OFFICETIGER

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Randy Altschuler and Joe Sigelman had been close friends since their undergrad days in Princeton. Later both of them graduated from Harvard Business School and took up jobs in the financial sector. Sigelman worked for Goldman Sachs and Alschuler worked for The Blackstone Group. In 1999, both came up with the idea of a BPO startup when they realized the difficulties they were facing in their respective jobs. Their organizations were not very well geared up to provide services like making presentations and organizing data. They discussed it among themselves for a long time and finally quit their organizations to start OfficeTiger in 2000.

They came to India and set up office in Chennai. The founders and the first set of employees had multiple roles within the company. They did not have any clients lined up. Slowly, they ramped up their operations and took steps to professionalize the company. A more formal organization was created and official committees were established.

The company grew quickly. Form revenues of under $1 million in 2000, it grew to a profit making company of revenues over $50 million in four years time. When they started off, there were only a handful of employees but by the end of 2004, there were over 2,500 employees. In addition to Chennai, they had offices all over the world including Kuwait, London and New York.

OfficeTiger stressed the importance of getting the right management locally. They needed people who understood the Western business world but they need not be Western managers. Regular training was carried out that also covered the importance of confidentiality, quality and promptness.

According to Siglman, there were two major HR challenges that came with rapid growth:

Firstly, when they had initially hired people, they were not very particular about how much they were paying as a salary. Competition for the manpower was not high and they were able to pay higher than prevailing salaries but they ended up paying very different salaries for persons hired to do the same job.

For example, for the same job two associates could be hired at salaries of Rs.5000 and Rs.8000. Now the problem arose if the performance of both was the same after a year at the job. If the second associate is given a 25% increment, to bring in parity in their salaries, the first associate will have to be given a 100% increment. That will create an imbalance in matching increments to performance. If not done carefully, there was likely to be at least one dissatisfied employee.

Another major problem was related to the growth in scale of operations. Someone who is a very good CTO for a 200-man operation need not necessarily be the right man for the job when the organization has grown to 2,500 people. So does he get promoted or is a new man to be recruited and put in as the boss of the initial CTO. Here again there is a possibility of alienating a good performer.

Note: *In 2006, Alschuler and Sigelman sold OfficeTiger to the publishing giant, R.R.Donnelly.*

Questions:

1. How can Officetiger solve the problem of parity in salaries?
2. What would be the right way to match roles and responsibilities with the changing needs of a growing venture?