

Change Dynamics at North Delhi Power Ltd.

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CHANGE DYNAMICS AT NORTH DELHI POWER LTD¹

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Anil Kumar Sardana, the Chief Executive Officer (CEO) of the North Delhi Power Ltd (NDPL), was restless in his office, taking on calls from external and internal customers one after another. But at the back of his mind were perplexing questions: “Can NDPL hope to escalate its AT&C (Aggregate Technical & Commercial) loss reduction exponentially; obtain, what he calls, ‘customers’ affection’; increase revenue and shareholders’ wealth as per its strategy, and ensure viability of the enterprise they have entered in? He is revered by his professional team that runs the NDPL today, commanding a rare degree of appreciation from one and all. Some of the distinctive values that have got underpinned in his incessant restlessness have got internalized in his personality from his School and his parents. These include: respect for elders and viewing work as a way of serving the society and not just as a means for securing short-term business gains. Most of the NDPL fraternity members are aware that he is passionate, aggressive, visionary, transparent and ethics-driven in the transformational role of running this power distribution company. The company he runs in a way is the lifeline to most of the residents of North and North-West Delhi, where it is the sole agency to distribute electricity. Yet Sardana is quite unassuming, and is more concerned with making the two-year-old marriage between the Tata Power (the chief stakeholder in NDPL) and the Delhi Government a perpetual success.

NDPL has chosen a dynamic team of performers, which, among others, includes Abhay K. Saini, its General Manager—Human Resource Management. Quite like Sardana, Saini too is

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humble and passionately cares for the psyche of the company's human resources. He believes that the focus of his role has to be more on trust and counseling rather than policing and adversarialism. The vision statement that he has devised for the HR department aims "to create a learning organization which nurtures talent and innovation, and provides a competitive environment that makes NDPL the most favoured company to work for". He has designed and implemented several HR interventions which have been of great help in chiseling the NDPL employees into the core values for which the company stands. With his rich experience earlier with NTPC and Bharti Televenture, he has been able to demonstrate that he is a dynamic change master and views business systems as epitomes of enlightened alignments of organizational strategy and human resource strategy. Under his leadership, the HR department has been very ably assisting Sardana in marching towards the NDPL's vision.

NDPL is a joint venture between private and public ownership. It took over a portion of the ailing Delhi Vidyut Board (DVB) w.e.f July 1, 2002 under an arrangement devised by the Government of the National Capital Region of Delhi (or Delhi Government). Sardana was called from Mumbai to lead NDPL where he was working as one of the Vice-Presidents for BSES, a Reliance Group-controlled company. BSES is now an NDPL's competitor (in a restricted sense) as BSES owns the other two companies which have taken up electricity distribution in the rest of Delhi. He joined NDPL on 11 July 2002. Saini has been in his team since December, 2002. Under Sardana's leadership, the company has undertaken several change management programmes quite in consonance with the most modern beliefs in the discipline of management.

Sardana is aware that a number of eyes have been set on NDPL's working, including those of its prospective competitors. Today, the aggregate annual AT&C (Aggregate Technical & Commercial) losses of all state electricity boards have reached a whopping Rs. 25,000 crores. The success of the NDPL experiment is bound to be taken as a catalyst for turnaround and change management in power distribution in other states. He is, therefore, looking forward for sustained organizational excellence and engineering further organizational changes. His strategy can help NDPL in marching towards its vision of becoming "the most preferred and admired energy company." This company's success will also reflect the triumph of the concept of, what the World Bank advocates for, "PPP" (Public Power and Private Partnership). He is wondering whether the strategy of change management that he is following will succeed as expected. Will he be able to realize the basic commitment of the company to the Delhi Government, as was agreed upon in the acquisition deal, to stand on its own within the stipulated five-years and reduce the AT&C losses from 53 per cent at the time of acquisition to a level that enables the company to survive?

BACKGROUND:

Power consumers were unhappy with the interruptions in power supply and the poor quality of service provided by the DVB. They faced regular power cuts especially during peak summer and winter hours. Many customers found it necessary to purchase expensive back up equipment. They also complained about indifferent and corrupt employees of DVB. Its staggering 53 per cent AT&C losses were a result of several acts of commission and omission.

The strong public resentment over DVB's existing operations, had become too well-known. This fact was probably crucial in persuading the DVB employees' unions not to pose any vigorous opposition to the privatization process. Such an environment made it easier for the Delhi Government to take a strong pro-privatization stand. Realizing the need to bring in reforms in the power sector, the Delhi Electricity Regulation Act (DERA) was enacted in the year 2000. As per the philosophy envisaged in the DERA, the DVB was unbundled into three sets of functional corporate entities related with: i) distribution, ii) transmission; and iii) generation. All the assets and liabilities of the DVB were acquired by the Delhi Government and were eventually transferred to six successor companies—one generating company (Genco), one transmission and bulk supply company (Transco), three distribution companies (Discom I, Discom II, and Discom III) and one Holding Company. The three distribution companies or Discoms were privatized but the three other companies continued to be owned by the Delhi Government. Thus while 100 per cent equity in Genco & Transco is owned by the Delhi Government, the distribution of equity in all the three Discoms was so planned that their control passes on into private hands. The private companies concerned subscribed 51 per cent share capital in the three Discoms, the Holding Company subscribed the remaining 49 per cent. (which in effect meant the Delhi Government). In all, the six entities thus created were as follows: Genco (Generation Company Ltd.); Transco (Delhi Transco Ltd.); Holding Company; Discom-I (BSES: Bombay Suburban Electric Supply Ltd., later renamed Yamuna Power Limited; DISCOM-II (BSES: Bombay Suburban Electric Supply Ltd, later renamed the Rajdhani Power Limited) and DISCOM III (The North Delhi Power Ltd.). While DISCOM-I covers the central and east zones; DISCOM-II covers the south and west zones; and DISCOM-III caters to the north and northwest Zones. The three companies buy electricity from Transco at subsidized rates; the cost of the subsidy is met by the Delhi Government. The control in management of DISCOM III (or NDPL as its proper name) is with the Tata Group. Tata Power Company Ltd. acquired a 49 per cent stake, and 2 per cent shares are with the Tata Sons Ltd.; the rest of the shares in it are with the Delhi Power Company Ltd., a Delhi Government enterprise. The three companies operate under strict regulatory regime controlled by the Delhi Regulatory Commission (DERC) and the Electricity Act 2003.

The privatization was done keeping in view certain key operational imperatives, the need to bring down AT&C losses, and also to confer greater autonomy to the distribution companies as per business exigencies. The areas that were given importance while the transition took place included: i) a more realistic and sustainable initial valuation of the enterprises that were to be privatized; ii) a clear government commitment to provide financial support to the three DISCOMs through subsidized power purchases from Transco during a five-year transition period; and iii) a better specified multi-year tariff-setting regime based on more realistic loss targets that can be accurately measured.

The target for loss reduction used in Delhi focused on a concept called the AT&C. This concept measures the difference between kwhs supplied to the discom and kwhs realized from the retail customers. "Realized" means money actually received from retail customers as opposed to what they were billed (a system followed by DVB). It was estimated that the Delhi Government had already been subsidizing DVB every year for its losses by about Rs.1,500 crores through "loans" that were never likely to be repaid. Thus the DVB losses were expected to reach a figure of more than Rs. 7,500 crore in five years. By agreeing to provide subsidies to the private DISCOMs through discounted prices of power purchases, the Delhi Government was, in effect,

“investing” in up to five more years of subsidies. It was estimated that these reforms would eliminate the need for any further subsidies beyond five years. The subsidies were intended to avoid the need for large post-privatization tariff increases, which would not have been agreeable to power consumers in Delhi. Thus came into being a new era in power sector reforms in Delhi.

NDPL covers a total area of 510 sq kms. The company caters to a registered consumer base of 0.86 million (consisting of Domestic—79%, Commercial—15% Industrial—6%). It purchases power from Transco Ltd. At 66/33/11 KV and distributes it at 11KV/440 volts. The company has to cater to the peak demand of 1050 MW and annual estimated demand of 6000 MUs. Today it has 3550 employees, which includes both the new recruits (constituting about 12 per cent of the total employee strength) and the erstwhile DVB employees. The average age of its employees is 42.5 years.

ENTRY OF THE CEO

When Sardana joined NDPL he faced several daunting challenges. His topmost priority was to put the dilapidated structures and processes of the former DVB in order, and to imbibe an ongoing change in them to gain sustainable viability. He knew that his cultural change agenda was being implemented in an organization that has a heritage of government-control culture. He has the fortune of possessing rare organizational skills. He is a wonderful listener and rarely loses his cool. While interacting with the employees after the takeover, he heard an employee complaining of inadequate training they possess which was not conducive to doing the work satisfactorily. He immediately made that employee the incharge of training till the training facility was formally developed in the company. His thorough knowledge of all functional areas helps him taking strategic decisions quickly. Sardana is also flexible about rules and many times prefers to bend the rules to accommodate individual or group idiosyncrasies. He has wonderful presentation skills too. These qualities helped him setting up the company’s priorities with their roots in ground realities. Still, to bring about sustainable strategic change while continuing to improve on short-term performance, was a great challenge before him when he took over as CEO of NDPL.

After constituting his team, Sardana prioritized taking immediate steps to stem the rot by taking some radical performance initiatives and establishing an appropriate corporate structure. He set up specific milestones for each of his functional team leaders, and provided structure for their monitoring. He has been reviewing their performance in the monthly top-management meets, with his main focus on operations and maintenance so as to promote customer satisfaction. He believes that performance is bound to rise exponentially through customer care and empowerment of his employees. When he constitutes a team he gives it full powers, and wants a culture of transparency, accountability and fairness to surround the organizational working. He has also started a scheme envisaging rewards and worth to performers. Managing the external environment takes a good bit of his time. He has to deal with local politicians, bureaucracy and all other stakeholders in the company. His sagacity in handling the politicians is demonstrated by the fact that out of the 16 references of ministers he received for appointment to various positions in NDPL so far, he did not accept even one of them; for none of them could come up to the expectation of his conception of an “NDPL employee”. He is carrying with him nearly 3000 former DVB employees with their traditional mindsets and working styles. But he is determined to acclimatize them in the NDPL’s ethos.

CONCERNS AND ISSUES ON TAKEOVER

One of the burning problems that Sardana encountered on takeover was the presence of a large number of non-metered and illegal customers, under-billing and poor collections. Like many state electricity boards in India, DVB also had been suffering major financial losses. It had accumulated huge amount of receivables. No audited financial statements had been prepared for more than a decade nor was there a register of assets or an accurate master list of customers.

Customers were always on the receiving end, and the entire workforce was indifferent to customers' woes. Similarly, there was poor information about customers that were in arrears.

The distribution network system was much below the requisite standards and in a state of dilapidation. The level of hygiene and sanitation at the worksites and offices was appalling. There was a covert nexus between the vested interests that promoted and legitimized power theft. In a large number of cases, meter readers were hand and glove with power thieves; they advised consumers how to give a gloss of legality to the theft they were indulging in. DVB employees who enjoyed power and immunity from their misdemeanors had built temples inside the corridors and premises of most offices, which still exist even today. This was done with a view to preventing the angry public from attacking the premises in cases when power cut was not remedied within a reasonable time. But as pointed out by the GM—Operations: "DVB employees alone can not be blamed for everything. Customers were also conniving with these employees, and were taking advantage of the situation." In most slum clusters power supply was non-metered; some agents had been engaged by the DVB to collect electricity charges per consumer from the non-metered consumers and handover the collections to DVB after deducting an agreed rate of commission. These contractors often had political connections and avoided depositing the money received to DVB on frivolous excuses. At the time of takeover, they owed DVB Rs. 3 crore on this account.

The workforce had been managed in a bureaucratic way; high performers had no incentive to excel. The over-security enjoyed by the employees' had made them indifferent to customer requirements. The employees had no clarity about their precise roles. Almost all employees were averse to working on computers; hardly anybody knew how to operate them.

There were just two computers in the whole organization. All work was done manually, resulting in accumulation of heaps of filing records that had even lost relevance. A large army of workforce existed which was responsible for heavy wage bills resulting into further worsening of the DVB finances. 90 per cent of the employees were paid their salary in cash which had resulted in multiple transactions related to withdrawal of cash and disbursement of salaries at each zone. Salary disbursement work used to get staggered over a week, involving unusually large number of man hours in this work.

The organization structure of DVB was highly centralized. There were eight lac consumers and only 2 Chief Engineers. Decision-making was very slow. There was no system of job rotation. Once an engineer was posted in a place, he used to spend 80 per cent of the time of his service

tenure in that area; and any move to transfer him was opposed on the ground that he was the main person having the knowledge of the technical intricacies of the area's power distribution system and its geography. This structure led to widespread corruption among officials as the official concerned remained the sole incharge of the region for a long time. Despite this, in many cases the person concerned was himself not very happy with the responsibility solely put on him due to persistent tension that haunted him. Every body knew his name and telephone number. Whenever breakdown occurred, political heavy weights, like the MP or MLA concerned, would call him to help solve problems, which he often found quite difficult to surmount. He was the focal point for all consumers and his superiors.

The DVB's organizational structure was arbitrary. Mapping of the organization structure was thus a big agenda for Sardana. It was completely bureaucratized. It sounded vague in terms of the demands of a business case. The hierarchical designations used, among others, included those such as Junior Engineer (JE), Assistant Engineer (AE), Executive Engineer (Ex.En) and so on. They were given area-wise posting for which in a way they were responsible 24 hours. There was no HRM department in DVB though some 150 people were associated with the personnel department, who were basically involved in maintaining personal records of the employees. NDPL reduced this number to 51 and plans to further reduce it to 25 to 30. There was no training function whatsoever, no project function, and no corporate function. It only had a planning department. Operations and maintenance work was divided into two circles, consisting of ten districts and 40 zones. Employees who manned various positions, among others, included about 300 engineers, 300 supervisors, clerks and an army of semi-literate, untrained linemen.

The DVB-scheme employees had a little sense of belonging to the organization. Most of them had never seen a training hall in their life time. This explained their poor technical knowledge, which was far below the required standards. They were used to working on archaic assumptions resulting in low quality of work. People were not quite clear as to what they were supposed to do as job descriptions for different positions were not clearly defined. Its performance appraisal and review system mainly consisted of confidential report system as practiced in Government. Often ratings were impacted by considerations like religion, cast and kinship. Promotion was based on seniority. Administrators were hired through Union Public Service Commission (UPSC). Their Pay scales were well defined like in Government. Even if some one gets a poor rating he was promoted on completion of certain number of years. Business was too much centric to individual officials. There was no concept of organizational strategy, and naturally no plan of action to operationalize it.

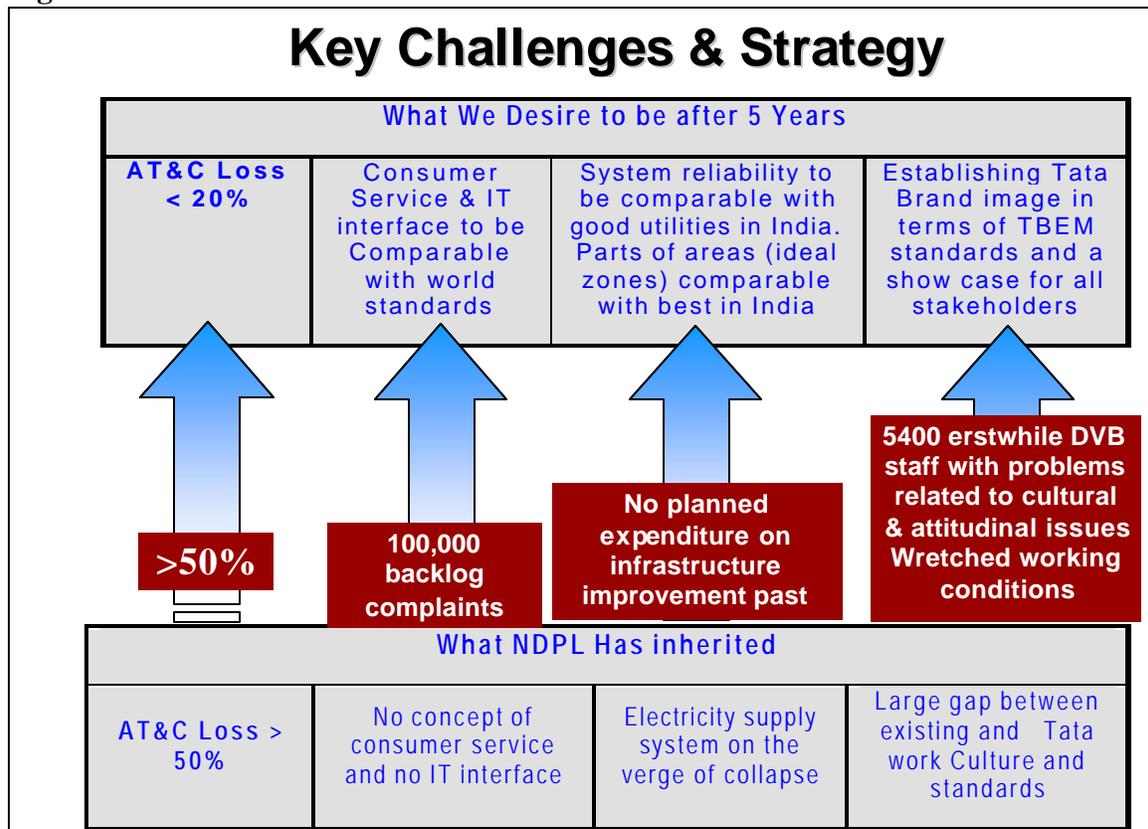
Recruitment and training procedures were also like those followed in bureaucracies. Whenever an engineer was recruited, he was straightway put on the job. He never got opportunity to learn the new technology through any training, new management principles, emerging people-management initiatives and behavioral issues that needed attention in proper management of such organizations.

CHALLENGES

A mammoth task was involved for the NDPL in bringing about the desired change in different spheres of organizational working; for the DVB was the largest exclusive urban utility in India at the time the transition happened, and its crisis had reached serious proportions. This can be seen in Figure 1. Public expectation from the acquiring companies was very high. It wanted the power supply to improve from the next day. But NDPL encountered tremendous amount of difficulties in coming up to these expectations, especially because of the fact that the DVB had made virtually no investment in infrastructure for the last two to three years. It was mainly for the reason that talks for takeover were going on for quite some time and DVB was just counting its numbered days.

The poor infrastructure inherited from DVB put extra pressure on NDPL while it was searching the ways to become viable. It was keen to formulate its strategies on the basis of lessons from the history of the DVB's functioning. The warnings about the shape of things to come led

Figure 1



Sardana to act fast. He planned clear mechanisms in terms of what could be executed with just a little improvisation, what needed to be repaired, and what needed to be replaced. The company first made a Rs. 1250 crore capital expenditure plan (this figure does not include the running expenditure) for five years. They carried out two independent assessments of the project; both

suggested funding the Plan. Running expenses meant another Rs. 250 crore annually, on an average, for five years.

Perhaps, one of the serious challenges of the company continues to be dealing with rampant theft by slum dwellers as well as industrial/commercial consumers. Some of the other challenges that the company has been facing since the acquisition are: arranging finances for the investment required for a total revamp, improving the sub-standard and dilapidated distribution network system, promoting hygiene and sanitation levels in its facilities, improving network conditions and consumer services in terms of setting up performance standards, changing the consumer perception of the NDPL, breaking the nexus between the vested interests who are responsible for power theft, and securing a more comprehensive information on its assets, decreasing restoration periods to acceptable levels, reducing system interruption index and frequency of interruptions, commercialization of electricity distribution business like any other commodity, internalizing in the company's culture a concept of consumer priority and service, changing the mindsets of a neglected and untrained workforce, enhancing role clarity to the employees so as to increase the quality of performance, and imbibing transparent and ethical working in all administration centres and employees of the company,

Lately, the Electricity Act 2003 has been enacted at the central level, which is a major step forward in improving and speeding up the power sector reforms in the country. The only other such experiment is in Orissa. The power industry stands opened up in generation, transmission and distribution sector. Companies can now enter other distribution areas as multiple licenses are now allowed. There is scope for trading of surplus power as a distribution licensee does not require separate trading license. Distribution licensees are allowed to use assets for other businesses. The new law allows open access to power generating companies to supply power through network of existing distribution companies subject to certain conditions or through a new network of their own. High-value consumers now have the option to set up own captive power plants. These provisions can impact on the functioning of companies like the NDPL. Thus there are opportunities and threats for NDPL in the changing external environment.

THE TRANSFORMATIONAL AGENDA AND ACTION

1. Articulating Certain Key Performance Initiatives

On takeover, one of the top priorities of Sardana was to improve operations and maintenance. This meant improving power supply reliability, minimizing the number and duration of interruptions, making the fault-repair system simpler and consumer-friendly, minimizing or removing the faulty billing, and replacing the old meters by electronic ones. The long-term measures included substantial improvements in the hygiene levels in zonal and district offices. Lots of scraps had got accumulated, the removal of which was a priority. This operation is still going on; every day three trucks are operating in scrap-removing operations. Sardana is especially concerned in cleaning the scrap at a fast pace. The infrastructure received the top attention of the management. NDPL's new corporate office is going to come up within the next two years which will facilitate a much better coordination

of the company's activities. Table 1 shows some of the NDPL's performance initiatives related to people issues and compares them with the earlier position.

Table 1. Certain HR-related Performance Schemes/ Measures of DVB & NDPL and Improvement brought about since 01.07.2002

	THEN	NOW
S.No.	Delhi Vidyut Board	North Delhi Power Limited
1	Salary was being disbursed in cash/ cheques to subordinate staff/executives starting from last day of the month till 7 th of the following month. There used to be 500 to 700 errors in salary disbursement every month, which necessitated a continuous audit system.	Salary is being transferred through electronic clearance to the respective bank accounts of the employees directly; and every employee get his pay on last day of the month. Error level is negligible. Audit is done randomly to stabilize the system.
2	Only 2 computers for 5500 employees.	1200 computers for 3400 employees today
3	No scheme for any training technical, behavioral, quality or computer training	18000 mandays training imparted in last 2 years in quality, customer orientation and computer handling.
4	There was no ISO certification of any function or process.	ISO certification obtained for Engineering, Projects, IT, Human Resource & Stores departments.
5	No mobile phones/pager was provided to the field staff.	Mobile phones have been provided to all executives, Jr. Engineers & other field staff for better connectivity.
6	Junior/field staff was hardly sponsored for exposure/training in foreign countries	Executives/field staff being sponsored for training under peer exchange programme to different countries; 32 personnel have been sent under this scheme so far.

The company started working towards building a management information system (MIS) so as to expedite its functioning. Since there was no concept of individual performance system or organizational performance system in the DVB scheme of things and no system or data base to build on, Sardana sat till 2 o'clock in the night to develop a system of daily reporting of operations.

Today, the system is fully institutionalized through a well developed MIS (built through software programming), which is being considered as a necessity for knowing where the company stands. There is a centralized Control room located in one of the grid stations which circulates the report on operations to all departments concerned through e-mail. A full-fledged performance monitoring cell has been created which directly reports to Sardana. The respective functional heads prepare the functional reports on a monthly basis; this

includes, among others, the monthly Human Resource Information System (HRIS). There is a separate MIS for commercial functions, which takes care of new connections, billing and other commercial aspects. The CEO sends to the Board monthly report in three parts: customer service indices; operation performance indices; and shareholder value (i.e. financial management and profit related data). The Individual Performance Management System (IPMS) and the Organizational Performance System (OPMS) are being handled by the HR department.

Another important performance initiative is the holding of the top management meeting, which is held on the 20th of each month, in which presentations are made by departments which are followed by discussion and action formulation. This forum, created for ensuring a two-way cross-functional communication, helps a great deal in ensuring performance monitoring. The DVB people initially had total resistance to the computer system but gradually realized its importance. Now when they are well-versed in handling computer technology, each one of them brings with him his own presentation. Presently, there is a kind of competition among them to demonstrate their performance.

Since January 2004 a system of Zonal performance was started. Internet facilities have been installed in each of the 46 zones. The zonal managers (who mostly are employees under the DVB scheme) have started sending zonal performance data to the corporate office by e-mail. The company has started giving Zonal Performance Score Card, which provides the relative performance of the zone. All these activities come under the Performance Management & MIS department. The Zonal score card format can be seen in Table 2

Table 2 about here

In order to deliver improved performance to the consumer, the company started a 5S concept which consisted of: *sugam* (easy), *sahyog* (cooperation of consumers), *spasht* (unambiguous), *sankalp* (determination), and *sampark* (communication). *Sugam* initiative started on June 19, 2003. Under this initiative, billing and payment details of all the eight lakh consumer were uploaded on the NDPL website with facilities to print duplicate bills, payment of bill on the website, and view consumption graph and payment details from the date of inception of NDPL. These initiatives are first of its type in the power sector anywhere in India. The hallmark of the *sugam* initiatives is consumer convenience. In order to promote the payment facility, NDPL came up with other initiatives. They included, among others, setting up of NDPL Consumer Care Centres for payment by Cheque or Cash; 24-hour Manned Drop Boxes at announced NDPL Premises with stamped on-the-spot acknowledgement; Internet payment for ICICI bank, Citibank & HDFC Bank account holders; and Payment through Retail Outlets in local neighborhoods by Easy Bill franchise outlets. The *Sahyog* Scheme (franchisee) was launched to reduce AT&C losses in clusters of low income group habitats. With a view to improving the billing for SIP/LIP group the *spasht* scheme was launched. The *sankalp* Scheme was expected to contribute towards improving the billing and collection efficiency through increased employee involvement. Another scheme i.e. *sampark* was started for posting of RMOs in each district to spearhead

monitoring and reporting of the performance of Meter Reading and Revenue Recovery Processes, and reviewing and effecting process changes for attaining higher efficiency.

With a view to curbing the power theft NDPL appointed a Customer Relations Coordinator to whom complaints on power theft could be made on the telephone, post or the web confidentially. The company also brings out a newsletter, which details the action that can be taken if a consumer is found stealing electricity. Some of the other major initiatives included: strengthening the call center by increasing and rationalizing its work stations, thereby improving the response to consumers from 50-60 per cent to 98-100 cent auditing of equipment and installation and asking the original equipment manufacturers to take corrective measures to improve the overall system; restructuring the organization; training of manpower; taking steps to introduce the modern state of the art technology in all spheres of business functions.

The company carried out a major survey that gave it insight on what the consumer wanted from it. The company was in a way surprised by the outcomes of this research. It helped the company to target its efforts in areas that were of concern to the consumer, e.g., reliability of supply. Sardana takes pride in mentioning: “We have grown and changed the entire power scenario in this part of the city around the needs of the customer”.

2. Rightsizing and service Conditions

As per the MOU signed at the time of acquisition the NDPL inherited 5368 employees from the DVB. Sardana knew that it was impossible to make NDPL viable with the army of semi-trained, unmotivated and surplus staff. Therefore, an attractive voluntary retirement scheme (VRS) was framed to rationalize the workforce. The employees who had never worked earlier were aware that they would have to work for the new company. They were also apprehensive of the relevance of their competencies in the new ambience. This forced them to avail of the VRS scheme. Out of the total DVB workforce, 1794 have sought retirement under the VRS. Since the union was involved in these processes from the beginning rightsizing was not really a tedious job. Interestingly, the Delhi Government has not met its responsibilities under the VRS scheme even after more than two years of privatization, which has aroused deep resentment amongst the retired as well as serving employees against the Government. Interestingly, NDPL’s change management programme got a better legitimacy from this fact. Saini issued a letter to all employees that “the raising day would not be celebrated due to non-receipt of the retirement benefit by 1797 retired employees from the Delhi Government on July 1, 2004. Very recently, he has also issued another circular suggesting that *Puja* and *Diwali* festivals would not be celebrated in 2004 as a mark of protest against the Government not releasing the retirement money.

Other forms of separations which facilitated right-sizing included the following: 375 employees got superannuated since the takeover and 70 sought voluntary retirement. There were 70 cases of natural death; 14 employees were dismissed for misconduct; 5 died in service; and 36 are absconding or are under suspension. NDPL employed 482 employees to various positions with new service conditions. About 400 of these are engineers to facilitate

the operations and maintenance work. 72 persons are working as consultants or on contract-tenure. 26 are on deputation from Tata Power; their compensation is governed by the Tata Power compensation norms. The DVB-scheme employees get their pay and compensation as per the Fifth Pay Commission of the Government of India including the dearness and other allowances. They continue to be governed by the old DVB pay structure as per the MOU, and are also entitled to pension and retirement benefits as per the DVB structure. The service conditions of NDPL employees are incentive-linked. 30 per cent of their pay is variable. It is believed to be a strategic instrument for driving performance.

NDPL gave option to the former DVB employees to move to the new scheme (called the NDPL scheme). Some 16 employees opted for this switchover. Most people who haven't completed 20 years are still in the DVB structure of service conditions as it guarantees their pension benefits on the Government pattern.

Sardana is attempting to take on the challenge of downsizing/redeploying about 750 employees including 500 water-women, who have no role in the present organization structure, in perhaps a most humane way. It has to be seen whether he will succeed in this endeavour. Their re-training potential towards learning any sort of technical skills is almost negligible.

3. Changes in Organizational Structure

After the acquisition, NDPL oriented the organization structure to the needs of the customer. It increased the number of circles to 5; districts to 12; and zones to 46. It re-defined the structure to ensure the company's 24 hour accountability to the consumer. A circle, which is responsible for operations and maintenance of the area covered in it, used to be earlier manned by 30 to 40 people. Today just 5 people work in it. This has been possible due to the use of technology, computerization and organizational restructuring. 400 new engineers and 120 other staff personnel (this includes 15 MBAs from top business schools) were recruited, who, Sardana believes, are the key change agents today in his scheme of transformation; as it is they whose existence and performance in the organization will help in changing the mindsets of those associated with the DVB culture. They were all provided the requisite training before induction. Thus, today the company has in all 700 engineers out of which 300 are under the DVB scheme. In place of one engineer, presently three engineers are given responsibility of an area who work in three different shifts in a day. The person concerned is responsible for his shift of 8 hours. Normal shift working was introduced for attending to the day to day problems; major problems are handled by the staff of the general shift. Shift working has brought an element of competition for efficiency even within the zone. If a job is left for the next shift, the person incharge is answerable for the delay. The concept of IDEAL ZONES came as an important strategic decision wherein few zones will be selected and developed as world class model zones. This will put pressure on others to emulate them. The present structure gives opportunities for job rotation and wider job roles.

The present top management consists of the CEO, heads of seven main departments, which are headed by GM (General Manager) or DGM (Deputy General Manager), and the Circle

heads. These seven departmental offices are those of: the CFO (Chief Finance Officer), GM—Commerce, GM—Technical Services and Projects, DGM—Administration, GM—Technical Services & Projects (Earlier known as GM—Business Process Re-engineering), and GM—HRM. Besides, there are seven cells which directly report to the CEO. These include: Technical Affairs Cell, Finance Advisory Cell, Entrepreneurship & Knowledge Management Cell, Internal Audit & Risk Analysis Cell, Performance Monitoring Cell, HR Advisory Cell, and Legal advisory Cell. Each of these cells is headed by a person of the level of manager. Many of these officials have earlier worked in the Tata Power; some worked in its competitor BSES before joining the NDPL. Amongst the present GMs only one person is from the erstwhile DVB.

The HR department undertook the massive task of writing the job descriptions (JDs) and key result areas (KRAs) for different positions. This work was done on Bharati Telecom model. The HR function has been carved out into four sub-departments: training and management development; personnel services (this sub-department does all the computerization work and updates the HRIS); IR and welfare; and resourcing and performance monitoring. A written Grievance Procedure was laid down; Saini himself handles the grievance redressal function to ensure quick disposal.

In order to dilute bureaucratic and hierarchical values, almost all designations were rechristened. The new designations were also intended to reduce the gap between the new recruits and the former DVB employee. Thus the designations were changed to manager, Assistant manager, office associate, work attendant, and so on. A Chief Engineer of erstwhile DVB was re-designated as Deputy General Manager. Re-designation aroused considerable resistance from most DVB scheme employees including senior officers. Most of them have not reconciled to this reality even today. On the contrary, some of them feel empowered e.g. when stenographers and *daftaries* were designated as office associates, they felt more excited. So did an operator, who is now called ‘Service Associate.’ Even a water woman felt better on being re-designated as ALM (assistant line man). Meter readers were one of the biggest centres of corruption; for they had a strong nexus with the power thieves. Therefore, this function was completely outsourced, and all meter readers were re-deployed to undertake other functions. A large number of them took retirement under the VRS.

4. Quality focus

The NDPL’s priority to its customers and employee needs is rooted in its philosophy of benchmarking for qualitative excellence. Its quality concerns can be gauged from its mission that begins like this: “To be the most preferred and admired Energy Company we will strive to deliver quality and cost-effective services....” One of the values that the company has adopted as its guiding spirit is to constantly strive to achieve the highest possible standard in its day-to-day work and in the quality of goods and services that it provides. It also has a quality policy which states that the company “will deliver error-free services to our consumers by doing our jobs right, the first time and every time.” The company has shown commitment to continually improve its products and services in order to attain unsurpassed

“consumer satisfaction, loyalty and respect”. It seeks to attain quality standards that are in 100 per cent conformance to the requirements of the internal and external customers.

In order to improve the distribution network, its extensive revamping has been undertaken. As part of ensuring the system improvement activity, revamping is being done in the Grid systems, transformers, sub-stations, distribution cables, and conductors. During the year 2003-04 it revamped 1500 substations. Conversion of low-tension distribution system to HVDS has been carried out to improve the quality of power and to reduce AT&C losses. RMUs (Ring Main Units) are installed in the distribution sub-stations in place of existing LT distribution panels.

The business of NDPL requires it to purchase high-value equipment, thus making it inevitable that the company puts primacy on ensuring high quality of the equipment. There is full-fledged Inspection and Quality Assurance department which is responsible to the GM—Operations. This department ensures right quality of the equipment by inspecting samples. Also, there is separate department of ISO & TBEM, which is responsible to the GM—Technical Services and Projects. This department prepares and implements the systems and procedures for implementation of ISO in a phased manner so as to see NDPL becoming an ISO certified company at the earliest. This department is also responsible for implementing the TBEM (the Tata Excellence Business Module) in the company.

In order to make quality enhancement, NDPL engaged the Institute of Quality Enhancement, New Delhi for giving quality training to its employees. This institute practices the Philips Crosby model of quality enhancement. The trainer started with the top management and later on trained the supervisory group and the operational associates. It defined quality as conformance to the requirements of the customer. Today NDPL has constituted a cross-functional quality improvement team in each circle.

The company has secured the ISO 9001: 2000 certification for Quality Management System from Det Norske Veritas of Netherlands for its five departments: engineering, projects, IT groups of technical services, human resource management, and stores group of operations. And, out of the 150 companies which participated on the Grow Talent survey of best quality companies in 2003, NDPL got 27th rank, thanks to the quality policy of the company.

5. Employee Welfare and Performance Incentives

Improving the working conditions was one of the pre-conditions for implementing its transformational agenda for the NDPL. The Tatas have a history of attending to their internal customers better than other industrial groups in India. “They are a fantastic industrial group so far as their HRM policies are concerned”, observed Wayne Brockbank, a professor of HRM at the University of Michigan at Ann Arbor. Table 3 reveals an overview of some of the welfare and performance measures that NDPL has undertaken, which reflect the practice of the Tata model of paternalism.

Table 3. Certain Welfare Schemes/Measures of DVB and NDPL and Improvement Brought about since 01.07.2002

	THEN	NOW
S.No.	Delhi Vidyut Board	North Delhi Power Limited
1	Medical claim of indoor patient/ treatment was being reimbursed by DVB after the expenditure was incurred by the employee from his pocket.	40 hospitals have been empanelled; no payment is required to be made by the employee concerned; the employee has to just show the Identity Card and avail treatment.
2	A Janata Insurance Scheme with a cover value of Rs. One lac for accidental injuries; premium was paid by the employees.	NDPL has got every employee insured against work-related accidents for a cover value of Rs. 2.5 lac at Co.'s cost.
3	No forum/platform for interaction between management and employee representatives.	A Joint Interaction Forum (JIF) launched at the district and circle level; monthly and quarterly meetings
4	Time Bound Promotion Scale was being allowed to the eligible employees after considerable lapse of time. Many cases since 1994 onwards were pending.	Time Bound Promotion Scale cases have been updated. All employees who are eligible for TBPS are allowed the same on 30 th June and 31 st December every year—No case pending
5	Pathetic working conditions in offices; no cleanliness and hygiene maintenance	A number of buildings renovated/being renovated; hygiene maintained
6	Potable drinking water not available in many District/Zonal offices.	Proper drinking water is available in all District/Zonal offices. Water purifiers have been installed or filtered (bottled) water
7	No Tea Allowance paid.	All NDPL employees are served tea twice a day at Company's cost/or Tea Allowance paid every month.
8	No gift was given to employees on any occasion whatsoever.	A wrist watch given to every work charge and contractual employee to commemorate the Raising Day on July 1, 2003
9	No function was ever held to celebrate the Labour Day on May 1.	Labour Day is celebrated every year by observing Industrial Harmony Week; Employee participation in it
10	Summer and winter uniforms were almost never supplied to the eligible employees on time.	Cash payment (allowance + Tax at co. cost) in lieu of uniforms paid to eligible employees
11	Work charge staff (Group D staff) appointed on compassionate grounds were not provided with any training before regularization	They have been provided with 12 to 16 weeks' technical training at ITI at Company's cost and inducted at higher salary i.e. of Group C on regular rolls.
12	Sports meets	Sports are being promoted from the very inception for employees and dependants

“We are committed to the Tata model of people management and our efforts have been towards implementing it in NDPL”, said Mr. Mathur, GM—Operations. The management took a call that the needs of all internal as well external customers would be attended to, and also that it would move ahead on all fronts keeping in view the enormity of the challenges ahead. Exhibit I and II reveal some of the performance and welfare measures that NDPL has undertaken.

The company invested heavily in infrastructure and people development. A sum of Rs. 12.8 crore was invested in infrastructure development in the first year itself, which led to considerable improvement in working condition. Renovation in most offices has been completed. Safe and hygienic conditions are being provided at the workplace and in the residential colonies. Acquaguard water filters have been installed to provide clean drinking water to employees.

Sardana took a very positive stand on three of the burning issues which were of grave concern to the common employee. This was done partly on the advice of two NDPL advisors on employee affairs, who were earlier DVB employees and on retirement have been taken by NDPL as retainers. They can feel the pulse of the entire organization and knew the sensitivity of the issue. They advised Saini to take a soft stand on three of the most contentious issues that the employees were facing since long.

Perhaps the most contentious of these issues was of payment of Rs. 10,000 each to employees' widows, whose husbands had died during service, out of the widow fund. The issue was whether this money should be paid from the employees' contribution to Employee Welfare Fund or by the NDPL. This issue was pending unresolved with the DVB for quite some time; and its management had taken a bureaucratic stand on this issue refusing to pay from the DVB resources. It was a question of just Rs. 4 lakhs. Saini agreed to pay it from the company's funds. Another hot issue related to employees' uniforms. The management was discussing the issue for 2 months. Employees were demanding Rs. 5000 per month as uniform allowance. The company felt that only Rs. 1100 per employee was justified in this case. The company thought of a *quid pro quo* for buying employees' consent to the reform agenda. Saini preferred to settle the matter on employees' terms. The settlement took place at Rs. 2700 as uniform allowance per employee per annum. Saini also closed some 70 of the 80 files of employees who were facing disciplinary action but involved petty issues. Another very important issue from employees' point of view was that of promotion. DVB had a time-bound promotion policy which assured three promotions to all 75 categories of employees; but promotions had not taken place since 1992 due to financial stringency. Saini convinced Sardana to clear the time-bound promotion issue which he agreed. In the last two year or so 350 people have been given time-bound promotion to those governed by the DVB scheme.

Apart from settling employees' grievances NDPL also took proactive steps to build cooperative employee relations. As a gesture of developing goodwill and we-feeling towards the company, each employee was presented with a wrist watch on the celebration of the first

raising day on July 1, 2003. The company celebrates industrial harmony week from May 1 to 7 every year.

The company has introduced an incentive scheme to promote performance-based culture for employees who successfully achieved their targets. This involves rewarding them with appreciation certificates, giving target-compliance mementoes on achieving the targets. The company has also launched a reward and recognition scheme with a view to recognizing ingenuities and promoting talent. The scheme has four categories of awards namely, extra kilowatt award, extra megawatt award, grid award and the CEO award

The company has provided group accident insurance cover for every employee to the tune of Rs. 2.5 lac at company's cost in relation to work-related injuries in the course of employment. The company has empanelled 40 hospitals all over Delhi for free treatment and hospitalization facilities for employees. Regular camps are organized for free health check-ups with specialist facilities.

It has introduced a scholarship scheme for promoting higher education for children of the company employees. And, free coaching and computer training was provided to 300 children of the employees. It conducted English-speaking courses for the employee wives. Diwali mela was organized for all employees and their family members.

6. Training as a Strategic Priority

The ambitious transformational agenda of the NDPL necessitated availability of state-of-the-art training facility. In order to improve technical competencies among employees Rs. 40 lac were invested in training employees for quality improvement. JDs and KRAs were defined for each position based on the Shriram Committee report. Training modules on quality, team building, behavioral aspects, and business development were designed and administered, which helped in improving the overall level of competency in the organization.

Training need analysis is carried out in larger perspective, taking into account skills and knowledge required in the organization in different pockets. For example, computers were brought in and 100 employees who were earlier involved in salary preparation were to be re-deployed, it was necessary to train them for different jobs including computer handling. In terms of output, quality was very poor, which necessitated making quality improvement training as one of the top priorities. Imparting quality training has improved the general technical proficiency in the organization. Likewise, when old transformers were replaced with new ones training was provided to technicians for maintaining new transformers. Need assessment exercise for mass-scale training took place and an action plan was prepared. Training for team building was designed on the basis of a brain storming session. First of all, training was organized for associates only; later on other categories were included.

The company's policy emphasizes training for all. The top management is fully committed to ensure development of competencies of its human resource of all cadres. It is envisaged

that every employee has a right to receive need-based training at regular intervals as per organizational, functional and individual needs. This is provided to enable him/her to develop his/her potential to the maximum and contribute his/her best to the organization. The ultimate goal of each training course is customer satisfaction through reduction in cost of delivered power and supply of reliable and quality power at adequate and improving levels of efficiency and accountability. The company plans to have at least a minimum of two training mandays in a year per employee for the whole of the employee base.

A peer exchange training program was designed with Baltimore power utility and Columbian power utility, with the host company taking care of all the logistics. Later on some people were sent to Sri Lanka, Bangla Desh, Hong Kong and Nepal to know how things are managed there.

Criticality of training in NDPL's strategy is reflected in the setting up of the Centre for Power Efficiency in Distribution (CENPEID). This centre has got the accreditation of the Ministry of Power, Government of India, and is partly funded by USAID. It has three wings: the HRD institute (situated in Rohini, Delhi) that caters to the training needs; Skill Training Institute (also situated in Rohini, Delhi), which has just started and will be fully functional in December 2004; and policy and research, which will start functioning in December 2004. While the former two function under the HRM department, the third will function under the EKM department. The Skill Training Institute is being built as an institute imparting world-class skill development in the power sector. NDPL proposes to sell the services of this institute to other companies in India and abroad. The HRD Institute conducted 300 training programmes in 2003-04. Training is being done in areas such as quality, customer orientation and computer handling for all employees. In the last two years 18000 mandays of training has been imparted.

7. Changing the Union Dynamics

The NDPL inherited the workforce along with its recognized INTUC (Indian National Trade Union Congress)-affiliated union and 7 staff associations. It continues to recognize this workers' union but does not recognize any staff association. Except some minor disturbances, it has largely witnessed a peaceful acquisition process, whose cultural dimensions are still under review. The concept of Joint Interaction Forum (JIF) has been put in place at the district and circle level; monthly and quarterly meetings of JIF are held regularly at district/circle level. The credit for industrial harmony should go to Saini and his team in implementing the Tata culture in the company's IR policy. Saini's positive approach to employee issues has helped peaceful IR in the company. Also very significant in this is one of the top priorities of Sardana to remove any fear psychosis amongst employees that is usually witnessed in acquisition situations, and more so in takeover of government-run enterprises. He believes in undertaking proactive measures to promote this cause.

Sardana believes that unions are surely needed in any business organization to play the inevitable role of facilitating communication and rumour management. While commenting on peaceful and harmonious IR in NDPL he remarked, "The union leaders have shown

remarkable maturity in the acquisition exercise and handling the consequential issues. We read positive in anything they asked for as our initial response, and this has worked well in forging cooperative relations with them". Sardana's belief that "every manager has to be an HR manager" and that "HR's main role is to serve the line without jargonizing the HR processes", has helped in sending a positive message about his intentions in handling IR issues.

Saini's proactive and quick decision-making on long pending issues of employees and a far more efficacious handling of grievances have helped in generating the willing consent of the common workers in their collaboration with the company turnaround strategy. The end result of the negotiations on issues of widow compensation and uniform allowance, among others, were of considerable help in fostering an atmosphere of trust and cooperation between the union and management.

Prioritizing the improvement of working conditions sent positive signals to employees. Old furniture was replaced by new one. Buildings were renovated. People were made comfortable by providing facilities for a dignified work atmosphere. Drinking water facility was provided. People initially resisted a switch over from payment of salary by cash to credit in bank account. The union raised slogans against the management, but no deeply-held feelings of unfairness were visible from their body language. The management stuck to its guns. Gradually, they saw the positive side of it and while reconciling to management's rationale appreciated the benefits involved in payment through cheque. Earlier they had to stand in queue for hours for taking their salary. Even illiterate people realized the ease with which they could get their salary.

In fact, union resistance was never visible to be any serious road block in implementing Sardana's transformation exercise. Employees were not taken aback by any sudden change in the ownership structure as happens in most acquisitions; talks were going on for quite some time, and they became mentally prepared for this. Attempts were made to acclimatize them in the Tata culture. Two batches of union leaders were sent to the Tata Steel plant in Jamshedpur in September, 2003 for 10 days each to study how cheapest steel is made in the world in a climate of harmonious industrial relations among 40,000 people and without any over time. These leaders returned with a lot of positive attitude. Later, they asked the GM—HRM whether they are being sent to a foreign country as well. The union was a party in the signing of the tripartite agreement involving the takeover, which too helped in forging its consent. There were few stray incidents of resistance; they mostly centered on individuals. Perhaps there were hardly any cases of mass-scale resistance.

8. Performance Management system

On the acquisition of the DVB, the top most priority of the management was to differentiate between performer and non-performer. It was keen to launch a performance management system. The first step in this direction was to develop people for assessing training needs. Initially since people did not understand their own training needs, efforts were made to build capabilities in them. With a view to attributing greater importance to performance, it was decided that the performance appraisal system for the employees is kept simple, which

comprised of only two pages. It contains attributes such as technical knowledge, team building capability, strategic initiatives, behavioral inputs and man-management skills. This was applicable for the first year. From year 2004, KRAs (key result areas) have been developed up to the level of assistant manager with a view to assessing individual performance. The development of KRAs, however, was a very rudimentary exercise. A KRA provides a list of key areas in relation to which a subordinate was supposed to complete the work. From this year, it is proposed to provide two sets of appraisal systems: an operational performance management system based on targets set by the company in different business areas such as financial performance, commercial targets achieved, consumer billing, capital expenditure, etc; and an individual performance management system whereby the performance of the individual is judged on the basis of his KRA. The key responsibility of every individual manager flows from his KRA. For each set of positions, certain level of competency is desired. Performance Management System is viewed as an attempt to measure his level of competency for a given position. The remuneration gets affected in case of poor performance.

Saini introduced the Performance Management System with the objective of: making available a people management device; providing a reward and penalty mechanism; and for guiding the training and development agenda.

In Tata group of companies, 14 broad leadership practices have been identified to facilitate people development. NDPL is making effort to establish these practices so that the requisite capability including knowledge can be developed in people.

NDPL engaged Ernst & Young, a consultancy company to study salary structure of different companies/industries, so as to link rewards with performance. At present NDPL is making an effort to move from grade level structure to work level structure. If an employee moves to NDPL from some other organization, his position in the organization (NDPL) will be commensurate with his work that he performed in the earlier organization. His compensation will be decided accordingly. It has suggested 5 levels in the hierarchy with 8 grades. A matrix is created that links incentive and performance.

9. Communication

Sardana believes that communication plays a critical role in change management in acquisition situations. Its strategic importance still increases in an organization which has inherited a structure and culture imbuing old values and ethos of people, internalization of corruption, bureaucratic inertia and procrastination, hierarchy and lack of accountability. Sardana formed a top management committee of some 26 people, which included managers of the rank of AGMs and above. The committee was aimed to ensure multi-pronged communication amongst them and also to ensure performance monitoring. It used to meet every fortnight. Sometime it went for as long as eight hours. Sardana has taken a lead role in many of these meetings so as to convey his concerns. Since he has the background of a strong technical expertise, he was even seen explaining a circuit diagram to the members concerned. He saw to it that some of the sessions got converted into training sessions as the situations so demanded. Most of these 20 members were erstwhile DVB people. They were

initially docile in these meetings. Their body language showed that they were questioning their own competencies as they had perhaps never done those things at a sophisticated level. These meetings worked as forums for self-introspection for these members. Sardana knew that they had the knowledge but had not had the opportunity to hone their skills. This instrument of communication is still active except that the meeting takes place once a month now. Now such meetings are being held even at the levels of circles and zones. Interestingly, these meetings are held at different places. All 46 zonal managers, 12 district managers and 5 circle heads are to be on a conference call at 9.45 a.m. every time. This has resulted in remarkable improvement in articulation of performance-related and other issues.

Another important vehicle of communication is the Joint Interaction Forum. This is a platform where representatives of union and management meet. It has been working as a useful vehicle for grievance articulation and redressal.

An in-house quarterly magazine named *Navodaya* was launched in November 2003 which contains in-house articles and information that the management wants to deliver to the employees.

Initially, the level of internal and external communication was very high. There were (and still are) several forums where people could express their opinion, including top management forum, senior management forum were formed. Transparency was one of the priorities of the company, and it made it a point to inform the general public and employees that NDPL eventually aims for societal improvement and wants to build long term relations with the customer. A new organization culture is being nurtured through, among others, high level of internal communication. The effectiveness of the communication strategy is corroborated by the fact that a large number of employees know what was happening in the organization.

Communication strategy also includes “consumer awareness campaign”. Mass publicity is being done through advertisements. Posters have been put at the consumer care centres and bill payment centres. Energy conservation messages have been put on the Company’s facilities such as sub-stations, streetlight tower wagons and breakdown vans. Awareness campaign has also been carried out through a drive to educate the school children, who in turn are expected to exert social pressure on other members of the society to conserve electricity. The company has also created a web-based energy club, whereby school and college students and their faculty members, individuals and resident welfare associations (RWAs) can become members. The online activities of the club would include e-newsletters, posters and tips on energy conservation.

10. The Human Resource Management Information System

The company started the process of establishing a systematic HRIS system in January 2003. Prior to that, it consisted of manual maintenance of employee’s record, files and registers. In the DVB structures there were 11 circles for the purpose of salary regulation and disbursement. When privatization took place, two of these eleven circles fell in the NDPL area. HRIS software installation work was given to Tata Consultancy Service (TCS). The

system was customized for the NDPL's needs. The HRIS system was set up with two-fold objectives: to link salary with the employee and to keep accurate data related to all employees. For this purpose two different modules were created: the HRIS module, and the Pay roll module

[Ask for the present position] The modules are still in the process of comprehensive development, and are not fully integrated. The base module has 9 applications linked through network. In each module there are sub-modules. The system is designed in such a way that offline data can be loaded. At a time offline data generated in respect of 400 employees can be added into the system. The system can help generate any kind of report. Attendance module is used only for salary purpose. "Shift master" module, which keeps record of a person working in shifts, is not being used because it is difficult to keep track of the person's shift. At present this module is used only for salary. Entries of training needs are not integrated with other departments. They are fed manually at one place. Training history is maintained. Leave module is completely integrated and it is fully operational. "Claim" module is not linked with the system. Loan module is used for sanctioning and disbursement of loans. For past loans, record is maintained in files/registers. Performance appraisal is also not linked but performance records are maintained.

Manpower planning module is capable of giving only sanctioned position. All types of saving made by employees, internal saving, monthly savings are recorded. Similarly rent record, income tax record is maintained. The department ensures that salary reaches in respective banks by 30th of the month. Salary slip is issued on 10th of every month.

In the payroll module five different types of pay structure are maintained for different types of employees i.e. DVB employees, NDPL employees, Work-charge employees, Suspended employees, and Deputationists

The concept of HRIS is undergoing tremendous change in the organization. The concept of position ID has come into being. According to this concept, each and every employee has a unique position in the department concerned. If the position is not there, the employee will not exist. The Employee ID number is provided to all employees. If there is a vacancy, it has to be filled either by transfer or through recruitment. For each position, KRAs have been designed. If the position is filled up, it gets updated in the system. Each position will have an employee number, job description number and position ID.

Some of priority areas in HRIS include: establishing the Position ID concept; and introducing the final settlement of employees in the system.

11. Managing Knowledge

Within a short span of its working NDPL has set up the Entrepreneurship and Knowledge Management (EKM) cell which reports directly to the CEO. Headed by Pramod Singh, this department has four wings i.e. Benchmarking, Knowledge Management (KM) Portal, Customer and External Analysis, and Sectoral Analysis. Each of these wings is headed by an MBA graduate. The department's role is performed with the belief that there is a wealth of

knowledge within the company as well outside, which has to be tapped for delivering a better value to the customer. The word entrepreneurship in it is seen as a function involving formulation of strategy and its deployment (i.e. action plan), and KM is concerned with collecting and processing of information for serving the organizational goals. The benchmarking wing assimilates information on all technical and operational matters, including on HR practices, and forwards the data to the departments concerned. The KM portal wing consists of a task force of IT people, which makes use of software and Internet for supplying information. The customer and external analysis wing analyses customers' concerns and helps in building the future strategy. The Sectoral wing gets data related to market forces and macro parameters from various sources including: the Ministry of Power, NTPC, NHPC, the media and the internet.

NDPL has been hiring the world leader in all types of surveys, A.C. Neilson, an American Company, for conducting surveys on what the customer aspirations are and how soon the aspirations change. This agency selected 15 parameters on which information was collected, and a sample size of 2500 consumers in the NDPL area, to whom it administered a half-an hour interview schedule. It was the first time that an electricity-distribution agency undertook this type of an exercise. In its April 2003 survey it was revealed that 85 per cent consumers expect "power reliability" to be one of the most important expectations from NDPL. Interestingly, as power reliability increased in the NDPL area, in the second survey conducted by the same company, the importance of "Communication about load-shedding" increased from earlier 60 per cent in the first survey to 72 per cent. As a result, NDPL went to Radio Mirchi, an FM radio broadcaster in Delhi, to announce communications about power cuts in different parts of its operational area on a particular day. Further, every two months the Internal Call Centre of NDPL carried out dipstick for its interventions i.e. testing whether its hypothesis underlying an intervention is correct or not. The dipstick asked people whether they listen to Radio Mirchi and have noted the communication on power cut. It has also started a system of *munadi* (hindi) i.e. a van with a loudspeaker going to a locality and announcing a message.

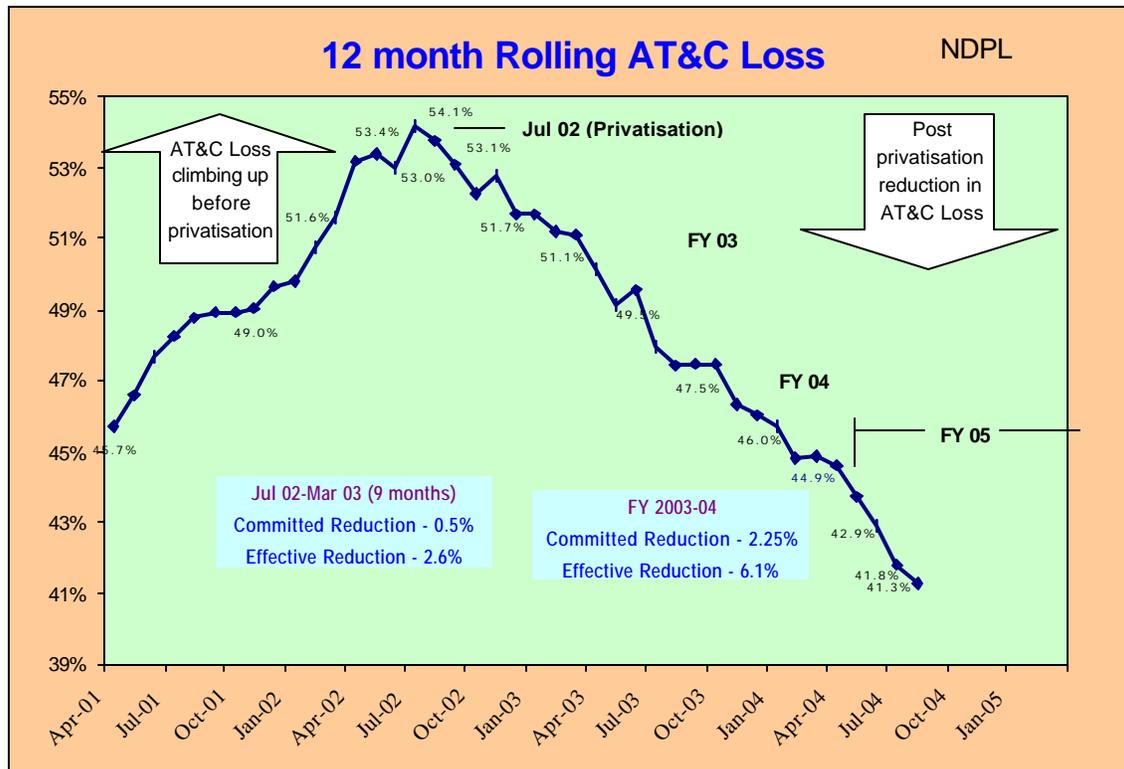
NDPL gets feedback about its service from various sources including the communication received on its website. It also has a telephone service which can be used by whistle blowers about power theft or harassment about the NDPL staff. An action plan is followed by the top management every month. It also uses information technology (IT) software for managing knowledge more appropriately. Its exercises in capital expenditure budgeting, and call centre management also prove useful sources in KM, as from the shareholders' point of view they help in reducing cost.

The CENPEID (Centre for Power Efficiency in Distribution) is one of the components of the KM in NDPL. This centre has got the accreditation of the Ministry of Power, Government of India, and is partly funded by USAID. Apart from its two components, which are to work as training and skill development centres, its third component i.e. policy and research institute will start functioning in December 2004. This will function under the EKM department. The company is also trying to set up the Customer Relations Management (CRM) software, which is expected to be completed April, 2004, with the help of which the company expects to do cross-selling.

PERFORMANCE AND ACHIEVEMENTS

NDPL targeted bringing about changes in several spheres. Large-scale changes have taken place in operations & maintenance work. The MIS has been of immense help in creating system connectivity. The company has now developed a system-orientation in nearly all key processes. The company has improved its functioning on several operational parameters. It has benchmarked itself against the top five utilities in the world. Equipment in the NDPL area is quite up-to-date and its maintenance is monitored very closely so that the consumer gets a good voltage. The company has added an international concept called n-1. This helps ensure that even if one part of equipment fails to function, the system keeps functioning and the consumer does not suffer. The company is working towards making all its 66 kv and 33 kv stations on n-1 concept by the end of 2004, with all of them having a back up. Operations and maintenance work has been considerably facilitated by “one store concept”. The store is housed in an area of about 5 acres at a central place, and is responsible for delivering the material to the place where it is required. This is also called the “home delivery” concept. All these changes have contributed to better performance and consequently gradual reduction in AT&C losses that are visible from Figure 2. The reduction in AT&C losses by 9 per cent in a period of 21 months from the takeover (i.e till 31 March 2004) has been possible through a number of steps such as energy audit of the distribution network, rationalization and updating of billing database, installation of LTless (low tensionless) systems in theft-prone areas, replacement of faulty meters and aggressive enforcement activities.

Figure 2: Twelve Month Rolling AT &C Loss



Comprehensive changes have taken place on HRM front. Speaking of the progress on this front Sardana observed:

“One of our biggest achievement is that we have been able to secure our right to govern vis-à-vis our employees governed by the DVB scheme. This category of employee has no fear psychosis about the new milieu in which he would be working. Yet the environment is one of accountability. We have also been able to institutionalize the concept of what the consumer wants from us; this is surely the first step in our working towards the consumer affection. The union cooperation could be secured through our transparent attitude to collective concerns of people, our belief in their right to play their role, and our decision to take on issues head on rather than avoiding or suppressing them”

Sardana has always been exhorting his HR team thus: “Allow the line people to play the role of managing HR issues; that will contribute to greater effectiveness of people’s contribution to organizational goals. Do not jargonize your role. Do not use the words KRAs and BSC. Translate them in manner that the line understands your intentions and concerns”. Very high hopes have been eyed on the role of various wings of CEPIED in developing employees’ competencies given its achievements so far.

Sardana’s role in the company’s ability to change the external environment is also significant, especially the politicians’ role in the power sector in Delhi. While commenting on the achievements towards this goal, he remarked: “Each member of the legislative assembly (MLA) of Delhi is regularly invited to have lunch with our team. Politicians have realized the need for radical reforms in this sector. When we ask them to allow us to manage our commercial concerns as per demands of an enterprise they ask for more time rather than rejecting our demands outright”.

The company’s performance on several parameters can be noticed in Table 4.

Table 4: Improvement in Power Supply Position since July 2002

S.No.	Parameter	On Takeover	FY 2003-04	Q1 FY 04-05	Remarks
1	Reliability Index (%)	98.5%	99.57%	99.61%	Significant Improvement
2	No. of Transformer Failure per annum	584	248	37	Drastic Improvement
3.	Capacitor Availability (MVAR)	252	506	669	Increased by 166%
4.	Mean time taken to repair Cable Faults (days)	11	7	2	Significant Improvement

5.	No supply Complaints received per day at Call Centre	8000	2578	2419	Decreased by 70%
6.	Load Shedding Share in Delhi (%)	40	17	6	NDPL accounts for about 27% of Delhi's Consumption
7.	Street Lights in working condition (%)	< 50%	> 80%	99%	Significant Improvement

The reduction in AT&C losses by 9 per cent in a period of 21 months from the takeover (i.e till 31 March 2004) has been possible through a number of steps such as energy audit of the distribution network, rationalization and updating of billing database, installation of LT less systems in theft-prone areas, replacement of faulty meters and aggressive enforcement activities. And, today the company is cash sufficient too. These achievements have enabled the company to get far better media response of its performance than has been the case with the two BSES companies operating in the remaining parts of Delhi.

It is widely believed that the difference in the performance of BSES and NDPL is the charismatic leadership of Sardana. Be it reliability of power supply, customer feedback or assessment of the intelligentsia, NDPL is far ahead of BSES; the latter has changed four CEOs in the last 18 months, but Sardana's sticking to NDPL has helped the company attain constant improvement through ethical means and fair play. Perhaps the working of NDPL has shown that the "private" is not an untouchable term in public utility management any more. It has to be seen as a model in power-reforms discourse and carries several lessons for similar experiments being made in the area of power supply and even sewerage boards elsewhere in India or even South Asia.

LOOKING AHEAD

While Sardana looks back at the achievements he has been able to secure, he does not feel complacent. He is well aware of some of the serious challenges lying ahead of him. Reliability of power supply has not been achieved. Only about 30 per cent of the equipments have been changed; 70 per cent is still old. Also, he knows that the present anti-theft drive against the power thieves is not fully effective. One of the most challenging tasks he faces is changing the mindset of the Delhi power consumers, a large number of whom have been using power for 50 years without paying for it. The nexus between the power thieves and the political configurations is quite strong; and only an organizational leader of immense political sagacity can be expected to challenge the resistance posed by it and in breaking its steel frame. NDPL has made a far greater capital investment in the infrastructure than its competitor BSES. Media has reported that while 7 to 8 per cent breakdowns are in the NDPL area, 90 per cent are in the BSES area. Reliance was to spend 700 crore on the infrastructure but has actually spent only Rs. 140 crore so far. Sardana feels: "It is a great challenge for us to convince the Delhi Government to acknowledge that NDPL is far better than BSES."

In fact, tackling the combined effect of various causes of persistent (though declining) AT&C losses is itself a grave challenge; he knows that reducing it to less than 45 cent at the end of year 2003-04 is not enough. The company needs to draw clearer plan that helps sustain and catalyze the efforts in terms of framing a long-term roadmap. For establishing new grid substations and for repair/replacement of underground cables, the availability of land and work permissions required from the statutory authorities still remains one of the major concerns for the company.

. The company has not yet been able to get 100 per cent loyalty of its people. And the environment that NDPL wanted to create at every level requires far greater efforts on the part of the management. For example, the administration in the Zonal offices is still far from satisfactory. Commenting on the change of mindsets that has taken place one of the GMs observed: "We have been able to acclimatize about 50 per cent employees into the NDPL ethos; about 30 per cent are fence-sitters; and about 20 per cent have not changed at all." Controlling power theft is a major issue. While elaborating on some of the challenges that NDPL faces today, Sardana observed: "We have not been able to enforce a sense of responsibility amongst the consumers; especially in relation to areas which are mob-oriented. At least 40 per cent irritants still exist. We also have not yet been able to get 100 percent loyalty of our employees". Communication still needs a lot of improvement. While 95 employees may be knowing Sardana, but not more than 60 per cent know the General Managers. The employees at the field level still have no idea of the company's vision and mission. Even though they can read it, but they do not know the full import of it. Perhaps more effective communication strategies could have been devised: may be some skits or interactive forums could be tried using the local language. While focusing on consumer and employees is praiseworthy but it is important that man in the field has to be taken along in marching towards the vision. Even the training imparted could focus more on functional capability than the contemporary fads. The incompatibility between the fast-track new employee and the old DVB-scheme JE is one of the major issues that have to be addressed. This will require a more critical appreciation of competency mapping. There is still a good bit of ambiguity about setting priorities to facilitating the achievements at a faster rate. There is considerable scope for the top management to undertake mentoring programmes for the middle- and junior-level managers, especially those covered under the DVB scheme.

The company plans to bring about substantial increase in its performance in regulating power supply and feeders. Considerable investment will be required for this. And, what is going to happen in 2007 when the five-year subsidy contract between the Delhi Government and the two new power companies is going to be over? Where will the NDPL then stand in competitive reckoning? Will it be able to eventually secure the power distribution in other parts of the country where power sector reforms are bound to be resorted to? It all will depend on Sardana's moving fast and smart enough towards the challenges that NDPL faces.