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Learning from another SBU: strategizing growth at SEE-Tech

Milind Chittawar and Srinivas Gunta

Having received professional training from some of the best institutes in India, Milind Chittawar decided to open his own business and opted to go the entrepreneurial route, which was unusual in 1990s India. His interest in research and development helped him to innovate and offer new knowledge-based services through consulting. He formed SEE-Tech Solutions Pvt. Ltd[1] to serve industrial clients in the fields of safety, energy conservation (EC) and environmental protection. Being the founder and CEO of SEE-Tech, Chittawar also led the development of six software applications that were new and innovative. He felt that, to innovate, learning was necessary and constantly updated his own knowledge by regularly attending various national and international training programs and conferences. He also obtained membership to the Chicago Climate Exchange (CCX) in the USA to trade of carbon credits which benefitted many of his clients. He traveled internationally and successfully carried out numerous global assignments in addition to serving many leading Indian companies. He also led the development of a regional energy efficiency center to demonstrate various energy efficiency technologies.

However, at the beginning of the twenty-first century, Chittawar began to realize that it was not only about innovating and creating new offerings, but that it was also about achieving and sustaining growth. He dreamt of growth but did not have a clue as to how to make it happen. He believed that working on more innovations and offerings with a greater number of clients would lead to growth in the business. However, he realized over time that every time he had chosen a new offering to be developed, his resources were the limiting factor and this resulted in a reduced focus on business development and deployment of the past innovations.

He felt that issues such as market creation and building-specific teams were required to take the innovations to the existing market but he could not provide them. After 12 years of success, he now aspired for growth to improve the turnover and increase the size of his company.. Until 2006 Chittawar's business verticals operated separately with no synergy and could deliver a top line of INR2.7 million with a team of nine people (refer to Table I for financials).

Tactical changes in 2006

In 2006, Chittawar and his team got an opportunity to carry out Electrical Safety Audit (ESA) of 270 retail outlets (ROs) of a petroleum oil company. A team within SEE-Tech that had a lot of valuable r work experience carrying out similar audits opted to prepare for the bidding for this opportunity (refer to Figure 3 for organization chart and nature of work and to Table II for SWOT analysis). Bhavana Bhusari, another director at SEE-Tech, and the head of IT and Administration, recalled that when the bid document was received and shared, everyone was convinced that the technical scope was quite doable but there were other issues

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SEE-Tech Solutions Pvt. Ltd.

Table I Annual financial performance* of the SBUs and SEE-Tech from financial years 2006-2007 to 2012-2013

Sr.	Period	RO-SBU					EC-SBU						Total			
		Team size	Revenue, INR	Revenue, INR/employee	Employees left	Attrition rate (%)	Team size	Revenue, INR	Loan amount for ESPC projects, INR	Revenue, INR/employee	Employees left	Attrition rate (%)	Team size	Total revenue, INR	Employees left	Attrition rate (%)
1	2005-2006	1	–	–	–	–	5	23,91,503		4,78,301	1	20.00	9	27,71,040	2	22.22
2	2006-2007	2	90,000	45,000	–	0.00	7	46,21,836		6,60,262	2	28.57	12	49,22,570	3	25.00
3	2007-2008	5	3,04,800	60,960	1	20.00	9	71,62,942		7,95,882	3	33.33	17	76,50,366	4	23.53
4	2008-2009	16	6,53,657	40,854	2	12.50	10	79,51,731		7,95,173	3	30.00	31	1,28,93,422	5	16.13
5	2009-2010	16	12,91,371	80,711	2	12.50	13	73,90,824		5,68,525	5	38.46	33	1,01,54,015	8	24.24
6	2010-2011	20	23,29,350	1,16,468	3	15.00	15	1,82,53,372		12,16,891	6	40.00	39	2,15,26,633	11	28.21
7	2011-2012	26	99,81,795	3,83,915	3	11.54	16	1,32,89,794		8,30,612	7	43.75	46	2,63,03,539	12	26.09
8	2012-2013	29	84,28,817	2,90,649	4	13.79	14	1,83,98,937	7,50,678	13,14,210	4	28.57	46	3,12,83,954	10	21.74

Notes: *As received from SEE-Tech Solutions Pvt. Ltd; EC = energy conservation

Table II	SWOT analysis for SEE-Tech for the period 2006-2007 to 2009-2010*
Period	*2005 to 2010*
Strengths	Ability to change, learn and innovate by electrical safety audit team Developed business processes around Retail Outlets (RO) of oil PSUs Development of new HR practices by the RO team
Weaknesses	The conventional thought process of the EC team, i.e. not willing to look for new business models Unable to attract talent as See-Tech is a MSME
Opportunities	Retail Outlets Electrical Safety Audit from oil PSUs Clean Development Mechanism (CDM) and Green Building Consulting Work from Petroleum Conservation Research Association (PCRA) and Bureau of Energy Efficiency (BEE)
Threats	Competition Pressure to manage the work with lower talent
Note: *As provided by SEE-Tech Solutions Pvt. Ltd	

including: who would visit 270 locations? How would so many reports be written? The worry was due to the numbers. The maximum number of reports prepared in any one assignment ever in the history of the firm was four. Senior team members were specifically worried about the distance to be traveled and the length of the tour. Chittawar's view was that it was an opportunity to grow, so they should go for it. Pramod Singh, a team member who had the most significant background in electrical safety, said:

I will put in my best effort but I need everyone's support and a larger team to execute. We can let the overall risk be taken by the management, let them supervise as it's the first assignment of its kind.

IT team member Deepak Dalal responded to Singh's initiative and said:

I have plans on how to handle the volume by utilizing knowledge management tools.

Bhusari further explained that, as it was unknown territory, everybody needed to be receptive to each other. However, the primary reason for such a highly coordinated response was the fact that no one had any prior experience or knowledge of how to solve the challenges presented. She added that it was completely uncharted territory for all and that it was the first time all of SEE-Tech's resources were going to have to be combined to solve problems. This was going to require the team to demonstrate collective resolve.

SEE-Tech had a background of participating in and winning competitive bidding. In 2006, repetitive and volume-based requirements came onto the market as general practice for the first time due to policy intervention introduced by Oil Industries Safety Directorate (OISD)[2], the governing body of oil and gas safety, directed for carrying out yearly ESAs of ROs. Upon winning the bid Chittawar decided to explore the execution strategy from the basics as it was the first of its kind in the firm's history and called a team meeting. Accordingly, his team studied the scope of the work and came prepared for the meeting. It was evident that no single team member would be able to write all 270 reports so the team agreed that the report writing would go to the IT department, and offer them an opportunity to fully utilize their skills. Singh was assigned the responsibility of conducting the electrical safety assignments and he was concerned about the availability of the many engineers required for execution. IT team member Dalal responded to his concern and said:

As these 270 are all retail outlets and, as the scope of the work is the same, the execution method can be standardized using a checklist.

After listening to this almost everyone reacted, especially the representatives from the energy conservation team; they objected, stating that it was impossible for the application of knowledge to be standardized. They emphasized that the findings and recommendations were likely to be completely different in every individual RO despite the similar installations. Chittawar then asked Dalal to elaborate on what he meant. Dalal said:

For different businesses, there is the same accounting software, i.e. Tally[3]. We have many software applications which our clients are using, they are in different businesses". Upon hearing this, the EC team responded: "That's tabular output of calculations based on fixed methodologies; here we need subjective consulting reports, so how can software do that?" Dalal replied: "Leave it to the IT team, we will use knowledge management methods. You carry out the audit for four to five ROs, prepare reports as you normally do, but let only one person write the report.

Singh took overall responsibility of preparing these reports and Dalal kept in regular touch with Singh, and they interacted almost every day. Some of their more notable and interesting conversations included:

Singh said: "Deepak, you have to learn ESA to understand it, but before that, you need to know basics of electrical engineering at least". Dalal replied: "No, I just want to understand the manner in which you conduct the study, so please tell me what that is?" Singh said: "Simple, there is a scope of work and I have the requisite knowledge, skills, and capabilities; so I do it". Dalal said: "Fine, I know that but, as its safety-related matter, I feel there must be some guideline you would be following". Singh said: "Yes OISD guidelines are there, we have to do the audit exactly as per that".

Singh shared the document with Dalal and he and the electrical engineers at SEE-Tech helped him finalize it.

Conceptualization for standardization

The whole team sat down again with the five RO reports prepared by Singh. Dalal was in charge of running the meeting, as it was decided that the organizational hierarchy was to be considered obsolete for the duration of this project, and Chittawar ensured this was maintained. At the beginning of the meeting Dalal said:

Let's understand this contract, it's all about ensuring that whether the electrical installation is maintained as per the norms laid out in the OISD standard or not. If there are discrepancies, then you have to meticulously identify them and recommend corrective action as given in the standard. The team debated but finally came to an agreement as how to handle this. Deepak then said: I have a plan, we can standardize the process, let's prepare a checklist as elaborate as it can be, so as to ensure that all the points in the scope of work and the OISD standard are covered in it. Responding to this, a senior safety consultant, Rakesh Gupta, said: "Yes, in safety work, checklists are used; we have one in BIS[4] (Bureau of Indian Standard), which also contains some portion of electrical safety".

Much information was shared during the discussion and everyone took part in the debate.

Singh accepted the responsibility of making the checklist for those in the field to follow the same and to record their observations at the sites. Dalal said:

I will write a program that will put all the observations into a pre-formatted report. There will be standard report irrespective of who goes to the RO site. The observations, taken at the site, in the standard format will be put in the MS Excel sheet after returning to the office. This will be a replica of data/observation collection format. My program will read this and generate a full

report. We will make all this possible through knowledge management techniques which is my field of interest.

Everyone was surprised by this tactic but agreed to it as there was no other option. However, who would execute it and how such a large team could be formed quickly remained unsolved. At the end of the meeting Dalal said:

You all need to solve this, I can't do everything.

For the first time since becoming a consultant 12 years earlier, Chittawar called a human resource (HR) consultant for guidance and explained the issues. The consultant replied:

Let the formats be developed and then I am sure it will be easier to quickly train new recruits through the templates; it will result into development of routines which will improve your productivity.

This suggestion was followed and implemented, though not entirely understood. Although there were plenty of issues, with the team's commitment and timely responses, proper reports were successfully generated through the software.

Formation of the retail outlets (RO)-strategic business unit and its growth (financial years from 2006-2007 to 2009-2010)

Singh realized that this method of working was faster and more cost-effective than the typical consultant route (i.e. carrying out most of the work by himself). Singh, Bhusari and Dalal took this opportunity and worked in tandem despite having different backgrounds, ages-ranges and skills. They focused on the needs and outcomes and, importantly, avoided unnecessary disagreements.

This success quickly resulted in the formation of a strategic business unit (SBU); the revenue per employee started with INR 0.045m in the financial year 2006-2007 and grew to INR 0.08m by financial year 2009-2010 (refer to Table I). Though this was below the EC-SBUs (INR 0.478 to 0.568m, respectively), the independent nature of the operation, the manner in which they could develop their team, the lower attrition rate and sustain growth was impressive (refer to Figure 1 for the financials, Figure 2 for attrition rate, Figure 4 for RO as a separate SBU and Table II for SWOT analysis). The RO-SBU had begun to gain wider acceptance within and outside the organization. Noticeable differentiation was that they even developed their own HR practices. Their emphasis was on what works rather than

Figure 1 Annual financial performance* of the SBUs and SEE-Tech (from the financial years 2006-2007 to 2012-2013)
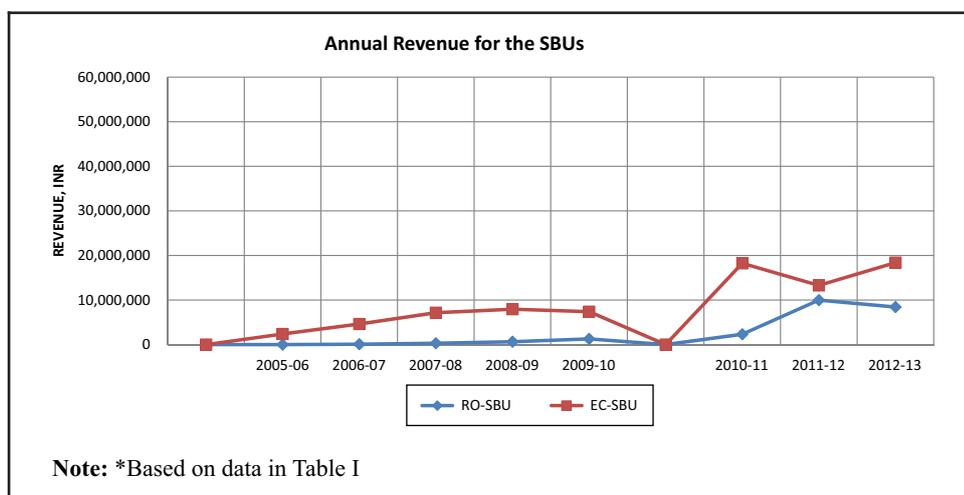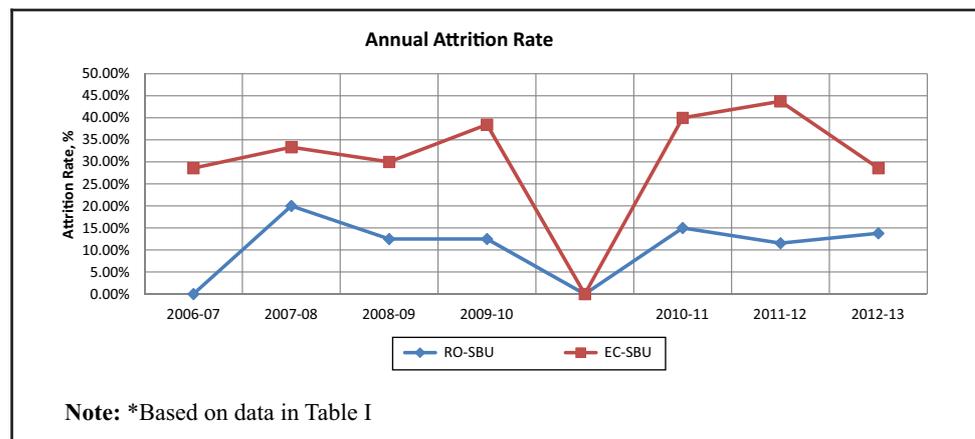

Note: *Based on data in Table I

Figure 2 Annual attrition rate* for both of the SBUs (from financial year 2006-2007 to 2012-2013)

Note: *Based on data in Table I

what was used in the past. They used their potential to the fullest and grew quickly and soon became the market leader. Everyone appreciated their innovation, teamwork and success.

Nilesh Behere eventually took over from Singh and made many improvements and grew the RO-SBU business further (refer to Table I, Figures 1–5). Leadership transition from Singh to Behere was quite smooth as everything was process-driven. Everyone in the RO-SBU agreed that work needed to remain completely process-driven, wherein knowledge is first converted into processes, standardized and then recreated. He believed that work practices needed to become routine for every team member. Training teams after the recruitment became much easier when it had been= a big challenge previously. Training moved from the classroom to out in the field. The use of technology (IT) shifted the method from being knowledge and experience-focused to process and action-driven to encourage enthusiastic teams. This facilitated readiness to travel, which was one of the key requirements to keep the initiative growing. The standardization was appreciated by clients and the improvements in data and record-keeping. Behere, who began his career at SEE-Tech with these processes, firmly believed that faster and sustainable growth was dependent on efficient processes. By now the entire team believed that process innovation plays a significant role in enabling growth. The most distinguished observation was that the RO-SBU did far better than their competitors. Behere conclusively said:

> With growing revenue, costs were well controlled, our attrition was within limits, in fact, reduced, unit-economics[5] and worked out well, with budget projections and realities matched in most of our contracts.

Developments at the EC-strategic business unit (financial years from 2006-2007 to 2009-2010)

However, the think tanks of the bigger and older SBUs, i.e. the EC-SBU, remained as they were. The managers in the firm (Tables I and II, Figures 1-5 for financials, team size, revenue per employee and attrition rate) were of the opinion that higher knowledge, skills and a competence-based profession such as energy conservation consulting cannot be processed or mechanized and thus cannot be routine. Hence, they rejected the RO-SBU method of scaling up for themselves. There was no comparison between the two SBUs as the top line created by the EC-SBU was six times more than that of the RO-SBU (INR 7.39m versus INR 1.29m by 2009-2010) and their revenue per employee was seven times higher (INR 0.08m versus INR 0.568m in 2009-2010). The only aspect where the RO-SBU did

better was the attrition rate, which reduced from 20 to 12.5 per cent, compared to the EC-SBU where it increased from 33.33 per cent to 38.48 per cent in three years.

Chittawar initially agreed with the stance taken by the EC-SBU that there was no competition, because the market was quite limited. The EC-SBU felt that further growth could occur by increasing the team size and acquiring high-value assignments. Management agreed to these suggestion as the company was doing better when compared to the competition. Kunal Gadre, COO at SEE-Tech, stated that it was important to understand that the energy conservation consulting profession in India had been quite traditional. It started with the first oil crises[6] in 1973 when the National Productivity Council[7] (NPC) and it was the Petroleum Conservation Research Association (PCRA) that actually started the movement. The Bureau of Energy Efficiency (BEE) was formed in 2001 and began to formalize India's professional certifications, such as the Certified Energy Manager (CEM) and the Certified Energy Auditor (CEA), that were similar to other certifications worldwide. BEE published well-drafted course and training material and offered several consulting opportunities to accelerate the movement. Gadre said: "All this led to the strong belief that such professionals would carry out Energy Audits in the suggested manner only".

Further climate change[8] phenomenon offered new business opportunities between 2006 and 2012 to all EC professionals due to the ratification of the Kyoto Protocol[9]. SEE-Tech benefitted from this and also continued offering EC consulting services and did well in both. According to Bhusari, the comparative performance of the EC-SBU was industry average, primarily because most of the firms almost worked alike. However, this success, which was primarily due to the external factors, led the team to believe that this was the best way to grow in the long run as well. The EC-SBUs followed the same industry belief and continued the same legacies, despite significant changes that were happening within their RO-SBU. It was observed that changing beliefs and modifying strategies became very difficult, especially when all was well.

On the other hand, for energy efficiency improvements, customers continued to make decisions based on their priorities and budgets, as well as findings and the recommendations from the CEAs. Due to this, the actual impact created by the professionals in adopting and implementing energy efficiency projects remained minuscule – far lower than the actual potential, according to Bhusari. Further, it was not understood by the professionals that the growth they were observing was primarily due to the business opportunities offered by the external factors (namely the Kyoto Protocol and BEE) and not because they were able to change the market by creating a demand through their own products and services innovations. Concurrently, within SEE-Tech, the EC-SBU recognized the success of the RO-SBU and appreciated and supported them wholeheartedly. However, Bhusari stated that the company did not actively learn anything for themselves, saying that:

> It's not in their domain, there is no such parallel example seen within their industry. Energy conservation is completely knowledge-based so how can it be standardized? It is always specific to the given case. New products and technologies keep evolving; there is no way to incorporate them if the path is pre-decided as required in the process of standardization.

Bhusari went further, saying it was worth noting that the EC-SBU did use the services of the RO-SBU in some large data collection assignments and for other low-end services but they were confident about the future of their own field. The reasons for the dominance of the EC-SBU over the RO-SBU were many; the most compelling being that the EC-SBU was larger and older than the RO-SBU. The strategy meant the EC-SBU had a default upper hand that continued for most of this period, despite revenue creation by the EC-SBU which stagnated between INR 7m to INR 8m for three years (2007-2008 to 2009-2010) while the

RO-SBU revenue grew from INR 0.3m to INR 1.3m in the same period (refer to Table III and Figure 1).

Acceptance by the EC-strategic business unit

However, increasing competition purchase order values started dropping while the value proposition required by clients increased and retaining the team became difficult as members left for better salaries at larger consulting firms (refer to Figure 2 which shows that the attrition rate rose to 38.46 per cent for the financial year 2009-2010). Forced into such situation, a solution had to be found by the management. Bhusari recalled the management directives when Chittawar said:

> It's time to migrate from red ocean to blue ocean[10] and go up the value chain.

So the transition started from consulting to implementation projects and then aimed to deliver actual energy savings to clients, the ultimate industry outcome. It took a lot of time, and finally by end of financial year 2009–2010, it was clear that such an approach would help them to focus on a well-defined customer segment that would enable them to have a template-based approach. Chittawar now looked for a strategy[11] for growth similar to what had worked for the RO-SBU so that he could have a more sustainable and progressive business for his MSME[12] firm.

Chittawar constantly pointed out the speed with which the RO-SBU became established and had grown. The primary reason for that was the fact that their complete business philosophy was developed by them, their execution strategy was completely new, innovative and trendsetting and that's how they could outsmart the competition. Chittawar said, regarding the EC-SBU:

> We are doing what everyone else is doing. In the EC-SBU, we need to do something similar to the RO-SBU. We need to replicate the RO-SBU business approach in the EC-SBU where we have better competencies. In the EC-SBU, our business focus and method of execution are same as that of other others in the industry, hence our outcomes are also more or less the same. At the most we could and would do incrementally better than the others. There can't be a striking difference unless and until we do something significantly different. It's enough of technological innovation-driven focus at SEE-Tech. Now it's time to innovate the way we work. Let's rethink our business model.

However, in real action, the EC-SBU think tanks could not proceed further. Their mindset remained the same. It was only when carbon credit opportunities did not get continued for the next period[13], consulting assignments from BEE/EESL[14] and other similar agency reduced significantly, that the EC-SBU started to change and accept business philosophy of the RO-SBU for themselves. Bhusari said that the reason was obvious – what had worked for them for so many years, was not working now.

Table III	SWOT analysis for SEE-Tech for the period 2010-2011 to 2012-2013**
Period	2010 to 2013
Strengths	Demonstrated leadership of the RO-SBU among their competition Development and demonstration of a successful business model by the EC-SBU which is considered a pioneer in the field in the country Moved from knowledge to real action by EC team
Weaknesses	Dependency on a few clients (a PSU, a private sector client) High time is taken by EC team to develop and grow its business
Opportunities	Increased requirements from market to deliver energy cost reduction Acceptance from the market for Energy Service Companies (ESCOs)
Threats	Heavy competition in energy efficiency consulting business and also in the RO-SBU business Coping with business model (RO-SBU) by competitors
Note: **As provided by SEE-Tech Solutions Pvt. Ltd	

Struggle of the EC-strategic business unit (financial years from 2010-2011 to 2012-2013)

Though the revenue of the EC-SBU more than doubled in the financial year 2010-2011 compared to 2009-2010, it was understood that it was only because the majority of the long-term assignments coming to an end in the financial year 2010-2011 and therefore was not the real growth. The EC-SBU also saw a drop in the revenue in the beginning of the following year (from INR 18.39m to INR 13.28m) while that of the RO-SBU rose by more than four times from INR 2.3m to INR 9.98m. Attrition in the EC-SBU rose from 40 per cent in 2010-2011 to 43.75 per cent 2011-2012 (refer to Table III and Figures 1 and 2). Now Bhusari knew that the EC-SBU had struggled to achieve growth. Accordingly, Chittawar, inspired by the RO-SBU, communicated to his team:

> Let's do one thing, ensure that you are the best in that in the country, beat competition through leadership and volume, adopt knowledge management practices, give preference to action and younger team-based work than knowledge, certifications and experience-based individuals, opt for processes over people, let outcome decide the changes needed in strategy and so on.

It was not that the EC-SBU was not innovative or less knowledgeable; they were better than many in the industry but were less open and adaptive to change, specifically in their approach to business. This was because they had pursued their business successfully like that for so many years. Despite learning from and following strategies of the RO-SBU, it was not clear to the EC-SBU about what they exactly should do as the businesses were completely different.

Finally, a market opportunity kick-started the movement toward the much-needed change in the EC-SBU, though nobody realized it at that point in time. Gadre stated that it was a Request for Proposal (RFP) from a telecom giant, Energy Saving Performance Contract[15] (ESPC), something the EC-SBU had always wanted to achieve. Though management attended several national and international training sessions, there was hesitation to take any action as there were hardly any parallel successful examples in India. Chittawar knew that, in addition to carrying out the Audit, an ESPC contract also included financing, implementation of projects and delivering savings in energy costs. The EC-SBUs exposure was limited to only the Audits. As a result, the journey was uncharted and the risks levels higher. Delivering actual savings was far more difficult than just giving recommendations. Though it was a new and risky proposition to SEE-Tech and aspiring ESCOS, it was a case of end-customer business. It was a similar to what happened in 2006 for the RO-SBU but it was widely considered that there was something new to be performed. Willingness to learn was high and a meeting was arranged. At the meeting, Chittawar briefed the team that SEE-Tech always wanted to carry out an ESPC but never got an opportunity like this. A conversation ensued:

> Chittawar said: We tried to develop an ESPC way back in 2001, provided implementation assistance to our several clients where we did Energy Audits but this RFP could be SEE-Tech's real beginning to deliver energy cost reduction and grow SEE-TECH faster. Gadre, who was by then a senior consultant, said: 'Yes, customers are demanding implementation and actual savings; saying that Energy Audits ultimately gives nothing beyond ideas as no risk is covered. How many times should we get just Audits conducted?' Makarand Shenvai and Manoj Telrandhe, also senior consultants, agreed but said: "We have to bid straightway on the percentage of energy savings. We haven't done this before".

Everybody then looked at Behere, despite him not being involved in the EC field. Behere asked the EC-SBU team: "Can we deliver savings?" He then asked the management: "Can we take the risk?" Though both replied "Yes," everybody was aware of the dilemma. Behere then explained: "It will involve a change in the work methods; consulting and ESPC are two different things". By this time Behere's team had carried out minor maintenance on many

of the ROs across the country which meant a lot more than just consulting (see Figures 3–5 and Table V). Behere further said:

> If you are convinced, or at least willing to believe, that replication is the way to grow then please follow me. I do not have the answers but will explore and be with you on this journey. You have to simplify everything, make it easy to understand. This is necessary for delegation and if you have real competence, you will be able to do it. As per the RFP, we have to first find out how much is present energy consumption, cost, usage pattern and then work out saving potential and investment required and you have to do all that without formally conducting the Audit, so let's visit the site in a team of three to four senior consultants, a lot of homework is needed.

They visited the site and worked out the bid with the management. They knew their bid was competitive, so they were hopeful. They won the bid, with SEE-Tech's experience in bidding working again. This infused a new level of enthusiasm in the EC-SBU team (refer to Figure 5 and Table III for the nature of work, reporting structure and SWOT analysis). Gadre, Telrandhe, Shenwai and Behere discussed the options, a summary of which is:

> We had stopped working in buildings in our consulting business but now to do the ESPC, we have to explore opportunities in buildings only; here energy tariffs[16] are highest and building usage is 365 days and 24 hours. In this case, to bid, we had to almost come up with the finding that we normally deliver after the Audits. But as we had a much less time, we changed our method of working. We agreed, if there is expertise, we have to apply that for productivity enhancement. We prepared simple Excel formats, didn't do any significant field measurements, which was quite unusual in Energy Auditing. But when we did analysis and reached at the conclusion, we were sure that the findings are reasonably correct as these errors could be at the most ±5 per cent, the conclusion was not varying even if these errors would have occurred.

Everyone realized that too much time was spent in carrying out lengthy calculations to reach to the same conclusion. They felt that experience need to culminate in quick analysis and decision-making.

Figure 3 Organization chart with key persons and key businesses activities at different points in time (2006, 2008 and 2011): year 2006 (as provided by SEE-Tech Solutions Pvt. Ltd.)
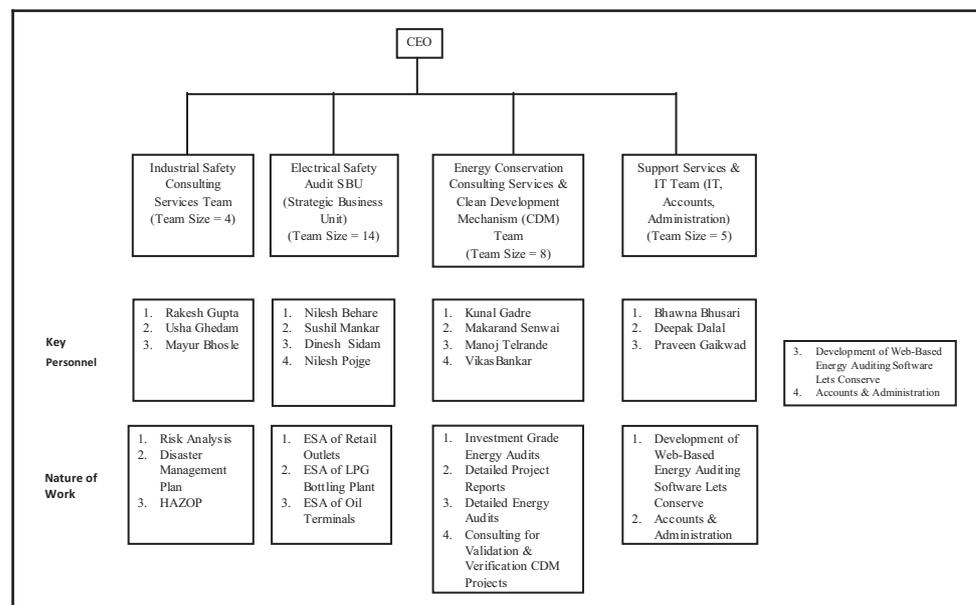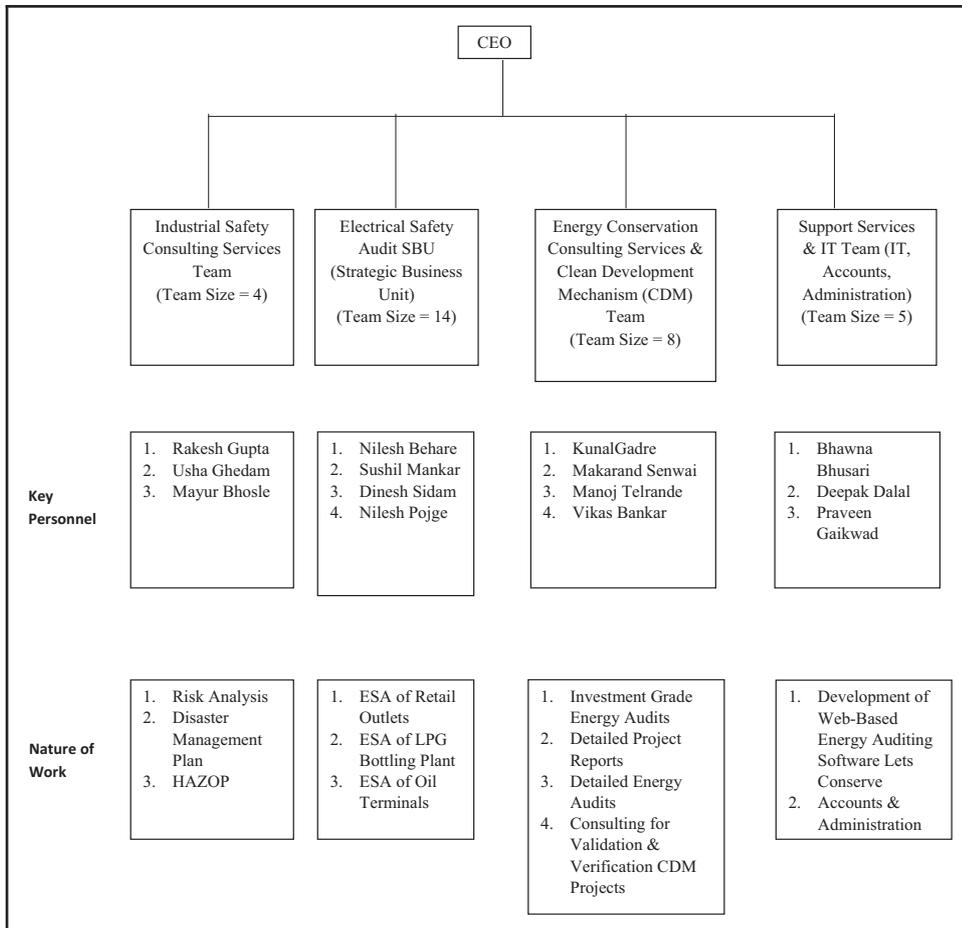
Figure 4 Organization chart with key persons and key businesses activities at different points in time (2006, 2008 and 2011): year 2008 (as provided by SEE-Tech Solutions Pvt. Ltd.)


Behere reiterated: Make formats, work only in that. This will make your life easy. This makes your knowledge actionable and that's how you can start delegating and building a larger team. You have to make the system that works and avoid working directly to execute the project yourself.

Most participants at the meeting started agreeing with Behere but exactly what to do and how to achieve their goals was still unknown and would not be not easy. The project was implemented in phases, and involved complete project investment (refer to Table I, such requirement was not there earlier to the year 2012-2013) and then the savings were to be shared between the client and SEE-Tech and therefore affected cash flows. However, despite all the trouble, there was conviction at management level that such contracts will streamline the work, increase profitability and help in sustainable growth. Following are summaries of some of the conversations in subsequent meetings:

Chittawar said: 'For many years we have been in consulting which has now become red ocean. There are other concerns – small ticket size, longer time to execute, increasing customer expectations, higher employee turnover and higher training time required. All these imply that we need complete overhaul for the EC-SBU. We can learn how to innovate the processes and establish them from our RO-SBU. Let's replicate them in principle.' Shenwai replied: "That's true but most of the firms in our industry are facing the same problem". To which Telrandhe asked: "Many of the international ESCOs came to India and failed[17], including few leading Indian

Figure 5 Organization chart with key persons and key businesses activities at different points in time (2006, 2008 and 2011): 2011 (as provided by SEE-Tech Solutions Pvt. Ltd.)
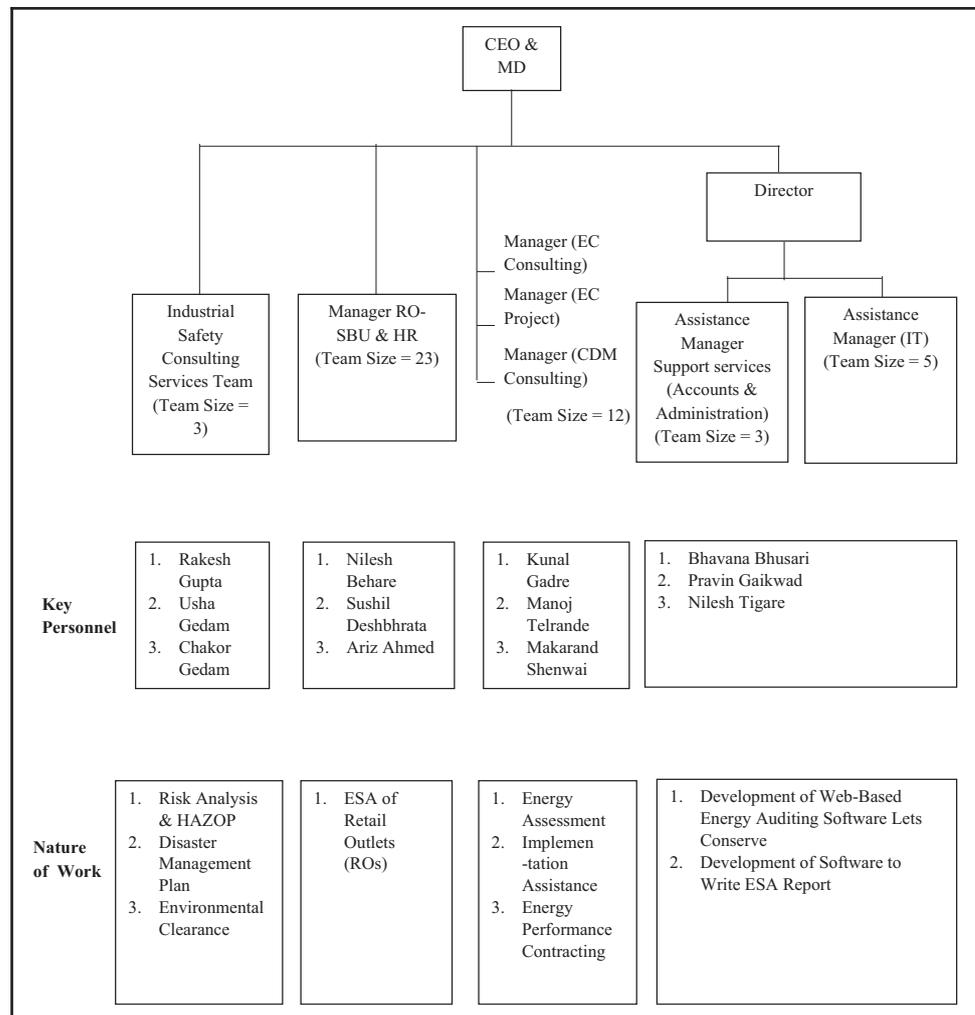
firms; how will we succeed?" Gadre said: 'What you are saying is true, but we do not have other options, we will have to identify and minimize various risks in this game[18]. But we have to take it up, there is no other way. We have to appreciate here that management is willing to take the risk.' Behere, trying to conclude, said: 'Energy conservation is your field but I am sure from my learning at the RO-SBU, do one thing only for which either there exists a demand from the customers or you create it; but be the best in the country in your offering. If you solve a customer's problem, you will be in demand.' Gadre said: "It is evident from the RO-SBU's success, let's opt for less complex projects, they are easier to learn and adapt; larger teams can be developed fast which is must for scaling-up". Telrandhe added: "We dropped the building segment due to competition and that time to increase our revenue we opted for complex projects and succeeded; now you are saying just opposite". Bhusari replied: "That time that was right, but this time this seems right".

Not everyone was comfortable with this strategic change. The team that had shifted to the carbon credit field from energy conservation left the company and much of the staff from the EC-SBU were also gone. The attrition rate was recorded as the highest ever (see Figure 2, 43.75 per cent in the financial year 2011-2012). However, all those who continued firmly believed that the proposed new way (the ESPC) was the way of the future.

This meant many changes in the functioning of the EC-SBU, including keeping Chittawar and Gadre out of the recruitment process. Another significant observation was about coordination mechanisms, which completely changed. Gadre revealed that informal communication increased to between 70-80 per cent of the total. As multiple teams were communicating, the use of WhatsApp took over the majority of internal communication, even email. This improved communication phenomenally. The team preferred to use the video option wherever needed. This facilitated the central team to be able to handle many activities from the head office. Eventually, the overall tours reduced, and the speed of project execution increased. Over time senior team members also accepted informal communication modes. This helped the teams to work more cohesively and made SEE-Tech more agile and flexible and thus more productive.

Though the first assignment was delayed in implementation and payments, it finally resulted in the expected outcomes. De-risking strategies helped. Chittawar said:

> See all these issues such as delay, trouble in execution, difficulties faced in convincing the clients were due to our lack of competencies which are primarily because we were doing it for the first time. The client also experienced such projects during the first time. Everybody was completely new. Over a period of time, the market demand would grow. With this change and innovation in business practices, SEE-Tech would experience success in the EC-SBU also like the RO-SBU.

By the end of the financial 2012-2013 year, revenue of the EC-SBU rose back to the 2010-2011 level (INR 18.39m versus INR 18.25m despite the dip in between 2011-2012: INR 13.28m). Attrition rate reduced to 28.57 per cent by the end of the 2012-2013 financial year from as high as 43.75 per cent in the preceding year. All this resulted in motivation and confidence being back in the team despite this direction being quite different from what industry peers believed in. Unfortunately, the RO-SBU observed a dip in its performance in financial year 2012-2013 (from INR 9.98m to INR 8.42m); however, it did not deter the EC-SBU, now they were on their carved route to the blue ocean strategies.

Considering fully and believing in the direction learned from the RO-SBU and replicating it in principle, now the EC-SBU attempted wholeheartedly to take on board the new strategy. They also received an opportunity in a leading private sector company which was highly respected and dependable in terms of business ethics. The EC-SBU went for it and signed the ESPC contract. However, all this took too much effort and time. Fulfillment of financial requirements, i.e. convincing banks to finance (refer to Figures 3-5, year 2012-2013) the projects and de-risking the contract were major issues, and took over a year to solve. However, for Chittawar, this also meant an opportunity to progress faster and he was able to achieve his dream as now the template was nearly ready for the EC-SBU to replicate.

Notes

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