

Leading The Show

Pooja Kothari

HUGHES BPO's Aadesh Goyal and HCL E Serve's Sujit Bakshi are uncommon occupants of the corner offices in their organisations. Both these executives spent their career in human resources till as recently as six months ago. But today they're busy making sales pitches to clients, trying to meet revenue forecasts and charting the future of their companies.

hendra Swarup, who currently heads Times Internet, a subsidiary of the Times of India group. Other, earlier examples include MRR Nair, CEO of Steel Authority of India and Ravi Bhoothalingam, CEO of Vazir Sultan Tobacco (a subsidiary of BAT).

An important factor boosting the chances for HR heads is the fact that, globally, companies are asking potential CEOs to do a stint in HR as head of that function. Even in India, there are executives like Keki Dadiseth, former



Human resource chiefs in India are getting their big chance — to be the new occupants of the corner office. But it's early days yet, and the trend's more visible in the services sector

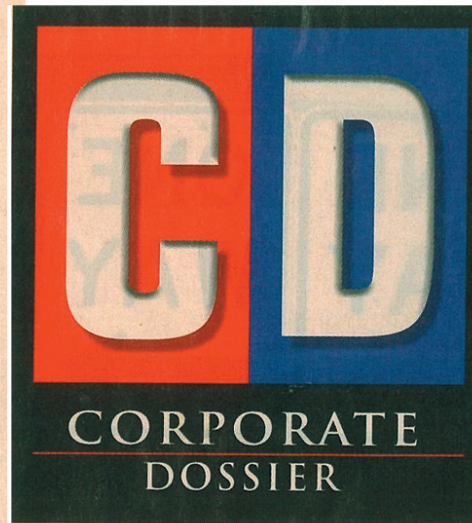
They aren't the only ones to do so either. In the year gone by, many executives have managed to make the dramatic leap from head of human resources to chief executive of a corporation—and quite successfully too. The HR chiefs of late are being considered for the top job, given the growing clout of HR in the corporations of tomorrow.

The back-room boys from HR, who used to be treated like stepchildren when compared to their counterparts from the more 'glamorous' marketing, sales and finance departments, have started leading their organisations. Things are expected to get even better in the coming years as more of these 'HR-CEOs' take centre stage.

If you don't believe us, here are some high-profile moves: Raman Madhok, CEO, Jindal Iron and Steel; Vineet Chhabra, managing director, Global Green, the agriculture business of BILT; Ashok Lahiri, MD, ABP group, formerly head of HR for Unilever UK, and Pepsi's former HR director Ma-

chamandran, managing director and chief executive of Philips India, who served as heads of HR before going on to become the top men in their organisations. Says Ramachandran: "I owe my success to those five years I spent as HR head. Today, if I had to groom a potential CEO, I'd make sure he spent some time as head of HR."

Their biggest ally in this change has been the changing face of their function. It's no longer the textbook HR of the 70s and 80s, with its emphasis on industrial relations, and mandate to provide 'support' to the company by training, retaining and firing employees. It's all about being a business partner who can bring value to the business through human capital initiatives. Says Sujit Bakshi, chief executive, HCL E Serve: "Things changed in the last five years. Earlier, HR was more a service function, so its people weren't seen capable of leading the business."



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THERE are now a few in India who have managed to put a foot in the door, though mainly in the services sector. Says NS Rajan, national director, HR Advisory Services, Ernst & Young India: "It's happening in telecom, IT and services — basically the people-intensive sectors. With- in IT, it's mainly in BPO operations, which are more people intensive, than technology intensive." Another one who's gained in stature and importance within the Rs 27,000-crore Aditya Birla Group is Sanjiv Misra, director of the Birla Management Corporation. "It's happening in sectors where service element is a dominant revenue

earner, such as healthcare, call centres and cellular telephony," explains Misra.

The fact that there are exceptions to the sector focus—Jindal's Madhok and BILT's Chhabra — can only mean well for the HR fraternity, since it indicates that even in the old economy, the candidate's ability to take the business forward is taking precedence over other considerations. Explains Chhabra: "Look at two aspects: the initiative and drive the person has, and the exposure he's had through the years."

There are two dominant factors at play here. For one, HR heads gain attention when they can demonstrate 'business acumen', and not just soft skills. Today, it's all about partnering busi-

ness through human capital initiatives. Says Hugh Bucknall, a Singapore-based consultant with Mercer Consulting: "It appears that heads of HR who align themselves with the process of running



Goyal: Better today

the business as a business partner, are more likely to be considered for the position of the CEO in the long run, than those who run the HR function as it was traditionally meant to be run."

Secondly, HR chiefs are increasingly using more quantita-

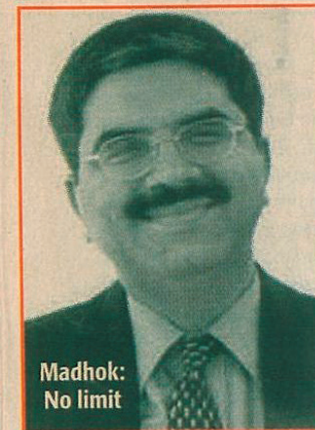


Bakshi: Beyond service

HR chiefs become more confident about their knowledge of business and ability to take it forward, they will not feel inhibited about their capabilities to become CEOs.

"HR people are extremely comfortable in their cocoon. Their own imagination limits them," says Madhok. The aspiration to be CEO has played a big role in the past, since most HR chiefs didn't even think it likely, and did not venture out of their own world. Says Aadesh Goyal, vice president, Hughes Software Systems, and head of its BPO division: "HR people have a much better idea about business today than they did ten years ago."

History indicates that HR's time has come. When manufacturing was driving value through automation, and reductions in cycle time and cost, manufacturing executives became CEOs. Next, when value was being driven by shrewd financial management—such as IPOs and M&As—it was the CFO who rose to the top role.



Madhok: No limit

approaches and assessing the impact of human initiatives on business, thereby enhancing the credibility and effectiveness as a senior player. As HR heads bring more numbers than narrative to the management of HR, the business community can see for itself the value delivered by better HR chiefs — and this, in turn, encourages boards to look at them as potential CEOs, both internally through succession and from outside.

Technology is enabling HR to get out of its payroll-administration-and-benefits mindset. The administrative part of HR is either getting outsourced, or is vanishing totally, leaving its proponents with time to play a more strategic and facilitating role. And that's giving them a voice on the strategy table and the board. Also, as

Today, we are constantly being reminded about the value of our human capital. As people become increasingly prominent drivers of shareholder value, HR heads might have their turn at the top. For now, the HR-CEOs have a big responsibility, because they are the front-runners whose innings at the top will decide whether others like them will get a chance to be part of the elite club. **CD**