

CHAIRMAN'S ADDRESS ON STRATEGIC LEADERSHIP AND COMMUNICATION AT THE SANAT LAHIRI MEMORIAL LECTURE ORGANIZED BY THE PUBLIC RELATIONS SOCIETY OF INDIA ON 26 MARCH, 2008

Good evening friends,

The real test of character of a leader is to nurture those people whose stars may shine as brightly as – or even brighter than – the leader's own. These were the closing words of my first address to the management team of Jessop & Co Ltd five years ago. Till date, they have been my leadership mantra and the driving force behind my public relations strategies.

It gives me joy to have this platform today to share some of my thoughts in an event named after a man who is till this day considered a public relations guru in modern India. More than that, it gives me enormous pride because Mr Sanat Lahiri was a true-blue Dunlopian all his life. Today, when we in the Ruia Group are well on our march to revive and rebuild Dunlop in all its pristine glory, the man and the event have very special places in our hearts.

But before moving on, let me ask you a question.

He is someone the world respects and looks up to. He has no overt base of power. He holds no political position. He does not command an army and he has no control over mighty economic resources. And yet, he strikes a powerful chord. In a world driven by material pursuits, he is an apostle of peace and humanity.

He is a strategic leader par excellence. His PR skills are unmatched.

Who **IS** this man? Can you tell me who he is?

Yes, my friends, he is none other than the Dalai Lama – a living example of great transformational strategic leadership and the most effective PR at the global level. What makes the Dalai Lama so interesting and influential? Why do people around the world care about a simple Buddhist monk who was forced to leave his country 50 years ago, and who for years has headed an unrecognized government-in-exile – a “virtual” nation of 6 million Tibetans? Today, with fresh movements in Tibet, his leadership is once again on testing grounds where the philosophy of peace and brotherhood is under challenge.

The man had a dream, a mission – a burning all-pervasive sense of purpose. He transformed the odds against him by the force of will and effort. The world started to take notice and give his people shelter and recognition. Through five turbulent decades he has successfully disseminated the message of peace and tolerance. In a world torn by strife, his message has reverberated with hope – the hope for a better world. To me, he exemplifies benchmark strategic leadership and superb public relations skills.

“What is the connection between strategic leadership and public relations?” I had once been asked. Well, in my belief, the two are discrete but complementary. There can't be good strategic leadership without the back-up of a good public relations machine and vice versa. It's akin to the relationship between music and rhythm. Good leadership without equally good accompanying PR doesn't become effective and self-sustaining. Let us dwell on each of these concepts one by one. First, strategic leadership.

What **IS** strategic leadership? Very simply, a strategy is a plan of action for accomplishing a goal. A leader is someone who has the quality to enthuse, energize and integrate a mass of people and direct their efforts for accomplishing a common goal in any situation. The size or magnitude of the situation does not matter. The US Airforce Field Manual has very aptly

defined a strategic leader as “**an experienced person who has the wisdom, vision and ability to plan and execute consequential decisions in volatile, uncertain and complex environments.**”

History has shown innumerable men and women of exceptional quality who have made others follow their thoughts and actions with trust, conviction and passion. They were all leaders of truly high order. Only the leadership styles changed with the times. In the first half of the 20th century, we had **great leaders** who dictated. Herr Hitler, Sir Winston Churchill, President De Gaulle - the list runs long. In the second half of the 20th century, we had **visionary leaders** who motivated. Nelson Mandela, Mother Teresa, Akio Morita, J R D Tata, Dr A P J Abdul Kalam – it’s equally fascinating. The 21st century has begun to see a different brand of leadership – **strategic leadership**.

A strategic leader does many things. He learns, he plans, he innovates, he motivates, he multi-tasks, he “walks the talk” and, through all these, he creates and transforms all the time. And since the aim of all strategy is to link aims, ways and means, the aims of strategic leadership are to

- **Determine the ends**
- **Choose the ways**
- **Apply the means**

In the corporate context, today’s strategic leader is a far cry from the glass-walled CEO that we’ve grown up seeing. He’s a hands-on ‘people’ person who learns before he leads. He is connected with the grassroots and he doesn’t believe in detaching and distancing himself from the people he works and lives with. He is an Information Age man who has effectively imbibed and integrated the best leadership attributes of the Industrial Age. Speed, objectivity and measurability characterize his functioning.

As Theodore Roosevelt said, “**People ask the difference between a leader and a boss. The leader works in the open, the boss in covert. The leader leads, the boss drives.**”

A strategic leader has some basic characteristics: **passion, decisiveness, conviction and integrity**. He has a high level of emotional tolerance and toughness. This gives him the added strength to influence human minds by connecting at the emotional level and the skills to convert conflicts into healthy relationships. A strategic leader is also called a **transformational** or **creative leader**. He transforms minds. He transforms adversity to opportunity, and dreams to reality. He uses his unique qualities to percolate his dream in hundreds and thousands of other people. He instils and ignites passion in them and ensures that everyone together reaches a shared goal.

Let me exemplify transformational leadership with two outstanding examples.

The first example concerns the governance of a city-state. **Lee Kuan Yew** of Singapore stands out for shaping and driving Singapore’s development over a three-decade period, catapulting a Third World backwater to the top ranks of the First World. His is an unparalleled story of imagination, political will and exercising power in a benign manner. Between 1959 and 1990, Singapore achieved what is widely regarded as a social and economic miracle and that too, without any major disruption on the way. Let me take you through the unique aspects of Lee’s leadership.

First, as a strategist, Lee Kuan made periodic and sweeping transformations pushing through four radical changes – from labour-intensive import substitution, to export-oriented manufacturing, to moving the entire economy up the value chain to focusing sharply on human capital, infrastructure and technology.

Second, he discarded theory for innovations that worked. The focus was on performance.

Third, he emphasized on meritocracy in government.

Fourth, he gave topmost priority to primary and secondary education.

During his governance, the per capita GNP of Singapore rose from USD 920 in 1965 to USD 23300 in 2000. Literacy rose from 72% to 92%. The number of owner-occupied housing rose from 9% of the population in 1970 to 98% in 2000. Every time I sight the water jets sprouting from the symbolic lion head I just can't resist my admiration for this fantastic lion king of Singapore.

The second example is of a man whose name is corporate legend and what can I possibly add to what you haven't already heard? **Jack Welch** transformed GE into one of the most admired companies in the world. Having taken over as the CEO of GE in 1981 with a market capitalization of USD 12 billion, Welch stepped down in 2000 with a market value in excess of USD 500 billion. To the business world, Jack Welch has epitomized strategic leadership.

Welch's definition of strategic leadership entailed the famous 4 E-s – **Energy, Energize, Edge and Execution**. At a later stage Welch added a fifth element, "**Passion – a heartfelt, deep and authentic excitement about life and work.**" His success recipe focused on **vision, culture, employee-empowerment and elimination of boundaries.**

Let me share a few experiences.

We, at the Ruia Group, are bonded with a common vision – "**To grow into a multinational corporation matching global standards in every segment of our operations, and in the process, delight all our customers, employees and stakeholders**". As a diversified multi product, multi technology business group with interests in heavy engineering, infrastructure, tyres, sugar and industrial electronics, this vision binds us in our diversities and propels us to ensure continuing synergies.

When we took over Jessop & Co Limited in 2003, the 220-year old engineering giant was a sleeping giant, and an ailing one. Numerous people in the business fraternity said Jessop will never turn around. Thousands forecasted a premature death. We did not get affected. We did not turn back or lose heart. We had confidence. We were focussed. We kept things simple and did not venture into grand things or path-breaking changes. The most daunting challenge was that of transforming human minds and all the doubts, apprehensions and fears that they harboured. It called for strategic interventions at many levels.

In a critical turnaround situation like this, it is imperative to convert doubts and dilemmas in the minds of people into security, trust and confidence. It is essential to connect with them through continuous interaction. It is essential to communicate the commitment to create a professional work ethic that recognizes and rewards employees. In Jessop, we did these with absolute honesty and transparency.

Friends, the transformation of an old warhorse does not need management books. It needs tact, common sense, good strategic leadership and effective communication at all levels. It needs complete alignment amongst all team members with the vision and strategies of the leader. It needs two more things – passion and challenge. Challenge is a great motivator. And, as I just said, the success mantra lies in keeping things simple. Leadership, management and operations work best when things are simple.

A strategic team leader must champion a few essential practices:

- Managers should be empowered to take decisions on their responsibility areas.
- Speed must be ensured in implementing decisions. Speed is critical to success.
- The highest levels of trust, confidence and credibility should be ensured in the top management team for taking clean, fair and unbiased decisions.
- Communication at all levels must be quick, consistent and transparent.

Today, we are endeavouring for a quick turnaround of Dunlop India Limited and have thus far had a fair degree of success. The challenges of an institution like Dunlop were unique and very different from those in Jessop. Dunlop had been dead for over seven and a half years, and for another three years before, it had languished in paralysis. When we took over, the once-premier tyre company looked like a cemetery. No people, no running infrastructure, no working capital. Plant and machinery had been lying unused for a decade. Finances were long depleted and old liabilities had hit the roof. Old business partners and associates were loud in voicing their scepticism and cynicism. But that didn't shake our belief or our resolve.

Our faith on **brand Dunlop** was immense. We held on to our vision on the strength of this brand. Some of you would recall the once-popular and powerful ad line - "**Dunlop is Dunlop, always ahead**". The brand was unique, it spelt magic. The potential was huge. To the world at large, turning Dunlop around was impossible. But then, **IMPOSSIBLE** has also been spelt **I'M POSSIBLE**. When a bunch of fired up people join hands for "mission impossible" it converts adversity to opportunity. It really makes all the difference.

And that, my friends, brings us to the wheels on which strategic leadership runs - **public relations**, and its more expanded and glamorous avatar – **corporate communications**. None of the success stories that I've talked of, from Lee Kuan Yew to Jack Welch to our very own management team, would have really happened without the foundation of sound, scientific and rigorous communication. I had said in the first part of this lecture that strategic leadership and communications are complementary. Let me explain. Strategic leadership happens in the mind. It is a faculty, an ability. In an organization having hundreds and thousands of people, this ability needs to be **seen, heard** and **touched** by everyone in order to be effective. That's where PR or corporate communications comes in. It is the **voice** and **vision** of strategic leadership.

Corporate communications, as I have perceived over the years, is a strategic management function that integrates itself into the corporate framework right from the brick and mortar stage. It is not the fire extinguisher that sits around waiting for that moment of crisis. It is NOT an extension of the Chairman's or CEO's secretariat, or a subsidiary of the marketing function. It has its own discrete, independent, standalone entity that has a major complementary role to marketing, sales, advertising and human resource development. It's a distinctive management function that accomplishes quite a few things of significance:

It helps establish and maintain mutual lines of communication, understanding, acceptance and cooperation between an organization and its people. It informs the management of problems and issues. It helps the management be in tune with public opinion. It defines and emphasizes the responsibility of the management to serve the public interest. And it helps an organization to anticipate, harness and manage change on an ongoing basis.

Public relations or corporate communications, today, is at the cutting edge of the rapidly changing corporate scenario. With the shifting sands of takeovers, mergers and acquisitions, the rise and fall of the IT and dotcom sectors and the hi-tech bowing down to the bio-tech, the scope and relevance of public relations have significantly changed. Ed Bernays, the grandmaster of PR stated that "**PR is the attempt by information, persuasion and adjustment to engineer public support for an activity, cause, movement or institution.**" Since then, the "**consent engineering**" aspect of public relations has gained considerable ground. According to none other than Sanat Lahiri, the first President of the IPRA, "**PR is essentially about negotiating changes with the minimum of friction.**"

And if PR is all this and more, let's spare a moment on what it is **NOT**. It is not about liaison and favour seeking with government for companies. It is not the Chairman's social events wing. It is not just the press relations facilitator of the company. It is not even just its write-arm. It is actually the communications platform for all corporate strategy. And that's why the changing scenario has re-christened the meaning and ambit of PR into the larger and more diversified territory of Corporate Communications.

I have been asked many times **WHY** Corporate Communications is considered to be of such great importance as a strategic business tool. There are several reasons:

- We live in an age of information travelling at the speed of thought
- People today are more educated, better informed and information-hungry
- Information comes to us in beautiful glossy packages. The bar is high for a company's message to stand out in today's environment.

A well developed, coordinated corporate communications system is a tool that companies today should have at their fingertips.

Let me share a few examples of how companies have leveraged communications to maximum advantage. Colgate did it by associating its brand with tenets of protection – an attribute of great importance to the Indian culture. By aligning itself with the characteristics of the people and underscoring its role as a protector, Colgate was able to overcome complex socio-cultural factors and arrive at an all-time high mass acceptance quotient.

In one of its early advertising campaigns, Hyundai successfully leveraged the highest common denominator of Indian culture – Bollywood – for its endorsement of the Santro. Not only did it align itself with a universally accepted lifestyle and a universally understood language, it acquired a 12% market share in a remarkably short period of time.

An important point that I must stress is that it is necessary for companies to adapt to the changing environment without changing what they stand for – their ethics, ethos and core values. In 1995, Starbucks, the Seattle-based coffee giant, adopted strict guidelines aimed at improving working conditions at its off-shore coffee suppliers. Human rights groups, the world over, applauded these initiatives.

Corporate communications must be hand-in-glove with a company's overall business strategy and play a pivotal role in defining the corporate vision and mission and communicating them effectively and transparently to **internal** and **external** customers. Given today's volatile and rapidly changing environment, a clear cut vision and mission not only keep employees aligned with what the company is striving to be, but also act as a source of stability for customers weary of the constant changes engulfing them. Furthermore, with volatile job markets and rising attrition, clear and continuous internal communication has become a vital operations management tool.

Together, they build a company's reputation. A solid reputation is built when a company's **identity** and **image** are perfectly aligned. Prof Charles Fombrun of the New York University and author of the book **REPUTATION** wrote:

“In companies where reputation is valued, managers take great pains to build, sustain and defend reputation by following practices that shape a unique identity and project a coherent and consistent set of images to the public.”

A good example of how reputation can help salvage a crisis would be that of Coke and Pepsi surviving the pesticide crisis in 2003. For the first time in their histories ever, the two competing cola giants actually joined hands in strategising to protect their reputations.

Managing reputation often relies on corporate advertising in some form or the other. Paid corporate advertising is often the easiest and fastest option available to organizations. According to Alyque Padamsee, corporate advertising is paid use of the media that seeks to benefit the image of a corporation as a whole rather than its products or services in isolation. It is image advertising as against the more popular product or service advertising.

Many companies use corporate advertising to strengthen their identities following structural changes. As mergers and acquisitions happen, or major diversification projects take-off, companies need to explain their changing position and strategy to constituents who may have known them in an earlier incarnation but are presently ignorant or ill-informed.

Corporate advertising has some other uses too - **inviting investors, attracting talent and moulding public awareness.**

This discourse will not be complete without a brush with what is commonly called **crisis communication**. A crisis is something everyone can relate to. The death of a close relative, the theft of a car, the fears of natural calamity and even a broken heart can become a crisis in life. At the organizational level, pesticides at Pepsi, worms at Cadbury, lethal leaks at Carbide - most recently, the sub-prime case in the US – all snowballed into major crises for companies. Today, with sea changes in technology and the make up of the media itself, any corporate crisis can become national and international news in hours. And therefore communications relating to crises assume great importance.

On the one hand, are crises caused by natural calamities. On the other are those caused by human error, negligence, or by evil design and malicious intent. A great many corporate crises in recent years have been, so to say, man-made and not natural disasters. Pepsi, Tylenol, Perrier, Carbide, Bear Stearns – all these were essentially human-induced.

Proper crisis management entails addressing all concerned issues with great care and diligence. Naturally, corporate communications has an extremely critical role to play in such exercises and is very often the face and mouth of an organisation to its employees, buyers, associates and stakeholders.

Let me wind up this address with a little story – a gripping story of human courage and a powerful chronicle of strategic leadership and crisis communication in harmony.

Many of you would know, especially those of you who are history buffs and are hooked on to the History Channel, that Sir Ernest Shackleton was a great explorer who found himself and his crew in a life-or-death crisis when they had to abandon ship in the icy waters near Antarctica. The year was 1914. Shackleton's expedition had planned an unprecedented land crossing of the frozen continent. When the ship got stuck in the ice and sank, the crew had to effectively undergo an incredibly harrowing 18-month survival test.

They stayed alive as they moved among the drifting ice floes until they eventually found an island, where they established a camp. When their provisions began to run low, Shackleton and several crew members boarded one of their salvaged lifeboats and made a daring 800-mile voyage to a whaling station. They returned with a ship, and all 27 men survived the ordeal. Their story is incredible and nothing short of miraculous. I personally think there are many lessons we can learn from Shackleton's experiences.

There are two types of people during a crisis -- those who freeze, and those who focus. Shackleton and his men were stranded in one of the coldest places on the planet, but his creativity never froze. Instead, it was critical to the team's survival. His creativity and communication skills were central to the survival of the lives of the men who had entrusted themselves completely to his vision, concern and strategy for their journey. His creativity

etched the survival roadmap. His communication skills - crisis communication to be more specific – made his crew hold on to hope, confidence and belief in their leader. It fuelled motivation.

Three principles on crisis handling and communication come to mind from this story:

- **Creative activity increases creative ability. When we freeze, we stop creating.**
- **The rule book does not rule. Everybody wants to cite the rule book and escape.**
- **Communication always finds a way through creativity.**

The element of creativity is very important for both good strategic leadership and communication. Friends, for a moment imagine yourselves stuck in Shackleton's situation. It would have been very easy for him to have simply looked at the first couple of options and give up. Instead, Shackleton began to think of things that were seemingly impossible. He had no other choice because it was a case of life-or-death. Most of the time in the life of our organizations, we aren't really facing life-or-death situations and so we do not pursue creativity long and hard enough to let it work for us. But when we do, it works like magic.

Friends, I don't wish to leave you with a profound message. I would only urge all managers and especially all corporate communications professionals to open their minds and let creativity soar. Let it get stronger. My message to all of you is - throw out the 'rule book,' and let creativity help you find a way, just as it did for Sir Ernest Shackleton. Innovate, take challenges and let passion speak. Passion is very infectious. It is a phenomenal communications tool. It binds people. Lead by example and keep your learning curves up and running. You'll find the world listening to you with rapt attention.

In the eternal words of the great Albert Einstein -

To lead people, walk beside them. As for the best leaders, people do not notice their existence. The next best, they honour and praise. The next, they fear. And the next, they hate. When the best leader's work is done, people say, "We did it ourselves!"

Thank you.