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Context to the nugget conversation

Harsh speaks about how he broke the cycle of mediocre talent that a lot of companies struggle to do. He speaks about hiring his CHRO from XLRI and how he went about building the quality of talent from there.

Transcription

Deepak Jayaraman (DJ): One of the things that companies often struggle with is breaking out of this trap of mediocre talent, in a sense, employee... employer value proposition gets built over time.

Harsh Mariwala (HM): Yes.

DJ: So, the initial crop of high-quality talent often people struggle to access because so far you haven't had, you don't have the reputation in the market. How did you break out of that cycle?

HM: So, the formation of Marico, which happened in 1990, gave me a great opportunity to create to get a new talent, because earlier it was a part of another company which was Bombay Oil Industries, and that just freed me up in terms of attracting very good talent. So, the first person I recruited was Head of HR, and I wanted to have very good talent. So, he was an XLRI graduate and Asian Paints and some other good companies. And with him, we started selling our employee value proposition of Marico to other external good quality talent and the fact that he was batting for me because no amount of me saying that we are not a family-managed company would make sense, you know, with him coming on board as well as his networks, we were able to recruit very good talent, something like 30-40 senior managers within a period of six months or so. And since then, whenever there has been a vacancy, it is always improving our overall standards of hire, we normally tend to fill vacancies with somebody who was better than the earlier incumbent. So, that has always been the philosophy. And unfortunately, many entrepreneurs view talent from a cost angle. Of course, cost is important, I am not saying no, but if you have really good quality talent then it's worth paying that extra and it just when you pay that extra initially to somebody, which is above what you are paying, there is some degree of resistance from the existing people, but the moment that person starts performing then everybody shuts off, because they start seeing the impact of that good quality talent at the higher cost.

DJ: It's a good point you make because...

HM: One other thing I just wanted to finish this was to say that yes, sometimes you make a mistake, you may hire somebody at a higher cost, that person is not performing. In that case you have to send a strong signal within the organisation, okay, I made a mistake by hiring this person, and if you try

and improve on that person's performance, you admit that you made a mistake in hiring. It is better to disengage in a fair manner, because you have taken a risk vis-à-vis your existing talent in recruiting somebody at a much, much higher cost and if that person is not adding value, then you admit that mistake and move on and go in a fair manner in a disengagement process.

DJ: I think that's something that struck me as well, in the book you speak candidly about a couple of your colleagues, right, Pranab and Shreekant who say that they felt responsible for the flat performance and you go on to say that the separation was peacefully handled. So, I was curious, the one thing that struck me once again was keeping the relationship intact despite the decision. So, talk to us about how you walked...

HM: It is a very tough thing to do, and I have handled such transitions in terms of people who are very, very valued at a certain stage in your own journey. They added a lot of value, you have built a very good equation with them not only in business but on social side also and then when it comes to taking a hard call like that, it is very painful and it is one... one is very reluctant to do it but ultimately you have to see what is good for business. And I have always followed that thumb rule what is good for business comes first, what is good for any stakeholder whether it's employees or promoters comes next. So, my stepping down was not good for me at a personal level; I was not ready to step down but it was good for the company. And so, I stepped down. So, similarly, some talent which was because of weak talent actually it demotivates others and what happens in a team if one or two members are weak then the stronger team members feel demotivated and normally, they tend to move on and the weaker talent continues to stay on. So, there is a huge negative impact because of that. So, it's proactively one has to identify and go and improving one's standards and if need be, take a hard call, but do it in a humane manner so that you give time, you give some opportunity, financially support so that... and it's a matter of time those individuals will leave you, they will find some other opportunity which was based on their strengths, and I think over a period of time it works out well.

Reflections from Deepak Jayaraman

DJ: I find that several organizations really struggle with this piece and I think this is one of the keys unlocks if a company wants to move from a start up to a scale up. I had an opportunity to observe this first hand through my work at Freshworks that raised about a Billion Dollars through an IPO at Nasdaq and was valued around USD 12 Billion.

It is interesting that in the case of Girish Mathrubhootham, he also happened to hire an XLRI grad, Suman Gopalan to drive a lot of the change. But I would like to call out a couple of things that I observed that often don't get discussed in these kinds of transitions where you move from being a Lagaan team to an IPL team. (To take a metaphor from cricket).

Like Harsh said, getting good quality talent is a non-trivial part of the puzzle. What is often underappreciated is what it takes to manage the dynamic between these A+ players brought in from the outside and the homegrown tigers. In the case of Freshworks, as they started preparing for the IPO, Girish moved to the Valley and started hiring several CXOs from the Valley who brought in a very different approach to work and when they got in touch with the talent that had grown from within, that caused several pulls and pressures. While there is no magic pill here, I think what stood out was the ability to not swing too far on either side. Not losing the history and past but also embracing the future. And a lot of leaders end up failing on getting this balance right.

The other piece I noticed was that Freshworks had a certain culture code when it started but as it evolved and got some of these seasoned leaders, they were willing to let the new culture evolve rather than be constrained by the culture of the past.

Very often, leaders talk about getting better talent on board but what they don't think through is that the real battle often begins post that. Integrating the talent, managing both the cadres of players. To use the IPL example, if we take the example of Chennai Super Kings, how do you handle a Rupture Gaikwad and a Faf Duplessis, both of whom add a lot of value to your team but bring in very different approaches to work. And striking that balance is non-trivial.

While a lot has been written about Girish Mathrubhootham and his leadership, what I find the most inspiring is his ability to handle these pulls and pressures without swinging too far in one direction while marching forward. He started out by hiring from Shastra, the engineering college he came from between Tanjore and Trichy. As Freshworks grew and headed to an IPO, he was recruiting senior leader from Microsoft, Salesforce, Atlassian and so on and they brought in a very different brand of leadership. Handling all the friction and the ambiguities that come with handling these two clusters is non-trivial. But that is where, I feel you can tell the adults from the kids when it comes to driving cultural change.

End of nugget transcription

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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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