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HRD

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**Nandita Gurjar**

My name is Nandita Gurjar. I head HR at Infosys Group. It is my pleasure to walk you through some slides today and then we will open it up for questions.

HR at Infosys is always about building a smarter organization, how do we make sure that people are getting ready for tomorrow, how do we bring in the right skills into the organization and of course how do we ensure that all stakeholders which is the investor, the employees and the customers are kept happy. In the last one year when we experienced the slowdown, I think we moved out of being a support-enabling function to being in the forefront of taking a lot of decisions, managing the organization. All of you are aware of that 50% of the cost in the organization is employee cost and therefore a lot of decisions on managing cost also came to the forefront. So it was absolutely of doing it right the first time not just doing it which became a core part of our jobs.

The hiring of best-in-class continues. In terms of our conversion, we continue to be at a 2.6%. We get a little less than a million resumes year-on-year, our focus is again largely campus. 60% of our people do come from campus. That changed slightly over last year and we will continue to do so in the next year where the percentages might slightly change. We went to fewer colleges last year. That is more because of the conversion from the top schools start increasing. Our lateral numbers moved from 3,500 of last year to, we will close I think about 4,000 number of laterals this year. We have a mandate of hiring of a 1,000 locals in the US both to manage any new laws which will come up in terms of immigration, as well as in terms of building a larger pool of locals in the geographies in which we operate.

Our focus on building leadership pool has increased especially at different geographies. Actually in the last one year while there was certain stability in terms of hiring for some months, a large part of our focus went into saying how do we pick up niche skills and how do we bring in leadership profiles at the top in some of the geographies. High investment in sales group and of course in terms of doing things differently, I think those were the two pieces which we did differently from most others.

In terms of building a sustainable organization, we believe always in creating the talent pipeline. That is one of the worry which we have had right from 2003-04 in terms of different analysts putting in reports of saying how the IT industry will grow and where is the talent pipeline at least at the entry level. So our initiatives in working with schools, with rural areas and in doing our Campus Connect program which reaches out to about 1000 colleges, to bring in teachers for a 6 week program, teaching them a curriculum which they go back to their final year students and teach, continues to be an investment we never compromised on even during the slow down. This for us is core. We need to ensure that the number of people which graduate year-on-year especially from the engineering institutes continues to be robust enough for us to build our pipeline.

One of the largest change management activities which happened in the last 18 months was what we call the iRACE. To put it in a nutshell this was a large role structuring exercise done across Infosys Group for the first time. In 2001-02, we had moved from a grading system to a role-based organization. At that point of time we were about 10,000 people. Most of our, I think 80%-90% of our business was ADM. We look back in 2007 and we realized that 50% of our business is new lines of business and 48% for ADM. We had moved into different geographies, different subsidiaries and we were force-fitting our employees into a career structure or a role structure which was largely ADM-based. So we tied up with Mercer for 18 months to re-look at every job in the organization. We had about 1,152 jobs in the organization, we brought it down to a 400 jobs now. We looked across Infosys Group to say how can we make these skills more fungible and how can we build career streams across the different group levels? What it basically does is it looked at 3 stakeholders and we have spent a lot of time with our board members and senior management, with our customers and with employees to understand how should the organization structuring work? So what did the business and the board tell us? They said we want to go in for transformation which means it no longer is about customers telling us what to do, but we need to go back to customers in terms of how we transform their business which means you need to bring in a rich amount of domain expertise into the organization, we want to continue to be profitable especially at a time where a large part of IT business is getting commoditized. We want to be able to scale suddenly and quickly without having to make those investments as we had in the past few years. We need the flexibility to move around people and more importantly, we need fungible resources. So if there is a line of business which is not growing as fast, we need to be able to move skills across the organization. When you become a 105,000 organization it is very difficult to know where those skills lie because sometimes people have those skills 2 years before and not been working on them but they continue to have them. When a project comes in and you need to be able to tap and say, so where are those skills lying, you need to have a one big database which will be able to do that faster and quicker. The customers told us that we need technical depth and they said we have been telling this for the last 5 years in terms of saying, if you really want value-added work, you need to have technology depth which by the way in the west you get a lot of people with 8 years and 10 years of a software engineer's experience but mostly in IT in India because of the growth of 40%-50% over the last few years, most of them leave technology as early as 4 years to move into a project manager's role. After that they become supervisor of a project but their learning technologies stops.

Customers spoke about value for money and the whole value-added services and what they meant and we got a lot of depth in terms of what they were looking for. The trusted advisors say that go this way in terms of transforming the business instead of the other way. Today, we continue to be more reactive.

Employees again spoke about being employable and how do I build my resume year-on-year, how do I make this the best place to work, suddenly transformed in saying if you can ensure a 100% increase in my resume year-on-year, then I am not that willing to cash out. But if that stops and I

find I am doing the same thing again and again then I am going to have a either burn-out or even like I should be looking for a job elsewhere. Continuous development became the key. We had to start talking careers instead of things like an onsite opportunity or more money. The industry had matured. We still were continuing with the same leverages in terms of rewards which we needed to change. We started speaking for the first time about total rewards which encompasses. So basically what iRACE does, it is effective October 1st of 2009. We said that we would invest in technology depth, so every software engineer who joined was directly from the campus has to spend a minimal of 7 to 8 years in pure technology. Now this is a big change, big change to create, lot of noise both internally within employees as well as outside because as a result of the IT industry moving so fast, employees have seen hierarchical or vertical growth as the only growth. They never perceived depth to be something which they have to be proud of or which could get cash for them or rewards and it was typical, give them promotion every two years otherwise they are going to go. Frankly they were not doing anything much between that two years but that did not matter as long as they had a new designation and they started handling people, people felt that they were moving on to progress. So this is a big change in the organization. When the people who loved it most were the new entrants into our organization which were the 2-3 years old who were dreading getting on to a managing people that early and who said that this is one of the best things which has been done because we wanted to spend a longer time with technology.

We have 25 career streams in the company today across Infosys group which talks about the BPO career streams, consulting, project management, products and what this means basically is, we can today excite different profiles from the industry and from the market and allow them to build career stream which is purely their play in the way they want to grow. For example a product group need not get into a career stream of SEP APM which was originally what the stream was, they had a different growth path than that of the software engineers. Today it allows us to house a lot more varied skills and allow them to get excited about growth in the organization.

Creation of career paths and lattices which meant that you do not have to grow vertically, you have to grow laterally after sometime to pick up breadth of experience rather than just move in the same stream. We have a competency map which speaks about what it means to move from one career path to another path. Today all employees have a high amount of visibility in terms of what careers would look like in the next few years, some of which they do not like but once it seeps in they would realize that depth is finally what pays off.

Span of control was a big one, in terms of our span of control today, it was 1:2:4.5; this moves to a 1:3:9 which will change the rules of what management would look like. For example a project manager today is no longer a 4 to 5 year old, he will be an 8-year-old at a minimum. In terms of the whole span if you look at it, it will increase billability of all people by at least 2 years. So project manager who used to phase out and move into another role earlier, will now get a two years extra billing. It started rolling out in January and it is effective and got real in systems and many other things like Compensation Grids. for example Compensation Grids was another thing which would change as a result of iRACE because every career stream will have its own Compensation Grids. If you want to make increments for instance, earlier it was very difficult to say so how do I give increments to this niche skill which is there in the market. We had to be broad-base it to a larger pool. This will allow us to short-base it to only specific people in the career stream.

What did we do, last year of course we continued with our induction and assimilation. We had made 18,000 plus offers at the campus. They have started joining in. We have more than 9,000 people who have joined us already. By early January/February we should have all the rest of them joining in.

I mentioned Project Summer which is an initiative to hire the thousand locals. But this is not for this financial year alone, it will be completed by October of next of 2010. We already have about 230 people from Project Summer who have already joined us, locals in the campus. Why Project Summer is different is because it replaces deputees. People who are working in a project at a client site are replaced by a local and they are either sent to another project or sent back home. The idea is to create an entire hierarchy of software engineer, project manager and senior leadership in the local community.

Our investment in training actually increased. We moved from a typical 4 months training to a 6 months training because of the slowdown. This allowed us two things. One is it got people trained on two technologies streams instead of one. Since the visibility of which stream would really be required for a project started getting less, we decided that if every employee had an investment of two streams, the likelihood of him getting billed was much faster and that really worked because when things opened up we could move a large number of people on to projects much faster.

We also have started a new certification which is on behavioral skills and English which was not there earlier, involving that right from their 3 months to 6 months program, they will have to get certified in English speaking and many other softer behavioral skills.

In terms of performance management, there has been a large change. We have started sharpening performance management. For the first time, we put in something called letting go poor performers. We used to usually have something called a Performance Improvement Plan which continues, but in the good old days when the industry was still hiring big-time, the message of being a poor performer was enough for people who wanted to leave. For the first time last year, people were not leaving because there were no jobs and we had to do 632 layoffs and ask the poor performers to leave.

The rest of the people who were put on Performance Improvement came back into the system because they did well in their 3 to 4 months. Attitudes increased, we hope that, that will continue to stay as things pickup, but people were really earnest about wanting to put their best foot forward.

During the boom time, we had very less differentiation between star performers and average performers and that was because the company was doing so well that it was difficult to give a message of being an average performer when everybody was exceeding targets. From 2007, we have changed those numbers. We have moved to 25% of high performers instead of earlier 35% and of course continued with 60% of average performers and we have sharply focused on the poor performers this time.

Maintaining small company culture continues to be our big challenge. People like the fact that it is a very large umbrella, a huge brand but after they come in. Some of them continue to say that I am just a fish in a very large ocean. So how do I continue to feel sharper? We believe iRACE will help in some form because they will become career stream-wise plus we have moved Development Centers to get a larger employee focus so that Bangalore becomes like one company rather than moving it to a 105,000 people. We continued the investments in employee health, employee welfare. None of those were costs which were cut. Of course diversity which I will speak about a little later continues to be our focus.

Okay this is My Works. I am sorry you cannot read that very well but this was an initiative which we started to manage the bench. At one point of time we had a large bench which even if it is a 10% bench or 15%, the numbers for us is very large and we needed to get a full-fledged

company-wide initiative which will look after this bench. It is called 'My Works'. We had more than 7483 people who got on to this and completed projects. Large amount of investments went into 3 areas. We started working with NGOs, with government bodies in creating products. We have looked internally for all the systems which we had wanted to do for the last 2 years but did not have time. We got people to focus on that. We were ready to invest into all areas regardless of what the costs were just to ensure that skills did not downgrade because for us that is ultimately the asset that we have. We did not want that depreciating. Even working with NGOs for instance meant that we could help in creating systems which could be reusable tomorrow for our customers.

Communication which always continues to be a sore point usually in a large organization, I think we have managed that brilliantly well this time. We actually doubled up our communication because people wanted to know, now that you have let go poor performers and the number is 632, even if a friend was lost as a result of layoff, it created a high amount of panic. There were large forums which were started to ensure people that we are not going to be doing layoff. For example in the month of April 2009, we had a discussion around whether we need to give a compensation hike at this point of time or do we save jobs and we took the decision of the latter. We believe that we need to tighten the belts but not tighten the noose and we are very, very proud of the fact that we did not do layoffs during that point of time. I think it was an important part to be communicating at different layers to employees saying that we are not going to be changing our philosophy for this.

Okay, in terms of diversity (women representation in the workforce) we continue to be high at the ground level, 33%; after that we get a little lesser, we are 17% at mid-management and 6% at senior management and 2% at the top management. It takes time for it to move up and we hope that over a period of year that number will increase.

We continue to be the highest hirers of people with disability, especially in BPO. Of course we partner with families for a large number of initiatives.

So our focus on Top 3 things to leave you with - the building of leaders we have created new structures, all of you about the Executive Council. We have created structure underneath them which will take over their jobs over the next 2 to 3 years. We have 4 levels of leaderships which we have already communicated. We will continue to invest in the talent pipeline, I spoke about colleges and of course in managing diversity. Okay so open to questions.

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### **Diviya Nagarajan**

Hi good presentation, thanks. Very interesting sort of changes that you are attempting with iRACE having been a techie myself and having a lot of friends in the industry, I think you are attempting something that could be very tricky. Firstly, how this segregation of careers I think what every techie at some levels wants is an flexibility to move between roles and between technologies. Does this mean at some level that flexibility will get limited and if that is the case, how does it co-exist with the fungibility of resources that you were speaking about earlier?

### **Nandita Gurjar**

Actually it does not. When you create career streams, they are like swim lanes but you have rules on what it takes to move from one lane to another. What happens in large organizations is that people sometimes move into different jobs, without really moving out of what we call as the SAP which tracks what their skills are. So there was no way of tracking what are the new skills he learnt

as a result of moving from one stream to another, that will change. It does not stop people from moving, but it has a competency framework whereby there is a formal process of that movement, 1. 2) Goal sheets today have got standardized which means the project manager in one unit and a project manager in another unit will continue to have the same goals. They will not be compromised because a lot of times with the fungibility, you have a tendency to compromise on what role and what targets the person has. There is a very large amount of compromise, so that gets addressed. 3) It actually encourages people after a certain pace to start moving horizontally instead of vertically. On all three grounds, it is giving high amount of visibility to people in saying this is possible because earlier it is only the go-getters who actually who wanted to move from one stream to another and who had visibility into what was there in the organization. Today it is made much more transparent and open.

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### **Diviya Nagarajan**

Employees think of vertical movement as progress and the horizontal movement might not be really moved as progress and you also more than doubled your project manager's age criteria about 4 to 8 years, so what are the typical differences that you expect because of this change? I understand this is fairly recent proposition but what is the level of resistance that you expect to counter and how will you overcome that?

### **Nandita Gurjar**

The people who were mapped at the 8 year or who are very proficient in role maturity of a project manager, got mapped there even if they were in that 6 years or 7 years in project management because we had to give them the benefit of doubt and saying since you have been playing the role for a long time that is why you stay. But there were some new ones who had just moved into the role, who have moved into the technology stream and that is really the piece which needs the transition. Most of them and we did a dipstick on that, 70% of them are comfortable in terms of that movement because it meant that they have got an enrichment into technology back again. There would be a 30% which says so does this means that there is going to be change in my compensation because it seems as if my level came down. We have taken a decision not to change compensation and benefits, so we introduced something called a personal level in the organizations which does not change because we have to manage the transition. There is no immediate cost benefit as a result of the structure. Ultimately managing change for a large group means that we have to give in to some of these. So in terms of compensation benefits they will not change. But you are right, if the only way people saw was vertical movement of 2 to 3 years and they are going to see peers in their IT company which is going to talk about, I got promoted again every 2 years, they will have that conversations and feel a sense of am I losing out. We have to manage that change but what this will give us is much more beneficial than our managing that change because sooner or later this is a track which most organizations will go in for. In terms of even managing cost which is huge and when we really compare this with the multinationals and the Indian IT, this is very close to the multinationals. That seems to be the positive way to go.

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### **Diviya Nagarajan**

At the risk of robbing everybody else's time, just last couple of questions. You spoke about wanting to create an HR organization that is in tune with the management's role of taking the company on to a transformation partner mode, will that tie in with your current recruitment policies of fresher heavy recruitment, firstly and secondly could you run us through the logic of 8% salary hike in a year in which we have almost no growth..

**Nandita Gurjar**

Sure, so let me take you first one. Would it change, I think it would change because we are still cautious about what the market would be in the next one year. I think in terms of percentage of what we would hire from the campus this year, it would be much smaller. Not much, a certain percentage smaller like 30% lesser than what we were hiring last year. The lateral piece is more of a wait and see, I do not know if the profile itself would change because we might decide to get in a software engineer later rather than now. We would call it lateral but I do not know if that would necessarily mean a 2-year-old instead of a new trainee. Okay and in terms of the compensation hikes, as I mentioned earlier, we could have given the compensation hike in April because we were profitable in last year and we have a model which says there is a certain percentage of money which has to go to employees in terms of their salaries and increments and promotions. The only reason we did not give it in April was because of the climate and the uncertainty and the decision that we would not do layoff. But now that things are more visible we are confident that we do not have to do layoff and this is employee money, very important stakeholder. So money has to be given.

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**Participant**

Okay, in terms of iRACE, till what time you expect it to stabilize this transition period and what will be the transition period?

**Nandita Gurjar**

Till next October. We will give it about a year but by 18 months we would be fully on to changing a lot of things even from the external part.

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**Participant**

Second question, you have increased your increased training period in this downturn. So first what you brought new things in this increased duration and would you roll it back when the things back to normal much more better time and environment, would you shorten the training period?

**Nandita Gurjar**

We changed it for two reasons. One is because we did not have visibility into what streams would get the projects so we got people trained on two technology stream. In case the visibility improves and people are required out faster, there is a chance that it would be reduced because the technology stream then would need to be only one which we were doing earlier.

**Participant**

It was increased from 16 to 24 what exactly.....

**Nandita Gurjar**

Yes it is 14 to 16 weeks earlier, it has become 27 weeks now.

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**Participant**

In terms of salary hike you gave this year, would the next one be after 12 months or it could be one year lesser, shorter period?

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**Nandita Gurjar**

I have no idea.

**Participant**

So would you follow a June cycle or would you try to move away from, could it be.....

**Nandita Gurjar**

It is too early to say. I mean we just gave an increment but would we change the cycle, I do not know.

**Participant**

Inaudible

**Nandita Gurjar**

October first.

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**Irfan Furniturewala**

Can you talk a little bit about the facilities planning in terms of the longer-term. How do you go about deciding? Pune I think has grown pretty fast and as you fast forward and I do not what kind time line do you have and you are planning now for 2012, 2013, 2014 and how you are going about doing that? The number of employees has been increasing fairly rapidly over the last few years. So can you give me some visibility on how the whole planning process is and maybe some specific areas that seem interesting either regionally, internationally etc.?

**Nandita Gurjar**

I would not have the same numbers as Mohan would probably have given how many square foot and kind of stuff. But yes there is if we have done a little bit of a slowdown in terms of putting a new building. I think that would be re-looked now. We are first looking at SEZ making sure that SEZ itself are filled up and some of them are not. For example the employees who are joining us for this campus season are proportionately moved into areas which have got space and that would be Mangalore, Trivandrum, Chandigarh and of course Pune and Bangalore has some space. But Bangalore is getting filled up, so we need to really look at SEZ outside. Outside of the country, are there new geographies? We plan to grow into Germany and France in a big way because we see that there is a large business potential there. We have hired two country heads, one for Germany and one for France. And our business focus and our geography focus in 2010 will be those two countries.

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**Participant**

Do you have separate segregation for that business particularly because business relativity being lesser margins. So are the employee's salary structures and things are different from the overall company ...?

**Nandita Gurjar**

No, they are not.

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**Participant**

But would you plan to create some sort of subsidiaries?

**Nandita Gurjar**

Yeah, let say for example in the India business and the BPO side, we found that it was not making sense to give them the same salaries for employees who are working with the global clients because these people do not need to know for example English, all that well. So you could hire them at a very different profile but what we are doing is we are contracting that to begin with, to see how it goes. And then if that works, then we move on to our other model...

**Participant**

Would India business unit specifically focus on this kind of model going forward, if it starts growing bigger in size?

**Nandita Gurjar**

In terms of contracting?

**Participant**

Yeah.

**Nandita Gurjar**

Yes, because there would be a different profile of people. So assimilating them again into the system, it is huge. We did that with BPO for example, BPO comes with a different compensation than a software engineers. But when we hired B.Sc into technologies and brought them with a slightly higher compensation and asked them to be fungible to move into BPO, we find sense of a barrier. We do not want to create that. So this time we want to do a watch and see, move it into a contracting model, see how it works and only the best of them probably move them on.

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Okay, thank you folks for being here. And I think you are on to the next one?

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