

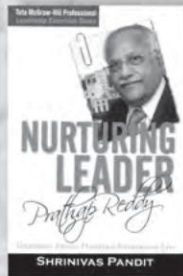
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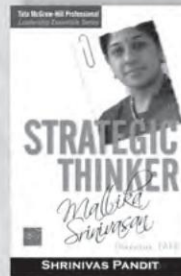
CHANGE AGENT

J J Travis

McGraw-Hill Professional
Leadership Essentials Series



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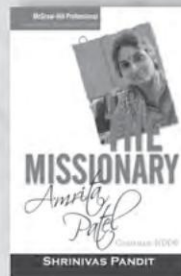
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CHANGE AGENT

J J Travis

Shrinivas Pandit

Leadership Counsellor



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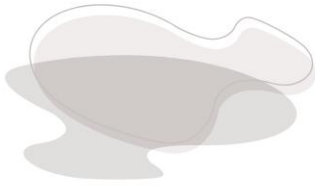
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To

*The Management, Executives, Staff, Workers, and Union
Leaders of Herdillia Chemicals and Siemens who participated
in the tailor-made Employee Development Programmes, which
led to significant change in attitudes, climate and productive
results in Industrial Relations during my tenure in
these companies*



Preface

"The individuals who will succeed and flourish will also be masters of change: adept at reorienting their own and others' activities in untried directions to bring about higher levels of achievement. They will be able to acquire and use power to produce innovation."

Rosabeth Moss Kanter.

My focus in studying effective business leaders has been on a broad range of questions: What is the background of these people? What key challenges they faced? How did they succeed? What are the techniques they used? And what can managers learn from them to become effective chief executives?

One of the important finding of my studies: The outstanding chief executives do not possess any superhuman qualities or mystical powers. They follow simple common sense practices in the daily grind of business to rise to the top.

Effective executives learn by developing innovative strategies. They study strategies of other organisations thoroughly so as to understand the elements that give them competitive advantage.

They adapt them to suit the particular requirements of their organisations.

Their competency in dissecting ideas and grasping themes behind effective strategies gives them an edge over run-of-the-mill executives. What helps them turn out outstanding performance year after year is their disciplined execution.

TISCO's former Managing Director Jamshed Irani is one such successful chief executive. His performance provides sound guidelines on designing innovative, yet simple strategies. His intuition, insight, grit, and listening-leadership style enables him to lead teams by example.

Jamshed's sharp thinking inspires listeners. His common sense approach empowers others to become effective. Read his profile with complete concentration, absorb the message, implement the techniques with suitable modification to suit your situation; and you are bound to develop unique insights in the phenomenon of managing change.

SHRINIVAS PANDIT



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In spite of his extremely busy schedule Jamshed Irani spared time for my study of *Exemplary CEOs*. He answered all my questions with professional precision and clarity. It was a significant learning experience for me—million thanks.

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The ever helpful Chandani Palshetkar, our neighbour in the society, worked on my computer to make a significant contribution in the completion of this project. Thank you.

My family members ignored me completely to give me my space for this book. I am grateful to them for this non-vocal support.

Thanks to all others whose names may have been inadvertently left out.

SHRINIVAS PANDIT



Contents

<i>Preface</i>	<i>vii</i>
<i>Acknowledgements</i>	<i>ix</i>
Introduction	1
The Story of Change	2
Building Coalitions	5
Sharing Experiences	8
Change Agents	10
Tracklayers of the Change Trajectory	13
Change Agent—Jamshed Irani	16
Jamshed's Solid Foundation	19
Team Working at the Top	22
Transformation of Tata Steel	26
Evaluation of Experience	32
Innovative Jamshed	35
Metallurgy of Leadership	37
Correlates of Performance	42
How to Develop Leaders	46
The Model Change Agent	52
<i>Take-aways</i>	<i>56</i>
<i>Author's Profile</i>	<i>59</i>



Introduction

THIS BOOK IS about change—about the coalition between knowledge, biology, information technology, and markets. It is familiar to us through stories of the past. The significant difference in the current version is that its velocity and ferocity are greater, having multiplied over the last 15 years.

This increased turbulence calls for more innovation, entrepreneurship, and integrative action, based on a holistic vision for survival and growth. How the track-layers change trajectories and lead their organisations through apparent chaos, is narrated here with their experiences.

While playing a catalytic role CEOs share a vision, and create compelling need for change. These experiences illustrate a guiding principle for organisation change. It is that the people processes and the CEO's role are paramount in such transformations. Jamshed Irani plays one such in transforming TISCO.

In *Managing Radical Change*, Ghosal, Piramal, and Bartlett note, *In incremental change ...companies need to realign some aspects of their strategy, organisation or culture, while retaining others. That is change...Some companies in India are healthy...need gradual evolution...Infosys, HDFC, Wipro have grown steadily ... without the cleansing need of tidal waves.*



The Story of Change

MODELS EMERGE AGAINST backdrop of incidents that bear messages. The models however, may not reveal their true worth at once because we weave stories around them as they unfold. Over our long history, we have developed the skills required to construct realistic stories. Let us glance through the story of change as it is germane to our study.

Technology changes with a pace that leaves organisations with no alternative than to gain the competitive advantage of speed. For instance, General Electric now makes customised industrial circuits in three days instead of three weeks.

Progressive organisations have moved from management control to become leaders of accelerated change. Change outmanoeuvres unprepared institutions, and with it, the nations. This includes organs of governance, universities, B-schools, hospitals, religious bodies, employer confederations, unions, industry associations, research and development outfits, NGOs, press, and media. Organisations are caught unaware by such change, when their sensors for trends in technology and market are outdated. In such cases, management's assumptions about business growth, and strategies for turnarounds, are equally outmoded.

Those who did not manage change were perhaps under the impression that there was something mystical about it, or that it was the familiar occurrence of recession. They may have been labouring under misconceptions such as:

- sunset industries like textiles and jute are bound to suffer anyway
- sunrise industries like IT and biotech will be on top
- no crisis in sight, so why bother now—let us cross the bridge when it comes
- it won't hurt the giants

In the nineties, businessmen had yet to move beyond the trading mentality. The protective environment, ethos of corruption, and short-sightedness had lulled many into complacency. The root cause seems to be the underlying assumption that *change is partial*, which it is not. It led leaders to misread the change phenomenon, which is impartial and neutral. Leaders who correctly grasped the import of impending vicissitudes were ready for the change. If 60 per cent of the enterprises folded up, it is to an extent, an indication of the fact that we suffer from a paucity of leaders.

The change process in the successful transformations involves establishing coalitions and a sense of urgency, creating, communicating, and empowering others to act on the vision, and institutionalising new approaches. Change leaders with ambition and ability, vision and strategy, conviction and passion, grit and drive make their organisations grow tall through this radical mutation.



Building Coalitions

TO HELP THEM face the waves of change, leaders of modern complex organisations must build strong alliances with stakeholders, employees, unions, suppliers, distributors, regulatory authorities, ecologists, and other societal institutions in the circle of their business interests. They cannot know where the resistance will spring from. More importantly, an institution's objectives cannot be achieved without it developing a network of supportive relationships in the technological age.

Coalition involves gathering together a mutually exclusive and collectively exhaustive set of skills, and experience in working together, in flexible project teams formed from people inside and outside the organisation. Inside the organisation, competencies and experiences from different disciplines and divisions need to morph in order to address the needs of particular tasks. Coalitions bring in a diversity of views. The challenge is to expand the scope of such coalitions because they are capable of achieving federal goals beyond the confines of each constituency.

In such ambience, team members learn to care for each other's interests, give credit where it is due, and accept shortcomings voluntarily. Managers learn to be hard on results but considerate

about people. Over a period of time, personnel problems surface. Issues concerning an appropriate mix of skill, energy levels, and trust, require adroit handling. Developing the right chemistry becomes all important.

Coalitions work through persuasion and inspiration. A leader inspires when he has a vision. Without one, the leader is blind. But with vision, he is not necessarily effective unless he manages multiple time lines synergistically. He has to communicate the vision to obtain the commitment of employees. The vision has to be translated into their language—the one that inspires them, the one they understand and use.

“Understanding the change process”, said Kotter, “is essential to many aspects of a leader’s job”. Two skills in particular—building coalitions and creating a vision—are especially relevant to our times. This is because change cannot be managed by one person. It requires strong partners who can bring in different viewpoints. The strength of such coalitions is better equipped to deal with change.

*Coalitions work through persuasion and inspiration. A
leader inspires when he has a vision.*



Sharing Experiences

THE CHANGE PROCESS requires skilled leaders to integrate effective coalitions. Grooming such leaders is the most challenging task of top management, especially the CEO. And CEOs' experiences in transforming organisations are readily the most effective way of influencing potential leaders. It helps in inculcating a sense of values and meaning, heightening the consciousness, and providing powerful role models.

In *Corporate Success and Transformational Leadership* Pritam Singh and Asha Bhandarkar present meaningful finding of the six CEOs that they studied in 1990 for their research. These are: Mr.R. H. Mody, chairman TISCO, S. V. S. Raghavan, chairman MMTC, S. N. Jain, Managing Director NFL, Pankaj Sinha, Chief general manager, WCL Pench Area, and S. P. Sharma, General manager, IFFCO, Phulpur.

Singh and Bhandarakar note:

All our transformational leaders are capable of successfully articulating their inspiration, vision, and goals. All of them played an active role at various levels of the government, society, and community...leaders operated not through authority and power of the organisation, but thorough their personal power and influence.

While playing a catalytic role, CEOs also share the vision, and create a compelling need for change. It is the people processes and the CEO's role that are paramount in such transformations.



Change Agents

MANAGEMENT REQUIRES CHANGE agents—leaders who can initiate and lead the change phase to its successful completion. Deveshwar (ITC), Dhirubhai, Mukesh and Anil (Reliance), Munjals (Hero Honda), Datta and Dadiseth (HLL), Murthy (Infosys), Parekh (HDFC), Premji (Wipro), Kurien (NDDDB), and Mashelkar (CSIR), led the change processes in their organisations.

Azim Premji, Chairman, Wipro, says that *successful leadership is the same across all fields... but leadership has become more demanding over the years. The pace of change has accelerated, and the ability to lead change has become even more important.* The change experts, and organisations adept at anticipating the need for, and of leading productive change, are the ones who will be in great demand.

Change masters have certain characteristics. They:

- question assumptions and construct new paradigms
- see change as an opportunity
- change willingly what is already there, take the lead in innovation, and create something new and sellable

- hold a vision of the future, and are prepared to weed out what is unproductive—products, services, processes, employees, divisions, depots, whatever—what Drucker calls ‘Organised Abandonment’
- bring in systematic improvements through use of processes like TQM
- exploit one’s strengths and successes
- audit themselves and the organisation on two counts, viz. the time and budget spent on the present—maintenance—and the future
- reorient their own and their teams’ activities in untried directions to reach a higher level of achievement
- maintain a balance between change and continuity

There is another noticeable theme in the story of change. More and more women are coming to occupy strategic posts in politics, business, civil service, research, and development in addition to their known preserves of social work, and education. *Business Today (BT)* in its issue of November 23, 2003 has featured 25 most powerful women from diverse businesses. These cover energy, environment, biotechnology, media, newspapers, dairy development and Cooperatives, autos, two-wheelers, beauty care, cosmetics, pharmaceuticals, banking, insurance, retailing, tractor manufacturing, civil service, you name it.

Change masters see change as an opportunity.



Tracklayers of the Change Trajectory

IN *The Second Coming*, Pradip Chanda, while discussing creativity in corporate turnarounds, notes that, “A new change agent is required at the top. Shareholders have to force the issue especially in the owner managed corporations. The CEO’s selection is critical” (Chanda, P., 2000).

This is equally applicable to public limited companies. The issue is not only about ownership but also about the fact that existing management is bogged down by traditional styles of working. It has no clue as to what *out-of-box thinking* means, and how to revive the company from the current morass.

In *The New Leaders*, Daniel Goleman (2002) says that the leader pays attention to the hidden dimensions and undercurrents of the emotional reality in the organisation, and to the culture that holds it together. Goleman has cited an Indian example: that of Keki Dadiseth of Hindustan Lever. Dadiseth followed certain basic rules that trigger change:

- bought to people’s notice, the underlying blockages and solutions that could create common ground, and understood what needed change and why

- got people to talk about their hopes for the future—it helped the leader find out what held their dedication
- modeled new behaviour which helped the leader move from talk to action—that is the leader's function

If business leaders are called upon to sensitively husband ecology, then it is incumbent on them to husband far more attentively the emotional resources of employees and stakeholders. Such leaders are track-layers of the unfolding change trajectory. They thrive by helping people find meaning in the face of seemingly senseless change. They have to make it look sensible. They have to be genuine and convinced of the cause. *If the messenger is trusted, the message is accepted.*

Jamshed Irani has consciously and convincingly played the role of a *Model Change Agent* in bringing about significant change at TISCO. In the process he has provided a model for leading change in organisations.

The company had a tremendous need to change, so you needed a different kind of person—a change agent—to come in. But if that change agent had not been able to change himself, how could you trust him to change the company?

7

Change Agent— Jamshed Irani



World Steel Dynamics ranked India's best known symbol of industrial growth, Tata Steel, formerly TISCO. Its gross revenue in 2001 figured at Rs 7,814.58 crore and Profit After Tax (PAT) at Rs 533.44 crore. With 46,000 employees (2001), it ranks number one amongst the world's top twelve best steel producers. The single largest, integrated steel works in the private sector, it is the biggest exporter of high quality, value-added steel products. Dr. Jamshed Irani, who retired in July 2001 as Managing Director, was the change agent who led his teams to achieve this unique status.

T ALL, HAPPY looking Dr. Jamshed Irani occupies a stately office on the fourth floor of Bombay House, headquarters of Tata Group. As I was passing through the security check on that floor, I intuitively knew that I would meet a relaxed and noble Parsi. During my days at Bank of India, I came in close contact with Parsis, and I associate them with nobility, kindness, and compassion. That strong association probably permeated me at that moment. His secretary Valsaraj made me comfortable. After successfully turning round Tata Steel as CEO, Jamshed moved over from Jamshedpur to Mumbai. Ratan Tata, the Chairman of the group, has entrusted him with numerous non-executive responsibilities. In addition to being the Chairman of Tata Teleservices, Tata Refractories, Tata Ryerson, etc., Jamshed is Director on the board of several companies like Tata Sons, Telco, Mico. He is also involved with NGOs in social development. After battling at the front, and leading Tata Steel through a historic turnaround, Jamshed now mentors and guides senior executives of the companies he is connected with, to sculpt a better future.

*“Say what you think, do what you say
let everyone experience that it is so.”*



Jamshed's Solid Foundation

JAMSHED'S FATHER JIJI Irani, was employed with Tatas. His mother Khorshed was a housewife. Jamshed grew up in Nagpur. In addition to normal family values like honesty, integrity, etc., Jamshed recalls that particular efforts were made to teach him right from wrong, and the importance of being independent. He describes Jiji as his best friend and mentor. In Jiji's often quoted phrase—*out of every ten men, who are born in this world, nine have to work for the tenth; prepare yourself to be the tenth*—lies the foundation of Jamshed's ascendance to the top leadership position.

Jamshed holds a brilliant academic record. He was awarded a gold medal for his B.Sc. and M.Sc. in Geology at Nagpur University. He did his Master's and Ph.D. in Metallurgy at Sheffield University, U.K. He was also awarded a gold medal for his Ph. D. thesis. Professional career guidance as it is practised today was unknown then. Jamshed studied subjects he was best at, and laid a solid foundation. This piling of academic knowledge helped him immensely in TISCO's grand renewal.

He chose his career when, as a student, he visited Jamshedpur. While observing supervisors and managers, he resolved to become a leader there one day. What brought him to Tata Steel? J. R. D. Tata (JRD), the Chairman of Tata Group! While Jamshed was at Sheffield, he received a letter from JRD—come to India and join TISCO (Tata Steel). He joined the R&D department as his inclination was to make a career in research. But after he saw how the organisation worked, he changed over to operations and management, realising that they provided a better scope for his goals.

These incidents influenced Jamshed's thinking. He understood that *luck is when preparation meets opportunity. Focus on what you want to be.* In *Thought Leaders*, I wrote that critical events often become turning points in life as a result of a shift in awareness. The trigger, the event, leads one to look to the deeper currents of one's life. We all face turning points in life. But we do not try to understand their true significance as leaders like Jamshed do. At times unconsciously, but most often consciously, these leaders identify their paths, select the correct route, and reach their goals with a disciplined resolve.

In Jamshed's case, the observation of actual working of TISCO led to his first resolve, to become a leader in TISCO one day. Secondly, JRD's letter lured him more than the available opportunities at UK. He did not change his original resolve. The glamour of UK did not estrange him from his original thought. And thirdly, the experience and observations through actual work, and the focus on his goal to become a leader, caused his move to operations. It was decidedly a better route to the top of the ladder.

Jamshed's icon JRD, taught him the virtues of fairness, humility, and thrift. In his wife Daisy, he met an ideal companion. Her companionship provided him the true meaning of sharing, learning, and realism. His father, Jiji was a good friend.

Jamshed's office has a British ambience. I said, "You have filled out the questionnaire so well that little remains to be asked". His equally appreciative response, "It took considerable time—thinking before answering each question—since it's quite a comprehensive questionnaire", fortified my feelings. Since management of teams at various levels holds the key to successful organisation-change programmes, I started a discussion on that topic.



Team Working at the Top

S: How did you develop teams at board, committee, and executive levels?

J: Through openness, discussions, voicing my concerns, making my demands, reaching consensus, and taking logical, clear cut decisions, followed by immediate action. At the executive level I was very careful in ensuring that no favouritism takes place, and that we do not shy away from difficult situations.

S: Give me an example please.

J: You saw these ten people leave my room just now. They are from our Telecom side. Mr. Tata has given me the responsibility of doing to Telecom what he thinks I have been able to do in steel—bring co-ordination between managing directors of three different companies. Each one wants to protect his company. They have an interface but not a seamless one. It is my job to blend them as a team, and I told them that we have to achieve a synergy rather than engage in a combat.

S: Are the issues functional, or territorial, or what?

J: Functionally territorial but not geographically so. Who takes the lead when they are looking at the customer, is the question. All three should not approach. The one who is most appropriate should approach, make the deal, and share the spoils. This attitude has to be inculcated. This is similar to the situation steel or any other industry. It is a natural instinct for everyone to fend for themselves, forgetting that this doesn't result in synergy.

S: It seems to me that the reward system is strongly linked to bottom line results, which drive them to be functionally sectarian.

J: More than sectarian, it is working in a silo mentality, not giving due attention to the group losing a customer. Maybe the other company in the group can provide better service. They must take a group view, a global view. Today I spent two hours with them in this room. I did not find any animosity. Finally, they all agreed to the proposal on the table. We cannot entertain hidden agendas. We have to learn to take totality into account. And people do learn through such forums that I create, where free debate and group view is encouraged.

What this case illustrates is that servicing customers by group companies, is a task that requires a truly collaborative "work product". Rotating the leadership role amongst three constituent companies, depended upon who could provide optimum service advantage to the customer. And executives of the three companies will hold each other mutually accountable, depending upon how the service product is to be delivered.

S: What values guided you in team building?

J: The Tata values, credibility, learning, and sharing. Information is no longer power. One must be ready to lead a team, a company, and a nation.

S: But why do you think information is no longer power?

J: In the past it may have been so because it proved one's indispensability, but not any more, since collaboration and team work are critical to success.

At the executive level I was very careful in ensuring that no favouritism takes place, and that we do not shy away from difficult situations. Values are important for building teams and organisations of excellence. These values have been practised by TISCO since 1904 when Late Jamshedji Tata founded it.

Way back in 1895 said Jamshedji, We do not claim to be more unselfish, more generous or more philanthropic than others, but we think, we started on sound and straightforward business principles considering the interests of the shareholders, our own and health and welfare of our employees...the sure foundation of our prosperity.

10

Transformation of Tata Steel

TATA STEEL LED the pack of success stories, which proved that liberalisation frees business to expand, compete, grow, and make profits. The world steel industries' holy book *World Steel Dynamics*, stated in its 2001 report, "Tata Steel is India's only world class steel maker and one of the few steel companies in the world with such a standing". It became the lowest cost steel maker in the world. It was so ranked against other leaders like Nucor of US, Nippon of Japan, Posco of South Korea, and Usinor of France.

The story is worth recapitulating. In the socialist manufactured era of shortages, steel was being distributed, rather rationed, like cement and rock oil. Tata Steel, like many other companies, was in a cost-plus position. There was no need seen for modernisation and "no money" excuses shot down many proposals in every company.

J: Once I jokingly told JRD that unless we modernise our plant, both you and I will stand at the gates of the company selling tickets and saying, "come and see the steel museum". JRD said,

“Don’t accept what the finance people keep telling you. Ask them why they cannot become more modern?” That gave us the inspiration, the rest is history.

In the early nineties Ratan Tata and Jamshed had gone abroad to collect \$100 million for their convertible stock issue. The defining moment came when investors asked, “why do you need 78,000 people?” As good employers, many companies went on adding people, since labour costs were cheap. That was the day of reckoning for Tatas. The investors’ criteria for the measurement of efficiency demanded a much reduced manpower. Jamshed and his team started acting in right earnest, taking unions into confidence, sending union leaders to Japan, and South-East Asia to see how they functioned, introducing voluntary separation schemes, launching major communications drives; and in phases reduced the manpower to approximately 46,000 in 8 years. Quite an achievement!

That wake up call led to further refining of the strategic objectives for creating wealth. The management decided to:

- create a culture of continuous learning and change
- achieve world class status in services and products
- become the most cost competitive steel producer
- establish industry leadership

The cost competitiveness could be achieved only if the cost of raw material was brought down substantially. Joda mines, which had unutilised deposits, were developed into the main supplier of iron ore.

J: We started using Blue dust, which we avoided at one time. This was a major change. But in my opinion, the biggest change that made us a low-cost producer, was the introduction of a new coke-making technology. India has medium cooking coal only.

SAIL imports such coal from outside. We must use our own resources—this was a campaign I led myself. We had to make good quality coke from our poor quality coal. Such technology didn't exist in the world in the 80's, because nobody had this kind of problem. We had to solve it ourselves. So over a period of ten years, we developed what is known as stamp charging technology, through painstaking laboratory tests and pilot plants.

S: How did they actually put it to use?

J: First we converted one of our coke oven batteries. After some tweaking, it gave us the confidence to change our batteries also. Now the entire plant have changed over to the new technology. India has very low-cost medium coal, which we are converting to low-cost coke, a low-cost fuel. I would say that, that is the number one reason behind our becoming a low-cost producer. It is far more important than reducing manpower.

I have always found that the unions adapt to new ideas faster than the lower levels of management. Once, when we closed down one of our units, workers realised we meant business and allowed us to dispense with 400 workers on Voluntary Separation Scheme. We had to turn the union from an adversary to a partner.

This gigantic and risky exercise of rewriting the “social contract” was carried out in the 80s and 90s in politically sensitive, socialist Bihar.

Simultaneously, TISCO undertook quality improvement in hand. They employed four techniques to get to the top of the quality wagon:

1. value engineering
2. adoption of ISO 9000

3. JRD Quality Value (JRDQV) process, which led to JRD Tata Quality Value Award (equivalent to US Malcolm Baldrige Award)
4. six sigma process—each was taken in hand, one at a time

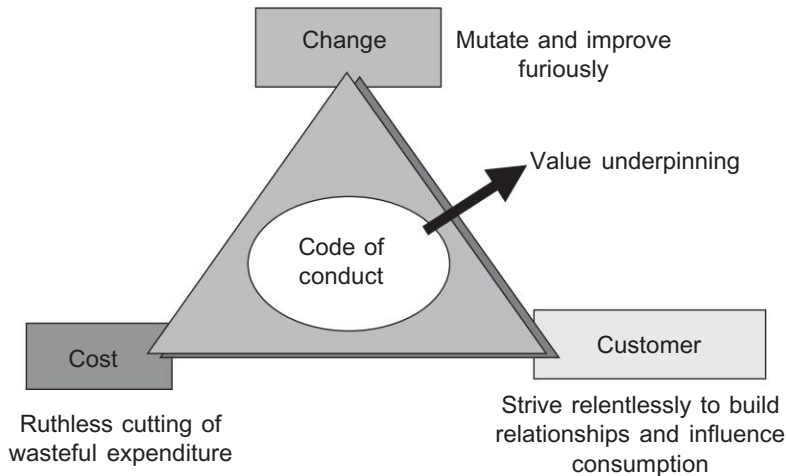


Fig. 10.1 TISCO's Communication Thrust to Masses

The transformation of Tata Steel is visible to the naked eye at Jamshedpur, and the bottom line results show in the balance sheets. Transformation here, means changing the configuration of operations. In this metamorphosis there were five basic elements:

- the decision of the board to invest in the process of upgradation
- technological breakthrough in developing low-cost fuel
- step by step upgradation of quality
- reduction of manpower, with union involvement through the partnership route
- sustained effort to change the mindset through value based actions, model leadership, and communications

Jamshed believes that CEO's must:

- lead the change process through its phases—awareness, promotion, interpretation and excellence—and take personal ownership; the responsibility cannot be delegated
- play the role model, and be the first to change; personal involvement with time commitment is key to success
- create frequent opportunities for two-way communication
- create a sense of urgency (not panic); embrace change even when it doesn't appear necessary
- set up a small handpicked group, to drive change in the organisation; train and empower them
- set key result areas (KRAs) carefully, and include them in the MD's scorecard

TISCO became a world class organisation. I wanted to know if there were any universally applicable principles, and Jamshed elaborated the dos and don'ts

Table 10.1 Dos and don'ts of a World Class Organisation

<i>Dos</i>	<i>Don'ts</i>
<i>Install and Encourage</i>	<i>Avoid or Discourage</i>
Listening posts; plain talk	Rumours, Sycophancy
Task forces	Extra constitutional bodies
Fair and efficient systems	Deal makers, Wheeler—dealers, King makers
Promptness	Discount on delays
Decision making at appropriate levels	Procrastination; passing the buck
Risk taking	Cynicism
Inspire an individual/team to perform beyond its capabilities	Talking down

CEO must lead the change process through its phases and take personal ownership: The responsibility cannot be delegated.



Evaluation of Experience

***I**N THE QUESTIONNAIRE sent to the participants of this study, I had requested them to evaluate their experience gained at junior, middle, and senior levels in terms of quality, value, and learning. Jamshed responded:*

Junior—New ideas cannot be imposed from outside. Win over your colleagues, share credit, praise, and responsibilities with them.

Middle—Do not be afraid of being outspoken. Try to help peers.

Senior—Try for consensus. If it is not achieved, explain the reasons for your decision(s) and go ahead. Be firm; show no hesitancy. But be prepared to learn from mistakes.

J: Being CEO of Tata Steel was very action oriented. Decision making was fast—it is not so in the present environment at Bombay House. In ambiguous situations, one got as much information as possible, and acted. Delaying matters did not always lead to a better decision. While obtaining commitment from others and retaining a certain amount of flexibility, one had to be fair and make a judgement call. As long as those

affected, had the confidence that I was acting in the interests of the company/group, my actions were accepted. Also, they knew that I would follow up on actions—understanding the SWOT of people, placing them in jobs, explaining our expectations, and demanding that results should be obtained objectively. The teams responded. Success was rewarded, failure counselled up to a point and lack of attention reprimanded.

S: Would you please spell out the details of this follow up mechanism?

J: If I had given instructions, a week or ten days later they would get a reminder, “what have you done?” My office would follow. I maintained a diary for important things and reviewed its notes every ten days or so. This is how I inculcated discipline. I was known to be a maniac of follow up.

You must be well read on a wide variety of topics, be skilled at communication, and be as transparent a personality as courage for self-disclosure permits.

*The principle you must do, what you say you will do
is cardinal for establishing credibility.*

12

Innovative Jamshed

WHAT COMES OUT of Jamshed's self-evaluation? He is a helper, team and consensus builder, but more, a learner! In this frank analysis, there is a lesson for executives working at all levels. It does not mean that it has to be adapted ditto. It provides clues to the kind of make-up of a career executive.

S: How did you sense the growth opportunities?

J: Through comparisons with what happened in other economies. Reading about other countries, studying their advances, visiting them, comparing where we stand and where we should be heading provides insight in the alchemy of growth. In India, 'flat products' were required—steel for cars, white goods, etc. So we made TISCO strong in that area. TISCO's strength is in raw material base. Technologies were evolved to make the best use of that strength, and we succeeded.

To improve performance and spread the innovative climate, TISCO did what all organisations do, viz. institute job rotations, suggestion schemes, recognition and rewards, training courses, and challenging opportunities for deserving candidates. The distinguishing factors however, were leading by example, and liberally establishing libraries of books and videos all

over the organisation. In modernising the plant—introducing the new coke making technology—TISCO benchmarked itself against the best in the world, and secured the number one rank amongst world steel producers. TISCO is today's modern steel giant, successful and strong.

Jamshed's innovation was based on the need to use TISCO's raw material to the best advantage. The urgent need to gatecrash was economic and technical, both. These were long standing problems. Solutions had to be found as soon as possible.

J: I felt I must do this because it will change the face of the company. We had tried several alternatives, even foreign technology, but without success. We had to solve it ourselves. There were the usual emotional upheavals—cannot be done, we have tried this before syndrome.

S: What helped?

J: Patience and persistence paid off. I provided them a picture of what would be at the end of the road, and that helped a great deal. In a picture you can capture the ingredients of a completed job. The visuals produce the necessary impacts.

Jamshed followed Louis Pasteur, who said, "Let me tell you the secret that has led me to my goal: my strength lies solely in my tenacity."

13

Metallurgy of Leadership

TISCO IS A beehive of metallurgists. A metallurgist is not a metal worker. He is a scientist, and metallurgy is the science and technology of metals. Innovators lay down the ground rules for running industry. It was the clarion call of Jamshed's profession, and he honoured it with significant innovation.

This was a decade long voyage for TISCO and Jamshed. The voyage sailed through four phases—awareness, promotion, integration, and excellence.

J: In this journey to excellence, we meandered, tested, and finally we chose a proven world class approach.

S: In this voyage, what challenges did you love to face?

J: Getting people to work with me, accept me as a leader.

S: What was the problem? You were already appointed a CEO.

J: You may be appointed, but you still have to win over your colleagues. You cannot exercise your positional authority from day one, and in any case, you lose it fast if you do that. You have to earn respect for yourself as a person, for the quality of

leadership you provide. Acceptance comes from the heart and you have to work for it. That was the challenge I enjoyed.

Jamshed enjoyed this challenge because he was confident about himself. Self-acceptance is important. How you feel about yourself is more important than how others feel about you.

S: That was when you were appointed CEO of Tata Steel. But today, you are asked by the chairman to look into a specific issue, or to co-ordinate some activities. You are not the CEO. How do you exercise your leadership? Managers are required to play both the leadership roles, executive and advisory.

J: You must put on the other guy's shoes. This morning, I had a meeting with the managing directors of Tata Teleservices, VSNL, erstwhile Hughes Teleservices, and representatives from chairman's office. I was thinking, how do I bring these gentlemen together, what could be the synergy? None of the guys are going to like being pulled up, in front of others. In a way I am an extra constitutional authority. I knew that some of these people needed corrective action, a course correction. I was thinking from each one's angle—their individual apprehensions about authority erosion or whatever. As the leader of the meeting, I want X to agree, but how would he take it—loss of face, loss of power, or what? And if the answer is 'yes', then how do I effect it without his feeling that way. For some, it is water off the duck's back, while some may be very sensitive, so one has to be careful about that. The leader is a person who extracts the best out of subordinates and colleagues.

In Fig. 13.1, the arrow on left hand side, you see everyone working at cross-purposes, some times intentionally, sometimes unintentionally. The strategic objectives cannot be achieved unless

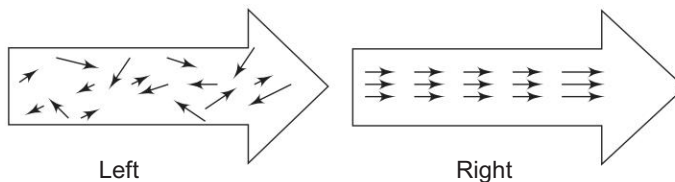


Fig. 13.1 Working in an Organisation

you align all initiatives, as in the right-hand arrow. This way, you reach the objective faster.

S: Easier said than done?

J: Yes, you are right. Obviously, overall objective is also not straight. The point is to get people moving in the same direction.

S: Is there any metallurgical principle in that?

J: Yes, there is. If you take a bar of iron and put it in a magnetic coil, then all units which contribute to magnetism get aligned in the same direction. This is how I explain it as a physicist. This is the principle of the dynamo of an ordinary motor, where you put a bar and a coil, and pass the current through the coil. Magnetism gets it aligned in the same direction. So I say the leader is the coil. Once he is lit up, he gets everybody else aligned in the same direction.

S: In human dynamics, the leader is that energy, vision, direction—all that encompasses leadership in his person, am I right?

J: It is the influence that person has in that organisation, in that situation. I am of the firm belief that everyone cannot possess it. Firstly, one requires mastery in his domain science.

S: Of what are you the master?

J: Seeing through a problem, visualising the end result, removing filters and lenses, which mask or distort true picture and objective.

S: Where does your drive come from?

J: Self-satisfaction largely, and marginally, from the appreciation shown by peers.

S: A touch of philosophy brings contentment in our reciprocal gestures. Of all the obstacles you had to face, the hardest to overcome was...?

J: Ability in myself. But this reduced with time, as I went from strength to strength. I overcame it through increasing self-confidence, and through the realisation that *I have to continue learning all the time. I am never shy of the phrase, "I do not know".* I have not learnt to use computers though: not interested because there are others to do the job for me.

S: How did you build credibility?

J: Not through knowledge, not strength, not discipline—I mean all those one must have, but without credibility they carry little meaning and weight.

S: What are the ingredients of credibility?

J: Consistency in thought, process, and action. He will do what he says he will—walk his talk—call it what you like. When a person writes to you, you must promptly send a reply even if it is an interim one, or close the loop by giving a touch of finality to whatever you want to convey.

Humayun's credibility amongst employees and in management circles has always been high. The technique used by two eminent CEOs Jamshed and Humayun, is here for us to see. One who wants to become an effective leader, needs to master it, period.

The significant factor of my success as a leader, or what a leader must have is in one word—credibility.

14

Correlates of Performance

*T*HERE ARE MANY competencies embedded in a successful CEO, which we must decipher for our benefit. Entrepreneurial competence is one such. It is first and foremost, a search for opportunity—where is the business, the chance to earn money. Often Jamshed spotted opportunities through a study of other economies. In that study, he used techniques of forecasting what India would need in it move forward. He is a keen observer of local markets, and felt they lacked both, content and systems. It is the strength of the entrepreneurs, that they first locate gaps in existing markets, in products and services, and look out to make an entry into the future on the basis of scenarios and forecasts. Initially for Jamshed, the framework was India; later it became global.

It was difficult for Jamshed to pinpoint where this entrepreneurial competency originated in him. He gained a little in his early life abroad, and a little through translating observations into 'present day' situations. He took enormous risks in some cases, as in converting low quality coal to high quality coke, where the total investment was to the tune of Rs 1,500–1,800 crore. Failure would have meant severe hardship on TISCO operations. So chances of failure had to be reduced to the bare minimum

during the 'preparation' stage, and commercial viability had to be determined through analyses and discussions. It is understood: this is organisational entrepreneurship, but a credible leader at the front, undoubtedly puts his head on the block.

J: It took some six years for pilot plant experimentation, and another eight years for final and full implementation, after they changed the parameters. Simultaneously, the organisation slimmed from 72,000 to 45,000. The sheer size and complexity of these operations are mind boggling.

In the hey days of union supremacy, when the unions dictated the terms on how organisation operations would be run, it was well nigh impossible to make any paradigm shift in the adversarial relationship between union and management. There are few exceptions and TISCO was one such. In this respect Jamshed provided an example of his out of box thinking and out of mould actions in Jamshedpur.

J: We never sprang any surprises on union leaders. In fact we informed them in advance of any severe actions to be taken. We made a fundamental shift in treating them as partners and not combatants. When we launched our quality movement, I coined a slogan, *Cost of Quality is immaterial, Cost of Poor Quality is much higher.*

In the performance–success–achievement matrix, we find there is a contribution of factors like luck, chance, competencies–skill set and attitudes, and teams of colleagues, bosses, and subordinates. In his case Jamshed believes, the composition looks like, luck–2%, Competencies–49%, and Teams–49%. His definition of luck—where preparation meets with opportunity. You will observe the negligible weight given to luck.

This pattern of thought is seen in most of the successful business leaders I have met. Percentages given to different elements differ. They do not

disregard luck, as it plays a part. However, they feel no control over it. These leaders prefer to talk about that which can be practised, controlled, and which will lead to better results. More specifically, they engage in discussions about competencies, teams, their contribution, and performance.

*They believe in Drucker's dictum: what get measured,
gets managed. This is how it should be.*

15

How to Develop Leaders

***T**HE NEED TO develop outstanding leaders, like Jamshed, is unquestionably high. Many well run organisations have systematic training and development programmes. Quite a few are well structured and methodically conducted. Leadership is learned through experience on the job. Training helps develop new skills. Genetics and nurturance also play a part in leadership development. The first advantage definitely goes to positive genetic predisposition. However, there is agreement among researchers and practitioners, that these deficiencies can be corrected with intensive formal training, and by providing challenging assignments, especially those that involve hardship and conflicts.*

There is abundant evidence that the transformational-situational-nurturant style of leadership, proves effective in the Indian milieu. Challenging assignments build self-confidence, toughness, and ability to manage interpersonal relations more adroitly. Hardships reveal personal limits. Ambitious managers crave to learn more about creativity, to make breakthroughs. Their preparedness is an omen of maturing leadership competencies. This occurs through sustained exposure to international and industry forums, and personal mentoring.

However there is a gap in our knowledge about the insights Indian leaders have on leadership development. We need to fill it through leaders like Jamshed who are prepared to share their insights.

S: What insight can you share about developing people, into leaders like you?

J: I think, if the person is disciplined and analytical enough to find out where he is going, he will find the path. I have done that throughout my career—a systematic study of my progress. After you have developed a long term perspective, you get down to managing the micro level. I am disciplined in preparing for a meeting. I decide every morning what is it I want to achieve that day. One should be able to programme oneself and think about one's idea and activities wherever one is.

S: In India, the house of Tata is the oldest conglomerate of industrial organisations. Its durability is priceless, brand immutable. You can bet on Tata shares. This sustainability for over hundred years, came from leaders with vision, commitment, entrepreneurship, and skills in building institution. The difference now and in the bygone era, is global scale, competitive markets, technological advances, and the speed trajectory; internet revolution has changed it. In this changed scenario, what would you like to include in the syllabus of leader development as the subject of top priority to sustain Tata durability?

J: It is a matter of values, isn't it Shrinivas? We do not go against, even a grain, of our value system. We talked about the problems we faced. There are certain things that cannot be written in black and white. There are shades of grey. We must imbibe as a religious diktat that we shall not cross the line. Come what may, we shall stick to our values.

S: There is no question that every organisation should make the inculcation of values, top priority. In any case, it has become a globally

important topic, in view of brazen looting of public money, frauds, and what have you. It has shaken the confidence of the public and corporate world. Let's say there is a professional manager who doesn't have your kind of background, nurturance, mentors, and an organisation like TISCO. What should he do?

J: The first thing he should do is find an icon. I had JRD and my father in my personal life, and professionally, JRD was my father. So find an icon and follow him.

S: Ok, understood. We also know we should develop two things. One, attitude, and two, competency.

J: And the third is discipline.

S: A certain drill is prescribed for inculcating discipline. What is the drill for the development of attitudes and competencies?

J: The discipline of what is right and wrong. Practice with right attitudes when the chips are down. If on a lunch table, somebody is having chicken, you need not have it if it does not suit you. Competencies are a certain set of skills, and some discipline will be prescribed which must be adhered to.

S: Discipline involves giving up something, and strict monitoring of whatever you undertake to do or not do.

J: To understand the concept, let me give you a simple example, which I followed for a while. I am very fond of food, and I like non-vegetarian dishes. For personal reasons I decided to give up non-vegetarian food for a year and I announced it to the family. Believe me, my willpower was stretched to the limit. During the last month particularly, I would constantly go to the fridge, open it, and see if I could eat this or that, and then with great restraint close it without touching any of the stuff. My children would joke, "What is going to happen to the world if you eat, come on dad".

S: So you went on a kind of a fast.

J: No.

S: You practised a kind of self-denial advocated in every religion and all philosophies.

J: No. I did not deny myself anything.

S: You did. For example, if I want to concentrate on improving my value system I must deny myself two hours I spend on what I like, say music. The principle emerges that to the exclusion of everything else, I will concentrate on what I have decided to devote time.

J: Yes, that I think is a very strong point.

S: And that is discipline.

J: Something that has got to be done. Right from my research days in UK to tackling a particular problem in TISCO, I have burnt the midnight oil. After resolving the situational problems, I slept well.

S: These ingredients—self-discipline, attitude development, and competency building—lead to a change in mindset. You must have encountered obstacles at the middle level, and I suppose elsewhere also. How did you manage the frustration, to control your emotions?

J: Often in the beginning, I used to blow my fuse. This is one way of releasing frustration. People would know I was not doing it for personal reasons, it was situational. However offensive the behaviour was, they would still think they deserved it.

S: You bet they did.

In Learning to Lead, Jay A. Cagner (1992) comes to a very useful conclusion from his survey of training practices, about transforming managers into leaders. He notes, "It should be clear that to be effective, leadership training must incorporate all four approaches: personal growth

experiences, conceptual development, feedback, and skill building. Each integrates and builds upon the other”.

Jamshed’s contribution to these process issues is immense. His emphasis on self-discipline, inculcation of values, and last but not the least, in spotting an icon and following him, is very strong. The latter requires one to launch an intensive and creative search.

It is difficult to spot an icon, and like millions one may only succeed in not finding one. But the search itself is a great learning experience.

16

The Model Change Agent

*J*AMSHED'S STYLE OF leadership was pioneering. He believes, "I look upon myself as The Change Agent for TISCO". He is approachable but does not consider himself a mild father figure. In the change management also, one encounters the dilemma of the Bell Curve. Those who actively seek change and resist change, each form 15 per cent of the population. Those reluctant to change or willy-nilly ready for it, form the middle bulk of 70 per cent. That is what Jamshed faced. He experienced difficulty in getting commitment from the middle management. He reduced their cycle time of response through quality improvement movement.

Strategically, Jamshed first attacked the resistance stronghold of unions and workers. The middle groups saw that grip loosened, and then that unions and workers were beginning to cooperate. That brought incremental changes in the workers' output. Consequently, the reluctance of junior and middle management started waning. The key point is that Jamshed understood it was reluctance not resistance.

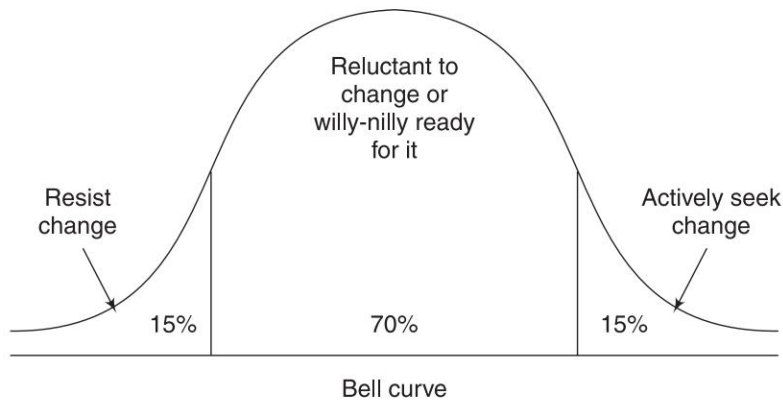


Fig. 16.1 Organisation Population Distribution Indicating Preparedness for Change

Political, social, and religious leaders or saints, get many followers, but business leaders do not. They, like civil servants, and men from armed forces, have many admirers but few followers. Jamshed is no exception. This is a general phenomenon worth investigation. Suffice to note here, that the first category acquires followers because they represent ideals, concerns, and the aspirations of the public. There is an element of shared belief system and feeling of oneness, which provides satisfaction to one's alter ego. They acquire power, which in the beginning at least, is not positional. Whereas the latter category appears distant, and power comes from position. In such long established perceptions however, a select few do reach iconic status—like the legendary JRD Tata. Jamshed prefers to remain in the 'change agent' category with few followers. That in itself is a great achievement.

The change, Jamshed introduced in TISCO, is of monumental proportions. The transformation that he personally underwent in the process, made him a master craftsman of change management. He was trying to pull his inner depths from the old "command and control" style to a new culture of "commitment to partnership". This was as tough as all such transitions are. Such actions embolden the visionary, courageous, and humble leader, to act. And Jamshed did act, didn't he?

The chief learning officer of GE's Crotonville leadership education centre, Steven Kerr notes, "*To be an effective leader, one must be an effective change agent.* That means, giving people a sense of inclusion, helping them understand why change is necessary, and helping them shape the direction of change in their own businesses or departments". The apt saying comes to mind: *people don't resist change, they resist being changed.*

Jamshed repeated the famous dictum:

Ultimately every CEO must abide by the mantra that God gives me:

- the strength to change what I can
- the humility to accept what I cannot
- the wisdom to know the difference

What impressed me most was Jamshed's dictum to himself. It is hand written and encased in a thick square acrylic slab, which is put on the bookcase. It enhances the beauty of his office. You would love to read the same:

What I (as CEO) must do:

- *Develop a personal vision—what do I want to accomplish in my life.*
- *Tell the truth about current reality.*
- *Do the tough things no one else wants to do.*
- *Restructure the Top Team, if necessary.*
- *Build a powerful guiding coalition—management and board.*
- *Guide the creation of a shared VISION.*
- *Take the responsibility of being the main change agent.*
- *Create endless opportunities for two-way communications.*
- *Create opportunities for Innovations in the rank and file.*

- *Maintain focus.*
- *Realign HR systems; overcome obstacles.*
- *Model the desired managerial behaviour—above all maintain CREDIBILITY.*
- *Preserve the core values of TATAs (and my own).*

—Initialed JJI.

Managers who choose a systematic approach suitable to their individual company contexts, and combine processes and incentives, can hope to become successful change agents.



Take-aways

- Parental dictums often dictate the course of your life—You have to be the tenth to lead the nine.
- Play the Role Model, and be the first to change, personal involvement with time commitment is the key to success.
- Rigorous system of ‘follow-up’ guarantees execution.
- Even if you are appointed as CEO you have to earn the respect of peers, and gain acceptance of your leadership.
- In the metallurgy of leadership the ‘leader’ is the coil. He personifies energy, vision, and direction. It his value-added energy that magnetises others to proceed in one direction.
- The drive of a leader largely comes from self-satisfaction, and marginally from appreciation by peers.
- Organisational action has to be translated in the language of the individuals for effective implementation.
- The ingredients of credibility are consistency in thought, process and action.

- Cost of quality is immaterial; cost of poor quality is much higher.
- A person has to be disciplined and analytical to find out where he is going, through a systematic study of his progress. Values are non-negotiable.
- One should have an 'Icon' to derive inspiration from. You have to follow him with strict discipline.
- To be an effective leader one must be an efficient change agent.
- People don't resist change; they resist being changed.
- It is not a joint venture between luck and personal charisma, but a lot of hard work.
- Successful leadership is same across all fields...But leadership has become more demanding over the years...The pace of change has accelerated and the ability to lead change has become even more important.
- How you feel about yourself is more important than how others feel about you



Author's Profile

Shrinivas Pandit is a veteran HR professional and a leadership counsellor. His clients include Dian Graha ElektriKA, Indonesia, Biocon Group, Bangalore, NABARD, and Pitambari, Mumbai.

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