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The Ordinary Heroes of the Taj

How an Indian hotel chain's organizational culture nurtured employees who were willing to risk their lives to save their guests *by Rohit Deshpande and Anjali Raina*

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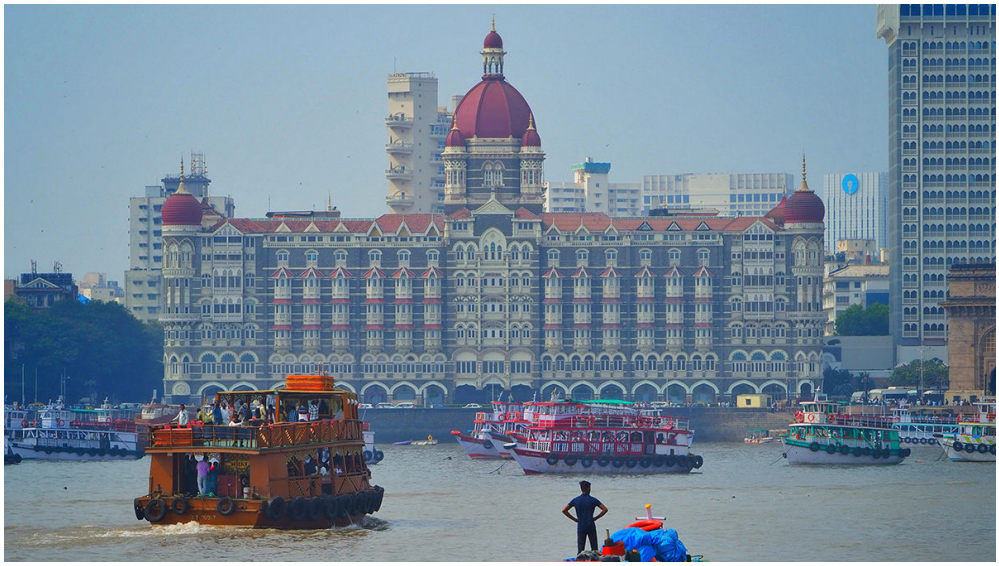

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On November 26, 2008, Harish Manwani, chairman, and Nitin Paranjpe, CEO, of Hindustan Unilever hosted a dinner at the Taj Mahal Palace hotel in Mumbai (Taj Mumbai, for short). Unilever's directors, senior executives, and their spouses were bidding farewell to Patrick Cescau, the CEO, and welcoming Paul Polman, the CEO-elect. About 35 Taj Mumbai employees, led by a 24-year-old banquet manager, Mallika Jagad, were assigned to manage the event in a second-floor banquet room. Around 9:30, as they served the main course, they heard what

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they thought were fireworks at a nearby wedding. In reality, these were the first gunshots from terrorists who were storming the Taj.

The staff quickly realized something was wrong. Jagad had the doors locked and the lights turned off. She asked everyone to lie down quietly under tables and refrain from using cell phones. She insisted that husbands and wives separate to reduce the risk to families. The group stayed there all night, listening to the terrorists rampaging through the hotel, hurling grenades, firing automatic weapons, and tearing the place apart. The Taj staff kept calm, according to the guests, and constantly went around offering water and asking people if they needed anything else. Early the next morning, a fire started in the hallway outside, forcing the group to try to climb out the windows. A fire crew spotted them and, with its ladders, helped the trapped people escape quickly. The staff evacuated the guests first, and no casualties resulted. "It was my responsibility....I may have been the youngest person in the room, but I was still doing my job," Jagad later told one of us.

Elsewhere in the hotel, the upscale Japanese restaurant Wasabi by Morimoto was busy at 9:30 PM. A warning call from a hotel operator alerted the staff that terrorists had entered the building and were heading toward the restaurant. Forty-eight-year-old Thomas Varghese, the senior waiter at Wasabi, immediately instructed his 50-odd guests to crouch under tables, and he directed employees to form a human cordon around them. Four hours later, security men asked Varghese if he could get the guests out of the hotel. He decided to use a spiral staircase near the restaurant to evacuate the customers first and then the hotel staff. The 30-year Taj veteran insisted that he would be the last man to leave, but he never did get out. The terrorists gunned him down as he reached the bottom of the staircase.

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When Karambir Singh Kang, the Taj Mumbai's general manager, heard about the attacks, he immediately left the conference he was attending at another Taj property. He took charge at the Taj Mumbai the moment he arrived, supervising the evacuation of guests and coordinating the efforts of firefighters amid the chaos. His wife and two young children were in a sixth-floor suite, where the general manager traditionally lives. Kang thought they would be safe, but when he realized that the terrorists were on the upper floors, he tried to get to his family. It was impossible. By midnight the sixth floor was in flames, and there was no hope of anyone's surviving. Kang led the rescue efforts until noon the next day. Only then did he call his parents to tell them that the terrorists had killed his wife and children. His father, a retired general, told him, "Son, do your duty. Do not desert your post." Kang replied, "If it [the hotel] goes down, I will be the last man out."

Three years ago, when armed terrorists attacked a dozen locations in Mumbai—including two luxury hotels, a hospital, the railway station, a restaurant, and a Jewish center—they killed as many as 159 people, both Indians and foreigners, and gravely wounded more than 200. The assault, known as 26/11, scarred the nation's psyche by exposing the country's vulnerability to terrorism, although India is no stranger to it. The Taj Mumbai's burning domes and spires, which stayed ablaze for two days and three nights, will forever symbolize the tragic events of 26/11.

During the onslaught on the Taj Mumbai, 31 people died and 28 were hurt, but the hotel received only praise the day after. Its guests were overwhelmed by employees' dedication to duty, their desire to protect guests without regard to personal safety, and their quick thinking. Restaurant and banquet staff rushed people to safe locations such as kitchens and basements. Telephone operators stayed at their posts, alerting guests to lock doors and not step out. Kitchen staff formed

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human shields to protect guests during evacuation attempts. As many as 11 Taj Mumbai employees—a third of the hotel's casualties—laid down their lives while helping between 1,200 and 1,500 guests escape.

At some level, that isn't surprising. One of the world's top hotels, the Taj Mumbai is ranked number 20 by *Condé Nast Traveler* in the overseas business hotel category. The hotel is known for the highest levels of quality, its ability to go many extra miles to delight customers, and its staff of highly trained employees, some of whom have worked there for decades. It is a well-oiled machine, where every employee knows his or her job, has encyclopedic knowledge about regular guests, and is comfortable taking orders.

Even so, the Taj Mumbai's employees gave customer service a whole new meaning during the terrorist strike. What created that extreme customer-centric culture of employee after employee staying back to rescue guests when they could have saved themselves? What can other organizations do to emulate that level of service, both in times of crisis and in periods of normalcy? Can companies scale up and perpetuate extreme customer centricity?

Our studies show that the Taj employees' actions weren't prescribed in manuals; no official policies or procedures existed for an event such as 26/11. Some contextual factors could have had a bearing, such as India's ancient culture of hospitality; the values of the House of Tata, which owns the Taj Group; and the Taj Mumbai's historical roots in the patriotic movement for a free India. The story, probably apocryphal, goes that in the 1890s, when security men denied J.N. Tata entry into the Royal Navy Yacht Club, pointing to a board that apparently said "No Entry for Indians and Dogs," he vowed to set up a hotel the likes of which the British had never seen. The Taj opened its doors in 1903.

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Still, something unique happened on 26/11. We believe that the unusual hiring, training, and incentive systems of the Taj Group—which operates 108 hotels in 12 countries—have combined to create an organizational culture in which employees are willing to do almost anything for guests. This extraordinary customer centricity helped, in a moment of crisis, to turn its employees into a band of ordinary heroes. To be sure, no single factor can explain the employees' valor. Designing an organization for extreme customer centricity requires several dimensions, the most critical of which we describe in this article.

A Values-Driven Recruitment System

The Taj Group's three-pronged recruiting system helps to identify people it can train to be customer-centric. Unlike other companies that recruit mainly from India's metropolitan areas, the chain hires most of its frontline staff from smaller cities and towns such as Pune (not Mumbai); Chandigarh and Dehradun (not Delhi); Trichirappalli and Coimbatore (not Chennai); Mysore and Manipal (not Bangalore); and Haldia (not Calcutta). According to senior executives, the rationale is neither the larger size of the labor pool outside the big cities nor the desire to reduce salary costs, although both may be additional benefits. The Taj Group prefers to go into the hinterland because that's where traditional Indian values—such as respect for elders and teachers, humility, consideration of others, discipline, and honesty—still hold sway. In the cities, by contrast, youngsters are increasingly driven by money, are happy to cut corners, and are unlikely to be loyal to the company or empathetic with customers.

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The Taj Group believes in hiring young people, often straight out of high school. Its recruitment teams start out in small towns and semiurban areas by identifying schools that, in the local people's opinion, have good teaching standards. They call on the schools' headmasters to help them choose prospective candidates. Contrary to popular perception, the Taj Group doesn't scout for the best English speakers or math whizzes; it will even recruit would-be dropouts. Its recruiters look for three character traits: respect for elders (how does he treat his teachers?); cheerfulness (does she perceive life positively even in adversity?); and neediness (how badly does his family need the income from a job?).

The chosen few are sent to the nearest of six residential Taj Group skill-certification centers, located in the metros. The trainees learn and earn for the next 18 months, staying in no-rent company dormitories, eating free food, and receiving an annual stipend of about 5,000 rupees a month (roughly $100) in the first year, which rises to 7,000 rupees a month ($142) in the second year. Trainees remit most of their stipends to their families, because the Taj Group pays their living costs. As a result, most work hard and display good values despite the temptations of the big city, and they want to build careers with the Taj Group. The company offers traineeships to those who exhibit potential and haven't made any egregious errors or dropped out.

One level up, the Taj Group recruits supervisors and junior managers from approximately half of the more than 100 hotel-management and catering institutes in India. It cultivates relationships with about 30 through a campus-connect program under which the Taj Group trains faculty and facilitates student visits. It maintains about 10 permanent relationships while other institutes rotate in and out of the program. Although the Taj Group administers a battery of tests to gauge candidates' domain knowledge and to develop psychometric

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profiles, recruiters admit that they primarily assess the prospects' sense of values and desire to contribute. What the Taj Group looks for in managers is integrity, along with the ability to work consistently and conscientiously, to always put guests first, to respond beyond the call of duty, and to work well under pressure.

For the company's topmost echelons, the Taj Group signs up 50 or so management trainees every year from India's second- and third-tier B-schools such as Infinity Business School, in Delhi, or Symbiosis Institute, in Pune, usually for functions such as marketing or sales. It doesn't recruit from the premier institutions, as the Taj Group has found that MBA graduates from lower-tier B-schools want to build careers with a single company, tend to fit in better with a customer-centric culture, and aren't driven solely by money. A hotelier must want, above all else, to make other people happy, and the Taj Group keeps that top of mind in its recruitment processes.

The Taj Approach to HR

Seek fresh recruits rather than lateral hires.

Hire from small towns and semiurban areas, not metros.

Recruit from high schools and second-tier business schools rather than colleges and premier B-schools.

Induct managers who seek a single-company career and will be hands-on.

Focus more on hiring people with integrity and devotion to duty than on acquiring those with talent and skills.

Train workers for 18 months, not just 12.

Ensure that employees can deal with guests without consulting a supervisor.

Teach people to improvise rather than do things by the book.

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Insist that employees place guests' interests over the company's.

Have incumbent managers, not consultants, conduct training.

Use timely recognition, not money, as reward.

Ensure that recognition comes from immediate supervisors, not top management.

Training Customer Ambassadors

The Taj Group has a long history of training and mentoring, which helps to sustain its customer centricity. The practice began in the 1960s, when CEO Ajit Kerkar—who personally interviewed every recruit, including cooks, bellhops, and wait staff, before employing them—mentored generations of employees. The effort has become more process-driven over time.

Most hotel chains train frontline employees for 12 months, on average, but the Taj Group insists on an 18-month program. Managers, too, go through 18 months of classroom and on-the-job operations training. For instance, trainee managers will spend a fortnight focusing on service in the Taj Group's training restaurant and the next 15 days working hands-on in a hotel restaurant.

The Taj Group's experience and research has shown that employees make 70% to 80% of their contacts with guests in an unsupervised environment. Training protocols therefore assume, first, that employees will usually have to deal with guests without supervision—that is, employees must know what to do and how to do it, whatever the circumstances, without needing to turn to a supervisor.

One tool the company uses is a two-hour weekly debriefing session with every trainee, who must answer two questions: What did you learn this

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week? What did you see this week? The process forces trainee managers to absorb essential concepts in the classroom, try out newfound skills in live settings, and learn to negotiate the differences between them. This helps managers develop the ability to sense and respond on the fly.

The Taj Group also estimates that a 24-hour stay in a hotel results in between 40 and 45 guest-employee interactions, which it labels "moments of truth." This leads to the second key assumption underlying its programs: It must train employees to manage those interactions so that each one creates a favorable impression on the guest. To ensure that result, the company imparts three kinds of skills: technical skills, so that employees master their jobs (for instance, wait staff must know foods, wines, how to serve, and so on); grooming, personality, and language skills, which are hygiene factors; and customer-handling skills, so that employees learn to listen to guests, understand their needs, and customize service or improvise to meet those needs.

In a counterintuitive twist, the Taj Group insists that employees must act as the customer's, not the company's, ambassadors. Employees obviously represent the chain, but that logic could become counterproductive if they start watching out for the hotel's interests, not the guests', especially at moments of truth. Trainees are assured that the company's leadership, right up to the CEO, will support any employee decision that puts guests front and center and that shows that employees did everything possible to delight them.

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According to senior executives, this shift in perspective changes the way employees respond to situations. Moreover, it alters the extent to which they act—and believe they can act—in order to please guests. A senior executive told us that when an irate guest swore he would never stay at the Taj Mumbai again because the air conditioner hadn't worked all night, a trainee manager offered him breakfast on the house and provided complimentary transportation to the airport. She also ensured that someone from the next Taj property at which he was booked picked him up from the airport. Did the trainee spend a lot of the company's money on a single guest? Yes. Did she have to ask for permission or justify her actions? No. In the Taj Group's unwritten rule book, all that mattered was that the employee did her best to mollify an angry guest so that he would return to the Taj.

The Taj Group's training programs not only motivate employees, but they also create a favorable organizational culture. H.N. Shrinivas, the senior vice president of human resources for the Taj Group, notes: "If you empower employees to take decisions as agents of the customer, it energizes them and makes them feel in command." That's in part why the Taj Group has won Gallup's Great Workplace Award in India for two years in a row.

Incumbent managers conduct all the training in the Taj Group, which uses few consultants. This allows the chain to impart not just technical skills but also the tacit knowledge, values, and elements of organizational culture that differentiate it from the competition. Every hotel has a training manager to coordinate the process, and given that Taj properties impart training only in the areas in which they excel, they vie with one another to become training grounds.

Like all the other companies in the House of Tata, the Taj Group uses the Tata Leadership Practices framework, which lays out three sets

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of leadership competencies that managers must develop: leadership of results, business, and people. Every year 150 to 200 managers attend training sessions designed to address those competencies. The company thereafter tailors plans on the basis of individuals' strengths and weaknesses, and it hires an external coach to support each manager on his or her leadership journey.

The Taj Group expects managers to lead by example. For instance, after a day of work, the general manager of every hotel is expected to be in the lobby in the evenings, to welcome guests. That might seem old-fashioned, but that's the Taj tradition of hospitality.

A Recognition-as-Reward System

Underpinning the Taj Group's rewards system is the notion that happy employees lead to happy customers. One way of ensuring that outcome, the organization believes, is to show that it values the efforts of both frontline and heart-of-the house employees by thanking them personally. These expressions of gratitude, senior executives find, must come from immediate supervisors, who are central in determining how employees feel about the company. In addition, the timing of the recognition is usually more important than the reward itself.

Using these ideas, in 2001 the Taj Group created a Special Thanks and Recognition System (STARS) that links customer delight to employee rewards. Employees accumulate points throughout the year in three domains: compliments from guests, compliments from colleagues, and their own suggestions. Crucially, at the end of each day, a STARS committee comprising each hotel's general manager, HR manager, training manager, and the concerned department head review all the nominations and suggestions. The members of this group decide whether the compliments are evidence of exceptional performance and if the employee's suggestions are good. Then they post their comments

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on the company's intranet. If the committee doesn't make a decision within 48 hours, the employee gets the points by default.

By accumulating points, Taj Group employees aspire to reach one of five performance levels: the managing director's club; the COO's club; and the platinum, gold, and silver levels. Departments honor workers who reach those last three levels with gift vouchers, STARS lapel pins, and STARS shields and trophies, whereas the hotel bestows the COO's club awards. At an annual organization-wide celebration called the Taj Business Excellence Awards ceremony, employees who have made the managing director's club get crystal trophies, gift vouchers, and certificates.

According to independent experts, the Taj Group's service standards and customer-retention rates rose after it launched the STARS program, because employees felt that their contributions were valued. In fact, STARS won the Hermes Award in 2002 for the best human resource innovation in the global hospitality industry.

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The Taj Group's hiring, training, and recognition systems have together created an extraordinary service culture, but you may still wonder if the response of the Taj Mumbai's employees to 26/11 was unique. Perhaps. Perhaps not.

At about 9:30 AM on December 26, 2004, a tsunami rippled across the Indian Ocean, wreaking havoc on coastal populations from Indonesia to India, killing about 185,000 people. Among those affected was the island nation of the Maldives, where tidal waves devastated several resort hotels, including two belonging to the Taj Group: the Taj Exotica and the Taj Coral Reef.

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Many guests were panic-stricken, but the Taj staff members remained calm and optimistic.

As soon as the giant waves struck, guests say, Taj Group employees rushed to every room and escorted them to high ground. Women and children were sheltered in the island's only two-story building. Many guests were panic-stricken, believing that more waves could follow, but staff members remained calm and optimistic.

No more waves arrived, but the first one had inundated kitchens and storerooms. A Taj Group team, led by the head chef, immediately set about salvaging food supplies, carrying cooking equipment to high ground, and preparing a hot meal. Housekeeping staff retrieved furniture from the lagoon, pumped water out of a restaurant, and restored a semblance of normalcy. Despite the trying circumstances, lunch was served by 1:00 PM.

The two Taj hotels continued to improvise for two more days until help arrived from India, and then they evacuated all the guests to Chennai in an aircraft that the Taj Group had chartered. There were no casualties and no panic, according to guests, some of whom were so thankful that they later volunteered to help rebuild the island nation. These Taj Group employees behaved like ordinary heroes, just as their colleagues at the Taj Mumbai would four years later. That, it appears, is indeed the Taj Way.

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Rohit Deshpande is Sebastian S. Kresge Professor of Marketing at the Harvard Business School.

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Anjali Raina is the executive director of the HBS India Research Center in Mumbai.

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