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## Context to the nugget

Gopal speaks about the criticality of focusing on not just efficiency (linearly moving from point A to point B) but effectiveness (moving according to the lay of the land much like how water comes down a mountain). He shares some metaphors and discusses how sometimes CEOs might end up gravitating towards efficiency while the Board might be seeking effectiveness.

## Transcription

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Deepak Jayaraman (DJ): Moving on Gopal in the book there's a line where you say that directors seek effective solutions while CEOs look for efficient outcomes. Say more here, I was wondering if it's linked to the principal agency problem that we talk about in terms of, you know, who owns the business and who runs the business. I liked the distinction you made between effectiveness and efficiency. How does that play out in the context of a CEO coming in?

R Gopalakrishnan (RG): What you mentioned about the principal agent is probably one vector. You know, this is like music, it has multiple layers and if you are a discriminating person, you can feel the layers, So, yours is one such layer, I am not disputing it, it is an obvious one which you have picked up, but I have something different in mind. I have tried this very often in Tata management training centres and other places where I might have given a talk in the past. I will ask the question do you think a top leader must be more focused on effective or efficiency and many of the people think they are the same thing, many of the people think what's the difference. Then a shootout happens, conversational shootout where they say that at the very least you must be efficient, if you are not efficient where is the question of being effective? And then this sort of deteriorates into semantics between efficiency and effectiveness. So, in order to get a more clear decision on this you started using a metaphor which I have alluded to in one of my books. If I put a pot of honey and ask a bee, if I could speak to the bee, to get to the pot of honey, he goes round and round in circles before he alights on the honey. If I ask a human being he will just get up, turn his head and walk straight. The human being is efficient. The bee is effective. Now it's to do with the anatomy of the bee and I don't want to get into that discussion in the interest of time, but the anatomy of the bee doesn't allow him to be efficient and therefore he has to go round and round in circles before he alights on the honey which he desperately wants as much as the human being. Take a second example since most of us don't spend our time watching bees getting into pots of honey. How does water flow down a mountain's slope, never in a straight line unless you are sitting at Niagara Falls which is not a mountain slope anyway? It goes... it takes the contours of the mountain under gravity to find its way down. It is seeking to be effective. Efficiency demands that the water droplet fall straight down vertically right but it will hit obstacles and hurdles. Think of how blood flows in your veins? It's not in a straight line, it's in waves, and that's why when our ECG is taken if you switch on the monitor it will go [making a sound] if you heard your own ECG. So the law of nature is that things move in spirals

and circles and not in straight lines and to me that became a very effective way of communicating to people there's a huge difference between effectiveness and efficiency and then I found very interesting ramifications because people the group would say, you know, that's why our company goes around in circles before taking the decision and it doesn't matter which company or what we are talking about, it never takes a decision in a straight line, it goes to that committee that committee that committee it goes around in circles, and then finally the capital proposal is approved and the acquisition is approved and that metaphor I am using to explain your... I mean, I... since I have written some book on this I can go on and on forever, I should not do that. But there's a huge difference between efficiency and effectiveness. Now coming back to the question of the board, the board is looking for effectiveness not at the expense of efficiency but if they have to, they would rather err on the side of effectiveness than efficiency. Like Covid is going on now, of course, I want efficiency, I want cost to be controlled but I want effectiveness, I don't want dead bodies lying all over the factory or the head office building.

**DJ: And what sorts of things would you put in effectiveness when you say effectiveness just for us to grasp the nuance here?**

RG: Effectiveness means adjusting your actions to the topography of the land in which you are operating and efficiency means bore a tunnel through and get and do it. So that's why mountain slopes roads go round but you can't bore a hole through, I mean, it would cost you probably a lot more money and it's probably more unstable. But let me give you one... you know metaphors always help because it opens our mind. When I was young Hindi was made compulsory and it was a nightmare for me because I had to learn multiple languages apart from speaking one at home multiple languages and you know the South erupted, that's a well-known story. Now, there was a guy called Purushottam Das Tandon who was the MP, who was a huge Hindi chauvinist and he was the guy who was pushing Pandit Nehru. Pandit Nehru gave us 15 years' time. That is an effective measure, it sort of... the conflagration was put down and during those 15 years metaphorically he called Raj Kapoor, Dev Anand, Dilip Kumar and said, "*yaar, hindi picture chalo*" and Hindi has spread over the country. Today if you go to Tamil Nadu no auto rickshaw driver will object if you speak in Tamil but when I was young and if you spoke in Hindi, he would reply to you in English or not reply at all. I was very, very interested, I went to a small place called Thruthuraipoondi, most people can't even pronounce it and they were watching Kaun Banega Crorepati and I said to him in Tamil, I said, you know, do you understand what's going on, this is Amitabh Bachchan? They said to me back in Tamil very rolling, rolling Tamil, "sahab, when 1 crore is involved, how does it matter whether it is in Tamil or in Hindi? Now you see the difference.

## Reflections from Deepak Jayaraman

DJ: Thank you for listening. If you find this of value, do take a moment to visit the podcast archives at [playtopotential.com](http://playtopotential.com). You might specifically be interested in my conversation with Michael Watkins on how leaders can settle in effectively in a new organization. You might also like the theme "settling into a new context" 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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## R Gopalakrishnan - Nuggets

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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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