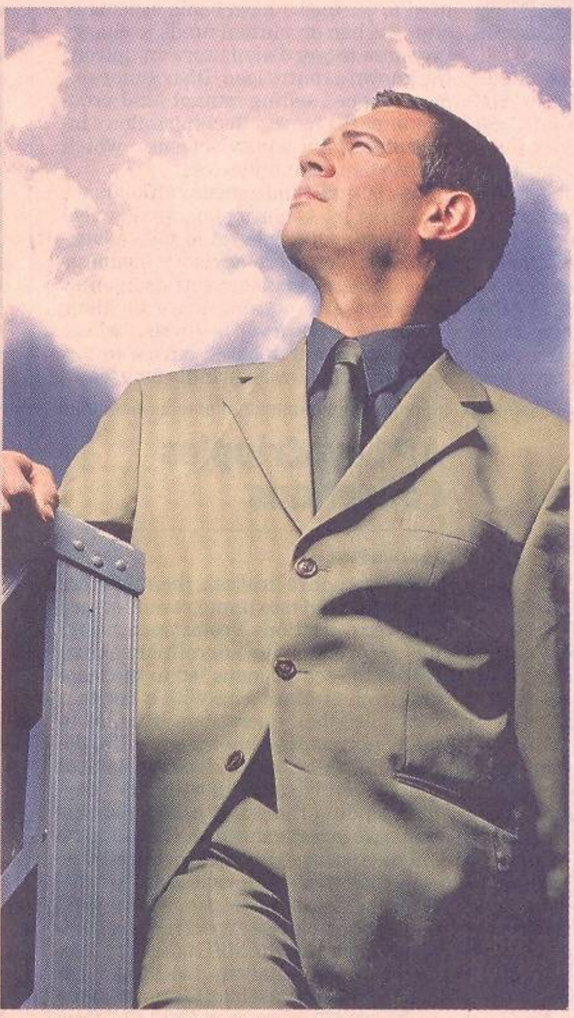
FRESH PERSPECTIVES

Young Blood Courses Through India Inc

Whether they're established players or start-ups, everyone loves a young CEO or CFO who brings energy, out-of-the-box thinking and the element of risk to the table



Change of Guard

For a company to maintain its brand name, it requires successors who understand its goals and take them forward with the changing times

R MUKUNDAN
MD & CEO, Tata Chemicals

Took charge at 42 years of age in 2009

NITIN PARANJPE
CEO, HUL

Appointed the company's chief at 44 years in 2008

SHRIJEET MISHRA
Executive Director Foods, HUL

He was 40 when he took charge in 2007

HOMI KHUSROKHAN
Former MD & CEO, Tata Chemicals

Named the company chief at 62 years of age in 2006

DOUGLAS BAILLIE
President, Unilever W Europe

Named CEO of HUL when he was 51 years of age

SANJIV KAKKAR
Chairman, Unilever Russia, Ukraine and Belarus

He was 44 when he became executive director, foods, in 2006

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NEW DELHI

Tata Sons, the holding company of the Tata group, wants to get younger executives on its board of directors, according to recent reports. The group, which has been in the process of identifying a successor to Ratan Tata, plans to look inwards for younger executives to elevate to the positions of greater power and drive future growth.

One could say the group has been working up to this, in the last few years. When R Mukundan, MD and CEO at Tata Chemicals took charge in 2009, he was 42 years old. His predecessor, Homi Khusrokhan, had become company chief at 62 in 2006. Tata Consultancy Services MD and CEO, N Chadrasekaran, succeeded S Ramadorai when he was 45 — seven years younger than Ramadorai had been when he was appointed to the top post. Earlier this year, Anil Kumar Sardana, 52, was appointed managing director of Tata Power, succeeding Prasad R Menon, who retired from the position at 65, following a five-year stint.

The developments in the Tata group simply mirror a growing trend in India Inc — in both MNCs and homegrown companies — of having younger people in leadership roles. Hindustan Unilever (HUL), one of the best-known companies for churning out talent, has seen a similar trend. Current CEO Nitin Paranjpe became the youngest-ever person to head the company at 44, in 2008, bettering the score of Doug Baille, who was 51. Shrijeet Mishra, executive director, foods, was 40 when he took charge in 2007; his senior, Sanjiv Kakkar, had been 44 when he held the same position. Leena Nair, HR director in the company, was the first woman to be appointed to the management committee, and also among the youngest ever, at 37.

Relatively 'younger' companies, like Religare and Edelweiss, have a headstart on the idea of a young leadership, and are making full use of it. Both have members from the founding team or those who have risen through the ranks (typically under 40), in key positions in the organisation, focussed mainly on expanding the business. Religare, an integrated financial services group with a market capitalisation of $1.5 billion, is led by Shachindra Nath, 39, who is group CEO. Three of his direct reports — chief people officer Kamlesh Dangi, CEO for the mutual fund business Saurabh Nanavati, and Anuj Gulati, CEO of the soon-to-be-launched Health Insurance venture, are all executives under 40.

Edelweiss Capital, a leading stock broking company with 40 lines of business, is helmed by people, a majority of whom are under 40 years. Of the 20 people on the management committee, 60% are under 40, including head of institutional equity, Vikas Khemani (who is the youngest of the lot, at 34), head of institutional banking Mukund Ranganathan, head of equity capital market Satyen Shah, and head of Private Health Management Anshu Kapoor.

THE ECONOMIC TIMES
YOUNG LEADERS

A 2008 survey by EMA Partners International, on top leadership from 2001 to 2007, corroborates that the average age of a CEOs has been declining: By seven years in banking and financial services; by eight years in manufacturing, five years in FMCG and consumer durables and four years in technology and software services. During the same period, the average age of a CFO, went down by five years in BFSI, three in manufacturing, six in FMCG/consumer durables, and technology and software services.

Executives of the companies mentioned earlier are a home-grown talent pool. For many of these companies, it has been a conscious decision to build a talent pipeline and get insiders to take up top jobs. As HUL CEO Paranjpe told **ET** recently: "In many ways, our ability to attract young talent today, groom and train them to become responsible leaders, is insurance for the health of the business for tomorrow. That is why we are keen to attract the best young talent and make sure they understand the culture of the organisation, hone their skills and imbibe the right values so that they are ready to take on big leadership roles as they progress. This is key to driving the organisation into the future."

Vikram Tandon, HR head of HSBC India, justifies the strategy of elevating young leaders, from both within as well as outside the company, saying: "Young talent ensures fresh perspective, better engagement and cultural fit for firm, succession planning for critical positions besides becoming role models for a great employer brand both within and outside the organisation." The company's current head of global banking, Sunil Sanghai, is eight years younger than his predecessor was, while the head of corporate banking, Tarun Balram, is five years younger than the person he succeeded. Tanuj Kapilashrami, former HR head, who was in her early 30s, was the youngest-ever executive in the set-up.

"[Young leaders] are great risk takers, full of energy to take on new challenges," says Shaily Gupta, HR head at Edelweiss Capital. "This is something we needed, as the company planned to grow the retail business. In the past three years alone, we have entered the life insurance business, set up online broking and re-established the wealth business. We maintained a cumulative average growth of 30%, and could do this because our young executives put a great deal of effort."

The EMA Partners study cites several reasons for this growing trend. First, there is a correlation between a drop in the average age of, and the burgeoning demand for, young professionals. This is seen most in the financial services and technology sectors, thanks to the entry of several MNCs. Second, manufacturing and engineering industries have seen the least decrease, in terms of age, mainly because in the past six or seven years, youngsters have given these 'traditional industries' a miss, and opted for seemingly more exciting career choices in finance, technology and emerging businesses like ITeS and BPOs. Though this is set to change with demand in manufacturing and infrastructure rising and, going forward, these sectors will see a significant decrease in the average age of CXOs.

Moreover, young managers are no longer ready to work their way up from the shop floors of remote factories, or by working in difficult markets . They prefer to start in the rapid-growth, emerging businesses. "Professionals who want to take up a variety of roles across different sectors, don't like working in remote locations for long terms," says Ronesh Puri, MD, Executives Access. "They want to live and work in the cities. There are also family considerations, like spouses' careers, children's education, caring for elderly parents which hold them back."

Anil Sachdev, former MD and founder of the School of Inspired Leadership, a B-school that offers business, HR and marketing leadership programmes, says companies need young leaders to serve in a country which is full of young customers. Also, with increasing pressure and demand for talent, people in some companies get promoted faster and reach the top well before they are 55-56. "With more companies entering the country, employers want a younger leadership to drive the company for another 10-15 years," says Sachdev. "That is why many companies have instituted 'shadow boards', where a parallel line of younger leaders is groomed to take over in future."

An ideal combination, for most organisations, would be a balance of young and old, say HR experts. "The aggression and innovative bent of mind of young professionals, coupled with the experience of older executives, lets a company grow in the right direction" says Shachindra Nath of Religare.

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