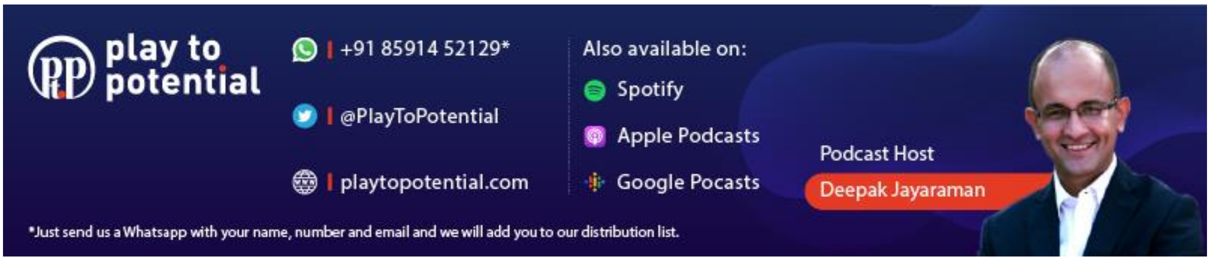

Guest

Rajat Gupta is a former Managing Partner of McKinsey & Co. and led the firm between 1994 to 2003 across 3 terms. He was the first non-American CEO of McKinsey & Co. and arguably one of the first Indians to lead a pedigreed organization at a Global level. In 2012, Rajat was convicted on charges of insider trading and sentenced to two years in Jail. He recently published his memoir, titled "Mind without Fear" published by Juggernaut Books.

A lot of the press coverage around the book has focused on the nuts and bolts of the trial. However, given this podcast is about learning from people's journeys. Therefore, we consciously chose to spend time on how Rajat has grown as a person through his various experiences at McKinsey and beyond. We also spend time on some of the choices he has made and some choices that he wishes that he made differently at various points in time.

If you are looking for specifics on Rajat's phone call(s) to Raj Rajaratnam, Rajat's dynamic with Preet Bharara or why he did not testify when he had an opportunity, you may not find much here. But if you are open to immersing yourself in his journey over the years, you might pick up a thing or two through osmosis (something he speaks about during the conversation).

Context to the conversation

Welcome to the 43rd conversation at the Play to Potential Podcast. This is your host Deepak Jayaraman here. I am an Executive Coach and I work with Leaders during high stakes transitions – whether it is related to an organization or the leaders' career.

I feel just like companies need to be coherent about the 2 questions – where to play and how to win in the context of their strategy, we all need to be clear about our responses to the two questions – where to go and how to grow? I work with leaders to address those two questions especially during key points of transition as they go through their journeys.

In this podcast series, I like to get to the bottom of how people have addressed this question at various points in their journey.

The next Guest on the Podcast is Rajat Gupta, former Head of McKinsey world-wide who later was accused and convicted of insider trading and spent 2 years in Jail. He has just launched the book Mind without Fear published by Juggernaut. I have realized that when you take the name Rajat Gupta, it evokes different emotions in different people. As a matter of fact, I went through a phase of reflection to consider if I should interview him for the podcast or not. At that time, I spoke to a few people at McKinsey and here is a representative sample of what I heard from several of them.

PS: *"Rajat Gupta who was the MD of McKinsey and I have spent a lot of time with building ISB and of course Rajat got into quite a bit of trouble but you know as person he has been amazingly inspiring* *and particularly with all the troubles he went through with his case and then and then being in jail and out of it, so I really admire Rajat, I have always admired him for his ability to think big and yet retain a certain humility and certain commitment to making other people successful so I stay very close to him and he is one of clearly my heroes in spite of everything that has happened to him and for him"*

DJ: This was Pramath Sinha (PS), who was a Director at McKinsey, the first Dean at ISB and one of the founders of Ashoka University, Vedica Scholars for Women and several other institutions. Several other colleagues in McKinsey and outside had similar things to say about Rajat. I was also reminded of a scene from the movie Sully which is about the Pilot Sully Sullenberger who whose plane suffered a bird hit and he miraculously landed the plane on the Hudson and saved all X lives on Board. The insurance company comes after him and tries him in the courts. As he prepares for his trial, he tells his co-pilot in one of the scenes "You know, I have delivered a Million passengers of the last 40 years but I will be judged on 208 seconds". When I looked at Rajat's journey, I felt a bit like that. This podcast is about learning from people's journeys and how they thought about choices and personal growth at various points in time. I also realize that what I am creating is Developmental content and not Entertainment. So, if you want a deep-dive into the nuts and bolts of the case and his association with Raj Rajaratnam, this is not the place where you will find it.

But if you want a glimpse into his journey at McKinsey and his reflections on life given what he has gone through in the last few years, you might walk away with some insights that might provoke your thinking.

Without further ado, let us jump into the conversation with Rajat Gupta.

Transcription

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Deepak Jayaraman (DJ): Rajat you have just launched the book, mind without fear I actually wanted to pick up from the last line of the book and you quote you right "The question in my mind is how should I complete this life with tranquillity and with grace" as you take stock now how do you think about what matters in life and how do you plan to spend your time in coming years and in what ways has it shifted let's say between 2008 & 2016?

Rajat Gupta (RG): Well, you know I have learnt a lot of lessons going through this experience and even more than that it has taught me what is important in life? In many different ways than, I always had some beliefs about what is important in life like for example basically always try to do the right things and with the right intensions and work your best you can and then don't worry about the results this is been a kind of personal philosophy which is the philosophy of *'Karm Yoga'* not that you can always perfect it but at least it's an aspiration how you work but through this time period I think there were few other things that have come to me, one of the things I never quite realised what lay behind it, my father used to always say you can't always control what happens to you but you can control how you react with. And just mean a reacting to adversity with grace, with gratitude with humility with respect for others with lack of anger is very important and it gives you more inner peace and ability to deal with whatever comes your way. I also learnt a number of lessons about how do you make sure that you are a great lesson is equanimity and how do you kind of take the ups and downs, the so called when you are happy or very sad I mean how do you take all that, pretty much in an even tempered way and life is just a set of experiences, nothing is good or bad and it's just how you make out of or what you make of it so this is how things that come to you as you go through the type of things I went through.

DJ: As you think about your pie chart of time looking ahead, in your head how you plan to spend time? What sorts of things do you think are going to be filling up time for you in the coming years?

RG: I think it would be a more or less a continuum of what I was doing say from late 90s onwards, even though I was managing partner of McKinsey, I spent a lot of time on philanthropic causes primarily in the education and health, global health. In the late 90s I worked on the initiative to start the Indian school of Business, I also worked to do something in public health in India which called the Public health foundation and I did a whole bunch of things in the global health so what I am saying there is that it was a journey to give back to society I always felt that business works with the permission of society in as an obligation to give back to society, it actually has an obligation is well positioned because of the skills you develop as a business leader that you apply those skills in solving actually much harder problems than business strategy or the organization you work hard and solving societal issues that are quire intractable but they need the type of skills that business can bring so, I always believed in that I believed in a partnership between government, civil society and business to bring all their respective strengths together to solve the problem so I have been doing that from some time now, perhaps certainly 20 years maybe 25 and so this whole episode in a way interrupted that for let's say six seven years and I want to just resume that journey I would say that what would happen is that I have now much less interest in any commercial ventures of any kind. I am 70 years old, I don't think it's necessarily needed after a 45 years business career, so I devote most of my time to philanthropic things and sometime to myself and with my daughters, grand-daughters, spending time with family and taking it a little easy, I have a bucket list of places where I should go before I die so you know things like that. Perhaps learning something completely new, it won't be related to business, it would something which I don't know what it is but something will emerge.

DJ: You speak about family Rajat, and in the book you talk at length about your relationship with your father and your daughters, how do you think about transmitting the values from one generation to another. You talk about your family visiting you every weekend when you were in jail, what's been your narrative with your daughters as they were growing up and in what ways has that changed over the last few years?

RG: I talk extensively about my dialogue with my father who was a very busy journalist so when I was growing up I didn't see a lot of him, in some ways I would say that I had a similar relation, you know as head of McKinsey you travel all around the world you don't necessarily have that much time for family and trying to get back home every weekend and take them on trips but the interactions by necessity are curtailed because of travel but I have a very close relationship with my daughters, even when they were growing up we spent a lot of time together, I enjoyed taking part in their academic curriculum and coaching them and enjoyed playing games with them and so on so forth and I still do that today, I mean so we have a very close relationship in general and I am there to counsel them. Two of my daughters are artists, so it's out of my depth in terms of what I can tell them about their professional careers but in terms of life discussions, sure. I mean we are very close family and lots of that happens.

DJ: One of the things I picked from the book you talk about the choice not to play golf, it reminded me of something I read in a book by … of Harvard where he would say that he had to choose between attending the church versus playing Basketball with his friends and he says as a rule I don't want to miss church so I was just curious…

RG: Well it's a little bit tongue and chick, I mean it's not that you can play golf as well as spend time with your family it's not either or. I mean it's simply that I travelled a lot and golf is a very time consuming game so if you then played golf in the weekends then I would be really missing out so whenever I was home, I devoted much of the time with the kids.

DJ: One of the other pieces that got my attention in the book Rajat is your friend Atul Kanagat, you talk about him creating 8 laws of Rajat Gupta, given your journey if one were to ask you at this point in time 8 laws for highly successful people what sorts of things would you put in there?

RG: I don't think there is a general statement like that, if you look at highly successful people, firstly you have to figure out what you mean by highly successful people? But you see all kinds of style and all kinds of profiles you as a high level executive coach must know that yourself that different profiles and different leadership styles are all successful, so is there is no one size fits all no one formula. In general throughout the book I at least want to give insights into my own leadership style and what I did and didn't do. I don't profess that's the universal answer. So in some ways I don't want to necessarily answer your question because I don't think but I am sure there are some broad principles that are very important it's not always the same for everybody but you know I always felt working through teams and caring for people and making them successful was a very important ingredient of leadership and generally I am a believer in lead from behind let give people responsibility but hold a safety net under them and let them succeed give them the entrepreneurial space to rise and to the challenge make contribution that's I believe the best way to get the maximum potential out of your team so there are these common threads but I can't, you would have seen that in the book, one of the things I didn't want to do is to and in the end of the chapter I have these are the three lessons from this book. You have to, quite opposite what I wanted do was have people relate to my story and see a piece of themselves in the story much like I would, if you told me your story I would probably see a piece of myself in that story and then you take out whatever the lessons or as if by osmoses not by injection.

DJ: You spoke about your leadership style and in the book you also talk about the Swami Vivekananda style and the Napoleon style in terms of being democratic and being decisive and I specifically ask this in the context of a firm like McKinsey where you have several intelligent, thoughtful, opinionated partners on the top how have you thought about that spectrum and in what sorts of situations have you worked at different points at that spectrum?

RG: Well, as you know I think if I may say so McKinsey has an extraordinary talent as if you just assess in terms of pure business there is no other institution in the world which has more CEOs amongst their alumni and there is none, not even close so that means that there is firstly they have enormous raw talent they also learnt a lot during their time in McKinsey and they developed a good and perhaps unique to each one of them separate leadership style that worked for them and for the but in McKinsey itself leading McKinsey because of the characteristics of their very highly talented people with their own points of view and we really work as a partnership what that means is that the job of the managing partner is really a sort of first marks equals rather than here's I am the leader I'll show you the way and you follow me, you have to, your main responsibility is to understand the aspirations of your partners and then nudge it in a particular way, influence it but not try to dictate it of course you have tremendous influence because in a firm like McKinsey as a managing director you may go all their appointments so you can be selective for who you choose for leadership positions and as a result influence the direction but at the same time you don't have unchecked powers, not you have complete freedom it's all democratic, all major decisions have made in a democratic fashion, so in that sense it's a very high contact sport. Leadership in McKinsey is like you have to be there, you have to have intense dialogues with your fellow partners you have to understand them, you have to often visit them in their own home turf, as a McKinsey director you don't come and say OK I want to see you come and visit me in my ivory tower it doesn't work like that and shouldn't work like that, it's a particular style of leadership I am not sure that that is relevant for all companies but more and more if you have a talented team that works well when you want the team to have to rise to the occasion and perform to their best then you must behave like a collaborative partnership.

DJ: Going back to that stint when you were heading McKinsey Rajat what sorts of things, how did you spent your time and attention and I guess in a way you had three terms so I am curious about as a leader if you could talk about just a, if you got capable partners driving their own ship, therefor what's the role of the leader and what sorts of things does he or she spend time on to move the firm forward?

RG: So I was in a fairly unique time, I became managing partner and I was the first managing partner who joined the firm after Marvin Bower retired, so Marvin Bower was the defacto founder of the firm and shaped the values of the firm very much and all of the managing directors before me were mentored by Marvin, now Marvin was still active when I joined the firm but he formally retired and he used to come to the office but basically

DJ: You are talking about him showing Santa….

RG: It's like the real transition in the firm where you didn't grow up under the founder but you came after that, I was also 45 when I got elected and it was really a transition to the next generation of firm leaders I was also the first non-American to be elected as managing partner I was also the first managing partner to be elected outside New York, I mean I was the Chicago office manager when I got elected so all of that had a kind of a, I don't know, it was sort of a change in a way that was and I decided not to move to New York I decided to say in Chicago so here was the supposedly the centre of the firm was New York, it clearly said no not really, New York is just an another office and there are many offices so there were a lot of signals of change in my first term as a managing director. I undertook a strategy project for the firm which most managing directors do but I had thought about it in a very different way, I thought about it as a process and normally when you do it strategy you pick may be a task force of 10-15 partners and you say go and think about it for 6 months and do your analysis just like a client strategy team and you come back and I felt that was not the right process for us and that what we should be doing is to involve a very large number of people and a very large number of Principals which is the junior partners so that they could deliberate on the direction they want to take their firm because they were future leaders at the firm and also that we would have a very involved process which would be, which eventually took about two years. So, it was a long process where you have a process of dialogue amongst partners shaped by this very large team that did that and we would come together and deliberate and came out of that sort of directional themes for the firm. It was a very successful process because by the time you got to end of it about half of it was already implemented because people thought the idea was good, we would go and do something and there's still the process, it wasn't like here is the strategy report. So, the first term was consumed by that in addition to the normal activities that a Managing Director does which is make appointments, visit offices, visit clients the other thing I did was very much everywhere I went I visited clients I mean I talk to clients I never actually gave up clients service because one of the things I always said, 'this is the client service firm so even as a managing partner I was introducing clients and helping in client teams and so on because I thought I must keep an hand in client service the second term was sort of more consumed by governance issues now the firm was growing very fast, it was now had a global footprint, previously it was more a north American European firm with some office, Tokyo office, Hong Kong office and something, but basically we rapidly opened in other 20 or so offices in around the world and I believed that we should have a global footprint much like our clients were getting global footprints so in order to serve them effectively we should have global footprint ourselves perhaps even a more extensive one otherwise how would we serve them? So, but the second term the time to came was the firm was becoming larger and larger how do we change the governance of the firm to maintain the spirit of partnership and the principals behind partnership and yet be prepared for a much more global, much larger firm, so I set up a governance task force which was very different kind of, it was more senior people but not the most senior people, so these were not the senior directors but the directors who likely the next leadership group in the firm people who would be succeeding me and so on. So, I gathered a group of 20 very high talented junior directors who formed this task force and we created a set of governance recommendations, I want go into all of them but basically it was designed to certain Principles of governance we wanted to enshrine like rotation, it had become little bit static, there were if you became an office manager or a head of an office you stayed there for a very long time, and we said no. I mean every five six years we must change the leadership in office and in fact the practice leaders we said every three or four years you should change and so rotation became part of one of the principles. There were many such principles, governance principles we articulated, in fact one of the changes I wanted to do was to also have rotation in managing director, I was 45 when I could do five terms 15 years and that was way too long. If I haven't done what I wanted to do in seven to ten years I will never be able to do it. So, it didn't make any sense to me, so I imposed term limit of three terms for the managing partners the board also would be rotating and so on so that was the one of the governance things but the other was to make another important one was to make the industry axis and the functional practice access also as strong as the geographic axis McKinsey first was the very geographically oriented firm you are head of this office that office not only a head of office is important but head of industry was important and head of functions like operations or IT etc. and that created a more complex form because it's sort of a three dimensional matrix but at the same time it was able to better meet the needs of our clients. So I don't want to go through all the points but second term was pretty much consumed by governance changes and implementing them and so on.

The third term, the main issue there was really the .com bubble had burst and it was as you articulated little bit earlier to me, it was a time when it was very tough we were growing fast and suddenly the music stopped and we had, normally McKinsey used to get about overall about two thirds of the offers generally we made.

DJ: From hiring perspective

RG: So, in order to hire about 1800 to 2000 consultants a year which we did at that time we would make about 2700 offers and so, we made 2700 offers, and the demand dropped and the acceptance rates went up to over 90% almost a 100% if you got 2600 people. It was quite amazing and this was true of most consultant firms they managed differently than we did, we're accepted everybody and we created internal projects to keep them busy and so on and when the economy then took off we had a bench that was stronger than anybody else because we had taken them all and not A so the third term was pretty much consumed by dealing with post bubble crisis in a way and managing the firm through those times.

Reflections from Deepak Jayaraman

DJ: This is your host Deepak Jayaraman here. I find it interesting that when one moves from a CXO role to a CEO role, one need to start focusing on the Balance Sheet much more without losing sight of the P&L.

- In the first term, Rajat speaks about evolving the strategy at McKinsey by involving a large number of Junior Partners around the world over a prolonged period. He sees this as a change opportunity and not just as a strategy development exercise
- In the second term, he talks about building structures and governance processes that would set the firm up for the future and speaks about involving junior Directors (the future leaders of the firm) in doing so
- In the last term, he speaks about taking a cross-cycle view by not firing talent immediately after the dot com crash and investing in them, thereby having the capacity to go after the market when the cycle turned

It is interesting to see how there is a long-term institution building mind-set that is embedded in each of the things that Rajat says in the way he went about embarking on each initiative during his 3 terms.

If you find the podcast content purposeful, please rate and review on Apple Podcasts or any other podcast platform where you access your podcast content. It is available on Apple, Google, Spotify, Saavn and most other platforms.

Now, let's get back to the conversation with Rajat Gupta.

DJ: Talk to us about your approach in that transition when you were sent to Scandinavia to head it and what you have learnt about building trust at the highest level when you come in those markets?

RG: Just a minor correction, I wasn't, I didn't go there to lead this Scandinavia office, I was there already and we had an unfortunate incident the head of the office got sick and so I was appointed, I was the principal I guess it was the only office in the firm that was headed by a principal which is a junior partner and there were three of us very young partners and we decided we are going to show the firm that we could lead an office. So, I developed a sort of strong collective leadership model involved everybody even non-partners into the decision making, the senior project managers and so on and we decided to have a Pre-emptive strategy and make sure that we dominated the Scandinavian client base. So, first thing we did it was sort of a cornered the supply so we would hire every qualified Scandinavian that was graduating out of Business Schools in US and Europe and everywhere and we also were very strong in competitive negotiations, I mean generally in the firm there was the practice of you never… it's like McKinsey you come to McKinsey and we were much more aggressive and we were, we didn't mind sort of saying if you have any question because our fees were generally higher than everybody else and people who are coming in from London, Germany etc. so we would resist that they could gain a foot hold and we would win these competitions and literally for 10 years there was nobody who could open an office because they couldn't find the talent and then win any marquee assignments. So, that was the strategy and it became very successful and McKinsey office in Scandinavia grew from like twenty people in the early 80s to 160 people by I left in 1986 so it did dramatic growth and we did very well. Chicago as you said it was a very different market it was a mature office that's where McKinsey started in the late 20s but Chicago had more, the city that had more client headquarters then any others except New York so that was the big market it was a relatively small office it was 60 people between 50 and 60 fresher's and the opportunity was huge so while it was a mature office it was a relatively small office and so the challenge there was very different there were many senior partners and so on and there the idea really was to… and I brought some of the same internal processes collaborative processes trying to help each other solve problems and a big external reach the key issue there was to actually develop more clients and we were able to do that by not only initially people said we have too many partners, there's too top heavy in fact I invited more partners to join in and build critical mass to go and proactively engage with clients we didn't serve and there were many so that office also did extremely well and grew from like 60 professionals to almost 200 within a very short period of time.

DJ: But may be persisting with the transition Rajat since you have lead in different markets, culturally different markets anything to be said about getting the culturally piece around the transition right especially given India, Scandinavia, US all these are different cultures what have you learnt about culturally assimilating / building trust at the highest level?

RG: The first thing to say is that the approach that McKinsey takes in solving problems or developing clients is fairly uniform across is not that we very much change our values or change our approach so in some ways it is the same in many other ways there are differences I mean differences their probably as many differences within any country in terms of type of clients than there are actually between different countries because our client base is basically the fortune 500 of the world right so they are all global companies or most of them are global companies with people the senior executive are global business executive they are exposed to the world they have opportunities everywhere. So the mind-set is in many ways similar there aspiration as similar their needs are also similar in terms of what is important. Scandinavia had a disproportionate number of global leaders whether this the Ericson's or Electrolux, Atlas Copco, StatOil or you even name it they are leadership companies in Scandinavia and so they were not much unlike sort of large US multinationals. I also observed that there are different styles between very successful McKinsey Directors in developing clients' very different styles they all work in the same market place but very different styles.

DJ: Give us a couple of examples maybe just to illustrate.

RG: For example there are directors who don't have any great bedside manner or don't have great relationship skills but they are primarily driven by sort of the professional skill they bring to the table and in fact sometimes rather harsh and rather, I would say don't have soft skills but yet they are very successful you named the couple of directors before the contrast you can see there in terms of how two very successful directors had very different styles so I don't think there is anything unique in that. My personal style which I think worked across these environments had to do with having a dialogue with the client and the perspective, issues they are facing being a very astute listener rather than saying here is the theory that I want to must apply, I don't have a hammer and looking for a nail to nail down somewhere, it's more to lets really understand what the client needs and also not to push very hard it's like you have to wait for the right time when the client is ready, I have so many different experiences. I met the CEO of Walmart in china we were on the same board and I said I would like to come and see you. They were not a client of us, he said yes you can come but don't expect any work we don't like consultants we don't use consultants, so I said OK I would like to come anyways. So, I went all the way to Bentonville which is not an easy place to get to and we spent an hour talking about various business issues and what and the hour finished and I said to him "I hope the time was useful, if you learnt something from this then lets schedule in another hour in three months' time" and I will think about what you have told me and I will have some thoughts and ideas and so on. He said yes I found it useful sure. So I went on these every two three month meetings for three years, there was no work and then one day I get a call from him and he says, I have an assignment I want you to do and it was not competitive it was nothing to Walmart is known for its competitive vendor relations and this and that nothing and I had similar experiences in many clients which is you just have to wait for the right time.

DJ: And let me just sticking to that example Rajat how do you draw the distinction between somebody trusting Rajat Gupta the person and trusting McKinsey the institution how have you thought about, in a lot of these situations people trust the individual sometimes and expect that individual to be heavily involved in something but as managing partner time is finite how have you thought about making that distinction and positioning the firm as well as the leader?

RG: It's clearly when you have a dialogue with a client, one of the things you have to communicate to them is what McKinsey is and what the talent pool and what the capabilities of the firm are? And that we are able to deliver, in the strategy project there was the thing came out called the 100% cube the notion was simply that we would provide the best of our capabilities along all these lines client understanding in the market place, industry knowledge, functional knowledge and the day we would be able to deliver that to a client, whenever the talent existed in the firm and it was not just limited to that office, because the firm was a world-wide partnership and not just a parochial set-up. So you have to along the way convince them of that but it is fundamentally based on the trust base relationship between you and the CEO that you are serving.

DJ: How have you thought about your development as a leader; what's been your approach to scaling up your muscle as a leader?

RG: It was perhaps mostly by necessity and perhaps different needs and different times of my career and so on. As you would expect, I mean I graduated in IIT and then went to HBS and then what I discovered in my early days that my particular skill and I developed it well was that I was a good problem solver and you know that's the fundamental foundation block for being a consultant, so I invested a lot in becoming a better and better problem solver, I was reasonably good, I dealt with people well so reasonably good project manager when that was but I was not particularly good at client relations or client development and its of course a some-what a learnt skill that actually learn through mentorship of others and they teach you how to do it and so on and you observe from they doing it and you learn from it. And that I had some good teachers in the New York office where I was growing up but still I was not anywhere as good as, it was clearly evident when I went to Scandinavia, I observed two of my partners there who were amongst the three partners that remained after this head of the office had to leave who was the very good client developer and initially I worked with him and learnt a lot two out of the other three including me that were then leading the office were extraordinarily good client developers and introducers and I learnt a lot from them, observing them how they used to do it and because there was nobody else, in New York there were so many senior directors who negotiated with the clients etc. and you executed the assignment but in Scandinavia there was nobody like that, so you had by necessary to go and develop clients and I always say "I feel there is a combination the best development model is actually a combination of mentorship, apprenticeship and entrepreneurial space where you have a vacuum that you that you have to rise up to and with the safety net, if you start failing somebody is there to… and Scandinavia was that, there was a vacuum, there were three young partners and we had to keep many people busy and grow the office and all that stuff and I learnt entrepreneurial skills in Scandinavia I would say I was not a very good entrepreneur nor a very good client introducer or developer before Scandinavia and after those four or five years in Scandinavia and even this is immodest to say but I was one of the best client developers after that because, I had good problem solving skills to begin with so I combined that with…

DJ: Picking up on the problem solving the one thing I was curious about as I read the book as you talk about one of the professors in Harvard who chooses not to let you participate in the class who goes on to say that when you speak the class gets confused, so I was curious to get a sense of what was it about? How you thought about situations? Which was possibly slightly different from the average B-School student at HBS?

RG: I did mechanical and industrial engineering at IIT Delhi there are certain class of problems that you get extremely familiar with like optimization of manufacturing line or decision theory in terms of risk management and probabilities and so on so you are very good in math you are very good analytically you understand Industrial processes and so on so the professor you referring to was course in production management and manufacturing, A simply was they would try to present a case and as in any real life situation there is perhaps a basic way of thinking about it and then there are more sophisticated ways of thinking about it you bring some additional principles and complexities that, so he was not trying to teach that complexities he was trying to teach a basic understanding of let's say an optimization problem in a linear programming way and you know I understood the limitations of that approach and knew the enhancements to that approach so when there would be some comments I would say yes this is true and these conditions whereas not true in here and you have to change your approach to x and he felt it was kind of confusing, that's not what he was trying to get through the class.

DJ: One of the things you said Rajat, McKinsey being place where a lot of CEOs get groomed in terms of your choices one of the things I was told when I was going through my journey at McKinsey is every two years you need to choose to continue in the firm, I am sure in your journey there must be multiple opportunities to pursue a business leadership role outside a McKinsey, how have you thought about some of those choices if and when they came along your way?

RG: Well, the fact is that I didn't have any per se and I will tell you the reason. In my early years of course as everybody goes through the first six years typical time to partnership five leave, so it basically one in six so you prepare in your mind, you don't know whether you will be the one in six or whether you will be amongst five and six and you say ok I will make a, or maybe I will be here for another year or two or whatever and then either the firm will ask me to leave or something will happen because basically it's an upper out meritocratic process and they are very smart people you don't know whether you will make the cut and so the first early years were like that but then after I gained confidence and I was head of Scandinavia etc. I was quickly got involved in the leadership of the firm and I was elected to the board and I was very young like I was 37 years old where everybody else on the board was maybe 10 years older than me so I got involved in the leadership of the firm, I never got an offer from my client that I was serving, I got, I said something is wrong I once asked one or two of my clients, I mean everybody gets an offer why don't you give me an offer? And he said well you are so obviously committed to McKinsey and you are so good with what you do, we would never thought we had a chance of getting you and then I got very involved in the leadership of the firm and I got elected as a managing director when I was 45 so the opportunity did not rise, opportunity arose when I finished my term as managing director, I was 54 when I finished my three terms and I could have done a bunch of things but I by that time was very committed to doing things on the as I said beyond the business and social issues, philanthropic activities, trying to make a contribution in global health and education and so on and honestly I felt that the firm gave me a platform that was far better than any other that I could have the firm gave me a lot of freedom after I finished my term to do whatever I pursued as long as I was making my contribution to client service which I said yes I would and in my five years or so that I stayed in the firm before I retired and between 54 and 59 you know I was probably again I would say immodestly probably one of the most effective client introducers to the firm and developers, so I did that at part time basically because I was devoting a lot of time on, I was chairman of the Global fund AIDS, Malaria and TB, I was chairman of PHFI and ISB and I was a chairman of the Gates foundation advisory board there were a lot of different roles that are very little to do with McKinsey that I was playing but because I was an effective client guy they, I mean it was a very generous with the firm and you know you do whatever you do think is right. And those things helped the firm also; it established a great reputation outside.

DJ: There's a tendency to glorify the busy leader that I see, how do you look at this notion of how busy should one be with the wisdom of hind sight?

RG: With the wisdom of hindsight I think, you have to be able to say no, I generally say yes if I can make the contribution and can be helpful to somebody I generally say yes and I never took part in anything that I didn't believe that I could make a difference and I could make a difference with, there was different and different organizations, I spent differential amounts of time in different organizations but I could make a difference quite effectively with a short amount of input because of the variety of experiences as well as you can connect the dots in different patterns you see in different places and really be helpful but they all come also sort of inconveniently on one top of, and every one of them makes perfect sense but collectively they don't make sense so I got to that stage where when I listed all the things I was doing I was shocked myself that this was the case.

DJ: In your journey Rajat as you take stock what are the choices you proud of and what are the choices that you wish you would have made differently?

RG: I would say the choices that I am proud of is actually seeing my role as a business leader in a broader sense and broaden the aperture of that contribution saying that business works with the permission of the society it's an obligation we have to help solve some of the most important problems in society and making an interpretation of that role as a business leader saying this is also the responsibility of business leader to become the chairman of the global firm for AIDS, MALARIA and TB taken example, I am not a public health specialist I don't know many of the issues that are involved in it but I have a certain set of skills which are very important in solving those problems and I bring that expertise combine with other technical expertise that were need to solve a problem so you expand and broaden the role and when you are off from kind of a consuming full time job like being head of McKinsey then you can do a lot broader things and make a contribution so I am proud of that choice. Now I probably took it to an extreme and did too many things by enlarge and the impact if I look at long term impact of let's say leading McKinsey for 9 years versus creating public health foundation of India or being a founding board member and chairman of the Global fund to creating PHFI and ISB I don't know which I would put in terms of lasting impact, I mean others can, but I am very proud of creating ISB for example it just crossed 10000 alumni in a short period of time and those are future business leaders in this country and globally.

DJ: Choices that you wish you would make differently?

RG: That first has to do with sort of learning to say no in certain situations. The other choices is of course being much more careful on who you associate with I had generally trusted everybody and clearly in this last episode I should have known better and trusted some people that I did I would also say that the very idea of one choice I debate I don't know whether its right or wrong, I mean and I won't say what they are but I had opportunities that were in the area of making broader social impact but they would have to be singular, I mean there were full time jobs and they were very meaningful jobs and I decided not to take them because I thought the portfolio approach of you know having a little bit in business, for example I had founded a private equity firm, I only spent part of my time there and then I was doing these other things that I have talked about that are portfolio approach would be more sensible for me at that stage which I was in around 60 but I am not sure, I mean it could have been that I should have much like as I did in McKinsey and had a singular job although I did few other things I could have taken the same approach and taken an position that was actually you know with the possibility of huge impact primarily in the social field and still being able to do a few things but I didn't do that.

DJ: In your journey what have you learnt about keeping trust as you go through a roller coaster in the last few years what have you learnt about as you yourself go through a topsy turvy journey in terms of how your reputation gets..

RG: I don't think it has much to do, my feeling about or my general principle of building trust, the first thing that you have to communicate to the other person is that you have their interest at heart that's the fundamental thing that you will trust me only if I believe that I have your best interest at heart. Very closely related is you have to believe I care for your success, I care about you as a person as to be you to be successful so on. Once you established that then you can give very hard messages then you can say very tough things and yet continue on the trust. Most people who trusted me, I trusted because I trusted them and they in turn returned that trust you lasts very much for a long period of time even through some of these difficult times it still exists that mutual level of trust so I think it's all about, listening, making sure about they understand you are acting in their best interest, caring for their success.

DJ: In summary thought for listeners about playing to their potential.

RG: One thing I would say and I make a strong contrast don't focus on your career development focus on your development as a professional, whatever it is, whether you are a marketing leader just learn to being a consultant or whatever you are, you should learn to focus all your activities and strive to become a better professional, if you will then automatically career success will follow sometimes it may take a zigzag path but it eventually if you really become an outstanding professional you will have a great successful career and if you don't, well that's kind of destiny sometimes that happens too. So that's one thing I would say the other thing I would say is that get yourself out of your comfort zone if you get too comfortable in something you are not realising your full potential you have maximised on the learning there and you have to do something different and I in my own personal career changed every few years I whether changed a geographic locations or I got a new assignment or something happened that forced me into getting me out of my comfort zone. I left Scandinavia at its peak but, you know it's why are you leaving? I just said I am too comfortable, I mean everything is hunky dory and great but I am not learning anything more and so that I would say is… I mean I could go on and on and on.

Reflections from Deepak Jayaraman

DJ: In one of the media events around the book, somebody asked him what Rajat wanted to accomplish out of writing the book. He said, he wanted to share his journey with the world at large and people would absorb whatever they would through osmosis (as he mentions earlier in this conversation). In a way, this captures the spirit behind this podcast series. While I go about talking to a range of people, I recognize that different segments of the conversation will appeal to different people and what you take away might be very different from what some else takes away. I try not to break it down to 7 rules of success or 13 things you need to know to become a CEO. Life is a little too nuanced for that analysis.

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Thank you for listening. Bye now.

End of transcription

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Nugget from Pramath Sinha that is referenced: Personal Board of Advisors.

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Navigational Principles: Leaders discuss their personal frameworks around how they made choices around pivotal moments in their lives. They articulate the set of criteria we should consider having when we are at a fork on the road and have to pick between disparate options. Arguably one of the most critical skills of the future as we navigate a world of abundance. You can access the playlist here.

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Rajat Gupta- Nuggets

- 43.00 Rajat Gupta - The Full Conversation
- 43.01 Rajat Gupta - Taking stock of the journey ahead
- 43.02 Rajat Gupta - Provoking reflection through osmosis
- 43.03 Rajat Gupta - Vivekananda versus Napoleon
- 43.04 Rajat Gupta - Leadership at McKinsey across 3 terms
- 43.05 Rajat Gupta - Settling into Scandinavia
- 43.06 Rajat Gupta - Transitioning across cultures
- 43.07 Rajat Gupta - Evolution as a leader
- 43.08 Rajat Gupta - Choices during the McKinsey journey
- 43.09 Rajat Gupta - Key choices that stand out

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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