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Context to the nugget

Hari and Sanjeev speak about how start-ups can be thoughtful about getting senior leadership transitions right. They speak about what organizations can do at the stage of hiring and what they can do at the time of the leaders transitioning in.

Transcription

Deepak Jayaraman (DJ): And moving on, one of the pieces I want to explore was as the organization starts scaling up, start-ups need to attract experienced talent from the outside and often we find a situation where a young founder needs to lead an individual who has spent several years in the corporate world and probably even from an age standpoint a decade or so or more elder to him or her. What have you seen around making this dynamic work, you know, in terms from both perspectives, from an incoming leader's perspective and from a founder's perspective? Can you talk a little bit about getting this transition right and successfully integrating people from the external world with much more experience?

TN Hari (Hari): So, yeah, I think it is absolutely important to get this hiring right because assimilation of these external hires and their collaborative working with the home-grown rock stars is very critical for success in the next stage of the journey. So, I think the starting point is about getting the hiring right. At a very high level I think one component is very important which is and that is a mistake that a lot of scale ups make when they look for lateral hires and that is the confusion between building for scale and having worked on a scale environment. So, I think assuming that anybody who has worked in a large company who has seen scale can come and build for scale is wrong. I think building for scale is a completely different kettle of fish. It requires one to be very hands-on if required, it requires one to work without a lot of support from anyone else in the organization to be able to roll up sleeves get hands dirty and get stuff done. I think that is very critical for earning the respect of the home-grown rock stars. Home-grown rock stars are very sceptical about leaders who cannot get their hands dirty and who operate and advice at a 30,000 feet level. I think that is the biggest red flag that start-ups need to be aware of. They should not just be carried away by being very impressed with folks who have worked in a scale environment. So, I think they should probe and figure out whether this individual can execute well, can get hands dirty and get things done, has not forgotten the basics of actually doing work rather than just supervising a bunch of people. So, I think, that's very critical. I think in terms of assimilating them after the hiring is done the founders play a very important role, the hiring managers play a very important role and often this breaks down, this assimilation process breaks down because of multiple things and everybody has a role to play I would say the founders and the lateral hires included. I think if the founders continue to keep the communication lines open with the home-grown rock stars that are relatively junior and not engage sufficiently with the lateral hires and build trust with them then I think things will begin to break

down. So, it is important for the founders to work very intensely with the lateral hires in the early stages, at least for a period of 30 days get to know each other, help each other get comfortable and then after that can begin to let the lateral hire work on his or her own. So, I think, the 30-day very, very active intense working where they get to know each other better, build trust with one another is very critical where the founders are communicating the right messages to the home-grown rock stars telling them the reason why they hired these lateral hires the seasoned leaders and why it is important for the home-grown rock stars to learn a new set of skills that can take them in the next stage of their career from these seasoned leaders communicating that to them I think is very, very critical. So, I think the founders play an important role and similarly I think the seasoned leaders who come in from outside also have a role to play in their own success. I think they must respect the home-grown rock stars that brought this start up to where it is. I think they must also not overplay the fact that they worked in large organizations, they must display an ability to learn this business from first principles, ask a lot of questions, demonstrate a lot of humility and at the same time also demonstrate some capabilities for which they have been hired. If they are unable to demonstrate those capabilities for which they have been hired then I think the home-grown rock stars will also begin to become suspicious. So, I think the founders as well as the lateral hires both have a role to play.

DJ: Got it. Sanjeev, did you have any view given that you have sort of been an investor in several situations and given your personal experience at Daksh, any thoughts here?

Sanjeev Aggarwal (SA): One of the things Deepak that one can think along the lines of is what Hari and you were highlighting how to think about hiring. And I would say break hiring into two components: hiring for values and hiring for capability. Now hiring for capability one can pretty much assess in the interview situation, but hiring for values is very hard to assess in an interview situation. So, one I think one very important key to making this succeed is to make sure that you do extensive referencing on the candidate that you are bringing on-board. And leaders should not delegate that referencing because the input that you gather during the hiring stage is also very useful during the assimilation and development stage. So, I think that is the only additional point I make that hiring be broken into two elements and referencing be given disproportionate weightage because values are very hard to gauge in an interview setting. And I am sure at Egon Zehnder you have seen this movie play out lot more than we have.

DJ: Yeah, absolutely, you know, I was recounting you spoke about some of my colleagues, ex-colleagues, Rajeev Vasudeva and Sanjiv, one of the things they would always say is never miss a step in the process, you know, in the search process each step exists for a reason and never ever miss the referencing process because you will never... you will be surprised by what sometimes comes up. There have been a couple of situations where we were very close to, I personally was very close to an offer and we discovered there was some harassment charges against that person and we had to go back to the drawing board and there's no way we could have discovered these things in a 45-minute posturing conversation. Very true. Got it and maybe taking the other side Sanjeev and Hari, for a senior leader who is at the cusp of making a transition into a start-up, are there, you know, how do they discern a culture from the outside because large organizations often the word gets around, right? If it is a Tata Group or the Aditya Birla Group, generally there's a word out in the market but if it is a start-up it is often hard to discern the let's say the risk of it going wrong and understanding the culture. So, any tactical thoughts on how leaders can de-risk it for themselves in the context of their career?

SA: Hari, you would have probably seen this lot more closely.

Hari: Yeah. Okay. So, I think Deepak, you know, by the time a start-up is ready to hire a seasoned leader it is not going to be very small. It will be reasonably big and reasonably well-known in the ecosystem. So, I think word invariably gets around about the culture at these start-ups. You know, all of us, you know, we know Ola, we know BigBasket, we know Flipkart and the entire talent market has some sense of what the cultures in these companies are. It may not be a much nuanced understanding but they have an understanding on parameters that really matter. So, for example, some companies are known to be very, very aggressive and some companies are very soft, some companies hold individuals very accountable and if they don't deliver, they can let them go very easily and some companies are more soft, give them more opportunities, far more collaborative and less cutthroat and give their people more chances and on an extreme some of them can also hide remain non-performers for a very long time. So, I think and some companies are known to be friendly towards women, far more tolerant of diversity in general whereas some companies have a brew culture where they are not open to really diverse kind of individuals. So, I think word does get around and people have a sense of what will work for them. Having said that, I think many individuals are capable of making multiple cultures work for them and they are able to adapt I don't know what percentage are able to easily adapt and what percentage have to necessarily look for the perfect culture fit, but I think many people end up being able to adapt to different cultures because all of us in some ways are very adaptable unless there is something which is very, very core, which goes against the grain of our values and personality many individuals end up being able to adapt.

Reflections from Deepak Jayaraman

DJ: In addition to what Sanjeev and Hari say, I would emphasize on a couple of things.

- 1) 1) Position the incoming leader well
 - a. Very often I find that the hiring manager gets a heavy hitter for the right set of reasons but often doesn't communicate some of the reasons why a certain leader is being brought in. Especially when the incoming leader is from a different domain, the organization can have the tendency to judge the leader based on the inadequacies of the past experience rather than focusing on some of the competencies they may bring.
- 2) Treat it as a 2-way transition
 - a. Very often, when a senior leader comes on board, a lot of people talk about the work that the incoming leader has to do to settle. But I feel there is an equally important role played by the hirer.

If this topic is of interest, I might suggest 3 resources at the podcast. First - you might like my conversation with Michael Watkins, one of the leading thinkers in the field of transition acceleration. Second - You might also like my conversation R Gopalakrishnan who has written the book CRASH where he studies 15 high profile transitions that went South and what we can learn from them. Finally you might like the Curated Playlist Settling into a new context where leaders across contexts share their perspectives on how they settled into a new context. You can visit playtopotential.com and access these pieces of content either by speaker or by topic.

End of nugget transcription

RELATED PLAYLISTS YOU MIGHT LIKE

Settling into a new context: Figuring out “where to go” is only a part of the challenge for leaders in transition. How you land effectively in a new context is as critical. Hair line cracks often become full blown fractures if not attended to carefully. Leaders talk about some key lessons Individuals could bear in mind as they transition across contexts (Army to Business world, US to India, MNC to Family Business, and Consulting to Industry/Investing etc.) You can access the playlist [here](#).

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Sanjeev Aggarwal and TN Hari - Nuggets

- 71.00 Sanjeev Aggarwal and TN Hari - The Full Conversation
- 71.01 Sanjeev Aggarwal and TN Hari - Journey and transitions till date
- 71.02 Sanjeev Aggarwal and TN Hari - Three rhythms of a scale up
- 71.03 Sanjeev Aggarwal and TN Hari - Being deliberate about culture building
- 71.04 Sanjeev Aggarwal and TN Hari - Getting senior leader transitions right
- 71.05 Sanjeev Aggarwal and TN Hari - Intellect and clarity of thought - correlated?
- 71.06 Sanjeev Aggarwal and TN Hari - Founder development and role of coaching
- 71.07 Sanjeev Aggarwal and TN Hari - Founder CEO or Professional CEO?

About Deepak Jayaraman

Deepak seeks to unlock the 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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