

Publication	The Economic Times
Date	20 <sup>th</sup> August 2011
Headline	Cos Tag Executive Pay to Nurturing Skills

KEEPING A TAB

# Cos Tag Executive Pay to Nurturing Skills

Senior executives' compensation is no longer limited to targets; employee satisfaction is linked to their variable, making them accountable for higher values and goals

## The Third Dimension

It takes more than just fulfilling KRAs to get your variable pay

### The Trend Setters

We take a look at companies that link variable pay to attrition, employability, motivation, ability, environmental initiatives, coaching and maintaining a healthy workplace

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|--|---|--|--|
| <p><b>1 WIPRO</b><br/>20% variable pay of GMs linked to attrition from last year</p> | <p><b>2 IGATE-PATNI</b><br/>50% of variable pay linked to people management, delegation of duties, goal setting since 3 years</p> | <p><b>3 LG</b><br/>10% variable pay of managers linked to attrition</p>  | <p><b>4 GODREJ</b><br/>5-10% variable pay dependent on team performance and development and assessment</p> |
| <p><b>5 SUTRA</b><br/>Out of 10% variable pay, 3% on sub-ordinates targets</p>       | <p><b>6 MTS</b><br/>30-40% variable pay linked to talent development and mentoring skills and 10% to employee engagement</p>      | <p><b>7</b><br/>Mumbai-based engineering company has 12% variable pay this year on a 'nurturing' parameter</p> |  |

### Thumbs Up

Linking softer parameters like employability, environmental initiative, motivation will work only when the goals are clearly defined, can be measured

### Thumbs Down

There are not many companies who actually use tools to measure these data points and say that the vagueness of these parameters is best left untouched

Compensation has evolved into total rewards rather than just payment of cash, and importance is now given to creation of wealth rather than just looking at targets

ANAND SHANKAR, CEO, Aon Hewitt, India

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If you want to see change in your company peg an incentive to it. With this as India Inc's latest mantra, senior managers now face the litmus test as far as motivation, ability, attrition and employability of their teams is concerned. They will have to become more accountable since a hefty chunk of their variable pay now depends on this.

"Compensation has evolved into total rewards rather than just payment of cash, and importance is now given to creation of wealth rather than just looking at targets," says Anand Shankar, CEO for Aon Hewitt in India. He cites the example of a Singapore-based firm that roped in a third party to gauge how a CEO had scored on the employee-satisfaction parameter, which was linked to his salary. "We've found that values being linked to the salary structure were important, but not important enough," says Shankar.

Indian companies are waking up to the increased importance of this, and many of them—professional services firms, investment banks, law firms and KPOs—have approached Aon Hewitt to work out a similar structure for their top managers. One law firm has ensured that it will provide 100% of the variable pay only if an employee can say that the potential partners developed by the team, which in turn would reflect on the employability of the group.

The number of hours a manager puts into coaching, efforts taken to strike the right work-place balance and ensure employee satisfaction gets linked to his variable pay, said Ganesha Sherman partner and country head (human capital) at KPMG. "This trend has started picking up in the past three years, especially post-downturn, to ensure a climate that is conducive to performance," he said.

One of the consulting firm's Mumbai clients wanted varia-

ble pay for their 180 department heads to be restructured to include the parameter 'nurturing'. Department heads were asked to report on how they had managed to keep the team going and relayed sensitive information without scape-goating. This parameter has been linked to 12% of their variable pay and will come into effect from the third quarter of this year.

The new financial year has seen Wipro link attrition to 20% of seniors' variable pay. Every team is allowed to let a certain number of employees go, but if more people leave, the senior in charge is held responsible. Wipro, as per the recent results, reported a 23.2% attrition rate, up from 20.9% in the last quarter.

Naturally, checking this was a priority for the company. IT services firm Igate-Patni's employees are called out on their people management, delegation of duties and goal setting skills, which form 50% of their variable pay. The other half depends on whether they have achieved their usual targets.

"For every point that the employee loses, 10% of the variable pay gets deducted," says S Kandula, executive VP and global HR head for the company. There are employees who are high performers but are not the best team leaders. This competency-based approach helps find out the right team players as well, he says.

In the consumer goods sector, post the plummet in the markets three years ago, companies have rebuilt their talent pool and now jitters about losing them to competition. "It is becoming an established fact that talent gravitates to a company for its brand value, quits a company for the boss. Hence, companies are pulling out all the stops to check such attrition," says LG Electronics chief operating officer VV Verma.

LG had linked 10% of the varia-

ble payout of managers and business leaders to team attrition when it was bottling a high 18% rate of attrition a few years ago. "We have now managed to reduce attrition rate to 4.5% with this initiative, and it is under control," adds Verma.

According to Ashesh Amin, retail and apparel consultant, a well-known retail firm had instituted a practice where the ability of a manager to communicate with his team and keep team members motivated, were linked to his/her salary. The company's senior employees have 25% of their variable pay decided by this ability, and around 15% based on checking attrition. Exit interviews are mapped and subordinates spoken to, to get feedback on the senior manager's skills in these select criteria.

Pharma company Sanofi Aventis, too, has introduced a performance-evaluation matrix, christened 'What and How', where it evaluates managers' core performance such as sales performance (in the 'what' category), and how he manages to drive it (under 'how').

Such analysis also provides insight into whether a manager has been successful in controlling team attrition and developing talent. "There is a growing need to link a manager's sales performance with how he achieves it. As companies go global, one needs to be mindful about such parameters to become a sustainable organisation," said Sanofi Aventis senior HR director (India and South Asia) Pradeep Vaishnav.

Telecom company MTS undertakes bi-annual engagement surveys for managers and team leaders to track the levels of engagement they have with their teams. Since employee engagement has been identified as a key factor behind attrition, around 10% of the variable pay of managers now depends on how they score on the engagement surveys. Juniors, peers, seniors and customers are asked for feedback on a manager's leadership skills, which al-

so includes coaching and mentoring. "Such initiatives are becoming important because not only are managers and leaders supposed to contribute themselves, they are also supposed to develop talent that will sustain the organisation. We normally allot 30-40% of the manager's total performance bonus on factors like talent development and mentoring skills," says MTS chief of HR, Manish Kharbada.

Employees in a start-up have a clear goal of getting the deals and funds, but once they realise that they have to look at more sustainable growth, retention becomes imperative, said Jay Thakur, business head of consulting firm Sutra Services that mostly recruits for start-ups. "Firms now realise that it is not just important to play like a Tenzler; the team together should score well. Play like Dhoni, is the mandate given," adds Thakur.

Like some of its clients, Sutra's employees, too, have a variable pay of 10% of which 5% is on targets and 5% depends on the subordinate achieving his or her targets. Compared to larger IT firms, this variable pay is not high, but soft skills are given just as much prominence.

Not all company heads agree with the idea of linking variable pay to soft skills. "These are just buzzwords and it's best to have parameters that can be mathematically calculated," says Tufan Ghosh, CEO of Columbia Asia Hospitals. The hospital chain prefers to judge by the number of promotions given to a manager as a test of his employability, rather than bifurcate his KRAs further.

The parameters also depend on transparent methods and clear job profiles, along with a 360-degree appraisal system, says P Thiruvengadam, leader (human capital advisory) at, Deloitte India. Since this is a relatively new thing in many companies, and not a common practice, one needs to be a little more careful.

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Publication	Western Times
Date	20 <sup>th</sup> August 2011
Headline	MTS India names Ashish Bhatia as COO for Gujarat circle

### **MTS India names Ashish Bhatia as COO for Gujarat circle**

**Ahmedabad,**

Mobile operator MTS India has appointed Ashish Bhatia as the chief operating officer for Gujarat circle. Ashish Bhatia will report directly to MTS India's South & West Regions chief operating officer, Cheenu Seshadri.

Bhatia will be responsible for further stimulating the business growth for the company in the circle. Bhatia brings has over sixteen years including five years in the telecommunication sector. The coming on board of Ashish Bhatia as the chief operating officer for Gujarat Circle is in line with the execution of the same strategy.

Publication	Gomantak Times
Date	24 <sup>th</sup> August 2011
Headline	MTS launches free MTS to MTS calling

**MTS launches free MTS to MTS calling**

**GT NEWSROOM:** Sistema Shyam TeleServices Limited (SSTL) that nationally operates its telecom services under the MTS brand with over 12 million wireless customers has added to the spirit of freedom and announced free MTS to MTS local calling on purchase of a colour handset worth just Rs 699 for its customers in Maharashtra and Goa. The company also announced a slew of exciting propositions for its data customers in the circle.

According to Sandeep Marwaha, chief operating officer, Maharashtra Circle, MTS India "In our endeavour to stay a step ahead in delighting our customers, we are launching free MTS to MTS local calling. This initiative has been designed to provide our customers with the freedom of staying in constant touch with their loved ones without having to worry about talk time. I am confident that all our customers across Maharashtra and Goa will find this proposition extremely appealing."

To avail the exciting voice offer, customers need to buy an MTS colour handset worth just Rs 699 to get free MTS to MTS local calls for one-year.

To avail the data offer, customers buying an MBlaze connection, need to recharge it with Rs 498 to get 5GB usage for a month. Apart from this, the company has launched a special student offer. Students buying an MBlaze connection and recharging with an amount of Rs 1002 will get data usage of 10GB for a month. Subsequently, they will get of 50 per cent additional value on all future recharges throughout the year.

Publication	Hitavada
Date	26 <sup>th</sup> August 2011
Headline	MTS launches slew of offers for its cutomers

### **MTS launches slew of offers for its customers**

SISTEMA Shyam TeleServices Limited (SSTL) that nationally operates its telecom services under the MTS brand with over 12 million wireless customers has added to the spirit of freedom and announced free MTS to MTS local calling on purchase of a colour handset worth just

Rs 699 for its customers in Maharashtra and Goa. The company also announced a slew of exciting propositions for its data customers in the circle. To avail the exciting Voice Offer, customers need to buy an MTS colour handset worth just Rs 699 to get free MTS to MTS local calls for one year. To avail the Data Offer, customers buying an MBlaze connection, need to recharge

it with Rs 498 to get 5GB usage for a month. Apart from this, the company has launched a special student offer. Students buying an MBlaze connection and recharging with an amount of Rs 1,002 will get data usage of 10GB for a month. Subsequently, they will get of 50% additional value on all future recharges throughout the year.