

Being a Front Runner: 5Force Management Services

**Raji Parameshwaran
Pillai**

Assistant Professor,
L. J. Institute of Management
Studies
Ahmedabad
rajibhavsar@gmail.com

It's a clear, pleasant and bright Monday morning, the time is 9.45 a.m. The place is the board room of 5Force Management Services. It's a usual day as any other for the employees of the company; but not for the managing director of the company. Managers have taken their seats by 9.50 a.m., as they are aware that time is very important investment of each one of them; thus should be spent very thoughtfully. Few are busy discussing the issues that they are planning to discuss, few experts are busy analyzing the industry scenario, and few are busy guessing the agenda of the meeting. Each one of them is cognizant that they are responsible of fulfilling the company goals and work for the company's strategic strength, with the objective of strengthening the company's position in the market. The average age of the managers is 25 years only. It is 9.55 a.m., the managing director of the company enters. This managing director, Varun Sutaria, is 24 years old guy, pleasant faced guy who still looks like a college going guy, full of energy and swift in walk. And the meeting starts at sharp 10.00 a.m.

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ABOUT THE INDUSTRY

With the increase in quality human resource and qualified professionals, the need to design varying compensation schemes and right recruitment methodology is also rising. This has made companies to look for outsourcing routine administrative human resource activities to involve the in-house human resource divisions into more strategic activities. However, the trend is fast spreading, wherein many companies have opted to outsource the entire package, including the design of HR systems that are likely to have a fundamental impact on organizational performance. A study on HR Department Benchmarks and Analysis 2007 available from The Bureau of National Affairs, (BNA), U.S.A. reports that 72% of surveyed employers outsource at least one HR activity of which few commonly outsourced activities are:

- Employee assistance/counseling,
- Pension/retirement plans,
- Other employee benefits (Health, Medical, Life insurance, cafeteria, etc),
- Training
- Payroll.

The reasons why many companies outsource are the desire to avail HR services at a lower cost and to get the services from the experts.

In SHRM's 2004 survey about HR outsourcing, 56% of the 169 surveyed HR professionals said that their companies outsourced HR functions to save money or reduce operating costs, and 41% to reduce the number of HR staff and related expenses. Another survey, by IDC (www.idc.com), reports that worldwide HR business process outsourcing (BPO) will be the fastest-growing segment of the HR service spending market. Estimates show that the latent size of HR outsourcing in India is about \$2 billion with a current market of \$27 million and it is growing at a rate of about 50 per cent.

BACKGROUND

Varun belongs to the family of entrepreneurs. He always wanted to be one like his father, and also wanted to start like his father did- afresh. With a management degree, clear goals, and bundle of

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dreams he and his friends initiated a thought called '5Force'. With limited resources, and minimal practical experience, the team was ready to enter an industry which was testing its sustainability. The start was not effortless as they were all from different backgrounds, had left their assignments to start this new venture, thus had to spend their valuable funds and resources very calculatedly. Other than this; the most important challenge was they were new in the market; but they considered this to be an opportunity as the market was like an open playground- less explored.

ABOUT THE COMPANY

5Force Services is an internationally established organization providing staffing designs and BPO services. 5Force Services functions as a single point of contact for companies searching trustworthy partners that can assist them in supporting their growth engine by providing appropriate solutions.

The company believes in lean and sharp strategy to establish in the industry by not broadening their services but by selecting the countries to operate in.

With their head office in India, and supporting offices in United States, the company caters the human resource and outsourcing needs of clients across number of verticals like IT, Telecom, Medical, pharmaceutical & Healthcare, Education, Banking and finance, Automobiles, hospitality, real estate, insurance, and retail and across the world.

The company has a strong foothold in RPO (Recruitment process outsourcing) i.e. payroll services, third party sourcing, direct hiring, permanent and contract staffing. The company believes in lean and sharp strategy to establish in the industry by not broadening their services but by selecting the countries to operate in. Presently 5Force works with companies in countries like Philippines, US, Canada, Australia and UK. The financial growth is very encouraging, which shows a 50% increase in the company's turnover every year, 2009-10 to 2010-11 the company saw a 30% increase, from 2010-11 to 2011-12 an increase of 50% and in 2012-13, the company expects a jump of 25% in addition to the previous year.

WHY AN ENTREPRENEUR, ONCE AN ENTREPRENEUR IS ALWAYS AN ENTREPRENEUR

Two weeks before, Varun was restless; even when his company was doing very well, he had a dedicated team, and the future promised many opportunities. But the reason of Varun's restlessness was the need to prepare himself and his team to be ready when the opportunity comes knocking. As a young entrepreneur, he was aware that the decisions that he will take needs to be well studied ones and perfectly detailed. He directed his efforts towards visualizing how his company will grow in coming years. He firmly believed that as an entrepreneur he will have to be very thoughtful in many decision aspects.

1. Taking risk and not gambling:

When 5Force turned two, the news articles and business newspapers were talking of new industry initiation which was into the business of providing HR services to the companies. This indicated a paradigm shift in the strategic decisions taken by many companies, by outsourcing human resource activities. 5Force was much ahead of time, as Varun had anticipated this scenario two years before and now knew the game well. 5Force Limited, in a very short span of time is one of the trustful and looked upon vendors providing payroll management services, recruitment solutions and marketing activities to top notch companies of India.

2. Developing the 'PASSION'

One of the most important qualities associated with successful entrepreneurship is passion. When people feel committed to what they are doing and when they care deeply about it, they stand the best chance of being successful at it. Believing in ones offering is very essential. That the service designed by you is going to benefit the clients to a very great extend and help them to perform better, has been the passion of Varun. Developing a business solution is a strategic decision of any company, thus they would always like to partner a passionate solution provider, with whom the goals align.

3. Alertness to opportunities

From the inception, Varun was very clear about what he and his team are going to do. 5Force has very strategically alienated its two business ventures; one being payroll management and providing recruitment solutions, which included pay-rolling and contract staffing; and the other in handling the marketing and sales promotion activities of companies. The two business ventures are managed very

tactfully by the team. Varun says, “In the recent years, many companies have achieved efficiency by transferring processes, together with few operational activities and responsibilities, to an outside service provider. This helps the management to refocus scarce resources like time, human resource, and money; on core business activities. This was a big opportunity for us and we could have not afforded to miss it. The outsourcing industry is not new, but human resource management outsourcing was a golden opportunity”. Other than the two business ventures, 5Force has developed its competitive edge in various other business solutions (Refer Fig 1).

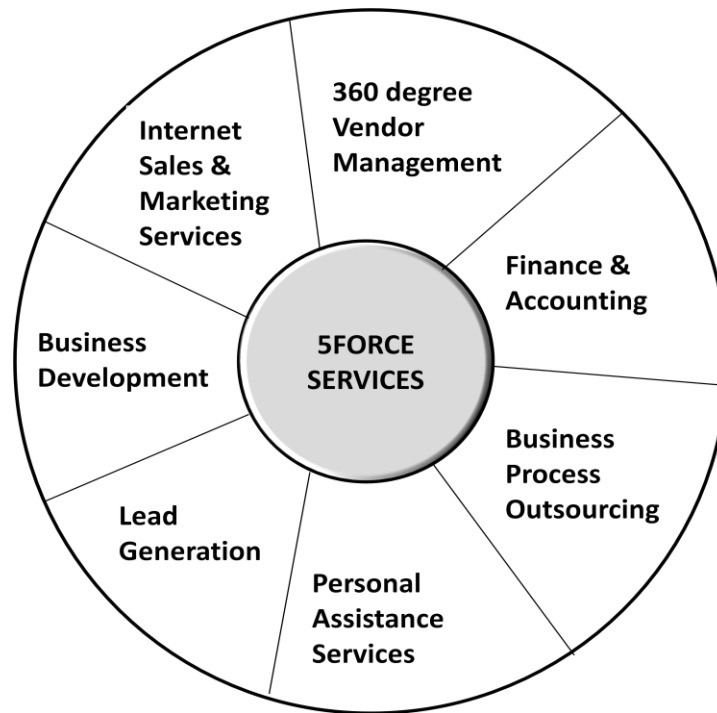


Fig.1: 5Force’s Competitive Edge

4. Developing the Business Plan: Being Futuristic

Being futuristic is very important for an entrepreneur. The vision of the company is to provide HR solutions which derive quality, efficiency, and time saving benefits to the client. To achieve these multi-dimensional goals, the company has a strong in-house technology combined with extensive understanding of human resources function. Dhara Shah, the co-founder of 5Force gives some factsheets which indicate the rising need of these service providers. She says that most companies report 21 percent to 80 percent savings by switching their HR delivery mechanism to consultancies. An expert consultant, who is working and specializing in one particular area, promises to keep up a consistent set of human resource practices across an enterprise which are derived and continuously

improved on basis of industry benchmarking. Thus the vision of 5Force is not only to be known as ‘HR solution provider’ but also to be ‘HR quality Enhancer’. To attain a competitive position, Varun had taken many strategic decisions after studying the industry needs and potentials, present and future environment of the industry and availability of resources at the end of 5Force. The decisions thus included development of a basket of services to offer the client, of which vendor management, internet sales and marketing services, lead generation and business development were new services.

5. Developing a Competitive Edge to surpass the competitors

5Force’s goal was very clear. The company wanted to develop its competitive advantage by being the perfect solution provider. As an entrepreneur, Varun was very firm on attaining the competitive edge by providing a basket-full of services wherein the client company can outsource the functions from 5Force very convincingly. He was quick in grabbing the requirement of the client firms who at times were not interested in incurring the human resource cost, may lack expertise in handling HR issues, and most importantly may not like to involve into the hassle of running a selection procedure during high employee turnover. He was aware of the ‘headache’ of the client firms, for which he had a solution. Here was the opportunity which he could not afford to miss. A right entrepreneur never allows an opportunity to go by, it’s not an opportunity loss for him; rather it’s like missing a chance to succeed that only few are given. 5Force, being an early mover, has very intellectually understand the demand of the market and has customized each service to meet the client requirement. This is where the company earns a competitive edge. Varun says, “In this industry one needs to be a fast learner and continue to move aggressively. This becomes all the more important when we are handling multiple activities of a client and at the same time serving more than one clients from the same industry. The client looks for perfection and we look for a long term relationship”.

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6. Studying the Problems: Opportunity sprouts out of Problems

5Force’s other business venture is of Public Relations Management, where by the company manages the communication between an organization and the public. Varun’s frequent interaction with his

clients helped him to find out one more business opportunity from the problem faced by the clients. The clients were unable to ‘hit’ an impactful communication through public relations. Lack of proper media database infrastructure, expertise knowledge about ‘what needs to be communicated and how’, and most importantly the research services leaves a huge opportunity for PR agencies. One gets a full spectrum of services, which might not be the case by bringing in one professional. A whole team of people who are specialized in media relationship can always create a difference. Thinking futuristically and not wasting the new opportunity, 5Force has developed a strong PR service base by developing the credibility for their clients which they can rely upon. 5Force organizes product launch events, press conference, conducts, and annual general meetings for the company and also takes care of script writing, presentation, press coverage and sequences the activities to attain the objective of better PR (Refer Fig:2). The clientele list not only includes big names from pharmaceuticals, FMCG, hospitality industry but also includes international clients working on their product launch in India.

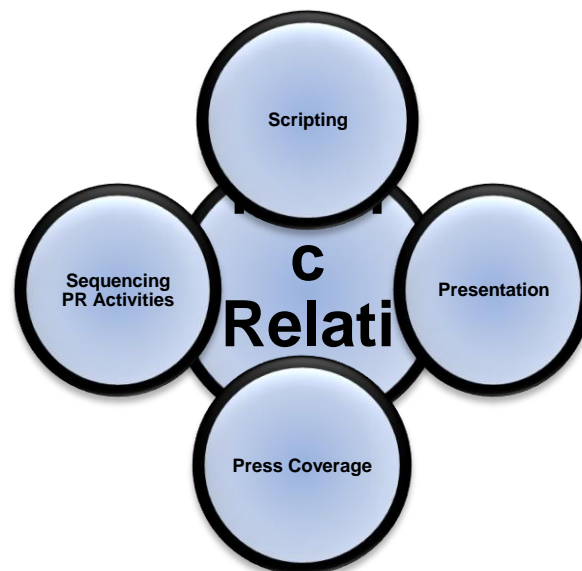


Fig 2: 5Force managing Public Relations

7. Good Business brings business

5Force’s business is to help client businesses grow. When looking after any clients’ human resource requirement, it becomes very important to check the quality of the recruits made. Varun says, “A client is more alert than us, and thus knows what ‘quality’ he is receiving from us in terms of recruits made. Thus we make it doubly sure at our end that the recruitment procedure is well designed to filter out appropriate candidates for a clients firm”. Selecting ‘right’ candidate from the data pool,

counseling pre-interview, and guiding through curriculum vitae preparation are few steps taken by the company. The company believes this is their core competency, which they want to strengthen further.

Varun believes it's a long way to go and 5Force is just gearing up.

Questions for Discussion:

1. Discuss the qualities of the entrepreneur, Mr. Varun Sutaria.
2. Discuss the growth of 5Force and state your opinion about the same.
3. As an entrepreneur how are decisions of Varun Sutaria influencing 5Force?
4. If you were the entrepreneur of 5Force, what would be your action plan for the company?