

# CEO

## CORPORATE DOSSIER

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**SIX YEARS AGO**, while attending a strategic leadership programme conducted by Harvard Business School (HBS), Tata Motors' MD Ravi Kant decided his company needed professor Krishna Palepu's help in creating a strategic gameplan. Over 40 Tata CXOs were in attendance at the programme at the Tata Management Training Centre (TMTc), where Kant requested, and eventually got,

The ACE is not the only Tata product to come out of an academic intervention. Last month when Ratan Tata unveiled the Nano, it was a culmination of an idea that had its genesis in the work of CK Prahalad. The famed author of *The Fortune at the Bottom of the Pyramid* may not have been a direct consultant to the project, but Satish Pradhan, executive vice president (group HR) at Tata Sons, says regular interactions with the management guru was one of the triggers for the Nano. "Prahalad exposed our top management to new frameworks of innovation and infected a whole lot of people of people with his thinking," he says.

### STICKING IT OUT WITH SCHOLARS

Indian companies are busy flying in the most celebrated academic thought leaders. From Reliance Industries and the Aditya Birla group to Infosys and Wipro, everyone's developing long term relationships with Ivy League management schools and their seasoned professors. Of course professors from Harvard have been sought to fix everything from the Libyan economy woes to the failings of British style management, and Indian companies aren't far behind. Harsh Mariwala, chairman and MD of Marico, often turns to strategy guru Ram Charan for advice. The late Sumantra Ghoshal of Lon-



Harsh Mariwala

a separate session with Palepu for the Tata Motors' top management. The idea of the Tata ACE mini-truck was born out of this session and Palepu returned to Pune three months later to meet a larger team of 170 engineers and refine the plans for what would turn out to be one of Tata Motors' most successful products in recent times.



don Business School (LBS) was engaged by Wipro for nearly a decade to help the company define its Infotech vision, with lasting impact. Harvard's Pankaj Ghemawat weaves in and out of TCS' "strategy, game plans and future thinking discussions". It isn't a new phenomenon. What has changed however is the momentum of interaction. Also, a phenomenon that started outward-in is now demand-driven. Indian companies are pro-actively seeking out eminent academia.

"The phenomenon started in the 90s because academics from the India diaspora had an unambiguous desire to be in India and understand the business environment," says

Gita Piramal, management writer and chairman BP Ergo. Dipak Jain, dean of Kellogg School of Management, who has worked extensively with Godrej group and is on the board of directors for Reliance Industries, says, "The difference today is that companies are making sustained investments in tapping this resource because there is mutual interest. They want to be global players and the academics want to track how things are unfolding in emerging economies."

For the Godrej group it all began with taking on the Total Quality Management movement in the early 90s. Today it has annual programmes designed by the

Kellogg faculty. The group has recently signed on Harvard's Bharat Anand, who Adi Godrej, chairman Godrej group, believes is the rising star in thought leadership. "It's about being exposed to the most cutting edge ideas," he says.

### KELLOGG PUMPS IRON

What is also interesting is the diversity of issues that these thought leaders are now consulting on. It may have started with basic questions on global standards, but now it's about building a global footprint and global integration. "Today the intervention is multi-dimensional," says Jain. "From being

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specific process driven, it's moved to broader issues of strategy and innovation."

Harsh Goenka, chairman of RPG Enterprises, admits to being a sucker for management programmes. Last year, RPG exposed the top brass of its retail business to a fortnight with two Ivy League professors. While there might still be the occasional functional skill gap to fill, the more recurring themes for RPG are faster growth and better quality of leadership. Last year, David Garvin, Professor of Business Administration at HBS, did a programme for 100 of the company's top talent — chairman down — on change processes, learning and improvement and decision making. Quality of decision making is equally an issue for Marico that has just engaged Harvard's Tom De Long to take 60 senior executives through leadership behaviour.

Corporate governance is another key theme. "One of the basic requirements for being a global player is a culture of transparency," says Jain. Last year Marico engaged Jagdish Sheth, the Chair of Marketing in the Golrueta Business School at Emory

University, to work with their Board with a view to improve effectiveness. "Today we understand that the Board's role should be strategic rather than operational or just statutory," says Mariwala.

### STEEP LEARNING CURVES

Indian corporates are now seeing a clear line of sight between what is taught and what is implemented. The Nano wasn't the first example of a Tata company adopting an unlikely strategy of combining high-end products with cheaper, commodified ones. The Ginger hotels (previously IndiOne) proposition, a subsidiary of Indian Hotels, was directly driven by Prahalad. Referring to the management guru's sand-box model, (which assumes that to create an impossibly low-cost, high-quality business model, you should start by cultivating constraints), Pradhan says, "It was Prahalad who created the mental ability to flex the distance from a luxury mindset to a Rs 1,000 per room brand with his sustained questioning and challenging."

Two years ago, Marico learned that second opinions matter, when its interactions with Sheth resulted in an explicit shift in the way the group was charting out its global footprint. "Our strategy at that point was one of reaction, we were prepared to follow any opportunities that arose for acquisition," says Mariwala. Sheth redirected the company's strategy from reactive to planned, by providing it with a conceptual framework for a structured approach for country selection and company selection, based on parameters like WTO linkages or synergies in the



Adi Godrej

distribution networks. That then paved the way for their hair care brand acquisitions in Egypt and South Africa.

It is not surprising, therefore, that companies are even finding places for their academic consultants on their boards. Harvard's Clay Christensen, who gained a great reputation for his work on 'disruptive innovations', sits on the TCS board. Sheth is on the Wipro board, Kellogg's Bala Balachandran sits on the Godrej Consumer Products board and Palepu is on the board of Satyam and Dr Reddy's Laboratories.

It isn't a one way street either. Indian CEOs, for their part, are being roped into academic circles. When Godrej employed Joel Stern to consult on his patented Economic Value Addition Model (EVA), he was roped into the Stern Stuart advisory board. Anand Mahindra, himself from the Harvard class of '77, is on the advisory board to the Dean of HBS.

### THE NEXT PRACTICE

Mahindra & Mahindra is taking its association with academia to the next level. A name plaque for Harvard Business School flanks the group's own at its Mahindra Towers' 5th floor office. The office of the HBS India Research Centre sits on this floor along with the Harvard South Asia Initiative office. Last year, Anand Mahindra, vice chairman of the group, incorporated 'Mahindra Universe' at HBS, a customised education programme headed by Palepu, to train its next generation of leaders.



Anand Mahindra

# Profit From The Profs



Clockwise from Left to Right: Rajeev Dubey, Dipak Jain, Satish Pradhan, Gita Piramal, Ranjan Acharya, Arvind Agrawal

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**LAST YEAR, THE FIRST BATCH** of 30 Mahindra executives from across the globe underwent classes in geo-politics and the convergence of technology in communications amongst others. The program, Mahindra had said in a previous interview with Corporate Dossier, was "not about training in finance and strategy but about building Renaissance leaders. People who are not just left brain or right brain thinkers, but 'whole brain' thinkers". For a group that has a presence on five continents, this tie-up also offers a unique co-branding opportunity with one of the most respected seats of intellectual capital.

Sometimes linkages are not so formal. While Mahindra & Mahindra might have structured interactions, Rajiv Dubey, president, Human Resources and Corporate Services and member, group management board, indicates that many more are still informally structured — say, across lunch, when top brass travel to the US. The same goes for the Tatias. "Informal networks are proliferating at similar levels of intensity. The leaders of the group are very clear about the nature of the external universe of influence they need," says Pradhan.

"As business becomes more complex, it is imperative we make sure there's nothing in cutting edge ideas that's not on our radar. It's a growing hunger," explains Dubey. That hunger comes at a price. Mariwala says Marico has spent anywhere from \$3000 to \$10,000 a day on strategy gurus. "That's why you cannot afford to engage them for long periods," he laughs.

Arvind Agrawal, President, Corporate Development and Group HR, says RPG has paid up to \$30,000 on occasion. Gone are the times when professors would heavily subsidise their rate cards. "I think those days are over when you must im-



line everything in India must be procured cheap. Besides, expenditure on good people more than pays for itself," says Godrej.

Measuring that return on investment isn't easy. After all, when there are no hard metrics to measure the success of a strategy or business process, a link with employee performance and cost savings can be tenuous. Most, however, are in agreement that an interaction has worked when it introduces a new and better quality of vocabulary in discussions. When Wharton's Harbir Singh took a session with the Mahindras on innovation in 2004, he introduced a common vocabulary. "His concept of strategy war rooms, for example, has crept into everyday discussions," says Dubey.

## BACK TO SCHOOL

Sending employees on executive education programmes isn't cheap either, but companies aren't shying away sending top executives to attend pro-



grammes at HBS, London Business School, IMD and INSEAD. Wipro has adopted a unique executive education consortium programme where they send six senior vice presidents each year to two countries — one developed and other developing — to study alongside other members of the consortium, which include companies like Nissan and Schneider Electric. A similar programme is undertaken with five Indian companies.

Simultaneously though, these education capabilities are being built internally. At TMTC, structured leadership programmes have been designed not just for senior executives and middle management but also young managers. Dubey likes to call M&M's Nashik training facility Bodhviriksh the "Crotonville" that will create the Mahindra leader of tomorrow.

TMTC is also in the initial stages of building its own repertoire of case studies on Tata companies, initially in collaboration with academic gurus, to be used as models for consulting within the

group. Currently in incubation are cases on merger and acquisition experiences in the group by Wharton professors, and another on the Ginger business model. "It's a win-win situation; we own the IP and collaborators get the opportunity to use it in the classroom," says Pradhan.

It is in these classrooms that another, increasingly important, collateral benefit will be felt. With this sustained association with top universities will come, many believe, share of mind among the next generation of business leaders — the students. Mahindra & Mahindra is in the third year of its Ivy League programme where they recruit five Liberal Arts graduates each year, on a two-year contract. The Tata group, after having had Harvard and Wharton interns pass through Bombay House on their Christmas treks each year, will test the stickiness of its brand as it hires directly from Kellogg, Stanford, Wharton and Harvard for the first time this year.

"Today it's impossible to not get asked about the Indian market and Indian businesses in the classroom. Everybody is curious," says Jain. And as professors of these classrooms, that only means that the momentum of their interaction with Indian companies will have to grow. That inevitability is illustrated best with GE's recent signing on of Tuck professor Vijay Govindrajnan as academic-in-residence for a year. Ranjan Acharya, Senior VP, Corporate Human Resource Development, Wipro, says that "hungry for learning" companies will continue to actively seek out academicians worldwide to bring in different perspectives and challenge the way people think.

Hark back to 1996 when Nohria, Ghemawat and Ghoshal were researching what was to be a momentous study on how ready Indian companies were for globalisation. "CEOs fumbled with the questions," recalls Piramal. Barely 20 companies out of 100 replied. Now they've come a long way.

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## Fall From Grace

**WHEN IT COMES** to Indian management schools, corporates seem to think in terms of customised executive development education programmes. Wipro has recently started inviting faculty members of IIM-Bangalore, Symbiosis Pune and Management Development Institute, Gurgaon for lectures and workshops. RPG has developed strong links with the IIMs at Ahmedabad and Bangalore. Two years ago, to popularise its corporate programmes, IIM-A partnered with Duke Corporate Education and established exchanges with four dozen business schools world-wide, most recently with Columbia in New York.

ISB Hyderabad, with its association with Wharton, LBS and Kellogg, seems to have gained credence among several companies. Even PSUs like LIC are enrolling for executive programmes. M&M sends its people to ISB for a tailor-made programme designed by Wharton's Harbir Singh, a visiting faculty and Godrej does the same. "There is definitely a cost component issue that works in favour of Indian business school executive development programmes. You can't always afford to send mid-level managers to Harvard," says M&M's Dubey.

Marico is currently writing its own case studies in conjunction with IIM-A on leveraging IT, sales and distribution, supply-chain management and commodity management. "If Marico gets discussed in the classroom, our share of mind in these schools will improve and that's great for recruitment," says Mariwala.

One notable example of a company being the driving force behind an Indian management school is Arvind Mills. Besides donating land for the establishment of IIM-A, founder Arvind Lalbhai was on the board of the institution. It was also one of the first few Indian companies to incorporate a management professor, VI Mote, on its board.

A few companies followed suit. Sougata Ray, strategic management professor at IIM-Caicutta is on the board of two Indian Oil subsidiaries, Rama Bijapurkar, a visiting professor at IIM-A, is on the Board of several companies including Godrej, UTI Bank and Infosys.

In the final analysis however, Indian business professors have had their competitive position in thought leadership eroded by their global counterparts. "Visibility is definitely an issue," says Mariwala. "One just doesn't read about them or their breakthrough research."