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Ashish Interbuild: Finding the perfect control system

Shraddha Danani wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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Looking through the glass cabin in his office on the 29th floor, Ashish Thakkar, the founder and managing director of Ashish Interbuild Private Limited (AIPL), was busy skimming through papers of the file he had been working on over the past several months. Today, September 10, 2018, was the firm’s 17th anniversary. As the company’s employees gathered in the conference hall and awaited Thakkar to kick-start the celebrations, he prepared himself to make a critical announcement, one that would change the long-term direction of his firm.

With a vision of AIPL becoming India’s top premium turnkey[[1]](#footnote-1) fit-out company, Thakkar had previously undertaken steps to move his company in this direction. These steps included building a high-tech joinery factory in Mumbai in 2016; centralizing back-end operations such as costing, procurement, subcontracting, finance and accounting, and human resources (HR) management; and hiring senior functional leaders to head each department. Thakkar believed that in order for the firm to continue moving in the direction of realizing his vision, it needed to transition from an owner-led model to a process-driven model. He knew this transition was not going to be easy. On this anniversary day, he wanted to roll out the transformation process. The most important aspect for this transformational journey would be a new control model for the organization.

Thakkar had discussed his transformation requirements with two strategy consultants, Ajay Jain and Riya Shah. Jain had over 20 years of experience as a strategy consultant, advising large corporations and mid-level firms operating in the manufacturing sector, and Shah had worked with small and medium-sized project-based firms for nearly 15 years. Based on Thakkar’s requirements, both consultants had submitted their recommendations for the design of AIPL’s management control system. Thakkar had to decide which model was most suitable for AIPL⎯Jain’s or Shah’s⎯or whether a mix of both models best suited the firm. After having carefully considered the options, he was prepared to make the decision for the new control model and implementation road map, which he would announce at the celebrations today. After a little while, he took his blazer off the coat hanger and started walking toward the conference hall.

FIT-OUT Projects

Fit-out projects were typically short-duration (90−180 day) projects. The typical set of project stakeholders included the project owner (the client), the architect, the project management consultant (PMC), and the contractor. Fit-out project owners hired a designing firm to prepare design and drawings; a turnkey contractor to execute the project fit-out work; and a PMC firm to supervise the project execution cost, schedule, and quality. These projects involved civil engineering, plumbing, electrical, woodworking, painting, and furnishing work. Acting as a general contractor, AIPL hired subcontractors for executing these tasks.

The AIPL project team was primarily involved in the planning, budgeting, coordination, supervision, and handover processes. At the request for proposal (RFP) stage, high-level drawings and material specifications were provided to the bidding contractors, who then conducted a cost analysis and submitted their bids. At this stage, detailed specifications of brands and product codes, and detailed design drawings of furniture items were not provided; the work was awarded based on the high-level drawings and material specifications.

For instance, if a project to provide a cafeteria required 50 laminate-covered tables, then the RFP would likely not provide exact shapes, detailed drawings, or laminate specifications; rather, specifications would be detailed later, during the course of the project’s execution. The aesthetics part of the project was shaped only after the initial framework was prepared. A typical project involved significant changes to the design, finishing material, and complete layout during the project’s life cycle. For a turnkey contractor, those changes translated into changes in the scope of work, bill of materials, and even subcontractors’ work orders. The scope amendments, if not controlled well, could lead to cost overruns and losses; hence, it was important for the turnkey fit-out contractors to implement robust control mechanisms for all changes and variations.

The Company

Founded by Thakkar in 2001, AIPL was a privately-owned turnkey fit-out contracting company, with offices in Mumbai and Bengaluru, India. In the almost two decades since AIPL had started its operations, the company had grown from a small business with two employees into a leading contractor with 120 employees and annual revenue of approximately US$20 million (see Exhibit 1). The company was well known for on-time project completion. AIPL specialized in hospitality and commercial-space turnkey fit-out projects. AIPL’s vision was “to become the top premium turnkey fit-out company in the country.” The company’s mission was “to deliver the highest level quality and experience to customers, suppliers and employees.”

The AIPL team’s timely delivery of the desired quality finishing on every project helped the firm to earn prestigious projects. In a very short span of time, AIPL had become a preferred turnkey contractor for various architects and designers. The firm acquired fit-out project contracts for leading five-star hotels, high-end restaurants, and airports across the country. Over time, AIPL had quickly moved from a start-up to a mid-size company. The firm had built a pan-India presence with delivery capability to the most remote locations in the country.

Every project, irrespective of its size, was personally controlled by Thakkar. A civil engineer by qualification, Thakkar had an eye for detail. He believed in delivering high-quality projects, on time. Under his leadership, the team delivered challenging projects successfully. AIPL did not refuse a project for its complex design elements, squeezed delivery timeline, or difficult geographical location. Thakkar encouraged his team to think creatively to resolve every problem they encountered along the path of the project’s execution.

Team Structure

The AIPL team was divided in three groups: the central resource team, the project management team, and the joinery team.

The central resource team was based at the company’s head office. It consisted of client account, procurement, costing, quantity survey (QS), HR, and finance managers and assistants. The managers of each function were responsible for the smooth operation of their departments, and they reported to Thakkar. The client account manager was responsible for client relationship management and pre-sales activities. The procurement manager was responsible for the procurement of materials and labour (i.e., the subcontracting) for every project. The costing manager was involved in a project from the RFP stage and cost estimation to the project handover for change-order and cost-variance management. The QS manager was responsible for determining the actual work to be performed and for preparing the client bill. The HR manager was involved in general HR management activities such as recruitment, payroll, wages computation, and exit management. The finance manager was responsible for accounts payable, accounts receivable, and tax remittances.

The project team consisted of project managers (PMs), site supervisors, storekeepers, safety officers, and quality officers. This team was based on project locations. The PM was the face of the company to clients, architects, PMCs, and subcontractors. He or she was involved in all of the activities happening on the project site. Project execution decisions⎯including daily work planning, material movement, determining the required number of workers, and the assignment of work to the workers and subcontractors, among others⎯were made by the PM. Site supervisors, safety officers, and quality officers reported to the PM, while PMs reported to Thakkar.

Site supervisors looked after the daily site activities. Their primary responsibility was to ensure the completion of work assigned by the PM. Safety officers were responsible for ensuring that all safety precautions and measures were implemented and followed by everyone on the site. They conducted safety training, safety drills, and safety audits. The quality officer’s primary responsibility was to ensure that the quality of input material and final finished items aligned with the quality specifications provided by the client. The storekeeper was in charge of the storeroom where all of the raw materials, tools, and machines were stored and issued to workers as required. The storekeeper reported to the site supervisor. Along with the project management team members, each project site had a QS engineer assigned to work with the PM for site-work measurement and client bill preparation. The QS engineer and PM were responsible for identifying and communicating variances between the actual work performed and the original scope of work as per the original work order.

The joinery team consisted of the factory manager, draftsperson, and floor supervisors. The factory manager was responsible for production-related activities such as production planning, work scheduling, quality control, order dispatch, and so on. The factory manager reported to Thakkar. The draftsperson was responsible for preparing production drawings using design software such as AutoCAD. The floor supervisor was responsible for supervising shop-floor activities and coordinating production work (see Exhibit 2).

LIFE CYCLE OF A Typical Project

Initially, the client account manager received an RFP, which was reviewed by Thakkar for validating the project scope and terms. Once approved, it was sent to the costing manager to prepare an initial estimation of the project cost. The cost sheet prepared by the costing manager was then reviewed by Thakkar. On approval, the client account manager submitted the proposal to the client. All revisions to costing were reviewed and authorized by Thakkar.

Once the project was awarded, Thakkar and the costing manager worked together to finalize labour and material (bill of materials) requirements. Based on this, the procurement manager prepared the procurement plan. Then, a project kickoff meeting was scheduled with the PM, procurement manager, and costing manager, wherein project scope documents, drawings, bills of materials, subcontracting schedules, and project milestone details were shared with the respective managers. After the kickoff meeting, project execution began. All of the steps were reviewed and controlled by the managing director (Thakkar). The PM was responsible for the management and coordination of on-site activities until their completion. Along with the linear process flow, the PM had to take care of any change-order-related activities (see Exhibit 3).

From the RFP to handover, Thakkar was involved at every stage of the project life cycle to make important decisions regarding costing, scope, material price, subcontracting rates, project overheads, and labour deployment. Essentially, everything was decided by Thakkar.

PROJECT PERFORMANCE

Project execution was not always straightforward. Each project had its unique set of challenges due to its specifications and designs. Sometimes labour-related challenges or material delivery delays arose. Some of the projects had challenges related to accessibility and to resource availability due to their remote locations. Sometimes, the project designs changed frequently and underwent multiple revisions. The contracting firms were subjected to pressure from clients to mobilize labour and material at a fast pace in order to complete the projects on time and on budget. All of the stakeholders (project owner, architects, PMC, and contractor team members) typically met on a weekly basis to review progress and to discuss designs and the action plan for the following week. At the weekly site meeting, architects provided detailed drawings and material specifications for upcoming work. On receiving those details, AIPL PMs adapted their plans, preparing detailed technical drawings, assigning work to subcontractors, and submitting material procurement requisitions.

The AIPL team also needed to continuously compare the details received in the weekly meeting with the initial scope to verify whether there were any changes, deviations, or cost escalations, and, if so, to then issue change-order requests for cost approvals before the execution of the work. The change-order task was crucial in every project; hence, coordination between the project team (PM and quantity surveyor) and the central resource team (costing manager and client account manager) was very important. Owing to the short duration of a project, the team needed to coordinate, discuss, and decide everything at a fast pace.

If there was any variation in scope or escalation in price, the PM submitted change-order requests to the PMC team based on the cost analysis conducted by the cost control team. Once approved, execution for that piece of work was undertaken. Any delay in the change-order approval process would cause further delays in the preparation of the bill of materials and subcontractor scope-details modification, leading to a delay in ordering. Due to a lack of material and labour, project execution could come to a halt, causing delays and cost overruns. Additionally, a delay in scope amendments led to delays in subcontractor bill processing, which had a dual impact: First, subcontractors’ payments were delayed beyond the agreed time, and due to delayed bill clearance and payments, the subcontractors would start demobilizing on-site workers to other projects. Second, on-project cost visibility was affected. Delays in subcontractor and material bill processing caused poor cost visibility and inflated profits in the project’s management information system.

The PM played a crucial role in the success of a project, coordinating work between subcontractors, AIPL teams, and client teams. Managing these stakeholders for short-duration projects required on-the-fly decision-making using presence of mind and forward thinking. To complete projects on time, PMs had to persuade the client teams to provide timely approvals, detailed drawings, and material specifications. On the other hand, they had to convince subcontractors to deploy adequate labour to maintain the pace of work execution. Further, they had to coordinate with AIPL head-office teams for providing required materials and other resources. The PM was accountable for the project’s success and profitability. Being the face of the company to the project owner, architect, and PMC teams, their skills in expectation and relationship management influenced the overall client satisfaction level and the firm’s reputation, which in turn influenced future business opportunities. PMs had to be well organized and follow strict, formal requirements for project execution and change-order management while simultaneously implementing informal methods to manage relationships with all stakeholders. A good balance between a formal and an informal approach by the PM was critical to the success of a project.

CURRENT CONTROL SYSTEM

With APIL being an owner-led firm, Thakkar played an active role in the project-related decision-making process. He personally supervised all of the function managers and PMs. He led the firm operations from the front and made decisions regarding all major activities in every function. Due to this direct supervision, there were no formal control mechanisms or evaluation processes implemented. At the end of a project, a certain percentage of the project’s profits was shared among all of the employees who had been involved in that project.

Need for Change: The turning point

Since Thakkar was involved in all departments’ operations, his reporting managers would consult him before making any decision. This translated into continuous meetings and calls for Thakkar. This busyness was normal for him, every day. However, on his 40th birthday, when Thakkar had decided to take time off and spend the day with his family, although he did not go into the office, his phone kept ringing with calls from PMs, the procurement manager, subcontractors, and suppliers. During the fun birthday activities and celebrations, his family had to keep waiting for him whenever he had to excuse himself to answer the calls. He felt a strong need that day to change the situation.

Thakkar pondered this the entire night. Up to that point, he had believed that his role was to enable and guide his team and that it was thus important for him to be involved in all decisions. But that night his perception about his role and his team’s role suddenly changed: he felt as if he was becoming a bottleneck in the firm’s growth. If everything had to pass through him, then the firm’s growth would be limited. So, if not him, then who was capable of making decisions? He could not place anyone in the position of decision-maker because no one’s skills and abilities were formally assessed every year on every project. A robust control system was missing. Thakkar realized that it was necessary to design a strong control system to move from people-dependent operations to process-based operations. He set a goal for himself to make the firm operate independently of him in five years’ time.

The next morning, Thakkar spoke to a couple of friends about what had occurred to him on his birthday and what changes he wanted to introduce to the firm. One of his friends, who was working with a large rubber manufacturing firm, suggested that Thakkar meet with Jain to find a solution. The other friend, who was the owner of a mid-segment software development firm, recommended that Thakkar contact Shah. Thakkar decided to meet both of them and discuss his requirements. After a couple of meetings and in-depth discussions on the firm’s background, nature of the business, project life cycle, and roles played by all team members, as well as Thakkar’s vision for the company, both Jain and Shah prepared control system models.

Excerpts from the Meeting with Jain

Jain:

We have conducted an in-depth analysis of your business model. We have designed the control model based on our immense experience working with large corporate organizations. This model should help AIPL progress from an owner-led firm to a completely process-driven organization. To achieve this, we propose AIPL do the following (see Exhibit 4):

* Hire department heads for each function⎯HR, project execution, procurement, subcontracting, cost control, QS, and finance. The existing team shall report to these leaders. The leaders shall work with you closely. This will free up your bandwidth from routine operations. You can get these leaders from any large construction company. They will bring rich experience and knowledge. It will be beneficial to the company in its growth journey.
* Implement a robust enterprise resource planning (ERP) system encompassing all operations. This will provide control on project cost, scope variance, and budget deviation. It will provide clear visibility on every project status and profitability. The ERP systems needs to have a projects module to cover on-site activities’ updates. You need to provide laptops and Internet connections at all project locations and, of course, provide the required training to the team.
* Create a project control team that will focus on controlling a project’s cost and schedule. This team will prepare a project execution plan and budget in the ERP system. They will then monitor the progress and take corrective action in case of any deviation. This team will conduct a detailed analysis of every change request for cost and time impact.
* Create an accountability matrix making PMs primarily accountable for profitability, cost managers accountable for top-line growth, procurement managers accountable for timely delivery of materials and deployment of subcontractor teams on the projects. Implement a detailed performance appraisal system to measure and track all employees’ performance.
* Define detailed standard operating procedures (SOPs) for all operations and implement these immediately. Every activity needs to be well documented, approved, and verified by people at different levels. Adherence to these SOPs should be audited on a monthly basis, determining who created what activity and why, who approved what and against which budget, and so on. The team needs to be encouraged and rewarded for following these SOPs.
* Handle change requests systematically. Each change request should be reviewed by the costing manager and then discussed with the project controller and project head. Once reviewed, it should be processed through the ERP, wherein it is approved by all concerned officers⎯the costing manager, project head, finance head, and project controller. When submitted to the client team for approval, all updates should be recorded in the system. Once approved, the system should be updated to allow for material and subcontract quantities. The orders already issued should be amended, if required, to reflect the change in scope. This will provide updated cost and profit analysis for all of the projects.
* Enforce adherence to systematic execution methodology by all PMs. The PMs need to adhere to a monthly and weekly project execution plan. If any deviation occurs due to a scope change, the PMs must submit the scope change details for approval to the project control team. If approved by the project control team, the work will be executed by the PM’s team according to the revised project execution plan.
* At the end of every project, conduct an audit to review variances in the project cost and schedule, and the reasons for these. The audit team should question the PM, procurement manager, costing manager, and finance team wherever necessary to seek clarification on important observations. The report of the project audit will be submitted to you. This will provide clarity on project performance and team performance.
* Since PMs play a crucial role in client relationship management, design a system to evaluate their performance in managing client expectation. At the end of every project, the client shall provide feedback to the PM. This rating should be given significant weightage in the PM’s performance evaluation.

Thakkar: “Interesting. Give me some time to think about your model and get back to you.”

(See Exhibit 4 for the cost of implementation for Jain’s proposal.)

excerpts from the Meeting with Shah

Shah:

Based on the study of your business model and interviews with key company personnel, we have mapped your firm’s area of operation and strengths. Based on this, we propose the following recommendations for AIPL’s transition from an owner-led to a professionally-managed firm. I am not using the term “process-driven,” as that will be the next phase of transition. First, we shall work toward the transition from “owner-led” to “professionally managed”⎯and then move to the “process-driven” stage.

* The firm needs to hire department heads for all of the departments in a phased manner. First, get the back-end operations staffed (procurement, finance, and cost-control departments). Once these leaders gain experience and are accepted by the teams, then appoint project heads. The leaders are to be selected from firms operating in the same space and of the same size as AIPL. It is very important for the leaders to fit well with the culture.
* Since the team is used to working closely with you and reporting directly to you, it will be difficult for everyone to adjust to the new leadership; hence, we recommend certain socialization activities to be conducted. For instance, off-site events, picnics, festival celebrations, birthday celebrations, team lunches, and so on should be planned to encourage informal interaction.
* Looking at the nature of the project, involving multiple changes and unique site conditions, we do not recommend the usage of elaborate SOPs and approval matrixes. Instead, we recommend the creation of formal channels for quick and effective collaboration to make decisions on the fly.
* We propose daily five-to-seven-minute within-team stand-up meetings to discuss daily activities, followed by a brief 10-minute call among department managers to resolve hurdles and plan work commitments for the day. This way, you can efficiently manage project activity coordination.
* We recommend the simplification of performance appraisal to incorporate key areas of accountability by each designation. For example, the PM is accountable for timely completion and material wastage cost, the procurement manager is accountable for timely delivery and cost saving of required material and human resources.
* There will be a change in the reporting structure and work processes, which will be difficult for the team to initially cope with and adjust to. We suggest that adequate training should be planned for the coming year to support the team in this transition.
* We advise against the implementation of elaborate checks and audits. Instead, we recommend the encouragement of ownership and leadership traits by all team members. PMs should be given sufficient authority and autonomy to make decisions in the best interests of the company. Finance operations’ audit and statutory audit are to be continued.

Even in the transition of the spirit of the firm, the AIPL family needs to be preserved. Employees should continue feeling attachment to and ownership of the firm.

Thakkar: “I understand the points you have mentioned. I will consider these and get back to you in a couple of days.”

(See Exhibit 5 for the cost of implementation for Shah’s proposal.)

Discussion in the Office Cafeteria

Jay (costing manager): “I have just submitted a proposal for one large five-star hotel property coming up in Delhi. Due to intricate design details, the cost working was very challenging. I had a two-hour-long cost review meeting with Thakkar. He helped me understand how to work on this type of project costing.”

Anil (procurement manager): “Every time we sit with him, we learn so much from his experience and knowledge. We are lucky to work directly under him.”

Jay: “But I have heard that soon we will be working under new leaders, the department heads. So we will no longer be reporting to Thakkar.”

Anil: “Is that true? That will be very difficult. We are so comfortable working with Thakkar. How will it be to work under someone else? Will that person know our firm’s processes, policies, culture? Will he or she be able to provide valuable inputs, as Thakkar does?”

Conclusion

Thakkar, the founder of one of the leading turnkey contracting firms in India, had come to a crossroads. In order to realize his vision for the firm, he needed to select one of the two control system models presented to him—Jain’s or Shah’s. Or was a third option available? The two proposals were different from each other; it would be important to tread carefully and select the control system model that was most suitable for the firm. An error in control system structuring could be costly to the firm⎯to the tune of entire system collapse. Thakkar was aware that the initiation of control system implementation was not going to be easy.

A quotation from Robin S. Sharma featured on Thakkar’s laptop wallpaper resonated with his frame of mind: *Change is hard in the beginning but so beautiful in the end*. He closed his eyes for a moment took a deep breath, thinking to himself, “For a better tomorrow, I need to come out of my comfort zone and begin this journey of *change.*” He was now prepared to initiate fundamental changes in the way AIPL conducted its operations, made decisions, delivered projects, and managed every function.

Exhibit 1: ASHISH INTERBUILD Balance Sheet & Profit And Loss Statement (US$)

| **Balance Sheet for the Year Ended March 31, 2018** | |
| --- | --- |
| Share Capital | 500,000 |
| Reserves and Surplus | 3,000,000 |
|  | |
| Liabilities |  |
| Long-Term borrowings | 570,450 |
| Trade Payables | 8,807,675 |
| Current Liabilities | 6,104,672 |
| Total | 18,982,797 |
|  | |
| Assets |  |
| Fixed Assets | 990,567 |
| Inventories | 5,564,565 |
| Trade Receivables | 9,986,846 |
| Cash Reserve | 1,653,245 |
| Loans and Advances | 787,574 |
| Total | 18,982,797 |
|  | |
| **Profit and Loss Statement for the Year Ended March 31, 2018** | |
| Revenue | 21,005,765 |
|  |  |
| Expenses |  |
| Cost of Materials Consumed | 8,402,306 |
| Work-in-Progress Material | 2,520,692 |
| Cost of Labour | 5,251,441 |
| Employee Benefit Expenses | 985,490 |
| Depreciation Cost | 630,172 |
| Other Expenses | 133,452 |
| Total Expenses | 17,923,553 |
|  | |
| Profit before Tax | 3,082,212 |
| Tax Expenses | 770,553 |
| Profit (Loss) for the Period | 2,311,659 |
|  | |

Note: The numbers stated here are for the purpose of representation only.

Source: Company files.

Exhibit 2: ashish interbuild structure

|  |  |  |  |
| --- | --- | --- | --- |
| **Department** | **Designation** | **Average Experience** | **Head Count** |
| Business Development | Client Account Manager | 12 years | 2 |
| Procurement | Procurement Manager | 15 years | 2 |
|  | Procurement Assistant | 4−5 years | 4 |
| Costing and Bidding | Costing Manager | 10−12 years | 2 |
|  | Assistant | 3−4 years | 4 |
| QS | QS Engineer | 6−8 years | 8 |
|  | Assistant | 2−3 years | 10 |
| HR | HR Manager | 8−10 years | 1 |
| Finance | Finance Manager | 15−18 years | 3 |
|  | Assistant | 4−6 years | 5 |
| Project Execution | Project Manager | 8−10 years | 10 |
|  | Site Supervisor | 3−4 years | 15 |
|  | Storekeeper | 4−6 years | 15 |
|  | Safety Officer | 4−6 years | 15 |
| HO Support Staff |  |  | 3 |
| Joinery | Floor Incharge | 10−12 years | 6 |
|  | Draftspeople | 6−8 years | 4 |
|  | Executive Assistant | 8−10 years | 1 |

Note: QS = quantity survey; HR = human resources; HO = head office.

Source: Company files.

Exhibit 3: Project Execution Process Flow Chart

Head Office Processes

Project Site Processes

MD’s Supervision

Work Allocation to the Subcontractor

Issue Purchase Order

Raise Work Order

Identify Subcontractor

Request for Labour to SM

Material Delivery Coordination

Request for Material to PuM

Initial Site Mobilization

Detail Project Costing

Allocate Project Team

Client

MD

PM

Cost Approval

CM

PM

Identify Vendor for Material

Vendor Approval

PrM

PrM

PM

Subcontractor Approval

PM

PrM

PrM

PM

Prepare Running Account Bill

QSE

Contractor Running Account Bill Certification by QS

QSE

Client Bill Verification

Submit Running Account Bill to Client

CAM

Prepare Final Bill

QSE

PM

Project Handover

Submit Final Bill to Client

CAM

Note: MD = managing director; CM = costing manager; PrM = procurement manager; PM = project manager; QSE = quantity survey engineer; CAM = client account manager.

Source: Company files.

Exhibit 4: Implementation of Jain’s model

|  |  |
| --- | --- |
| **Recommended Initiative** | **Approximate Cost per Year (US$)** |
| Project control team⎯one leader and two managers | 150,000 |
| ERP system licence | 35,000 |
| ERP system implementation and server hardware | 25,000 |
| ERP system training for all users | 15,000 |
| On-site team hardware and connectivity (for 15 locations on average, at US$1,200 per location) | 18,000 |
| Implementation of elaborate performance appraisal | 15,000 |
| Designing SOPs for all departments | 25,000 |
| SOP implementation, training, and hand-holding for one year | 22,000 |
| Annual project audit | 30,000 |

* Along with the direct costs listed above, there would be a substantial indirect cost component due to the diversion of team efforts and time from direct business activities toward the initiatives listed above. Approximately 30% of the team cost was estimated to be spent on the above initiatives.
* Adding to this, the project execution process would be amended to incorporate the active role of the project control team, for all change-order management and project schedule monitoring.
* There would be a great deal of effort spent by the project team in documentation for project-end reviews and audits.
* To hire leadership resources from large construction companies would cost on average 30% more than hiring resources from firms of a similar size to AIPL.

Note: ERP = enterprise resource planning; SOP = standard operating procedure; AIPL = Ashish Interbuild Private Limited.

Source: Company files

Exhibit 5: Implementation of shah’s model

| **Recommended Initiative** | **Approximate Cost per Year (US$)** |
| --- | --- |
| Monthly birthday celebration and lunch party | 2,500 |
| Festival celebration on all project locations | 6,000 |
| Annual off-site gatherings | 8,000 |
| Picnic | 5,000 |
| Collaboration tool | 1,500 |
| Training | 10,000 |

Source: Company files.

1. Turnkey meant ready to move in. Turnkey fit-out contracting firms were hired to execute complete interior works and make a space ready for use by end-users. [↑](#footnote-ref-1)