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## Context to the nugget

RG speaks about his experiences from having made around 200 odd CEO appointments in his years as a mentor and as a Board Member. He goes on to say that his hit-rate might only be around 50-60% over the years. He shares some principles around how we can build robustness in hiring decisions and how we can think about experience, competency and potential as we evaluate different types of candidates.

## Transcription

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Deepak Jayaraman (DJ): In the book you have spoken about 15... you have spoken about a few principles about getting the transition right and I have also chronicled a few that didn't go well and you have sort of posed a few questions around them. I used to be a recruiter at Egon Zehnder earlier for six years before I set up my coaching practice. So, I was actually curious about maybe actually chatting with you on how the recruitment process works even before we get into this diagnosis of why things go awry. If you could talk a little bit about how recruitment works, as a board member and as an observer of transitions apart from just the 15 that you have chronicled in your book, what have you seen about best practices in getting the decision right when you looked at situations which have resulted in a good outcome, what about a decision process or the selection process have been worth noticing?

R Gopalakrishnan (RG): Well, I don't know, there is no mantra for this obviously, but my track record is probably when I think back at all the couple of hundred CEOs appointments, I have been involved with not that I made the decision.

DJ: Sure

RG: And my track record is probably only 50%-60% whoever's fault it may be is not material. And when I reflect back on it, I ask myself what could we have done better and I have certain principles which I presume might be of interest to answers to this particular question. The first is let a group of people take the call rather than a single person because there is a value to a collective judgment as compared to single judgement. I am not saying everybody must sit together, it might be sequential but sitting together helps because you discuss, sequentially you just get a little cryptic note on a piece of paper which the HR department assembles and it doesn't give you the picture, that's the first point. These are all, I am going to state some of them are absolute motherhoods. The second is we tend to look for visible success characteristics, track record, domain expertise, how many years of experience, answers to one or two clever questions with equally clever answers, I call those the visible. This is like trying to recruit somebody by looking at his face, his coiffure, his clothes, it's important, go ahead, do so but we don't step into the person's "*aatma*" may be too strong a word

but the inner part of the person and it is that that is more important. I call it the soft part because if I get into hard parts and so on I would be stretching out of my territory, but there is a hidden part to every individual which he is trying to suppress, he or she, and you are trying to catch and you can do that only by simulating situations and discussing the reactions. I am not being judgmental that he is right or wrong, which we tend to do because we are in a position of superiority, we have to judge whether the candidate is recruited or not, but by saying will that work for my situation right and if I may use a cricket metaphor because what I have just said is a bit complicated. The cricket metaphor, a batsman can go to the crease and look for the field placement or he can look for the gaps in the field. Now, I am not a great cricketer, but if different batsmen say different things when you ask them how do you decide what to do and how to hit but this is the way a recruiter should do it. He should look for the gaps in the field rather than what is in front of him. And that way you get a slightly better situation. The third and the last point I would say is discuss discuss, discuss because a number of people are involved in the recruitment but usually, we leave it to some superior god in the hierarchy to decide. And you have to... we get seduced by the person's domain experience and by the person's... those are necessary conditions, but not sufficient conditions. The EQ part of it if to use the jargon are also necessary conditions but not sufficient but the IQ plus EQ is what makes for a very good recruitment and that's what I would say is one of the things that came out in the Crash book. In each of the 15 cases and I am not saying it is the CEOs fault, I was not in the fault business, is there was a mismatch of cultures and if you see how Chris Viehbacher was selected in Sanofi as an example I am taking out of the book and how he was fired. You can blame the board, the very French board of directors, you can blame Chris Viehbacher for being a very typical Anglo-Saxon North American, you can blame the acquisitions that he made, those were all the visible things but ultimately the board of Sanofi sought a non-French orientated international manager of competence. They found him and when he started doing that, they fired him.

DJ: And may be picking up on one of the things you said Gopal you know often companies end up hiring leaders based on their intrinsic potential or competencies or whatever the language right, sort of the inner qualities and not so much on the expertise or prior industry knowledge. There I find an interesting dynamic play out right often the board often has or the recruiting let's say the panel, the people who have visibility to that bet on something but the organization often measures a leader on the clothes and the way the person looks and there's often an asymmetry of insight into the leader and it takes a while for the leader to build credibility. So back to maybe we'll get to the post and I still want to be pre-decision, we will get to the post decision transition in a few minutes but any reflection on when is it a bridge too far? How do you think about experience versus let's say potential if I may sort of use those two words as black and white?

RG: You know, when I was in Unilever, I must now relate it to my experiences live rather than theoretically. It was very rare both in Hindustan Lever and in Unilever to have a non-Unilever person recruited at the top level. They are such a rich and solid tradition of management trainees, direct recruits, so they were all recruited by the time they were 25-30 and then they were moulded, hammered into shape as it were, right and at the age of 45-50 when you had to choose your new leadership they were known devils. In Tata, it is different my experience for whatever the reasons may be a lot of parallel lateral recruitments were done, I was an example of that and so were many others. And therefore, the whole issue of cultural fit. Now, in Unilever it was very difficult for a non-Unilever groomed person to survive. It was for the first time challenged 10 years ago when they recruited globally a CEO from outside, in fact from Procter & Gamble and Nestlé, but it all worked well, okay and since I am not privy to how it all worked, I will not talk about it. But my experience is that the people who are pushing for domain knowledge and expertise are not wrong and you must but it is thus far and no more and what you need is the cultural fitment and the visible fitment to match. So if you take a person who is totally innocent of power sector or automotive sector and try

to put him as the head of that company, like a guy who doesn't know anything about consumer products and you just recruit him from, you know, the diesel engine industry and put him into charge of Hindustan Lever you are going to have a starting problem of considerable significance.

DJ: No pun intended.

RG: Sorry?

DJ: No pun intended, I said.

RG: *[Laughs]* But if you find a guy who has got reasonable domain experience, but not the richest but he has got terrific leadership and human values that's the value add and that's what we tend to miss, we tend to say this guy has got terrific experience in my sector and the human part of it the HR department to look after that doesn't work.

## Reflections from Deepak Jayaraman

DJ: I do think there are three levels of looking at a person. First is the superficial level of experiences and skills, which is often the CV view. Second is the competency view, which is often about how a leader gets things done, and third I would say is intrinsic potential, which is really what energizes a person which gives you a sense of the future runway for the leader. And to discern potential, we should focus on what energizes a person and not just what he or she does, and sometimes that data could be available outside the domain of work. One of my earlier guests, Sudhir Sitapati (SS) spoke about this in the context of how HUL looks at judgment, influence and drive and it looks for leadership potential in an individual.

SS: *"You know, I spoke about I wrote about judgment, drive and influence in the context of recruiting people, because if you recruit for the immediate job at junior management in industry, right and it is different from professional services and there is a very vast difference between professional services and industry. In industry at junior levels, you need drive, but if you recruit the best person for the job you are not recruiting for the future. So, when we recruit management trainees, we have to recruit for junior management, middle management and senior management."*

DJ: But very often I have seen that we tend to gravitate towards experience and competency and miss out on looking at a wider pool of credible candidates who are high potential, who could come from a totally different domain. One of my earlier guests at the podcast, Ravi Venkatesan (RV) actually spoke about how he was recruited from Cummins and the world of diesel engines to head Microsoft in India. He speaks about why Bill Gates took a punt on him.

RV: *"In fact, I remember in my interview process I got interviewed by Bill Gates who used to then interview every person Microsoft hired. And, 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 listen and he was exactly right. So, 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 at... okay. The second thing I realized is that the team we had was high on enthusiasm and low on maturity. And so, I had to build a very new team, a much better team, much fast... incredibly quickly and I think that was really helpful. So, as you make these transitions quickly figure out who's on the bus, who's off the bus and then get a core team of committed people around you because on your own it's pretty tough."*

DJ: Going beyond the superficial variables to really look at intrinsic potential can open up new talent pools and unlock significant value for your company. If this is of interest, one of my former colleagues from Egon Zehnder, Claudio Fernández-Aráoz, has written a book on this. It's titled; it's Not the How or the what but the Who, where he talks about hiring for potential in greater detail.

Thank you for listening. If you find this of value, do take a moment to visit the podcast archives at PlayToPotential.com. You might specifically be interested in my conversation with Michael Watkins, the author of the book First 90 Days on how leaders can settle in effectively in a new organization. You might also like the theme settling into a new context relevant, where we learn from leaders across different walks of life on how they navigated the first few months in a new environment including someone like Gandhiji when he moved back to India from South Africa.

## End of nugget transcription

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Nugget from Sudhir Sitapati that is referenced: [Identifying and nurturing potential](#).

Nugget from Ravi Venkatesan that is referenced: [Transitioning from Cummins to Microsoft](#).

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## R Gopalakrishnan - Nuggets

- 59.00 R Gopalakrishnan - The Full Conversation
- 59.01 R Gopalakrishnan - Running your career like a marathon
- 59.02 R Gopalakrishnan - Making robust hiring decisions
- 59.03 R Gopalakrishnan - Settling in - Rock climbing versus Running
- 59.04 R Gopalakrishnan - Discerning the pecking order of stakeholders
- 59.05 R Gopalakrishnan - Solving for efficiency versus effectiveness
- 59.06 R Gopalakrishnan - Having the right relationship with the Board
- 59.07 R Gopalakrishnan - "Clementine Mirror" - the role of spouses
- 59.08 R Gopalakrishnan - Bringing in adequate porosity
- 59.09 R Gopalakrishnan - Getting cross-industry transitions right

## 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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