

Business Meeting with eClerx – Ankur Makhija



Ankur Makhija and Brinda Dattani

The meeting took a good part of the day, and we have pages and pages of typed notes from the meeting. To tell you everything would take days, so instead we will just give you some highlights that we think you would consider interesting. If you are not interested in business or education, this might be a post to skip.

We arrived at eClerx by taxi. We were a little worried when we got to the area, as it was some of the worst slums we had seen so far in India, which means the worst slums we have ever seen. The driver made a couple of circles and finally we found a small sign on a gate. The gate opened and behind it was an office complex. We had a little extra time so we went to the complex's Atrium Café. They had no bottled water, so we had a Sprite instead. It was delicious.

At 1pm, we went upstairs, signed in and declared our electronic devices. Ankur met us at the front and took us to a conference room where he kicked out a lady who was working.

We anticipated talking to him for an hour, and ended up staying for over four hours. He also had another employee give us a presentation about another facet of the company. We video taped most of the presentation on various cameras (video camera battery didn't last long and back-up battery ended up not working). His English was really good, but the fact that he wrote on a white board while speaking, really helped.

eClerx

We will give you a little background on eClerx. They have grown quickly. They started in 2002 with 8 employees and 1 client (largest PC manufacturer in the world). Now in they have 4 offices, 1800 employees, 51 clients (most are top Fortune 100 companies), and a revenue of \$26 million. About a year ago, 88% of the clients were US companies, but because of the continued weakening of the USD, they have made an effort to obtain more clients that are not from the US. Now about 81% of them are from the US.

eClerx specializes in BPO (Business Process Outsourcing) and KPO (Knowledge Process Outsourcing). Although eClerx does many things, we will just give you one example. They manage the world's largest CPU manufacturer's website. They have over 60,000 products on the site. They must create the content posted for each product and manage the prices. This CPU company wants their prices checked once a week and compared to 29 competitors in 80 countries. This was done manually. eClerx created crawlers that would go online, find the information, and download it directly into Excel, making it easier for eClerx to analyze the prices and find out where the adjustments need to be made. As you can imagine, this saves a massive amount of time and money. eClerx specializes in this level of work (which is considered medium complexity here) rather than the lower level work (like call centers). Most of their clients also outsource other types of work to India (like call centers), but other companies handle this.

A Little Bit About Call Centers

We did learn a little about the call centers though, and we found out that they have extremely high attrition rates (60% a year) because many employees jump from company to company looking for more money. A few years down the road this becomes a problem for the employee because they do not have a master's degree, have not developed any real skills, and do not have extensive experience at any one company. They become virtually unemployable.

To refer back to an earlier post about Expedia (remember, Shannon called for us because a flight was cancelled and she commented that she thought the call center was outsourced) we did find out their call center is outsourced to India! We laughed when Ankur mentioned this. They are one of eClerx's clients, but eClerx only handles higher complexity business with them.

Income and Expenses

In the BPO sector (with an undergraduate degree) an entry level employee makes 10,000-15,000 rupees, which is about \$3600 (US) a year. After 4-5 years, they can be promoted to a middle level manager and will make about \$18,000 (US) and with an additional 4-5 years of experience, you can become a senior level manager and make \$30,000 and up a year. Of course the cost of living in India is much lower for some things (like food), but rent isn't cheap. In the area of Mumbai that we stayed in (which was a nicer area) rent for a small apartment would be 50,000 rupees a month, which is almost \$1200 (US). As you can see, only the richest people could live in an area like this, and again, these are tiny apartments without central a/c. One thing that helps the cost of living is that when children become adults, they stay with their parents. Children are expected to live with the parents until marriage. The average age for marriage was 21-22, but it is now moving to 24-25 due to effects of globalization. Attitudes are changing, and it is projected that in the next 10 years it will be more acceptable for a young man to move out on his own or with friends.

Cultural Differences

One of the cultural differences that we discussed is the level of commitment that employees in India have to their companies. Although in professional jobs they are not paid hourly, they do not the work standard 8-5 hours. Ankur said there are many nights that he works all night and goes home early the next day for a nap. Then, he returns to work some more that same day. He said that his “Principal” who is his main boss, works long hours as well and that many times when Ankur comes to work in the morning, he has 20 emails from various times throughout the night from his boss. Ankur wonders when his boss ever sleeps.

Performance Reviews:

One quick note on appraisals, eClerx has 360 degree reviews. This means that you are reviewed by your boss, peers, and subordinates. You are reviewed each April to determine any bonuses or promotions.

Schooling:

In India, students have grades 1-12, but schooling is not required. Schooling is more predominate in the metroplex cities (Delhi, Mumbai, Bangalore, etc) than in villages, but keep in mind that 70% of India’s population lives in villages. Students take major national tests in grades 10 and 12. We guess it is like our TAKS testing in the US. It is not given by the school and must be passed for graduation. We will refer to this test again in a bit. After grade 12, students can obtain an undergraduate degree. Those are three years here, unless you pursue engineering. An undergraduate degree in engineering takes one additional year. Most companies require at least an undergraduate degree, including call centers, which do not require a strong skill set, just good English. A master’s degree takes two years.

Memorization in School

One thing we discussed that we found very interesting is memorization in schools here. If you can memorize, you will do well. According to Ankur, schools in India do not teach students to think for themselves. They do not teach processes or stress “the big picture.” He said you can skip class all year, memorize stuff the week of the exam and do well. The major test they have to pass to graduate reuses the same questions each year. There are books with all of the questions in them (and notes showing which years they appeared) and students simply memorize these questions and pass the exams. Of course this made us think about how much we stress processes in our classroom. We want our students to know how to figure things out later on when we aren’t around, rather than just memorize random isolated things. Of course, this is something that is highly stressed in our school and by Mr. Castro, our principal. In job interviews, Ankur likes to ask the candidate to explain how to solve $x-3=8$. He said most of them have no idea how to explain it and cannot apply the process to higher level problems. (On a side note, when he’s looking for English proficiency, he asks them which of the following is correct and why; A. I received an MBA from Harvard B. I received a MBA from Harvard. Most get it wrong and the interview is concluded.)

Since Ankur attended Indian schools, we asked him how he learned the “how’s and why’s” behind concepts. His answer was interesting. When he graduated he worked for a company called Third Eye, which provides educational content that is uploaded to websites in the US. It covers grade 5-masters. His job was to read the books, explain the logic behind the math problems and then upload the explanations online. Through this, he discovered that learning is more than just memorization. Turns out Third Eye provides the content for a company you have all heard of – Leap Frog!

World Class Indian Institutes

Some of the schools here that are very high level include:

IIM (Indian Institute of Management) – costs \$9000 (total)

There are several branches throughout the country. It is harder to get into than many top business schools in the US. 300,000 students apply each year and 2,500 are accepted.

Graduates from these schools go on to do very well for themselves. The last graduating class had 230 graduates and 160 were placed overseas. Most earn a starting salary in the US of \$160,000+. One graduate, hired by Lehman Brothers, started at \$300,000.

ISB (Indian School of Business) – costs \$90,000

This school has a partnership with Wharton and Kellogg.

IIT (Indian Institute of Technology) – didn’t get the cost, but it is one of the least expensive because it is government funded. There are several branches throughout the country. The entrance test for this school has three sections: physics, chemistry, and math. The test is so hard that if you score 20/100 on the physics, 15/100 on the chemistry and 25/100 on the math, you will be accepted.

And of course there are tons and tons of other colleges as well. They are not as good and cost a lot more money. Most colleges are very focused on their subject matter, with very few electives offered. Ankur had just one elective choice in his last semester pursuing his chemical engineering degree, and his choices were limited to sciences that somehow pertained to chemical engineering.

Alright, we are sure you are overwhelmed by the amount of information here, so we will stop. This is just a glimpse into the amount of information we received! Again, if you made it to the end, we commend you!