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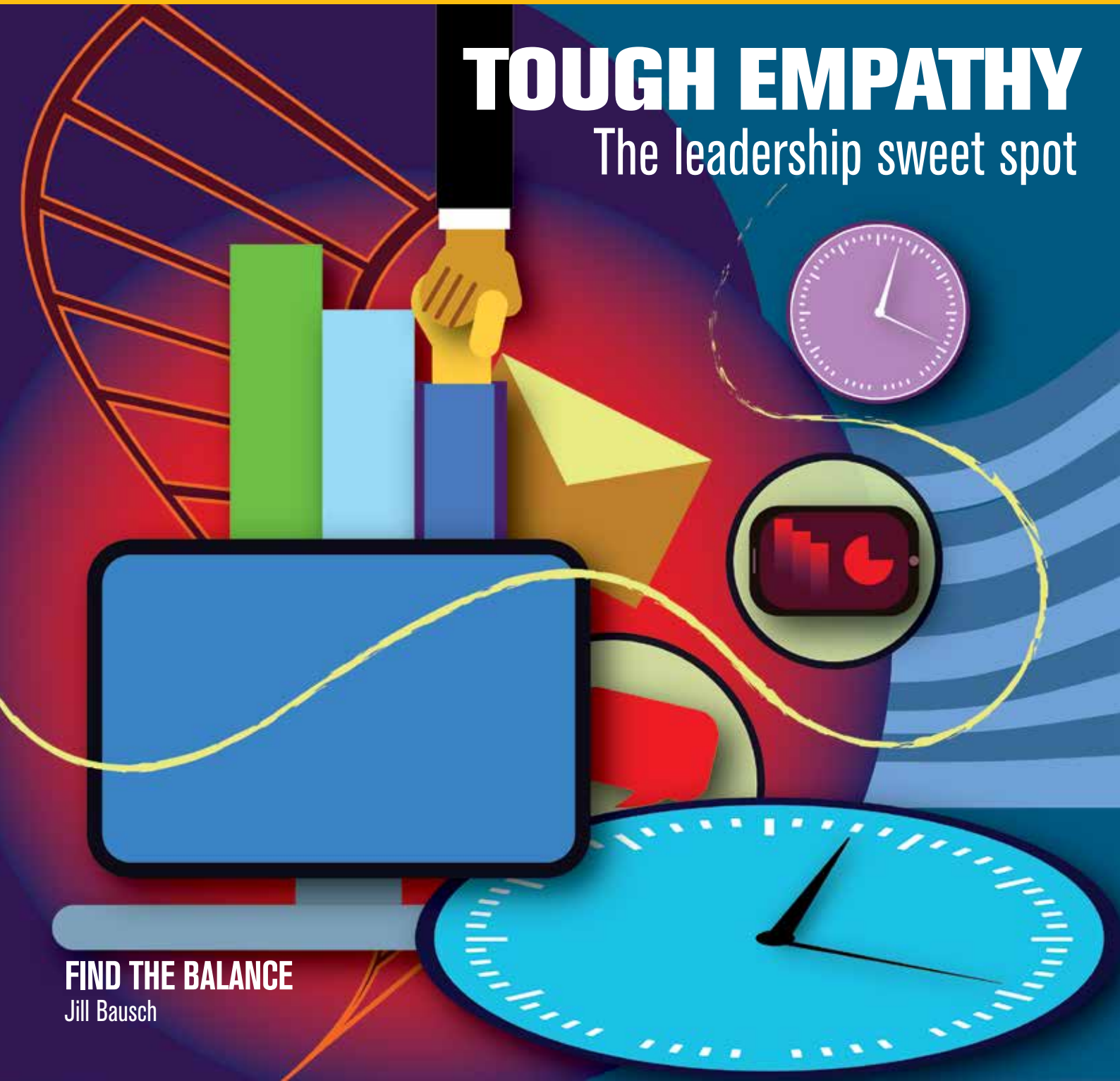
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## TOUGH EMPATHY

The leadership sweet spot

**FIND THE BALANCE**

Jill Bausch



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# Tough love at work

Shrinivas Dempo is President, AIMA & Chairman, Dempo Group of Companies.

**Tough empathy is a potent driver of productivity when delivered properly. Getting tough with someone without empathy is counterproductive. People behave and perform best when they feel secure and welcome at the workplace.**

Empathy became the management buzzword during COVID. The general crisis required and allowed the leaders to factor in the people's feelings and circumstances and empathy kept organisations functioning during bad times.

However, as everything returns to business as usual and organizations resume the battle for revenues and profitability, leaders are re-evaluating the need for and the value of

empathy. They are under pressure to get things done and they want employees to deliver more. They are wary of employees using emotional fragility and personal values as covers for shirking work and seeking privileges.

A lack of consensus about continuing with the flexible work practices is one of the causes of the U-turn while the influx of the next generation into the workforce is also making leaders veer towards heightened discipline and productivity at work. Still, leaders are aware that without empathy they would have few followers and they need to respect and harness others' feeling to get things done.

Empathy has always been at the core of effective and lasting leadership. Slave-driving leaders manage to extract extraordinary performance, but only briefly. The leaders who make an effort to understand and accommodate the personality and circumstances of colleagues tend to deliver high returns consistently over long periods.

The younger employees pose the greatest challenge to the older leaders. The new generation has grown up in a time of unprecedented peace and prosperity and during the growth of a culture of entitlement and victimhood. Pampered and protected at home and school, and fed on confirmation and appreciation in social media's echo chambers, many of the young employees are surprised and shocked at corrective or critical feedback at work.

Many senior managers avoid tough empathy as they want to avoid controversies and backlash. They rather change the employee than improve the employee. The juniors have their own opinion about the seniors' inability to provide meaningful, actionable feedback. 'Not happy' and 'do more' are not productive feedback, the young say. They also resent being told to toughen up and endure when their ideal is to be sensitive and reformist.

Tough empathy is a potent driver of productivity when delivered properly. Getting tough with someone without empathy is counterproductive. People behave and perform best when they feel secure and welcome at the workplace. Feeling is the extra engine that salary cannot buy. At the same time, it is also true that there are always people who lack the self-discipline or self-motivation to deliver and they need tough love to perform.

The key to tough empathy is, paradoxical as it may sound, extreme care. Telling people what they need to hear rather than what they want to hear requires a sense of timing, place and occasion.

**The emotionally secure people tend to be open to critical feedback as it helps them raise their game and become more valuable. It is the leaders' choice to pander to fragility or to reward resilience.**

The focus of tough empathy has to be the action and not the person. Telling someone what is wrong with them invites only hostility while the objective is to dissuade people from doing what they are doing wrong.

Tough empathy is best provided soon, directly and privately.

Trying to avoid hurting someone's feelings and delaying corrective feedback only allows an issue to fester. Most issues do not resolve themselves with time, at least not permanently. Postponing a candid conversation or couching it in euphemisms may save one from hurting someone a little now, but it mostly leads to a traumatic resolution in the future.

Someone's evaluation and criticism must be communicated directly to the person, even at the risk of a confrontation. Getting others to do the 'dirty work' only diminishes the leader's. Such leaders risk being considered weak or dishonest, or both.

Hard talks are best done privately. Prosecuting someone in front of colleagues is hardly motivating for either the accused or the witnesses. Public humiliation, especially when it is repetitive, does not motivate or improve anyone. It only helps creating fear of the leader.

The priority of tough conversations has to be on identifying the problem and developing the solution and not fixing the blame. Blame merely triggers the defensive reflex and any meaningful feedback is lost in the fog of anger and argument.

Most of the people do not mind occasional tough love so long as they can see a good

intent and a good person behind it. The emotionally secure people tend to be open to critical feedback as it helps them raise their game and become more valuable. It is the leaders' choice to pander to fragility or to reward resilience.

The best way to minimise the need for tough empathy is to first hire people with suitable attributes and then set clear and consistent standards for behaviour and performance. The tendency to pay for mules and entertain the hope of them turning into horses is the foundation of burnouts and mental health issues. Occasional tough empathy would still be required for keeping everybody facing the right way and pulling together. 

*The opinion expressed is personal.*

## EDITOR'S NOTE

Dear Readers,

Empathy, the ability to understand and share others' feelings, is an important leadership trait. It allows leaders to acknowledge their employees' emotions, needs, pain points, and perspectives. But along with ensuring 'employee well-being', a leader also has to ensure 'business well-being'. A good leader's expertise lies in striking a balance between the two. This is where 'tough empathy'—giving people what they need, not what they want—comes into the picture.

To lead teams successfully, leaders need to possess a good degree of emotional quotient/emotional intelligence, without getting influenced by emotions. Leaders who follow tough empathy support their team members, but they also challenge them to become of the best version of themselves.

Like Jill Bausch, author, *Why Brave Women Win*, puts it in the cover story of this issue, there are some managers who say, "I don't care about your personal problems; I'm only interested in results." And then, there are those who listen to everybody's problems empathetically, but the finish line remains in the distant future because they stop workflow with too much attention to the personal care of the staff. Tough empathy is the sweet spot between these two, wherein a leader says, "It is unfortunate you're having this problem, but right now, we have to meet this deadline, so I am asking you to give me some time to get back to you on it."

Do write in with your views to [imeditorial@spentamultimedia.com](mailto:imeditorial@spentamultimedia.com)

*Maneck Davar*  
Maneck Davar

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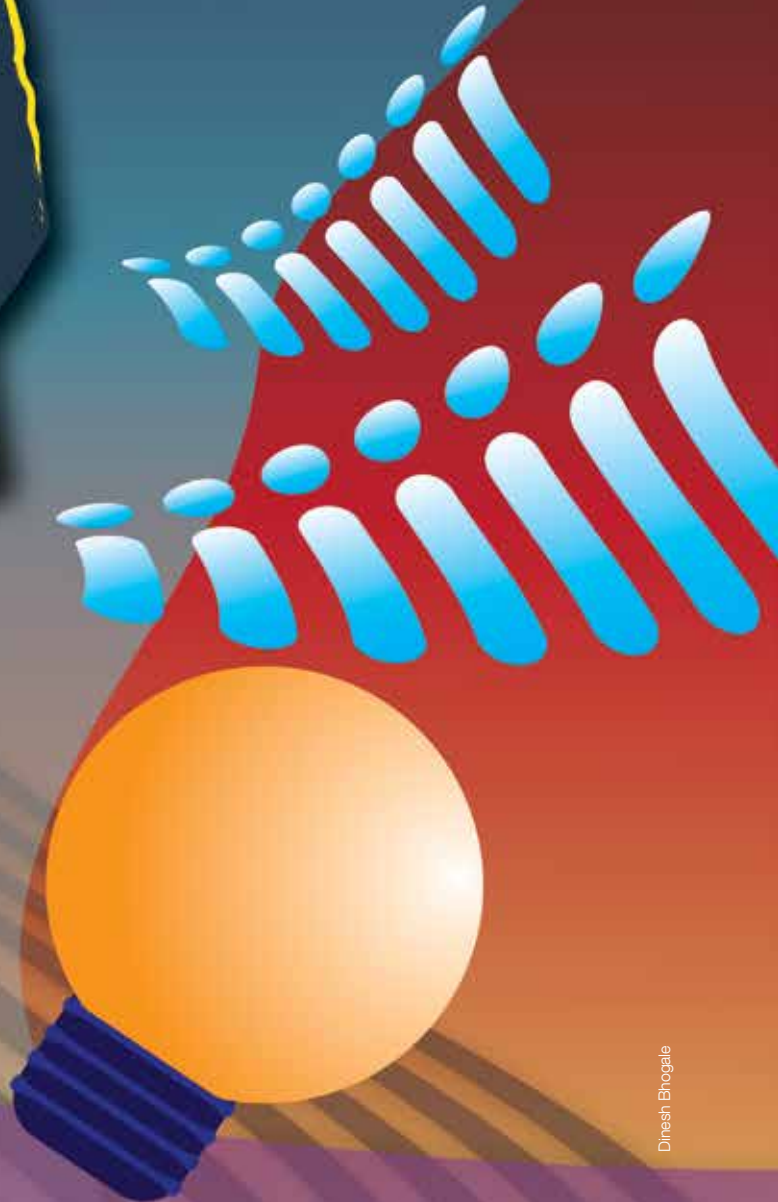


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# A BALANCING ACT





# Find the balance

*'Tough' empathy and emotional quotient matter more than intelligence quotient...how to know the difference?*

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♦ JILL BAUSCH, AUTHOR, *WHY BRAVE WOMEN WIN*.



Dinesh Bhogale

**A**re you bombarded with information about the importance of emotional quotient/intelligence (EQ/EI) at work? There is substantial research showing that people who are successful in a holistic way—not just at making money—have high emotional intelligence. Do not confuse intelligence quotient (IQ) with EQ. IQ is an indicator of your ability to solve problems, use logic, grasp, and communicate complex ideas; it is a general indicator of your intellectual capacity.

There are some challenges to the long-standing view that we are born with a finite amount of intellectual intelligence, but the long-standing view is that we do not have much, if any, power to change our IQ. However, EQ measures your ability to recognise emotion, take in the feelings around us, process that emotion constructively in ourselves, and notice it in others, while using that awareness to guide our decisions. This can vitally affect our relationships with others and our productivity and team management results. In a professional world we all now acknowledge that relationships are paramount in every interaction. Most smart business leaders know that EQ is more important by far than IQ, and that high EQ is a far better indicator of success than IQ. The good news is that while IQ cannot change substantially, EQ most certainly can with concentrated effort.

In our post-pandemic world, we are flooded with information about improving the well-being of our staff. So, do you have to be overflowing with empathy to be a great manager? No, you need to understand why a little toughness in balance with empathy is the way to attract great people, keep and motivate them.

Empathy is defined as ‘the psychological identification with or vicarious experiencing of the emotions, thoughts, or attitudes of another’, for eg, she put an arm around her friend’s shoulders and stood by her in silent empathy.

Empathy is not sympathy. Sympathy is feeling sorry for someone, “Too bad you’re going through that”—but to remain emotionally aloof from their situation.

Empathy is a different way of thinking. It means imagining yourself in the other person’s place. Try imagining, “How must it feel to go through that?”—try and put yourself in that other person’s shoes, to understand their situation from their perspective. When you express true feelings of empathy for another person you receive another benefit as they do; they feel valued and that their position is understood. To be valued and heard is what most of us want in a human interaction of any kind.



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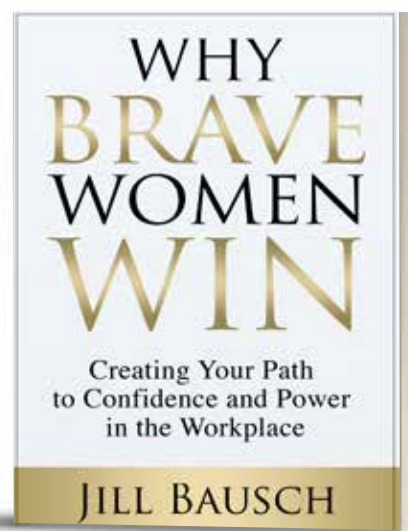
### How do leaders get tough empathy wrong?

In the context of a professional environment, tough empathy balances the business needs of the organisation with the personal needs of the employees.

**Some supervisors or managers are pushovers. They are so empathetic, they listen to everybody's problems, but the finish line remains in the distant future because they stop workflow with too much attention to the personal care of the staff.**

Every business has goals, procedures, policies and to find success and must generally meet those goals or exceed them. Quality organisations recognise their people are vital to meeting those goals and try to create an environment where people feel valued enough to flourish but at the same time make it clear that goals must be met. The perfect combination results in people performing at peak efficiency. A little pressure can go a long way in balancing empathy to get the equilibrium right.

We have all heard stories of supervisors or managers who are absolute taskmasters; the kind who say, "I don't care about your personal problems; I'm only



interested in results." Those managers are so focused on the result and the bottom line that they lose their humanity, at least as far as the well-being of co-workers is concerned. Those are the leaders of yesterday, not tomorrow.

On the flip side, some supervisors or managers are pushovers. They are so empathetic, they listen to everybody's

**Effective leaders allow themselves to be emotional privately. They process it, then come back and give the public their best selves, communicating constructively and listening more than talking.**

problems, but the finish line remains in the distant future because they stop workflow with too much attention to the personal care of the staff. Good managers have boundaries and expression of care, even if at times, they must say, “It is unfortunate you’re having this problem, but right now, we have to meet this deadline, so I am asking you to give me some time to get back to you on it.”

‘Tough empathy’ is the sweet spot between the two. A supervisor or manager who understands this concept is probably also a high-EQ individual and might say, “My team is like family, I care about what happens to you. I know you have lives outside the office, and I respect those other obligations.

However, we still must hit our goals.” That supervisor will build a safety net into their organisational procedures and policies, so that, if one employee fails, the rest of the team can step in, fill the gap, and get the job done while helping that teammate deal with his/her situation.

In its simplest form, it is about balance and creating a cohesive, mutually supportive business team.

### Finding the balance

How does a person find that balance, personally or in business? It requires a lot of introspection. You can start by setting aside some time and asking yourself some questions:

- What do you need to achieve?
- What do you want to achieve?
- When must you achieve in terms of soft and hard skills?
- Have you assessed your own emotional intelligence and worked on it?

Emotional intelligence assessments are easy



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to find online, quick to do, affordable, and might change your chances of success substantially for the better.

EI/EQ does not mean giving too much of yourself. It is the awareness of how you react to others and how you see co-workers as feeling and thinking people. Effective leaders allow themselves to be emotional privately. They process it, then come back and give the public their best selves, communicating constructively and listening more than talking. You can be the tough empathy leader who brings that sweet spot to the team. **IM**



#### ABOUT THE AUTHOR

**Jill Bausch** is former CEO, Futures Group Europe, a coach, philanthropic strategist, facilitator, and social impact advisor. Jill is author, *Why Brave Women Win*.



*A generic name for family-run businesses in India, 'lala companies' have unique attributes—great rewards...and greater punishment, if the lala stops liking your face! Having worked for such a company, for 33 out of his total 48 years as a professional, Krishan Kalra, Trustee, Climate Project Foundation India, recounts some interesting memories.*

## CASE STUDY

♦ KRISHAN KALRA

# Oh! Those *lala* companies

**H**aving spent the first five years—after getting my engineering degree from Delhi University—with professional enterprises like the American oil company ESSO Standard and, arguably, India's finest engineering group, L&T, I landed a job with a *lala* group. At that time, it was a highly ranked entity in terms of turnover and also boasted the celebrated 'senior management trainees (SMTs)' scheme. Their salaries were at par with multinationals like Hindustan Lever, ITC, ICI, Metal Box, etc.

It was a wonderful learning experience, until one found out that every single decision was taken by one person at the top—the Lala ji—without whose signature, not a thing would move in the gargantuan enterprise. Every appointment, increment, perquisite, transfer, and termination had to come with an 'office order' signed by him. Along with the frustration of having virtually no delegation of authority, one also admired enormous hold of the top man who seemed to know every little thing that happened in the group even if it was a couple of thousand miles away from where he was based.

The guy had an amazing 'unit control

system' where bright young SMTs worked and churned out for him detailed progress report of each unit—factory or marketing—in real time. He also had an incredible memory and unbelievable capacity to run through every word of voluminous reports. And, of course, eight to 10 people were called home early in the morning to discuss the papers marked to them at night. One of the PAs would sort these out and phone up the poor sods to 'swing by the *kothi* before heading to their offices'. It is a moot point that the discussion was more of a rebuke for the juvenile report or agenda sent by the guy and was often thrown at his face with orders to redo the same and submit before nightfall.

Today, many of these outfits have changed their ways significantly. With highly-educated scions taking over from the older generation, many of these companies have started inducting professionals in senior positions, giving them a free hand. Many owners are sending their children to renowned universities like Harvard, Stanford, etc., and their interaction with learned faculty and networking with students from advanced countries have changed their thinking and business philosophy. Raising funds from VCs puts additional pressures on them to improve

**With highly-educated scions taking over from the older generation, many of these companies have started inducting professionals in senior positions, giving them a free hand.**

governance. This professionalism has resulted in phenomenal growth of many family-owned businesses. And yet, I believe, most crucial decisions in such companies are still taken

by the top guy. In any case, I am talking about what happened 30 to 40 years ago.

There was great training from Lala ji, who had himself learned the ropes the hard way from his elders. ‘There are no short cuts to hard work’; ‘Honest practices will never be compromised’; ‘You will meet deadlines, no matter what the personal discomfort’; ‘You will persevere till the job is accomplished’; etc., was the pep talk given right at the induction stage. Then there was demonstration by personal example. Let me narrate this one particular case which has many lessons.

On one of his frequent visits to our plant, Lala ji asked the GM, at the airport itself, whether the laminations line had resumed operations? Now, this line, a critical part of any

electric motor, had stopped working almost 10 days ago. Our own engineers and even the local agent’s representatives had tried hard, but failed. We were waiting for an engineer from Japan. When Lala ji was informed about the situation, he decided to drive straight to that particular shop as he wanted to have a look at it. Upon arrival, he took off his jacket and got inside the line, and a couple of managers followed him. Once inside, he asked about every single switch, indicator light, relay, and hundreds of other connectors and attachments and their role in the running of the complex line. He would ask for something to be switched off or on, some screw to be tightened or a small part to be replaced. The heat inside was stifling; everyone was perspiring. First his tie came off, then the sleeves were rolled up, even the shirt was taken off, but Lala ji did not give up. Finally, after some three and a half hours, Lala ji emerged and the line was functioning perfectly. Everyone was sheepish but the great man had a big smile on his face. He said, “I am sure, if you had persisted, the machine would’ve been running several days ago. After all, you guys have set it right today also, I was only asking questions and boring you.”

One of his annoying traits was that Lala ji wanted agendas for all meetings to be done to perfection. Just a spelling error or a skewed line or some such minor mistake and he would fly with rage and chastise all those who were involved in preparing the same. The meeting will be postponed even if it meant 20 officers flying back to their base and returning after a couple of days with the corrected document. I remember asking him once as to why he wasted so much time and money on these small details? His answer floored me completely, “Do you think I do this for fun? My only reason is that all those involved should have total clarity on the subject.” Indeed, when



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we made a perfect agenda, we had to make sure that we knew all the facts!

By no stretch of imagination am I making a case that family-owned companies are not as good as professionally managed ones. If it were so, then the likes of GE, Nokia, Blackberry, Exxon Mobil, and Kodak would still be alive and kicking. In fact, the CEOs of these giants enjoyed absolute power—just as the owners do! These powerful, big guys, lording over monolithic organisations, did not have any promoters to question them. Perhaps power went to their heads and spelt disaster for their companies. Of course, many family-owned companies have also perished, but, perhaps, more of the so called ‘professional’ ones have met this fate.

Anyway, let me get back to my story. There were frequent rebukes, unpleasant pulling up sessions, even cuss words. There was zero-tolerance for dissent. We would feel miserable and often want to quit. Many did so. But, there were rewards too—again, totally

unstructured and whimsical, often illogical and unreasonable, seemingly unfair to other colleagues, and yet, very pleasant ones. Let me tell you about one such case.

Circa 1969 or 70; it was about 7 pm when I finished discussing the papers marked to me. As I was saying good night, the big boss asked if I was planning to attend the wedding of a colleague that evening. “Yes, of course, I am,” I told him. “Good, in that case, if you don’t mind waiting for a while, we will go together. I want to just show my face at the *ghurchari* (a custom in Indian weddings wherein the groom sits on a white mare and proceeds to a temple). You can carry on after that.” After a while, Lala ji came out and asked me to get into the car with him and to tell my driver to follow. “I don’t have a driver,” I told him and added that I will follow his car. “No, in that case, I will ride with you and my car will follow,” said the boss.

The function was somewhere close to Minto Bridge. As we were driving through Connaught

**By no stretch of imagination am I making a case that family-owned companies are not as good as professionally managed ones. If it were so, then the likes of GE, Nokia, Blackberry, Exxon Mobil, and Kodak would still be alive and kicking.**



**ABOUT THE AUTHOR**

**Krishan Kalra** is a past president of AIMA and member, BOG IIMC. He is Trustee, Climate Project Foundation India.

Place, Lala ji asked me to stop for a while, and suggested we take a stroll. That evening he seemed to be in a particularly good mood.

Going past the famous Empire Store, he suggested we go in for a Coca-Cola and some popcorn. We stood there, by the glass windows, sipping our Cokes, facing outside and watching people go by in the covered corridor of the inner circle. Suddenly, from the corner of his eye, he noticed the owner moving in our direction. “Let’s get out before this guy catches up, otherwise, he won’t let us leave for at least half an hour,” I was told. So the bottles were left on the floor and we made a quick exit.

As soon as we neared the wedding venue, the groom—already on horseback—saw the eagerly awaited big Pontiac, and he wasted no time in telling the *ghoriwala* (a person who owns and tends to the mare) that he wanted to get down for a minute. Everyone was aghast; he was told that it is an *apshakun* (bad omen) and once he had mounted ceremoniously, he could only get down at the bride’s place. But our man knew which side his bread was buttered. He dismissed all arguments and was on his feet in a jiffy, rushed to the limousine as Lala ji was stepping out, touched his feet, thanked him for his presence, got the blessings, and went back to his high perch. Meantime, Lala ji congratulated the family, handed over the mandatory *shagun* (monetary gift), and sought their leave, adding for good measure that, “Kalra will attend the ceremony.” As he was getting into the car, he told me, “*Kalra, iski tankhwah waghera dekh lena, shaadi hui hai to kharcha to barhe ga.*” (Look into revising his salary; now that he is married, his expenses will increase).



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Next morning, I was at the *kothi* with an increment slip (I had proposed a 10% special increment) for the lucky guy. When my turn came, I presented the paper, with the amount entered in pencil, for his signatures. One look at it, and he laughed, saying, “*Tum kab se ‘bania’ ho gai ho?*” *Bechara 800 leta hai, 1000 to kar hi do.*” (Since when have you become so stingy? The poor chap gets only 800 rupees; make it at least 1000).

As I was driving to my office, I felt very happy for the young accountant and was planning to actually send the good news slip to his house through a peon. As I entered and was heading to my cabin, I noticed all staff members grinning, and one or two even congratulated me. I was quite surprised. How did they know about Gupta’s big increment? I wondered. Perhaps the PA at the *kothi* had called one of them. But why were they congratulating me? Everything became clear as I entered my room. Right on top of the desk was an ‘office order’ signed obviously by the big boss, which had just one sentence “With immediate effect, Kalra is sanctioned company car and driver.” **IM**



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# Recommended reads



## **Break The Rules: The 6 Counter-Conventional Mindsets of Entrepreneurs That Can Help Anyone Change the World**

**Author:** John Mullins

**Publisher:** John Wiley & Sons Inc

Best-selling author John Mullins draws upon two decades of research to create a compelling argument that successful entrepreneurs share and exhibit six common mindsets. These allow them to challenge assumptions, overcome obstacles, and mitigate risk to take advantage of opportunities that present themselves along the entrepreneurial path, and there is no reason why you cannot use these mindsets too.

If you want to grow your business or work in a fast-growing company that is going to make the world a little bit better, this book is for you.



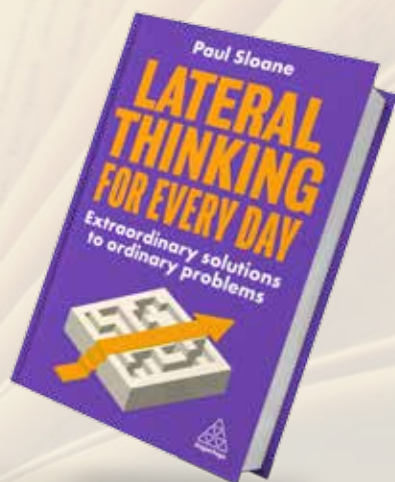
## **Future Skills: The 20 Skills and Competencies Everyone Needs to Succeed in a Digital World**

**Author:** Bernard Marr

**Publisher:** John Wiley & Sons Inc

This latest book from award-winning author and futurist, Bernard Marr, offers a practical guide to how humans can avoid being left behind in the ever-changing digital world.

Examining the technologies that are reshaping work as we know it, Marr provides an insightful and eye-opening discussion of how employers and employees alike can address the digital skills gap. Identifying skill from creativity and cultural intelligence to data analysis and cyber threat awareness, *Future Skills* explores the uniquely human competencies that can't yet be replaced by technology, and shows how you can develop the skill-set of tomorrow, today.



**Lateral Thinking for Every Day:  
Extraordinary Solutions to Ordinary  
Problems**

**Authors:** Paul Sloane  
**Publisher:** Kogan Page

Not every problem we face in life has an obvious solution. That is where lateral thinking comes in.

This new book from acclaimed writer Paul Sloane will help you harness the power of lateral thinking imagine new ways to tackle everyday challenges. It will make you re-think your approach to problem solving and use an indirect method to come up with innovative answers to any questions you have been struggling with.

Take inspiration from great lateral thinkers such as Lady Gaga, Elon Musk and Tim Berners-Lee, and take away some practical tips guaranteed to help you become more persuasive when you come up with fresh solutions to creative challenges.



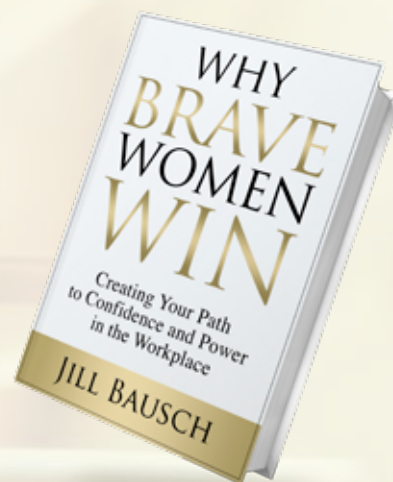
**Mission Possible: How to Build a  
Business for Our Times**

**Author:** Alexandre Mars  
**Publisher:** Nicholas Brealey Publishing

In *Mission Possible*, world-famous entrepreneur and philanthropist Alexandre Mars reveals his roadmap to build a business that is not only commercially successful, but also makes a meaningful difference to society.

Drawing upon his experience of launching and selling multiple tech startups in Europe and the United States, Mars provides a step-by-step guide that will be equally valuable to those who are leading established businesses or just starting out on their entrepreneurial journey.

As well as his own story, Mars shares insights from some of the brains behind the iPhone, Pinterest, and Headspace, with a refreshing view on how brands can weave social good into the DNA of their business.



**Why Brave Women Win: Creating Your  
Path to Confidence and Power in the  
Workplace**

**Author:** Jill Bausch  
**Publisher:** Leaders Press

Have you ever felt you weren't good enough to take a step up at work? This kind of imposter syndrome is something that many people can relate to, and in particular, studies show 75% of executive women have experienced it.

In this practical, inspiring and entertaining new self-help book, leadership specialist Jill Bausch shares stories and tools that will help women to increase their confidence, show their authentic self and gain authority in their professional lives.

*Why Brave Women Win* shares the author's own personal journey in a thought provoking way that offers a lot for professional women at any stage of their career.



Lorraine Marchand, Executive Managing Director, Merative (formerly IBM Watson Health) debunks a few myths about the way inventions and new ideas are created and implemented in the business world. Lorraine is also an adjunct Professor of Management and serves on the Healthcare and Pharmaceutical Management Program Advisory Board at Columbia Business School; an adjunct Professor of Innovation and Entrepreneurship at Yeshiva University's Katz School of Science and Health; and an investor-member of Plum Alley. Lorraine is also author, *The Innovation Mindset: Eight Essential Steps to Transform any Industry*.

## MYTH BUSTER

# More than a eureka moment

Now, more than ever, we need creative solutions to the challenges impacting every aspect of our society. But successful innovation involves more than a good idea; more than the proverbial light bulb switching on in one's head. In *The Innovation Mindset*, we tried to debunk a few myths about the way inventions and new ideas are created and implemented in the business world. Here are some of them:

### **MYTH 1: Innovation occurs in a dramatic thunderclap of insight.**

A scientist working frantically through the night, surrounded by test tubes or a row of blinking computer screens, as he ponders a seemingly intractable challenge. Exhausted, almost at his wit's end, he suddenly looks up from his calculations.

"Eureka!" he shouts. "I've got it!"

That is the way invention is typically depicted in movies, novels, and popular culture. It can make for riveting entertainment, but it is a complete myth. Certainly, some great innovations are the products of a flash of brilliant insight. But

that usually only happens after a great deal of thought and effort have gone into it. Most innovations are born from diligence, hard work, and patience. (And unless you are a chemist or a pharmaceutical researcher, you probably do not need all those test tubes.)

What all innovations share is that they begin with a problem. And the most successful are ones that offer a solution; a solution that customers are willing to pay for.

### **MYTH 2: Innovation occurs organically; it does not adhere to a process that can be taught or followed.**

The 'Edison-in-the-lab' moment gives us another false impression about innovation: that it is random, undisciplined; something that sneaks up on the inventor like a thief in the night. Not true. In *The Innovation Mindset*, we want to show that there is a process; a proven series of steps you can take to increase the likelihood of success in getting your great idea from inception to market. Hence, my 'Eight Essential steps'—or 'Laws' as we call them—that can provide businesspeople with a step-by-step framework to successful innovation.

Oh, and the most important one addresses the point we just made.

Innovation Mindset Law #1: A successful innovation must offer a solution. Ask yourself, "What's the problem I'm trying to solve?"

### **MYTH 3: Innovation is the bastion of Silicon Valley gurus working in R&D labs.**

This one is a key part of the message I try to deliver as an author, consultant, and speaker: there's this idea that innovators must look or sound a certain way. Typically, it is a white man, in a lab coat, or a genius nerd sitting in front of a screen in Silicon Valley. Not true: innovation is open to all and can happen anywhere; in any type of organisational setting.

Moreover, game-changing ideas and products are not just the province of white males. My career, as a woman helping to nurture and launch new products for corporations such as IBM, Johnson & Johnson, and Bristol Myers Squibb and many others, is living proof of that—and so are the many women innovators we spotlight in the book.

And of course, the geography of innovation knows no bounds. Readers of this magazine do not need to be reminded of the many great Indian innovators throughout history. I

recently learned about Satyendra Nath Bose—the Indian mathematician and physicist best known for his collaboration with no less an innovator than Albert Einstein in formulating a theory related to the gas-like qualities of electromagnetic radiation.

Bose has the distinction of having a subatomic particle, the boson, named after him. Moreover, wrote University of Houston's John Lienhard, in an appreciation on Bose, "He was a fine musician. He was a great conversationalist. He was also enormously beloved by his countrymen. When he died,



whether or not they had ever heard of quantum mechanics, they lined the streets to grieve his passing.”

I am not a physicist, and I do not pretend to fully understand the contributions he made to his field, but they were clearly significant—and I salute Satyendra Nath Bose as a true and stereotype-shattering innovator.

### **Myth 4: Speed is of the essence! The most successful innovators create solutions and get them into the market quickly.**

It is true that we live in a fast-paced world and, that sometimes, getting a product to the market before your competitor can make a difference. But more often than not, innovation is a process that just cannot be rushed.

A problem that I see among so many would-be innovators is the urge to jump to a solution before exploring all the options. They think they have arrived at that elusive (and, as we've pointed out, often non-existent) 'a-ha' moment. But what they really have is one good idea that could now be developed into three better ones. Impulsively going all-in on the first idea that pops into

**You cannot innovate by sitting in your office—you have to get out and talk and listen to your 'one hundred' customers. And, yes, when we say one hundred customers, we mean one hundred customers.**

your mind is a tempting shortcut. But in doing so, we're not looking at the problem in all its complexity and richness. We need to think broadly, creatively, and from multiple perspectives. We need to test these solutions, see how well they fit the customer's need, and importantly, get customer feedback during the selection process.

**Myth 5: Customer research can cloud the issue: follow your dreams—go with your gut!**

Innovators are dreamers, but they are also realists. Keep your idea as simple as possible and identify your MVP—minimum viable product. A term coined by two Silicon Valley software entrepreneurs to refer to an efficient way to develop software, MVP works as a principle across innovation. The best way to find out if you have a solution that a customer wants to pay for is by translating your promising concept from an idea into a rudimentary design, and then, getting customer feedback.

And yes, there is such a thing as paralysis by analysis; and your gut instincts count for something. But I would submit that what

counts more is being able to count to 100: That's the number of customers you need to speak to. You cannot innovate by sitting in your office—you have to get out and talk and listen to your 'one hundred' customers. And, yes, when we say one hundred customers, we mean one hundred customers. Talking to two or three is not sufficient. Too few and you might be simply confirming your own bias; too many, and the agile decision making that innovation requires can become difficult.

Your research may take several different forms: surveys, small groups, and one-to-one interviews, but you need to communicate with one hundred potential customers to confirm that your innovation addresses a problem worth solving and that a customer is willing to pay for it.

So, yes, single-mindedness and confidence in your own judgment are good traits for an innovator. But they must be seasoned by the reality that, while the ideas may be yours, it is the customer who must validate them.

I wish you the best of luck as you seek to create meaningful and profitable change in your business! **IM**





# The ideal motivation

**F**or centuries, leaders around the world have desired to see their offspring follow in their footsteps. Whether monarchs or business executives, they shared a common hope that the next generation would successfully assume the mantle of leadership. In a monarchy, an objective assessment of an heir's competence would be considered offensive. Unfortunately, some families adopt this same perspective.

Every family enterprise successor, regardless of birthright, is well-served to adopt an approach whereby they seek to become the best person for the job, regardless of their family name. All too often, there's very little mentoring offered for the next generation regarding how to become a capable owner or a good partner. At best, successors are encouraged to learn how to become competent employees. However, owning shares is a fundamentally different responsibility than being a company executive. As a result, when challenging shareholder issues arise, most family enterprise inheritors are ill-equipped to exercise their responsibilities wisely.

My primary objectives as a family enterprise executive and succession planning advisor is to help my clients 1) avoid the business wrecking the family and 2) avoid the family wrecking the business. One of the most common challenges families face is transitioning ownership between generations. The foundation for a smooth succession process rests on a shared vision and a codification of the family's values. Discussing and clarifying family values is a great way to help build family unity. Ideally, if shareholders are clear about both their values and their vision, the whole succession process is easier.

Another important element is to put in place a family employment policy as a way to bring objectivity to discussions about family members' career advancement. Speaking from my own experience as a would-be successor in my family's business, members of the rising generation are often overly confident in their own abilities. On the other hand, the elder generation in a family enterprise is often so enamoured with their offspring that they fail to consider appropriate standards for development before wanting to appoint their children to senior executive positions. With some formality and

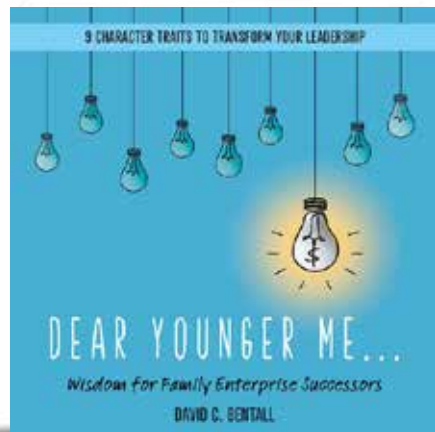
objectivity, both generations can be assisted in making wise choices and getting the succession process right.

A family employment policy must:

- **Indicate educational prerequisites.** Today's global economy is fiercely competitive—those who do not have a solid post-secondary education are potentially at a serious disadvantage. Many business families recognise this and require the completion of a post-secondary education as a prerequisite for would-be successors wanting to join the family business. For those who aspire to become president or CEO, a degree in business may be expected. Many families formalise a level of engagement in the rigours and disciplines of advanced studies in their family employment policy.
- **Stipulate suitable professional development.** When properly understood, succession is viewed as a process that takes many years of careful planning and thought to complete. This perspective helps



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participants visualise the complexity and sensitivities that need to be addressed. The rising generation must have experience in the family's particular industry, recognising the unique factors that allow it to compete successfully in that marketplace. This can be obtained internally or while working for an outside firm. In some instances, would-be successors become intrapreneurs by starting a new business with the support and guidance of the family enterprise in form of seed capital and/or access to the administrative functions of the family firm. Becoming an intrapreneur provides successors a large measure of independence without leaving them completely on their own. It also has the potential to lead to the creation of a meaningful new business.

- **Consider criteria for hiring and promoting family and non-family members.** One thoughtfully-crafted family employment policy worded their approach to hiring in this way: 'We depend on our employees to run our business. In turn, we owe them an allegiance beyond a pay cheque. Their



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jobs, and ours, will be most secure when we maintain high standards for hiring employees, be they family or non-family... Just as it is unfair to the family member and the company to hire unqualified family members, it is also unfair to ignore the talents of qualified family members in employment decisions. If a family member and non-family member apply for the same position, both being equal in experience, qualifications, education, and recommendations, we should hire the family member’.

- **Take into account level of emotional intelligence.** Wise family enterprises prioritise the importance of character development. What distinguishes those that succeed from those that languish are character traits that can be taught, developed,

and modelled. The relational and interpersonal elements of a family business are perhaps the most important priority, requiring a successor’s understanding and careful attention. Furthermore, knowing how to establish collaboration amongst stakeholders with widely divergent interests requires well-developed relational skills.

To succeed with intergenerational succession, both generations require an appreciation of the needs of the other. A family employment policy that establishes educational prerequisites, professional development avenues, hiring policies and a measure of emotional intelligence clarifies expectations to ensure that a family member will only be appointed as CEO if they have earned the opportunity, not because they are being ‘anointed’ by the family. **IM**



#### ABOUT THE AUTHOR

**David C Bental** is founder, Next Step Advisors. He is author, *Dear Younger Me: Wisdom for Family Enterprise Successors*.



# Disinvestment of CPSEs- mission unaccomplished

**D**isinvestment of shareholding and privatisation of public sector undertakings in India, spanning over the last two and half decades, is a mission that did not get accomplished. It was a frontline manifestation of the paradigm shift in the planning process towards national development that the government need not be in business and need only be a facilitator, the dictum still holds true with the present union government.

Public sector industries are a legacy of the Nehruvian model of state-controlled socialist model of overall national development. An immediate fallout of the liberalisation era is that governmental intervention is more needed to build public infrastructure rather than getting into the business through industrial activity and therefore shall eventually get out of it. Even after two and half decades of the onslaught on these enterprises, still, many of them are operating well and are profitable without any

support - financial or policy level- from the owner, the government of India. During the financial year 2019-20, all CPSEs contributed ₹3,76,425 crore to the central exchequer by way of excise duty, customs duty, GST, corporate tax, interest on Central Government loans, dividends, and other duties and taxes.

Contrary to the popular myth that the employees of the under-performing PSEs are fed on the poor man's tax money and thus perpetuate inefficiency in these entities, the government's budgetary support to PSEs for the last over two decades was meagre and that too intended only to build assets.

Though the disinvestment process was started by the Congress government in the 1990s at the start of the liberalisation initiative, it was during the times of the Vajpayee government that the disinvestment process gained momentum and was promoted by instituting a separate ministry in the central government under a cabinet ranking Minister. Since then, invariably, the Union Budget proposals earmarked a certain income on the revenues side arising out of the sale of public sector assets or disinvestment of

its shares. But the proposed target is very often missed during most of the years.

Why are public sector industrial units put up for sale in India not attracting bidders? Though, the exact reason is unknown, one is fairly confident that it is not due to any market-related or operating issues or any other business-related aspects. Even those public enterprises operating in front-running or niche technology areas such as VSNL, IPCL, PPL, etc, were sold to the private sector at throwaway prices.

In our country, public sector industries, right from the inception of these units they are intertwined with certain social objectives such as balanced regional economic development, generation of employment, utilisation of domestic raw material, catering to the basic needs of the local community, upliftment of the historically underprivileged sections of the society through job reservation, etc. Of late, the necessity to support the social-economic development of the local communities in which these industries operate has become a mandatory requirement with the enactment and introduction of Section 135 in the Companies Act 2013. Corporate Social Responsibility (CSR) is a means through which a company incorporates environmental, social and human development concerns into its planning and actions to ensure that its operations are ethical and beneficial for society. Such sharing of social burden is not a mandatorily attributed responsibility of the corporates operating elsewhere and they are allowed to function as pure industrial and business entities.

Public sector units put on sale by the government of India are not attracting prospective bidders, also on account of the established social commitment thrust on the units. As the governments failed to attract prospective bidders for these units, it started relaxing the conditions of sale as well as disinvestment. Still, it barred

government agencies to bid for them. An official memorandum of the government states that, as a general policy, PSEs (Central/State/Joint)/State Government/Co-operative Societies controlled by the governments are not permitted to participate in the strategic disinvestment or privatisation of other PSUs as bidders unless otherwise specifically approved by the Central government.

The Modi government revised its public sector enterprises policy in 2021 in which it was proposed that the central PSEs shall maintain a minimal presence in four strategic sectors only—atomic energy, space and defence; transport and telecommunications; power, petroleum, coal and other minerals; and banking insurance and financial services. In all other sectors, central PSEs will be fully privatised, merged, or considered for closure. The government also brought the Department of Public Enterprises (DPE) under the Ministry of Finance from the Ministry of Heavy Industries and Public Enterprises to expedite and facilitate a smooth transition of PSEs from state-run entities to private companies.

Following the above policy, Finance Minister Nirmala Sitharaman in the 2021 Union Budget has set an ambitious target of ₹1.75 lakh crores to be raised through this route. An intensive campaign was initiated under the aegis of the ministry of disinvestment and the Niti Aayog to fast-track the sell-out of public sector units. Sensing the mood of the market which was not at all receptive, the target was later revised to ₹78,000 crore only. According to the Department of Investment and Public Asset Management (DIPAM), the total receipts on account of disinvestment stood at ₹13,561 crore on 31 March, 2022, which is ₹1.61 lakh crore less than the original budgeted target.

Subsequently, in contrast with the tradition of setting ambitious divestment targets, the revenue generation budgeted in the 2022 budget was only ₹65000 crore.

| Year    | Budget Estimate (₹crore) | Revised Estimate (₹crore) | Receipts Strategic sale & Privatisation (₹crore) | Minority stake sale (₹crore) | Total (₹crore) |
|---------|--------------------------|---------------------------|--------------------------------------------------|------------------------------|----------------|
| 2018-19 | 80,000                   | 80,000                    | 15,914                                           | 52,230                       | 68,114         |
| 2019-20 | 1,05,000                 | 65,000                    | 13,883                                           | 33,113                       | 46,996         |
| 2020-21 | 2,10,000                 | 32,000                    | 3,977                                            | 28,909                       | 32,886         |
| 2021-22 | 1,75,000                 | 78,000                    | 2,700                                            | 9,330                        | 12,030         |
| 2022-23 | 65,000                   | 65,000                    | 20,560                                           | 3,000                        | 23,560*        |

Source: DIPAM

\* till May 2022

The government has also not accounted for any receipts from the disinvestment of government stake in public sector banks and financial institutions during this year. The government, last year, expected to complete big-ticket privatisation proposals such as Air India, Bharat Petroleum Corporation (BPCL), Shipping Corporation of India (SCI), Bharat Earth Movers Ltd (BEM), Projects & Developments India Ltd (PDIL), National Mineral Development Corporation (NMDC) and launch of the LIC IPO. But the second and the third wave of Covid-19 pandemic delayed the process.

Early this year, Air India, the much-acclaimed

nation's airline was taken over by Talace Private Ltd, a Tata Group subsidiary, through a bidding process for ₹18,000 crore. Management control of the airline was officially handed over to the Tata group by the Department of Investment and Public Asset Management (DIPAM).

Two other PSUs—Central Electronics Ltd and Pawan Hans Ltd—already privatised are not handed over to the successful bidders following cases pending before the National Company Law Tribunal (NCLT).

In March 2020, the government floated bids for selling its 54 per cent stake in BPCL for which three bidders expressed interest in acquiring its stake. Later with the withdrawal





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of two parties, a single bidder was left. Thereafter, the government has put on hold the disinvestment process till such time the ongoing expansion plans in its units are completed.

BPCL which owns the largest refining capacity in the public sector is an ever-profit-making company that also undertakes a number of social development initiatives through its CSR and other programs. For prospective bidders, this is a burden on the industry. Moreover, the future of the oil and gas industry, in the wake of advancing the decarbonisation agenda aiming at global carbon neutrality by several countries, is at stake and this thinking has also added an element of unattractiveness to the buyers. Nobody would like to invest hard-earned money in a unit unless it is confident that the operation will generate sufficient revenue and profit at least for the next couple of decades—a proposition not guaranteed enough in the present circumstances.

All of the above clearly indicates that the government has not been successful in the past years to disinvest or sell out public sector units at fair prices through ministerial efforts. It is in this context that the government of India has recently decided to empower the board of

directors of the PSE companies to recommend strategic divestment, minority stake sale or closure of their subsidiaries and joint ventures. PSE boards hitherto had authority only to make equity investments, undertake mergers and acquisitions subject to certain ceilings of net worth and suggest minority stake sales for some PSEs, but no powers extended to them for disinvestment and closure of their subsidiaries. The principles of competitive bidding have been suggested as the basis and the DIPAM is to set the guidelines for disinvestment and DPE to work out the closure guidelines.

The Union Cabinet has also empowered an alternative mechanism that comprises Finance Minister, Minister of Roads, Transport and Highways, and Minister of Administrative Ministry to grant 'in principle' approval for the process. This is in line with the COPU recommendations of 2018 which stated that PSEs' boards must be sufficiently empowered to take strategic decisions such as the formation or dissolution of partnerships, JVs, mergers and acquisitions, the appointment of CEO and the creation of below-board level positions.

The procedural change above is indicative of the waning of the disinvestment process

itself. Will the bureaucrats and professional directors of PSEs who are its custodians only for a certain period and who are mandated to optimally operate and manage them succeed in the disinvestment process where the administrative ministry that owns the unit did not fare well enough all these years, indeed, is doubtful. In fact, public sector enthusiasts have been demanding more autonomy to boards in order to professionally manage them and undertake expansion and diversification depending on national aspirations and market situation and not to dissolve through disinvestment, sell-off and closure. While it is more important who bids for the units rather than who recommends them, the above empowerment seems intended to distribute the responsibility of decision-making to the operator's level.

Disinvestment protagonists argue that the government's protectionist measures like Atmanirbhar Bharat, a copy of the Nehruvian model of self-reliance and the production linked incentive (PLI) schemes, which sets a minimum economic capacity beyond only which incentive is applicable, are remnants of the policy followed during the industrial licensing era and prevent the domestic industry to become globally competitive. Tariff protection given to domestic manufacturers denies access to cheap import of products to be used as either raw material or intermediates for the domestic consuming industry and thus renders their products uncompetitive in the global market. An even approach in this regard for our country would be to just remove all barriers to globalisation. If the above argument is adopted it will, no doubt, instantly pave way for deindustrialisation in several sectors.

Despite strenuous efforts by the central and state governments, still, our country has not become a sought-after investment destination. In line with the World Bank, India has also stopped classifying the investment friendliness of states in terms of ease of doing business

(EoDB). It is replaced with Business Reforms Action Plan (BRAP) in 2020. Unlike the earlier evaluation of EoDB based on one uniform ranking, the BRAP assessment categorised States into top achievers, achievers, aspirer, and emerging business ecosystems. The evaluation is mostly on policy aspects and does not take into account site-specific advantages in terms of the availability of land, raw materials, utilities, trained manpower etc. We shall wait to see how situations change under the new scheme.

Rising energy costs, the Ukraine war and inordinate project delays have tremendously devastated the government finances. In the matter of fertilizer subsidy alone, the estimated additional burden during this fiscal would be ₹1.5 lakh crores. As things stand today, the disinvestment of CPSEs can't be expected to bring a substantial contribution to the government's kitty.

Nobody can deny the fact that during Covid-19, PSEs have steadily and effectively aligned with the government in several ways and built new models to mitigate its devastation and minimise the economic downturn. This gives new hope. If restructured professionally with a clear vision and strategy, the PSEs shall definitely contribute to balancing the fiscal situation and achieving a renewed growth of the national economy. The Independent Evaluation Group of the World Bank also has endorsed a similar viewpoint.

In the coming months, the situation will become clear and if the renewed strategy does not yield the desired result, the government will take cognizance of the overall global experience in disinvestment and privatisation, especially in the light of the Ukrainian war, the likely economic sanctions from the developed world while governments pursuing independent policies and as *atma-nirbharatha* demands, reverse its gears to drastically improve the efficiency of PSEs and enable them, by all means, to contribute to the national economy. ■



ABOUT THE AUTHOR

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# Out of the comfort zone

**C**reating high-performing teams is a tough thing to do. Keeping them high performing is even tougher. To crack the mysteries of high performance, consider this wisdom: 'Successful people consistently do what other people only do occasionally. Successful teams are packed with successful people. If we could get our people to do the right things consistently, everyday, our businesses would be more successful'.

It is so simple to say but so difficult to deliver. The enemy of performance improvement is distraction. People do what they are comfortable doing, rather than focusing on what they need to do to make a difference.

So, what are the signs of a team that is failing to maximise its performance—a team which is comfortable? Here are five warning signs which you would be wise to heed. Do you see some of them in your business?

1. People are missing deadlines, furnishing excuses, and no one is being held to account.
2. You cannot remember the last time someone came up with a game-changing idea or a real piece of innovation.

3. People are keener to tell you what won't work rather than how they could make it work.
4. Team members are distracted. Instead of doing the difficult things that really matter they perform the tasks which they like to do.
5. There is a lack of clarity about what people should focus on to shift the dial to meet your goals.

So, how do you motivate a team which has lost its way? How do you turn things around and unleash their potential?

Amid the chaos and confusion of the pandemic, Black Isle Group began working with Great Britain Olympic Team psychologist, Sarah Broadhead. The question we asked ourselves was, "What's the best way to improve team performance in business, especially in the new, hybrid world?"

Sarah coached the British teenage taekwondo star, Jade Jones, to Olympic gold in London 2012 and in Rio 2016. Her philosophy was to break down the ambitious goal of becoming the best in the world into small, less daunting, and more manageable steps. Every week, they focused on three to four different areas where they wanted to improve. These included rest and recovery—

**At a time when so much has been turned upside down for employer, employee, and consumer, focusing on everyday actions holds the key to improving performance in the new world of work.**

getting quality sleep; building strength; focusing on technique; and improving nutrition.

Each week they wrote down the everyday actions they were going to take on the road to gold. Each week they reviewed their progress in focused coaching conversations before re-setting for the next seven days. Each week they learnt from the mistakes of the previous seven days.

This helped them avoid distraction—the greatest enemy of improvement. It also helped to embed new habits which, through repetition and determination, would become second nature. They were growing unconsciously competent.

Sarah believes this is the way to reduce anxiety around the enormity of the task. By religiously focusing on the marginal gains, she believes you will inevitably create the difference between winning and losing.



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So, what if we took a similar approach in the world of business? Could that change the way we maximise the performance of individuals and teams in corporate life?

We decided to see for ourselves. The managed IT and solutions provider, VCG, was facing several big challenges. Following an acquisition, they had to bring together two teams and two cultures while coming out of the pandemic. They wanted to accelerate sales, increase employee engagement and deliver several behavioural changes across the business.

They set clear goals for a 10-week sprint focused on performance improvement. Each person then created their own everyday actions through which they could take small steps towards their big goals. Everyone got a coach—their equivalent of Sarah Broadhead. That coach would sit with them each week and review their progress and then re-set for the next five working days. Using technology through an app on their phones and laptops, they got daily reminders to keep them on track. The company's leadership was able to monitor progress through a data reporting suite which pulled together the individuals' everyday actions of the team and presented a collective view of progress. It gave them valuable visibility in the virtual world.

VCG were delighted with the results. They put a stretch target on attracting new business into their sales pipeline and over-achieved that by 360%. Employee engagement went through the roof. While it would be an exaggeration to say that it was all plain sailing this new approach and methodology clearly helped them make progress which took them by surprise. What they had really done was create focus and avoid distraction. They had created a performance coaching culture, just like Sarah Broadhurst and Jade Jones.



The group head of sales at VCG, Jeff Wheeldon, said, “The numbers were superb. But the standout for me, is seeing the inter-team coaching and support. That is what makes a team succeed together. There is no doubt this approach achieved much more togetherness.”

Another business, Perfect Image—an IT managed services and data provider—tried a similar exercise. The challenges they faced included the need to grow—building pipeline and closing more deals—in a very crowded and competitive marketplace. They wanted to make a significant improvement in employee engagement as they came out of the pandemic and build a coaching culture. They too rolled out the methodology of everyday actions into their sales team. They ran a 13-week sprint. They worked closely on helping individuals choose the right everyday actions or nudges as they were now called. They put in place a system of peer coaching so that everyone had someone to help and challenge them. The coaches kept the sales managers focused as they worked together to hit their big goals—

to sell more, engage better and grow more leaders.

By focusing on everyday actions, avoiding distractions, and clearly measuring progress their performance soared. They added more than 350 new deals worth more than £6 million and their employee engagement scores rose from -69 to +20.

At a time when so much has been turned upside down for employer, employee, and consumer, focusing on everyday actions holds the key to improving performance in the new world of work. It is a methodology which we know works. It has been proven in several arenas yet is rarely used effectively in the world of business. Yet, with the right commitment, it is impossible for this methodology not to work.

The world has changed so much in the past two and a half years. The way we do business has to change too. No one has yet cracked this new world of work and it will continue to evolve. Those who embrace the shift of focus from comfortable teams to everyday actions will be the winners. **IM**

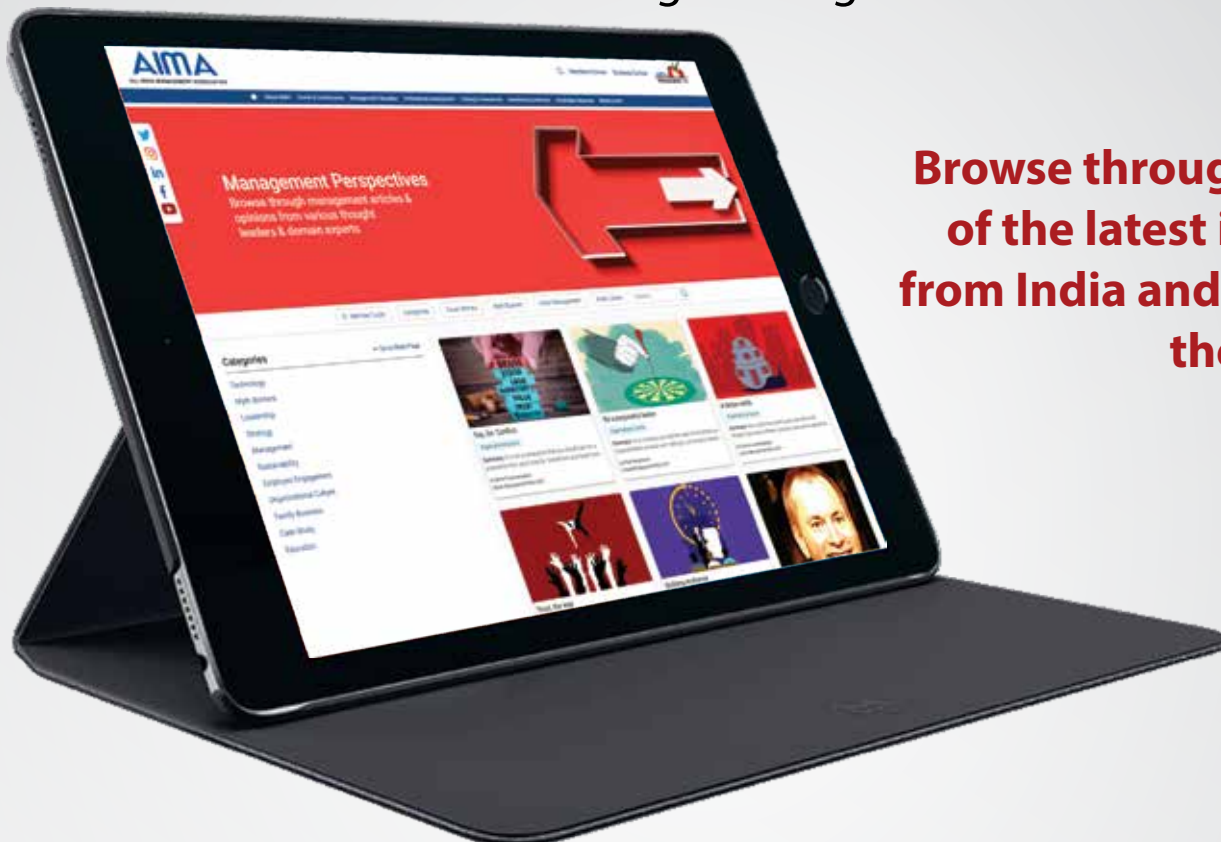


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