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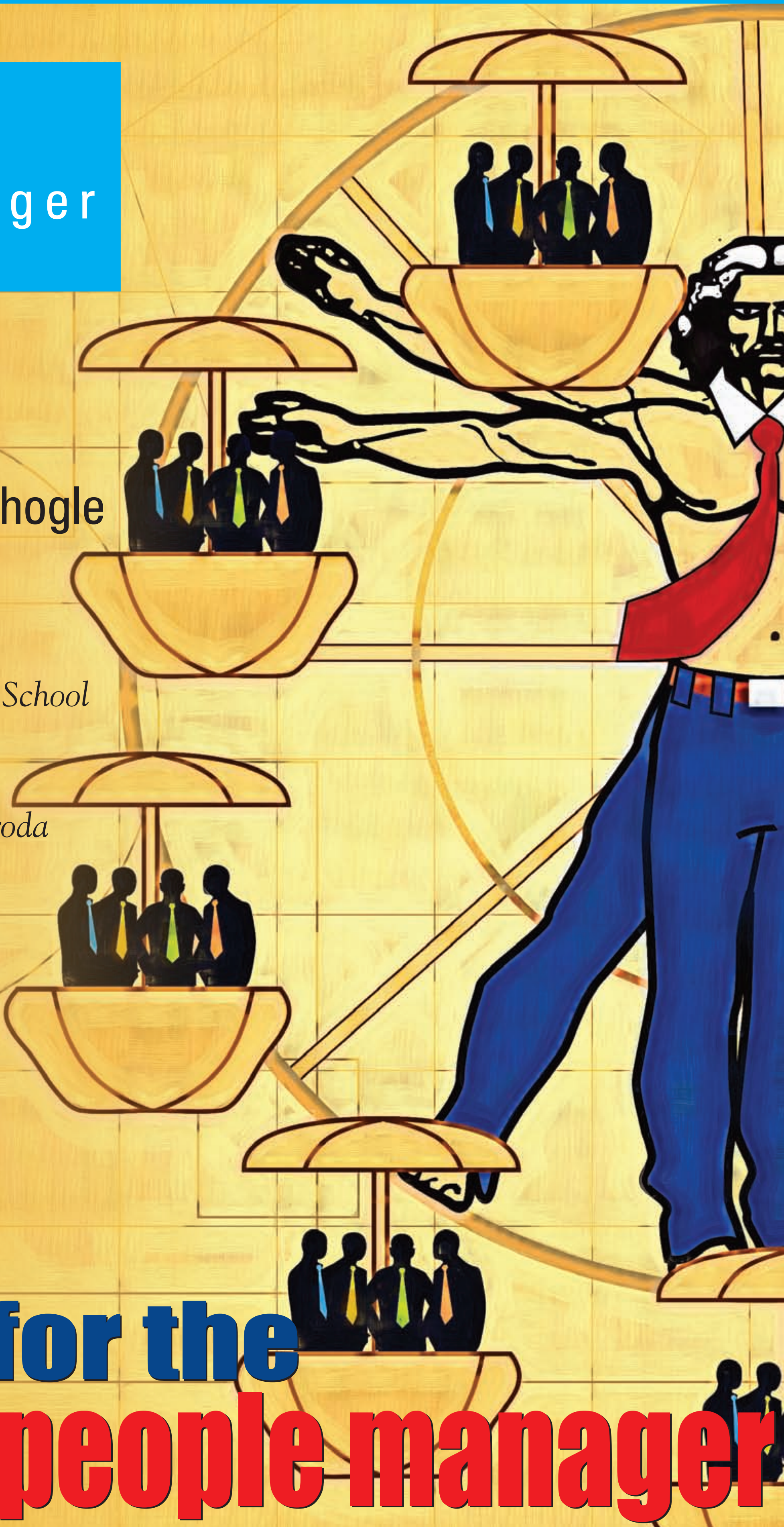

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search for the perfect people manager

illustration by: nilesh juvalekar

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a dare called leadership

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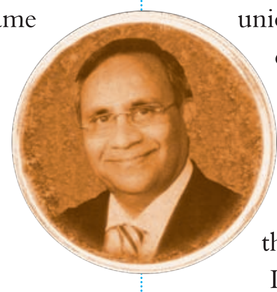
SMART SUMMARY Leadership is not an end in itself. It is a means to weaving a story for future leaders, a story that is known to throw up more questions than answers. Especially if the script involves transforming a century-old public-sector bank with its arcane HR habits into a lean, new-age machine with the customer firmly in the center.

I have been involved with HR for 35 years, and I have seen the profession acquire vastly different meanings over time. In the 'good old days', the 70s, HR was all about industrial relations, tackling unions and keeping people happy somehow. There was quite a bit of manipulation involved with the work. HR managers were not even known by that name then; sometimes, they were crafty individuals who had their way with both the management and the workers. Some of them functioned like big brothers. The expectation was that they would keep the management insulated from problems related to the workers. Back then, there was no competition, it was a seller's market. There was no danger to your product, there was no risk of employees leaving. Some employers, like the Tatas, followed a welfare model with their employees and were known for their 'benevolence'. However, by and large there was no investment in people.

Companies did not want industrial relations to be mired in anything negative, but the best you could get from them was some form of benevolent autocracy. Industrial relations managers thrived and became really important in this environment. They were good bargainers, maintained critical links with various trade unions while being close to the top management, and could, when necessary, 'manage' the unions.



Industrial relations managers mostly came from traditional legal or welfare or personnel management backgrounds. A person in that field needed to be on top of labor laws and regulations before anything else, so that he could find his bearing amid the fervid multi-unionism and the completely pro-labor policies prevalent at that time. No one talked of productivity or efficiency or differentiation—all employees were treated the same, all policies needed to be created from the same perspective, wages had to be uniform. It was the age of standardization, of a kind of Taylorism[1]. Today, we talk of distinguishing different types of talent, we talk of differentiation. This has been the biggest change.

the many corruptions of HRD

The groundwork for the HRD movement in India was done by Dr Uday Pareek and Dr TV Rao for Larsen & Toubro in the early 70s. They proposed a new developmental model, and I attended their first workshop on HRD in IIM-A. I found the model to be potent, but there were still some unresolved challenges. At that time, the industry was in the throes of IR problems, and line managers were routinely harassed by unions. I thought a developmental model by itself could do little in such a context. Development had to be woven into the system, based on a patient understanding of the problems faced by line managers. You needed action, based first and foremost on a thorough diagnosis of those problems.

In fact, lack of concrete action remains a problem with an overly academic approach to HRD. We must not become romantic with new concepts without spending enough time in understanding the actual business of work. If this approach is not followed, the gap between the ideal and the real will keep widening.

Any new concept needs to be thoroughly debated before jumping into implementation. Otherwise, only a handful of HRD zealots—one chairman, one MD, one HR head—cannot ensure that HR principles will be executed effectively. For instance, in the

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late-70s, when HRD was implemented in my own organization, it was popularly dubbed the 'Holiday and Recreation Department', or the department in charge of 'Hotels, Restaurants and Dormitories', in spite of the enthusiastic backing of a senior HR functionary and the chief executive. Sending people on fancy training programs and tours was seen as the department's only raison d'être, because the ground for HRD had not been properly laid in the organization.

The other impediment to meaningful work was the improper orientation of some HR professionals. They overwhelmingly prioritized training and appraisal with little emphasis on a meticulous diagnosis of the culture of an organization. It would be prudent to think that a team cannot be built magically in a training room. Training—even if it is conducted in the most venerable institution in the world—will always be the smallest finger in the hand, and it must be preceded by powerful diagnosis and followed by close mentoring or even retraining. Senior executives are often reluctant to be trained, so the system has become rather innovative now: engage them for a week in India, then have them spend a week each in the glamorous corridors of an Ivy League school! (In fact, back in the days it was not uncommon to find some people going for such training programs when they were on the verge of retirement.) Unless this is buttressed by a suitable grooming strategy and succession planning, such exposure could be of little value. In the absence of a rigorous grooming strategy and need analysis, prescriptions like these are at best motivational tools.

Another big problem was that academically-obsessed HR managers often made the mistake of believing that all human beings were assets. This Theory-Y[2] leaning was difficult for line managers to accept, because they dealt with human beings in the workspace in real life and could swear that some of them were big liabilities, who simply didn't want to work. As such, managers

detested any 'sermon', and they hated being zealously preached to by a group of people who supposedly did not know the realities of business, never soiled their hands and never bothered about the practical side of running operations. HRD thus earned yet another identity—'Highly Redundant Desperados'!

a little knowledge is a dangerous thing

During my thirteen-year tenure as HR faculty at the Bank of Baroda Staff College, I saw batch after batch of managers complaining bitterly about staff attitudes, militant unionism and lack of support from the top management impacting customer service. If I had tried lecturing them on motivation, they would have stoned me! Instead, I undertook research into the workplace problems and found that among other things, lack of knowledge about rules and regulations in dealing with staff issues and lack of proper articulation of the problems also contributed to the prevailing environment. Based on this insight, I devised a role-play exercise on how to handle trade unions. There would be two teams—one acting as line managers and the other playing a union. Invariably, even in this mock drill, the management team would lose to the union team! It exposed that the real problem lay in knowledge deficiency among the managers. They simply did not have the wherewithal, the convincing power, to negotiate complex human challenges, which strengthened my belief that the route to effective HRD had to be through enabling and empowering people directly involved in the business.

One of the main factors that made HRD to remain on the periphery and become a matter of pep talks and clichés is our poor research base on the subject. It took Peter Cappelli and his colleagues from Wharton to spearhead the research and authorship of a major project on leadership practices in India, namely, *The India Way*[3]. How come none of our great management institutions have managed to produce anything comparable? Regrettably, we have too many books on HRD, but they have all been more of the same.

lessons from the chair

I intensely believe that people and people alone build a successful organization. This is however easier said than done. CEOs have a strategic role in positioning HRD as a key function in achieving corporate goal. In keeping with this, the HRD function in any organization needs to be result-oriented. My book *Dare to Lead: The Transformation of Bank of Baroda*[4] is an attempt to show the dividends of this belief. Perhaps we could achieve so much in a short period of time because we focused on building intangibles—and I feel that this had a lot to do with my not being a hardened career banker. In short, I was not obsessed with numbers.

When I took charge at the bank in 2005, the numbers were not very flattering anyway. What used to be the number one public sector bank (PSB) even as late as

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in 2000 was struggling to cope with the new customer-centric norms of the industry only five years on. It had lagged far behind in IT systems and found itself playing catch-up on areas like core banking and ATMs, there was a palpable lack of motivation among employees, and customers were leaving it in hoards. The bank had lost nearly 1.1% share on the asset side—the steepest slide among PSBs. It also registered the slowest growth in retail banking in its peer group and showed below-average growth in virtually every income area. In a state like Gujarat, where the economy had grown vibrantly and which was once the bank's strongest turf, it had lost almost 2% market share. The traditional mainstay, credit, stagnated in all its 2800 branches, and analysts wrote off the bank's stock as a 'sell'.

leadership deficit

There could have been several different interpretations of the situation, but my diagnosis was that it all arose from one single malady—the bank had become complacent on the back of its track record of 97 straight profitable years. Every crisis it now faced was fundamentally the product of an overarching leadership deficit. Many territories were showing negative growth, but the business leaders there still held on to their positions unquestioned, because a patronizing and overly relationship-dominated culture had ousted any bias for performance. Some genuine constraints like poor compensation—a common feature in government jobs—stopped the bank from aggressively hiring new talent, neither was there any system to groom prospective leaders from the bank's existing cadre.

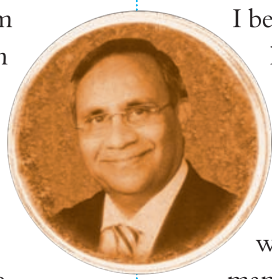
my leadership code

This was a test for my own leadership code, the first principle of which is that a leader cannot afford to be a packaged product. In India, everyone wants to be Mr Nice. When I leave, everyone should say "He was such a good person". "Good" in this context is often the equivalent of "not very effective".

The other key ingredients of leadership are credibility and courage. All the rights and privileges of a leader flow from these two Cs. If you are not seen as a credible performer, if you do not have the courage to disagree with your boss, and if you work only for the next promotion, you cannot expect your people to respect you. The journey of leadership can spring many painful and humiliating experiences, and the way one learns from these episodes shapes one as a leader. To share an example, during my stint as executive director at Bank of Baroda, I had got into a conflict with unions over my move to institute personnel audit. The bank recovered a huge sum from some recalcitrant employees, and this obviously did not endear me with the unions. They issued a circular calling me a "human resource destroyer" who was damaging the participative culture of the bank, and started a vilification campaign against me. They even wrote to the National HRD Network to withdraw an honor that had recently been bestowed on me. As the second highest authority in the bank, it was a most humiliating feeling personally, but it also signaled that the authority of the management itself had been reduced to a sham in the hand of the unions. However, after fighting this conflict almost single handedly, I managed to establish the authority of management, and the system of personnel audit could be institutionalized.

restructuring human resources

Consistent with my belief in the power of people, I was convinced that the bank had to first change the way it managed its people and that all-round change could only be driven from the top, from the CMD's chair. Accordingly, I spent 40% of my working time on HRD, and a series of wholesale changes was unfurled—HR administration was demystified and made more accessible through technology; a core group of around 1000 talented employees was created through a pioneering talent identification and development program called *Khoj* (the search); a fast-track promotion policy was put in place to stop attrition; HR operations in the promising overseas markets were revamped; a target- and performance-based appraisal system replaced the old government-mandated system with no link to performance; training was aligned with emerging need areas; and, most importantly, a pipeline of young managers was created through systematic leadership development programs.



A number of employee care programs were put in place to genuinely help employees during times of anxiety and stress. For example, I introduced *Sampark* (an SOS helpline to the chairman) to help employees get decisions within 24 hours in case of extreme personal problems requiring urgent solutions directly from me, irrespective of where I was on a particular day. I also introduced a program called *Paramarsh* (appointing counselors in five metro cities) for providing professional counseling support to employees. I believe that a high-performance culture can be sustained only if it is supported by compassion and empathy.

We also settled the decade-long issue of the regularization of 1,000 daily-wage workers; created a steady leadership pipeline; launched several social and rural initiatives; and celebrated 100 glorious years of a great institution. Analysts were lauding the bank on account of its remarkable transformation, and its stock was back on the 'buy' charts. I intensely believe that it was the collective energy and passion of 38,000 staff which created a new identity for the bank. The final goal was to become a customer-centric bank, because I believed that the ambit of 'human resources' had to be expanded to include not only your employees but your customers as well.

rebranding

A crucial step toward achieving this goal was rebranding the bank. Some in the management were concerned (perhaps rightly) about my priority to change the logo of the bank in the first 100 days itself, given that there were many other pressing business needs. However, the rebranding and the morphing of the bank's identity into the now-popular 'Baroda Sun' was not designed to be a cosmetic makeover, neither was the gesture of signing Rahul Dravid as brand ambassador a thoughtless maneuver. Employees needed to be given a new lease of pride and hope, and the visual imagery around the bank needed to be energized to begin with. After initial resistance from

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some vested interests, the results were there for all to see. Employees were happy and proud when customers expressed their pleasant surprise at the bank's new look, and there was renewed confidence in the future. Today, several other banks are walking the same path. Union Bank, Canara Bank, J&K Bank have all undergone rebranding. Here, I must reiterate my view that it is a focus on the intangibles and other foundational steps that create long-term sustenance of an organization. Obsession with quarter-to-quarter numbers can sometimes be dysfunctional and stymie the process of long-term value creation. The story of Bank of Baroda's transformation demonstrates this.

customer centricity

To me, customer centricity meant bringing the customer to the very centre of our thinking and working. Every process, task, decision would have to be evaluated to answer one question: "How will it add value to our customer?" The change in logo could have been merely a plastic surgery unless we provided a value proposition differentiated from the competitors, rather than positioning the bank in a crowded space. Therefore in the first hundred days of my tenure, we introduced 8am to 8pm banking in over 500 branches, and shortly thereafter introduced 24-hour human banking, happy hour banking, Gen-next branches, Retail Loan Factories and SME Loan Factories. The whole range of efforts helped the bank not only to bring back the lost customers but create a buzz in the market. Our renewed focus on customers brought extraordinary business results.

communication

The glue binding all my efforts was relentless communication. I had dozens of open house sessions covering everyone, from managers to messengers. These sessions helped me directly interact with employees and work on the important insights provided by them on various business matters. During my three years as the bank head, I made it a habit to send personal letters to all 38,000 employees, informing them of critical developments in the bank and egging them on for the challenges ahead. A common reaction to such letters is "No one really bothers to read them". I beg to differ. During a visit to Mathura after my retirement, I met one Mohammad Nazir, a sub-staff member at the local branch, who told me how my letters served to motivate him, even at that level. On another occasion, again after my retirement, I was overwhelmed by the unexpected send-off I received from a group of Barodians in a railway station in Punjab, who traveled far to offer me food for my journey—all the while thanking me for having changed the face of their beloved bank and engaging with them directly. One of our key missions was 'creating passion', and I cannot think of better examples than these to demonstrate the success of this mission.

the taste of success

The main target I had set for my tenure was to attain total business worth Rs2,500bn, doubling it from Rs1,252bn in 2005. In my last hundred days, this became an all-consuming passion. Every single manager—right from the executive directors to zonal managers to overseas territory managers—worked day and night to fulfill this as a retirement gift for me, and the final figure well exceeded the target. We stood at Rs2,590bn. In addition, we had achieved all the other sub-targets: non-performing assets had been reduced, and we had registered a remarkable turnaround in the priority sector, overall profits, overseas businesses, SME offerings, retail and corporate credit. The bank opened fifteen overseas offices and created a record by opening 11 offices in 2007. The bank was now well-placed to offer multi-specialist banking, it had successfully repositioned the vital Gujarat operations and also rolled out core banking in over 1,700 branches.

On 16 March 2008, my 60th birthday, I was privileged to be conferred the prestigious Asian Banker (Singapore) Lifetime Achievement Award in Hanoi as the first Indian banker. I dedicated the award to our 38,000 foot soldiers, who were the real force behind this recognition. □

references:
01 Named after Frederick Winslow Taylor, Taylorism is a theory of management based on a scientific approach to workflows. One of its key principles is standardizing best practices to iron over the innate differences between workers.
02 The Theory-Y of motivation proposes that given the right conditions, most human beings would be committed and demonstrate the desire to do well at work.
03 *The India Way: How India's Tope Leaders Are Revolutionizing Management* by Peter Cappelli, Harbir Singg, Jitendra Singh, Michael Useem; Harvard Business Press, March 2010
04 *Dare to Lead: The Transformation of Bank of Baroda* by Anil Khandelwal; Sage Publications, May 2011

exhibit01: smart insights

- Setting a mission, vision and objectives can easily become an armchair exercise. Unless you convince your people that you are working to create a better future for the organization, they will take you as a poser. But if you can build trust, they will be willing to work much beyond the call of duty to help realize your vision. I can vouch for this from my own experience.
- The banking industry—especially the public sector—is better known for its control and compliance orientation. For me culture and processes have been more important. My major focus was on improving processes and deal with the dominant culture, which was more relationship-oriented. My effort to change over to a performance culture was an arduous journey. It taught me that in the transformational journey of organizations, it is our focus on culture and processes that bring the desired results. Mere pursuit of numbers without changing the DNA of our processes and operating mechanisms can be dysfunctional.
- Spotting and nurturing people and grooming them can be a great shocker to a patronizing culture and establish a performance-focused culture. We need to spot talent continuously in our interactions with people, help them share their aspirations and motivate them to take up higher responsibilities.
- The biggest issue in leadership is the failure to conduct authentic dialogs with employees and teams. Instead of indulging in pep talks, it is extremely important to share the pain points with employees with candor, as this creates better alignment between the management and the employees.
- Ultimately, as I have pointed out before, everything boils down to credibility. I sometimes see HR managers themselves shifting companies too often. How can you expect to drive any change in an organization in such a short time? More importantly, how can you establish the credibility of the HR function?
- Finally, leadership is all about providing space for people to grow, set in process the right operating mechanisms, energize and create passion in people, establish personal credibility and focus on achieving results through people.