



Leading in turbulent times

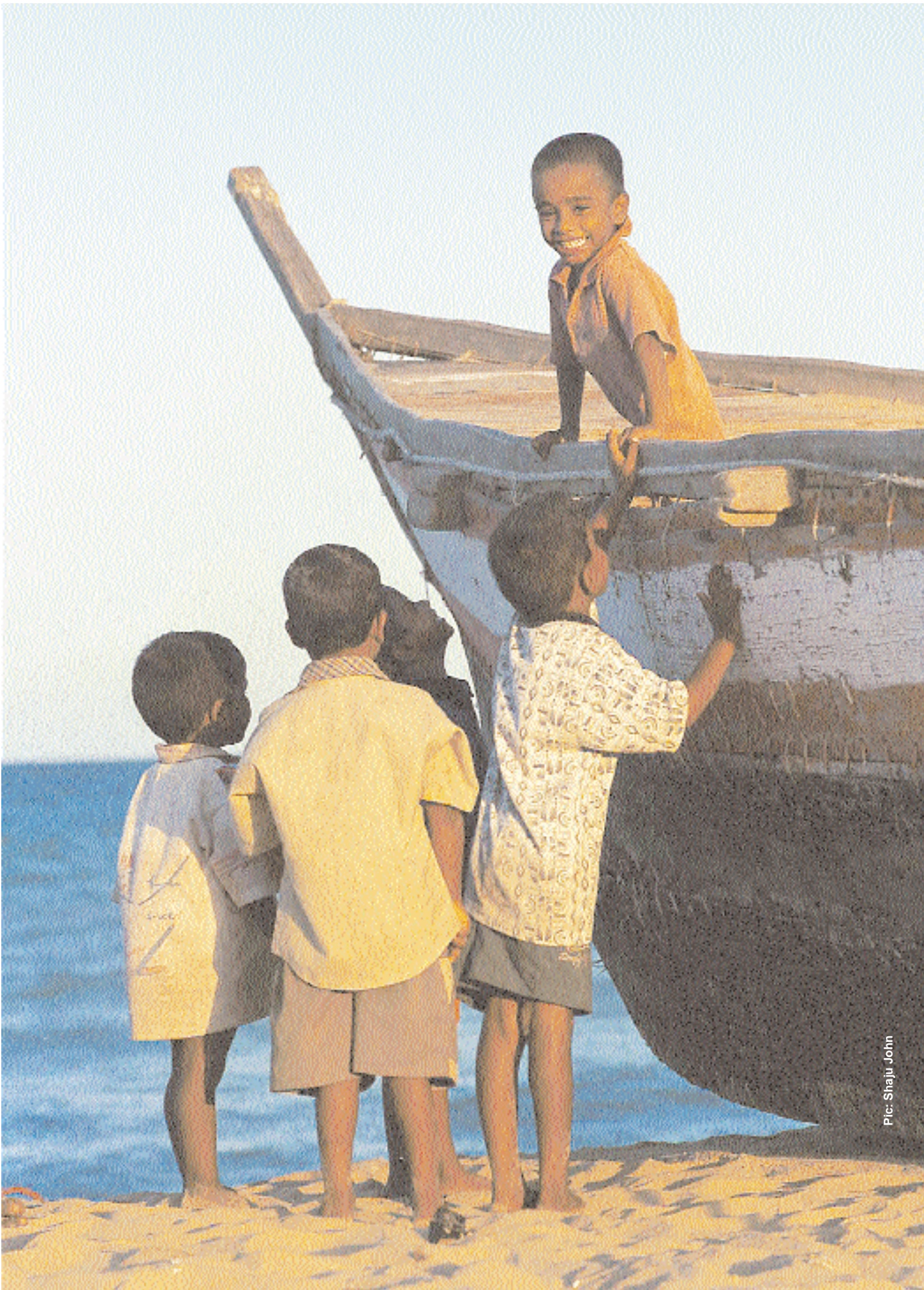
I AM privileged to be amongst the first few Indians to be born in a free India and to have had the good fortune to witness first hand the rapid changes within our country as well as around the globe. I believe that the changes witnessed in the past five to seven years have been more profound and fundamental than what I witnessed in the first 25 years of my career. It does not appear possible, but the pace of change is actually only accelerating, catalysed primarily by the powerful forces of rapid advances in technology, proliferation of the Internet and globalisation. This is leading to a dramatic change in the nature and dimensions of business and I believe we are currently in the middle of a revolution. Such a revolution occurs only once in a hundred years, much like the advent of ships, railroads, automobiles, air travel, telephony, nuclear power, Communism and so on, and would surely be chronicled in the annals of history as one of the periods that changed the world forever.

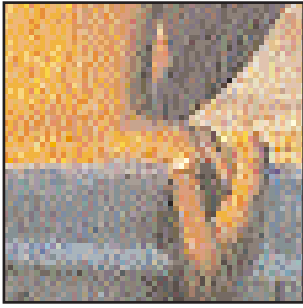
The Internet has, for the first time, combined the same old 'death of distance' with 'death of time'. In addition, the development of wireless technologies has made it possible for one to remain online at any time and from any location. Today, technology makes it possible to address customers in ever narrowing segments, and technologies such as click-stream analysis make it possible to respond to changes in customer preferences in a real-time manner. The already rapid proliferation of technology is further accelerated by a simultaneous and equivalent decline in costs, thus making technology affordable and further fuelling the investments in technological advancements.

Globalisation is further transforming the economic playing field by developing deep inter-relationships among countries, companies and individuals, leading to an increasing irrelevance of national boundaries. For instance, globalisation is best exemplified by the growing scale, mobility and integration of capital markets. These capital markets are now becoming the 'engines' of globalisation and are channelising billions of dollars to all parts of the world where returns are to be earned. The emerging global marketplace, while providing market participants with global access, also clearly shifts the balance of power in favour of the consumers, who now frame the rules.

The combined impact of technology and globalisation has been a sharp increase in the level of sophistication of knowledge required for developing a sustainable competitive advantage. Knowledge has been the driver of progress since the beginning of time and is an asset that does not diminish. As the number of people who access a pool of knowledge increases, the pool expands. Technology has removed information asymmetry by providing universal access, thereby making knowledge, rather than access to information, the differentiator in today's business environment. Knowledge, today, helps us predict the turbulent environment and track the fundamental shifts in the customers' value expectations with greater accuracy, thereby enabling design of innovative solutions.

The revolution of today, i.e. technology, the Internet and globalisation, has already had a profound influence on the daily lives of several of us. The greatest impact of the revolutionary era that we are in today is that it has thrown up a





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great new challenge – the challenge of rapid and continuous change. It is increasingly becoming an era where every employee, no matter how young, is expected to be an agent of change. It is a boiling pot and it is upto each one to thrive in this environment without being forced to jump out.

It will also unfortunately be a world in which Darwinian forces will act with brutal efficiency since the cycle time between birth and death of unsuccessful businesses will become shorter and shorter.

Considering the unpredictable scale and pace of change and the shift in the nature of competencies required in today's era, the winners would be those organisations which have a surfeit of individuals who can operate as leaders willing to face, fight, experiment and ride the change. The future will belong to those who can operate with extreme agility in the face of very high levels of ambiguity. Ambiguity tolerance has always been a key skill for a leader and the new environment will require that in a much higher degree.

I want to take this opportunity to share with you some of my thoughts on the challenges that a leader is bound to face in these turbulent times and what according to me is the key to success. Let me use the recipe ICICI (now ICICI Bank) has formulated for meeting the challenges of change and establishing leadership in uncertain times, as an illustration.

The main aim has been to remain

innovative despite our rapidly increasing size, and the main ingredient of the recipe is to consider everything, including organisational structure, products, services and processes as temporal.

The key facets for dealing with the challenges of change are:

1. Articulate values clearly and repeatedly: Values are the basic foundation of the organisation from which flow the operating culture, high ethical standards, good governance practices and social responsibilities. A good value system is the key to establishing long-term, beneficial partnerships with all stakeholders, such as shareholders, employees, customers, suppliers and the Government.

2. Create a rich pool of alternative time-dependent strategies, with the CEO personally driving the strategy: The value of time cannot be over-emphasised. Unlike in traditional strategies, time today plays a crucial role in the success of strategy formulation and implementation. Strategies need to be constantly evolving and adapting, both in response to anticipated changes in the environment and for proactively shaping the environment.

3. Do not prevaricate: You need to take quick and decisive actions as opportunities are transient.

4. Build a flawless execution strategy: You need the right structure and teams that are tailor-made for specific assignments to ensure flawless execution of the strategy and greater transfer of knowledge

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Leadership is all about raising the aspirations of people. A leader is a change agent. What is the leader's job? It is to create a shared vision, to choose a quality team and to ensure that the team works with energy and enthusiasm to move towards the vision according to a set plan.

Perhaps, one of the most important roles of a leader is to raise the confidence of his or her people. This is achieved by (a) providing people opportunities and challenges beyond their dreams; (b) being a safety net for them; and (c) rewarding and recognising them when they achieve success.

A crucial ability of a leader is to reduce any complex problem to a set of simple tasks and decisions. Further, these decisions must be communicated in a simple and unambiguous manner.

I believe that the best form of leadership is leadership-by-example. Thus, a strategic imperative for a leader is to transform himself / herself. This creates confidence in others about the desired change. It also builds credibility for the leader among team members.

Finally, leadership is about making people believe in themselves, enabling them to become positive-minded and, thereby, empowering them to achieve the impossible.

through cross-fertilisation of ideas.

The framework for dealing with the challenges and intensity of change that I have indicated above is further aided by:

5. Building a meritocracy: People are the most important part of the entire equation and we need people with a deep passion for the job and a desire to succeed. This implies that we need to grade and reward people on the curve. Further, you should not be afraid to let people, who don't meet the minimum performance level, go.

6. Challenging conventional organisational structures: It is imperative to take courageous and unconventional decisions which would alter the organisational structure and systems. Constantly

challenging organisational structures ensures that bureaucracy, the number one enemy of innovation, is not allowed to creep in.

7. Empowering at all levels: Quick decision-making is critical and possible only by empowering people at all levels. ICICI has created a lot of value in its e-platforms by empowering young (25-26-year olds) managers. In order to make empowerment successful all employees must possess intrinsic leadership qualities. Also, successful empowerment requires that meritocracy be deeply embedded and institutionalised.

8. Building a strong brand identity: A powerful brand establishes instant credibility and enables organisations to face the challenges

of change on a stronger foundation. ICICI has built a strong brand, currently rated as the second most recognised brand in the financial services industry in India, which is enabling it to successfully provide new products and services under one single umbrella brand.

9. Encouraging exploration of uncertainty, while keeping an eye on the bottomline: While exploring new avenues in an uncertain environment, there are bound to be errors and mistakes. However, calculated risk-taking should be encouraged. This is important since in a rapidly changing environment there are no clear rules for success and learnings from mistakes are a key source of knowledge for the organisation as a



whole. Leveraging this learning and not penalising mistakes would help foster the entrepreneurial culture to exploit the abundant opportunities that exist in uncertain situations. This would ensure that the organisation stays on course in its quest to create value.

The new economy has, in a manner of speaking, handed the baton to us after almost 1,000 years and if we drop it now, it may be another

1,000 years before we get another such opportunity. We in India have some of the most talented young men and women of the current generation. And it is to them that India turns to for help to assume her rightful place in the league of nations. ■

(The author is Managing Director and CEO, ICICI Bank.)