

Major Recommendation of Deloittee consultants on organizational restructuring/ HR Plan of BSNL.

a. Restructure the SSA (Field set up below circle)

1. **Recommendation:** Re-structure SSAs into Area Offices that focus on sales and customer service delivery

Rationale: The highly competitive telecom landscape requires sustained focus on sales, marketing, channel management and customer acquisition. Leading operators have aligned below circle setup to focus on customer acquisition and customer service delivery, which is critical for customer retention and measurement of customer satisfaction

2. **Recommendation:** Merge / consolidate smaller SSAs while restructuring the same into Area Offices based on geographic size, number of connections and financial viability

Rationale: Of the 300+ SSAs, some cater to as low as 15,000 CFA connections. Most of these small SSAs are not financially viable with employee cost as % of revenue >50% and in some cases >100%. Our analysis indicates that BSNL can operate with 167 Area Offices

3. **Recommendation:** Move technical activities such as transmission, network planning to circle office. Move functions such as HR, Finance to circle office post ERP implementation. Area office to monitor the outsourced agencies for O&M of wireless and wireline networks, and monitor customer service delivery

Rationale: Lean area offices with focus only on sales, marketing & customer service delivery

b. Acquire critical skills in the areas of sales, marketing, customer service delivery, and IT

Recommendations

➤ For successful implementation of recommendations around sales and marketing, channel management and distribution, recruit:

- Sales force of 8,000+ executives with Telecom/ FMCG sales background
 - Marketing force of 1,300+ executives with Telecom/ FMCG marketing background
 - Customer service delivery force of 4000+ executives for customer management
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- Significant majority of this additional manpower to be acquired on off-roll basis in line with practices followed by other PSEs such as EIL, NTPC etc. Sales, marketing, and customer service is the primary skill gap area at BSNL as it has only technical and financial cadre employees. To manage fixed costs and allow BSNL flexibility to include performance based compensation, off role staff is suggested.
- Consider executive levels from JTO till AGM as an operational band and provide career progression without vacancy consideration up to the level of AGM.
- Take management trainees at one level above the entry level and provide clarity in the career path.

c. Achieve efficiencies at non-territorial circles

Recommendations:

- Continue with separate maintenance regions till O&M is in-house. If O&M is outsourced, territorial circles to monitor outsourced agencies.
- Regional projects setup to work on flexible deployment as per the requirement of the project. Project manpower to be defined basis internal benchmarks. The activities of north east task force to be managed by eastern region project circle.
- Merge Quality assurance and Inspections Circles.
- Continue Technical training centers as-is and evolve them as centers of excellence and profit centers. Finance/managerial training center (NATFM) may be merged with technical centers.
- Task based circles such as NCNGN, Broad Band NW to be discontinued as and when task is completed.
- Telecom factories manpower to be carried as supernumerary till retirement.
- Activities of central telecom stores (CTS) to be managed by WB Circle.

Rationale: In line with O&M outsourcing and as per market practices, the outsourced agencies may be monitored by circle offices. Competitors operate projects setup on flexi-deployment basis as per project requirement. Most competitors have a combined QA & I setup. Task based setups such as NGN are discontinued in the market once the task is completed. Competitors and other PSEs have a unified training setup. Most of other operators have a defined setup for managing CDR / Mobile center related activities with some activities in-house while some are outsourced. Almost all competitors follow standard norm of Corporate manpower as 5-10% of overall manpower (on-rolls)

h

d. Obtain salary support from government for financial revival.

Recommendations

- Optimize manpower on the basis of internal benchmarking for O&M, Finance, HR / Admin activities till network O&M is outsourced and impact of ERP takes effect. Adopt market manpower norms for O&M monitoring, Finance, HR/ Admin activities in line with network outsourcing and ERP implementation
- Seek Government support for 50% of salary of the identified excess manpower post assessment based on market norms and/or internal benchmarking.

Rationale: Employee cost as a % of revenue for BSNL is very high (~51% in FY 2013) compared to ~4% for leading telecom service providers. Such high manpower cost is untenable in the existing competitive scenario.

e. Need for establishing a performance oriented culture and rewards scheme.

Recommendation:

- BSNL should introduce a Performance Management System to drive employees to achieve their KPIs
 - Leading PSUs such as NTPC, IOCL, GAIL, ONGC have established a strong PMS for assessing departmental and individual performance and has established linkage between performance and rewards (monetary or non-monetary)
 - Include assessment of potential / competencies as a key parameter in the re-designed PMS.