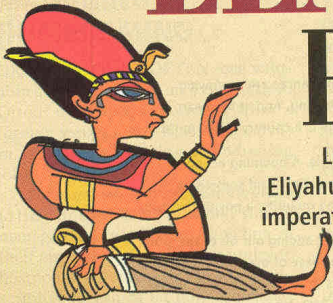


[THEME/GURUS]

THE CHANGING LEADERSHIP PARADIGMS



Leading management thinkers Michael Useem and Eliyahu M Goldratt in exclusive interviews talk about the new imperatives of leadership that will have particular relevance to Indian managements and managers



In one sense, they are a study in contrasts. One is low profile and studied. The other is flamboyant and outspoken. But there is one thing common between them: both are leading global thinkers on managing corporate change and leadership. That is one of the reasons that when Michael Useem articulates a new leadership vision, global corporate leaders sit up and take note. Director of the Wharton Center for Leadership and Change Management and the William and Jacalyn Egan Professor of Management at Wharton Business School, University of Pennsylvania, USA, he has recently been advocating the implementation of "upward leadership," where middle managers should be critical change agents in guiding the top management in leadership and strategic issues. This is also the main theme of one of his books, "Leading up: How to lead your boss so you both win". According to him, upward leadership is the ability to offer superiors or leaders a set of ideas that will help them; strategies that can serve them and give a sense of better structuring of their operation so that they can get their job done better than they were able to do it by themselves. This is not an easy process as in many cultures and countries, this is a process that is not much encouraged. How can this be done? He argues that it requires an ability to articulate and be persuasive.

But increasingly, Useem argues, this will be the way corporations across the world can bring about major transformations. The need of the hour is to bring in the significant part of any corporation into the larger change management process. That way, there is a greater chance that the change process is sustained and successful. While at the ideational level, this is not a truly new vision, the relevance of Useem's thinking stems from the practical ways in which this can be done. In particular, it is relevant for Indian corporations and managements in two ways: one, the middle management in Indian corporations has largely been left out of the ownership of the change management process. Bringing leadership down to frontline and middle managements, the change process in Indian companies can take a truly new meaning.

Second, this is a time when Indian corporations are going through major transformations, particularly through their efforts to go global. Getting the entire corporation aligned to one common goal and vision and then empowering them will make that process easier.

Useem brings to his thinking long years of teaching and consulting experience with some of the world's largest corporations. Useem's university teaching includes MBA and executive-MBA courses on leadership and change management, and he offers programmes for managers in the U.S., Asia, Europe, and Latin America. Useem has completed several studies of corporate organization, ownership, governance, restructuring, outsourcing, and leadership.

Eliyahu M. Goldratt (1948-) is an Israel-born physicist turned business consultant and the proponent of the theory of constraints (TOC). Here, he says that a scientific method of analysis will be helpful in resolving some of the permanent problems of organisations. He is also the author of several business publications including the *The Goal* which introduces TOC's accounting and process improvement aspects. He also wrote *It's Not Luck*, which applies TOC to the problem of adapting an organization to changes in its market; *Critical Chain*, on the use of TOC in project management; and *Necessary But Not Sufficient*, which makes TOC's utility in problems outside manufacturing and other operations fields clear.

Goldratt is not new to India. He has visited India several times in the past. And each time, when he comes here and speaks, Indian companies and managers listen. In India recently, he says that Indian managements and companies are on a new threshold. Sums up Goldratt, "The country has gone through a fantastic transition. I wanted to look into this, to find what was it that had changed or brought about the change. Earlier, so many products and things were regulated and this killed the economy. Now your GNP is growing like never before. So the biggest challenge is already behind you...The chains are off the country."

In two separate interviews with the two leading thinkers, *Indian Management* brings you thoughts and ideas on how the changing and new leadership paradigms will be relevant to Indian corporations and what needs to be done. ■

MICHAEL USEEM

Director, Center for Leadership and Change Management and professor of management, Wharton

Focus areas: leadership, decision making, governance, corporate change and restructuring

Consulting programmes with: DuPont, Coca-Cola, Morgan Stanley, Toyota, Johnson & Johnson, Hewlett-Packard, IBM, ICICI Bank and a host of others

Wellknown books: *Upward Bound: Nine Original Accounts Of How Business Leaders Reached Their Summits*; *How To Lead Your Boss So You Both Win*; *The Leadership Moment: Nine True Stories of Triumph and Disaster and Their Lessons For All Of Us*

ELIYAHU M GOLDRATT

Age: 58 years

Background: Israel-born physicist turned management consultant and author

Focus areas: Theory of constraints, organisational change, productivity and performance management and project management

Wellknown books: *The Goal*; *It's Not Luck*; *Critical Chain* and *Necessary But Not Sufficient*



Illustration: ANIRBAN BORA



ELIYAHU M GOLDRATT

“The chains are off the country”

Shamni Pande

Almost every preconceived notion, cherished so lovingly by conventional theorists, is turned on its head. Dr. Eliyahu M. Goldratt does so by provoking answers and posing questions in what could be best described as the ‘Socratic approach’. So to call this man a guru would not be hackneyed at all. Dr. Goldratt is indeed the personification of the Master who does not choose to jump on to solutions himself, but rather leads the thought-world by generating awareness. Above everything else, Dr. Goldratt remains a teacher, someone who does not nurture, but rather, who pushes perception by generating and evoking responses first from people and then from organisations at large. His business philosophy revolves around the ‘inherent simplicity’ of a system. In almost feel-good style he goes on to speak about how almost anyone who tries, achieves results, the results are big and that they can be achieved within a short

It is not inconceivable that one person in the middle management can drive changes within a system

period. Dr. Goldratt goes on debunking many notions about how idle resources are not a major waste. During his recent visit to India, Dr. Goldratt spoke not just about his ‘Theory of Constraints,’ but also about issues relating to education, leadership, and the talent pool of Indians at large. Excerpts from the interview:

Can middle level managers take on greater leadership roles in bringing

about change?

The answer is yes. But this will take the responsibility off the top manager or management, to bring change. If top managements were stupid, then they would not be there in the first place. They are there as they are not stupid. Do you see any stupidity in top managers? Do you observe any resistance to change? No. But, yes, a middle manager can bring leadership and change. But it is not just the job of the middle manager to bring change or offer leadership. It is the job of the top people. Similarly, can one person change a country? Yes! Mahatma Gandhi is a prime example. He was not born the prime minister or a leader, but he changed the history of the nation. Is it the best way? I do think, the prime minister should initiate change, that’s his or her job. But it is not inconceivable that one person in the middle management can drive changes within a system.

What do you believe is the biggest challenge for Indian businesses today?

The biggest challenge is behind you. I was invited to India many years ago, where I addressed a gathering of managers. I became disgusted then as I heard only one thing: the government is to be blamed for everything. And if you blame others for your results, you will never be successful. Then I came in 2004 where I gave lectures across Delhi, Mumbai and Chennai and not a single person blamed the government. The country has gone through a fantastic transition. So I wanted to look into this, to find what was it that had changed or brought about the change? Earlier, so many products and things were regulated and this killed the economy. Now your GNP is growing like never before. So the biggest challenge is already behind you.

So, what’s your observation of Indian managements now in this changed scenario?

The chains are off the country. Now it remains to be seen what India and Indian managers will do to get rid of some of the inferiority complex. But I do hope that your country does not reach the other extreme of having a superiority complex. How can some people harbour the notion that ‘it’s an Indian product, and it does not have to be the best in the world!’ Some do not even aspire to be the best in the world! Among the top-10, is one Indian company — Tata Steel. It is a model and example of how things can be.



Mahatma Gandhi is a prime example. He was not born the prime minister or a leader, but he changed the history of the nation. I do think, the prime minister should initiate change. That's his job

Turning to would-be managers, do you think business schools are trying to following your method of teaching around the world?

Unfortunately most of them do not follow it. As a matter of fact, I wrote about it in 'Critical Chain,' which really has two messages. One is, how to manage product; the other is how management teaching should be done.

Indian society lays great emphasis on young people finishing education at one stretch and then starting their careers, unlike in the West. Which do you think is the right way?

It depends a lot on the way teaching is being done. If it is being done the way it is happening today, then it is better to go to a business school and then to reality. And the first three months will give the shock of finding out that all that we learnt does not apply. If the teaching is changed, to the Socratic approach where the teaching is shrewd: Knowing which question to ask, and how to lead the student to use his/her brain; knowing when something is

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correct; knowing that an answer isn't always obvious...so if teaching can be changed to this style, then it makes sense to get experience in real life and then going on to formal education. For example, in our schools, we will never accept anybody who does not already have experience of real life situations, because they have no reference base to learn from.

But you have an interesting system, where your students end sometimes being almost as evangelists or teachers, carrying your brand and teaching forward?

I do not think anybody has a monopoly on knowledge. It helps in distribution as often as these people come back and want to be part of the organisation. Don't you realise that if you have invented something, and people do not use it — then you have not invented anything really?

You speak of core conflicts and constraints. Large Indian companies often face a conflict of meeting requirements of both the mass, rural markets and also catering to niche urban

markets. Is there any easy answer to their problem?

To deal with this I have released a whole, computer-based model on distribution and supply chain management. And I have heard about this problem. However, it is funny how people are treating advantage as a disadvantage. You are not a tiny country, but a continent. As the growth of GNP continues in India, the government will invest more in physical infrastructure. The artificial barriers that exist here, have to be removed. However, these are not insurmountable barriers. The damage that these are causing are bigger than the money that is being collected.

So do you believe that low cost products can make money?

Of course! Coca-Cola does not make expensive products and is considered to be a big corporation. One has to look at the correlation between unit price of a product and profitability of the company. Companies should think about how they can give more value to their clients and thereby make profits. If a company is not making money, then it has to revisit its costs.

Finally, an off-beat question: can fiction help in understanding some of the biggest problems better?

Writing a novel takes much more effort than writing a straight textbook. And writing my thoughts in fiction was not my first choice, but what is important is the message goes to all the people, who will learn it better. And I have not invented the novel, but copied it. Can you guess from whom? From a woman, Ayn Rand. You read her philosophy book, and you have to be very good in order not to fall asleep half way through. You read her novel, you cannot put it down. Her novels portray her philosophy correctly, beautifully and more effectively than her philosophy books. And I realise that serious concepts can be transmitted in a novel-format without precision at all.

In 1990-91 there was a beautiful article in Financial Times about a survey done among the directors of England. This stated that on an average, directors in UK buy about four management books a year. Only one book is read from cover-to-cover. So giving knowledge in a novel format makes it that much easier for everyone to access. Sure, some people might say it works in a book, but will it work in reality? But read the appendix in my book and you will realise that this format is working in reality. ■