

The late bloomer

Vikram Talwar is one of those few corporate daredevils who chose the rough road of entrepreneurship at a rather ripe age of 51 and set up EXL Service Holdings in 1999. Today, the Nasdaq-listed firm is a major BPO player with 12,500 employees and serves its predominantly US clients in the insurance, banking, capital markets, utilities, travel and transportation sectors. A go-getter and firm believer in India's skilled manpower, Talwar tells **Sudhir Chowdhary** that one is never too old for a new adventure in life

AFTER A long and distinguished career with Bank of America, Vikram Talwar could have spent the rest of his life playing golf. Instead, he chose to set up a company that today is one of India's largest business process outsourcing (BPO) firms. The executive-chairman of EXL Service Holdings, which has over 12,500 employees and a market cap of over \$500 million, has a simple philosophy in life: "it's never too late to take control of the steering wheel of your life. Have the patience to find out what you want. Answers do not always come in books. Patience in discovering your answer and persistence in pursuing your goals will draw you closer to discovering your sense of purpose. And, on the way there, remember no matter how smart you think you are, remain humble".

Without any doubt, patience, persistence and humility have been instrumental in shaping Talwar's personality and success in the work world. "They also guide you to being happier at work," he feels. "Both of my parents worked when I was growing up, which was rare in India at that time. They taught me the biggest lesson I learnt as a young man: how to work with people. I learnt by their example how to deal with co-workers in a way that is real and natural. No one should see you as arrogant or artificial, no matter their level."

On completing his MBA in 1970, Talwar started his career with Bank of America in San Francisco. "I arrived on my 21st birthday, probably the most exhilarating time of my life. I worked for the bank in the United States, in India and in nine other countries in Asia. In those days you didn't jump jobs every few years."

At the bank, Talwar held several senior management positions in over nine countries in Asia. Among the more important of these were the head of Asia division marketing in Tokyo; head of Asia division operations and technology in Hong Kong; country manager in Indonesia; regional director for south-east Asia in Singapore and country manager for India. He was among the youngest senior vice-presidents of the bank in 1991 when he was named CEO of the bank's extensive Indian operations, which were among the largest global businesses of the bank in terms of profitability. During that period the bank was ranked the number one foreign bank in India.

After 26 years with the bank, Talwar told his wife that he wanted to retire and was going back to India to play golf. Being an executive recruiter, it wasn't tough for his wife to find him a job with Ernst & Young. Talwar left Bank of America in 1996 and for the next two years worked with Ernst & Young Consulting in New York. He was assigned as CEO and managing director at Ernst & Young Consulting, India, and was also Ernst & Young's Asia director for its global operate business (outsourcing). Ernst & Young wanted to move aggressively into the outsourcing space, but eventually shelved its plans. And so Talwar, a firm believer in India's skilled manpower



PHOTO: RAJU DAVAL

industry, decided to do it on his own.

"But 51 is not an age when people get into entrepreneurship, do they?" he questions. He recalls how in the early 1990s, Rohit Kapoor (his partner in EXL) and he used to entertain a lot of entrepreneurial ideas in the US, starting with a plan to establish an Indian financial services firm that could loan capital to small and medium-sized enterprises in India. The duo produced a business plan but could not get it funded.

In 1999, Talwar teamed up with Kapoor to set up EXL Service Holdings, a BPO firm. Like Talwar, Rohit had also earned his MBA

from the Indian Institute of Management, but they did not actually meet and become friends till both were working for Bank of America in India. Like many of their company's executives and managers, Kapoor and Talwar were educated in India but spent much of their professional lives working in multinational companies both in India and abroad.

"But our company went through some difficult times," Talwar confesses. "When we started in 1999, Gary Wendt, the former chairman and CEO of GE Capital Services, joined us as our chairman. We were a pio-



At an EXL annual function in 2006

PROFILE

VIKRAM TALWAR
Executive-chairman,
EXL Service Holdings

BIRTHDAY
July 19, 1949

FAMILY
Married, with three sons

EDUCATION
◆ Graduation from St Stephen's College, Delhi University
◆ MBA from the Indian Institute of Management, Ahmedabad, in 1970

AWARDS
◆ New York Area Ernst & Young Entrepreneur of the Year Award in 2008
◆ Chairman of the Business Process Outsourcing Forum of Nasscom

neer in setting up shop as a third-party service provider in India, which was a huge risk. We couldn't find funding, and Gary helped us find it. When he became chairman and CEO of Conesco and tried to direct it around there, he decided to outsource work to India."

To achieve that, Conesco bought EXL in 2001. A year later, Conesco filed for bankruptcy. "A majority of our revenue came from the Conesco operations, so we lost our major client and most of our revenue and had no way to pay our employees. It was then when we, along with Oak Hill Capital Partners and FT Ventures, bought EXL back, found new clients and never fired a single employee. That has helped our image in the marketplace, particularly with potential employees," he says.

The company was listed on Nasdaq in 2006. Today, EXL is a major BPO player and primarily serves the needs of Global 1,000 companies in the insurance, banking, capi-

tal markets, utilities, travel and transportation sectors.

True to his words, Talwar feels there is no substitute for hard work. Adopting the right culture and adhering to it is important. "We have a strict corporate code of conduct, we have policies that allow openness, we allow our people to express themselves. A leader has to be seen; a leader can't be sitting in a room passing orders. No one can motivate anybody more than a leader. And you can't do that by issuing orders or sending odd videos. It can be done by standing out there and doing what they are doing at the same time and at the same place."

Last October, the EXL management announced that Talwar would transition to the role of non-executive chairman of the Board of the Company effective April 1, 2011. "The past six months have allowed me to transition my responsibilities to Rohit, who is about 15 years younger than I am. We manage by consensus. I have never said, 'I am older; I am more experienced.'"

The other important aspect of being a leader is to know when to leave; in fact, it is probably the toughest and the most important part of being a leader, knowing when to leave, feels Talwar. "How many people who consider themselves as leaders want to leave?"

No wonder, succession has been very easy, which is usually not the case. "Also remember you are never too old to embark on a new adventure in life," he says. But quiz Talwar on whether he is gung-ho on yet another stint as an entrepreneur and his response is crisp: definitely not. "Life is never perfect. You make plans, they have to be changed. But you keep moving, keep flowing along. I myself am trying to figure out how to reinvent myself from next month onwards," he signs off rather philosophically.

INTERVIEW: VIKRAM TALWAR

EXECUTIVE-CHAIRMAN, EXL SERVICE HOLDINGS

'India's edge is its disciplined workforce'

What inspired you to become an entrepreneur at an age of 51? I spent 26 years in one company and throughout that period it was always my desire to do something on my own. It's just that I never got the opportunity. I finally decided to be an entrepreneur when I was 51 years old. You hardly become an entrepreneur at that age; it is normally at a much younger age. But that passion to be something, to create something has always been uppermost. And once this opportunity came along, that of outsourcing, it was hard to resist.

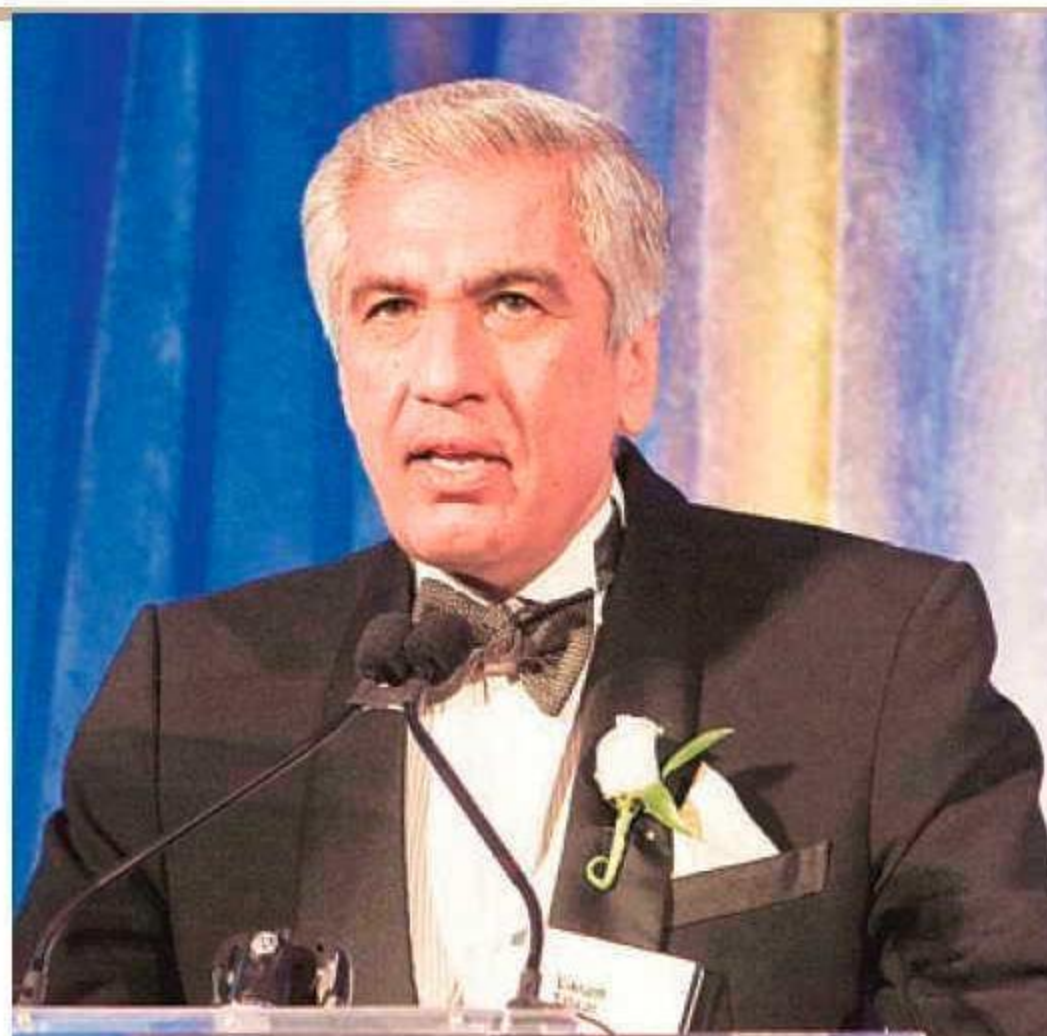
Doesn't the periodic protectionist rhetoric against outsourcing in the US worry you at times? The rhetoric happens at certain times in the political cycle, election

years for instance. So concerns are expressed periodically and we respect them. But companies must be able to function effectively and get maximum value for their shareholders. And offshoring is still very much an important factor in that. We have recently declared our results for last year and our growth rate speaks for itself. Our market position is stronger than ever and we have great momentum in the marketplace as we execute our growth plans in 2011.

Do emerging destinations such as the Philippines, Latin America or South Africa pose a threat to the Indian BPO industry or is the fear uncalled for? Emerging destinations are a threat for certain type of work and they

are certainly an essential complement for other types of work. Where India scores and will continue to score is more intellectual driven, complex, high-value transactions that require a great deal of process and knowledge of business. India has a highly educated and disciplined workforce when it comes to work ethics. Our ability to provide that capability in the back office is far greater than anybody else. There are capabilities here that are great for voice work. But where we will not be able to compete, maybe in the concept, is commoditised work; what goes to the Philippines is more commoditised work.

How have you ensured that you have the right kind of people to



meet your business needs? Talent is a big issue at two levels. One is at the transactions level where we require agents and executives and then there is the management level. In both areas, we have talent issues and we approach these totally differently. For the agent level, we hire from the higher end of the market because we are able to command a better price. We

then develop our people; we run our own insurance academies, e-learning programmes and create our own workforce. Basically, we take the raw material and then we mould it as per our requirements. We have probably the longest serving management team in the industry. Most of our senior management has been with us from the very beginning and

we want to supplement that.

The key differentiator between a good CEO and an average one is the ability to lead. Where do you place yourself?

I think one needs to work in a relaxed atmosphere and don't have airs about yourself. As a leader, you should make sure that you are always there for your people. That's how you bring the loyalty factor. You should support them through good times and bad times. In our business, lifestyle is very important; we work all nights and, therefore, a leader should love long work hours and travel a lot. Our headquarters are in New York, but our operations are in India and the Philippines. I spend half the time traveling the globe and the other half in India.

If leaders don't set that example, you can't expect the rest of the lot to do it. The moment your people feel that you are not doing what you are asking them to do, you have failed as a leader. You must do much more than what you ask your people to do, by setting the right example.

There is no substitute for hard work, there are no free lunches. If you don't work, you can't expect others to work. Adopting the right culture and adhering to it is important.