

'CEOs must be able to manage ecosystem'

Promoters Shouldn't Confuse Organisation's Values With Personal Lifestyles: Experts

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Mumbai: Managing relations with founders and key stakeholders has emerged as a vital lesson for CEOs from the Infosys saga. Industry leaders and HR experts said transformation of an enterprise such as Infosys, which is steeped in legacy, especially with an outsider CEO, was not possible without a clear alignment with the company's founders. At the same time, experts said promoters, too, need to change their outlook and not confuse the values of an organisation with personal lifestyles.

"To me, this is an organisation culture crisis," said Harsh Goenka, chairman of RPG Enterprises. "Mr Narayana Murthy, by far one of India Inc's most respected leaders, is known to lead a frugal life. Simplicity is in the DNA of many promoters who have built their organisations from scratch. On the other hand, Dr Vishal Sikka, an exemplary global CEO, is a professional who wanted to steer Infosys the way he deemed right and with the board's approval. What emerges from this as well as the Tata-Mistry episode, which is equally painful, is changing relationship dynamics between founders and key stakeholders in today's day and age."

According to K Sudarshan, managing partner of EMA Partners India, there is a fundamental disconnect between the CEO and the key founder. "A transformation is not possible in this environment. How much ever Sikka can do, you cannot wish away the fact that the company was built the way it was.

The founders have their eyes and ears in the organisation and any CEO would be under scrutiny till such time there is mutual trust. At the same time, it is critical for the business to set up a CEO for

success, else even the best of them will fail," said Sudarshan.

The lesson is critical as the next CEO, too, would require support from all key stakeholders to make an impact. Ronesh Puri, managing director of Executive Access, said, "One can draw a lot of parallels between what happened at the Tatas and now at Infosys. The promoters are highly accomplished people

There has to be total clarity and alignment on the role between the board and the founders. It's not the job of the CEO to manage relations with each founder."

But never mind the relationship between the board and the founders, hiring experts said exceptional ecosystem management skills would be the main criteria of hiring CEOs going forward. "Organisations, when they

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▶ Experts say outsiders can transform enterprises with alignment of goals with founders

▶ High EQ and promoter/stakeholder management are very important, as are achievements

▶ Many promoter-driven companies with professional CEOs run well due to clarity on individual roles

▶ Managing relationships is critical for the leaders, for which they need to invest time



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Harsh Goenka | CHAIRMAN OF RPG ENTERPRISES

with a great track record and an awesome reputation, so there is bound to be a lot of emotion at play. Any CEO who tries to change the ecosystem and values of an organisation without proper buy-in from key promoters will not succeed. Nobody gets a blank cheque in today's world."

Several promoter-driven companies today have professional CEOs and the reason they run like well-oiled machines has a lot to do with clarity on individual roles, mutual respect and a good rapport between the CEO and the founder as also the board and the founder. Infosys appears to have failed on many of these counts, except that Sikka had strong support from the board.

Harsh Mariwala, chairman of Marico, said, "The issue is complicated due to strained relations between the board of directors and found-

look for a CEO, should first gauge the ability of a person to wield exceptional ecosystem management skills which can be challenging. The other aspects are not as important. Therefore, it is not merely business. High EQ and promoter/stakeholder management are very important. This criteria does not always get the attention it deserves as companies get too hallowed by a person's reputation and personal achievements," said Puri.

A CEO, who did not wish to be quoted, said in today's networked world, managing relationships is critical for any leader and s/he needs to invest time for this.

"A lot of senior managers today don't want to be a CEO," said Puri. "They believe it's a thankless job, with everything under a microscope and expectations too high and at times with too many pulls and pressures."