*IIMC Case Research Center (IIMCCRC)*

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# Cultural Transformation at Microsoft IT India: Too Fast or Just Right?

*"Over the past few years, we have made excellent progress going from solid to superb delivery. If we really want to go beyond superb delivery, to dramatically increase the value that we are creating – we have to become game changers."*

- Raj Biyani, Managing Director, Microsoft IT India

In February 2014, Satya Nadella was appointed as the new chief executive officer of Microsoft. Immediately upon becoming CEO, Nadella shared his perspective, "Our industry does not respect tradition — it only respects innovation." At around the same time, in Hyderabad, Apreeta Singh, the director of human resources at Microsoft IT India was exasperated. Sitting in the meeting room with Raj Biyani, the managing director of Microsoft IT India, she felt a sense of *déjà vu*. For the better part of the previous year, from the day she joined the organisation in the summer of 2013, she had been trying to convince Biyani that the pace of cultural change he was pushing for at Microsoft IT India should be decelerated to a more gradual process, incrementally creating value along the way. However, Biyani disagreed – and this was proving to be yet another stormy meeting on the issue.

In 2010, when Biyani took over Microsoft IT India's operations in Hyderabad, he found that the employee morale was low and the attrition rate was on the rise. The polls showed that employees were frustrated as they had little control over the work they did. They had to wait for tasks to be assigned on a project-by-project basis from teams in the Redmond, US headquarters. The organisational structure at Microsoft IT India also created its own set of

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*This case was written by Professor Indranil Bose and Vallurupalli Vamsi at the Indian Institute of Management Calcutta and Havovi Joshi at the Singapore Management University. The case was prepared solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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challenges as it was divided along the same lines as in Redmond, with several Business Process Units (BPUs) working in silos. All employees at Microsoft IT India reported to Microsoft IT Redmond, with only a dotted line reporting to the one at the helm of Microsoft IT India. This also meant that the teams were fragmented due to a dual reporting structure. To manage this situation, Biyani spearheaded an initiative to develop the organisation into a Regional Talent Hub (RTH). This model was implemented in January 2013, and brought together engineering resources into a shared pool. All employees were combined under the leadership of three discipline leads who reported directly to Biyani.

When Singh was recruited in mid-2013 to join the organisation, the RTH model was well underway. The Redmond stakeholders, who had initially been sceptical about it, were now far more supportive, and internally, the employees at Microsoft IT India were clearly happier. But Biyani was not satisfied. He envisioned a more ambitious and aspirational agenda for Microsoft IT India. He wanted to transform the culture of the organisation – from one that was good at adding value by executing orders well – to one that comprised 'game-changers', who thought and acted in an empowered manner.

In October 2013, Biyani and Singh embarked on a cultural transformation project, and as a first step conducted an assessment of the culture in Microsoft IT India. The results showed that the employees were very competitive and oppositional, hindering collaboration and creating inefficiencies. Biyani felt the time was right to work on the feedback received, and push the transformation process through while the momentum of change was still strong. However, Singh was not convinced about either the timing, or the pace, as she believed that the organisation had yet to settle down after the major restructuring over the past couple of years. Moreover, there were significant changes in the top management of Microsoft – with a new chief executive officer, Satya Nadella, and also a new chief information officer, Jim DuBois. Both had spoken of bringing in a cultural change, and she felt that it was imperative to pause and ensure that there was full alignment in the cultural vision all the way from the top. But Biyani disagreed, and believed that if they paused the change process, it would lose momentum which was tough to rebuild later.

At the end of yet another inconclusive meeting, Singh was not convinced by Biyani's argument and thought to herself: Was this really the right time for an organisational culture change at Microsoft IT India? And if so, what would be the right path, and pace, to make this change?