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REAPING THE REWARDS FROM PUTTING EMPLOYEES FIRST

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By Dina Medland

The clarity with which Vineet Nayar speaks of his growing up in a small town in the Punjab, India's agricultural heartland, suggests he has traced this journey in his mind many times before.

Having lost his father when he was small, he and his two brothers were brought up by their mother, a teacher.

"As happens in small towns, the whole town brings you up – unlike a city, where it is just up to your parents. When you grow up so far away from a competitive urban environment, you celebrate success every day," he says.

Today, he is chief executive and vice-chairman of HCL Technologies, a \$3.5bn information technology outsourcing company, and is quick to point to the formative influence of his background on his career.

Out of necessity, he says, he understood the value of a "work ethic" very early when he started a job on a poultry farm. The three brothers used their wages to fund their education, taking turns at earning money and receiving schooling.

That education also took place in what Mr Nayar calls a "cocoon of American thinking", first in a school run by Jesuit nuns with an American "principal", where "free speech and bold ideas influenced my early childhood", he says.

Those bold ideas certainly got him noticed. For example, a welcome that he organised as an 11-year-old to entertain the visiting mother superior, involving dancing and playing the popular Hindi song at the time "Dum Maro Dum" was highly inappropriate. "I didn't understand the song. But the principal judged me on my enthusiasm, and found a way of giving me encouragement from it. With all the support I had, by the time I got to college, I believed in myself," he says.

He also married a school friend, a love marriage, rather than the arranged pairings common at the time. "It took me seven years to get married to the girl," he laughs.

After completing an MBA, he joined HCL Technologies in 1985 – and was rapidly promoted to head the company's task force on strategic diversification. This led to the creation of HCL Comnet and he became its chief executive in 1994, giving him more freedom to be creative.

He had begun to feel stifled “in a bureaucratic environment”. He says; “Out of the frustration – rather than any vision – an entrepreneur emerged,” he says.

Comnet became the outsourcing segment of HCL, and Mr Nayar came up with a management strategy credited with the transformation of HCLT’s main business, which he rejoined in 2005 as president, and then chief executive in 2007.

His strategy of “Employees First, Customer Second”, is explained in a book with a similar but elongated title, and has won him many plaudits across the world as an original management thinker.

“With EFCS we have been able to engage our employees to deliver more value and transformation to clients, which resulted in tripling of our revenues in the past five years. Even during the two years of recession, HCL grew in excess of 21 per cent year on year, which was an industry-leading performance,” says Mr Nayar. HCL today is a \$6bn global technology and IT enterprise comprising two companies listed in India – HCL Technologies and HCL Infosystems.

“Management teams today need to create cultural transformation and to do that they need to understand their core business and how to differentiate it within the interface between employees and customers,” he says.

“If employees are in the zone between you and the customer creating value, the business of management is to enthuse the employees in that zone with the purpose of going faster,” he says.

The old command and control leadership roles are obsolete, he suggests, giving as an example homes with teenagers in them. “When you have a teenager in the house, you know that command and control simply does not work.

“You have to come up with a more collaborative style that allows the teenager to grow up in the house as well. That is the change of management style we require today,” he says. Of the challenges facing companies, he says: “We need to understand that we are in a perfect storm. The employee of today, unlike in 2008, is no longer slave to a company’s vision. They are disenchanted with employers. There is political indecision all over the world, competition is intense, with emerging markets now attacking the back yard of the developed world and governance is non-existent.

“On top of that, the consumer has changed, with a new demographic profile and the way they want services.”

So his message is all about reducing hierarchy, and bringing down barriers between chief executive and employee – Mr Nayar is famous for dancing in front of his employees regularly, as a way of breaking down such barriers – to create more of a “feel-good, enthused” and democratic workplace.

About half of India’s population is under the age of 25. At HCLT, recent estimates placed 87 per cent of the employees as under the age of 30. Its success in weathering the recession and continuing to prosper has been repeatedly laid at the door of its “employee

engagement” policies.

Last year, the company was certified by WorldBlu, which claims to be the first global standard-setter for democratic workplaces, as one of 52 organisations in the world to have achieved a degree of democracy as measured against 10 principles.

For Mr Nayar, this route to the top of global business appears to have flowed seamlessly from following the ancient Greek aphorism: “Know thyself.”

Having arrived, he values home and family as “the most important place to be”, plays a lot of competitive sport, and makes sure he keeps “well away from all IT people at weekends”. *Employees First, Customers Second: Turning Conventional Management Upside Down* (Harvard Business Press, June 2010)

Secret CV

Your first big break?

In school, when I was about 14, I organised a strike as a protest. We didn’t tell our parents but we went to school every day as normal and sat on the lawn outside for 15 days. I won my point, and learnt an important lesson: perseverance will always triumph.

Who were your mentors?

If I had to name only one, it would be my mother, who showed great determination in adversity. Her ability to be positive dictated my attitude to life. Also my geography teacher, Sister Shalini from Australia, and Father McGrath during the MBA – they taught me how to be fearless.

What else might you have done?

Now that I have seen Formula One in India I know the answer. I’m completely addicted and I can tell you I would be bloody good at it. If I wasn’t doing this, I would be an F1 racing car driver.

Best career advice to others?

Stop listening to others – look in the mirror and talk to yourself and you will find the answer. Nobody knows you better than you do yourself.