Enduring Organisations: Leadership Lessons

In conversation with Rajiv Lochan, Managing Director and Chief Executive Officer, The Hindu Group

History tells us that even the best-performing organisations fall into two categories: those that endure over a long period of time and those that rise to prominence but falter in the face of a challenge or disruption, later fading into oblivion. *Enduring* organisations are ones with the ability to survive and prosper under a variety of conditions; to reinvent themselves over time; and to deliver ongoing value to shareholders, employees and customers. Recent studies estimate that more wealth will be created in the next 15 years than in the last 50. At the same time, the gap between the haves and have-nots will widen. The concept of enduring organisations becomes all the more relevant if it can restore the balance between wealth creation and wealth distribution. Rajiv Lochan, Managing Director and Chief Executive Officer of the 140-year-old Hindu Group, has spent much of his career with enduring organisations such as Sundaram Finance (60+ years), McKinsey (90+ years) and IFMR (40+ years). He shared the attributes that enable some companies to thrive where others do not – and how business leaders can instil them in their own organisations.

The 5 attributes of enduring organisations

Broadly, there are five key elements that allow high-performing organisations to both endure and thrive:

A deep sense of purpose

Having a core purpose that is meaningful and deep motivates and anchors people, and endures during the lifetime of a company

A business' ability to prosper is not about what it *sells* but about what it *believes* in. Too many firms are driven solely by profit and performance, which in today's rapidly evolving world is not sustainable. Having a core purpose that is meaningful and deep, motivates and anchors people, and endures during the lifetime of a company. Critically, leaders must have unshakable conviction. The Hindu, for instance, was founded in 1878 with the core purpose of 'shaping public opinion' – something that is still embodied and echoed across the organisation. To date, McKinsey & Co has chosen to remain an independent partnership – which manifests in the choice of clients, industries and function the company want to 'get behind.'

Obsession with quality and innovation

Long-lasting organisations have an obsession for quality and innovation

To be able to run an organisation over a long period, it is paramount to instil a passion for quality and innovation in all facets of the business. For that, leaders need to be equipped with 'bi-focal' vision: being able to look at the here and now (microscopic) as well as far ahead (telescopic). The Hindu Group's leadership has been committed to innovation since the company's inception. It was the first newspaper to own a fleet of aircraft, use satellite technology, and to launch coloured print, supplements and an online portal. American Express is obsessed with the customer experience. Its entire culture is built around thinking about and solving the customer's problems in a meaningful sense.

Second Coming: Learning from Successes and Failures

In conversation with Ashok Soota, Executive Chairman, Happiest Minds Technologies

Ashok Soota today leads the 8-year-old start-up, Happiness Minds, but his first venture, Mindtree, grew into a billion-dollar enterprise. Mr Soota previously helped grow Wipro Infotech from a USD 2 million company to one valued at over USD 5 billion. Earlier he drove the turnaround of Shriram Refrigeration. At 77, Mr Soota continues to work actively when many his age are comfortably into retirement. His knowledge spans subjects as diverse as building entrepreneurship and a healthy organisational culture, to corporate strategy and the principles of effective leadership. Mr Soota, the grand doyen of India's IT industry, shared his learnings of what separates business success from failure.

Success and failure: not a binary

Success and failure lie along a spectrum of outcomes

Rather than a simple 0-1 binary, success and failure always lie along a spectrum. In the start-up world, a '0' mean that the project gets abandoned, the company shuts, that neither the investor nor the founder make any money, and there are debts to be repaid or lawsuits to be fought. At the opposite end of the scale ('10') lie companies like Google or Microsoft, which have not only seen decades of enduring success, but have also managed to build institutions in the process. In between these extremes lie multiple degrees of success/failure. For instance, there are cases where investors with preferential rights have recovered some money, though the founders have earned virtually nothing. Closer to a '10' would be projects that have met all their stated objectives; been completed on time within budget; created a happy and satisfied customer base; and exceeded expectations by delivering some unexpected value-add to the customer.

Learn from failure, but more from success

You should learn from your failures, but more from your successes

It is a myth that people and organisations learn more from their failures than from their successes. In fact, successes help you identify your core competencies and build on those, eventually yielding tangible and meaningful outcomes. They also promote a more optimistic frame of mind, and greater risk-taking ability – albeit one that should be tempered with checks and balances. Failure, or even the *perception* of failure, makes people pessimistic, overly risk-averse, or negative. For instance, VG Siddhartha, the founder of Café Coffee Day, not only created the country's biggest coffee brand but managed to retain market share in the face of stiff competition from Starbucks. He also had multiple other businesses that were doing well. Yet, saddled with debt, he came to believe that he had been an enormous failure as an entrepreneur, and took his own life.

Make mistakes, but try not to repeat them

The key is to try and replicate your successes and stay positive about the outcomes. Focus on what made you strong, but learn from your failures – and try not to repeat your mistakes. This doctrine *does* sometimes fail when it comes to people, because it often takes more than one try to find the right person for certain positions, and many people may succeed in one environment but fail in another.

The Unicorn Way: Redefining Excellence

In conversation with Yashish Dahiya, Founder, policybazaar.com

Set up in 2008, policybazaar.com, with over Rs 20 billion in revenue today, has emerged as one of India's handful of 'unicorns' (start-ups valued at USD 1 billion or more). This is a major accomplishment in itself, but even more impressively, the business rests of strong fundamentals. Rapidly graduating from mere lead-generation to direct policy sales, it earns solid profits on a standalone basis, and utilises only a small share of the investor money it has received. (In fact, it earns more from interest income than many start-ups do in profit.) With a huge domestic footprint, this 'new age' business is firmly ground in India's consumer- and financial-market realities. Most of its business – 70% by volume, and 85% by value – currently comes from the life and health business, but it aims to meet the full gamut of customer needs, including travel and motor insurance. In a free-wheeling conversation Yashish Dahiya, policybazaar's Founder, spoke of his firm's incredible journey, how he sees India' insurance market evolving over the next few years, and his own personal voyage.

Making the entrepreneurial leap…

Putting team's aspirations ahead of their own

10 years ago, Mr Dahiya held a secure, well-paying job in the UK. His family was nicely settled in that country – in fact, they remain there to this day, with no plans to move back. He had mortgages to service, and private-school tuition fees to pay. An entrepreneur at heart, he was, at the time, not financially secure enough to *be* one. Secretly, he even prayed that policybazaar would *not* receive funding, so that he would not have to shift homes or let go of his job! However, the money *did* come through, sending Mr Dahiya and 16 other co-founders on their way. The years that followed proved personally difficult – having to live apart from his family, in a room in his parents' Noida home, and especially his growing children – but collectively enriching. Right from the start, it was clear to Mr Dahiya that the new venture would require everyone to put the team and its aspirations ahead of their own. The willingness to do that was what ultimately separated policybazaar from the competition – and allowed it to scale up as powerfully as it has.

…and overcoming critical challenges

Strong business case for an online insurance aggregator…

The business case for policybazaar was – and remains – indisputable. As a sector, insurance-comparison did very well in Europe, and Mr Dahiya and his colleagues believed there was no reason why it would not work in India, too. The societal need was equally obvious: poor insurance coverage, and the almost complete absence of a meaningful social-security net, means that millions of Indians, whether poor, middle-class, or rich, are financially ruined when a breadwinner dies, or when disease strikes. Add to this was rampant mis-selling, which had led countless investors to buy unsuitable policies. In most cases, investment products were wrongly peddled as life insurance, with less than 1% of the 'premium' amount going towards insurance coverage. Almost no one bought pure-term insurance – something that, ideally, *everyone* should have – and roughly 70% of policies would be surrendered prematurely, causing investors to lose vast sums of