

## **Development imperatives for Indian Organisations venturing into 21st Century.**

by AS Vasudevan, Group for Institution Development, GRID: Bangalore.

### ***Introduction:***

This presentation is meant for deep meditation and reflection. The ideas have emerged from my experiences in consulting practice of small and large systems over the past fifteen years.

As partners of the OD fraternity, we witness a wide range of Corporate organisations who are in the threshold of moving ahead into the next century. They are seeking ways to empower themselves to survive the impact of global competition.

For Organisations in general and Indian Corporates in particular, I foresee a growing concern to increase their stakes for both nation building and institution building. I believe that development imperatives of Organisations in the 21st Century will challenge the operating paradigms of 20th century 'Indian'-management thinking and invite them to revisit their fantasies.

Peter Senge's statement - today's solutions can cause the problems of tomorrow; confirms the reality of discontinuous change as is caused by mega mergers and acquisitions around the globe<sup>3</sup>.

The prospect for Organisation'(s) success amidst discontinuous change can therefore be seen around:

- i) the rigour to absorb in-house R&O efforts for continuous improvement and negotiating to absorb global technological innovations
- ii) sharing of leadership for performance and accountability for results
- iii) speed and responsiveness to people internal and external
- iv) periodic and swifter renewal of systems to suit regional, national and global market demands,
- v) action - research based on research findings of management institutes and professional bodies,
- vi) discoveries and designs that integrate the wisdom of 'professional eldership'
- vii) creating 'learning entente' among divergent professional bodies
- vii) an emergent over-riding concern for environmental audits and environment management systems and
- viii) mega-mergers of family owned and managed Corporates, PSUs and Nationalised Banks.

In spite of the vast majority of people living in villages, the quality of life and conveniences available in metros have given rise to unprecedented migration from rural to urban cities, changing the demographic profiles of regions. This has affected the public distribution system. Demand is chasing supply of basic commodities be it onions or salt, drinking water or domestic power.

On the other hand the whole concept and process of wealth creation through business industry and politics has got fixated to the model of depleting the fossil fuel reserves and natural resources. Scant respect for environmental degradation, and of labour from child, bonded and unorganised sectors, public health and morality and no concern for growing terrorism have to be owned by Business Industry and the urban intelligentsia as well.

In such a backdrop it is heartening to know and note that Organisations are boldly facing questions like: Will we be relevant 20 years from now? What will sustain us as worthy of our Vision and Value?

Because of these trends I foresee increasing participation consultation and collaborations between Corporate and Political leadership, the Government and Non-Government agencies, Public and Private sector Companies to determine and design the quality of life of the Nation in the 21st century.

Consequently, the models of Corporate governance will assume a greater significance and subject of public scrutiny. The cost of a wrong decision by any Organisation or anyone sector will have far reaching consequences. Not only will it affect the lives of urban middle class 'but also that of rural masses and the marginalised minority living in urban slums as well as the environment.

In my attempt to suggest a few alternatives for affirmative action to the professional managers of Corporate houses and Public Utility undertakings I also propose a deeper examination of professional practice by the management and organisation consultants.

Will and how will the profession of management consulting be relevant in the 21st Century? What new roles behoves them?

### ***Working Hypotheses:***

In the process of my reflections I arrived at the following working hypotheses for Indian Organisations in the 21st Century. The imperatives derived later will therefore be some of the possible outcomes of these hypotheses.

1. Organisations will become inclusive, integrative and inward looking. They will seek people who will be responsive to changes in market demands and be responsible to select technology and design systems appropriate to the flexible nature of operations.
2. They will resort to ways and modes of communication like WAN and LAN to keep pace with the paperless extended offices at the home place.

3. Mega mergers (the mirror image of global Corporates) as well as acquisitions and disinvestments will become common strategy.
4. Green - technologies will rule investment. decisions for growth or expansion.
5. Learning networks will be contracted across all sectors for sharing of experience and to alert each other with early warning signals.
6. Enduring Indian values will influence and govern the Policy and work ethic of Public sector giants, Government and Non government agencies, Public utility services and the Banking system.
7. Link organisations like CII, and infrastructure development finance Corporations will monitor basic norms for welfare, health and safety arising from sound work practices as part of social responsibility.

The first two decades of next century will therefore witness:

A greater influx of NRIs returning home to participate in Nation building and to regain their national identity.

Testing out of hybrid work cultures that borrow the best of both the worlds; east and west, to help overcome the diversity of race, class, gender and social classification of forward and backward people.

The emergence of a Corporate citizenship which looks beyond mere profits as the bottom line and Professional eldership that will facilitate awareness of enduring values, spirit of sacrifice and need for excellence in Nation building.

A new sense of social accountability among Corporations of all kinds to be transparent is in the offing. They will be reinventing their advantages to ensure social security and environmental safety.

### ***Paradoxes with problems***

The markets for new products, new technologies and new services will open up only if more and more people have the power to buy them.

The popular and justifiable choice for organisational effectiveness is to become lean and flat where few highly competent people will be hired on very attractive pay packets and the rest will be sent on VRS. When Organisations believe that this will promise best returns, the school dropouts and those who passout from the average colleges, polytechnics and self proclaimed management institutions will very soon join the unemployed majority unless new jobs are created.

Industry and work will be classified as 'wealth-creating industry/work' and 'service-delivery industry/work'. Large number of new jobs will emerge from the

servicing industry to absorb those unemployed. The question remains to be answered whether our educational institutions are addressing wrong priorities as they are competing with the best in their field?

If education does not divert their curricula to build capacity for the servicing industry what will be the social consequences of the unemployed who will end up as indirect dependents of the competent minority for their basic needs? When the purchasing power of people gradually is spent on liberal commodities preferred by the elite, there is likely a glut in the market for other products, creating a vortex of negative demand.

Our Governments are always on the deficit, unable to motivate and enforce the tax collection machinery to mobilise returns yet keep dreaming of infrastructure development without the funds to actualise them on time. Will this not add stress to the Corporate houses to part with a greater share of their legitimate gains to the Government?

### ***Trend setting Organisations***

Growing complexities will create chaos and disorder. To motivate and channelise the aggressive energy of people organisations have so far chosen external targets like bench marking. Instead of fighting internally they focussed their teams' attention on the rival competition (Pepsi Coke war)

However, a global giant like Siemens is gearing up to lead into the 21st Century with 'inward-looking strategies'.

In their Corporate mission we find the statement: " We have pledged to the principle of Corporate citizenship ..... to protect the environment". In adapting a holistic approach, they have launched projects, programmes and processes to reduce quantities of materials going into their products and yet extending the longevity of product components. They provide instructions for disassembling products to optimise the recycling process... relying on environmentally compatible materials and also reduce the energy consumption while designing electrical and electronic products. Out of 5000 tons of computer scrap, 10% can be directly reused and 76% externally recycled<sup>6</sup>.

Richard Foster, Director of Mckinsey & Co contends that most Companies hold on to current technologies far too long and abandon new ones far too quickly because they do not understand the deceptive curve on which technology develops - slowly at first and then rapidly.

According to him, a well respected Mexican steel company had developed a process for steel making with in house R&D but did not persue it to explore its highest potential advantage. When the German competition using a process with a different underlying thermodynamic principle directly reduced iron ore to steel they could beat the Mexican steel on price. But the Mexicans felt that the Germans were destroying their market, till, they realised their folly and switched their efforts to perfect the developed new process they have ignored. Within

months they had a process superior to the German and were on their way to commercial success .

Many indigenous approaches of creativity have lead to improvisation and continuous improvement in India during the quality circle revolution. Till recently tacit knowledge and skill was hidden with senior workmen and the illiterate yet competent supervisors. Through a process of socialisation, technology has been shared and applied in Family owned small enterprises to tap the practical wisdom. Such technology did not become explicit and hence not available to competition.

However Corporate leadership of medium and large scale manufacturing organisations generally undervalue the contribution of their own people and fail to integrate 'tacit' knowledge hidden in their human resource. Especially where borrowed technology and technical know-how limits experimentation there is little scope for intense R&D.

Best-practice levels to which technology is designed and offered cannot be reached by importing and installing an equipment alone. People have to learn by application and researching their typical ways of problem solving.

The Chairman of Virgin group Richard Branson talks about how his style has worked so far to encourage innovation...' if someone has an idea, they can pickup the phone and talk to me; or they can just go ahead and do it... analysing things to death is not our kind of stuff. No wonder Virgin's structure is loosely linked Companies continuously dividing and reproducing (like the amoebae) where people have the possibility of rewriting their job definitions depending on the new challenges ahead <sup>5</sup>.

ABB on the other hand is experimenting to cut down on' their large clerical supervision and to give teams of workers bigger responsibility. Sharing performance leadership and emotional intelligence (the ability to derive pleasure from helping the next generation by assuming a role of a coach or mentor) are few models to emulate.

Starting with Royal Dutch and Shell in 1907 and the ASEA and Brown Boveri in 1987 Corporate mergers are frequent and common. Now mega mergers are the order with the latest Digital/Compaq of the IT industry in India.

With the type of fragmented over-capacity being distributed across the country, mergers, acquisitions and restructuring will be sought for with ease in the next century. The numbers of acquisitions like the GE expansion are classic examples of the shape of things to come.

## *IT revolution and aftermath*

Hyper-linked IT industry is making forays into all walks of living; revolutionising the way. people transact personally and business wise. Eg: tele-banking, tele-marketing, tele-library, tele-commerce and tele-doc transfers. Communication networks are rapidly replacing the so-called personal interphase.

Employed persons spend 2/3rd of waking time in and on organisation related matters. Only 1/3rd is available for the family, personal interests and leisure needs. Family and organisation's perennially impinge on each other. Organisations on the one hand demand more involvement of their executives and willing to pay the price<sup>10</sup>.

Family life especially when both the partners are in working careers like in many metros of India, also demand time to attend to many matters including attention to children and the aged. IT has given the answer and opportunity to stay at home and attend to office. The 'SOHO' with a WAN or LAN connection has access to global offices and local offices with the same speed. Even today many IT majors are permitting flexi-time work.

If computer and IT based work routines get established, organisations have to design and assay new systems that can make people contribute beyond titles and designations, not relying on hierarchy and red-tape controls. Computer will very soon shift the focus from jobs to roles that define accountability to interfunctional and interdepartmental targets.

When people at work and family groups are in conversation across the globe, they will gravitate to address larger concerns of ecology, old age, safety and protection of the environment. An expanded consciousness will arrive to predict chaos and plan corrective actions.

Another offshoot of the information age and the expanded consciousness will be significant number of NRI's will return to India with their dual citizenship.

## *Professional elder-ship*

Peter Drucker while narrating his seventh experience in a dialogue with Isao Nakauchi says - ' whenever I work with a person I try to find out to what the individual attributes his/her success. I am invariably told stories that are remarkably like mine'. He narrates about an earlier occasion when his father heard Joseph Schumpeter end a conversation thus - ' You know Adolph, I have now reached the age where I know that being remembered for books and theories is not enough. One does not make a difference unless it is a difference in the lives of people'<sup>8</sup>.

Many elders subscribe to the dictum that the challenge of life is to die young - as late as possible. Discovering themselves and organisations as much as they discover profit margins is the way of a professional elder.

The next century will call upon the elders to spot talents beyond formal ways of selection and testing. The talent required in future is to facilitate Organisation learning and the tact to integrate the 'tacit' with the 'explicit' in such a manner that Organisations will retain their relevance.

CEOs of tomorrow will support strategic decisions arrived by top teams of experts and inject *value based value addition* as a cultural component.

### *Imperatives for CEOs and professionals*

Learner's network: Open ended opportunities across levels, across professions and across the country to exchange experiences as well as inter-sector practices eg; health and education, railways and power distribution etc can lead to mutual mentoring projects between CEOs and collaborative learning projects among senior corporate executives.

Formal training programmes will be replaced by Action learning projects, simulated process learning which can crack on-line problems and generate strategic options to support quicker policy changes.

Mutual mentoring contracts between third generation family directors and paid professional directors will generate a body of business knowledge that can become truly Indian. Such efforts have enormous potential to sustain the organisations into the 21st century. Professionals from all disciplines can participate in such projects to discover future institutional forms that accommodate the career aspirations of family directors and the professional managers.

Adding value will therefore become the Corporate slogan for Indian Organisations in all sectors. Future organisations will design multi-nodal networks of stakeholders to periodically address their mutual accountability concerns while racing to meet the bottom line requirements and or participate in Nation building.

### *Managers, Culture and Systems*

For the individual manager, consultant or expert who is involved in nation building priorities the issues of position rank and protocol has to be less important.

Institutional and Organisational cultures including Governmental and non-governmental will symbolically behave and demonstrate a commitment to the needs of their stakeholders. They will submit to restructuring and redesigning as an ongoing necessity for relevance.

BPR, TQM etc are aids to empower people and enhance productivity. They add value if practised whole heartedly. Therefore, integrating the principles and internalising the essence of their pursuits will occupy the attention of professional managers. The systems structures and strategic plans should be congruent and supportive of such interventions.

### ***Role of Consultants***

Organisation consultants who wish to operate in the next century have to introspect and own up their lapses and lost priorities. Peter Drucker quotes that the learning discipline of the Jesuit order in the Catholic and the Calvinist church in the Protestant adopt a learning discipline. I think that every consultant can emulate this self-enquiry.

"Whenever a jesuit priest or a Calvinist pastor does anything of significance making key decisions, for instance; he is expected to write down what results he anticipates. Nine months later he traces back from the actual results to those anticipations, That very soon shows him what he did well and what his strengths are. It also shows him what he has to learn and what habits he has to change. Finally it shows him what he has no gift for, and hence cannot do well. I have followed this method for the last 50 years" <sup>8</sup>.

Looking at lost priorities consultants have to give equal weight to what is happening in the Indian organisations and large systems, which function with meek resources. I am intrigued repeatedly by the obsession of management consultants, and executives who have a need to project the multi-nationals and their methods of management. Very little interest is being evinced to appreciate and talk about the large systems functioning in India like the Railways, Public distribution systems or even the Public sectors like the BHEL or BEL.

Time has come for consultants to reflect on their basic assumptions about performance appraisals, team building, and training seminars in the English language. *The shift in the thrust areas for training will move from concern for the individual to concern for the environment.*

In the words of Edgar Schein - Is life co-operation or competition; individualistic or communal; traditional linear authority, law or charisma, or what? <sup>9</sup>

## ***Conclusion***

This retreat offers a platform to stimulate professional partnerships and networks to carry forward the dialogue and critique their experiments in consulting practice and learn from each other.

We can focus on new definitions add refinements to the *ultra-structures* and processes that will decide the future of our Organisations. By ultra-structure I mean the covert components in an organisation like emergent power, group norms, perceptions of trust and confidence on the Organisation, affective relationships between levels, accountability measures for reliability of performance and product quality and other subtle games between people, groups, functions, levels, internal and external customers to manage change.

The imperatives for professional organisations and institutions of research and innovation to play their role in nation building are:

- To design processes to absorb the employable potential of the nation and
- increase the employability of the educated and qualified technical manpower.
- To adapt indigenous R&D and reduce the brain drain.
- To create an influencing forum to advise the States on better governance and
- Initiate on projects that have relevance to the 21st Century India.

Educational institutions and professional development associations current primary concern stops with accreditation of practitioners. They rarely extend to examine the continued professional adequacy or preparedness. The agenda for professional bodies is to start meeting across disciplines and specialisations once in a quarter and design joint forums for reflection on their relative utility to the community and the common man <sup>10</sup>.

Appendix 1. contains excerpts from the contemporary community of professionals in the western world for our deep meditation during the retreat and reflection later also when we are back at work.

## **Reference**

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2. Grant Lederwood - The Environmental audit and Business strategy, chap 9, Pitman publishing .1994.
3. Peter Singe - The Fifth Discipline. 1992.
4. Interview with Peter cochrane (52) head of BT research by Business today Oct7,98. .
5. Manfred kets de Vries - Charisma in Action . Interviews with Richard Branson (Virgin) and Percy Barnevik (ABB); Organisational Dynamics: winter 1998.
6. Initiatives for the environment - Annual environment report 1998 , Siemens AG.
7. Richard N Foster -Innovation ;Mickensey & Co. Summit books.
8. Peter Drucker- Drucker on Asia: a dialogue with Isa Nakauchi.1996.
9. Edgar Schein- The role of the Founder in creating Organisational culture, Organisational dynamics: Summer 1983.
10. Bhanumathy & A.SVasudevan - Family and Organisation ; transformational opportunities for personal growth. International conference on TA, 1995 . Bangalore, India.

## Appendix 1.

Excerpts for reflection:

1. Prahalad of the University of Michigan and Garry Hamel of the London Business school developed a concept, which was quoted in Financial Times of London in 1992.

'Companies must themselves learn to become ephemeral (liable to sudden change) to exploit ad-hoc alliances of knowledge, skills and capacity.... Yet retaining their skills of defence (core competence),<sup>3</sup>

2. Peter Cochrane, head of Research of British telecom and a Corporate futurologist in response to an interview by Business Today (Oct 7,98) says:

'There will be a transition from Do-it-all companies to Virtual organisations. systems integrators. The future Corporation is about speed.. . we need to destroy layers of management that do not add value... this will involve getting people with required skill-sets to form a group, finish the task, and disband the team - quickly. The prime objective of any Company is to have the agility of a small Company.

The global economy will be driven by network laws ..... have to do with sharing just about everything. The economies of scale will dictate that things will have to shrink.....on line banking will make bank branches redundant. Fifteen years from now the mobile telephones network in India will use 10 balloons stationed at 70,000 feet to cover the entire country with an enormous payload. .. Low earth satellites will cost as much as US\$ 10 billion...If we can model situations adequately we can make the right decisions.

3. Anita Roddicks, OBE and director-founder of Body shop International plc even as early as 1990 predicted ... The new word in the market place is values - and what consumers want are Companies making socially responsible products providing socially responsible services.