

Notes on Interview with Mukund Prasad, Group CIO, Welspun Corp.

Henry Chesbrough, February 24, 2011

[our project is to examine how companies have managed significant changes to their business model, and the role that technology played in that process, either positive or negative]

I'm going to tell you a two year story. You need to understand that Welspun is a conglomerate company, with businesses in textiles, steel, retail, infrastructure, and energy. Some of our businesses are quite mature. Others are up and coming. A few have just been created. I am the Group CIO, responsible for our information technology, but I am also closely involved in strategy and business excellence activities in our company.

Two years ago we looked at our company and asked ourselves, "what would we like to do best as a company?" and we decided to let our model emerge from answering that question. As a manufacturing organization, we needed to enhance our level of operational excellence. This involved process improvement, and also product and market strategy. What are the best practices, what are competitors doing, how is the future changing? These were all part of addressing our challenge.

Change management was also an issue. We had to create a process that would lead to a fact-based decision-making model. This is not easy to do, and requires a lot of facts from our information technology to support it.

One area we focused on was looking across our processes within our many businesses and identifying some where there were commonalities across the business that we could use to standardize our processes. We wanted to create a model of shared services. We realized that whatever processes were fundamentally transactional in nature could lend themselves to shared services, though we would need a strong technology backbone to support this. In accounting, for example, processes like accounts payable, accounts receivable, product accounting, these were common to all of our businesses and were very transactional in nature. We needed a common document management system and a common vendor portal as well. In Human Resources, processes for training, recruitment, career development, employee relations and compensation also were common across our businesses. In recruitment, for example, once a functional head and an HR head had agreed on a profile for a new job, then many of the subsequent processes were transactional with bringing in the candidate.

We created a common data center for all of our companies, which included capabilities in communications, Wide Area Networking, Local Area Networking, and we standardized these across our company. Supply chain processes like purchasing, contracts, spot buying, project buying, also could move in this direction. In our engineering and project management systems,

we wanted to create processes that could take drawings, get them approved, and use these to form the basis of a knowledge management system. That way the whole company could see these through a centralized resource.

This meant that the technology backbone was critical. To virtualize our servers, to standardize our databases, to deal with our legacy systems, retain our employees during the change, and get them to treat this as learning something new that could grow their skills in the company.

Historically we have grown through acquisition. We now have 5 units in the US, one in Mexico, Portugal, the UK, Saudi Arabia, plus 9 in India. You can imagine the legacy systems we inherited with these acquisitions. Fortunately for us, there was a willingness among our people to learn new things and to change. We also realized that if we hadn't embarked on this change process, our processes would have become much more expensive and become more complex to handle. So we got our people to look at this as a way to offload the transactional processes that they'd been doing as a part of their learning to work more productively within the company.

[challenges you faced in this change process?]

It was very difficult for us to take new technology to the company, because the company was always changing as well. So should we leave the newly acquired unit alone? Should we integrate it into the systems of the parent company? Or should we choose on the "best of breed basis" which processes to keep and change, even when that might change the parent company's process as well? Our decision was to align our processes around a common system, and we chose to standardize the whole company on SAP post-acquisition.

Some processes, like supply chain processes, were easy to move and went over quickly. But other processes, like HR, inventory planning, even paying the telephone bills, were all done through different legacy systems. Many of these still remain today. We are trying now to further standardize them, often through using a Microsoft platform.

[other problems during this transformation?]

We are growing multifold right now. We're doing hundreds of projects at a corporate level, and it is very hard to see them all because they are not integrated into any central reporting system. For project management, for example, we need to look at all of the critical projects: what stage are they in, what progress has been made since last review, are they on budget, on schedule? Our project tracker dashboard was developed in Excel, then we went to Primavera (sp?) and now we do this on SAP, where all the project information is integrated for top management review.

We've also done a lot in supply chain as well. The procurement spend review process, inventory management process, are common issues to discuss across businesses. Also supplier rationalization, even our legal processes are becoming more standard too.

With these integrated data and reporting systems, we began to develop our own operating model. How should we manage new technology? How should we track projects? We managed many parts of this change well, but other parts were not so well managed. Some legacy things we couldn't stop.

We did achieve some quick wins in shared services. With accounting, for example, our new system meant that you no longer needed to know who to go to for which decision that needed to be made. Overall, I'd say that we did not do an A+ job, but we did do a B+ job. We spent the first six months of the project planning the change. The next 12-18 months were spent on execution, with business process integration and change management being the primary activities. We were fortunate that our Chairman and our Managing Director had a clear vision of a better way for us to work, and that provided both support and guidance for our efforts. When we did encounter problems, we would slow down that area but continue to push on all the other areas. Our activities in accounting (A/R, A/P) and HR happened fast, and our common data management brought clear improvements. **These early wins helped demonstrate that we were on the right track.**

[is it better to undertake such a **change gradually, or all at once?**]

The IT changes we did immediately, like the backbone, the data center, IP telephony, and virtualization. All these were done quickly. We then picked up some projects from each business (not all) and did those. We still have other improvement projects that we still haven't done yet. This is our agenda for the future. Other processes are more strategic, and those we are assessing, but haven't started to address yet. That is also part of our agenda for the future.