

Case Study

To B (udget) or Not to B (udget)

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Abstract

Pacific Legtrans Inc. is a Legal Transcription firm in India. It caters to the legal outsourcing requirement of the American legal world .But with passing time the sales team in the US has been facing a lot of difficulties with selling Pacific Legtrans services at their current price levels. Bigger players have come into the market and they are selling their services even at a loss to win customers with the hope that the customers would become sticky and then they would inch their prices up. The mandate given to the HR Head was to chalk out a couple of scenarios and to find a right strategy inorder to help him Budget right. Nobody knew whether their strategy would work or not but currently it was causing a lot of grief to Pacific Legtrans. To tide over this crisis the management team had come to only one conclusion that there is now no way that they “Boutique” model could sustain and that they needed to expand. A case study method has been used, 6 challenging scenarios have been presented to the reader and the reader needs to choose the correct scenario/s to help the HR head tide over troubled waters .The strategy selected, could help him save the company. This case forms a part of the scenario planning which reflects under manpower planning. Choosing the right strategy will help the company

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sustain itself. It would help the HR head to Budget the right kind of manpower needed. The case study approach for scenario planning would help in selecting the right kind of approach to manpower hiring at Pacific Legtrans Inc. This would help human resource professionals, academicians, readers and students to identify the right kind of scenario in the area of manpower planning.

Keywords: Scenario planning, scenarios, legal transcription budget, manpower hiring

Introduction:

Pacific Legtrans Inc. is a Legal Transcription firm in India and its tagline is “Confidential and Accurate Transcription that Meets Your Deadlines” It caters to the legal outsourcing requirement of the American legal world.

The current transcription team at Pacific Legtrans is highly experienced and professionally trained to provide their clients with top-quality, accurate, and timely legal transcribed reports. They have expertise in legal areas, including court proceedings transcription, wire tap transcription, legal letter transcription, Legal Transcription law office recordings, regular recordings, trial transcription, verbatim transcription, general correspondence transcription, scoping services, proofreading services, legal pleadings, reports, briefs, court transcripts, client letters, and so on.

Outsourced transcription services to India started in the first half of this decade and have been steadily growing since. It started with Medical Transcription and has now moved into other areas like legal transcription too. Legal transcription services have to have four distinct value propositions to their clients –

- Competitive price
- Fast turnaround time
- Good accuracy
- Security and Confidentiality

(Appendix A carries a brief note about the nature of the business)

Till now it has been a “boutique BPO” if in case such a term exists with a team of 250 people Dr. Mallik (a Ph. D. in Military Law) has been at

the helm of affairs since its inception in 2002 and has managed to create a fine team which has been delivering its goods consistently. But with passing time the sales team in the US has been facing a lot of difficulties with selling Pacific Legtrans services at their current price levels. Bigger players have come into the market and they are selling their services even at a loss to win customers with the hope that the customers would become sticky and then they would inch their prices up. Nobody knew whether their strategy would work or not but currently it was causing a lot of grief to Pacific Legtrans. To tide over this crisis the management team had come to only one conclusion that there is now no way that they “Boutique” model could sustain and that they needed to expand.

Would the Legal BPO business survive the Chinese onslaught?

Not only did this apply to Pacific Legtrans, it mattered to the entire legal outsourcing business in India. India had stayed ahead in the BPO race because of its cheap labour and knowledge of English. Cheap labour was an advantage India was / is fast losing to China. On the English front too they were making the right moves. An industry report by ICRA in 2004 said that "The Chinese government has invested over \$5.4 billion in nine universities to promote English language and other skill sets," In addition to this China had introduced English at its schools to tackle the skill development from the grass root level. What it meant was that soon a new catchment area would develop for all US legal firms looking for Outsourcing partners in the cheaper world.

Anticipating this, the Director General of Vocational Education in India had also approved launch of legal transcription courses by a leading company in the Education business called Mangotech. Mangotech had launched their first course in Kolkata. Mr. Rangarajan their CEO had in an interview to a business magazine mentioned that Kolkata would be the only metro where this course would be running. Mangotech was looking at taking this course to B grade cities and towns in India.

Pacific Legtrans Incs’s strategy

Mr. Hiralkar the promoter decided to set in motion his plans to expand from the coming financial year. Based on his Strategy team inputs he

was looking at a near shore acquisition which could help him get an advantage over his other Indian competitors. There were no candidates that he could think of acquiring at the moment , but Mr. Gupta (who doubles up as his CFO and Strategic Head) had not given up and was having serial meetings with many in South India which seemed to be especially endowed with small Transcription shops.

PACIFIC LEGTRANS at the moment has 250 people across two locations Mumbai and Pune in India. Of these 200 were part of operations and were either involved in Transcription or Proof reading or Supervising. The qualification breakup of the Transcriptionists looked like this – LLBs - 20%; B.Com. - 60%; Others - 20%

The average age of the Operations team was 28 years. There were a few retired people from the legal world. Most of them had served as secretaries to prominent High Court and Supreme Court attorneys in town. Most of the workforce was local from Mumbai and Pune.

To Hire or not to Hire

In the face of all this Gaurav Tandon the Head of Human Resources had a tough job in hand. It was December – the Planning process had started and he needed to firm up his numbers. Mr. Hiralkar would be having the first round of discussions with the first draft of the budget next week.

Gaurav knew that the business slow down had hit the US markets too. However current customers had promised increase in business in terms of volume to the tune of 15-20%. There was a general reduction of business but what the Sales team was very upbeat about, was the fact that more legal firms would like to optimize on costs and hence would be more than willing to outsource the work to good quality players in India. With this background they had projected a 40% rise in Orders. What Gaurav feared was that if he hired manpower and the orders did not follow the projection then he would be left with no option but to have people go. There's was not the usual software business where you could utilize your bench in domestic projects. "Legal firms here are a long way from transcription" Gaurav sighed.

Additional business from current clients was not a worry – the ‘Resourcing’ team got enough lead time to be ready with trained people. The tricky cases are going to be the additions to the client list. New clients invariably wanted a pilot run before they signed on the dotted line. Before they gave assured business it was fair that they tested waters! A pilot team would mean hiring people not knowing whether we could keep them or not – same old chicken and egg story! This would mean Pacific Legtrans had to be people ready. “We could probably increase the number of transcribers on the current processes and use the supervisory force to double up as transcribers till we get the job” Gaurav sat and wondered whether his Operations managers would agree or not. He could imagine Anurag (his Head of Operations) with a smirk on his face “Boss! A bird in hand is better than two on the bush – don’t take chances with your current for an unsure future”

For the projected increase in revenue Pacific Legtrans would have to quickly build a team. They would need Transcriptionists, Proof Readers, Team Leaders, Shift Supervisors, and Program Managers. The ratio of Transcriptionists to a Team Leader is 12:1. The ratio of TL to AM is 1: 4. Attrition was very high going up to 50% the previous year when the going was great in terms of business. Now with the slow down they are expecting that the perennially north bound attrition rate would buckle its trend.

As Gaurav took his scratch pad out to start making his notes he wondered “Planning on the face of it should be about numbers but, how to go about the whole activity. He was trying to jog on to his memory and recalled every management book that he read, if an ‘idea’ could suddenly appear from somewhere. There be nothing which is fixed – we don’t know whether we would get business. If we get business we do not know the areas that we would need the expertise in. We do not know the rates that we would get – in all probability rates would be such that you cannot be sure you would get the best of guys for the kind of money you could pay. We do not know whether there will be an acquisition for sure or not. Every time you ask Rangarajan he will have a new list of candidates. Doesn’t help our case!!!! And if business comes the way the Sales team is promising where will we go

and get so many people?! Gaurav could take it no more – he pushed his chair back and thought he would go and do a little Management by Walking Around – “at least I can be sure there will be people out there” – he was tired of racking his grey cells for solutions.

As Gaurav walked out he met Aditi, the MBA from a Top Ranked B School, she was the Managing Director’s exceptionally bright and talented Executive Assistant, who just completed a year of working at Pacific Legtrans. Since the last year, Aditi had often worked with Gaurav’s team and they always told him that she was a bright spark.

“Hi!” said Aditi, “Anything the matter?! Can I help?!”

“Maybe a fresh perspective might help!” Gaurav thought “Actually yes – Boss has asked for the first cut of the plan a chat with you might just help understand his perspective and expectations too”

“Anytime! – I have 45 minutes before my next meeting – some caffeine might do both of us good”.

Having heard Gaurav’s predicament, Aditi confided in him that most Heads of departments were facing the same kind of quandary.

“Why don’t you adopt a Scenario Planning approach to your Manpower Planning” she said “Yes – I’ve read about it – it is used for forecasting in situations whether there are too many variables -but I don’t know how to go about it” Gaurav admitted.

“Let me do one thing” she indicated. The ever so enthusiastic Aditi jumped at the opportunity of helping Gaurav, someone whom she quite admired for his great sense of humor, even in dark and testing times. ‘If you have ten minutes to spare, she chirped in again, I will explain to you what ‘Scenario Planning is all about. We had an excellent professor in Human Resources who was from one of the top corporates that taught us this bit and it is drilled into my head ever since , I can never forget this topic even if I want to. Gaurav, used to Aditi’s enthusiastic levels by now, was willing to do anything to tide over this problem. Aditi quickly browsed through her Mac and pressed the print command and lo behold, there was the solution to Gaurav’s problem. Scenario Planning method (Appendix B) – I’m sure that will help. She sat to

explain what scenario planning was all about and the few process steps involved and in less than ten minutes she had done her bit

Come on Gaurav! Don't look so harassed. Lets do one thing" she chirped in. "Cheer up! – I've seen you handle trickier ones than this." "Let's sit and draw out a list of all the scenarios that might emerge and why don't you choose the most likely ones and plan accordingly" She pulled out a sheet from her Notes page and started making a grid.

Scenario 1	Scenario 2	Scenario 3
Current Sales drops	Current Sales maintained	Current Sales increases
New Sales meet projections	New Sales meet projections	New Sales meet projections
Scenario 4	Scenario 5	Scenario 6
Current Sales drops	Current Sales maintained	Current Sales increase
New Sales doesn't meet projections	New Sales doesn't meet projections	New Sales doesn't meet projections

As Aditi pushed her chair and ran for her next meeting Gaurav sat wondering if there was anything trickier than this that he had ever handled

Question:

In what way can you help Gaurav to strategically handle the situation? Which of the scenario's would you help him execute and why?

Appendix A

Question: What is legal transcription?

Answer: Transcription in its basic form is the process of representing oral text in a written text format. The oral text usually comes in the form of various audio and video files. Textual files can include word documents, PDF or simple text (.TXT).

Virtually everything that takes place in the civil and criminal court systems requires hard copy documentation. The information is either dictated or recorded in the courtroom or at deposition hearings, as well as in law offices in less official settings. It may include testimony,

pleadings, interrogatories (questions and answers), reviews of administrative hearings and the like. Generally, the information is recorded either onto tape or digital voice processing systems. This digital dictation is e-mailed direct from the PC of the client or put on an FTP server. The sound files could be in the wav, mp3 or any other digital format. Legal Transcription includes the process of transferring this information from recorded dictation to hard documentation using transcribers and computer word processors. The transcribed document is returned usually the same day or the very next day on templates (usually) provided by the client.

Clients, which includes law firms, routinely ask these firms to transcribe recordings of proceedings at meetings, conferences, telephone conversations, interviews and hearings also. In addition, other typical duties may include drafting and filing legal documents, calendaring and tracking important deadlines, assisting attorneys to prepare for trials, documenting relevant facts and information pertaining to a lawsuit, organization and maintenance of client files, and using computers and related software as well as other reference materials to research and document law, and to prepare or transcribe the documents involved.

Question: Who uses the services?

Answer: Attorneys do, and corporations, government agencies, insurance companies, banks, and lots of them work for themselves. The demand for government legal transcriptionists is growing at an enormous rate. Many work for the Federal government in administrative agencies. General categories are:

Freelance Legal Transcriptionists - operate their own business and provide services to attorneys on a contractual basis. A freelance legal transcriptionist works under the supervision of an attorney, who assumes responsibility for the legal transcriptionist's work product. The attorney or another member of the staff dictates or edits previously prepared files, which the transcriptionist then transcribes or provides the edited work product.

Traditional Employment - work for lawfirms, agencies, or other companies as noted above, on a salaried or per hour basis, or on a per line or per page basis for Internet dictation clients.

Specialization - Many opportunities exist for the legal transcriptionist and assistants to specialize in various types of law, real estate, criminal, family, personal injury, business, etc. These specialties are defined and taught in the course material.

Question: What kind of people does Pacific Legtrans look for?

Transcriptionists are primarily chosen for their linguistic skills and their expertise in specialized subject areas. Tactically ‘accuracy’ and ‘speed’ were what they looking for in people. However legal transcription is a very specialized field which requires specialists in each industry for which the transcriptions are done. The exact kind of a profile depends to a large extent on the job at hand i.e. the transcription is required for which sector - real estate, criminal, family personal injury, business, corporate, family, patents, trial law, and so on. In a nutshell here are a few key requirements:

1. A person going in for this career may or may not be a law student. However, for achieving success, an individual should be fully conversant with the legal terminology and various laws and regulations prevalent in various countries. A good academic record therefore usually ensures you get people with high learn ability "We look at graduates in the top 10% of the class." This stress on academics is consistent across all companies. Also, jobs in intellectual property and patenting would require a strong academic background.

2. *Relevant work experience*: Most of these firms do not recruit freshers. They prefer those with one to four years of work experience for entry-level positions. This is waived in certain circumstances like an outstanding academic record. The experience requirement gives rise to the new industry paradox: the firm wants someone experienced, but the industry itself is new.

In such situations, they give preference to an equivalent Indian experience. For example, if you have worked in the patent prosecution area for Indian companies, you are more likely to be hired for a similar profile for US companies. Experience with US and UK legal processes

are a plus. But most organizations recognize that this is not widespread. As a result, they have in-house training mechanisms to plug this gap.

3. *Required personality traits* - A legal transcriptionist must be adept at working under stretched timings so as to meet the targeted schedules. The legal transcriptionist usually works in a typical hierarchy, depending upon the level of expertise and experience they gain. The job begins as a trainee, then senior transcriptionist, after that proofreaders, then sub-editors, editors and finally supervisors. The remuneration might begin with Rs.5000 per month and may go up to Rs. 30,000 per month.

This career is also relevant for those who are looking for a freelancer job and want to work independently. However for them it will be extremely necessary to maintain the quality of transcription and thereby build goodwill among the clients.

This is essential since the sector is new and the company is very young.

Question: What is manpower planning?

Answer: Manpower Planning analyses and evaluates the human resources available in the organization, it helps to determine how to obtain employees needed for various positions ranging from junior most employees to the chief executive .

Question: What is the Process followed for recruitment?

1. Referrals through existing employees
2. *Placement agencies*. This is because they may wish to remain anonymous or may not have the local contacts.
3. Online web sites like www.naukri.com. It is also a widespread practice for placement agencies to scan CVs on the web site on behalf of the hiring firms.
4. Advertisements in trade-specific publications, for example, patent openings may be advertised in journals on intellectual property. Advertisements in job sections of newspapers and direct recruitment are not widespread, though they are likely to grow in importance.

A note of caution

Being in the legal business, there is a strong emphasis on confidentiality.

Firms require employees to sign confidentiality agreements on joining. It is important to understand the terms and conditions carefully before doing so.

Appendix B

Scenario Planning and Method

Scenario planning is a tool specifically designed to deal with major, uncertain shifts in the firm's environment. It is not about predicting the future. Rather, it attempts to describe what is possible. The result of a scenario analysis is a group of distinct futures, all of which are plausible. The challenge then is how to deal with each of the possible scenarios.

The scenario development process should include interviews with managers who later will formulate and implement strategies based on the scenario analysis – without their input the scenarios may leave out important details and not lead to action if they do not address issues important to those who will implement the strategy.

Some of the benefits of scenario planning include:

Managers are forced to break out of their standard world view, exposing blind spots that might otherwise be overlooked in the generally accepted forecast.

Decision-makers are better able to recognize a scenario in its early stages, should it actually be the one that unfolds.

Managers are better able to understand the source of disagreements that often occur when they are envisioning different scenarios without realizing it.

The Scenario Planning Process

The following outlines the sequence of actions that may constitute the process of scenario planning.

1. Specify the scope of the planning and its time frame.
2. Develop a clear understanding that will serve as the common departure point for each of the scenarios.
3. Identify predetermined elements that are virtually certain to occur and that will be driving forces.
4. Identify the critical uncertainties in the environmental variables.
5. Identify the more important drivers. One technique for doing so is as follows. Assign each environmental variable two numerical ratings: one rating for its range of variation and another for the strength of its impact on the firm. Multiply these ratings together to arrive at a number that specifies the significance of each environmental factor. For example, consider the extreme case in which a variable had a very large range such that it might be rated a 10 on a scale of 1 to 10 for variation, but in which the variable had very little impact on the firm so that the strength of impact rating would be a 1. Multiplying the two together would yield 10 out of a possible 100, revealing that the variable is not highly critical. After performing this calculation for all of the variables, identify the two having the highest significance.
6. Consider a few possible values for each variable, ranging between extremes while avoiding highly improbable values.
7. To analyze the interaction between the variables, develop a matrix of scenarios using the two most important variables and

their possible values. Each cell in the matrix then represents a single scenario. For easy reference in later discussion it is worthwhile to give each scenario a descriptive name. If there are more than two critical factors, a multidimensional matrix can be created to handle them but would be difficult to visualize beyond 2 or 3 dimensions. Alternatively, factors can be taken in pairs to generate several two-dimensional matrices. A scenario matrix might look something like this:

8. Scenario Matrix

		VARIABLE 1	
		Outcome 1A ↓	Outcome 1B ↓
V	Outcome 2 A →	Scenario 1	Scenario 2
I A	Outcome 2 B →	Scenario 3	Scenario 4
2			

One of these scenarios most likely will reflect the mainstream views of the future. The other scenarios will shed light on what else is possible.

9. Quantify the impact of each scenario on the firm, and formulate appropriate strategies.

An additional step might be to assign a probability to each scenario. Opinions differ on whether one should attempt to assign probabilities when there may be little basis for determining them.

Business unit managers may not take scenarios seriously if they deviate too much from their preconceived view of the world. Many will prefer to rely on forecasts and their judgement, even if they realize that they may miss important changes in the firm's environment. To overcome this reluctance to broaden their thinking, it is useful to create "phantom" scenarios that show the adverse results if the firms were to base its decisions on the mainstream view while the reality turned out to be one of the other scenarios.

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