

Challenges in  
building a leadership  
pipeline –  
Perspectives from  
South India

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**EgonZehnder**

Egon Zehnder organized a roundtable discussion on 21 March 2014 in Chennai, India, with senior HR leaders across industries to discuss the leadership-related challenges faced by the companies in Chennai. The forum consisted of experienced top executives from the industry across Indian and MNC organizations spanning manufacturing and services industries/start-ups and established companies. The diversity of the group made for a stimulating discussion.

While the participants were from Chennai, the lessons from the session are broadly equally applicable to organizations in other cities like Coimbatore, Hyderabad and Kolkata where attracting professionals to the city is often a challenge.

The key themes were as follows:

***Make or buy:*** Companies often struggle to decide whether to hire from outside or promote from within. Even traditional companies that are trying to change find it tough to decide on the critical number of positions that need to be filled externally in order to create a new culture or overhaul the existing ethos. To compound this issue, there are often different sets of eyes looking at talent internally and externally, thereby making calibration challenging.

***Hiring challenges:*** Getting hiring right is essential and poses different challenges for various companies depending on their stage of evolution. For start-ups/companies in domains lacking talent, the issue is often where to look for fresh talent and what are the must-haves and nice-to-haves in the recruits. In established companies, while the hiring process might be stable and robust, the challenges are often in getting integration right. Often, the informal networks in the organization are so strong that the hired individual may be excluded and not set up for success.

***Bridging the chasm:*** Many technical leaders find it challenging to transition to business leadership roles, frequently leading to a shortfall of “well-rounded leaders” in the leadership pipeline.

Some challenges here include:

- How do we bridge the gap between technical leaders and business leaders?
- What is a rigorous way of assessing potential?
- How do we help people grow into a collaborative style of leadership when they have matured in a “command and control” environment

In this context, twelve HR leaders convened to discuss how these challenges can be addressed in a systematic and sustainable manner. While the discussions mainly focused on Chennai, several of the lessons are equally applicable to a range of geographies. Key insights are synthesized in the following pages.

# 1. Proactively drive diversity

Diversity can span different dimensions. Chennai as a city has its share of challenges in terms of attracting talent from other parts of the country. Family members are often reluctant to relocate to the city. In addition, given that a lot of the companies have grown “in-house”, leaders from other parts of the country are often disinclined to move to a new city with strong “hard-wired” cultures. If we turn our attention to sectors that are mushrooming, there is often a compulsion to look outside the sector for new recruits due to the inadequate depth of the talent pool.

- **Focus on competency more than experience:** Organizations often end up discussing the trade-off between experience and competency. This is all the more relevant in some specific industries such as airlines, logistics and hospitals where there isn't a “ready-made” pool of talent to hire from. In several of these industries, some technical elements can become sacrosanct when hiring. In such cases, it is critical to clearly articulate the “must-haves” and the “nice -to-haves” if companies are open to talent from adjacent or unrelated spaces.
- **Over-invest in integration:** After effective recruitment, organizations often conduct a customary “induction”, but very quickly drop the incumbent in at the “deep end of the pool”. This is specifically relevant in organizations with a history of promoting from within and rarely recruiting leaders from the outside. In several such organizations, there are strong informal structures and lines of communication. The organizational antibodies often end up ejecting the “foreign particle” if not paid attention to. The new individual should be settled not just into the role, but also into the culture and the web of relationships that currently exist in the organization. Ownership of this integration should lie with the business leader, and not just with the HR leader.

- ***Get the family on board:*** Employees moving to a city are motivated by a combination of factors related to their employment and lifestyle needs. If the family does not move with the individual, the onboarding can derail in many cases. It is critical to ensure that individuals bring their families with them to the city. Organizations should consider arranging visits for the families of potential hires to experience the Chennai and gain a more nuanced perspective, encouraging them to overcome some of the un-substantiated biases they might have. This also opens up family members' eyes to the city and the experiences it has to offer, as Chennai has evolved to become more inclusive in recent years.

“Chennai is an acquired taste; once people come in and spend some time, they enjoy the experience”

## 2. Think through elements of Talent Development

While, the broad principles of talent development are well understood, there are pockets of opportunity to optimize the timing of some stages of the process.

- ***Signal intent to develop by involving leaders:*** Given the VUCA (Volatile, Uncertain, Complex and Ambiguous) world we live in, it is critical that organizations keep innovating themselves as they move forward. Promoters could even role-model the learning and development mindset by going through the leadership development process themselves. Some organizations involve the statutory board in the talent review process whereby they go through the top talent in a systematic way and have a point of view on some of the decisions. Such commitment from the top also, in turn, motivates leaders thanks to the visibility they gain with the board members.
- ***Manage the expectations of high-potentials:*** In organizations, there is often only a finite number of opportunities at the top. In such situations, the company needs to invest a disproportional amount of time and energy in managing the expectations of the aspirants. The latter are likely to include individuals who might be expecting a promotion “out of sync” with their capabilities and those that genuinely show the possibility of taking on a bigger role, but are held back by the lack of opportunities in the short-term.

In the case of individuals that are keen for a promotion, but clearly “are not there” yet, the organization needs to find a mechanism to manage their expectations in terms of clearly articulating the gaps in their capabilities and indicating what they need to work on in the interim to qualify for bigger roles.

In the case of individuals that are ready but don't have roles, acknowledging the issue and being transparent about the scarcity of opportunities while re-iterating faith in these leaders is half the battle. While there may be limited roles that people can be promoted to, companies should think about creating and conceptualizing projects that people can be assigned to in addition

to their regular portfolio. These projects could give them greater visibility to the broader organization and help build new skill-sets while keeping them motivated to grow and contribute to the organization.

- ***Get the timing of rotations right:*** Several organizations have an opportunity to rotate people across multiple departments and markets. Some of the locations (such as manufacturing plants) may not be conducive to an individual's family accompanying him/her, especially given the limited education and healthcare infrastructure available. It is important to sequence experiences bearing this perspective in mind. As an example, new graduates are good candidates for rural postings or remote locations at a plant. It may well become progressively difficult to send people with families to such locations.
- ***Over-invest in talent development in select places:*** When leaders think about “promote from within” or “hire from outside”, the equation often ends up being further skewed in the case of Tier 2 and Tier 3 locations where it is difficult to attract talent from the outside, either due to a paucity of talent in the catchment area or the intrinsic “unattractiveness” of the location to professionals facing relocation. In such situations, it is critical that the organization over-invests in in-house talent development and retention in that location. For if staff leave, such positions can become extremely difficult to fill and may lead to a void along the leadership pipeline. If not managed properly, this could lead to situations where the talent skips a generation (e.g. there are 55+ year-olds at one level and 40 year-olds at another).

**“Our Statutory Board spends 5 full days a year focusing on the development of the High Potential individuals”**

### 3. Bridge the gap between technical and business leaders

Large manufacturing organizations often end up dealing with a strong technical manager who is often ineffective at the leadership level. This could be a combination of will, skill and/or mindset. The organizational response needs to be different in each of these cases.

- ***Horses for courses:*** Recognizing and understanding the aspirations of individuals and having a tailored career strategy is important – some individuals may be happy to grow in the technical domain and may not have the interest or the hunger to acquire general management skills. Therefore there is no point in pushing such individuals towards business oriented roles in the future. These individuals can be systematically identified at a relatively early stage of their career. Often these conversations don't happen and all leaders are viewed through the same lens.
- ***Build parallel paths for technical leaders:*** In instances where strong technical leaders do not want to switch to the general management track, the organization should consider building a parallel path for technical leadership. While doing so, it is critical to ensure that the rewards (including compensation), title and reporting relationships reflect the importance of the position. This ensures that the individual is motivated and makes a significant impact on the organization as s/he grows without feeling that a glass ceiling has been hit. This applies as long as the individual is contributing significant value in the technical role, but it must be done selectively and only to accommodate star performers. Otherwise, there is a risk of the organization structure becoming too complex as a result of tweaks to suit individual preferences.
- ***Recognize the discontinuity (if a technical leader aspires to be a business leader):*** When decisions have to be made about elevating technical leaders to a General Management role, they need to be assessed for an additional set of capabilities that become critical for success at that level. These skills includes the ability to collaborate with peers, openness to new ideas and strategies, investing in relationships with the wider organization to drive

change, willingness to learn and develop in areas where there might be a gap. Individuals who are passionate about moving from a technical career track to a business role, should first be made aware of the significant jump that is required of them. The transition also involves a major shift in leadership style. In manufacturing, individuals who are often used to a “command and control” style, may find it difficult to get their points across in a leadership team setting where their peers are as smart- and arguably smarter- in other domains. Being able to ask the right question often becomes more important than knowing the right answer.

“What got you here may not get you there”

## Moderators:



### **Deepak Jayaraman:**

Deepak Jayaraman, based in Mumbai, leads Egon Zehnder's Life Science and Healthcare Practice in India and is active in the firm's Industrial Practice. Deepak works with clients on a range of leadership topics, including executive search, management appraisals, executive coaching, leadership development, and team effectiveness reviews. He spends a significant amount of time working with clients in South India, specifically in Chennai.

Prior to joining Egon Zehnder, Deepak was a Consultant with McKinsey & Company in the US, where he worked with healthcare clients across the US, Europe, the Middle East, and Australia. Previously, Deepak was a Consultant at KPMG Consulting, based in London, Mumbai, and Chennai, working on business transformation projects with clients across the industrial goods space in India and the UK.

Deepak earned a Bachelor of Technology degree in Mechanical Engineering from the Indian Institute of Technology in Chennai, a Post Graduate Diploma in Management from Indian Institute of Management in Ahmedabad, and an MBA (with distinction) from London Business School in the UK.



### **Neeraj Sagar:**

Neeraj Sagar leads Egon Zehnder's Industrial Practice in India and works closely with Indian and multinational manufacturing organizations across India and the region. He conducts executive searches, search for non-executive directors, and leadership team assessments, and is a trusted advisor in corporate governance matters, as well as setting up advisory boards. Neeraj is active in the Technology and Supply Chain Practices as well as the firm's Family Business Advisory.

Prior to joining Egon Zehnder, Neeraj was with McKinsey and Company, based in Singapore, working with clients across South East Asia, China, the Middle East and Europe. Previously, he was a Consultant with Boston Consulting Group based in Chicago. Earlier Neeraj was with Schlumberger as a Business Development Manager, based in Nigeria and the UK, having previously served in various technical roles in the US. Neeraj started his career with Engineers India Limited in New Delhi as a Plant Operations and Commissioning Engineer.

Neeraj earned a Bachelors in Engineering from TKIET in India, an MS in Engineering from Stanford University, and an MBA from The University of Chicago.

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