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## CASE ANALYSIS: TURNAROUND AT TASS

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#### Preface

This is an analysis of the issues and problems in the case "Turnaround at TASS" which was published by Indira Management Review (2012), Vol. VI, No. 1, pp 59 - 68.

This diagnosis will start from the analysis of "The Complex Organization", (also reprinted in the same issue mentioned above), which might be regarded as the preceding part of "Turnaround at TASS", since the roots of the problems in the latter would appear to lie in the former.

To summarize, problems and suggested solutions (for "The Complex Organization") were identified in the areas of (i) Recruitment and Selection; (ii) Compensation, Rewards, Promotions and Career Development (incl. Appointment of EOs); (iii) Performance Appraisal; (iv) Employee Motivation; (v) Communication, Feedback and Change; and (vi) Business Problems

In "Turnaround at TASS", some of the initiatives and changes (or non-changes) of the top management were explored, most of which were in the form of conversations between three employees of TASS.

List of Issues and Problems (Perceived, Actual or Potential)

It appears that the management of TASS are also aware of the existence of problems in

some of these areas. However, the change processes initiated to tackle the same appear, at least in some cases, not to have had the desired results.

The concerns or issues thrown up in "Turnaround at TASS" include the following:

1. Recruitment and Selection: problems continuing. (C, G)
2. Compensation and Rewards: Benefits without working; lack of recognition; termination; higher pay for CEO, MD etc.; employee turnover. (B, D, F, G, H, Q, U)
3. Performance Appraisal System: unrealistic standards; lack of feedback. (L, O)
4. Motivation: rising demotivation (perceived lack of equity or instrumentality (expectancy theory)) and cynicism. (H, G, K)
5. Communication: (implied) lack of upward communication, unwillingness to listen / learn. (E)
6. Change Management and related areas: Poor implementation of Change Mgmt (I); Co-optation, manipulation and coercion (D, Q, S); unrealistic pace of change/implementation, lack of capability to implement (A, I, P); poor quality of change agents (Internal committees & external experts) (A, P, U); Conflicting / unclear HR policies/practices (G); bureaucratic solutions (E, R); unrealistic goal setting (I, T).

7. Ethics and related areas: conflict of interest; breach of trust; closing eyes to unethical practices (I, Q, R); high degree of organizational politics: (H, M, Q) also reflected in various points listed above including: committee selection (A, D); shirking of responsibility/false delegation (J, K) and co-optation, manipulation and coercion (D, Q, S)

8. Business Model/Strategy related problems:

i). CEO, MD & other officers brought in from outside. (MD was originally insider but apparently has been away a long time - possibly only a middle manager when he left?): Unaware of systems or capabilities; give appearance of incompetence, arrogance (or perhaps frustration?) (A, E, N, P).

ii) Using contacts rather than quality of product/services to get new customers. (Using a push type process (selling) rather than a pull type process (marketing).)

iii) Customer identification and Customer satisfaction: Who are the customers? (I) The large engineering firms or the sub contractors? The end customers do matter, possibly more than the sub contractors, since if they are satisfied, they can insist that the sub contractors use TASS's services. By pandering to the whims of the sub contractors, at least some of who appear to be more interested in short term gains, by employing all types of short cuts, cutting corners and other tricks without concern for quality or ethics, TASS is most likely also earning a bad name among the end customers.

iv) The new growth avenues proposed are called vertical integration, but are actually about offering services up and down the

value chain and actually require quite different competencies, so it might more accurately be classified as unrelated diversification (since the services appear to be actually positioned at external clients) while the MCD is clearly unrelated diversification. These are very risky strategies.

### **Analysis and Solutions**

Regarding the first six areas of concern, the analysis of Complex organization remains valid, and little has been done to seriously examine them. Since the problems appear similar to those encountered earlier, nothing new is prescribed, but time is running out.

Two new areas of concern have also been identified or elaborated in greater detail:

(A) Ethical issues and (B) Business Model/Strategy related problems:

#### **A. Ethical Issues:**

There are no easy answers. Organizational politics exists everywhere. But conflicts of interest have the potential to lead to disaster. Likewise deliberately overlooking others' unethical practices may be defensible(1), but has the potential to lead to legal problems and all sorts of adverse penal consequences including ultimately being black listed. These should not have been allowed to occur and should be rectified at the earliest.

#### **B. Business Model/Strategy related problems:**

To point 8 (i) above, there is no easy answer. It is an example of "who will bell the cat?" Who can tell the CEO or MD that they lack awareness/knowledge? Quite likely they are aware of this deficiency on their part and believe that it is unimportant. (Not an entirely illogical conclusion since it has been made

explicit that they were deliberately brought in from outside to shake up the system.) This is the consequence of earlier decisions (i.e. Selection or perhaps even the decision to bring in outsiders directly at such senior levels.)

With reference to points 8 (ii) and 8 (iii), as already implied above, TASS should clarify who its customers are or alternatively perhaps redefine its entire business idea by consciously considering/incorporating important stakeholders into its concept of its business. It is not uncommon to have the traditional customers' roles split among separate people/entities - for example, in large organizations, it often happens that the purchaser (employee in the Purchase Dept) is not the consumer or end user (the Operations or Maintenance dept). All that is required (in theory) is to incorporate the end user's requirements into the product/service. In practice it is a little more difficult, but this is a known business problem and therefore it should not be too difficult to find a suitable solution either.

Regarding the last point i.e. 8 (iv), there appears to be a surprising lack of awareness or at least lack of understanding about the different competencies required to occupy these different positions on the value chain. Possibly, (like other organizations), TASS is going to learn this the hard way, after some failures or bad experiences.

In fact, the surprising part is that for dealing with all the problems listed above, the organization apparently possess enough internal knowledge to solve them if the top management is able to tap the collective wisdom of its employees especially the experienced middle management. But in order to do this they should first realize that (i) they still have problems; (ii) their

employees know what to do; and finally (iii) they should have faith in their employees.

Top management gives the impression that it believes that it has taken the right decisions and is unaware about the deleterious effect of their actions. (2) While it is possible that they might get true feedback through employee surveys or from the grapevine, it appears unlikely. (Due to the breach of trust issue, the probability of getting true feedback in future has been greatly reduced.)

One possible way out of this situation would therefore be for concerned "non-in-group" (3) managers to try and bring their apprehensions to the attention of top mgmt so as to trigger corrective action. This can be done directly if they believe that top management will consider their concerns and suggestions with an open mind or through the good offices of some intermediary who has the ear of top mgmt and is able and willing to act as a liaison.

### **Conclusion**

Though the sentiments expressed by the characters in the case may seem extreme, similar sentiments are expressed by (especially) middle managers in all sorts of companies. Sometimes the middle managers are wrong; often their scepticism is justified. However, many companies manage to muddle along profitably till a crisis strikes. The crux of the problem with TASS is that the crisis is continuing but the increased/heightened amount of activity creates an illusion of achievement: that something appears to be getting done, but the core problems do not appear to be getting addressed. It seems to be a case of treating the symptoms without actually identifying or addressing the root causes. TASS will continue to muddle along, in reactive management mode, so long as no additional burden is placed on it.

Notes

1. And the LORD said unto Cain, Where is Abel thy brother? And he said, I know not: Am I my brother's keeper? King James Bible (Cambridge Ed.)

Retrieved 15 May 2012, from <http://bible.cc/genesis/4-9.htm>

2. This lack of awareness might be despite their efforts to be aware or it might be because of their efforts to remain unaware! This remains to be determined.

3. i.e. Outside the top management core team (the "in-group")