



A chronicle of leadership

If Dhirubhai Ambani had lived in a different century, would he have been as successful as he was in the 1980s? Fast forward to the future. If G. D. Birla's playing ground were to be the 21st century, would he be as successful as he had been in the 1940s? Do the times make the leader or does the leader make the times? An impossible enigma to unravel. But can history provide any hints?

Before going into details, let us compare two quite distinct decades – the 1950s and the 2000s. At one level, it can be said that the two decades are so distinct that any comparison would be stretching the imagination. But on another level, there are some significant similarities worth exploring.

The big differences: Technology has radically altered the way business is conducted today from the way it used to be conducted in the 1950s. Most Indians eat and live better than their ancestors – no child of today can relate to the traumatic famines of the 1950s – and this improvement is chiefly due to India's investments in irrigation and genetic engineering of seeds (the 'green revolution' of the 1970s). Better telecommunication facilities have dramatically reduced risk for the modern manager. For example, through Web-based databases and applications and a host of other management tools, the modern leader can judge product acceptability, measure market size, and refine customer profiles.

Flip the same arguments around. Risk in the 2000s is the same as in the 1950s... despite such powerful accoutrements, today's leaders appear to be more unsure of the future than those of the 1950s.

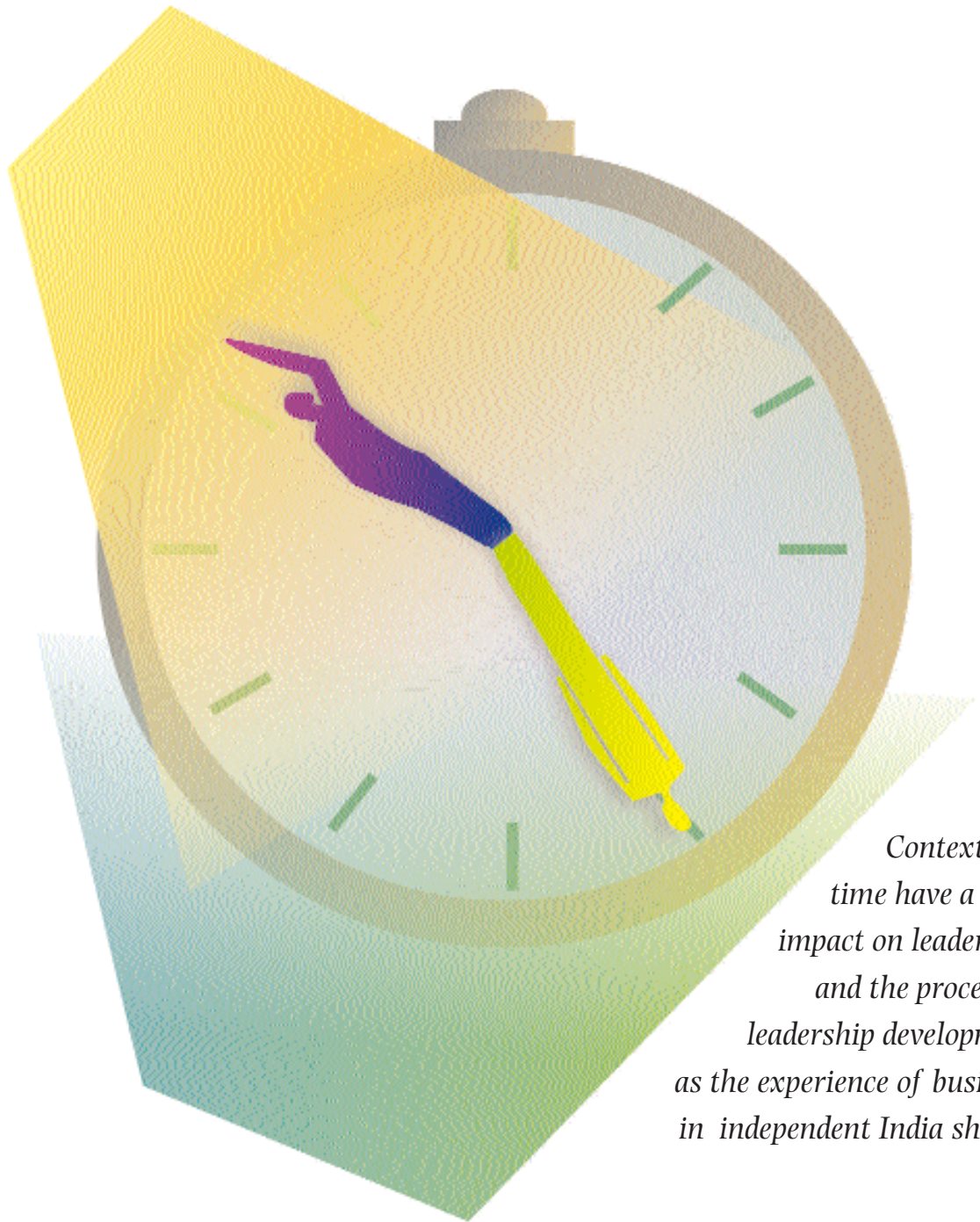
Having established that the past, the present and the future present the same

emotional pressures, let us look at the context of the times and its effect on leadership.

During the last years of the Raj, most British businessmen withdrew money from their Indian operations, leaving some of India's biggest companies seriously under-capitalised. Indian entrepreneurs acquired these orphans in the 1950s and early 1960s, which became the foundations of today's big business. The Goenkas acquired Duncans and Octavious Steel from the Armenians and the British, and RPG Enterprises, the Duncan Group and other spin-offs emerged from this nucleus. B.M. Khaitan, the tea king, bought a slew of estates and engineering companies.

J.R.D. Tata succumbed to the takeover fever by acquiring a jumble of managing agency firms, some of which made strategic sense while others were rather opportunistic deals. Among the new entrants to the Tata stable were Telco (now Tata Engineering), Auto Ancillaries, Bombay Safe Deposit, Gokak Mills and Indian Vegetable Products. In 1954, the Tatas formed a new company called Voltas to take over the Swiss-owned Volkart Brothers, a trading company dealing in dyes and pharmaceuticals. J.R.D. Tata also acquired a minority interest in Macneill & Barry, one of the oldest and largest British houses in Calcutta (now Kolkata), which secured for it a substantial indirect interest in coal. He also acquired the entire share capital of Sassoon J David, a large investment company in Bombay.

At the same time, Tata also started a number of new companies, among them Tata Chemicals, Tata Fisons and Lakme, while doubling Tisco's capacity in 1958. The 1950s thus, was equally an era of



Context and time have a vital impact on leadership and the process of leadership development as the experience of business in independent India shows.

the 'greenfield' leader. In the 1920s, G.D. Birla started by building jute, textiles and sugar factories, culminating in the establishment of Hindalco, hacked out of a jungle, in 1967. Kasturbhai Lalbhai turned a barren piece of land into a huge chemical complex called Atul. Walchand Hirachand founded Hindustan Shipyard and Premier

Automobiles. In the South, the TVS group built a major engineering complex at Padi on the outskirts of Chennai. The first Mahindra jeep rolled off the assembly line at Mazagaon (Mumbai) in 1949. These are a few stray examples picked at random.

It is ironic that this creation of wealth happened during

Jawaharlal Nehru's prime ministership. Nehru famously declared that 'profit is a dirty word'. Yet, he also criss-crossed India inaugurating one industrial complex after another. The 1950s assets are what India is surviving on today. The shelves in this store are emptying fast and we need to replenish them.

A remarkable community



A reason for the success of business leaders in the 1950s was perhaps the healthy nexus between businesses, and business and politics.

camaraderie flourished then. Birla, for example, encouraged other Indian businessmen to enter the jute business along with him. Walchand bailed out small Indian shippers wherever and whenever he could. Lalbhai helped other mill owners in Ahmedabad improve the quality of their cotton mills. The Tatas developed satellite empires around Tisco (now Tata Steel). Such nurturing is a far cry from today's cut-throat scenario. So what went wrong? Where did we take a wrong turn?

Perhaps one facet of the enigma is linked to the nexus between business and politics. During Nehru's administration there was no eyeball-to-eyeball confrontation between politicians and business leaders as there is today. On the contrary, businessmen helped service Nehru's 'temples'. J.R.D. Tata, for example, trained men for the three new public sector steel complexes that came up in the 1960s. M.S. Oberoi's training school provided chefs and staff for the government-owned Ashoka Hotel. Kasturbhai Lalbhai's prodding kicked the Indian Institute of Management in Ahmedabad off the ground.

This healthy nexus between business and business, and business and politics came to an abrupt end in the 1960s and 1970s. Indira Gandhi laid foundation stones not factories. Haldia Petrochemicals, for example, was blessed with half-a-dozen foundation stones, but even after decades of planning could not produce a single kilo of plastic raw material until Purnendu Chatterjee took up the project in the 1990s. Mrs Gandhi's mania for control led to the birth of the 'Licence Raj', her appetite for donations to the 'Permit Raj'. Business leaders were no longer permitted to base their business plans on market conditions, but on the whims and fancies of the mandarins of New Delhi.

Inevitably this led to a crippling of

leadership, which ensured that the world overtook India. Other Asian countries produced better goods, provided their citizens with better standards of living. When Richard Attenborough shot the movie *Gandhi*, he didn't have to go far to find a film set.

India was probably the only country in the world that threatened to penalise leaders for 'over' production. Exasperated beyond endurance by a government which refused to allow him to expand and reduce ten-year waiting lists for his scooters, Rahul Bajaj once defiantly declared that he was 'ready to go to jail for excess production, just as both my parents had for the freedom struggle'.

In the 1970s, unable to cope with red tape, many leaders simply left India for the US and Europe. Some looked eastwards. Aditya Birla built the world's largest palm oil factory, textile mills and carbon black plants in Egypt and Thailand, Malaysia and Indonesia. Thailand's Prime Minister processed Birla's applications in record time. In India, bureaucrats took eleven long years to clear Birla's Mangalore Refinery project, nine for Vikram Ispat, six for a polyester filament yarn plant, three for argon gas and hydrogen peroxide and two for Indo-Gulf Fertilisers. Under the British, Walchand's permit to start Scindia Shipping was granted in one month and ten days - the average for those times.

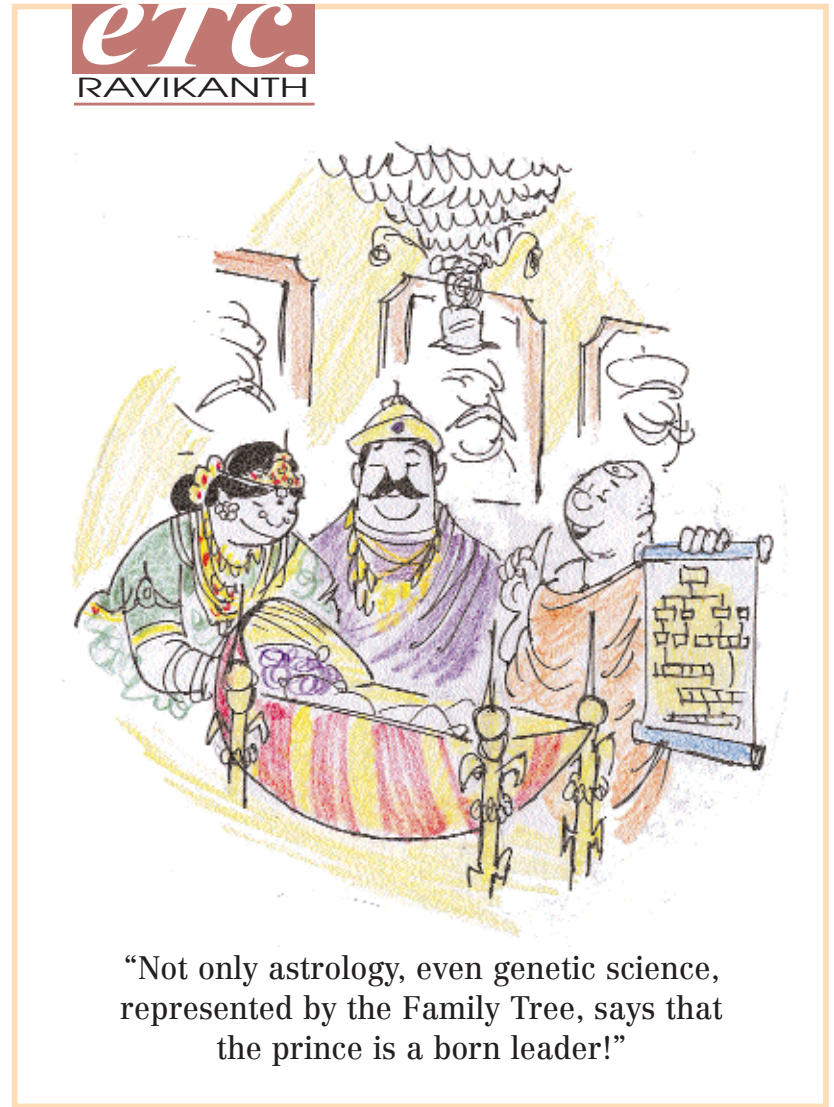
The breakdown of confidence between corporate and political leaders during the 1970s and 1980s perverted entrepreneurship. Stifled and suffocated by Byzantine laws, business leaders tried to quench their thirst for expansion through any avenue open to them. The growth kings during these years were takeover artists, with Manu Chhabria, R.P. Goenka and Vittal Mallya as the role models. Leaders such as Dhirubhai Ambani, Karsanbhai Patel of Nirma and

Venugopal Dhoot of Videocon provided a different role model. They understood the system, knew the loopholes in the law and exploited them.

The 1991 reforms initiated by P.V. Narasimha Rao's administration hacked away, partially, at the red tape and revived the excitement of the 1950s. In 2000, the Ambanis built one of the world's biggest refineries at Jamnagar in Gujarat. Narayana N. R. Murthy and Infosys built a world-class software complex in Bangalore. Fresh sectors emerged such as pharmaceuticals (Cadila and Ranbaxy) and information technology (Wipro, Infosys and a host of others) besides a throbbing substratum of products and services for ordinary needs such as pens and packaging, electric switches and spectacle frames, biscuits and buckets. Some entrepreneurs turned out to be fly-by-night operators, but a handful became the new turks of the 2000s. Few were born in traditional business communities.

Twenty years ago, R.K. Hazari, a leading economist and bureaucrat, undertook a study of the effects of industrial licensing. In doing so, he discovered that Marwaris were then India's most energetic business community. Today, assertive new non-Marwari leaders are jostling established players such as the Birlas, the Bajajs, the Goenkas and the Singhanias. The 2000s leader is as likely to be a Sindhi, a Parsi, a Punjabi, a Chettiar or a Brahmin as a Gujarati or Marwari.

With so much hectic activity all around why is there a feeling that Indian leaders have lost their zest for a good fight? Instead of being proactive, they seem content to be reactive in their response to opportunities and challenges. The reasons are not hard to find. Money is expensive and demand elusive. But the real abyss scaring businessmen is competition – local and global. Will Indian managers clear the



“Not only astrology, even genetic science, represented by the Family Tree, says that the prince is a born leader!”

abyss or stumble into it? Admittedly, from a punter's standpoint, it doesn't look too good. Few of the old guard have money, technology or world class products. Their manufacturing processes are out-moded, their factories too small. The new leaders are brash with an engaging can-do devilry, but often appear short-sighted with a taste for quick profits. As Sterlite's Anil Aggarwal once said, today's only essential is guts.

In 1918, the presence of Lever Brothers didn't stop Ardeshir Godrej from introducing his Soap No 2. British India Steamship's muscle didn't frighten off Walchand from starting Scindia in 1919. Can

the business leaders of the 2000s deliver, as did those of the 1950s? Pre-independence era leaders such as G.D. Birla, J.R.D. Tata, Kasturbhai Lalbhai and Walchand Hirachand displayed a rare sense of nationalist entrepreneurship, fighting to establish companies to create wealth for the country as well as for themselves. We need to revive this spirit, the spirit of the 1950s. ■

(The author is Managing Editor of The Smart Manager, a new quarterly management magazine and is also author of best-selling books such as Business Maharajas and Managing Radical Change.)