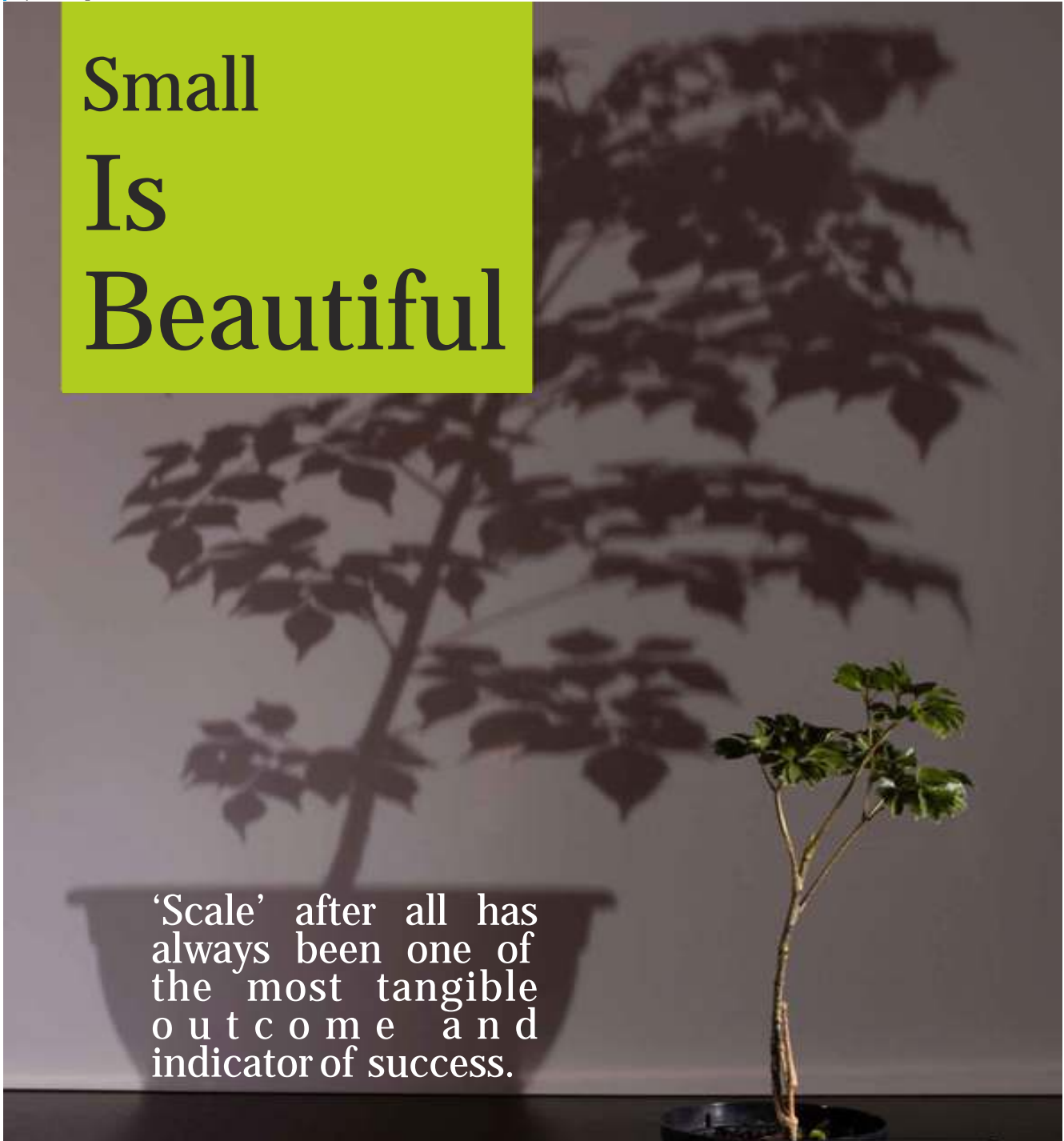


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Image Source: <http://slicedsoup.com/wp-content/uploads/2013/06/sprouting-seed.jpg>

Small Is Beautiful



'Scale' after all has always been one of the most tangible outcome and indicator of success.

Scale could be spoken of either in terms of an organization's turnover or in terms of the employee strength that an organization can boast about. I have often been suggested and advised many times by well wishers on ways and means to scale up the operations of the Talent Management and Organization

Development consulting firm that I lead. There is a fair amount of disbelief when I mention that 'scale' is neither an aspiration, nor is it the measure of our success. They are equally surprised when I share with them that the decision to keep the operations niche and ensure enough time to focus on work that energizes, is a conscious decision.



This article is purely based on my personal experiences (in the service industry), over the last decade of consciously not succumbing to the ambition of 'making operations big'. Through this article, I have made a simple attempt at sharing the rationale behind this thinking and the conscious decision of truly enjoying and living 'small is beautiful'.

'Small is beautiful' is the title of the famous book by E. F. Schumacher, in which he has logically opposed the tenets of classical economics of concentrating solely on output, technology, mass production and 'bigger is better'. While his work was published during World War II and many of his concepts were drawn from the world of production and manufacturing, they hold good even today. And what's more-they can be easily applied even to the world of services. To share some of the key advantages that one enjoys while applying the philosophy of 'small is beautiful', specially applied to a consulting or a services firm:

Stronger hold on Quality: Having an operation that is not a large scale one, ensures that one is able to tightly monitor and control quality. It is a fairly simple principle that when operations are easy to control, there is more available time that can be spent on planning, execution and quality management. I have often seen that when companies chase scale (for example when a consulting company chases turnover or wants a steep increase in number of clients or sets other ambitions outcomes), the first causality is quality. While some organizations have been able to manage 'scale' well, it is largely dependent on the quality standards of the person responsible for that particular deliverable or the presence of strong processes that ensure quality. When you have smaller and manageable operations, you can make sure that sufficient time is spent on each assignment.

Not only do you get pleasure in the planning but also in seeing good quality outcomes.

Faster decision making: As smaller teams or operations have lesser hierarchies, decision making is much faster as very often, the implementer is the decider. Decisions need to pass through fewer channels and hence can be taken faster. While it is true here that the competencies of the leadership plays a very important part, smaller organizations can cope with changes required from customers or those initiated by the environment much faster. This helps get CLOSER TO THE CLIENT. In addition, as there are no separate departments that focus on certain aspects of the product or services, employees are directly involved in any new product or service creation and its delivery. Hence, team members get to see their contribution and fructification of their efforts-this in itself, is a great motivator.

Recession free: India has witnessed fairly turbulent times with respect to its economy over the last 3 years. I have seen so many friends, business associates and entrepreneurs who scaled up just before the recession, having to let go of almost 50% of their staff when recession hit. When you have consciously not focused on scale, one does not have to think of cutting down on the team strength as it is quite easy to go on with the existing team. Especially at these times, one is so thankful that one did not yield to the temptation of scale.

Strong knit team and the human touch. As operations start becoming wider, an increase in the number of levels is a natural by product. You have assistant managers, managers, deputy managers and sr. managers. When there are so many levels, and when churn and attrition are given in the corporate world, special initiatives have to be worked out to get teams from



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different departments to feel like a family. Team work is not but default but by design. On the other hand, when operations are small, there are no additional efforts or team building activities needed to get team members to be familiar with each other. Thanks to a manageable team size, everyone knows what the other person is handling and hence there is no need for formal communication channels between team members. This releases time from peripheral activities to focus on 'core deliverables' and real work. Moreover, as the team is small, all members get to do different types of work and this ensures holistic growth.

Freedom of choice and scope to experiment and think creative: When one is chasing scale, you are often forced to take on business with clients, who may not be of your choice (Either the values of the client are not in tune with the values of the organization or the type of assignment is not energizing enough). Huge overheads require stringent business targets. When you are clear that 'numbers' are not the most important guiding factor and as the 'overheads' are limited, you can focus on doing 'meaningful work' versus purely 'revenue generating work'. This gives huge opportunity to allocate time to think creatively, come up with new and innovative products and explore alternate solutions for the clients. You can defer taking on work that is not engaging enough. While Pareto's law is true here as well, you can make sure that 80:20 principle works in your favor, where 80% of the work is something that is energy giving. Where else do you get freedom of this nature?

Lower levels of stress: One of the other by products of chasing scale is greater stress levels. There are just simply too many things to manage in a large scale operation. Compare this to a boutique consulting firm that focuses on taking up a few assignments and chooses to execute only a couple at a time. It is obvious that the stress levels are low as one can focus on only one client or one assignment at a time. This is a win-win for both the clients and the consulting company. One can say that in large scale operations, having more employees or resources to complete the task is a common way to tackle the stretch goals and targets. However, when one has

many people on one particular assignment, simply getting all employees to work in coordination with each other can be stressful enough.

So the million dollar question that one may ask is "Is it not possible to get all these advantages even in operations of scale." Yes! It is. By creating a 'small within big'. However, it has to be consciously designed in a way that gives the best of both worlds. One of the ways to do this is to adopt a business unit concept or dividing the business in such a way that there are smaller operations within-which enjoy complete autonomy and where there is no space for bureaucracy.

Some of the challenges faced in small scale set ups:

1. Attracting the right talent: Many employees prefer to work in huge companies that not only add weight to their CV, but also give multiple other employee benefits, facilities and many other teams to interact with.
2. Offering vertical or horizontal growth to team members: In a smaller set up, the very advantage of not having too many levels or hierarchies can be a bit of a dampener for employees with vertical career growth aspirations. While the width of any role can be increased easily, setting clear cut career paths in terms of levels and designations may not be viable in a smaller set up.
3. Limited focus on setting up stringent processes and systems: As organizations that are huge have to manage many people, in most companies, there are very well set systems and processes. These systems operate even though the persons monitoring them may keep changing. In a small scale operation, as the team strength is small, the requirement for stringent systems is not so strong-in fact many smaller scale operations thrive on flexibility.
4. Business Development Challenges-Large scale operations are better recognized, have stronger branding and hence business development efforts/getting new business becomes easier. Operations of small scale have to rely mainly on word of mouth and don't enjoy much of a bargaining power.

Conclusion

As one weighs the pros and the cons of scale versus small, I think the defining factor is the main purpose for which the operation has been set up. It is the purpose and the ambition of those who set up an operation-whether 'big' or 'small', that will finally decide the shape of things to come.

All I can say from my personal experience is that I have always felt that the advantages of 'small' far outweigh the challenges that one has to deal with. It is with renewed enthusiasm that I truly believe 'Small is beautiful'.

