Questionnaire for KM Performance Measurement

Part I: Only one response from your company.

Question 1: Does your company presently have Knowledge Management (KM) or similar activity?

[ ] Yes [ ] No [ ] Being put in place [ ] Not known

If ‘No’ or ‘Not known’, skip remaining part of question 1
If ‘Yes’ or ‘Being put in place’, then please continue

- Since when has KM (or similar) function been established in your organization?
  [ ] Less than 1 year [ ] Between 1-3 years [ ] 3-5 years [ ] Over 5 years

- Who is (or will be) heading the KM responsibilities?
  [ ] CEO [ ] CIO/IT Chief [ ] CKO [ ] Others (Please specify_________)

- Is KM a contributory element of business strategy/corporate planning in your company?
  [ ] Yes [ ] No [ ] Not known

- Is there a system for ongoing review of the effectiveness of KM in your company?
  [ ] Yes [ ] No [ ] Not known

If ‘Yes’, please describe briefly the same (say, 100-150 words) particularly indicating the major factors used by your company for evaluating the performance of KM programmes. An idea about the implementation success of your KM system would particularly be useful for this research. Any write-up on KM performance measures, if available, may be attached. (Confidentiality is assured.)
Question 2: Does your company have a mechanism for documentation and review of internal 'best practices' or ideas generated internally?

[ ] Yes  [ ] No  [ ] Not known

If 'Yes', please describe the mechanism briefly (20-25 words), mentioning any software system being used

__________________________________________________________________________

__________________________________________________________________________

Question 3: Does the performance appraisal system of your company incorporate any credit to employees for knowledge sharing, documentation, and peer referrals?

[ ] Yes  [ ] No  [ ] Not known

Organisational profile:

Area of operation: ____________________________________________________________

Present revenue of your company (in Lakh Rs.) ______________

Present IT investment (in Lakh Rs.): ______________

No. of employees in your organisation:

[ ] 1-6  [ ] 6-30  [ ] 31-100  [ ] 101-250  [ ] 251-1000  [ ] 1001-3000  [ ] Above 3000

How old is your company?

[ ] Less than 1 year  [ ] 1-3 Years  [ ] 3-5 Years  [ ] 5-10 years  [ ] Over 10 years

Your Company's name (optional) ____________________________________________
## Questionnaire for KM Performance Measurement

**Part II** (One response per person; multiple responses encouraged from same organisation)

On a 4-point scale (4: Most important, 1: Least important) please give your rating about the *importance* of each of the factors which may be considered for measuring KM effectiveness. Also for each of the factors, your perception about *ease of measurement* - on 4-point scale (4: Straightaway measurable, 1: Impossible to measure or quantify) may be given.

<table>
<thead>
<tr>
<th>Factors (and Units of measure)</th>
<th>Importance Rating (4: Most Important; 1: Least Important)</th>
<th>Measurement Ease Rating (4: Directly measurable; 1: Impossible to measure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples</td>
<td>Example ratings</td>
<td>Example ratings</td>
</tr>
<tr>
<td>• Return on Investment ROI (%)</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>• CEO’s personality/leadership style</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

### Financial:
- Return on Investment ROI (%)
- Employee Value Added EVA (Rs.)
- Tobin’s Q (Ratio of market value of firm over cost of replacing physical assets)

### Market/Customer related:
- Market share (%)
- Annual revenue growth (%)
- New orders (No.)
- Av. orders per customer (No.)
- Ratio of repeat customers to total (Ratio)
- Customer satisfaction
- Av. expenses per unsuccessful bid (Rs)
- Success ratio for new bids (Ratio)
- Image

### Human/Competency development:
- Age of employees (Years)
- Av. experience of employees (Years)
| New ideas of employees implemented (No.) |  |
| Av. training imparted per year (Days) |  |
| Training on KM practices (Days) |  |
| Training/competence development spending : Av. per employee (Rs.) |  |
| Library investment per employee (Rs.) |  |
| Seminars organised by company (No.) |  |
| Total papers published per year (No.) |  |
| Total no. of invited talks per year (No.) |  |
| Patents held & pending (No.) |  |
| Average age of patents held (Years) |  |
| Av. amount of rework/rejects (%) |  |
| Employee satisfaction |  |
| Industry accreditation |  |
| Certifications by industry/standards bodies |  |

**Corporate leadership/strategy/practices**

<p>| Availability of company's stated 'Vision' |  |
| CEO’s personality/leadership style |  |
| No. of executive levels in hierarchy |  |
| No. of direct reports to CEO |  |
| KM integration with strategy |  |
| Duration of KM functioning (Years) |  |
| Staff dedicated for KM function (No.) |  |
| Availability of an employee experience recording mechanism |  |
| Availability of a competency mapping mechanism |  |
| Availability of a Quality Management systems/practices documentation |  |</p>
<table>
<thead>
<tr>
<th>Availability of a knowledge sharing/dissemination mechanism</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reuse rate of existing knowledge/best practices (%)</td>
<td></td>
</tr>
<tr>
<td>Time spent on project closing reports</td>
<td></td>
</tr>
<tr>
<td>Time saved in creating new proposals</td>
<td></td>
</tr>
</tbody>
</table>

**Technological:**

<table>
<thead>
<tr>
<th>IT investments (Rs.)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications investments (Rs.)</td>
<td></td>
</tr>
<tr>
<td>R&amp;D investments/revenue (Ratio)</td>
<td></td>
</tr>
<tr>
<td>Duration of Web-based functioning (Years)</td>
<td></td>
</tr>
<tr>
<td>Availability of company wide collaborative/messaging/workflow tools</td>
<td></td>
</tr>
</tbody>
</table>

**Any other relevant factors which are not included above:**

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**Respondent's profile:**

Your age:

- [] Less than 25
- [] 25-35
- [] 35-45
- [] 45-55
- [] Over 55

Your experience in completed years:

- Total ___________ ; In consulting/advisory services ___________ ; Others ___________

Highest professional education:

- [] Graduate
- [] Post-graduate
- [] Doctorate
- [] Others (specify) ___________

Your Name & Designation (optional) _______________________________________________________________________

Your address for sending you the Executive Summary of this research study, if interested: ____________________________________________________________________

E-mail: __________________________ Fax: __________________________

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List of Sampled Firms
(in alphabetical order)

- Accenture
- Acumen Software Technologies Ltd.
- Allsoft India (P) Ltd.
- Arthur Anderson (Business Consulting)
- Blue Circle (India) Pvt. Ltd.
- CMC Ltd.
- DCM Data Systems Ltd
- Deloitte Touche Tomatshu
- Duncan Infotech Ltd.
- Educational Consultants India Ltd.
- Engineers India Ltd.
- Escolife IT Services (P) Ltd.
- First Health Services
- GlobeSpan India Pvt. Ltd.
- HCL technologies
- Hughes Escorts Communications Ltd.
- IBM Global Services India
- Infogain Corporation
- JIL Info. Tech. Ltd
- Kale Consultants Ltd.
- Legato Systems
- MECON Ltd.
- Microsoft Corporation
- Polaris Software Labs.
- PriceWaterhouseCoopers
- Sar Softech
- Software Alliance Inc.
- Software Technology Group
- Solix Technologies Ltd.
- STMicroelectronics
- Systems Logic India P. Ltd.
- Tata Consultancy Services
- Xansa India Ltd.

- Name withheld

(These include leading firms like Infosys, Satyam, Wipro, Siemens, Hewitt Associates, Sun Microsystems, Tata Infotech, C-DOT, Motorola, Ericsson, Baypackets, Cadence, Birlasoft, TechSpan, Shell e-Learning, Aarken Consultants, Newgen, etc. The respondents have requested that their firms' and their own identities not to be disclosed.)
Discussion Format for Case Study

Based on a field survey (of 108 respondents from 57 firms) already done, following 15 factors have emerged as the "Top 15" determinants of KM effectiveness in a consulting company. For validation of this survey outcome, case study of some key companies like yours is being undertaken. You are requested to facilitate this research by giving your views/information as following:

A. On a rating scale (continuous from 1 to 4, where 4 is 'Most important' and 1 is Not important at all) please indicate the importance your company perceives for each of the factors which may be considered for measuring KM effectiveness. The corresponding 'Mean rating' derived from the survey already done, is indicated for reference. (Your rating can be in fractions up to 2 decimals)

<table>
<thead>
<tr>
<th>Mean Rating</th>
<th>Factor</th>
<th>Your Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.60</td>
<td>Customer satisfaction</td>
<td></td>
</tr>
<tr>
<td>3.42</td>
<td>CEO's personality/leadership style</td>
<td></td>
</tr>
<tr>
<td>3.43</td>
<td>Return on Investment ROI (%)</td>
<td></td>
</tr>
<tr>
<td>3.42</td>
<td>Employee satisfaction</td>
<td></td>
</tr>
<tr>
<td>3.37</td>
<td>Availability of a knowledge sharing/dissemination mechanism</td>
<td></td>
</tr>
<tr>
<td>3.32</td>
<td>Availability of company's stated 'Vision'</td>
<td></td>
</tr>
<tr>
<td>3.31</td>
<td>Availability of a Quality Management systems/practices documentation</td>
<td></td>
</tr>
<tr>
<td>3.27</td>
<td>Company's Image</td>
<td></td>
</tr>
<tr>
<td>3.27</td>
<td>Reuse rate of existing knowledge/best practices (%)</td>
<td></td>
</tr>
<tr>
<td>3.26</td>
<td>KM integration with strategy</td>
<td></td>
</tr>
<tr>
<td>3.24</td>
<td>Annual revenue growth (%)</td>
<td></td>
</tr>
<tr>
<td>3.17</td>
<td>New orders (No.)</td>
<td></td>
</tr>
<tr>
<td>3.20</td>
<td>Availability of company wide collaborative/messaging/workflow tools</td>
<td></td>
</tr>
<tr>
<td>3.17</td>
<td>Annual IT investments/Revenue (Ratio)</td>
<td></td>
</tr>
<tr>
<td>3.13</td>
<td>Ratio of repeat customers to total (Ratio)</td>
<td></td>
</tr>
</tbody>
</table>

B. Out of above 15 factors, the following 5 factors are directly measurable/quantifiable. To determine the progress of KM effectiveness over time in your own company, values for each of the factors may please be given for two consecutive years:

<table>
<thead>
<tr>
<th>Factor/Unit of measurement</th>
<th>Value for 2002-03</th>
<th>Value for 2001-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Investment ROI (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual revenue growth (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New orders (No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual IT investments/Revenue (Ratio)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio of repeat customers to total (Ratio)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
C. The remaining 10 factors are not directly measurable/ quantifiable, but have been identified in the field survey as very important. To gauge the impact of these factors on KM effectiveness over time in your own company, please give your perception of whether each of these factors have improved or deteriorated in effectiveness over last year by giving "change value" relative to 1. (For example, change value 1.15 indicates 15% improvement of that factor over last year, change value 0.90 indicates slowdown by 10% for that factor over last year and value 1.0 means no change over last year)

<table>
<thead>
<tr>
<th>Factor</th>
<th>&quot;Change Value&quot; over last year (1: No change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td></td>
</tr>
<tr>
<td>CEO's personality/ leadership style</td>
<td></td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td></td>
</tr>
<tr>
<td>Availability of a knowledge sharing/ dissemination mechanism</td>
<td></td>
</tr>
<tr>
<td>Availability of company's stated 'Vision'</td>
<td></td>
</tr>
<tr>
<td>Availability of a Quality Management systems/practices documentation</td>
<td></td>
</tr>
<tr>
<td>Company's Image</td>
<td></td>
</tr>
<tr>
<td>Reuse rate of existing knowledge of best practices</td>
<td></td>
</tr>
<tr>
<td>KM integration with strategy</td>
<td></td>
</tr>
<tr>
<td>Availability of company wide collaborative/messaging/workflow tools</td>
<td></td>
</tr>
</tbody>
</table>

D. If a "Framework of KM Performance Evaluation" is given to your company, what would be your benchmarking targets for relative evaluation of your KM programmes? (Pl. tick all that apply)

[ ] Against your company itself, over previous year

[ ] Against your nearest competing firm
(Please specify the firm )

[ ] Against averages representing your industry or sector
(Please specify the industry/sector for benchmarking )

[ ] Against averages across all industry/sectors in consulting services domain
E. Organisational profile:

Industry/sector of operation: _____________________________________________

Revenue in 2002-03 _________________

IT investment made in 2002-03 _________________

No. of employees in your company:

[] 1-6    [] 6-30    [] 31-100    [] 101-250    [] 251-1000    [] 1001-3000    [] Above 3000

How old is your company?

[] Less than 1 year    [] 1-3 Years    [] 3-5 Years    [] 5-10 years    [] Over 10 years

Your Company's name _________________________ Web site _________________________

Your Name & Designation _________________________ _________________________

E-mail: _________________________

Thank you for your support for this research!
My e-mail is csaoffice@vsnl.net
Background Information on Case Study Firms

1. Introduction

This appendix gives the background information about two of the four consulting firms studied for illustration of the recommended framework of KM measures. The comparative analysis of the four firms is discussed in detail in Chapter 5. The background information given here pertains to the two companies as the ‘study of contrast’, so far as the KM practice in the firms is concerned. The first firm detailed here is Tata Consultancy Services (TCS) – India’s first billion dollar IT consulting company in private sector and aspiring to be among the ‘global top 10’ by 2010, in league with the likes of McKinsey. The other firm studied in depth is RITES Ltd. - a leading consulting company in public sector with operational experience in India and abroad, in the transportation and infrastructure projects. The information given here is restricted to only that aspects which have relevance to the KM practices; and is taken mostly from the secondary sources- including the company literature, web-based resources, trade publications etc. The insights into the company KM practices - as obtained during interactions with the key resource persons from the respective companies during field research - of course, also formed important supplementary inputs for the case studies.

2. Tata Consultancy Services

Tata Consultancy Services (TCS) is a division of Tata Sons, the holding company of the $10.4 billion Tata Group, one of India's top business conglomerates. As the first technology company from India crossing $ 1 billions in revenue (total revenues of Rs 5,012 crore - $ 1.04 billion - in the year ended March 31, 2003), it is today Asia’s largest IT consulting /Software services firm. From its beginning in 1968 to its present position of dominance in IT consulting, TCS today has around 24,000 employees servicing clients in over 55 countries around the world. With over 100 branches globally, TCS has been the largest exporter of software services and can be viewed as a truly transnational consulting firm in its character and reach.
TCS's industry offerings are structured into following 10 industry practices.

1. Banking
2. Financial services
3. Insurance
4. Telecom
5. Manufacturing
6. Retail
7. Transportation
8. Healthcare and life sciences
9. Energy & Utilities
10. s-Governance

In addition to the above industry practices, TCS also maintains an in-depth knowledge of various technology areas enabling it to provide end-to-end solutions and services. These technology areas are organised into 8 service practices as follows:

1. eBusiness
2. Application development and maintenance
3. Architecture and technology consulting
4. Engineering services
5. eSecurity
6. Large projects
7. Infrastructure development and management
8. Quality consulting

There are several key differentiators, which make TCS as the leader of IT consulting firms. For instance, it has an effective business model supporting onsite, offshore and offsite delivery, a record of significant experience and successes in large IT projects execution and the strong R&D focus to provide asset leveraged solutions. With a formally
stated vision to be among the global top 10 by 2010 employing 30,000+ professionals in 2010, TCS has initiated a comprehensive framework ‘TBEM’ - Tata Business Excellence Model – for its company operations. This framework TBEM, patterned on the lines of Malcolm Balridge National Quality Award, instituted by the National Institute of Standards and Technology, USA aims to spur individual excellence to achieve organisational excellence. The company has circulated a list of following 11 ‘core values’ to all its employees as the foundation for integrating key business requirements into excellence of business results. These 11 core values are:

1. Management by facts
2. Systems perspective
3. Managing for innovation
4. Visionary leadership
5. Focus on results
6. Organisational and personal learning
7. Agility
8. Consumer driven excellence
9. Social responsibility and citizenship
10. Focus on future
11. Valuing employees and partners

TBEM is being adopted in TCS as a mandate from the Chairman of the Tata Group of companies. A booklet on adoption of TBEM had been widely circulated by the CEO of TCS for implementation. This booklet had listed seven broad categories in the TBEM criteria to assess the company as a whole and its various business units. These categories along with the associated weightages in point values are given in Table D.1:
Table D.1: TBEM Categories Used by TCS

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category</th>
<th>Weightage Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Leadership</td>
<td>125</td>
</tr>
<tr>
<td>2</td>
<td>Strategic Planning</td>
<td>85</td>
</tr>
<tr>
<td>3</td>
<td>Customer &amp; Market Focus</td>
<td>85</td>
</tr>
<tr>
<td>4</td>
<td>Information &amp; Analysis</td>
<td>85</td>
</tr>
<tr>
<td>5</td>
<td>Human Resource Focus</td>
<td>85</td>
</tr>
<tr>
<td>6</td>
<td>Process Management</td>
<td>85</td>
</tr>
<tr>
<td>7</td>
<td>Business Results</td>
<td>450</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1000</strong></td>
</tr>
</tbody>
</table>

55% of the points in the criteria focus on how the organisation is run; the remaining 45% of the points focus on the results achieved. Categories 1 through 6 (550 points) focus on company’s approaches or systems. The criteria do not tell the best method for running the business. Rather, they look for evidence of a systematic approach that is tailored to the needs of company’s business and culture. Category 7, Business results, asks about financial, customer and employee satisfaction performance. All important results in running a business are assessed in TBEM.

For measurement of organisational performance, TCS has put in place a well-balanced set of measures. These include short-term measures such as operational and financial metrics as well as long term measures such as customer satisfaction, market growth and employee satisfaction. 45% of the points relate to these 3 measures of performance. TCS uses the concept of Balanced Scorecard (BSC) for integration of its performance measures and for aligning the entire organisation to achieve its stated vision. This approach deploys the set of performance measures decided through TBEM and a ‘dashboard of metrics’ is finalised. This dashboard of metrics includes all perspectives of the business like financial, customer, internal business processes and learning and growth.
TCS has installed an in-house system ‘eKMS’ for its knowledge management processes. Access to this system is restricted on the company’s Intranet for its select senior functionaries only, for guarding the proprietary information being built up in a common repository. The objective of creating the common Knowledge Repository is to gather all technical and business related information (knowledge assets) at a single place and organise it in such a way that it can be easily access by anyone. This knowledge repository consists of the following illustrative contents:

- Strategy documents, Spreadsheets
- Proposals
- Reusable software components, proof of concepts
- Tools, Downloaded Products, Utilities, White papers
- FAQs, Questionnaires
- Estimation sheets
- Presentations, Documents, Spreadsheets
- Methodology
- Useful URLs

Now, the standing of TCS in respect of the major KM aspects considered in the framework recommended by this research, is reviewed.

Customer Satisfaction
In a survey conducted by Dataquest-IDC India among 307 CIOs on customer satisfaction, reported in Jan 15, 2003 issue of Dataquest, TCS scored 77 points out of 100 - for the software services sector - against the industry average of 69 points. Though TCS stands at number 1 rank for IT services, CIOs were not very satisfied with the quality of service expected. That speaks of the possibilities for improvement.
CEO’s personality/leadership

Mr. S. Ramadorai, the CEO of TCS since 1996 has played a stellar role in the growth of the company, and his efforts have helped make it one of the world’s leading software and services enterprises. Ramadorai has guided this company to cross the magic US$ 1 billion mark in revenues, making it the first Indian IT services company to achieve this landmark. He has played a significant role in building TCS in attaining its current global reputation. His vision for the future includes establishing TCS as one of the world’s top ten software companies.

Ramadorai’s relationship with TCS started much before 1996. He started out as a junior engineer and was later entrusted with the task of setting up and developing the important TCS base in the United States in 1979 in New York City. The TCS-US network now boasts of 40 offices in strategic locations.

Ramadorai’s vision is evident from the active role he played in establishing offshore development centres (ODCs) in India to provide high-end quality solutions to major corporations. With a view to keep pace with changing technologies at all times, Ramadorai set up technology excellence centres in India that have acquired knowledge, expertise and equipment in specialised technology areas.

Ramadorai’s key initiatives include his relentless pursuit of excellence in quality, taking fifteen of TCS’s development centres in India to SEI’s CMM Level 5, the highest and most prestigious performance assessment issued by the Software Engineering Institute (SEI). TCS also attained the impressive distinction of being the world's first company to have four centres assessed as operating at Level 4 of PCMM (People-CMM).

Ramadorai is one of the few Tata professionals to have been appointed to the boards of non-Tata companies, including Hindustan Lever Limited and Nicholas Piramal. As CEO risen from ranks, Ramadorai has demonstrated his acceptability of all employees.
Employee Satisfaction

Since 2001, TCS has put in place a system for measurement of employee satisfaction index, based on the survey of all employees on an ongoing basis. Employees give their ratings anonymously on various parameters. The satisfaction score has been increasing from 65.37% in 2001 to 71.45% in 2003. The areas needing improvements are conveyed to the concerned managers including those from support groups.

Surveys are also being done by external source agencies. In a study done by Hewitt Associates in 2003 for identification of “the best employers in India”, TCS comes at the 10th position out of 220 organisations who participated in the study. The outcome of this study pointed out certain positive indicators in the top organisations. These include a lower attrition rate, attracting higher quality of potential employees, higher morale levels, pride to be associated with the organisation and a healthy impact on the bottom line.

In another survey conducted by Dataquest-IDC India in 2003 for identification of Indian IT sector’s best employers, TCS scores at the 2nd rank as the employer – based on a composite feedback from HR managers, as well as the employees. From HR, the parameters for assessment included attrition rate, retention rate etc. However in terms of the satisfaction ratings sought from the concerned employees, TCS ranking is relatively low at number 13 - on the parameters like company culture, job contents and carrier growth. This gives some alarming signals for a company ranked as number 2 employer. TCS perhaps need to guard against the factory approach in handling of its employees.

Availability of company’s stated vision

TCS has very clearly formulated and communicated its vision to all its employees and other stakeholders. This vision to be among the global top 10 by 2010, drives the business model of the company following the Balanced Scorecard approach for its performance measurement.
Company’s Image
TCS has been maintaining its numero uno rank as the top company in IT consulting/services sector in Asia. Having multiple SEI CMM Level 5 centres, a range of world-class products, proven offshore development capabilities, and various industry and government awards only enhance further its image.

Availability of various KM facilitating mechanisms
The company has been running an internal review system for its KM activities through ‘eKMS’. Though the details are not disclosed by the company, it is understood to have reasonably effective mechanism for knowledge sharing and dissemination, collaborative/messaging/workflow tools in place and established system for quality management documentation. KM is an integral part of its business strategy as the performance measures of TBEM framework include major KM performance measures, which form a part of the framework recommended by this research work.

Annual Revenue Growth
Though TCS has been showing increasing revenues the growth rate has suffered significantly in the last year. The company registered 20.3 % growth in 2002-03 against a higher growth rate of 28.7 % in the previous year. Though the slow down of the IT sector in general may justify this, TCS needs to guard against being complacent as the leader of the IT consulting segment. This gets reflected as a KM performance measure in the proposed framework.

In a nutshell, TCS emerges as a relatively good performer in its knowledge management activities. Most of the top 12 measures of KM performance speak well about the effectiveness of the company’s KM performance. The illustrative high value of Knowledge Management Performance Index, KMPI (= 8.01) is consistent with the performance of TCS demonstrated on KM aspects. However whether TCS can come in the same league as McKinsey and compete with it? Prof. Robert Kennedy – who has developed a case study on TCS for Harvard Business School – voiced pessimism on this.
He feels that TCS should stick to its niche area of IT consulting rather than business consulting or products to maintain its leadership.

3. RITES Ltd.

RIES, a Government of India Enterprise was established in 1974, under the aegis of Indian Railways. An ISO 9001 company, it provides comprehensive consultancy services and transfer of technology to client organizations in the following sectors:

- Railways
- Airports
- Waterways & Water resources
- Urban Transport
- Highways
- Information Technology
- Ports and Harbours
- Urban Development
- Marine Engineering
- Packaged export of rolling stock & spares
- Ropeways

RIES is internationally recognized as a leading consultant with operational experience of over 60 countries in Africa, South East Asia, Middle East and Latin America. Most of RIES foreign assignments are for National Governments and other apex organizations. Presently, RIES has more than 35 on-going projects in 13 countries worldwide.

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1 Source: “They don’t believe TCS can compete with McKinsey”, The Economic Times, 28 February, 2003
In India, the clients range from State Governments, Public Sector Undertakings and Corporations to industrial establishments and private enterprises. RITES is registered with international funding organizations such as:

- World Bank
- Asian Development Bank
- African Development Bank
- United Nations Office for Project Services (UNOPS)
- United Nations Industrial Development Organization
- United Nations development Programme
- Kuwait Fund for Arab Economic Development

The range of consulting services provided by RITES includes:

- Pre-Project planning involving project identification, feasibility studies and project appraisal
- Project support activities comprising surveys, environmental & social impact assessment, geo-technical and other investigations
- Project preparation activities of detailed engineering, design, tender documentation, bid evaluation
- Project implementation/management covering contract administration, field engineering and construction supervision, procurement services, product certification, quality assurance.
- Commissioning, operation, maintenance of rolling stock & workshop management.
- Training, Quality assurance & management
- Multimodal Transport studies & materials management
- Financial, business plan, privatisation & concessioning
- Property development
- System Engineering
- Economic & financial evaluation
RITES employs over 1000 specialists of professional standing in the fields of engineering, management and planning. Besides full time professionals, RITES has on its panel a large number of experts, whose services can be drawn upon at short notice. This provides the company a cost-effective and flexible human resources option for meeting the needs of clients worldwide. It’s headed by a Managing Director & CEO appointed by the Government of India.

RITES has sustained its revenue growth and profitability since inception. However the revenue growth rate fell drastically in 2002-03. After recording an impressive performance during the financial year 2001 – 2002 (rise in income from Rs. 180.75 crore to Rs 283.37 crore), the 2002-03 income rose at a much slower rate, to Rs. 321.51 crore. In fact, for the year 2001-2002, RITES had been adjudged "excellent" - the highest level of rating under the Memorandum of Understanding (MOU) signed with the Ministry of Railways and the company was granted the status of ‘Mini Ratna’ in 2002.

Now, the standing of RITES in respect of the major KM aspects considered in the framework recommended by this research, is reviewed.

Customer Satisfaction
Though RITES has earned a string of awards and recognition from Government - including last year’s granting of the status of Mini Ratna – and from various export associations, most of these relate to higher levels of financial achievements. The company has no system in place to assess and measure customer satisfaction. Interactions with senior persons however reveal that RITES gives significant importance to this measure – 3.9 compared to 3.6 for the consulting domain as a whole.

CEO’s Personality/ Leadership
Government of India appoints CEO/MD of RITES on the recommendations by Public Sector Enterprises Selection Board. In terms of autonomy of selection of key personnel as well as major business strategies, CEO’s leeway is rather limited, as compared to private
sector firms like TCS. However the this aspect as a KM performance measure definitely gets perceptible, if benchmarked over previous year’s performance as the benchmark.

**Employee Satisfaction**

Though the firm sees the importance of this measure as quite high - 3.5 compared to 3.42 for the overall consulting domain –the company has no system in place to assess or measure this. Perceptually however, employee satisfaction is reported to have gone up by 10% over last year.

**Availability of company stated vision**

There is no formally documented vision statement – either given in the annual report 2002-03 or on the company’s web site. However the web site mention the following as the ‘corporate philosophy’ of RITES:

- *To deliver quality despite all odds.*
- *Deliver results on time.*
- *To employ local consultants and expertise as an effective instrument of transfer of technology.*

The annual report mentions company’s ‘mission’ as follows:

"To be one of the most admired companies, in India and abroad, rendering state-of-the-art consultancy, engineering and project management services, in the field of transportation, infrastructure and related technologies.

The company would aim at leadership in every business by synergizing values, integrity, and drive for technology and innovative spirits, ensuring value for money, to its clients and benefits to society, at large"

Evidently the clarity of vision and the availability to all employees is lacking. Though the company attaches rather high importance to this aspect (3.5 as against 3.32 for the overall consulting domain), the company needs to improve on this aspect.
Company’s Image
RITES has a good image as a public sector ‘Mini Ratna’ organisation, as well as various awards in the past. The company attaches quite high importance to its image (3.6 as against 3.27 for the consulting domain as whole).

Availability of various KM facilitating mechanisms
On the aspects related to KM practices and implementation, RITES scores rather poor compared to firms like TCS. RITES does not have a formal Knowledge Management function working in the organisation - even though it has the practice of project documentation as a part of its functioning. Obviously KM does not figure as a contributory element of its business strategy/ corporate planning. There is no system for review of KM practices, because the KM system does not itself exist. Interestingly, during case study interactions RITES indicated a very high importance to integration of KM with strategy (3.8 as against 3.26 for the consulting domain as a whole). This reinforces the need for putting in place a formal KM performance framework, as recommended in this research.

Annual revenue growth
It is here that RITES has suffered heavily on its performance with reference to last year benchmark of its own performance. As indicated earlier, despite the growth in income from 2001-02 to 2002-03, the growth rate fell drastically from 56.77% to 13.46%. From the viewpoint of consulting operations as a whole, the sustenance and growth of the growth rate itself is an important indicator of KM performance. So despite the good overall financial performance, the company has to introspect on this issue and to isolate any aberrations in performance from the normal trend.

In a nutshell, despite the good financial performance and the company image, RITES has not tapped its potential further through sound KM practices. Though it attaches quite good importance to the top 12 KM measures (KMI of RITES is 1.57), the KMPI value for RITES comes out to just 0.62. Apart from the significant drop in the growth rate, the company has to put in place working system for assessment/ measurement of customer
satisfaction, employee satisfaction etc and also to integrate KM into its business strategy. Only after these initial steps, RITES can adopt the recommended framework of this research.