

DISTRIBUTED LEADERSHIP

At Satyam, every employee is responsible for our clients, investors, fellow associates and society.



SATYAM COMPUTER SERVICES LTD. (SAY)

B. RAMALINGA RAJU, CHAIRMAN

NUMBER OF EMPLOYEES: 50,000
 2007 REVENUES: \$1.5 billion
 2007 NET INCOME: \$298.4 million

ABOUT THE COMPANY: Satyam, a leading global business and information technology services company headquartered in Hyderabad, India, delivers consulting, systems integration and outsourcing solutions to clients in 20 industries and 60 countries through a team of 50,000 professionals worldwide. B. Ramalinga Raju founded Satyam in 1987.

In 1992, Satyam had less than \$1 million in revenue and fewer than 100 employees. We had just completed our IPO, and our market capitalization stood at \$5 million. Today it's nearly \$9 billion. Some 50,000 Satyam professionals now support more than 170 Fortune 500 clients in 60 countries. And by fiscal year-end in March 2008, we expect revenues to exceed \$2 billion, a 33 percent increase over fiscal 2007.

What accounts for this success? One of the most important reasons is the radical leadership model we introduced at the outset. It was designed to break down the barriers of hierarchy, empower people and distribute leadership. The design also had to enable high-quality service delivery, global expansion and rapid growth. It is expressed by our core belief that "every Satyamite is a leader." And every leader is responsible for delighting four constituencies: our clients, investors, fellow associates and society.

To ensure optimal execution, we manage the following four key factors in tandem:

1. We define value creation as a basic unit of activity and organization. Individuals with differing roles and responsibilities — business unit heads, relationship managers, program executives, subject-matter experts, support specialists — work in separate units built on a common model: what we call full life-cycle businesses. And each individual is the leader of his or her own business, responsible for its performance. Leaders define goals, set strategy, allocate resources and manage operations for their units. We continuously measure every business on a five-point performance scale, which correlates each leader's use of resources

to their progress against set goals. By aligning performance with incentives, we foster uncommon levels of ownership and entrepreneurship for an organization of our size.

2. We create an ecosystem that helps individuals strike just the right balance among competing interests and demands. Leaders have to juggle their strategic, operational and communication efforts; they must look to developing assets (for example, hiring talent and building competencies) while generating outcomes (increasing value and reducing cycle times and costs). And they must balance the interests of all stakeholders.

3. We use learning as a strategic business tool. We encourage our leaders to ask the right questions and develop deeper insights as answers.

OUR CORPORATE MODEL IS EXPRESSED IN THE BELIEF THAT "EVERY SATYAMITE IS A LEADER."

Doing so yields key advantages: precision, speed, flexibility and growth. We quickly realized that as much as we are in the business of information technology services, we are also in the business of growing leaders. So we have invested in state-of-the-art learning facilities, the Satyam School of Leadership foremost among them.

4. We use the language of metrics to communicate objectively and uniformly across cultural, regional and national boundaries. Thus, we resolve the paradox wherein language — meant to facilitate communication — often becomes a barrier to it.

For Satyam, our experience has made it clear that distributed leadership is a compelling model that empowers people, nurtures collaboration and enables growth — of both individuals and our organization. ■