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sudhir nagpal
*strategy execution
at the taj group*

viswakumar menon
asian green city index study

kaustav sengupta
recession and resurgence

george glass
accounting for borderless growth

dr robert kaplan
revisiting the Balanced Scorecard

strategy execution at the taj

by Sudhir Nagpal

The Taj is today the global face of Indian hospitality, but with great powers come great responsibility. How is the grand old name in the hotel industry coping with the strategic demands placed by an ever-growing team and an increasingly discerning marketplace?

the Taj is widely recognized as an icon not only of the Tata Group but of our country. Nine years ago, Vice Chairman RK Krishnakumar, who was then the Managing Director, decided to get his management team to implement the Balanced Scorecard (BSC) and drive the business. At that time, as part of the Tata Business Excellence Model (TBEM), the BSC was owned and monitored mostly at the top, and getting information to populate the scorecards was a task in itself. This was because the customer information system, the guest satisfaction system (GSTS), uniform system of accounts and consolidated corporate purchase processes were still being put in place. There was one single brand called the Taj Group of hotels, and the company was organized into different strategic business units (SBU)—Luxury, Business, Leisure and International

hotels—, all driven by the one CEO. The initiatives defined in the corporate scorecard were a focused set of total quality management (TQM) processes that were designed to dazzle and delight the customer with the highest quality of hotel services and standards.

three major transformations

The first breakthrough came when the scorecards were cascaded to every hotel unit (without automation). The GMs owned the objectives and defined their own set of actions, hotel by hotel, unit by unit. Each operational head put a series of processes that were measurable and were aligned to the company's vision. It took more than four years of following a bottom-up approach, from the hotel to the corporate office, to achieve a uniform and common set of 'Taj Group business processes'. The BSC at the corporate office, implemented through COVENARK® STRATEGIST, played a critical role in triggering this change.

A couple of years ago, under the leadership of Raymond Bickson as Managing Director and RK Krishnakumar as

Vice Chairman, the Taj Group went through its second critical transformation of differentiating the SBUs as independent brands. Taj Luxury retained its identity, carrying with it all the super luxury palaces and resorts, Taj Business hotels became Vivanta by Taj, addressing the upper-upscale segment, Gateway Hotels expanded into the third rung , addressing the upscale segment in middle-level cities and a new low-priced category called Ginger was introduced.

At that time, a new strategic direction evolved and the strategy map changed face with a focused set of about ten strategic objectives. These objectives brought to attention the importance of learning and development as one of the key drivers, giving importance to the need to identify top performers, who could be fast-tracked and trained to become managers, from within their internal pool of talent. Leadership development programs specially designed to groom these potential leaders became a prime activity in the HR function across the Group.

Looking at the internal process perspective, more emphasis was given to enhance food and beverage services and innovation in cuisine to create a unique Taj experience. With a hundred hotels to be added in the coming years, growth and profitability with stringent controls on cost became the obvious financial drivers. This initiated the second transformation at the Taj.

In October 2009, the Taj Group decided to implement a fully integrated BSC review mechanism using mPOWER's COVENARK® STRATEGIST across all hotels, corporate functions and enterprises, with more than 100 scorecards at all three levels.

LEADERSHIP *development programs* SPECIALLY DESIGNED *to groom potential* LEADERS *became a* PRIME *activity in* HR

alignment across functions

As a first step, mPOWER's team, along with the Taj TBEM team, spent five months to get every scorecard owner at the corporate level (HR, IT, Sales and Marketing, Finance and brand SBU) to articulate and revalidate every measure definition, formula, source of data, initiative and action aligned to the key strategic objectives. These were converted into strategy maps and scorecard tables, giving visibility to what were till then separate documents lying scattered in spreadsheets and word files. A critical review of these made each owner reexamine the measures and their related actions. In many cases, these were revised and simplified to be more trackable.

alignment at the brands

At the same time, each individual brand began the new financial year with its own unique strategy, which needed to be translated into the BSC framework. Similarly, what started off as a common scorecard amongst all brands transformed into a unique set of actions and measures specific to each brand, even as the Group's strategic objectives remained the same.

For example, while it is important for luxury hotels to provide a refined glove service that has embellishments in presentation, style and flair—even in the way tea is poured—, it is necessary at Vivanta to ensure high-speed service without losing the key elements of luxury, though one may have to do away with those parts of the process which hamper timeliness. At the Gateway on the other hand, it is the price performance of the product service being offered that determines the mix of ingredients that make up a fine dish. Yet, in all three cases, the customer experience will always have to reflect superior quality, superb service and excellent taste. It is the customer perception that we are addressing at all times.

The challenge, therefore, is to be able to translate the same strategic objective common for all brands—yet different in how it is measured and put into action—to achieve the

desired result. Customer experience cannot be measured in isolation and incorporates all elements of the product service mix, including ambience, colors, decoration, cutlery, crockery, uniforms, communication style, location, view, time and many more parameters that need to be regularly measured and monitored.

alignment at the hotel units

The unique measures created at the corporate, function and brand levels were incorporated into hotel-level scorecards, with the mathematical formulae linking upward to the highest level. This ensured ownership of data at the source it had been created as well as ownership of its integrity and accuracy.

For many months before automation, the GMs and HODs had been reviewing their BSCs outside the operational MIS and saw the BSC as a separate reporting tool for the corporate office in terms of strategy, which was reviewed once every quarter. With the introduction of COVENARK® STRATEGIST and the automated strategy execution program, every hotel-unit HOD went through a comprehensive workshop on how to conduct strategic reviews using the BSC, by focusing on non-performing objectives in the strategy map. By viewing measures in the red, they began to give more attention

to those initiatives that were not completed. Now if we put ourselves in the shoes of the COO of the Gateway brand, one initiative not handled right in a particular hotel unit is definitely going to have a direct impact on the overall brand perception over time. Thus, monitoring actions minutely at every hotel unit results in strategic alignment within the brand as well as the entire organization.

To support this transformation, BSC coordinators at every hotel and region were identified and trained to smartly manage the hotel unit and regional BSCs. Although they were part of the internal TBEM group, soon they started functioning as an extension of the OSM (Office of Strategy Management) as learning and development managers.

Today, the general manager of the hotel unit is the scorecard owner and has begun using the BSC more and more as a strategic and operational review tool as well as a business MIS. The GM's KRA is in fact the scorecard, with the HODs contributing to their component with related actions.

collating and integrating the data

With the appropriate technologies and powerful integration tools built into COVENARK®, it has become easier to automate the integration of the data elements, even at the lowest granular level. This ensures accuracy and integrity of the information that the decision-makers rely upon at all times.

The next step would clearly be incorporation of search engines and knowledge management systems, especially with respect to qualitative documents and extensive process manuals that need to be presented to support the actions taken while reviewing a specific measure.

review and monitoring

At the Taj Group, there are strategic reviews conducted month on month, and although not every objective in the BSC can get covered in a day's meeting, it has been decided to emphasize some key strategic objectives that focus on the customer, internal process and learning and development to drive the financial growth of the company.

These reviews encompass all areas of operations that have a direct impact on the strategy. A measure in the red, like change in brand perception, will trigger a set of actions in those areas where the customer satisfaction scores tend to highlight a negative trend. On the other hand, efforts made

to improve customer service in food and beverage, for example, should have a direct impact and substantial positive turn in brand perception, over time.

identifying gaps

Over time, the scorecard reviews allow BSC owners to quickly identify gaps and address them with appropriate action. For example, a particular hotel unit may have spent hours and hours on pushing room quality improvement and cleanliness, while the guest has been constantly complaining about internet speed. No matter how much the company may spend on room design and product enhancement, a section of guests are surely going to be unhappy if simple technology needs are not addressed. At the Taj, these gaps get clearly highlighted in the GSTS scores, which comprise a complex set of qualitative indicators, available for review online through the BSC.

These gaps do not result in any change in the measures themselves, but they definitely promote appropriate actions that are put in place immediately.

On one hand, it is essential to drive a company through high growth in financials and profitability, yet, on the other, it is important to eliminate those business processes that are not having any positive impact over time. Regular reviews of the BSC help in this elimination process, thus creating a series of best practices that become the indicators of superior performance and are clearly visible in the different BSC perspectives. Over time, the organization begins to see cause-effect relationships and linkages between the strategic objectives across various perspectives. For example, non-readiness of top performers would result in a vacuum at newly opened hotel

OVER TIME, the organization BEGINS to SEE cause-effect relationships and LINKAGES BETWEEN the strategic OBJECTIVES

properties, which rely upon experienced managers to manage the business. At the Taj, across all brands, these aspects have been proactively addressed and monitored to ensure a high level of customer satisfaction, resulting in financial growth and profitability.

strategy is not static – the third transformation at the Taj

Once the data begins to flow bottom up, the higher scorecards gain more meaning, allowing for in-depth strategic reviews at the corporate office and SBUs at the Taj. The top management is able to monitor each sub-element and drill down to the lowest level while identifying the gaps. This cause and effect analysis has brought the Mancom team to include new elements in the strategy map which may have been taken for granted earlier.

Today, with the third transformation, every hotel unit, every SBU, every corporate function and the enterprise as a whole will also be monitoring an additional set of measures and ensuring that the old ones have become a way of life across the Taj Group, thus making every individual in the company accountable for a range of qualitative, non-financial measures which the organization has already put in place and must monitor regularly. All this to enhance stakeholder value, while keeping the ecology and the community as the prime beneficiary of the company's vision, translated into action. ∎