

MindTree
CONSULTING

Making of the MindTree

Part II (1999 - 2003)

The Tenth co-Founder

On the morning of August 19, 1999, we went to work - still recovering from the heady feeling from the launch of MindTree the night before. The events of that evening had signaled a perfect start for the company.

First, we had a press meet in the morning. There was no standing room left with both print and television media in attendance. The turnout showed the extent to which the media's respect for Ashok had grown over the years. On the occasion, we showed a hastily put together film based on the first part of the "Making of the MindTree". The high point of the twenty-two minute film by TMG was the shot showing the children of the Spastic Society of Karnataka at work, painting their rendition of our logo – depicting Imagination, Action & Joy. As the camera focused on 17-year-old Chetan explaining his work with the help of another child, everyone watching the film got choked up with emotion. Because Chetan is autistic, people did not understand what he was saying. However, another boy who had a different form of cerebral palsy but could speak clearly, interpreted what Chetan was saying and explained it on camera. Chetan explained through his friend and interpreter that the blue upward stroke he had painted represented Imagination and the yellow dots around it stood for Joy.

The next day, the story of MindTree and how its logo was created sent waves across India. There wasn't a single major newspaper that did not have us on the front page. For the first time in the world, a corporate organization had trusted its visual identity to a group of differently able children who had no idea about brand and visual identity.

After the launch that day, we had an evening get together at the Taj Residency in Bangalore where friends and family were invited to hear about MindTree. The attendees included Azim Premji of Wipro and Nandan Nilekani of Infosys, among others from the IT industry. One man was deliberately left out of the invitee list: S. Janakiraman ("Jani"), who at the time was president of Wipro's Global R&D.



Janakiraman S

Jani and I had worked together in Global R&D. After I moved out as its first chief executive, Jani took over from me and by 1999 grew its manpower from 600 people to 1400. We worked like the left and the right hand of the organization and complemented each other extremely well. When I left Wipro to join Lucent, Jani was heartbroken. While contemplating the making of MindTree, the founders never thought of asking him in as he was considered to be doing too well for himself. KK, Partha, Kalyan and I had worked closely with him, as had Ashok, whom Jani was directly reporting to until the former left Wipro.

Sometime in July, as the news of Ashok's leaving Wipro got to the world, Jani was devastated. Jani thought the world of all of us and there was no way he would stay on at Wipro. After a few rounds of discussions, it was settled that he would be our tenth co-founder, a fact that could not be made public on August 18, 1999 when Part 1 of the Making of MindTree was released. Wipro was still working on the modalities of retaining or letting Jani go. Given that background, Jani was not a part of the gathering of friends and family the night before.

Jani was born to a village postmaster in Tamil Nadu in 1957. His father was a man of little means, but had a burning desire to see his son get the best possible education. That ambition conflicted with his frequent rural transfers to places that did not offer good educational facilities. So, he kept his wife and children in a place where the schooling was good and chose to travel alone to wherever work took him. In order to be able to financially afford two establishments, he would not rent a house in the place of his posting. Instead, after a days work when the village post office (usually a mud hut) closed, he simply slept there. Every bit helped to save up and finally Jani graduated with a Masters from the Indian Institute of Technology, Chennai and joined Wipro as an R&D engineer.

When Jani came on board, his moving out of Wipro caused serious and understandable concern in the minds of Wipro's top management. As we grew, contrary to fear from some quarters, we did not turn out to become a "Wipro Shop". Our desire was to build something ground upward, something that would be a rain forest of talents from the best organizations.

We started with TGC Prasad and Amit Agrawal and Erik Mann and Joseph King. Prasad was with PricewaterhouseCoopers, providing IT consultancy and implementing SAP for clients. He is a civil engineer with a post-graduate degree in

Human Resource Management from the Tata Institute of Social Sciences, where he was a gold medallist. Prasad had begun his career in HR, after which he had moved to sales and had gone on to Singapore before switching to IT consultancy. My eye had been on him for a long time and after a quick round of discussion, we settled the case for him to set up our People Function. We needed an unusual individual who could bring in both the consulting view and hands-on experience to the job, and Prasad fit the bill perfectly.

Amit Agrawal was raised in New York City by his immigrant parents and he went to school at Rutgers. Though his original ambition was to study music, he ended up majoring in Computer Science. Anjan discovered Amit at Cambridge as a “hotshot” technical architect who fitted in to what we called “MindTree Material”. I met him over lunch in New Jersey and expected that I would have to do a sell job to get Amit to take the plunge. In yet another happy move, life presented Amit to us on a silver platter. No questions, no issues. Amit was subsequently chosen as “MindTree Mind of the Year” in 2001—the highest internal recognition that a person can aim to achieve at MindTree.

Then came Erik Mann. Schooled at Princeton, flying cross country gliders at US National Championships, Erik gained great experience at Health Management Systems and then at Cambridge

Technology Partners. He designed eExpress, our methodology for e - B u s i n e s s implementation, led our



Joseph, Prasad, Amit and Erik

delivery team in Avis and then set up our healthcare vertical in 2003.

Scott Staples brought in Joseph King as vice president of marketing. Joe and Scott had worked together in Cap Gemini and at Cambridge, and Joe got the marketing act off the ground pretty quickly, setting up our direct marketing efforts, putting in place relationships and eventually, taking on additional responsibility for our People Function in the U.S. as well.

One position that remained open for a long time was head of finance. Ashok saw dozens of candidates and it was becoming increasingly difficult to convince him on anyone. He was very clear about wanting to take a young person whom he could personally groom for the job. Additionally, the incumbent had to be able to take the white heat of Ashok's proximity day in and day out. After a long, drawn-out search, we finally found Venkat from Andersen (long before the Enron scandal, thank you...).



Venkat and Vishu

Shortly after, we recruited Vishweshwar Hegde from Motorola as our head of quality. Vishu, as he is better known, is credited with being part of a team that set up the world's first Six Sigma facility for Motorola and had both a manufacturing and a service view of quality. When not working, he plays a variety of instruments, acts and can even walk on his hands!

The vision of MindTree was to build a company with two areas of specialization. On the enterprise side, we wanted to provide e-business consulting and implementation. On the technology side, we wanted to provide product realization services in the networking domain. The former was to be headed by KK and the latter by Jani. Jani put together his leadership team with some outstanding people like Vinod Deshmukh, Sharmila Saha, S.N. Padmanabhan, C. Balu, Vilas Bhade Ram Chandran and Raja Shanmugam. While Balu came from Novell and Vilas came from Philips where the two were in senior positions, Vinod, Sharmila, Ramachandran, Padmanabhan and Raja had worked with Jani in Global R&D and were acknowledged as Star Performers in Wipro.

On the enterprise side, we were lucky to get some outstanding people like Siva Vajjhala, Babuji Abraham and R.K. Veeraraghavan from Cambridge Technology Partners, Verifone and Wipro respectively. We were all set.

In Somerset, New Jersey, Scott, Anjan and Kamran opened the bank account, won the first customer engagement, and settled a small office space at the same time as we did in Bangalore. We did not have a customer engagement in India yet. That was to come later.

In Bangalore, knowing that it would take us a while to create space and fix it up, we readily took up an offer from VG Siddhartha of Sivan Securities (later renamed Global Technology Ventures) to use a non-descript office space he had bought with an idea of eventually furnishing it and using it himself. The office had all of fourteen tables but it was a Godsend. The place also came with an existing phone line and we had a mailing address! Although the entire place was as just as big as Ashok's presidential corner office at Wipro, it felt good. What brought special warmth was the joining of Latha as our receptionist.



Latha

Latha was one of the ten children at the Spastic Society of Karnataka who had painted for us along with Chetan. She was born with a form of palsy that took away the use of her legs. Latha's truck-driving father had given her away to a convent. There, the nuns raised her and sent her to school at the Spastic Society of Karnataka. Latha had a great smile and we said to ourselves, "why not take her on board as our receptionist". She joined us on day one. Today, Latha runs our front office in Bangalore. She is an economically independent member of the society and stands on her own right.

First Customers are Patron Saints.....

While all this was happening, KK moved to the US to help get the operations set up on the enterprise side. Jani took on the task of putting together the technology team. It was settled that Ashok and I would divide common functions between the two of us. As we decided to start offering our services for the India geography I took up that task in addition to my responsibilities of people function, marketing and infrastructure building. Ashok was directly overseeing the quality, information systems and finance.

But job number one was landing new business - both in the U.S. and in India. Though we were born in the boom time of the Internet, the streets had to be pounded and we needed some luck there. When you leave behind your corporate success and start some thing anew, you leave behind everything you stood for. However large the halo

of the past may have been, it is removed faster than you think. That is a transition that takes many people off-guard. Fortunately, we had no qualms about it. We left behind the past and were ready to pound the pavements.

However, more than our brave attitude, what made the significant difference was the willingness of the first few customers who trusted us and gave us their business. Every new company that ultimately succeeds does so on the strength of a few such sponsors and no amount of business planning ever replaces their role. They appear from nowhere, give you business for no explainable reason and seldom claim a return on their disproportionate contribution. All great companies owe their existence to these early customers who often assume disproportionate risk to become the Patron Saint.

The first major breakthrough in the U.S. came from Lucent. A man named Rod Trombly knew Scott, Anjan, Kamran and Amit and had the fullest confidence and trust in them. No one else could articulate the architectural problem he was battling with as well as this team could and we got the job. What started as a \$300,000 project grew to a million plus account. To Rod, it did not matter that we were less than fifty people, had a two-room office in which the furniture was yet to be assembled.

Equally unbelievable was how we won Avis. Joe made a direct call to newly appointed CIO Larry Kinder. In what must be one of the rarest of rare occasions, he took the call, liked the story, gave us an appointment and we were there – driving a requirement definition workshop for a dozen Avis executives who had differing views on what Avis.Com should be. That eventually led to more than \$7 Million in business over three years and in the process, we completely re-architected Avis.Com. In 2002, the new Avis.Com accounted for 11% of their total car reservations. In 2003, that number keeps moving in the right direction. Intrigued by how a Fortune 500 customer chose a no-name consulting company, a television show entitled Business-Now ran a four minute report on us on ABC's Channel 7.



Larry Kinder

While Avis was beginning to take shape in the US, one day, we received an unexpected visit from Chuck Johnson, Co-President of Franklin Templeton

Investments and their CIO Allen Gula. Both were on a visit to India and were doing the big company routine when VG Siddhartha of Global Technology Ventures suggested that they meet MindTree as an example of the newer breed of IT services company. Both men agreed and when they did stop by, Chuck and Al were intrigued by our culture and went back to suggest to Richard Preece and Sandeep Bhatia in their IT Department that they give us a try. Richard and Sandeep were in the process of collapsing 36 huge but disparate applications into one and their vision was to make it fully available on the Internet so that Franklin Templeton could connect with its 10,000 customer service representatives and end users all over the world. Sandeep, himself an ex-PricewaterhouseCoopers consultant keeps high standards for himself and for those who work for him. What followed from that point on was a long relationship and we built Franklin Templeton's global web site project. At its peak the Project had close to a hundred MindTree Minds working 24/7 from across two continents.

When Franklin Templeton gave us the assignment, they did not ask us if we knew the mutual fund industry. They were not worried about whether we would be around a year, two years, or three years. They had faith and trust in the people of MindTree - something that Sandeep talked to me about long after we completed the assignment.

In India, our first customer was Fabmart. VS Sudhakar, the aspiring Jeff Bezos of India was already up and running with Fabmart by the time we opened shop. His current service provider was not scaling and he handed over his site to us on a platter.

Then came Hindustan Lever – Unilever's India subsidiary. As we were getting started, Ashok walked in one day and declared, "We must do business with Levers." When Ashok says something, he means what he says. The same day, he wrote to Keki Dadiseth, the then Chairman of Hindustan Lever – who sent the mail to D.Sundaram, director finance. Sundaram was at that time putting together a team with the charter to e-enable Hindustan Lever as part of their millennial initiatives. Sundaram asked us to meet K. Ramesh who had just moved from their culinary business to steer this team. In Ramesh's Brookfield Office, when my colleague Puneet Jetli and I stood to present MindTree, we were acutely aware of how small and naked we were. What if Ramesh asked for case studies and customer references? What if he asked us to show ISO certification and process maturity?

Ramesh asked us none of these questions. He said he had read about the Making of MindTree in Business World and admired us for who we were. He did say that since we were industry veterans, he had some doubts on whether we would be able to roll up our sleeves and work in a hands-on manner. But he also said that the names behind MindTree were associated with unimpeachable integrity, and so, he would go with us. From what started as a one day engagement with their mid level managers to educate them on e-business basics, we grew to build a big business in e-integration, data warehousing and supply chain management in India, China, Japan, South East Asia and Australia.

MindTree House is built.....

While customer acquisition was happening at a fast pace, we needed to build physical infrastructure – the office lent to us by Siddhartha was, after all, only good for 14 people. So we all looked around and settled for a lease of a new structure that the Brigade Group of Bangalore was constructing. It was a bare concrete structure.

We decided to name it “MindTree House 1” and approached old friend and architect Prem Chandavarkar of Chandavarkar &

Thacker Architects to design

the interiors. We gave

him the theme of

Imagination,

Action and Joy –

our DNA - to be

depicted in the

design and

execution of the

interiors. In the

final stages, we

decided that while

Imagination and Action were adequately reflected in the décor, the place lacked Joy.

So, Prem roped in Sujata Keshavan, the Yale educated founder and designer of

Ray+Keshavan – a design house from Bangalore. We requested her to use the art of

children with cerebral palsy and by blending it with digital design, she created an

unusual work place. The result was magical.



Interiors of MindTree House 3

The friendship with Prem and Sujata endured through the years and we worked together in creating two more facilities in Bangalore. When The New York Times wrote a cover story on MindTree, their photograph showed the brilliant interiors created with the work of differently able children in all its glory and quite aptly, the headline read –“A Different Kind of Company”. Business India Magazine judged MindTree facilities as one of the best in the industry. We built them with great affection but at prices that were significantly lower than market costs. These facilities ran like clock work, thanks to a man named Abraham Moses.

Moses was born to a lower middle class Christian family from Tamil Nadu. After high school, he enlisted in the Indian Air Force. After his first day in boot camp, he realized that it was not his place and literally ran away. After many twists and turns of



Moses

fate, he came to Wipro as an “office boy” – a term he severely disliked. For him, running errands was not the problem; earning respect was the issue. When I took over as chief executive of Wipro’s Global R&D, Moses and I struck up a great relationship. To me, running a Six Sigma infrastructure was the pre-cursor of writing Six Sigma code. I respected him for how he kept the facility spick and span. Equally impressive was his involvement with an organization I had co-founded – it was called “Technologists for Social Action”. Through this volunteer work, we engaged with children with cerebral palsy, and orphanages as well as a home for the destitute that the Missionaries of Charity ran.

Moses and I had a pact. If ever I started something on my own, he would have to take care of the administration and facilities. In a subsequent interview to a magazine, Moses recalled that when I actually gave the call to arms, he had no clue what MindTree’s business was going to be, where the money was to come from and what his role was going to be. He just joined with no questions.

People who demonstrate high emotional security build organizations. They have stuff in them from which faith derives its strength. It is what gives people courage to take on impossible tasks and accomplish extra-ordinary things in life.

Is it about culture or is it about values?

One of the important rites of passage for a young company has nothing to do with business. It has to do with culture. In MindTree, we were trying to create a next generation company that would work business backwards – blending high-caliber “local-feel” consulting with the discipline of off-shore software development. The two are inherently different animals. No doubt, the world was comfortably perched on the dichotomy between on-site and offshore software development and here was MindTree saying it was possible to forge a concept we coined internally as “OneShore”. The teams that came together on the platform of that promise also brought excess baggage from their pasts. The more successful teams are in their past lives, the larger becomes the baggage. The challenge very often is not in dealing with people’s inabilities – the challenge is in dealing with overly capable people. That was beginning to happen to us.

The consulting world works in a ‘business-backward’ manner— many among us, who came from the software development world, were more comfortable working in a ‘technology –forward’ manner. The style of the consulting folks was one of authority and confidence, with the ability to articulate and be upfront. Consultants demonstrated high physical and mental energy. In their interactions, form precedes substance and they invariably look for intensity as a pre-requisite to commitment when looking at others in the team.

On the other hand, the folks who came from a software development background were understated and deferential. They had invisible but sustained energy. In their paradigm substance was everything. Finally, if they were Indians, intensity was a culturally unacceptable thing.

The folks who came from the consulting world were happier working with dynamic specifications and resources and their development counterparts were more content if specifications were cryogenically cooled and there was constancy of resources.

The former had a decisional style based on the here, now and today. The latter disliked all forms transitional.

The consulting folks were process led but collectively did not care about process formalism as we see in standards like ISO or assessments like SEI CMM. For instance, they were sticklers for time, their meetings were structured, they followed methodologies and closed each session with clear action points and these were followed up. But most had no idea of what software quality was all about. The folks who came from the other world knew all about software quality processes but in a personal sense, it did not jump out of them when they stood in front of an audience. The fusion of the two was key to our differentiation. The fusion was the essence of our brand. We realized that this was going to be the tough part, would take its own time and that there was work ahead of us. Our problem was made more difficult by the fact that we were people from nine different national origins. How on earth were we going to manage the fusion? How were we going to create the alignment?

In order to create alignment, we said to ourselves that we had to learn to “manage” our multi-cultural situation. We were spending a lot of time asking ourselves how to do it. In a fortuitous meeting with Professor Jukka Laitamakki of Fordham University, New York and Professor Vipin Chandra of MIT, we learned that our approach to the situation was totally wrong.

Finnish born Jukka Laitamakki taught at the Fordham MBA School in New York where Joe King had studied. Joe in turn had introduced Jukka to MindTree, and Jukka and Vipin came together to visit MindTree’s Bangalore office one day. We asked the duo how we could “manage culture” in a rapidly growing organization such as ours.

To our surprise, Jukka said, “You do not manage culture, nobody likes his or her culture to be managed. You have to focus on building values and insist that people who work in MindTree, share those values. You leave culture alone as long as you have shared values”. How true the statement was! Out here, we were mud wrestling with a pig while the answer lay elsewhere.

In a room full of MindTree’s senior folks, Jukka asked us, “So, what are your values?” The room was silent. I walked up to the white board and wrote down the six values that we had articulated while conceptualizing MindTree. Those were:

- Lower total cost of ownership for our customer
- Teamwork

- Learning
- Shared wealth creation
- Social sensitivity
- Integrity

The inability of the people in the room to recall these individual values deeply concerned Ashok. He saw the need to go back to MindTree Minds to seek their inputs on what the value system of the organization should be. He was of the opinion that as a less than 500 people company, we were all founders in some sense and every one must be made a part of the value creation process. Only then values would get internalized. In the following few months, we had several rounds of discussions at all levels, involving all our locations and finally had a new set of values articulated.

These values, after much discussion, were settled as Caring, Learning, Achieving, Sharing and Social Sensitivity.

Each value was expanded to convey an intended meaning and in turn, asked for certain behavior from each MindTree Mind.

- Caring to us meant, caring for customers, employees and shareholder and what we called, organizational caring.
- Learning was about development and innovation.
- Achieving to us was accountability, action orientation and teamwork.
- Sharing involved giving away knowledge and encouraging, appreciating others.
- Social sensitivity was thought as commitment and integrity.

The new set of MindTree values were easy to remember as they lent themselves to the acronym CLASS. Far more arduous would be the task of creating a common dictionary, drive alignment and get these institutionalized. In parts we knew that. In some parts, we did not know what we did not know. Internalization of values is not about top management articulation and wallpaper. It happens one day at a time, one person at a time and does not come without moments of truth. One such moment of truth came when a very senior person in the company had left an audit trail of minor fiscal irregularities. As soon as it surfaced, we met as a management team and decided that irrespective of the person's seniority and the consequences to the business, we would ask the person to resign. The result was traumatic on

many employees who had no idea why the person was asked to go. Some, who knew the background, felt that we were being unduly harsh. Only over time did people realize that we meant what we said and values were things that we did not take lightly.

After learning about the importance of values over culture from Professors Laitamakki and Chandra, we were much more at ease. The job of management is to set the values and walk the talk – you do not want to worry about culture. If people live the values, the culture can take care of itself. However, for a newly created organization that attracts talent from a host of different entities, the challenge can be significant as people invariably bring their own baggage and creating a common or shared understanding of the values can be a long and arduous process. Leaders need to budget for both.

Storm clouds on the horizon....

January 2001. We were running full steam ahead with e-Business implementation work in the U.S. and India. Work was flowing in nicely. We were busy building infrastructure and channeling organizational value clarification. The company had exceeded its fiscal target handsomely and the thinking was clear that the next year we would double our numbers. It was also a time to rethink the offerings on the enterprise side of the house. Being a pure play e-business company was not going to scale. On one hand, e-business was promising to become ubiquitous. On the other hand, as dot coms were fizzling out, large enterprise customers were asking for a basket of competencies and not just niche capabilities. We were seeing the need not only to expand our portfolio but also to prepare for the next round of growth and geographic expansion. In order to make all of this happen, the time had come to think of a second round of funding, and we set up an internal team to work on the same.

Meanwhile, it was decided that the best person to spearhead our transformation from being an e-business company in to a full-fledged enterprise solutions provider was KK. So, he returned from the US and started the process along with the charter to set up Europe and Asia Pac. My wife Mita was just about getting comfortable in our newly constructed house in Bangalore but she did not even flinch when I came in one evening and said that we were to pack our bags and move to New Jersey. For her

it was the twelfth such move since we married 23 years ago. For all our corporate bravado, where would we be without our spouses!

All this while, not a week passed without a globally recognized merchant banker calling on us to offer money. We were seen as the next great investment opportunity. For us, getting the second round funding was not the issue. Who to choose and how much to raise were the issues. We were confident that we would get a fair valuation. The process of getting the entire thing sorted out took longer than what we had thought it would. Though we began giving out the statement of interest in January of 2001, by the time we settled on the lead investor – The Capital Group and the co-investors that included Franklin Templeton and the first round investors – it was already summer. Lawyers worked through the summer and finally the money hit the bank account in August 2001. During this time period, the stock market started declining and people began to talk about an impending global economic slowdown.

On the fateful day of September 10, 2001, the newly constituted board of MindTree Consulting met in Bangalore and looked at the new business plan. Everyone acknowledged that the world was beset with the possibilities of a slowdown but we did not think it would hurt our prospects beyond a point. The positioning of MindTree was real, our customer successes were beginning to convert themselves into references and plans for geographic expansion promised to open new frontiers beyond the United States, which was on the cusp of a slowdown. In the second round, we had raised close to \$15 million. This was coupled with strong cash flows from operations – we anticipated that the money would be good for at least 2 years. The Board accepted our position and plans.

I had flown in to Bangalore for the Board Meeting and had decided to stay back for a few days.

Exactly twenty-four hours later, on September 11, I was busy with a group of young Business Analysts when Babuji Abraham walked in and said that a plane had just crashed in to the World Trade Center. I went to see the CNN site – the event was still unfolding and I did not have enough data to fathom the situation. Shortly after, we all went out to have dinner at a nearby apartment where the Business Analysts were staying. I walked in there and asked them to switch on CNN—only to see, in real time, the second plane hitting the WTC building. In that moment, I realized that this

was much more serious and larger in significance. The horror was quickly overtaken by panic as I remembered we had two MindTree Minds in the World Trade Center who were working on a project from Franklin Templeton. I rushed back to the office, called for an emergency meeting and had a video link activated with the New Jersey Office.

Prince Manuel and Jaya Prakash were in the second tower when the first plane hit. Some people were running down while others were taking the elevator. Jaya Prakash started running down the stairs. Prince took the elevator. Just as both were leaving, another plane hit the second tower, one more hit the



Rod Wotton

Pentagon and a fourth crashed in western Pennsylvania. We knew that the events of September 11th had changed the world forever. But to begin with, we had to locate Prince Manuel and Jaya Prakash. After twelve hours of searching, we were relieved to determine that the two had escaped as the Towers collapsed. But the customer whom they were working with, Rod Wotton of Franklin Templeton Fiduciary Trust, died in the terrorist attack leaving behind his wife Pat and little daughter Dorothea. Only days after the tragedy, Pat went in to labor and on October 4, a baby boy named Rod was delivered.

MindTree Minds all over the world donated one day's wages and after tracing her in Middletown, New Jersey, I handed over the check to Pat Wotton. Though sympathy was pouring in from everywhere, the MindTree check had been the first real financial help that reached Pat. Driving back that night on the New Jersey Turnpike, I knew what lay ahead of all of us.

All new business came to a halt. The world had not prepared for anything like this since World War II. Worse still, most people in the current generation were not trained to handle anything of this magnitude. For us, the writing on the wall was clear: ahead of us was a long winter and we had to conserve energy.

In good times, you will be surprised how quickly you build up overhead. It happens innocently and it crops up all over the place. At the same time, people become soft

on performance issues. For example, if a new sales person takes more than six months to bring in the first order, you justify it with a dozen reasons. If there is another person completely out of synch with the job requirements of her function, you tend to over process the matter at the cost of the organization. We all lose sight of the fact that we are spending investors' money and worse, we lose sight of the fact that ultimately, we pass on our inefficiencies to the customer through higher cost. September 11th was followed by rapid lay offs all around. Though we did not do a layoff it was as clear as day that we had to let go of people on whom we had been soft on performance issues. We did away with satellite locations in three places where results had not come even after nine to twelve months of operation.

In the U.S., we cut salaries across board by 10%. In India, senior managers volunteered for an additional 2% cut to keep certain people whom they would rather have retrained than let go.

Following September 11, the US bombed Afghanistan. The economic slow down became a full-blown recession and the world scaled back on all fronts. As the drama unfolded, India and Pakistan ended up having a serious border dispute and the world was concerned that the two nuclear rivals would end up going to a full-scale war. The western countries began pulling out citizens from the two countries and there was a travel advisory prohibiting U.S. citizens to go to India.

Back in the US, everyday that I went to work, I recognized the invisible layer of anxiety. It was as if the toxicity in the world around us was leaving traces inside and we needed to get the pent-up feelings out of us. It was not unusual— people in the office had neighbors who had lost family. Almost everyone knew industry colleagues who had lost their jobs. There was a pall of gloom, uncertainty and insecurity. In times like these, the workplace becomes an extension of the world outside. As a leader, I realized that we needed to talk – we needed to get people to talk. We needed to do some serious introspection at a personal level and at a collective level so that we could move forward. But to facilitate this, I needed help.

I requested Professors Raghu Garud and Roger Dunbar of the Stern School at New York to help our leaders do some "sense making" of both internal and external events outside and inside. Both Raghu and Roger had a long association with MindTree because of an on-going project we have with the Stern School. The project is called "Mindful Mirror". In this unique collaboration, these researchers use

periodic dipsticks in MindTree and try to see how an organization is raised from the ground up, as a study of “potential success in the making”. Their approach to the study is not interventional, meaning they are not “consultants”. They take the inputs, put them in a relational database, do periodic sense making of the data and let us have the benefit of their reflections. Our



Professors Raghu Garud and Roger Dunbar

understanding was that the Stern School would share the value of the research with the world, at a later time.

When Raghu and Roger came to facilitate the exercise with the leaders in our US operation, we uncovered an emotional low of a magnitude, which I had never seen before. As a backdrop to the exercise, I had asked each person to raise issues that bothered him or her. We collated the entire set before we went into huddle. The issues and questions that came forth were straight from people’s hearts. When we read some of the questions, we realized how deeply uncertain people feel in times of upheaval. And these were the people who led employees in the trenches. It becomes critical to detoxify the workplace and the only way to deal with it is to face each question squarely, honestly and interactively. But first, look at a sample set of the questions – as they came:

“How long can the company survive as it is presently organized?”

“Obviously, the uncertainty surrounding continued employment is extremely stressful as I represent the single source of income for my family”

“I feel tremendous uncertainty about meeting our revenue and profitability targets. The numbers were ambitious 1 year ago, but with the nosedive our industry has taken since and the recent terrorist attacks, the stated goals appear impossible to achieve. While this is disheartening initially, I personally feel a sense of urgency to work as hard and as creatively as possible to bring in new business. I recognize that the process will be long and arduous but we don't have a choice”

“How will the actions in Afghanistan affect our business? Will India be perceived by ignorant US buyers as being "Middle Eastern" and hold a bias against doing business with

that part of the world? Will US companies feel safe putting their data and systems in that part of the world?"

"How far will pricing go down and what final affect will this have on salaries?"

"Is the financial market being artificially propped up because of the federal interest cuts? Is the money from the interest cut findings its way back to the Nasdaq and artificially propping it up? [something akin to what happened in '97?] If so, is what we are seeing just the beginning of the downward spiral?"

"On a personal front, the apprehensions are: is US going to be the same place it was? [..in terms of neutrality and equal opportunity?] Are we going to see racism becoming predominant here...much like to the UK and other parts?"

*"Is being *brown* going to have similar connotations as being *black*?"*

"Uncertainty of staying power: With so many companies going out of business and new business hard to come by, do we have the staying power to ride out the storm and ride the waves again?"

"Will companies continue to spend on 'new software' development?"

"Many many people are facing downturn for the first time. These same people -- now in their late 20s have been possibly the most pampered professionals in history. Everyone expected to be able to have the 'option' to buy a Lexus by their mid 20s. Now not only is all that history, they need to understand that if an economic Asst Professor at UCLA earns in the 70s, their is no reason that a Java programmer with 3 years experience should expect a 80K salary. The market was allowing this behavior in the past, but no longer. And people will have to become aware to the new reality. Where will MindTree be and what do we need to do to ensure that our future is secure?"

"Keeping the Faith. Many people will question their careers, question the industry and question the company. How does one deal with it?"

"Suddenly making money from the software business is not all that easy. What does one do to change the dynamics so that one can again make profits?"

"How is all this affecting me? There is to some extent a sense of paralysis internally. I wake up in the morning and do not know what is the best way to use my time. So I feel that my productivity is much much less that what it should be. In these times, one needs to be even more productive not less."

So we assembled the leadership team in the New Jersey Office and talked about each of these questions and issues. We spoke with passion, debated and let people completely open up their hearts and minds. That was the first step.

In the days and months after 9/11, we had to carefully manage a multiplicity of emotions. No one was trained for something like this before. The key was honest, clear and continuous communication with our people. This came naturally to the management team.

Peter Drucker once said, "many problems cannot be solved – they have to be survived." He also said, "you do not solve problems, the only way to cope is to be ahead of them." Months after, as I look back at the events and the emotional low we faced in the aftermath of September 11, the recession, the war and whatever else, I am grateful that we survived them as a team and emerged intact. I am sure, though, that we all grew up by a few years.

It was Ashok Soota who helped most of us stay sane as we sorted through issues and helped us continuously to remain in the middle of the road. All around us, companies of all sizes just evaporated. Ashok was never ruffled with the events around but was always confident of a positive, fair outcome. One day in the middle of all this, a leading financial analyst came to see me. He saw pervasive gloom and doom all around his industry and wanted to ask me about my perspective on MindTree's future. I told him something that has since become part of me in a deep, personal sense. Think of the farmer. He tills the land, sows the seed, replants the saplings, removes the weeds, irrigates, fertilizes, guards the crop now standing tall with the harvest ready to go home. Then one night, a hurricane comes and uproots everything. What does the farmer do? He moves on. He waits for the monsoon to come again and goes back to till the land. Enterprise builders need to learn from the humble farmer. We need to look at enterprise as a piece of land God has given us and not as a slot machine that has just broken down. When we take the former view, a lot of things fall in place and we develop the inner strength to move on to the task we see as our destiny.

A horizon beyond the storm clouds....

Destiny required MindTree to reposition itself for the future. On one hand, we had many great customer wins and large complex projects were getting delivered but on the other hand, we needed to start building depth in both our lines of offering. We sat down with the leadership team and decided that the time had come to think of the organization as a set of horizontals and verticals as opposed to the two

monoliths of enterprise and technology business. It was a major move that meant taking risks and pushing down leadership and accountability. The enterprise business was restructured to focus on Healthcare, High-Tech, Manufacturing and Supply Chain as verticals. Data warehousing, Business Intelligence, e-business and EAI became horizontals. On the technology side of the house, we decided to structure ourselves with verticals that focused on Industrial Automation, Storage, Semi-Conductor, Consumer Appliances and Networking. Hardware design and software engineering became horizontals. Each began to work on their go-to-market strategy and fanned out to look at the making of the new MindTree as we called the operation. It began by taking an "outside-in" view.

While all this was happening, the biggest achievement was the progressive shift of the company's initial positioning as an e-business integrator on the enterprise side. We began morphing into a full service software player. Volvo, looking for a strategic outsourcing partner, signed us up for a multi-year, multimillion-dollar contract. When we asked Volvo why they chose us, they said that the decision was driven not by what we had done, but what they thought we were capable of doing.

We survived a massive changing of the guard at Avis and continued to work on Avis.com after its release in December 2001. Franklin Templeton went ahead and asked us to do multiple new assignments after the successful completion of our first large project that effectively collapsed 36 different sites and connected them to their customer service representatives, who in turn, served their end customers. At its peak, this massive project involved a hundred developers working 24/7 out of two continents in a true example of simultaneous, OneShore© development. Our work with Levers expanded to Asia Pac and beyond, thanks to the support and encouragement by CIO K.G.Mohan and his team in India, and Rod Hefford in Singapore. They continuously egged us on to explore new areas and build newer value for Unilever.

The Aberdeen Group reports on the best practices in global outsourcing, and they selected our work with iSpheres, a software product company from the west coast, and showcased it in their research report and webinar.

On the technology business side, we delivered the world's smallest Bluetooth protocol stack that went into hand-held devices and other appliances for

manufacturers like Epson and Sony. A leading Japanese company that built airport-landing systems was using the PLCs that we designed. Our leading position in creating storage area network technologies began getting strong customer traction.

A Fortune 50 company looked at more than 50 software companies across the globe for their long-term outsourcing program. They selected only a handful of companies to partner and MindTree was the youngest company they chose.

We received the Helen Keller award that recognized our concern and commitment to the cause of “differently able” individuals – primarily driven by our continued interactions and involvement with children at the Spastic Society of Karnataka.

Ashok Soota became the first representative from the information technology sector to be elected president of the Confederation of Indian Industries (CII)—India’s most important industry association that influences policy and represents the interests of a cross-section of industries in both national and international forums.

In the U.S., Computerworld Magazine chose MindTree as one of the 100 best places to work in the IT sector. We ranked 66th in a list that included Intel and EDS.



Three hours away from Bangalore, tucked away in rural

Ashok Soota with Indian President A.P.J. Abdul Kalam and CII Director General Tarun Das

Tamil Nadu, MindTree Minds rebuilt a village school in a place called Somennahalli in Dharmapuri district of Tamil Nadu and forged a friendship that will one day be an example for private-public cooperation. It led the way for impacting leadership beyond the workplace.

Amidst all these accomplishments and accolades we saw the next level of leaders in MindTree coming of age, taking charge and guiding the course of our journey. By August 2002, we had begun to get the past behind us. The time had come to take a good look at the future and start pacing MindTree for the next phase of our tryst with destiny. A key element of that was our Vision 2005 that had aimed at achieving



The school at Somennaballi that MindTree rebuilt

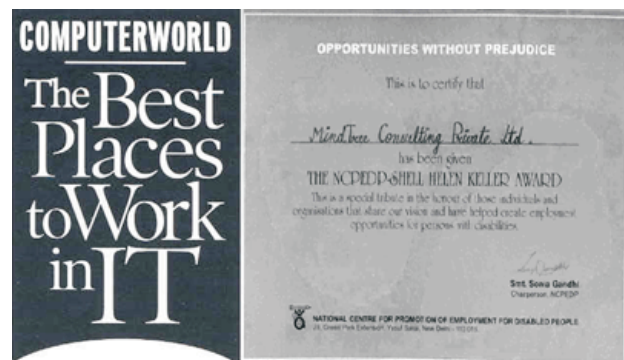
\$231 Million. Recognizing that the world around had changed in many fundamental ways, we restated that Vision and set it up as a goal for 2007. To be a \$231 Million company in 2007, we recognized that inorganic growth was inevitable. Yet we decided that we would not do it in a hurry or do anything that could inherently destroy the value we had created. The timing was projected to be the summer of 2003, by which time Ashok would have handed over the mantle of CII's presidency and could lead the process of selection and subsequent integration with the chosen entities that could help accelerate the growth engine.

By 2003, the CLASS values were fully integrated with our performance management system. Every MindTree Mind was part of an annual appraisal system in which a major part of the evaluation was how the individual demonstrated adherence to Caring, Learning, Sharing and Social Sensitivity.

All this time, our focus remained on getting new business and continuously developing internal talent.

As we emerged from 2002, we added several impressive names to our list of customers. These included Aventis, Cendant, Sonoco, Hindustan Times, TVS, Kraft Foods, EPSON, Toshiba and Mitsubishi.

2003 also saw us solidly entrenched in places like Tokyo where Soumendu Mukhopadhyay (Som San) made presentations to clients in Japanese. In Singapore, led by Vishaal Gupta, we opened up prestigious new accounts like the Singapore Port Trust.



The Computerworld recognition and the Hellen Keller Award

At the same time, co-founder Anjan Lahiri, his wife Purba and their two-year-old daughter, little Ananya, made their fourth move in four years—this time from California to London. Anjan was asked to create a solid European base for us and he started with forging a great partnership with City Practitioners. City Practitioners, founded by Tom Kozlowski, is a leading consulting company that focuses on the financial sector. Clients include the who's who in banking from ABN Amro to Lloyds TSB.

In Chicago, we inked our partnership with Whittmanhart, a company founded by Bob Bernard. Whittmanhart's focus is on optimized business processes, effective organizational alignment and practical application of existing or new technologies. Clients include Harley-Davidson, Miller Brewing Company and many other respected names in the mid-west and the eastern US.

We also built up a solid leadership cadre that would take us to the next round of growth. Ashok personally taught at our internal leadership development programs. By 2003, we had 90 internal faculty members who regularly taught newer MindTree Minds as they joined the organization. We had set up a vibrant group called Culture & Competence (C2) that became the keystone of our learning organization. It was supported by a knowledge management

initiative led by Cornell educated Raj Datta. Under his leadership we saw voluntary communities emerge, engage, create and contribute.

Unfazed by the turbulence outside, MindTree Minds took time off and celebrated Synfonia, an annual cultural show coinciding with



A glimpse of Synfonia

the founding day in August every year. Another such event happened every January when the parking lot of our Bangalore office was cleared up, and families and friends descended to shoot hoops, play tambola, sing, dance and be merry. These became "institutions within the institution" that added to new branches and leaves,

as MindTree rooted deeper.

We also become the youngest company to get assessed at SEI CMM Level 3 by KPMG and firmly put in place our journey towards CMM Level 5 assessment that was planned for December 2003. In parallel, we paced the organization on the people capability maturity model framework from SEI, known as PCMM, and planned for assessment at Level 4 or above by August 2003.

August 12, 2003. KPMG assessed MindTree to be at Level 5 of PCMM after a detailed survey covering 40% of all employees globally. This recorded several firsts. MindTree became the world's youngest company ever to scale Level 5, within 4 years of inception. It also became the first company ever to have all its global centers assessed at Level 5 – earlier companies had presented only some of their locations and did not qualify at a global level. In this historic achievement, we joined an elite club of 7 companies across industries to be at PCMM level 5.

Making of MindTree Part III....

Looking back, the first four years seemed to have happened in a flash for all of us. Through the ups and downs, we emerged intact and more close-knit than ever. Statistically speaking, most start-up organizations fail within the first year of inception. The reason they fail is that, often the people who bring a company together, are the first to fall apart. That is part of a natural process through which the corporate world goes through Darwinian evolution. Four years into MindTree, the entire senior team remained intact, not just the first ten people who came to build the organization. When Fordham University of New York did our third annual employee perception survey in 2003, 90% MindTree Minds across the world said that it was a great place to work.

As we grew together, we saw each other very differently from our initial perceptions, formed during the go-go days of the nineties. We saw in each other new strength; we saw aspects of personality that we never knew existed. Nothing helps like tough times to bring out the true nature of individuals. Once you know who you are sans the trappings, you feel secure in that knowledge and life becomes so much simpler. It gives people massive emotional security. Leaders approach issues without ego and that becomes critical to the nurturing process that every young company must have.

The summer of 2003 saw us fully aligned, self-confident and with high energy levels. We were getting closer to employing 1000 people. As we looked forward to 2004, we were clearly poised for 40% growth in an otherwise difficult market. Most companies that started around the same time as us had evaporated. We were clearly being seen as the emerging face of the mid-size segment. We were coming across as the credible alternative to larger competitors. Many customers and prospective employees did not want to go to these companies because of their sheer size. For those who chose MindTree, we represented agility, access and attention that came from youth. The challenge of terrorism and global geo-political disturbances continued to overshadow the business of economies. Amidst hope and caution, at MindTree, the next phase had begun.

This is the phase that we know will have to be led with fractal leadership. In the formative years between 1999 and early 2003, we had been able to build an outstanding cadre of people who were now rearing for larger action and greater space. Sandeep Bhatia, a long time customer at Franklin Templeton once told me that he was always intrigued by this something that made MindTree different. He had said, "I think it has got to do with your people. I do not know where you get them from and what you do to them". In Part III of the Making of MindTree, I will introduce you to some of these outstanding people. Many had left behind a lot to come to create "a Different Kind of Company" as the New York Times once called us.

What happens when people come together on the platform of a shared vision? How do they change and how do they cause change as the game unfolds? Professor Raghu Garud of Stern School has expressions for these. He talks of "creaction" – a coined term that is formed by the coming together of the words "creative" and "action".

Momentous tasks like institution building involve deep churn and that is the core of any creaction. Churn is about a constant balance between strategy and tactic. It is about leadership and followership.

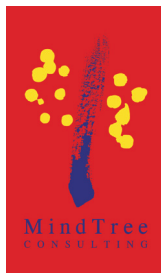
It is about submerging leadership's ego to the overall purpose. It is also about building simultaneity as you plan for fractal growth. Every growth is a potentially destructive phenomenon. Only simultaneous organizations can manage the opposing forces that hold what is essential, what is the core and, at the same time,

expand in space. In contemplating the process of institution building, Raghu Garud talks about concepts like path creation and path dependence. There are the people who are more comfortable in charting new paths.

These are people who go where no one has gone before. Then there are those who feel more secure when they walk a path that already exists. The mental make-up for the two tends to be very different. The two eat different kinds of breakfast to become who they are.

Above all else, people who build institutions need to have a certain sense of history. They need to be driven by an inner call that is disproportionate to the pot of gold at the end of the rainbow. Because, in reality, the rainbow has no end...

(To be continued...)



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