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Leadership Journeys

Kumar Birla – Embracing Change as a Permanent Condition

By Bob Rosen

As CEO of Aditya Birla Group—a large global conglomerate operating across six continents and producing everything from aluminum to cement to telecom and financial services—Kumar Birla is a man who embraces the moment while honoring the past and preparing for the future.

Birla became CEO following the unexpected death of his father, Aditya, in 1995. Though only 28 years old at the time, Birla admits that he was not a rookie: “My father involved me in all aspects of the business. He believed that you will learn to swim if you are in the deep end of the pool!”

Moreover, Birla understood the importance of his father's legacy in more personal terms, noting that he was “fortunate enough to have the emotional support, goodwill and backing of a solid team. It was a great business and organizational legacy that my father had left me.”

Birla's initial course of action was, understandably, to continue his father's work and build upon his legacy. His early decision to organize a clutch of companies under a single brand—and to name that brand after his father—accomplished two very important things: It honored his father's pioneering spirit while, at the same time, creating a streamlined organization ideally positioned for future growth.



Even as his broader strategy fell into place, Birla understood the challenge of leading people toward an uncertain future: "The quality of your future depends on the quality of your imagination." Ultimately, it was up to him to create a vision for the Group's sustained growth and wealth creation.

So, how did Birla shift gears and grow revenue from US\$2 billion to over US\$40 billion in the span of 17 years? His basic answer to that question is his interest in learning: "Every day is a new day for me. Every inflexion point has turned out to be a very powerful period of learning." Birla also sees a clear connection between the Group's growth trajectory and the culture of learning he continues to foster. It is this culture, he says, that "stokes the entrepreneurial drive, thinking afresh across all levels...that is constantly creating value for our multiple stakeholders".

Birla also theorizes that our success in responding to crises—whether sparked by sudden events or deep social change—is inextricably linked to our ability to learn: "These are the times when learning is driven deeply into you by the force of circumstance. When you are passing through the eye of the storm, you are wonderfully focused, because this could be a make-or-break moment."

Kumar Birla's Leadership Journey: Lesson #2

Use life's events as catalysts to reinvent yourself every day



A key learning period for Birla came when India's liberalization process picked up steam in the mid-1990s. Suddenly, the Group's way of operating—from implied lifetime employment to lack of ethnic and gender diversity—seemed antiquated. On top of that, the company was hierarchical and lacked programs to develop and incentivize young talent, which made recruitment difficult. Attracting that talent was crucial, so Birla looked beyond transforming the Group's business portfolio and began a transformation of the Group's culture. As he puts it, "The alarm bells had begun ringing."

Today, the Group is solidly meritocratic and consistently ranks among the top companies for leaders. With 136,000 employees, its management ranks include 42 nationalities; women hold more than 17% of management positions, and more than 60% of the workforce is now under the age of 40. This kind of transformation does not come easily and Birla is quick to credit his Senior Team. He also notes the utility of building consensus and acknowledging individual concerns even when speed is required: "Once people are on the same wavelength, the problems at the implementation stage are dramatically fewer... Things move forward at a faster clip."

As the Group continues to expand globally, Birla understands the need "to be contemporary and move with the times". Toward that end, he says, "we lay big bets on people, providing them with unparalleled opportunities, dynamic challenges and an environment that is professionally rewarding and personally fulfilling". Not surprisingly, in the ever-competitive global marketplace, Birla places people and culture firmly at the center of his Group's aspirations: "High-performing teams and individuals, supported by a high-performance culture are the cornerstones of all that we seek to achieve".

In very basic terms, Birla also stresses the importance of moving his vision forward one person at a time: "People count. You can have the most forward-looking vision and strategy, but unless you have a passionate and committed team to execute it, you cannot



translate your vision into reality". In the end, leadership is all about plugging into the hearts and minds of people. The process of change is perhaps 90 percent about leadership and only 10 percent about actually managing the process.

Birla sees change not as an event but rather as a skill that leaders need to learn and relearn over time. At the broadest level, he says, "the topmost task is that of positioning an organization along a permanent transformational track." In the constant churn of shifting market forces, globalization and technological innovation, incremental change will not suffice.

Organizations must radically transform themselves, not once or twice, but continuously and perhaps many times over. As Birla describes it, this ability to adapt is central to growth: "Our leadership is inclusive and has a penchant for collaborative and innovative solutions and for new ways of working. As a result, our products and services are on our customers' radars all the time, and we remain competitive."



*Bob Rosen is an organizational psychologist, and author of six books including his latest, The New York Times bestseller *Grounded: How Leaders Stay Rooted in an Uncertain World*. His firm, [Healthy Companies International](http://HealthyCompaniesInternational.com) (healthycompanies.com), has worked with Johnson & Johnson, Brinks, Northrop Grumman, Citigroup, PepsiCo, ING and Pricewaterhouse Coopers among other major organizations.*

Despite much discussion about the need for leadership development in corporate and public organizations, and the considerable industry that surrounds it, this is the first authoritative periodical focused entirely on this area.

Developing Leaders looks at the critical confluence between the provision of executive education and the real everyday needs of organizations to strengthen their management teams, their corporate performance, and their leadership.

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