



Developing and Mentoring Successful Leaders

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Till the mid-90s, ICICI was essentially a development finance company. As the economy opened up, many of its clients started facing huge problems that got reflected on ICICI's balance sheet in the form of increased NPAs and stressed assets. K.V. Kamath took over as the CEO and Managing Director in mid-1996 and he realised that change was inevitable for ICICI in order to survive. Mr. Kamath had a successful stint as the CEO for 13 years, a period during which the organisation underwent major transformation. This is also the organisation that has produced a large number of leaders, many of whom head various organisations in the financial sector. Mr. Kamath shares how he went about the process of identifying, developing and mentoring leaders.

Attract the best talent

ICICI had for a long time, a well-run process in place to attract the best human capital. Campus recruitments would be carried out to hire from the best professional colleges and institutes. There was no gender bias in recruitment – they were merit based only and the question 'whether a woman can do this job?' was never asked. The qualities that were sought in a new recruit were:

- o Agility – ability to accept new ideas, and the desire to improve and grow.
- o Curiosity towards and interest in leveraging technology.
- o Willingness to challenge status quo
- o Driven by passion

These qualities looked for, however, change over a period of time in accordance with the evolving environment and are not a constant.

ICICI believed that having recruited good quality talent, it is important to provide them space to “innovate” and be “entrepreneurial”.

Leader identification

Building a **meritocracy** is an essential part of the leadership identification process. Meritocracy goes beyond identification and recruitment of talent. The rating and evaluation process has to be rigorous and effective enough to identify the top talent from among them, as these are the people who make a real difference to a company's success. At ICICI, the process of forced ranking was introduced. The performance ratings followed a normal distribution with 15% of the employees falling equally in the two extremes. This did cause a lot of distress amongst the people. Some employees may not have measured up and left the organisation, but that created space for others to move up. The set of people identified as potential leaders is not rigid, but can change with evolving situations and passing time. Rigidity should not be allowed into the setup. A persistent effort will result in the process throwing up the right results most of the times, which is better than not having a process at all.

Mentoring leaders

Mentoring is a high personal investment activity that needs a lot of time of the top management. It requires passion on the part of the top management for generating leaders. Mr. Kamath admits that he spent 25% of his time on leadership mentoring. Mentoring need not be carried out in formal sessions with the mentee. Instead what Mr. Kamath did was the following:

- Push and challenge the person with new assignments and bigger responsibilities
- Provide exposure to the person to meet the new expectations e.g. invite the person to attend meetings alongside
- Discuss and ideate with the person and provide encouragement
- Allow for failure

Leadership identification and development is an on-going process that needs to be sustained, made adaptable, kept fluid enough to internalise new thoughts, and made a part of the organisation culture. It needs to allow for mistakes, and for some of the identified people not measuring up. The top management needs to take bets on people ahead of time and give them challenges that are beyond their proven abilities. Effective supervision is essential for keeping this process fluid.

A follow up process in the form of generating feedbacks on identified leaders is an essential part of not letting the process become rigid. A 360 degree feedback, whether formal or informal, involves feedback from seniors, subordinates and peers. As one goes up the organisation, a more formal feedback structure becomes more meaningful in order to avoid mistakes and biases. At some level, it might become imperative that the feedback is evaluated by an outsider who can provide objectivity. At these levels, a 720 degree feedback including feedback from people outside the organisation might be more relevant.

Creating the right organisation structure

The **structure** of an organisation has to be such that there is a willingness to take on challenges, while ensuring a collaborative culture and mind set. To ensure this, ICICI grew from being individual driven to being team driven and collaborative. An organisation has to be networked internally, for the structure to be flexible enough for changing business scenarios and changing/additional product lines. It should be evolving and not rigid, it has to be like a living organism that changes with changing scenarios, strategies and policies. It should allow for innovative and out-of-the box solutions being thought of at all levels, and have the right processes in place to ensure that the selected ideas are implemented across the system.

ICICI had to make multiple, deep structural changes in the first five to six years. Structural changes cause organisational cracks and that happened with ICICI too. When separate divisions were created for specialised businesses like infrastructure finance, divisions

already handling these protested. However, the change went through. It was communicated through the company that the idea behind the centralisation was to create a specialised skill set in Mumbai to handle the huge infrastructure projects that were coming up in the country. By 2001, the need for the structural changes was accepted by the organisation. Regional offices started looking for alternative business channels and started exceeding their targets. Sometimes structural changes can have unexpected positive spin-off effects that are realised only after the benefit starts being reaped. Structural change should not be given up due to friction. Friction is inevitable. It is essential to have a communication strategy whereby the leadership clearly articulates its reasons for taking the required action. Over a period of time, as employees observe the benefits of the changes, they get internalised and become frictionless.

Creating specialised verticals is an idea that many organisations follow to drive focus and growth in a given segment. However, Mr. Kamath cautions against the “tyranny of verticals” i.e. each business vertical should not become an independent structure on its own. It is important to ensure that there is interdependency and inter-connectedness amongst various business groups which facilitates synergies and improves the overall performance of the organisation as a whole. ICICI ensured that its organisational structure kept changing with every outward looking change in the scenario. It also ensured that the organisational chart reflected how one business function interacts with and relates to the other businesses of the organisation. Organisational structure should facilitate relationships.

The right organisational structure is a prerequisite for identifying and developing leaders. The structure should enable identification of talent at the lower levels and fast track them if warranted. The techniques and strategies involved should keep evolving and should not be rigid. People management is not an easy process, nor is it something that can be left to the HR team. The top management needs to keep watching and evaluating.

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