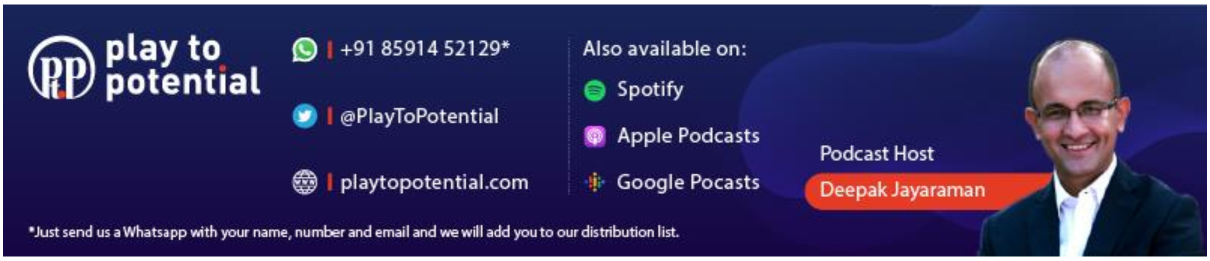

Guest

My sixth guest on the Play to Potential Podcast series is Ravi Venkatesan. He is the Chairman of Bank of Baroda and the Co-Chairman on the Board of Infosys. He is the co-founder and Chairman of Social Venture Partners India, a network of engaged leaders attempting to address complex social issues through venture philanthropy. He invests in young organizations through Unitus Seed Fund. He also works as a mentor with some start-ups that need guidance. Ravi is the former Chairman of Microsoft India and Cummins India. He is the author of bestseller "Conquering the Chaos – Win in India, Win everywhere" published in 2013 by Harvard Business Review. He is an alumnus of IIT Bombay (B.Tech – Mechanical Engineering), Purdue University (Masters in Engineering) and Harvard Business School (MBA).

Ravi has had several interesting transitions through his career 1) Moving from the US to India to head Cummins 2) Moving from heading Cummins in India to heading Microsoft 3) Leaving Microsoft to pursue his current portfolio of Board memberships, writing, speaking, philanthropy, investing, mentoring start-ups and more. We spoke about a range of topics including the transitions he has made, leadership in the social impact world, building a career in a growing gig-economy and more.

Context to the conversation

Hi - This is Deepak Jayaraman here, the creator and curator of the Play to Potential Podcast series. My guest this time is Ravi Venkatesan - who needs no introduction. He is an alumnus of IIT Bombay, Purdue University and Harvard Business School. He used to Head Cummins in India between 1996 to 2003. He then moved to a very different industry and headed Microsoft in India between 2004 and 2012. Now he wears multiple hats ranging across Board Roles, Social Impact, Venture Funding, Mentoring entrepreneurs, Writing and Speaking just to name a few of the things he does. In our conversation, we spoke about a range of topics including how one should think about building a career, transitioning across geographies and industries, inflection points in start-ups and moving from an Executive to a Non-Executive role. A little background about myself. I am an Executive Coach and I work closely with leaders during periods of organizational or individual transition. For details of what I do, you could see transitioninsight.com. Without further ado, over to the conversation.

Transcription

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Deepak Jayaraman (DJ): Talk to us a little bit about this whole 'million jobs' mission and what that's about?

Ravi Venkatesan (RV): First, let me talk about Social Venture Partners itself. This is a 17-18-year-old organization, set up originally in Seattle, but we started it in India in 2013. The whole idea was how you get successful people, entrepreneurs, professionals involved with the communities in which they live, so that they become agents for change and transformational leaders in society. Much of the dysfunctional aspects of India, I believe, are because people like all those who might be listening to your podcast live incredibly private lives and disengage more and more from society. So, if we want to create functioning societies, we need good people to be more engaged. That's why we thought SVP might be an interesting model, and today, there are 200 partners and in five cities. We obviously decided that we needed to sink our teeth into something that is common purpose. We said, given what are going on in India today, the issue of jobs, or more precisely, livelihoods, is a good one for us to try and make some dent in. So, we set ourselves without knowing exactly how we're going to achieve it, this audacious target of 'can we improve the incomes of one million people in a significant way by 2020'. We actually put that stake in the ground in 2015 and here, it is already 2017. So, that's what we're all about. We've been doing lots of experiments on how exactly we have this kind of impact. Now, we're converging more and more on the idea that solving such an intractable or wicked problem at such scale requires all stakeholders to come together in a collaborative fashion around a common purpose, common mission an idea called collective action. We are trying to see if SVP could be the platform for this kind of a mission.

DJ: How's the leadership in the social world different from what you've experienced in the for-profit world?

RV: As you said, there are a lot of people out there with good intentions. As you begin to feel successful as you get older, there is that desire that need, to actually contribute to something bigger than yourself. I think it's a really wonderful phenomenon that's growing stronger around the world, and certainly in India. The challenge is, it's not always evident how to make a difference and what your leverage points are. I think the social sector is — I am no expert on it but based on five years of thinking about these issues — fundamentally different in some ways. First of all, in a company, the success metrics are quite clear and well defined: revenue, bottom line. Whereas in a social problem, it's far more complex defining what success looks like, let alone measuring it and attributing success. Therefore, it becomes sometimes harder to mobilize people and certainly very, very hard to hold people accountable. The second issue is one of resources. There is much less abundance, so you have to be very frugal and very creative in how you are going to leverage resources. You can't pay people as much; therefore, you've got to figure out what is the value proposition that's going to attract bright, passionate people to work on these kinds of problems. Very frankly, sometimes, you also get people who are not necessarily the most accomplished and yet there's a lot of passion. How do you inspire them, motivate them? They are doers, so the ways in which you lead and manage are quite different.

What else is different? I think, there's almost nothing you can accomplish on your own. You have to work with a whole set of players, civil society, companies and government and so you need to be a really high EQ person if you are going to form trust-based relationships with an incredibly diverse set of people. Inherently, we live in an environment of low trust and declining trust, so this is an interesting challenge. The worst thing you can do is come in there as a know-it-all 'I've seen how it works in the corporate sector, I'm here to help' and then you hear the sound of crashing china, the bull-in-the-china-shop phenomenon. Very often, people from the corporate sector, with all good intentions, end up making that mistake.

DJ: In a country like India, where there's no shortage of problems to solve, how did you think about figuring out which problems to go after?

RV: The beauty of India is, there's lots of things you can do. So, in a sense, it really doesn't matter which cause you pick. You have to pick something that you care about, you're passionate about. When we started thinking about SVP, the set of people who were in the room gravitated towards jobs and livelihoods. So, it wasn't like there was some big scanning that we did and said which sectors are the most important or neglected. It was where our collective passion was and I would say that's probably the most important thing. The other important thing is once you decide where you're going to play, the theatre, you do have to bring systems thinking to it, because otherwise what you're doing, very likely, is just putting little Band-Aid's around issues. Maybe that's also necessary and helpful, but certainly it's not going to prevent problems from persisting. So, if you really want to make a difference, you need to be able to have a worm's-eye view and the bird's-eye view and go back and forth. You need that ability to see the whole system and the interrelationships and the linkages and figure out where the leverage points are.

DJ: If you had to say three things that formed you as a person as you grew up, let's say, till the end of education, that still form a core part of who you are, any themes that shows up?

RV: Yeah, certainly. I think it's that early childhood programing that actually persists in a very, very profound way. I think, the single most important influence in my life was my mother, not surprising. She instilled in me a desire to excel and be successful, and I have not been able to soften that conditioning very much at all. So, whatever I do, I try to pour all of myself into it and try and excel. So, that's been a lasting one.

Second is, fairly early again, I realized I wasn't the brightest person in the room, and the way I compensated for that is, I worked harder than almost anybody else. Even today, whatever I do, I burn the candle at both ends and the middle! So, that's an important part of growing up influences.

A third one would be just because of my family and the people who were friends of the family, I grew up as a very curious boy. There was a year when I had to drop out of school for medical reasons, and it was the best year. Because we lived in Chandigarh near a big state library, so, every day, I'd totter over to the library and come back with books that were way ahead of me, at least one book a day, not really reading every word, so, I grew up with profound curiosity, not just a narrow curiosity, and a boundless curiosity. I think that has served me very well.

DJ: With the wisdom of the career and the journey and the experiences you've had, if you were graduating from IIT Bombay today, how would you think about life ahead?

RV: If I am graduating from anywhere, period, IIT or not, I think you've to realize that the world is changing rapidly, that the era of stable jobs, careers, etcetera, is almost over. When I was graduating from business school, on the last day, we had a little class on how to think about your career. A professor stood up and said, 'Listen, forget about lifetime employment. Already, a Harvard business school grad has two-and-a-half jobs in their career. So, by the time you guys blossom, it's probably going to be four jobs'. That feels kind of ridiculous today. With automation, and outsourcing, and the gig, the marketplace, and all those kinds of ideas, I think you have to say, my life is not about a career or a job but rather a series of gigs or projects. If three or four of these gigs end up in the same organization, so be it. So, you need to frame your future professional life in a fundamentally different way. Rather than one smooth long highway ahead of you, you have to be prepared for lots of interesting and uncertain experiences. As a result of this, you need to be prepared to be an entrepreneur, or at the very least, self-employed. You need to have the confidence and the skills to be able to put food on the table and fend for yourself, rather than depend on an organization to feed you and take care of you, which means you better be really good at something around which you can build your professional life and economics.

The second thing is, you need to cultivate your professional reputation very intentionally. Most people today don't put any conscious thought into it. Therefore, if they have a reputation, it's an accident. I think people have to become far more intentional about it.

DJ: By doing what?

RV: First thing is, by being excellent. There is no room, or less and less room, for mediocrity. So, you have to be excellent at whatever you choose to do, and word will spread. You have to be dependable. You have to be a pretty reasonable integrity person. So, first of all, you have to focus on being a decent and competent professional. Then, make sure that that reputation is known, at least in the relevant circles. So, I think, conscious management of your professional reputation is going to be more and more important. With that, high quality networks. Not having a thousand friends on Facebook that's worth almost a zero but high-quality individuals on your network who are portals to other networks. So, you have to think about all these things.

Last thing, I would say is, you need to take more risk. Almost everybody I talk to, when they look back at their life and the older you get, the more you think about these things regrets not having taken enough risk. The thing you regret at age 70 is not the risk you took that didn't work out, but the risk you didn't take at all, the omissions. So, you wonder how life might have played out differently had you taken that role. You don't want to be there, that way, so right from the beginning, get used to taking on big challenges, being outside your comfort zone, confronting your fears. I think that's going to be really important as you get into a more and more complex, volatile, uncertain kind of world.

DJ: How do you deal with that tension of sticking long enough to ensure that you're resilient while responding to stuff that comes your way?

RV: I can only say how I've thought about it; I don't know that this is a prescription for anyone else. I have thought about every role I've got into with the idea 'what is the legacy I am going to leave behind'. So, almost everything I have done has been about a five-to-seven-year-long gig. Funnily, for the first few years of that gig, both I and the world thought I was going to fail. It's only by being resilient, tenacious, and seeing through all sorts of challenges that eventually you get to a point where you feel satisfied that you left something durable, enduring, and others do too.

I feel that the right way to go about it is probably in the beginning of your professional life, do lots of things. That means you might move every year, two years, but by the time you reach late 20s, you need to think about staying long enough to build something enduring, leave a legacy. So, the career path in that sense looks like not lots of little steps every two years but much bigger steps every five or seven years. So, even though the world is becoming more turbulent and stuff is flying at you from every direction, I think that it's still important to be able to weave, duck, bob, and build something impressive.

DJ: Give us an insight into transitioning to India? In your mind, what are the common failure modes of people coming into India from a different market?

RV: I came back to India in 1996, partly because India had gone through economic liberalization in 1991. I said, 'Wow, it's something different going on and I've never worked there, so it will be fun to spend at least some time there'. The other reason is my parents were aging and I wanted to be a little bit closer to them as they were going through some medical issues. I never intended to come back for good. In fact, for the first three years, I left all my things in storage in the US, and one quarter at a time, I would pay to extend the storage. I had a hedge, because I wasn't sure just how long things were going to work.

I had come in as the CEO, at the age of 32, of a failing joint venture with Tata Motors. The environment I stepped into was extremely hostile, because the two partners, Cummins and Tata Motors, were at loggerheads. There was a very powerful feudal leader at Tata Motors a man who just died called Vinod Rawal. He looked at me and said, 'You've never worked, you're 32 years old, you're more American than you're Indian'. He was quite hostile and I realized that somehow winning his trust was central to my success and that of the JV, just an instinct. So, I just focused on being humble and cultivating sort of an elder brother-younger brother relationship with him. I thought that was important. So, understanding instinctively only now can I retrospect and go back and rationalize these things understanding stakeholders and who matters and managing that was just survival instinct.

The second piece was, you better be a fast learner. If you're going to do transitions and I think today you're forced, whether you like it or not, to make these transitions every so often we have to be very agile in learning about new environments and new situations. So, I was a fairly quick study.

The third thing is tenacity. Everything in India is going to take much longer than you ever think it will. So, what should happen in one year will likely take three or four years. So, you've just got to hang in there and one day, it all pops and you're rewarded. So, those are some of the things I did, but I think a general sense of humility goes a long way in all these transitions.

DJ: Give us an insight into, from a leadership perspective, how do you nuance your leadership style in India?

RV: There are some things you've got to realize are different. First, India is a much more volatile and turbulent environment. I mean, just take demonetization. And this sort of stuff is fairly routinely happening. So, as a leader of an organization, you just have to be far more agile and resilient at the same time, than you would in a developed market, where things are much more stable and predictable, although they are becoming more like us.

The second thing that is different is, people capabilities are still quite modest. Remember India opened up only in 1991, so it's hardly been 25 years since we really had open business environment, and talent started learning how to operate in this environment. So, in contrast to, let's say, to a Germany or the US or Sweden, the depth of talent is quite modest yet, although it's improving. So, as a leader, you have to teach a lot, and you can't get impatient, and you can't just assume people will do things the way you wish. So, you have to be leading from the front, you have to be teaching a lot, and it's action learning, and you've got to be endlessly tough and patient. So, that style is quite different, I think.

The third thing is, you have to engage emotionally with your people. I think that's far more important in several cultures, including our culture. People expect that. They respond well to an emotional engagement. You can't be this distant, aloof, transactional leader. I don't think that works anywhere, but certainly it doesn't work too well out here. So, these are some of the challenges of our environment.

DJ: Picking up on one of the themes you alluded to, leading people who are much older than you. If I specifically reflect on the developments in the start-up ecosystem, as the companies grow, there comes a point where you need to get experienced people to run functions or run BUs. What are some of the lessons in making them work with you and driving towards what you're trying to achieve?

RV: Again, I was very conscious of the fact that when I started out my career, I was very often the youngest person in the room, at least till I turned about 40.

DJ: You were 35 when you were Chairman of Cummins in India?

RV: Yeah and it was big. In 1998-99, there weren't that many big listed companies and to be a Chair of one of those was considered a big deal, but today, that's incredibly common. I think, the most important thing is treat people with respect, and that's particularly important if you've got somebody older reporting to you. I think there is an expectation; India's still conscious of age and so forth. So, respect goes a long way. Most of all, whatever issues they may have following a younger person, if you're passionate about what you do, if you're competent at what you do, you listen to their ideas and treat them with respect, all these things about gender, age, all these things tend to vaporize very quickly. Today, I am at the opposite end, usually leading people much younger.

DJ: Any lessons on getting them to listen to you?

RV: Well, one of the things I do is, I expect them, I formally tell them, and I need you to teach me 'X'. So, there's a young entrepreneur I'm advising, helping or whatever. I said, 'Listen, I need you to teach me about Bitcoin'. He sort of assumed that oh, a guy from Microsoft, board of Infosys, chairman of some bank, surely you're joking, aren't you? And I said, 'No, I really need you to explain this to me in detail'. They really love it. Jack Welch was particularly very good at this. He used to say, every business leader in GE in the '90s needs to have a formal mentor who's much younger, teaching them about technology and digital and all those sorts of things.

DJ: After a long stint in Cummins, you moved on to take the leadership role in Microsoft in India. Give us an insight into how one could transition across industries effectively, with the wisdom of hindsight.

RV: I was very nervous about that shift, because the only place I'd ever worked in was Cummins and I'd worked my way up, so it was very much my home. I was leaving home, and I was also moving to a profoundly different industry, against all the advice of my friends and family and mentors, whether it was my mom or whether it was Nandan Nilekani. They said, don't do this, it's going to end badly, because you don't understand technology, Microsoft is a super tough transactional culture, you're a relationship guy. So, it was a tough decision. I remember thinking that OK, I'm 40 now, if I don't do this now, when? When I turn 50, which will I regret more, having joined Microsoft and got fired or having been too timid to even take it on? And I said, I'll feel worse with the latter, so let me go, but again let me frame it not as a job but as a project and so we don't know how long it will last. It ended up lasting eight years.

Now, what did I do that helped, in retrospect? I think, the first thing is, I was very conscious. I didn't know anything about the industry, so I listened a lot. In fact, I remember my interview process. I got interviewed by Bill Gates who used to then interview every person Microsoft hired. So, I said, 'Bill, I must be frank. I think you can find a better qualified person. I don't understand technology.' He said, 'That's great. Maybe you'll listen.' And he was exactly right. I listened a lot before making up my mind, and I think, that was really helpful, because it was a very arrogant culture at that point in time.

The second thing I realized is that the team we had was high on enthusiasm and low on maturity. So, I had to build a very new team, a much better team, incredibly quickly. I think that was really helpful.

So, as you make these transitions, quickly figure out who's on the bus, which's off the bus and then get a core team of committed people around you, because on your own, it's pretty tough.

Third thing was again stakeholder management. What I realized is, at the end of the day, Bill and Steve [Ballmer] were still pretty hands on and this is, therefore, in many senses, a '*lala*' company. It might have been a 30-billion-dollar company, but it was still very promoter-driven in an Indian sense. So, it's important that the promoters like you. The rite of passage in Microsoft was that you needed to take on Bill and Steve, and it didn't matter whether you won or lost the argument, but the courage to stand up and hold your ground was the rite of passage. So, within nine months of my joining the company, I made sure that we found an issue where I took a stance. And once that moment is over, you are in the good books, and if you're perceived to be in the good books of Bill, whether you are or you're not, the organization tends to be very much more supportive. So, I think, you have to decode the culture of an organization, who really matters, and learn how to navigate all that.

Performance matters. At the end of the day, whichever organization you are in, fairly quickly if you start performing and your unit starts performing, lot of things fall in place. I remember, the year I joined, Microsoft was handing out bonuses for growing 14%, and I was shocked, because I came from Cummins, which is a diesel-engine business which was growing faster. So, I said, this is the Hindu rate of growth. And the very first year, we took it to some 28%, and year three was 35%, year four was 45%. So, there is a certain thing about performance which really does earn you a lot of credibility and space to operate. So, I'd say, yeah, these were some of the things.

DJ: Could you double click on what is listening? How do you listen? Where do you listen, to really come up to speed on the situation?

RV: So, as you know about 18 months ago, I took on a completely new role as the chairman of a public-sector bank. Now, I know nothing about banking and I know even less about public sector, but yet Raghuram Rajan and Jayant Sinha felt that it was important that I take it on, so I did. Now, what do you do in this situation? And you know that the place is filled with landmines and you can step on anything without realizing it and get blown up. So, what you have to do is listen intently, and I did. I made a very conscious effort to listen to a bunch of people. The retired chairman of Bank of Baroda so help me understand from your perspective, what I should do, what the issues are, how would you handle them. And you get a certain perspective. I went and spoke to [Narayanan] Vaghul of ICICI and P J Nayak of Axis Bank, because they've been around and seen the evolution of the banking sector. I met a lot of our own employees and so forth. So, from this, you begin to piece together, first, the situation and then, out of that emerges a theory of change, which is, what interventions are really going to make a difference and who are going to be the important allies in this. If you don't listen and you come in with a point of view, you start jumping into action right away, you're going to make a lot of mistakes, because you haven't built this nuanced and reasonably accurate picture of the landscape. So, I am very, very intentional about these things.

DJ: Sometimes an organization is used to a leader who is a domain expert, sometimes a leader gets appointed from a different world. So, while the leader is listening, the organization is judging on a different set of metrics. How do you balance that tension of building credibility with the team that's measuring you on domain while you are trying to listen and come up to speed?

RV: I don't know that I agree that the organization is measuring you on domain. They are measuring you on how is this guy or this gal going to add value. Now, somebody may add value by being the domain expert. So, they quickly come in, they've seen the situation before; like a good doctor, they say, do ABC. And somebody like me, who comes clueless, has to add value in a different way to earn the respect of people, and you've got to figure out what really matters.

So, in Microsoft, it was clear why the company had hired me. It was because we were becoming irrelevant in a country of a billion people, so they wanted not a technology guy, or at least Bill and Steve wanted somebody who understood India. So, within six months, I said, in order to become relevant, this is what it takes and here's a set of things we ought to be doing, and it was plausible. I don't think it was rocket science or brilliant. They said, 'Great, now go do it. Where's your team? And by the way, here is a billion dollars of investment. Go make it happen'. And the team in India said, 'Wow, holy cow! This guy really has done an amazing job, getting us all this investment'. They used to beg for every head count, and suddenly, we had an abundance of riches. That won me credibility.

At the bank, I saw a highly dysfunctional board process, in my first board meeting on August 22nd, 2015. I blew up the whole board process, and the very next board meeting, the September board meeting, was done in a profoundly different way. It's done like the way an Infosys would operate or anything like that. And people perceived and felt that experience. The board loved it. The general managers of the bank saw a better way of operating, and more importantly, they saw, here's a guy who has no formal authority, step up and show leadership. So, that won me certain credibility. So, you need to pick, like Gandhiji's salt march, you have to pick something symbolic that really matters to the organization and show courage and leadership around that. So, that's a judgement call. Again, if you're not listening, you won't know what that is. You'll just shoot and it may hit or miss.

DJ: Moving to a different theme. You invest in young companies as part of the Unitus Seed Fund. As a venture partner, what do you look for when you invest in a leader?

RV: It's a great question and I wish I had the perfect recipe. I think the people that we've bet on and have worked out, they have two or three common characteristics. For instance, one is, they have incredible passion for their idea. Passion is actually a mild word; they're consumed by that idea. I think that's an important attribute because ultimately it's a predictor whether they are going to persist. That brings you to the second quality, which is tenacity. Because as they say, no matter what your business plan is, the probability is almost 100% that it's going to be different. So, you need somebody who is going to be tenacious through all the ups and downs of the ride. So, one of the things you need to look at is, in this person's life, short life, where have they demonstrated tenacity? It could be in their personal life, it could be in their professional life, but you have to look for that quality. I think, the ability to learn quickly is a third thing. It really is important, because again, you'll have to pivot multiple times till you find the right formula, model, product, market set, all these things. So, there is no substitute for somebody who is a quick learner.

DJ: Going back to learning agility, how do you decipher that when you're interacting with a leader?

RV: I think, you do it through a conversation. You see how fast they are able to keep up and track. I think, it's a judgement call. By the time you reach our age, you get fairly good at sizing up a person and saying, are they smart enough. And it's not a hugely high bar, but there is a threshold which is very important, because there are a lot of people who're just a little slow. That doesn't mean they aren't great. They are good followers, but for the entrepreneur, you need to be on the ball.

I think, speed and decisiveness is another attribute. You can't take forever to make up your mind. You need to be able to run fast, so that's an important quality. I think, the ability to build a team becomes more and more of a differentiator. I find that a lot of otherwise competent people are just pathetic at being able to [build a team]. So, what happens to those entrepreneurs is, they reach a certain point and then hit a wall, and it's unpleasant. Again, there is no formula for how you do this, except you look for evidence that they've have done something in this space.

DJ: I am curious about how founders and entrepreneurs evolve as a company grows. Specifically, I like the term you used in your book, 'Conquering the Chaos', hyper-development, because in a lot of these situations, the rate at which the company grows is often at a much higher pace than typically how the person would grow. So, any thoughts on how founders could, sort of, turbo charge their personal development?

RV: Actually, it's not just for founders; it's for anybody. In a rapidly changing environment, the biggest risk is that the job will outgrow you or the incumbent and how do you prevent that. I think, couple of things. First of all, this idea of learning agility is becoming more and more central, which is, you have to have curiosity. You have to have the ability to learn new things. So, that's one thing. One of the things that I really, really encourage all the people in the organizations I have worked with is, just start reading, whether it's a book, internet, whatever, and then develop curiosity. Curiosity is a muscle; the more you do, the better it gets. That's one.

Number two is, you have to have self-awareness and that's really hard. In fact, the more intelligent a person is, the less self-aware they tend to be, because they're so used to being right and getting a lot of recognition for that. So, self-awareness is a hugely important quality. This is where mentoring comes in. We're not all born self-aware. Somebody has to hold up a mirror to your face and say, 'Listen, please take a hard look. See how you're part of the problem'. Cultivating self-awareness, becoming more reflective, is a huge part of how you make sure that you grow with the times and the job. I'd say, periodically taking on a challenge which is completely different, stepping way out of your comfort zone, and being successful at it becomes important. That's what I've tried to do every few years. It gives you self-confidence. It strengthens your ability to learn new things really fast. You begin to see patterns and connections across lots of things.

DJ: Is there an example there, in terms of how it played out in your career, the stuff that you took on along the way?

RV: Yeah. As we discussed, I did Microsoft. Then, I went out and become a writer and I came into contact with lots of companies. Then, I did boards and I got into the Bank of Baroda. Then, I did Social Venture Partners. And today, as a result, I am somewhat unique in terms of my ability to think about business, government, civil society, have networks across all these realms, and therefore, the ability to connect dots and connect people across these realms. It's a huge competitive advantage if you think about it. So, I think, it's very, very helpful for people to, periodically, completely refresh themselves. What happens otherwise also is that you turn 50, you've done only one thing, the world changes, and it's like back to 'who moved my cheese'. And you're fearful and just holding on for dear life, hoping that you get to retire with dignity. You see that playing out in so many organizations all over the world, and I think, that that's really dismal.

DJ: And in a company's growth back to venture funding, one of the other pieces I am curious about is inflection points in a company's life where the founder needs to hand it over to somebody else where the founder is not necessarily the most qualified to be the head of the company. So, in your experience, what are those lead indicators or things to watch out for?

RV: I wrote a piece on about letting go being hard for most leaders. I think that first of all it's nicer if you let go rather than you being forced to let go. And there are two signs you need to really watch out for. One is, it's no longer fun, okay, and for too many days in a row or months in a row it's not fun. Then it's an indicator that maybe it's time for you to do something else as somebody more energetic to take your place. The second one is if you are a self-aware leader, at some point you begun to recognize that you yourself are the biggest bottleneck to the organization's growth and success. That point you have two choices, either you change or else you decide, you know, I don't, I am incapable of this change or at this point in my life I will want to make that change and it's time to go on. So, these are the two indicators. And then you really need to do the right thing and find somebody better to hand the baton to. You know, when I look at my own professional 30-year professional life, I take pride in the fact that I chose these transitions, they didn't happen to me and that every organization did better after I left than they did under my own stewardship. So, I think this is something that I feel pretty decent about. But I think it's fairly exceptional. I don't know if I answered your question?

DJ: Give us an insight into the transition that leaders need to go through, from being an effective leader to being an effective non-executive board member?

RV: I think, the most important thing to realize is, it's no longer about you if you are a non-executive chair or whatever; it's now about the CEO. You're not the most important person in the room or the world. The spotlight is appropriately, and needs to be, on the executive leader, the CEO or whoever. Your role is actually to do everything within your power to help that person be more successful. So, you have to make that shift. It's not easy, because for so long it's been about you. Very authoritarian leaders, who may have been very successful, find it hard to make the shift. You need to have modest ego; at least, be willing to put your ego aside for those moments.

Having decided that it's about somebody else's success, you're going to have to think through how you develop that working relationship. It's different if you are the Chair and you're working with the CEO, and it's different if you're simply a board member, non-executive director working with the CEO. The ways in which you influence are completely different. As a Chair, I think, what you need to do is, have the capacity to demonstrate tough love. First, the CEO has to sense that you truly are committed to their success, but you are unafraid to hold the mirror up from time to time, if that's what needed. Hopefully, eventually, you get into a trust-based relationship, a true pilot–co-pilot, being aware that you're the co-pilot.

DJ: Specifically, a few things that need to be unlearned? Where do you see the failure modes?

RV: Ego. It's very, very hard actually, because CEOs are very focused on getting things done. That's their job and if they're good, they're very, very focused on getting things done. Sometimes, you wish that the CEO was more inclusive, truly saw this as a partnership. They're just too busy, getting things done. You can't feel bad about these things. You have to figure out the ways in which you're going to engage with him and the organization in a predictable way. If there's a very fine boundary, you've got to make sure you walk the edge of that boundary line without transgressing it and becoming executive and giving directions and becoming very random. The worst thing for an organization is if there are multiple cooks in the kitchen, multiple power centres. You've got to be careful to not create that dynamic. So, you have to work through the CEO, yet you have to engage with the organization in a broader sense to make sure you understand, have a sense, finger on the pulse, a sense of what's going on. So, it's a very, very fine balance, I am learning.

DJ: Is there a difference to the way you process the opportunities that come your way? For example, one is sort of looking at opportunities to be an executive leader, as you're going through you career, but once you've transitioned from that phase to evaluating board opportunities, in your mind, what are the three-four questions people should ask before they take up a board position?

RV: I think the single biggest thing you've to look at is the value system of the organization and the people at the top, particularly, if it's a promoter-driven company. Then, are you comfortable with the value system? Because at the end of the day, you have a fiduciary responsibility, you're legally liable, so you want to make sure that you are happy with that.

The second thing you have to ask yourself is, 'Why do they want me?' Am I just ticking the box on some aspect of diversity? Or are they genuinely interested and open and welcoming of the experience and perspectives I'll be bringing? Because it's very frustrating if you are just a tick box, and they really don't want you, and you figure it out after the fact.

You have to ask yourself, do I really like the CEO and the Chair? Because they are the two most powerful figures in the boardroom and a lot of the dynamic is shaped by these two individuals. So, you've got to feel comfortable with the chemistry with these two people, because otherwise, you'll struggle mightily, both around your emotions as well as the ability to have impact and influence on things.

Finally, you've got to be thoughtful about how am I going to add value. It's not always obvious. Most of the time, you add value during moments of crisis. In peace time, things are just trucking along, there's not much to do. It's the difference between a peace-time general and a war-time general. So, you have to think through, sharply, the ways in which you are going to make a difference.

DJ: In your mind, what are the two-three must haves to be a great board member? What's that delta which differentiates the great board members from the average?

RV: I think, first is commitment. If you're taking this on, take it seriously. Read the material they send you, be intensely present during the meetings and discussions rather than checking your email or reading your iPad. I see a lot of board members not 100% engaged. Only if you are engaged can you really have insights. That's just so obvious, but I mention it.

The second thing is, I think the most important way in which you make a difference is by asking the right question at the right moment in the right way. Most effective board members I've seen over the years are those who are able to articulate that perfect question that was on everybody's mind but didn't get expressed. This person precipitates it and then the whole conversation just stops and everybody gravitates to that, and sometimes, it can result in very, very different decisions, and so forth. But again, if you're not fully engaged, it's hard to do.

A third important thing is to take on responsibilities. Attending the board meetings is just one part of it. Being active on board committees, chairing a board committee whether it's audit or investment committee or whatever it is, I think, is important, because committees is where the work happens, and that's what gives you influence in discussions.

DJ: As we move towards a world driven by marketplaces and gigs, how should people think about being a freelancer I use it in a very loose way but committing to one organization versus committing to a portfolio of opportunities? How should people think about how they architect their careers?

RV: It's a superb question. I don't think I have a great answer but I'll give it a shot. I think you have to first know yourself. Some people who are more adventurous or restless, I think, naturally you'll do better doing multiple things. There are others whose personality is such that you like stability, being part of a community; you tend to veer towards more stable traditional structures, even though those may be becoming slightly fewer or much more turbulent themselves. In the beginning of my career, I was probably more inclined towards deep roots. Over time, I changed, so I made changes. I think there is a certain joy, when I reflect, in being with an organization where you are in harmony with the values and the leadership for a long period of time. I still think my best years, professionally, were the 16 years at Cummins Engine Company. It was a fabulous place with culture and values that I resonated with, where I respected the chairman and CEO, and they had a lot of time for me and they were incredibly caring, in the sense of even paying for my parents' hospitalization at Mayo Clinic, etcetera. It was truly the old-fashioned paternalistic, one family kind of, and it was easy to be loyal to them in return. I think, if you can find such moments, cherish them. The chances are it's going to be rarer and rarer in a world that is transactional. Therefore, don't look for that necessarily. If you find it, cherish it and enjoy it, but otherwise, get used to standing on your own feet and making your contribution and finding the other things that you want community, relationships, and all those things in other spheres; you don't necessarily have to look for everything in your workplace.

DJ: Just picking up on the term 'transactions'. If I were to reflect on it, transaction costs have come down, given technology, given connectivity, and the whole notion of the theory of the firm is evolving as we move towards a more of an interconnected world where a lot of things can be done through an ecosystem. So, again, I guess, in a lot of ways, today, it's probably gotten a little easier for people to cobble that portfolio together and replicate what makes sense for them.

RV: I think the pendulum will swing. It's still swinging in the direction of more and more virtual organizations. More and more people are free agents and they come together around tasks. But that's not how human beings are built. As they say, man is a social animal. So, we need relationships, we'll enjoy commitment. Hunting, we were successful because we hunted in groups, and we were able to bring down bigger animals. And, I think, that instinct has not gone away. Therefore, organizations which actually still try to create these bonds, which are loyal to their employees — not in an old-fashioned, paternalistic, guaranteed life-time employment way but in terms of investing in people, being a meritocracy, giving them ample runways for growth and development — are going to be able to attract disproportionately special people and deliver superior performance. One of the problems in this lower and lower transaction cost idea is, at some point, trust also deteriorates, and then, the transaction cost curve starts going back up. If people don't trust each other, then the transaction cost to establish trust will also start rising. So, I think, we're reaching a point where there may be that inflection where it starts climbing again, and then, you'll have to find some new equilibrium. So, I'm completely not in agreement with those who say we're going to head to this completely virtual world, where everybody is a free agent and bound together only by marketplaces and technology. That's not how humans behave.

DJ: It's very interesting you say this. If I were to relate to a metaphor from a different space, I was talking to a friend of mine who heads strategy for a large publisher. I asked him, given that people is discovering information through Net, and is your business at risk. And his point was, at some point, the pendulum will swing back, because people need to trust the information source.

RV: If you notice, all the debate around the US right now, it's about fake news. So, everything that you today read on the internet isn't necessarily true. Therefore, something like *The New York Times* or *The Washington Post* or *The Economist*, which curates, is going to become more reliable again. BBC will be more trusted again. So, I think we should beware of a world which is completely transactional, where everything is free, where there's no value to humanness or humanity. I think, that will be an inherently unstable phase, and it will have the pendulum swing back.

Reflections from Deepak Jayaraman

DJ: One thing that was a big take away for me, that was the notion of self-awareness. That often is the one differentiating factor that separates the long-term winners from the short-term winners who often could get away with sheer smarts and drive. This showed up at multiple places in the conversation - whether it is founders dealing with a growing organization, executives transitioning into non-exec roles, transitioning across industries and so on. Self-awareness often lies at the centre of a lot of other people related competencies that start to matter as people gain tenure and become more senior. Unfortunately, that doesn't get taught anywhere and is often left to chance. Thank you for listening. Hope you found the conversation purposeful. Look forward to having you at a subsequent conversation at the Play to Potential Podcast series

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Ravi Venkatesan - Nuggets

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- 06.01 Ravi Venkatesan - Driving social impact
- 06.02 Ravi Venkatesan - Early childhood wiring
- 06.03 Ravi Venkatesan - Career planning 2.0 for graduates
- 06.04 Ravi Venkatesan - Leading in India versus other markets
- 06.05 Ravi Venkatesan - Transitioning from Cummins to Microsoft
- 06.06 Ravi Venkatesan - Listening intently during transitions
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- 06.09 Ravi Venkatesan - Executive to non-executive transition
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About Deepak Jayaraman

Deepak seeks to unlock human potential of senior executive's / leadership teams by working with them as an Executive Coach / Sounding Board / Transition Advisor. You can know more about his work here.

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