengths. After all, it is a successful agency. Also, the superstructure of organisational charts, policy-manuals, job-profiles, target-setting mechanisms and performance-appraisal systems, with the attendant support-systems and a central monitoring cell, seems to be a solution in search of a problem.

The Dinesh Datta solution, in contrast, is commendable because it focuses on the key problem: the lack of a shared mission and

commitment at the top, leading to prioritisation of what is personally expedient at any given point over what is organisationally right. Moreover, it allows for freedom, maintaining the entrepreneurial, quick decision-making environment that seems to have worked well for Phoenix.

That Ramesh needs to focus on the above approach is clear. However, whether he needs an outside consultant to do it for him is questionable. If the crux of the problem is lack of networking, teamwork, and mutuality of goals, then the solution needs to come from within rather than from an outsider. In fact, Ramesh's biggest problem, personally, has been the gap between him and his team. To get an outsider could mean distancing himself even more. There is, sometimes, no substitute for getting into the thick of things and taking charge. This seems to be one of those times.

## Solution-C

**P**HOENIX ADVERTISING MADE RAPID progress in the initial years, both due to the dynamism of Ramesh, the CEO, and the family business of Orion, which provided the base. But in line with the trend in the advertising industry, employee turnover at Phoenix has been rather high. In addition, there are several problems at Phoenix caused by its growth and the absence of any structure, remuneration policy, procedure for hiring employees, and so on. The situation is quite chaotic as branches outside Delhi seem to be doing just what they want, and without any regard for uniform practices.

All of this is the fault of the CEO, who has not laid down any rules or ensured any compliance. Ideally, Phoenix should appoint an HRD manager who should take charge of the whole area of recruitment, remuneration, structures, job descriptions, and the like. However, as there is a total lack of talent within the agency, the decision to hire a consultant is justified. In my view, they should take Magellan Management Consultants for the following reasons:

■ The agency requires an organisation structure, an evaluation of all managerial jobs, creation of proper grades, and so on. This is a basic discipline which every organisation needs. It is a myth to think that this stifles creativity in a company.

■ Phoenix has no systems and procedures, and Magellan seems qualified to provide this. They plan to recruit one or two people with the requisite organisation development skills, which is a right step.

■ An ad agency must have centralised control, and cannot let the branch offices function with such independence that it leads to anarchy. For example, one cannot have different pay-scales for the same job in two different locations. This is an important lacuna which has been seen by Magellan, and they should be in a position to address this.

■ Both Delta Consulting and Dinesh Datta seem to be conceptual and vague in their approach. Further, they have no clear focus as to what is required, and their intervention will lead to further chaos.

In order to ensure proper value from the consultancy assignment, Ramesh must set the terms of reference with Magellan, settle a fee, and negotiate a timeframe for the delivery of the report as well as its implementation. Ramesh should be constantly involved with their work so that the recommendations do not come as a surprise to him, are practical and sensible from his point of view, and can be implemented without any problems. ●



**J.C. CHOPRA**

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Senior Vice-President,  
Tata Consultancy Services