

LEADERSHIP





ADITYA BIRLA GROUP

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The Aditya Birla Group has a history of approximately 150 years, and the current Group Chairman, Mr. Kumar Birla, is the fourth-generation Birla to head the company. His great grandfather was a close confidant of Mahatma Gandhi, and was closely involved in the Indian independence movement. His father was the first to take the business overseas, largely to south-east Asia and Egypt. Today, the Group has firmly established itself on the global scene with employees from more than 40 nationalities and more than half of its turnover derived from its international operations.

Kumar Mangalam Birla

Chairman



Since his father's death in 1995, there have been major changes in India's business environment: liberalisation, the removal of import duties; foreign investors also brought about a drastic change in investor expectations. The company changed with it, growing almost twentyfold in terms of turnover, but more importantly, driven by a need to stay contemporary. Says Mr Birla, "I always believe that it is important for leaders and organisations in any field to stay contemporary if they want to stay relevant". The company has grown through significant acquisitions, and also by divesting a few non core business lines. "The ethos has been to be a market leader in every business that we are in, where leadership is defined as being number one or two, or at worst number three in any given vertical."

But how has the Group achieved this growth? Says Mr Birla, "One of the Group's core philosophies has been that we are a meritocracy, meaning that we are a people focused, people driven company, highly delegated, highly decentralised, with very empowered teams who are customer-centric. The whole idea is that the organisation works for people to succeed, or as I say it, 'set people up' for success."

These philosophies have been translated to practical actions and are clearly evident in how the group conducts its operations. Entrepreneurship is highly encouraged with leaders throughout the organisation who are more than willing to explore new ideas and consider new avenues for growing the business. This has allowed the group to grow from a USD2 billion in annual turnover to more than USD41 billion today. Having adopted a people centric management philosophy has also provided for a good holistic working environment that has allowed it to attract and retain the talent that is required for its commercial ambitions.

The company has a core set of values, which form the core of its very function, and which it in fact articulates at the front doors to its headquarters. Despite the dramatic growth which the Group has undergone across an astounding range of innovative as well as more traditional sectors, "the common glue that we believe must keep the Group together is this common set of shared values". Mr Birla also stresses the importance of cascading these values down the organisation, for example through values workshops, which put the values in the right context. He explains: "there can be different connotations, for example to commitment, in different corporate cultures, in different parts of the world, so it is important to communicate to the new team what we believe commitment is all about".

Do his values change? No, he says - values remain the same, but issues can become less or more important, given what is happening in the world around us. Sustainability, for example, has been a more recent focus over the last few years, whilst focus on value compliance has been as constant as it always has been, and will never change.

"I believe that great and lasting businesses are never built on the quick sands of opportunism. For us, at the Aditya Birla Group, if living by our values means, perhaps growing at a pace slower than we would otherwise have liked, so be it. For us, the key to enduring leadership lies in knowing what we stand for and in living by that. In essence our values provide us with a moral compass, they provide us with our roots and they give us our wings", avers Mr. Birla.

The value cascade of course starts from the top, with leaders who have demonstrated that they live these values. Says Mr Birla, "very often, when there is a choice between two or three leaders for an appointment to an important position, a potentially decisive factor is how well these leaders have demonstrated or helped other people to embed the values of the Group." Values are also appraised, and feedback given for conduct which is inconsistent with the Group's values. Public recognition of this value leadership is also important – the Group holds an annual meet up of 700-800 leaders from across the organisation, as part of which people who have demonstrated the espoused values in an outstanding way are recognised – and rewarded.

This is not to say that the Group has a utopian worldview – "we believe that economic growth and profitability while adhering to principles of good governance and adhering to the values of the Group can be in sync, that you can grow while keeping your values intact", says Mr Birla. "These are the moments of truth that actually determine whether or not you follow these values and principles." The Group is also active in charitable and CSR activities, focusing on real issues, largely in the communities around its establishments, ranging from self-help groups to vocational training, to a variety of village-level initiatives. Says Mr Birla, "it is very low key, we hardly talk about it, it is not publicised, but I think it makes a substantial difference to the lives of many people." Again though, the family business has focused on a pragmatic, holistic approach, in the past as in the present, combining its benefactor activities with creating jobs, skills development, especially in the marginalised sections of society, as well as other contributions in many different areas, be they, education, or healthcare or sustainable livelihoods, is a great model.



Successful leadership in his view is a combination of many things: "a successful leader is a leader who firstly has integrity, has a genuine concern for the well-being and growth of his team and his people, which he also demonstrates on a consistent basis". Also important is an understanding of how different current events in the global environment impact upon the business, and of the reliance of a leader – or organisation – on people in order to achieve significant things; all of which a good leader recognises, says Mr Birla. "He will lead in a manner that he gets maximum leverage from the strength of the team and its people. Above all a true leader is authentic, humble and non-judgmental".

Kumar Birla's view of his own leadership style is well thought out: "An important value in the Group is the concept of trusteeship, of managing the assets of the company as a trustee for your shareholders and other stakeholders. That is a perspective always to keep in mind when running a company: it is a very important filter when judging any situation, when making important decisions." He also identifies personal education, a personal life philosophy, as factors which have a consistent impact which alters the person leading the organisation, and the way that the company is run.

The consistent, long-term view is important – as he puts it succinctly, "the organisation has to be driven by people who see the Group as their home, not as a hotel, an attitude which requires commitment both ways." Although tactical moves are always required, decisions must be taken with considerations that shape the future of the company from a long-term perspective.

Knowledge is another key factor: "In a conglomerate situation, I expect that my business leaders, those who run businesses will know much more about the business than I do – if it is the other way round, I think there is a problem", says Mr Birla. Information comes from interactions with business leaders, but also from one's own experience of what is happening in the world, and from the experience of other companies. This range of information sources builds into a line of view incorporating the issues, how these are interrelated and combine, and the implications that this has for the business over the short and longer terms.

In closing, he provides advice to young graduates: "Pursue your passion, follow your dreams, recognise your own strengths and weaknesses and work on both, from the point of view of becoming a more realistic leader, and have a set of values which you live by and commit yourself to."