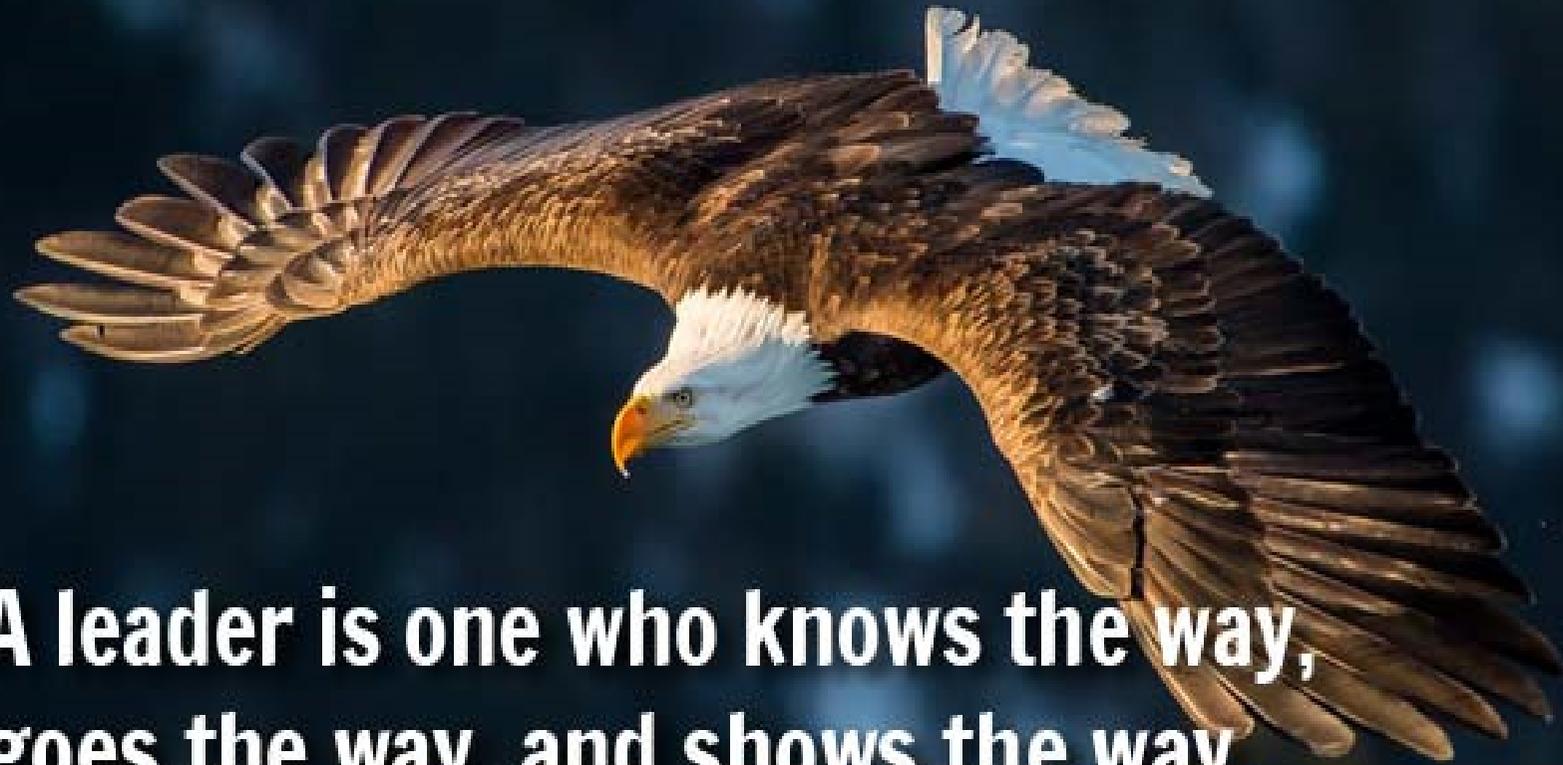


CORPORATE LEADERSHIP FOR EFFECTIVENESS OF THE BOARD

K. L. MEHROTRA
Chairman, IIM Delhi Chapter
Former Chairman, MOIL





**A leader is one who knows the way,
goes the way, and shows the way.**

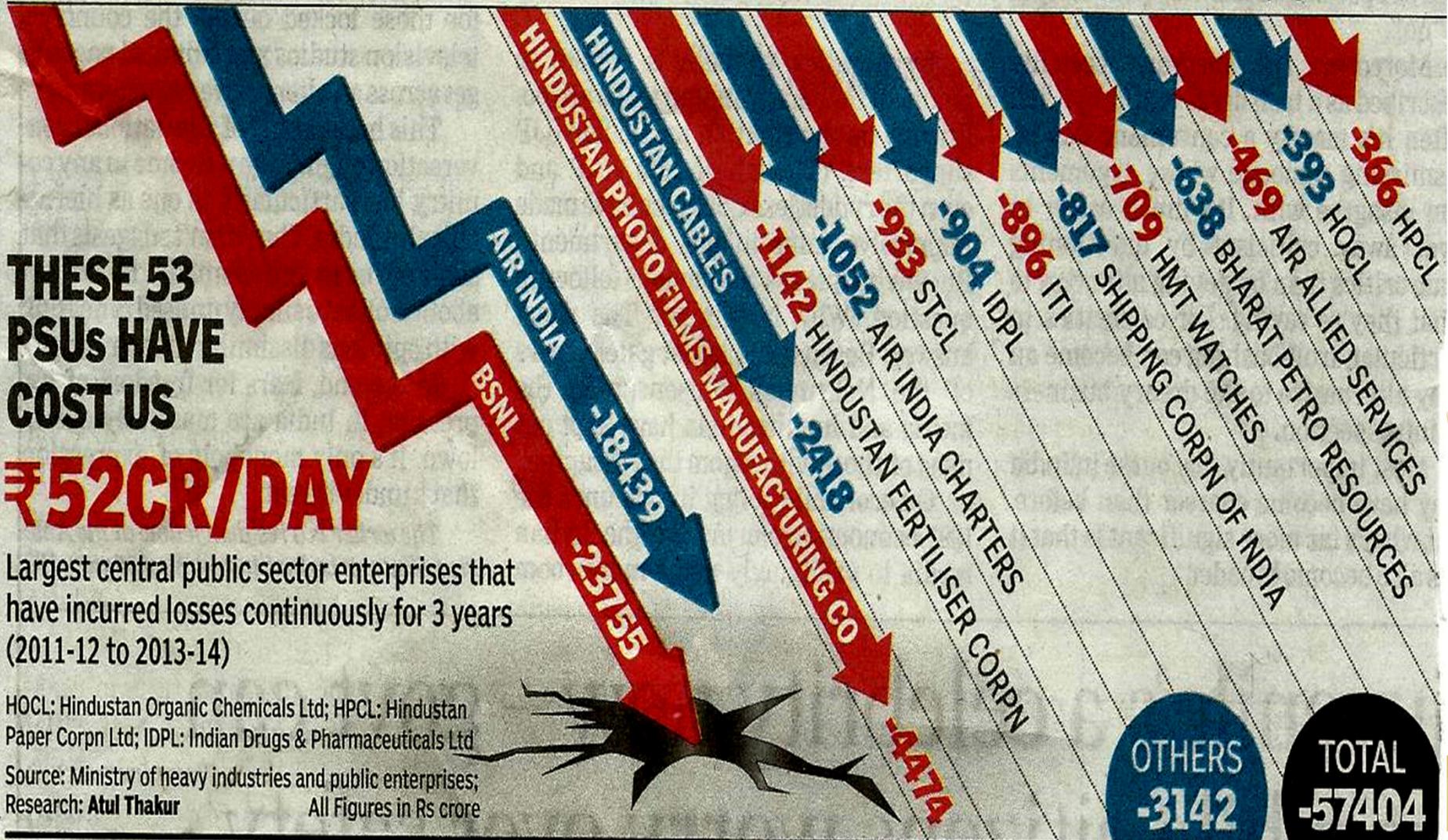
John C. Maxwell

How to lose Rs 60,000 crores in three years? Ask 53 public sector units owned by the central government. The reasons given for such pathetic financial performance are many – obsolete plant & machinery, low capacity utilisation, weak marketing strategies, lack of business plans... but the victim is only one: the taxpayer

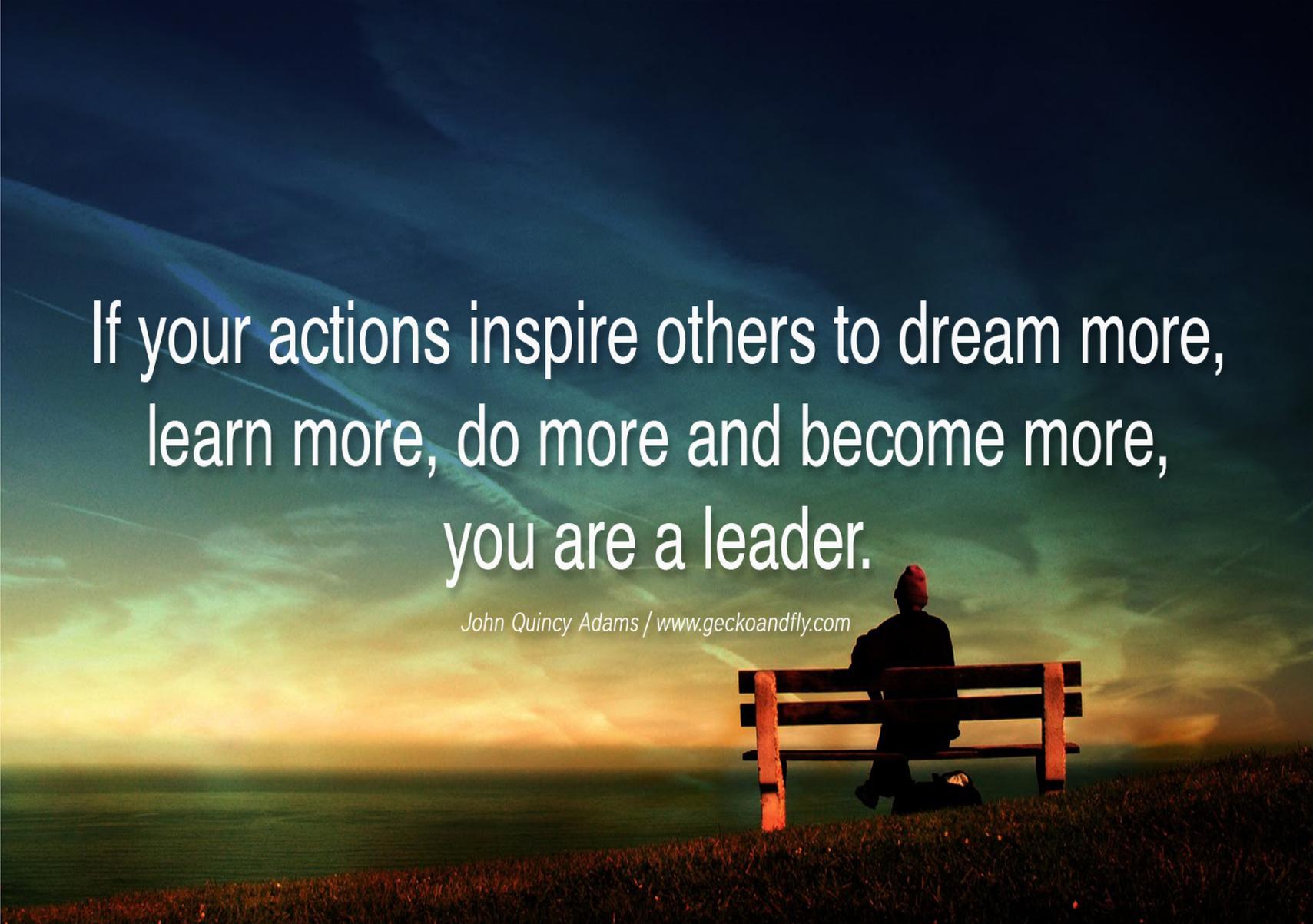
**THESE 53
PSUs HAVE
COST US
₹52CR/DAY**

Largest central public sector enterprises that have incurred losses continuously for 3 years (2011-12 to 2013-14)

HOCL: Hindustan Organic Chemicals Ltd; HPCL: Hindustan Paper Corpn Ltd; IDPL: Indian Drugs & Pharmaceuticals Ltd
Source: Ministry of heavy industries and public enterprises; Research: **Atul Thakur**
All Figures in Rs crore

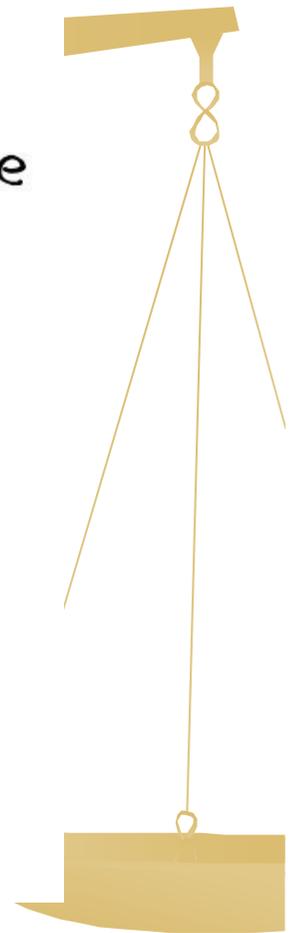


| Creates Shared Vision | Development & Systematic deployment of Strategies | Passionate Achiever | Effective Decision Maker | Ethical, Humble and caring human being | Unleashing and harnessing people potential | Competent / Effective person | Stakeholder driven |
|------------------------------|--|-------------------------------|--------------------------------|--|--|------------------------------|--------------------------------------|
| Visionary | Evolves Strategies for market leadership through business excellence | Energetic and focused | Takes timely decision | Humble and caring | Strong motivator even in adversity | Creative and innovative | Creates value for stake holder |
| Visionary and sets direction | Harbinger for Made in India Products | Killer instinct to reach goal | Ability to take hard decisions | Compassionate human values | Mentor and nurses talent | Effective communicator | Practices Win Win |
| Change Manager | Strategizes and executes | Passionate and persistent | Decision maker | Practices good ethics | Creates a charged environment for innovation | Master in all fields | Forges partnership with stake holder |
| | Designs and implements effective management systems | Be an entrepreneur | | Ethical and Transparent | Excellent team builder | Balanced temperament | Creates customer value |
| | | | | Apt listener | Empowerment through motivation | Continuous Learner | Socially responsible |
| | | | | Good empathizer | Role Model | | |
| | | | | Recognizes achievement | Build synergetic teams | | |
| | | | | | Empowers people | | |
| | | | | | Encourages creativity | | |
| | | | | | Inspires and motivates people | | |
| | | | | | Team Builder | | |
| | | | | | Resolves conflicts | | |
| | | | | | Develop Successors | | |

A person is sitting on a wooden bench, viewed from behind, looking out over a vast landscape. The sky is a mix of dark blue, green, and yellow, suggesting a sunset or sunrise. The ground is covered in grass. The overall mood is contemplative and inspiring.

If your actions inspire others to dream more,
learn more, do more and become more,
you are a leader.

John Quincy Adams / www.geckoandfly.com

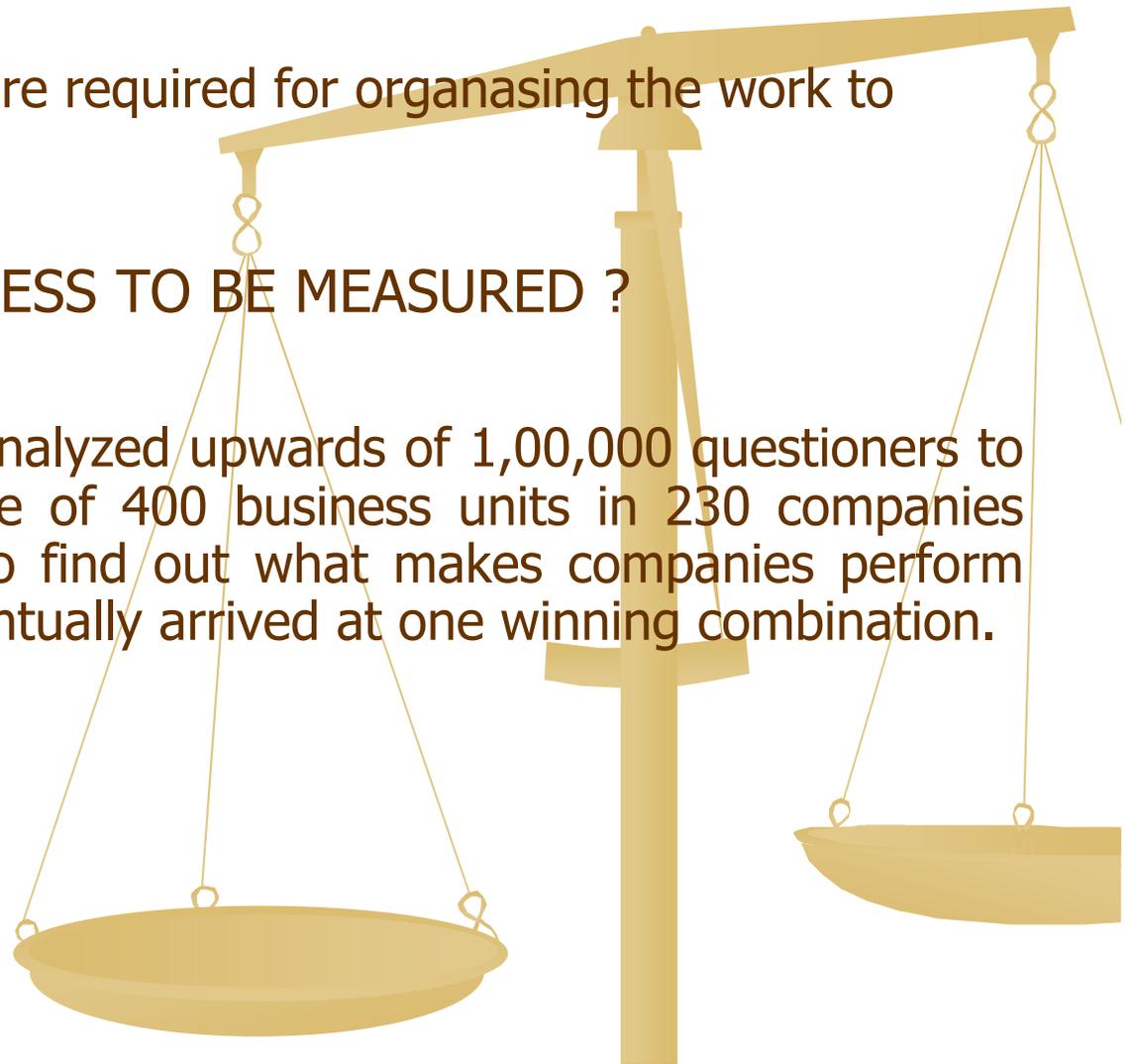


CORPORATE LEADERSHIP FOR MAXIMIZING EFFECTIVENESS OF THE BOARD

Corporate Boards are required for organising the work to perform effectively.

➤ HOW EFFECTIVENESS TO BE MEASURED ?

A Mc Kinsey team analyzed upwards of 1,00,000 questioners to uncover the practice of 400 business units in 230 companies around the world to find out what makes companies perform well. The team eventually arrived at one winning combination.



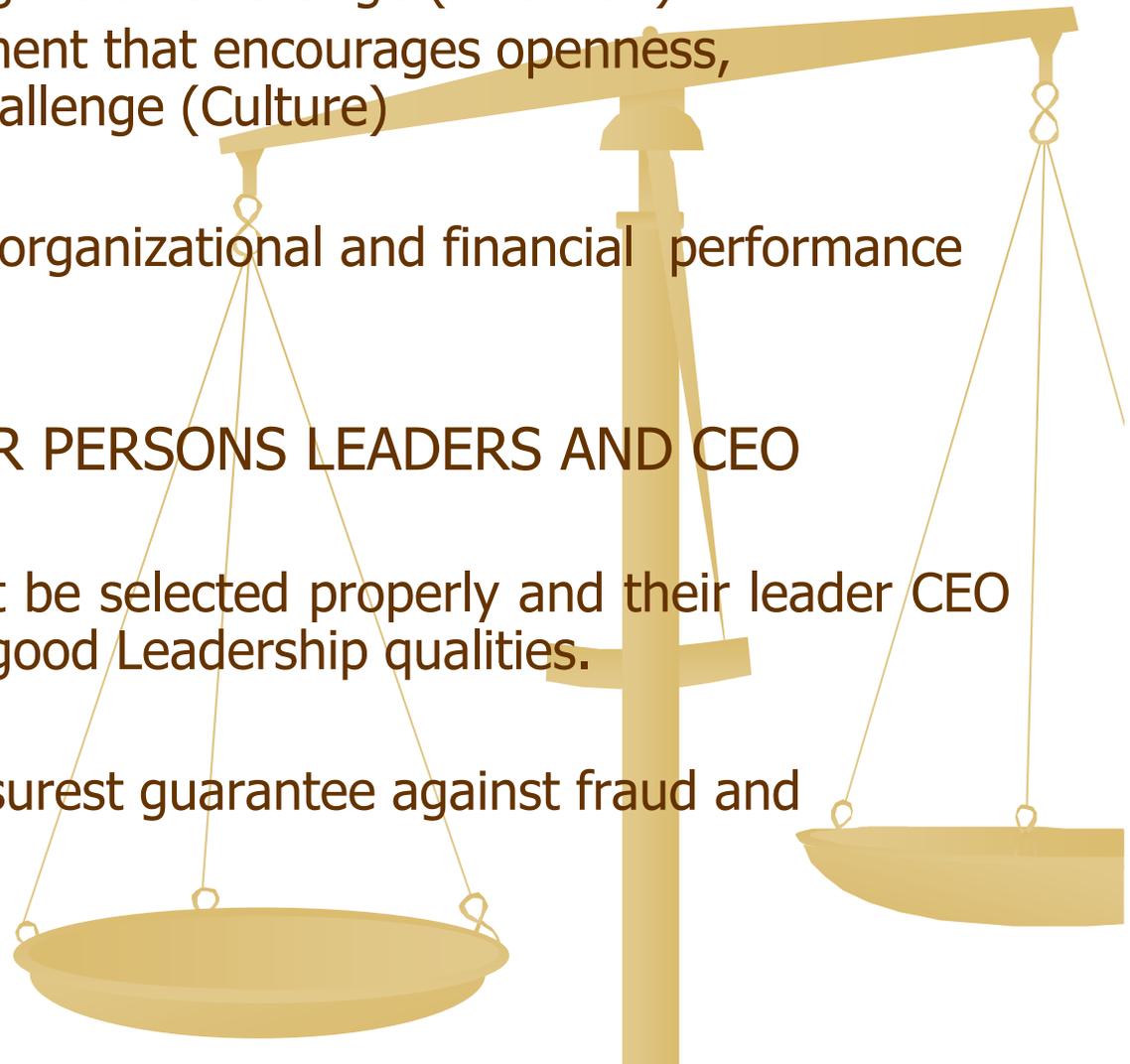
1. Clear role for employees (accountability)
2. A compelling vision of change (Direction)
3. An environment that encourages openness, trust and challenge (Culture)

Also it is found that organizational and financial performance correlate directly.

➤ SELECTION OF PROPER PERSONS LEADERS AND CEO

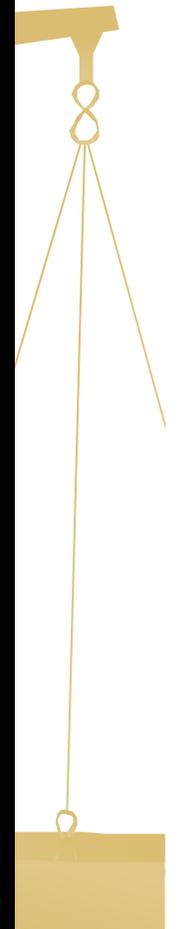
So Board members must be selected properly and their leader CEO should be a person with good Leadership qualities.

Genuine leaders are the surest guarantee against fraud and misconduct.



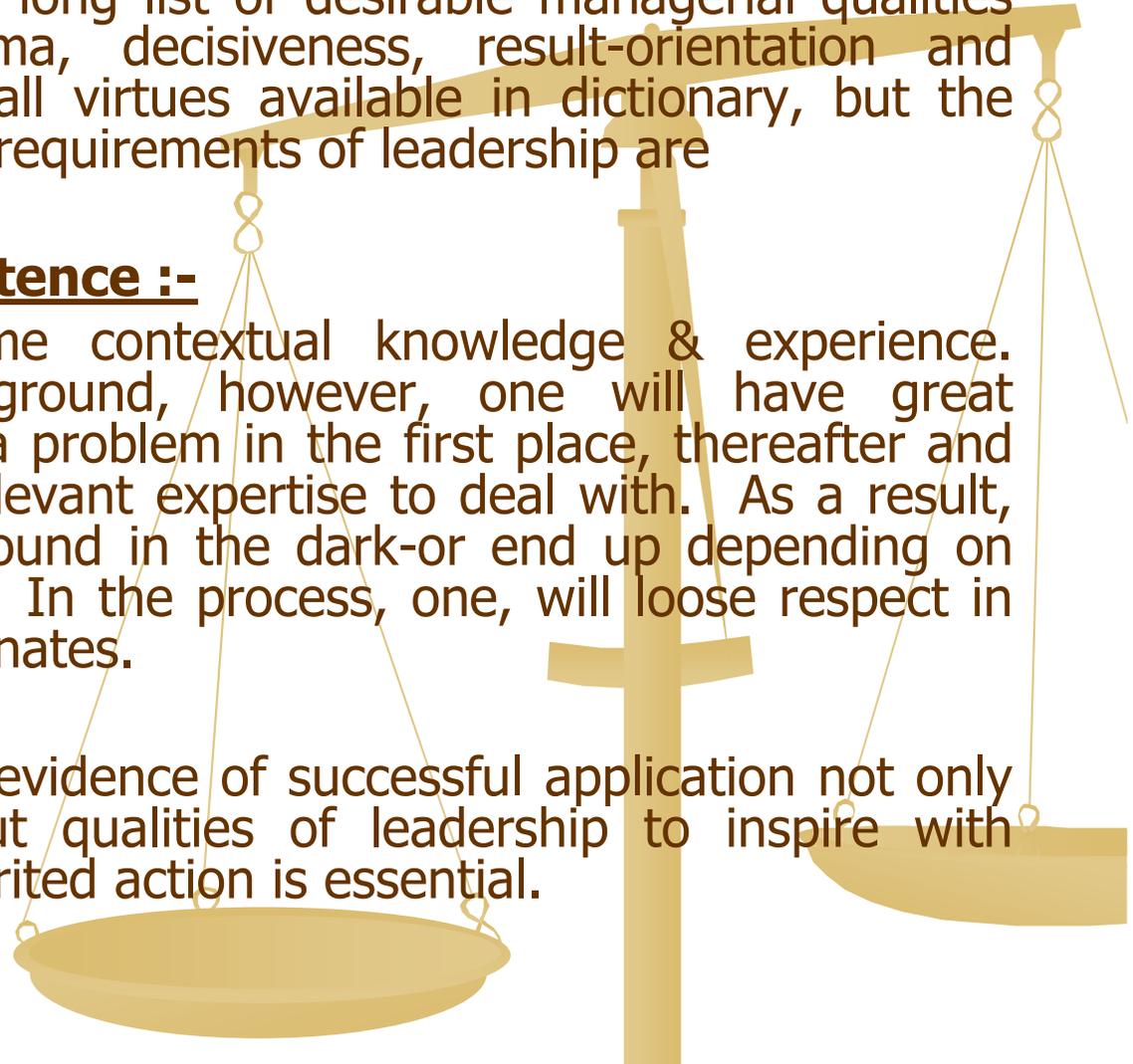
“Some people want it to happen, some wish it would happen, others make it happen.”

-Michael Jordan



2. HOW TO SELECT THE LEADER –THE QUALITIES TO LOOK FOR

- While it would run up a long list of desirable managerial qualities such as vision charisma, decisiveness, result-orientation and interpersonal skills and all virtues available in dictionary, but the most basic and essential requirements of leadership are
- **1. Professional Competence :-**
- Every job requires some contextual knowledge & experience. Without requisite background, however, one will have great difficulty understanding a problem in the first place, thereafter and one will not have the relevant expertise to deal with. As a result, one will either grope around in the dark-or end up depending on others to give direction. In the process, one, will loose respect in the eyes of one's subordinates.
- More than knowledge – evidence of successful application not only Technical Knowledge but qualities of leadership to inspire with vision & energize into spirited action is essential.



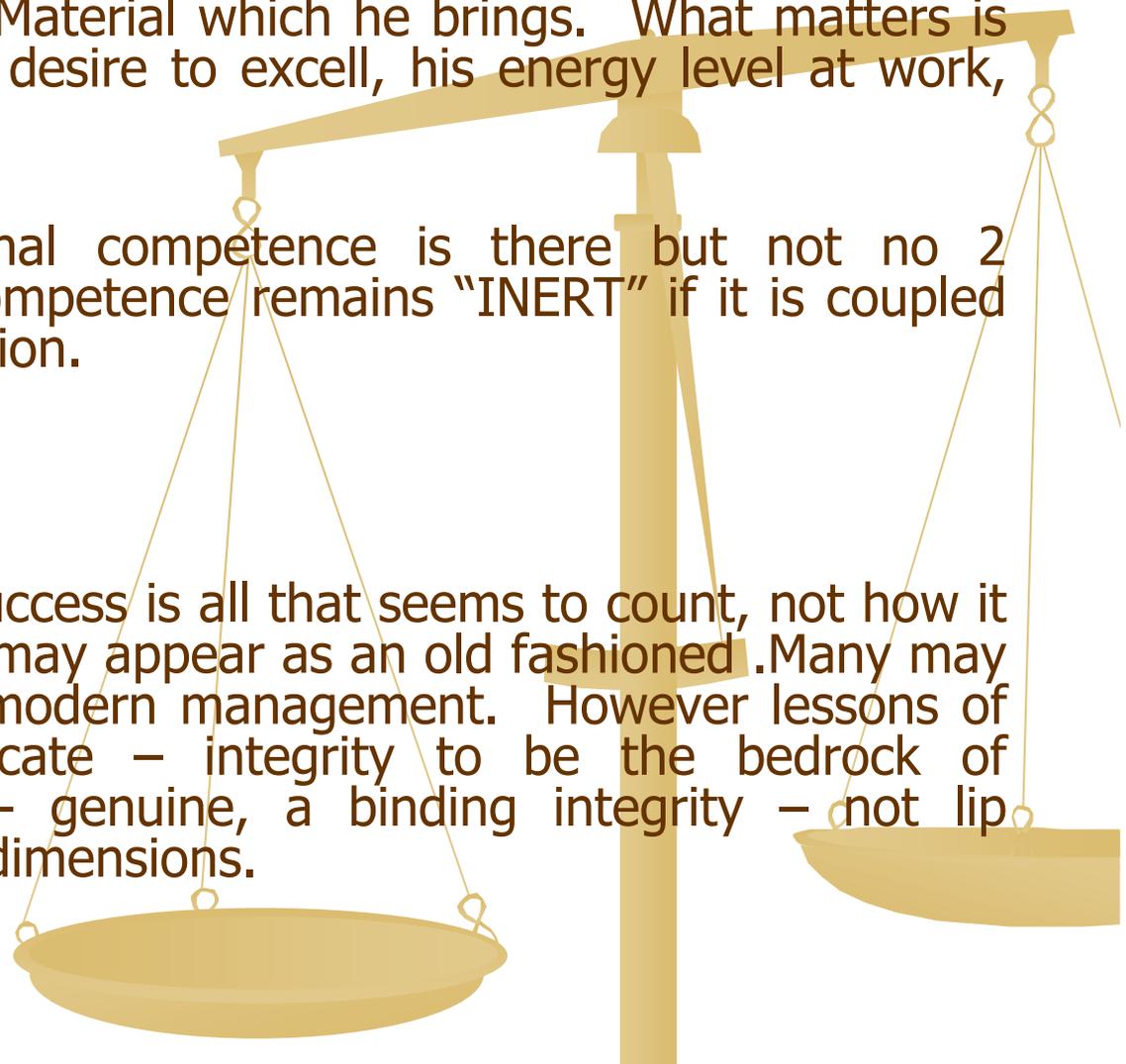
■ 2. Drive or Passion :-

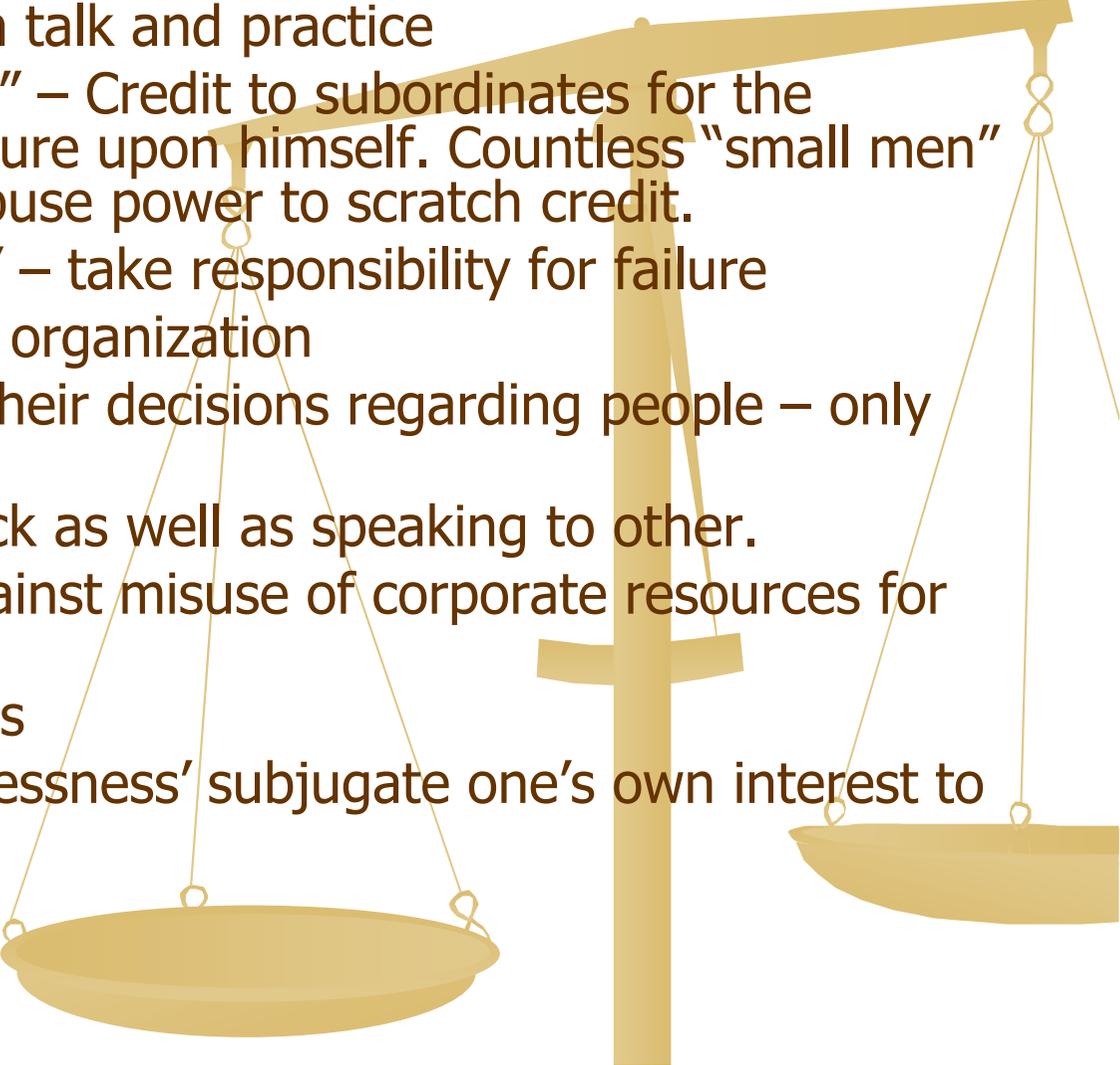
■ Competence is Raw Material which he brings. What matters is his passion, burning desire to excell, his energy level at work, killer instinct.

■ If no .1 ,professional competence is there but not no 2 drive/passion, the competence remains "INERT" if it is coupled with drive we get action.

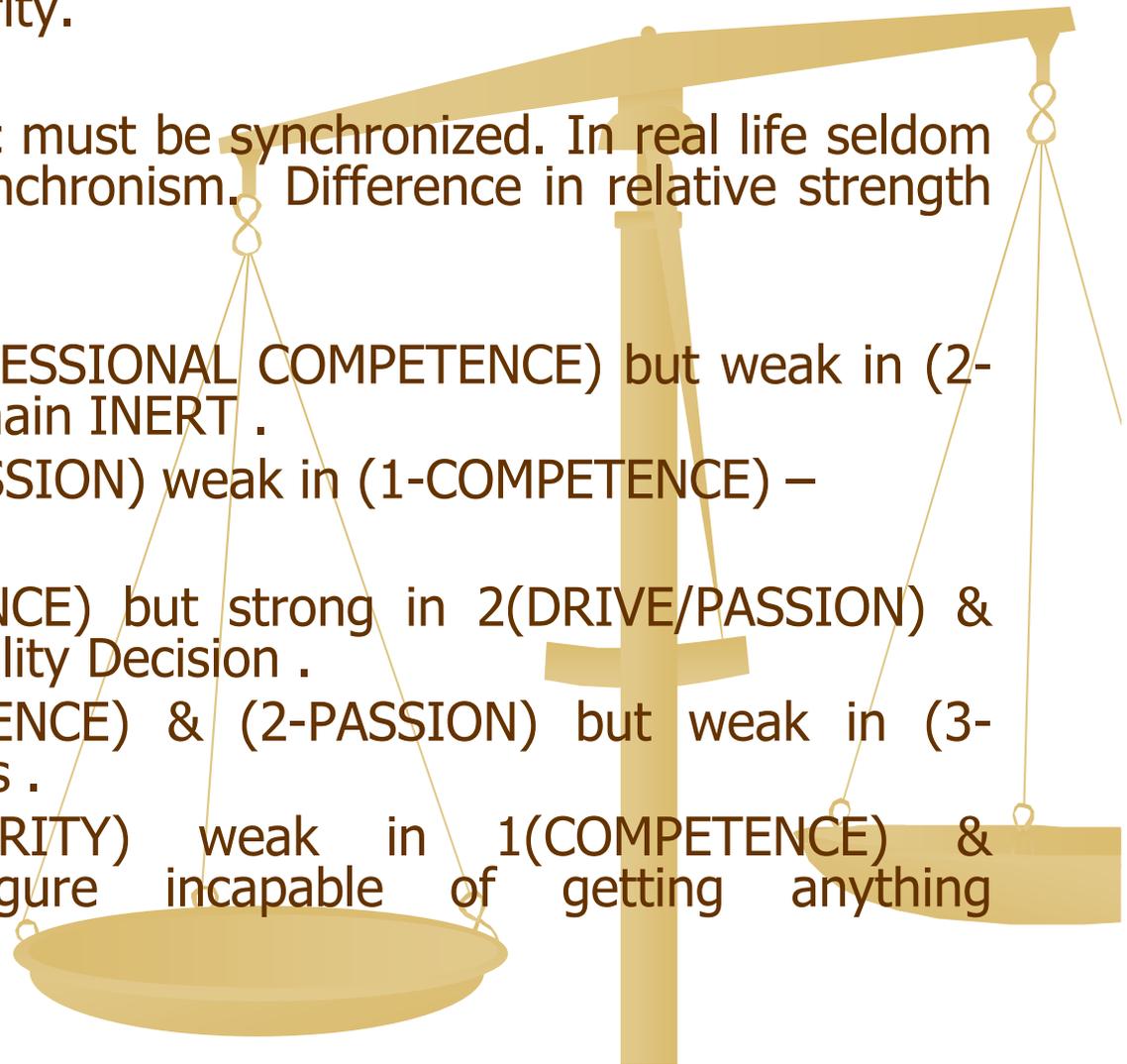
■ 3 Integrity :-

■ In an era in which success is all that seems to count, not how it is achieved integrity may appear as an old fashioned .Many may deride it as rare in modern management. However lessons of many scandals indicate – integrity to be the bedrock of leadership in future- genuine, a binding integrity – not lip service. It has may dimensions.



- 
- i) Telling the truth in simplest form
 - ii) Consistency between talk and practice
 - iii) "Look out of window" – Credit to subordinates for the success and take failure upon himself. Countless "small men" acting like thieves abuse power to scratch credit.
 - iv) "Looks in the mirror" – take responsibility for failure
 - v) Rule of fair play in organization
 - vi) Scrupulously fair in their decisions regarding people – only objective merit.
 - vii) Courage for feed back as well as speaking to other.
 - viii) Trusteeship Role-Against misuse of corporate resources for private gains
 - ix) Respect to individuals
 - x) Highest form is 'selflessness' subjugate one's own interest to common good.

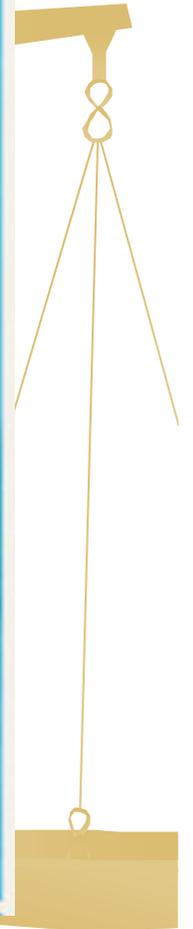
- Personal sacrifice and service to others not self glorificationas and self styled leaders we so often encounter. Same as steering wheel or brake in the car. Dangerous for management having leaders lacking in integrity.
- The three characteristic must be synchronized. In real life seldom the perfect three in synchronism. Difference in relative strength of each.
 - a) Very strong in (1-PROFESSIONAL COMPETENCE) but weak in (2-DRIVE /PASION) – Remain INERT .
 - b) Strong in (2-DRIVE/PASSION) weak in (1-COMPETENCE) – Ill conceived action .
 - a) Weak in (1-COMPETENCE) but strong in 2(DRIVE/PASSION) & 3(INTEGRITY) –No Quality Decision .
 - b) Strong in (1-COMPETENCE) & (2-PASSION) but weak in (3-INTEGRITY) – Valueless .
 - c) Strong in (3-INTEGRITY) weak in 1(COMPETENCE) & 2(PASSION)-saintly figure incapable of getting anything accomplished.



*A Great **LEADER'S** Courage
to Fulfill his vision
Comes from Passion,
not Position.*



-John Maxwell



In addition the fourth important requirement is :

■ **4. Courage :-**

In reality it is the iron ladder on which all the virtues sit – without this iron ladder of courage other virtues would not be effective courage has CPWWR element which expands as

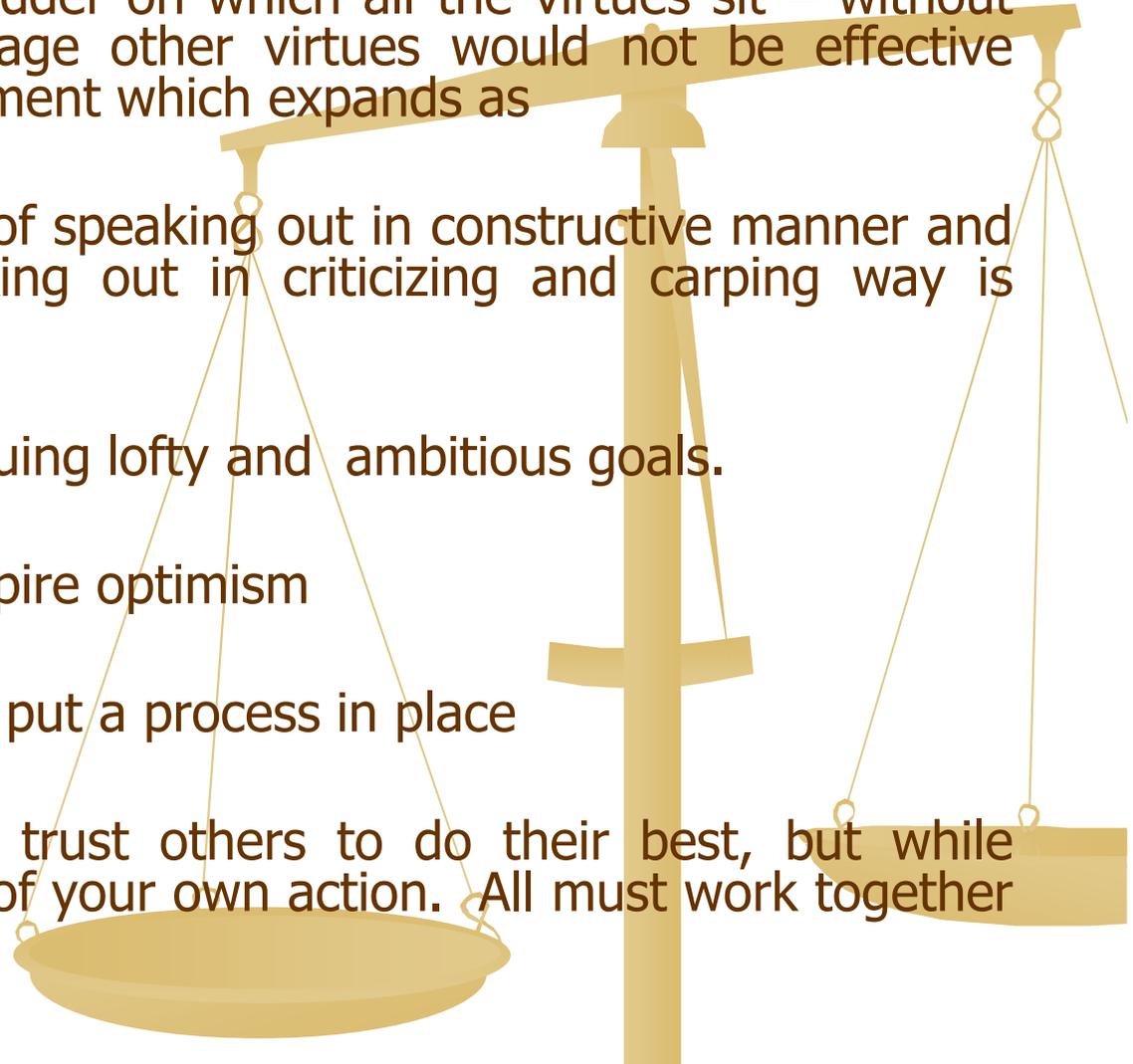
C-CANDOUR – is quality of speaking out in constructive manner and contributing way. Speaking out in criticizing and carping way is unproductive.

P-PURPOSE – about pursuing lofty and ambitious goals.

W-WILL – is ability to inspire optimism

R-RIGOUR – discipline to put a process in place

R-RISK – willingness to trust others to do their best, but while accepting consequences of your own action. All must work together to get full result.



3. LEADERSHIP STYLES – DICTATORIAL, PARTICIPATIVE, INSPIRATIONAL

The skills that leaders need vary with circumstances in which they must lead.

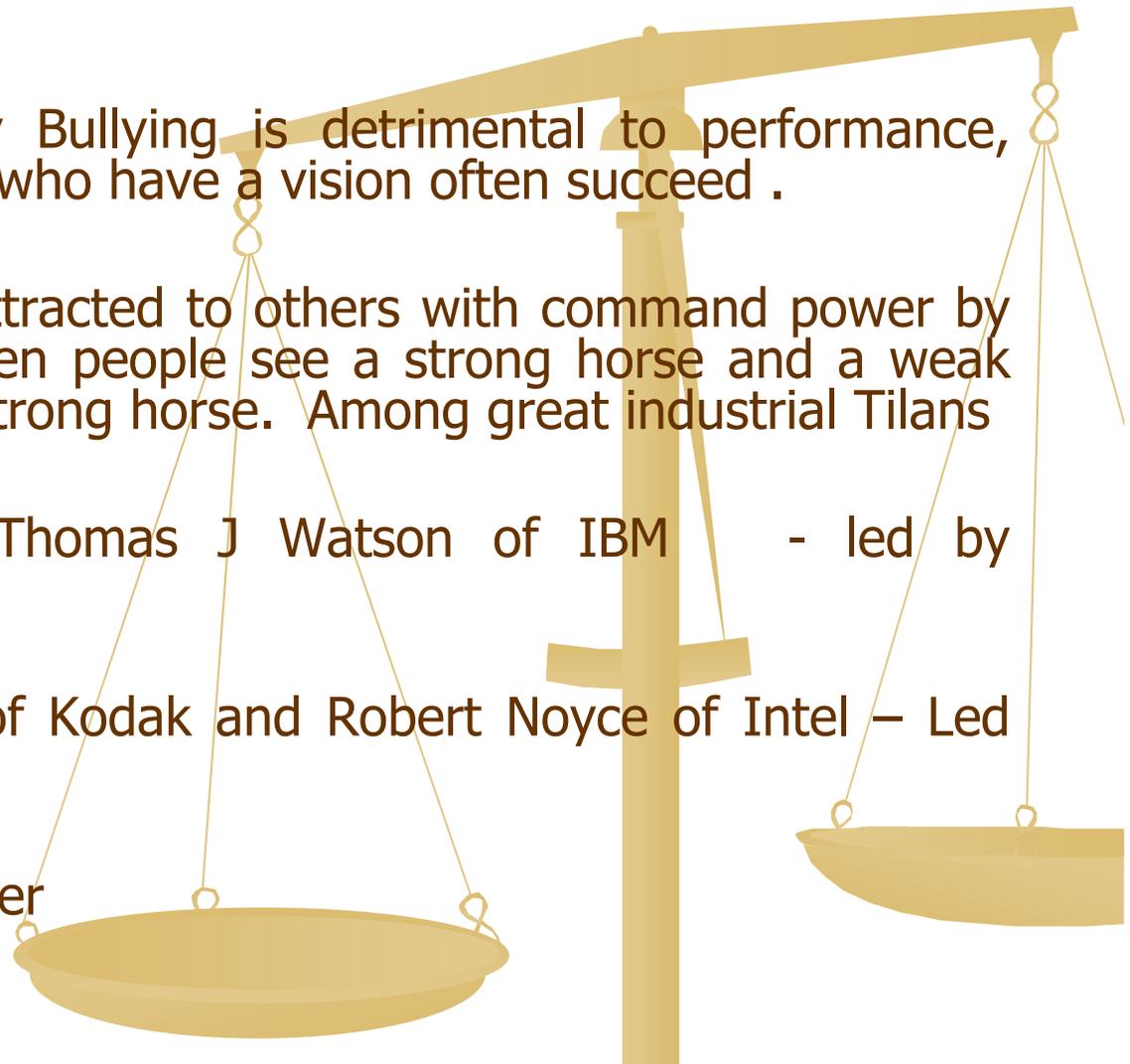
While some studies say Bullying is detrimental to performance, others argue that Bullies who have a vision often succeed .

Sometimes people are attracted to others with command power by myths of invincibility when people see a strong horse and a weak horse, they will like the strong horse. Among great industrial Tilans

Andrew Carnegie and Thomas J Watson of IBM - led by Intimidating Primarily

While George Eastman of Kodak and Robert Noyce of Intel – Led through Inspiration

Mix of Hard and soft power

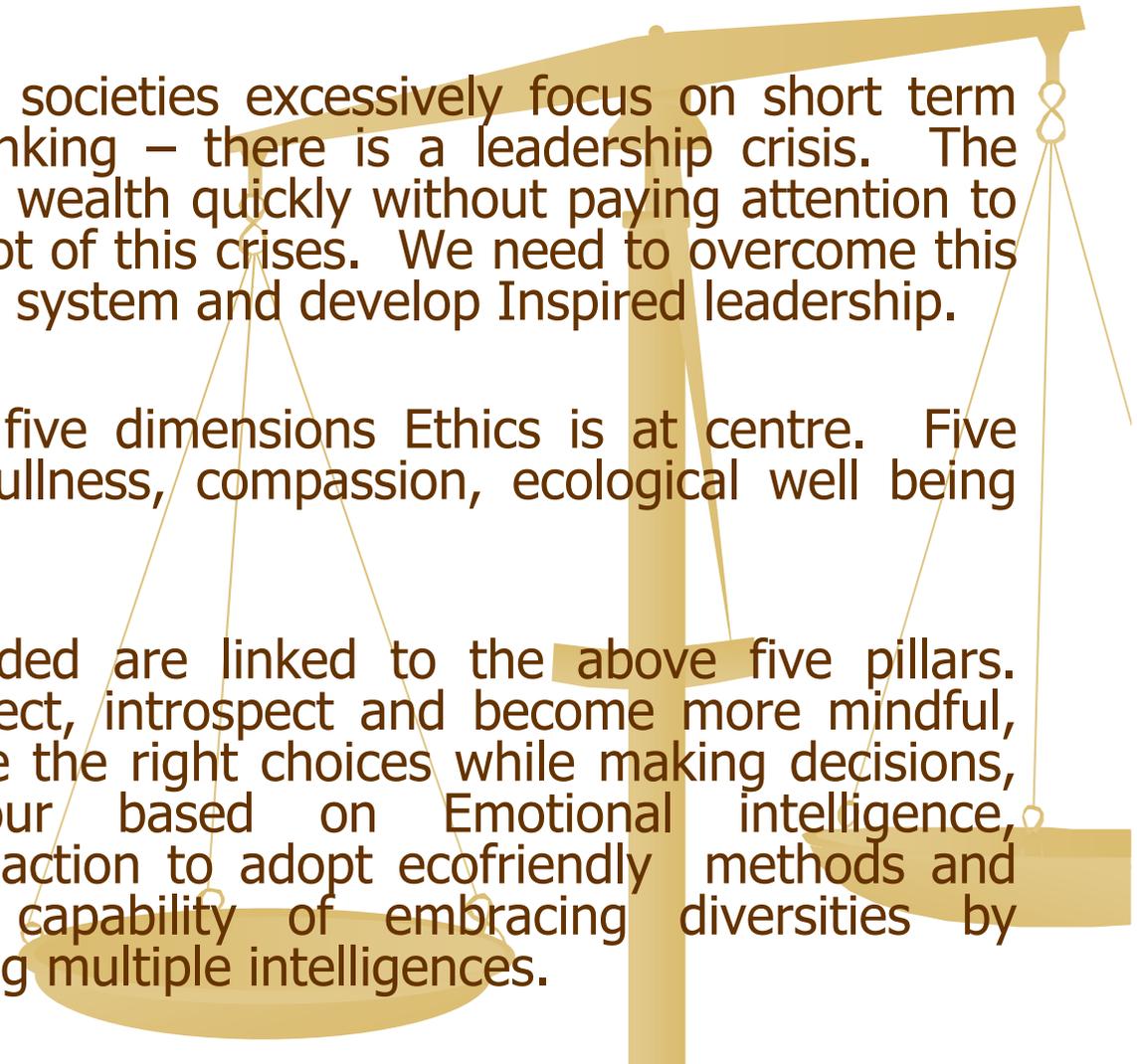


Thus the leadership style would depend on the context and the environment. However,

When organizations and societies excessively focus on short term benefits and narrow thinking – there is a leadership crisis. The desire to obtain financial wealth quickly without paying attention to means adopted is the root of this crises. We need to overcome this by overhauling education system and develop Inspired leadership.

Inspired leadership has five dimensions Ethics is at centre. Five pillars are ethics, mindfulness, compassion, ecological well being and diversity”

The essential skills needed are linked to the above five pillars. These are ability to reflect, introspect and become more mindful, the competence to make the right choices while making decisions, compassionate behaviour based on Emotional intelligence, innovative thinking and action to adopt ecofriendly methods and technologies and the capability of embracing diversities by celebrating and leveraging multiple intelligences.



4. WHICH COMPANIES MAKE BEST EMPLOYERS ?

Recently Economic Times surveyed 230 companies for best employers and it was noted that following two things are common in the best employers

They build an inventory of people practices that are unique and also Tailored for their business and their industry.

They take the trouble to painstakingly create a work environment that gets the best out of their employees, makes them feel good about their work and their future in the organization.

The real secrets on why best employers tend to score over the rest are actually the most simple as given below

EFFECTIVE AND COMMITTED LEADERSHIP

Organisation Leaders at Best Employers simply know how to walk the talk. That's why 83% of employees at the best compared to 68% at the Rest believe that their leaders consistently demonstrate the organizations values in all behaviour and action.

80% of employees at the Best compared to 65% at the rest believe that their leaders CREATE EXCITEMENT about changes required for the organisation's success. 78% of the employees at the best compared to 66% at the rest believe that their leaders build CONSTRUCTIVE RELATIONSHIPS throughout the organization.

ASTUTE MANAGEMENT OF TALENT

CEO's as best employers not only recognize quality of Leadership as the single biggest driver of organisational success but they also own the AGENDA OF GROOMING LEADERS INSIDE THE ORGANISATION.

At 60% of the Best, the ownership of Leadership development rests primarily with the Leadership team at the Best, whereas the HR team is accountable for Leadership development at the Rest, As a result Best Employers have a steady reservoir of leadership talent that is why 75% of the leadership positions at the Best are filled internally as compared to 53% at the Rest.

Success stems, in part, from the values, wants and needs that are interwoven within individuals and an organization and the ways in which the individuals and the organizations resolve the many differences and conflicts.

In goals there are four areas of potential conflicts.

- a) The personal goals of individual within the group
- b) The goals of the individual for the group and its goals
- c) The goals of group itself within the corporation
- d) The goals of the group for the corporation and its goals

Potential conflict to be managed otherwise dissonance occurs which creates lesser synergy and problems remain unresolved

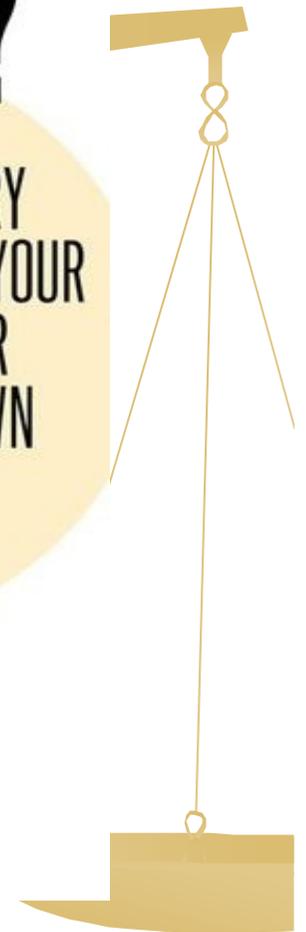


HOW DO YOU KNOW YOU'VE BECOME A TRUE LEADER?

1. YOU DON'T
TRY TO BE RIGHT;
YOU TRY TO
BE CLEAR.

2. YOU TRY
NOT TO HAVE THE
LAST WORD.

3. YOU NO LONGER TRY
TO SHOW THAT IT WAS YOUR
IDEA. YOU EMPOWER
OTHER PEOPLE TO OWN
THE IDEA.

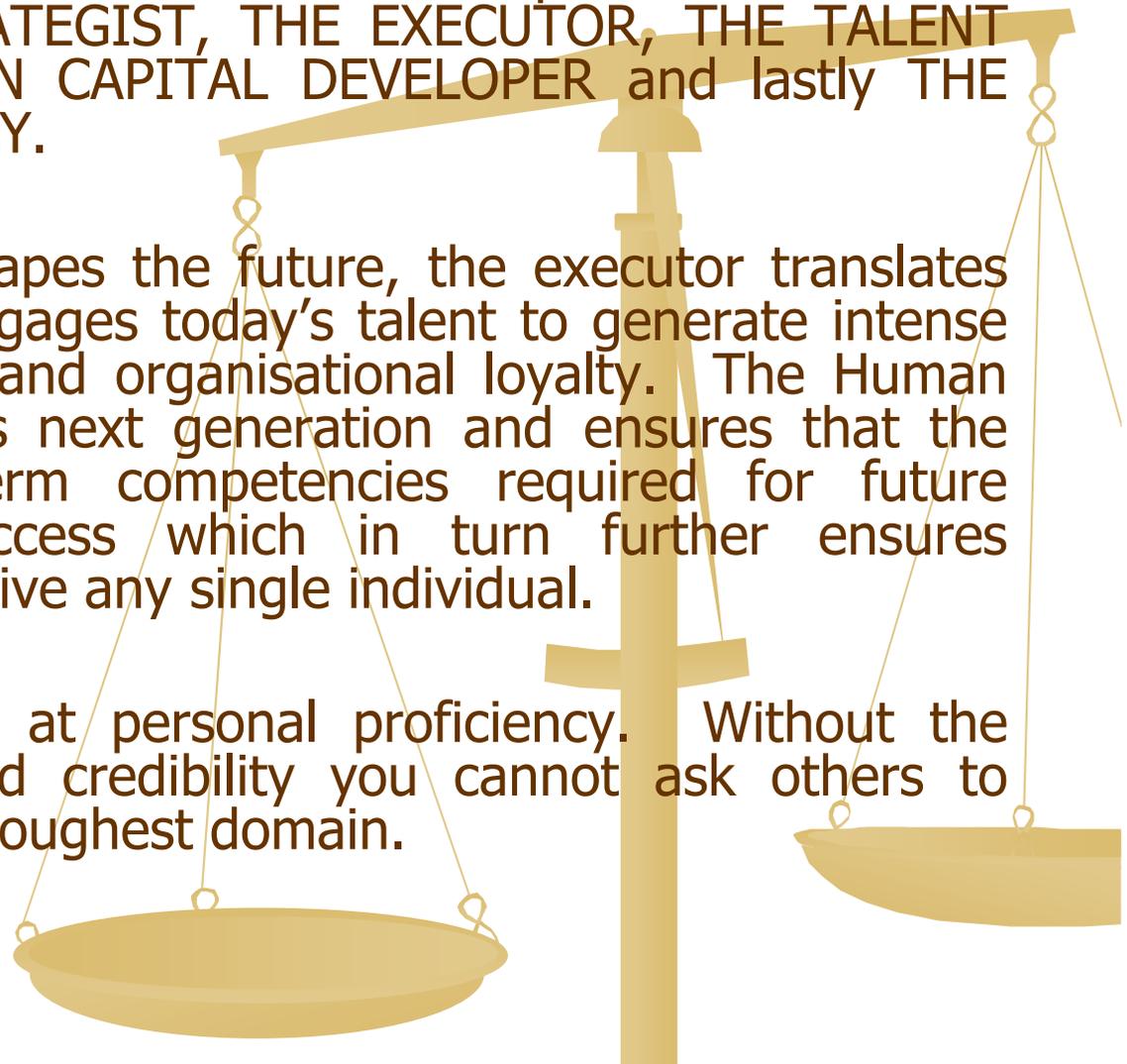


CONCLUSION :-

In conclusion it may be noted that Leadership has 5 rules in its DNA namely THE STRATEGIST, THE EXECUTOR, THE TALENT MANAGER, THE HUMAN CAPITAL DEVELOPER and lastly THE PERSONAL PROFICIENCY.

While the Strategist shapes the future, the executor translates strategy into action, engages today's talent to generate intense personal, professional, and organisational loyalty. The Human capital developer builds next generation and ensures that the organization longer term competencies required for future strategic has the success which in turn further ensures organization would outlive any single individual.

All leaders must excel at personal proficiency. Without the foundation of trust and credibility you cannot ask others to follow you. This is the toughest domain.



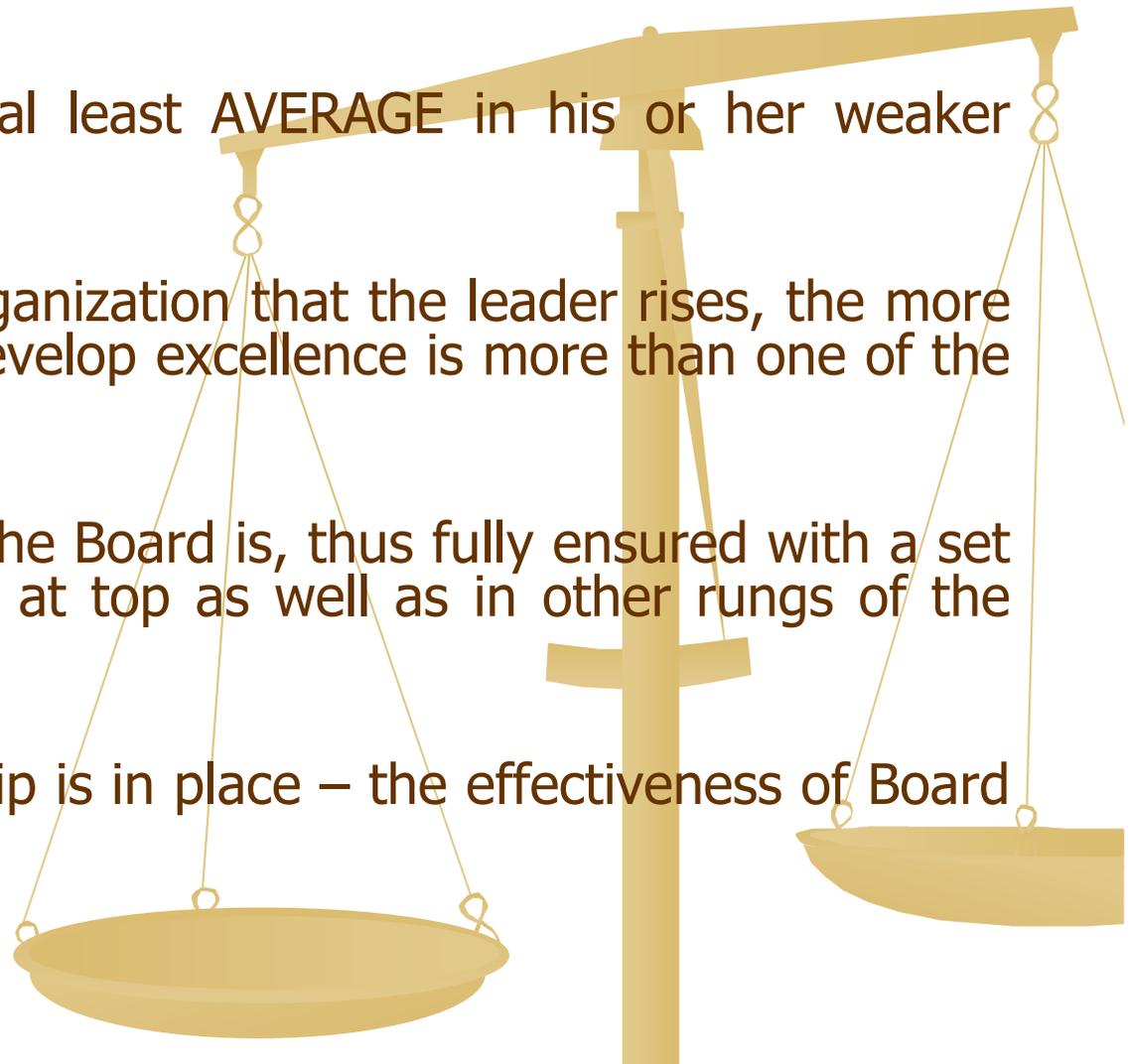
Effective leaders have one towering strength. Most successful leaders have at least one of the other four roles in which they excel.

All leaders must be at least **AVERAGE** in his or her weaker leadership domains.

The higher up the organization that the leader rises, the more he or she needs to develop excellence in more than one of the four domains.

The effectiveness of the Board is, thus, fully ensured with a set of good leaders both at top as well as in other rungs of the organisation.

Once proper leadership is in place – the effectiveness of Board is assured



**THE CHALLENGE OF LEADERSHIP IS TO BE STRONG, BUT
NOT RUDE; BE KIND, BUT NOT WEAK; BE BOLD, BUT NOT
BULLY; BE THOUGHTFUL, BUT NOT LAZY; BE HUMBLE,
BUT NOT TIMID; BE PROUD, BUT NOT ARROGANT;
HAVE HUMOR, BUT WITHOUT FOLLY.**

JIM ROHN

photo by Cheryl Empey
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Thank You

