

Family is No Longer First for India Inc

CEOs encourage the growth of in-house talent as they look to create a pipeline of chief executives, MDs and other senior professionals to take control of the business



Fine-Tuning Talent

▶ **Doing business today** is different from what it was a few years ago, when most promoters were still growing their ventures

▶ **Professional talent**, when trained in business management and experienced in multiple roles, gets a broader outlook to steer the company

▶ **Direct grooming by professionals** builds professionals' emotional connect, making them stay longer and giving them the energy to deliver

▶ **In some cases**, promoters groom professionals and give them leadership roles since their own offspring is not yet ready to take charge of the business

TEAM MARICO: (L to R) Kaya CEO Ajay Pahwa; Marico consumer products business CEO, Saugata Gupta; group CFO and CHRO Milind Sarwate; international business CEO, Vijay Subramaniam and CMD Harsh Mariwala. — Pic by Nalin Solanki

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If there are two things Harsh Mariwala, chairman and managing director of Marico, is best known for, it's the creation of household brands like Parachute, Saffola or the Kaya chain, and for bringing an organisational culture which encourages the growth of professional talent. Many of the company's top managers have been directly mentored by him.

Marico's top three professional CEOs are also relatively young — which gives the company its reputation as one of the 'youngest' domestic FMCG companies in the country. There is Saugata Gupta, 43, who heads consumer products; Vijay Subramaniam, 43, who heads international business; and Ajay Pahwa, 47, leading the Kaya chain. All three were groomed to take over by Mariwala himself.

"A lot of my efforts are towards building a culture at Marico which will nurture talent from an early age," says Mariwala. "I personally undertake a lot of training programmes to ensure that we are not hierarchical, which might appear as a threat to young talent."

At a time when most of India's big industrialists are busy grooming their offspring for larger roles in the family business, a handful of them are also mentoring professionals. Entrusting them with the day-to-day running of the company and keeping an eye on the profits and losses, but also preparing them to take charge should the need arise in future. HR circles feel some promoters are seeing merit in differentiating owners from professionals, much like in the West, and thereby trying to create a pipeline of future CEOs, MDs and other senior-level positions.

"This is in a stage of evolution, and it seems clear that in a decade's time, a lot of Indian businesses would be run completely by professionals, much like in the

West," says Ronesh Puri, managing director of the HR and recruitment firm, Executive Access. He feels the main trigger behind the growing importance of young professionals is a more complex and competitive business scenario today.

Professionals, trained in the latest management techniques at B-schools, are emerging as an ideal choice for this. With a little grooming by promoters, they can steer the business forward without diluting the promoter's vision and values.

THE ECONOMIC TIMES

YOUNG LEADERS

Anand Mahindra, vice chairman and MD of the Mahindra group, for instance, articulates the broader vision for the group, and sets down its long-term objectives, during his grooming sessions with professionals. The Mahindra Group has regular group executive meetings, where senior executives in the subsidiary companies interact directly with their MD. For managers across levels, there are leadership summits where Mahindra himself sets the tone and vision for the year. "Anand Mahindra encourages managers within the group to innovate, experiment and take calculated risks," says CP Gurnani, CEO, Mahindra Satyam.

"He is always available and approachable, and spends time with the managers when he can. Such hands-on grooming helps, especially because he [Mahindra] creates an environment where his executives get full support from him for various initiatives."

Promoters who are grooming professionals, agree the need is more from a business purpose than just an ornamental one. A

changing business environment, the urge and need to globalise and compete against global companies, even on home turf, all play a role in this. "With a lot of Indian companies scaling up, grooming young professionals is becoming critical to ensure the business is not just dependant on one person. And that it does not come to a standstill in case something untoward happens to the promoter," says Gulu Mirchandani, founder, chairman and managing director of Mirc Electronics, makers of the Onida brand of televisions and home appliances.

Mirchandani believes it is better to nurture talent internally rather than hire from the outside. He has groomed G Sundar, the current CEO, who was earlier the chief financial officer, after running him through various departments like HR, manufacturing, sales and marketing. Nowadays, he devotes one day in the week to mentor managers as part of Mirc's plans to create the next levels of leadership and build a talent pipeline over the next 2-3 years.

Harsh Neotia of the Ambuja Group says he grooms the best of his younger professionals directly, adding that this fast tracks the growth and learning curve of the managers.

"The exposure that they get, and an overview of the business, is only possible when they work directly with the promoter," he says. Neotia's Ambuja Realty, a leading real estate firm, has built a secretariat of 6-8 such promising young managers, being groomed to become future leaders.

Analjit Singh, founder and chairman of the Max India Group, believes in grooming young managers in the organisation through experiential learning. "Singh is currently mentoring around a dozen mid-to-senior level managers, who are present during crucial meetings to study him and see how he takes business decisions," Max India director (group human capital) P Dwarakanath. "They also learn how to work with a joint venture part-

ner or even approach a bureaucrat." According to Dwarakanath, since Max India is currently emphasising the building of a future talent pipeline, Singh personally reviews the performance of high-potential managers and advises them on their future course of action.

Grooming by promoters is not always about getting skilled on the work front; some youngsters find the mentoring goes beyond the office. For instance, Mariwala conducts 'pop sessions' with managers in their late 20s and 30s, to also provide them with says 'lessons on life'. "These could be sessions on handling stress," says Mariwala. "A young manager in Marico is likely to have more responsibilities than in other organisations, so grooming needs to focus also on managing one's lifestyle."

However, HR professionals agree that incidents like the one at Asian Paints rare, rather than the norm. Two years ago, promoters Ashwin Choksi, Ashwin Dani and Abhay Vakil, who were in executive roles stepped aside and opted for non-executive positions on the board, making way for PM Murty as the professional MD and CEO.

Most promoters would still rather focus on the younger members of their family to take over: E Balaji, CEO and MD of the leading HR firm Ma Foi Randstad, says it is unlikely for Indian promoters to give a professional full control of the company and offer them top-level positions, like that of a chairman. "That level of grooming by promoters is yet to take firm shape in India, as ownership and management are inter-linked," says Balaji. "And will remain so as long as the promoter owns the single largest shareholding block in the company. So, while Warren Buffett has made it clear a professional will succeed him, and so might Bill Gates, it is still long while before we see such examples in India."