Empowering Peacocks, Not Penguins

AS INDIA INC. EMBRACES A WORLD FULL OF UNCERTAINTIES, NOT ONLY DOES IT NEED OUT-OF-THE-BOX BUSINESS STRATEGIES, ITS EMPLOYEE STRATEGY NEEDS TO FOLLOW SUIT.

By **Ajita Shashidhar**

THE FIRST QUARTER of FY21 was perhaps the worst ever for lifestyle major Titan Company. The pandemic had spread its wings far and wide and the country was under a complete lockdown. As people got confined within their homes and even lost their loved ones to the deadly virus, the last thing on the mind was to buy a piece of jewellery or indulge in a watch. The sudden change in consumer mindset was disastrous for the lifestyle major, as sales plummeted. Back at the Titan headquarters in Bengaluru, the easiest option to tide over the crisis was to cut down on employees or sever ties with a few vendor partners and distributors. C.K. Venkataraman, MD, Titan Company, decided instead to empower his stakeholders. "I could have shaved off ₹50 crore in FY21 by cutting down on employees and vendors, but I knew ₹50 crore is a small part of the total pie. I thought empowering and motivating 20,000-odd employees, vendors and distributors to steer out of the crisis would make better sense. And it worked. They gave back to the company with their commitment and innovations," says Venkataraman.

Necessity is the mother of invention, and some of Titan's best innovations came about during the pandemic, says Venkataraman. One of them was to melt its inventory (gold) and sell it. "The idea came from one of our

PHOTOGRAPHS OF SURESH NARAYANAN BY **NARAYANA PANT**; ANAND KRIPALU BY **APURVEN SALGAR**

"Earlier, we had to respect people because they sat in the chair. Today, a youngster is inspired only if the leader brings value addition to the table."

Suresh Narayanan, CMO, Nestle

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The company has launched 'Simplicity 2.0' which aims to burst silos and empower employees. The cosmetic major reached out to over 250 employees and asked them to list the 'biggest time wasters' in the organisation. The outcome was 106 suggestions. "We are currently focusing on the first 25 and will come up with clear solutions. The idea is to reduce complexities and help people collaborate better," says Jain.

Similarly, Titan has passed on the responsibility for profit and balance sheet to a large number of people in the hierarchy. "Around 70-80 people started owning profit and cash responsibility," says Venkataraman.

Marico, meanwhile, calls itself an organisation which inculcates an entrepreneurial mindset. Last year it launched an initiative called 'Talent Value Proposition', which asked employees to chart their own road map in the organisation. "It's not about introducing new programmes and policies, we firmly believe that it is imperative to keep the entire talent value proposition contextual to the future of the industry and the organisation. We just didn't want to retain and attract new talents, but we also wanted them to acknowledge our value proposition and help them stay and grow along with us," explains Saugata Gupta, MD and CEO, Marico.

The pandemic, says, Arvind Laddha, CEO, Mercer India, has made organisations more open to taking risks and becoming agile. "They have managed to navigate uncertainty and are realising that it's a given. But not all are walking the talk. One reason for this is the compulsion to protect what they have and not bend the house."

Faridun Dotiwala, partner, McKinsey, agrees with Laddha. According to Dotiwala, while 80-90% companies say that agility is most important for them, only 20-30% are actually walking the talk. "The ones which are seriously trying to reinvent are just 3-4%. Companies that have done it have experienced a 30-40% increase in revenue and profitability," he adds.

Dotiwala says most legacy organisations wanting to become agile have a tendency to equate speed with agility. "Agile organisations combine speed and stability. Agility has to be linked to the ability of the organisation to reconfigure people's strategies, resources and structures to the most value-creating opportunities. It's not just allowing people to do what they want, agile organisations are far more disciplined and transparent," he further explains.

Culture Of Taking Risks

Agility comes with a huge appetite for risk. Jeff Bezos, founder, Amazon, often tells his employees that taking risks and failing is important. "Jeff says learning from your failures and applying them to the next big idea is at the heart of delighting customers," says Deepti Varma, director, HR, Amazon India. She cites the example of Amazon phone, which didn't do well at all and was pulled out within months of its launch. Despite the innovation failing Varma claims none of the members who were part of that initiative were penalised. "In fact, the leader of that team today holds a senior leadership position. We have a process called COE (correction of errors), wherein we put down what we learnt from the failed initiative and how we would use that learning for our future innovations."

"We want to make risky jobs attractive, so we create a safe environment wherein if one does jobs that need fast turnaround or involve an element of risk taking, we invest time there and tell the employee not to worry about risk-taking," explains Randan of HUL. She says the FMCG major has carved out a unit which focuses on creating new brands. "Their focus is very different from the core of the business. Employees who are part of it get short-term, long-term as well as team rewards. It is less about functional silos, and more about telling people to take risks," she adds.

Risk-taking is at the heart of innovations, and industry experts believe the onus is on leaders to create an environment where not only do they empower their employees to take risks, but also back them if they fail. Nestle's Narayanan cites the example of the Maggi crisis to drive home the point. He says after the company came out of the crisis (Nestle was accused of having lead content in Maggi noodles beyond permissible levels) in 2014, he asked his employees to build on the company's strength. "I told them to fast-track our innovative capabilities as a company. Instead of launching a new product in two-and-half years we should try coming up with an innovation every six months. One of the missives that I gave my team was if everything fails, as chairman of the company I will take the onus." The company came up with as many as 64 innovations within the first two years of the Maggi crisis.

Only one out of every 10 innovations succeed, but for that companies need to take risks and invest. The innovation could be a new product, packaging or even a service. Tanishq for instance, launched its 'Endless Aisle' programme during the pandemic, enabling consumers to shop from any store across the country on their mobile or tablet. A consumer in Jaipur got access to the inventory at the Tanishq store in Bhubaneswar and was able to buy a gold bangle unique to Odisha. Venkataraman says that the company managed to do ₹600 crore of sales through 'Endless Aisle' in FY21.

L'Oréal, on the other hand, trained over 2 lakh hair-dressers to give online beauty tips to their patrons during the pandemic. "All these ideas came from our empowered team," says Jain.

Hina Nagarajan, MD & CEO, Diageo India, is especially proud of how her team launched their maiden home-grown craft whisky brand, Epitome Reserve, in flat 85 days. The company also renovated the iconic Royal Challenge Whisky in 46 days. At the heart of these innovations, says Nagarajan, is the creation of an

PHOTOGRAPH BY **DEVAPRASAD LAKSHMANAN**

"You take care of stakeholders (employees) and they will take care of the shareholders... I am leaving a lot to my team, so that strategy and vision are co-created."

C.K. Venkataraman, MD, Titan Company

Impact Of Agile Transformation

Customer Centricity	Operational Performance	Speed	Employee Engagement	Efficiency
30%	30%	5-10x	30	30%
Increase in customer satisfaction by creating teams with end-to-end customer missions vs 5-10% for less successful transformations	improvement in selected processes by removing hand overs and driving continuous improvement vs 5-10% for less successful transformations	increase in speed in driving change and decision making through simplified operating model vs 2x for less successful transformations	Percentage point rise in staff engagement by ensuring people have autonomy and purpose vs 5-10 percentage points for less successful transformations	efficiency gains through fewer hand overs, reduced overheads and strict focus vs 5-10% for less successful transformations

SOURCE: McKINSEY

organisation culture where people feel psychologically safe to take risks while not being worried about the consequences of failure. "We have cross functional teams, Sprints, which work together for 2-3 months on critical projects, to deliver specific outcomes. The Sprints teams are empowered to make decisions and come to the executive committee members only when they need help in any matter. No one is penalised for failure unless it is in the area of compliance and ethics," explains Nagarajan.

While the likes of Nestle, Diageo or L'Oréal are surely on top of agility and taking risks, the bulk of Indian companies are risk-averse. Most struggle to create a culture of innovation and entrepreneurship, agrees Kripalu of Essel Propack. "Most large companies have annual rewards and bonuses. When the chance or opportunity for promotion comes then that one person who has had a failure will invariably be discriminated against negatively. I have struggled to make presentations where people stand up and talk proudly about failures."

"In most companies 70-80% of employees are sales and manufacturing guys who are absolutely metric and productivity driven. The innovation team most often is a small microcosm of the larger company and that's where it becomes hard to protect the sanctity of the peacocks," he adds.

Retaining Agile Talent

A common question most job seekers ask their prospective employers is how empowering their work culture is. "The employer-employee equation has changed," points out Laddha of Mercer. In fact, the new-age talent don't want to join organisations which are hierarchical and risk-averse. They expect to be given responsibility and also held accountable for it. According to Narayanan of Nestle, talent today is recruited on the basis of intellectual competence, and to add to this is the humdrum of delivering on a quarterly or annual basis, which prevents organisations from creating an environment of empowerment for their talent. "There are stereotypes that we operate upon. The peacocks may be doing brilliant work but your environment can stifle them quickly. So, how you recruit, reward and retain talent so that you manage the long-term innovation of your organisation becomes crucial."

Boss Isn't Always Right

To build a futuristic organisation it is important to have a leader who would enable a culture of empowerment. The role of a leader according to Gupta of Marico, should be to propel leadership and accountability down and across the organisation "The leader should define broad boundaries and set some guardrails but he/she should empower specialists and individual leaders within the team to take charge and deliver results, especially in a crisis situation," says Gupta.

Gone are the days of 'my boss is always right'. The leader has to earn the respect of employees. "The newer generation respects leaders only when they believe that he/she deserves respect. Earlier, we had to respect people because they sat in the chair, today, a youngster is inspired only if the leader brings value addition to the table," points out Nestle's Narayanan.

In fact, Jain of L'Oréal gets reverse-mentored every Saturday by young management trainees who invariably give him their two cents on digital marketing, data and analytics.

"Going forward, leading will be less about directing, and more about demonstrating a deep empathy for employees, by truly understanding how one's feeling and thinking to provide solutions that genuinely work. Building space for employees to take risks, ask questions and challenge the status quo will be even more critical to fuel innovation," says Sanjay Gupta, country head and vice president, Google India.

Rajkamal Vempati, CHRO, Axis Bank, however, feels that the burden on leadership is getting amplified. "Given the pace of change everything is getting pushed to leaders who may not know the answers. Leaders also need to be more empathetic. So, the entire construct of leadership has changed."

A leader is no longer the person who has all the answers, agrees Randan of HUL. "He/she is the person who facilitates, has this larger picture to guide and knows what levers to pull. He/she lets people close to the ground to make the decision." HUL has a concept called Winning In Many Indias (WIMI), which has divided the business into regional clusters. Each cluster is managed by a leader who is empowered to take operational and strategic decisions. "They run the P&L independently and the management committee members don't step in unless they are asked to by the cluster head," she further explains.

"There is a conscious trend of leaders asking for help. They are trying to reorient their thinking to employer mindsets," points out Anupam Kaura, president and global HR head, CRISIL. "Today's leaders need to lead from the front. This is an ask which was not there earlier as much," he adds.

Leading organisations that are actually agile is much less work for leaders, but much harder, says McKinsey's Dotiwala. "Unlike earlier, when the leader could do what he/she thought was right, today it is more about enabling others in the team. The ability to be a coach and being able to sense when to dive in is hard."

Jain of L'Oréal agrees that the operating part of his role has been cut down by more than half ever since the company has been empowering its teams to take decisions at the ground level and not wait for central dilktats. "But when you devolve authority and empower people, you need to stay close. I now aggressively engage with people one on one across all levels."

For Venkataraman of Titan, delegating leadership has deepened his multiple stakeholder obsession. "You take care of stakeholders and they will take care of shareholders," he says.

Indian companies are taking baby steps towards creating organisations of the future — where agility, innovation, and employee empowerment take centre-stage. The sooner they make the transition the better. ■

"At the heart of innovations is the creation of an organisation culture where people feel psychologically safe to take risks while not being worried about failure."

Hina Nagarajan, MD & CEO, Diageo India

Building Agile Businesses

What firms need to do...

- Have a clear and common purpose, the autonomy to make decisions, and an ability to develop mastery in their craft.
- Provide a safe place to experiment with funds.
- Prioritise and reduce overhead roles to bring in more efficiency.

SOURCE: McKINSEY

younger team members. We decided to melt jewellery so that we don't have to worry about cash balance. Thereafter, there were 100s of other innovations which paved the way for better customer acquisition, capex control and capital utilisation, which led to better-than-expected sales in the following quarters," he adds. The company embraced technology and started selling jewellery and watches on video platforms. By the end of the FY21, over ₹ 1,000 crore of its revenue came from video selling, unlike earlier when digital sales contributed less than ₹1 crore to its overall revenue.

Conversations on agility, innovation, authenticity and empowerment are taking centre-stage in the boardrooms of India Inc. Covid-19 was just the beginning of an era where volatility and uncertainty have become a way of life. Be it unprecedented high inflation that followed the pandemic or the Ukraine-Russia war, which crippled the world economy, there is uncertainty around, and organisations are increasingly feeling the need to reinvent themselves to be able to embrace this reality.

Is your workforce agile and nimble to respond to volatility? Is consumer centricity and innovation at the centre of your organisation strategy? Are your teams empowered to take risks? Gone are the days when organisations could draw up three-year strategy plans and work towards them. Today's era is all about taking strategic decisions on the go. Annual plans have got crunched to monthly and sometimes fortnightly and even weekly reviews. For instance, when the news of the Ukraine-Russia war came in, one of the most impacted sectors was edible oil. Over 90% of India's sunflower oil (an important ingredient of edible oil) requirements are met by the two warring nations, and supplies completely dried up. The crisis got compounded with Indonesia banning export of palm oil. Edible oil majors had to immediately find out a possible alternative to sunflower oil and palm oil. "The premium on agility in this unpredictable environment has gone up. Are you able to change your tactics dynamically by the day is a question that is increasingly being asked," says Anand Kripalu, MD & global CEO, Essel Propack.

No wonder, Nestle India's top leadership at their recent off-site debated about 'empowering peacocks and not penguins' in their organisation. While penguins are stable, they are not agile. The peacocks on the contrary are restless and curious. "In an organisation which has worked by the book and has always delivered whatever it has been asked to deliver, what are we doing to shake the Ganga or melt the Himalayas?" Nestle MD and chairman Suresh Narayanan asked his colleagues. Most organisations, especially the legacy ones, always try to play it safe and want to do only those innovations which are less likely to fail. But the need of the hour is to have an extremely high appetite for risks. Narayanan says in today's times creating an organisation culture that is obsessed about consumer centricity and innovation is critical. It is important to have the ability to break stereotypes and think beyond the expected.

An Agile Organisation Is Key

Breaking stereotypes need a mindset of adapting to changes quickly, or in other words building an agile work culture. The pandemic has forced organisations across the board to be agile. For instance, when traditional distribution networks collapsed, FMCG companies quickly embraced technology to make sure that products were available to consumers. Organisations such as ITC and HUL not just launched their direct-to-consumer platforms within months of the outbreak of the pandemic, but also partnered with logistics and supply chain firms such as Udaan and Shop X to create a parallel distribution network.

Building an agile organisation is all about being ambidextrous, says Anuradha Randan, executive director, Hindustan Unilever. "It is about being able to win with our core strengths and being able to flex, open ourselves to different ways of working and understand that not every business model will be the same, some will have a high-risk, high-return ratio."

L'Oréal India, says MD & CEO, Amit Jain, empowered teams during the first lockdown in March 2020 to take operational decisions on the field, which continues even today, in line with the company's 'Fit For Future' initiative. "During Covid, state governments were deciding, even district magistrates were deciding when to open the market and when not to. We pushed operating decision-making to the field. We empowered 50 area managers to decide when to deploy products in their markets and take a call on how to respond to the DM's orders. Area managers were even empowered to give credit to customers/salons who sold our products."