

Leadership
Prof. Kalyan Chakravarti
Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur

Lecture - 10
Case: The DVC Story - A First Person Account
Leadership in Action Part – II

Student: His thought was when you are giving all persons, the basic things what they are eligible of without any, they already start to trust you and when this element of trust is coming into the organization, then only you can start change. So, he was there as a change agent and he build up upon the trust and he did that by his believes in basic three attributes. And the organizational structure when he came in was very functional and divisional and he really thrashed it out and then he decentralized the whole structure.

And the organization when he left was decentralized from high centralized, then no divisional heads when he left in the field location were very functional oriented at the time he came. And he changed the structure to have an head for all functions at divisional level, so at that time he build the trust and from that they accepted. Everybody has to accept the person who is telling him what to do, then only they will believe in that person and things will start moving in right direction.

And in the dynamic welfare also, he taken care for the society like renovating the residential quarters of everybody, where house wise decision was taken into consideration and he was more respect. And everything what he did, first he practiced it then freezed it, because when you are saying something and doing something else, then really you cannot build the trust among your workforce or among your employees, so that was the basic starting point, he started doing things which in future he enforced it.

Then like a formation of cross functional teams was the outcome of that trust, at the time when he came in everybody was happy with their written set of duties, nobody was performing what actually he is supposed to do. He build in the trust element and everybody was taking a step more to do or to perform his duties better, so that was the kind of trust he built into that organization. And when he left that shows, when the all employees gave him that this person has given us the self respect, that was the kind of person he was.

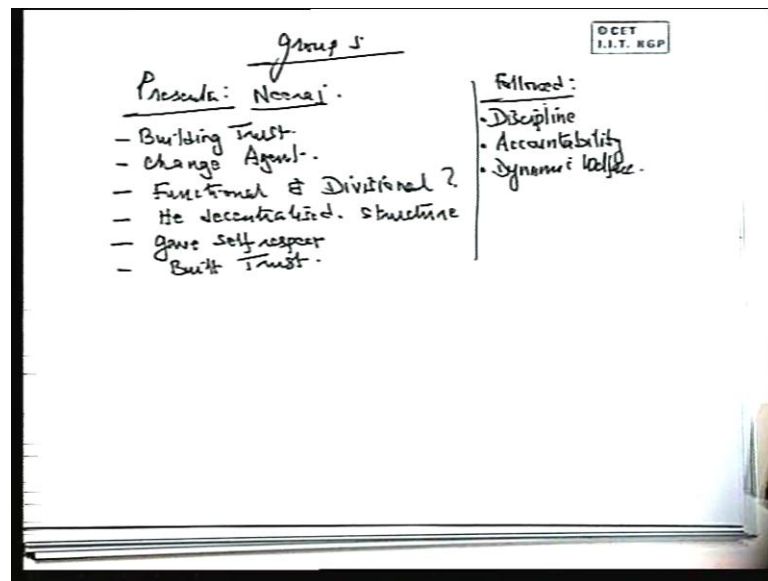
And then, he changed the structure of reporting in the organization, he actually gone into the field, saw the actual situations and given the solutions then and there like in the case of high school where he told his manager to go back. And then he will he followed. So, these were the qualities he showed and this is the reason he brought into the organizational change. And that says basically what question you have asked to answer, how did he achieve that organizational change in the DVC.

Is that all.

Student: Yes sir.

Now, we have got for questions 10 minutes he has finished in 5 minutes, so Avinish come this side to answer the question.

(Refer Slide Time: 05:04)



Whoever answer the question will come here, answer in to the mike.

Student: ((Refer Time: 05:09)) highly centralized to decentralized is there any example to say that it was a decentralized, because according to me.

[FL] add something to Avinish's question, similar you have said here that he, when he came it was a functional and divisional, is that I have not understood this what is this functional and divisional.

Student: Let me correct it slightly, it is not functional and divisional, it was functional.

It was functional.

Student: Functional.

Functional, so it is two division.

Student: Yes, functional to divisional .

Student: And let me go to an example, there are various support functions like maintenance finance in the plant who were reporting to the corporate office, the chairman was sitting at the corporate office at Calcutta. But, the plant manager or divisional manager at various plants in the organization had, they had no direct powers to get the help of this support functions. There were budgets the responsibility ultimately lies with these central managers at the corporate office, so the decisions were not executed very fast.

But, that is change of structure to the divisional level he put these people under the plant manager and so the decision and the improvement were fast, so this was the change from functional to the divisional.

Close it you after answering the question, yes.

Student: See one of the major aspects of any organizational change is a structural change which you have already mentioned, but what about the cultural change that happened in the organization except for building trust, you have not mentioned any other aspects of cultural change in the organization.

Student: Cultural changes goes.

Speak into the mike.

The cultural change can be seen from the changes in the style of working right from the moment you enter the office, now you will have to enter at 9:30, so the discipline starts from there. Then the grievances committee, your grievances are listened very fast the action has been taken almost 80 percent cases have been solved the chairman sits there completes the all the file work.

So, the trust is built by various actions, the improvement trust one of the major I also like to emphasize with the improvement trust by involving people across functions to participate and suggest improvements. Example they asked remission system and all, where people get involved with the results of the organization, so these were the cultural change.

Student: ((Refer Time: 07:52)) type of organization to some sort of a corporate culture, yes, I have would like to add.

One more come this side take the mike.

Student: The basic fundamental behind working of bureaucracy is mistrust, everybody is worried about what other person can harm, can do a harm to me and then he change the cultures a trust oriented what the other person can do for me.

Do for me.

Student: For me for the organization for the society they were living in, so he build up a system of trust and where the trust is where the distress is more, they are less productive that is what the practical example shows. And he built up the system of trust and that is why I personally feel, that is why his organization performance that way with the same persons and with same machine.

Close Diraj close, now how does one build trust conceptually, how does one build trust, you do not trust me I want to build trust, you must trust me I want do that change conceptually how do I go about doing it.

Student: ((Refer Time: 09:10))

Let it Francis

Student: We will think on some communication and action.

I tell you, again and again.

Student: Sir.

Francis, trust me I am communicating with you is that how...

Student: Communicating I have trusted...

So, one is communication itself, you have to keep telling people talking, talking, talking, please trust me, please trust me is that conceptually the way to build trust.

Student: No sir.

Yes or no.

Student: ((Refer Time: 09:37)).

I will give you the chance, tell me.

Student: Communicating your ideas, if you are doing an action you communicate why you are doing that action and that...

Taking people into confidence about the your action you are taking what is the rationale for it that, he conceptually says that is one way one component of trust building [FL], wait yes go ahead, speak in to that.

Student: Firstly, that the communication is the first part, secondly developing a sense of ownership among employees and thirdly built by

How I am Mister Luther.

Student: Yes sir, sir communication.

He has told me I start communicating, I call people, I talk to them and then, I give them rationale of what I am doing, I am tearing down a poster, I would tell them why I am tearing it down is it not, I have to give the rationale that is how you change culture, so how does it. Remember one thing conceptually if you want to change a culture or build the culture what do you have to do, you have to do action, behavior, that is how people can see if you are just thinking.

Can you see me here what I am thinking you cannot, how are you going to interpret it with what I talk communicate and what I do, say I just talk, but I do not do, then what is happening I am not walking talk, so both are important, any other components, yes [FL]

Student: First is trust can be built through number one solidly backing the employees in times of trouble and number 2.

Solid backing in times of trouble, so concept being hey you trust me, because when you are in trouble no one else will come I will come and bail you out solid backing. If you can do something to demonstrate you are backing him, when he is in trouble is it not that a powerful way of building trust, what else.

Student: Number 2 through unselfish acts.

Through unselfish acts, that means say I do something and you really see that I am doing it not for a private agenda, I have nothing really to gain, then you start thinking [FL] this guy you can trust him, because he does not have a motive for helping himself only in whatever action he does, good very good.

Student: Sir.

Yes.

Student: Trust is one of the tangible outputs of an effective leadership like a...

Trust is a tangible output of...

Student: Effective leadership and whatever points he is made.

All right.

Student: All the points are effective leadership.

I will tend to agree with it any disagreement.

Student: Yes sir, there are ((Refer Time: 12:45)) in leadership there are two basic styles the task orientation and the people orientation, if you are task oriented then you may not get the trust of your employees.

((Refer Time: 12:55)) in leadership there are many thing not only basic style what else is there, skills are there, roles are there it is a combination, but tell me I interrupted you why are you disagreeing he says it is an output

Student: Yes sir, intangible.

Intangible.

Student: ((Refer Time: 13:12))

Is tangible.

Student: ((Refer Time: 13:14))

All right, we would not quibble on that point, why it is not that.

Student: Sir, a leader maybe very much task oriented he is pushing for results.

No, no you must answer my question I said conceptually how can you build trust, say you are going to a situation company tomorrow and you find the same thing that Luther find, maybe in a less dramatic way nothing is happening, nothing is moving you want to create trust how will you do it. At that time you can phone me up I will tell you what as a special favor, but still if you want to do it yourself how do you go about doing it. First you start talking I think that very important, communicate effective managers how much percent of the time they put on communication.

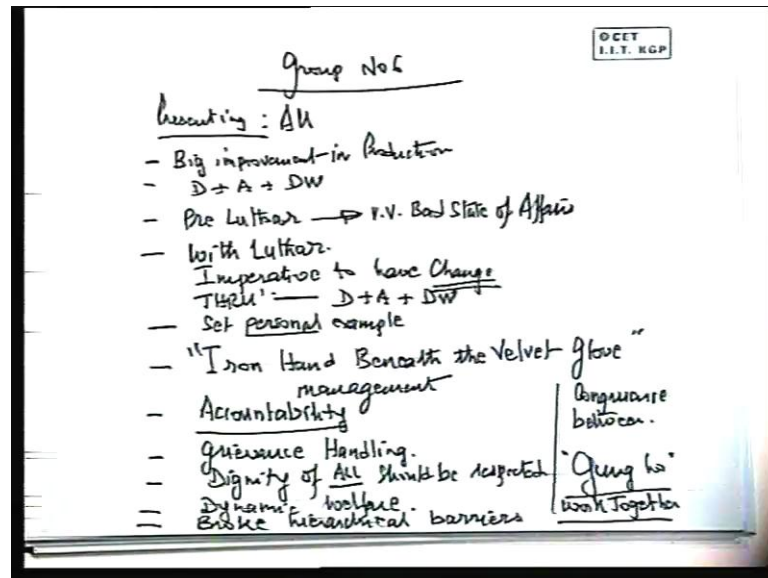
Student: 54 percent.

54 percent in one research study effective managers, usually effective managers build trust, successful managers they do not necessarily build trust, because they get promoted themselves.

Student: That is what I...

You make that phone call today, any other questions we have one more question we can take, if there are no other questions we give them a big hand, next last but not the least is group number 6.

(Refer Slide Time: 14:55)



Who is presenting?

Student: All of them.

All of them.

So, you have got a big advantage group 6, what is that advantage you are presenting last, so if you make a good presentation in the mind of the evaluator it makes a big impact I give you the highest marks, so let us see if you can grab this opportunity, have you noted the time?

Student: 5:1

5:1, so you can speak till 11, 11 past 5, your time starts now.

Student: We are group number 6 and we will be answering the question, how did P.C. Luther achieve the organizational changes at DVC, now and we will be distributing the presentation between us I will deal with intro introduction. Krishna will deal with the organization prior to Luther's at DVC and ((Refer Time: 16:04)), Bhavani and Sanju with deal with the organization during and deal with the question of how he achieved organization changes.

Now, let me give you a brief introduction of the company, DVC when mister Luther joined the generation of power is less than 400 Megawatt and the British had said that

they could achieve 600 Megawatt, but they were not able to achieve because of some constraints. And mister Luther was able to achieve 700 megawatts within 7 months and normally that also able to become an exporter and DVC was able to become an exporter of energy, all time record thermal generation able to achieve revenues and also become a profitable organization.

Regeneration also went up to 1015 Megawatt and this was achieve on the because of the three point formula he has mentioned discipline, accountability ((Refer Time: 17:11)) which will be further explained by Krishna, thank you.

You have to come get little this side that watch yourself there, you are going out of the screen come back to the middle.

Student: I will deal with the situation which was prevailing in DVC prior to Luther, there was DVC was in a very bad condition, that is the organizational culture was very bad, there were practices, no one was following any kind of norms it seemed as if there were no norms at all. Punctuality was very poor, people never used to turn up at 9:30, it was the actual time was below the 9:30 people used to turn up at 10.

Then there was no accountability there was no way of handling grievances, that is if a person had a ((Refer Time: 18:19)) grievance, there was no way his concerns could be solved. There was no welfare orientation of the company that is the company did not think about it is employees so well, so there was no pride in people the employees to identify themselves with the company that was not existing that time.

In general people were just pulling on they were the managers who were not having any control over the situation, people the ever cases in fact, there is a case where they say that there were more number of than of number of days in a year. So, the condition was very bad before mister Luther came, hereafter I will just leave for Sanju.

Student: Sanju to continue.

You will leave us only is very gloomy and ((Refer Time: 19:26)), then there are better things to come mike, speak into your mike.

Student: Krishna just talked about the lack of the, in the ((Refer Time: 19:40)) that was prevailing in DVC, and Mister Luther when he came he first he relates that he needs to

create a atmosphere of positive motivation for any change to happen. Here the one thing was very clear that the change has to happen and for that change to happen positive motivation was necessary. And he created this through the three points of discipline, accountability and dynamic welfare I will be talking about discipline here.

Now, let us first see why discipline was necessary, first thing the main drawback that was really was the lawlessness, he says the attendance, punctuality the people they are coming and going whenever they wanted. There was this the rule there was that everyone has to be has to come by 9:30 and there was a 20 minute grace period, but nobody was following it, so first he...

Speak into the mike.

Student: First he ensured that, the rules are established and ensured that people at stuck to the rules and he ensured this through first by doing it himself by example, where he what he did was. So, initially he started he whatever rules he created said he started doing it himself, he ensured that he always attended on time and that even if he stays back and for a extra work, he ensured that he next day he comes on time.

And then, one rule that he talks about is, it was made clear to everyone that as long as the norms of discipline were observed, we would be good friends, but if these are out the reaction would be prompt and deterrent. That was the Laxman Rekha that, that we are good friend as long as you are in this side of the line, but if you cross it then we are back. Then second example was the notice board example, there he saw that all the there was no notice board effectively, they were all those walls pasted with anti organization slogans.

And this was basically a deterrent for work, people who walk in and see all bad things were just basically there was no motivation to work after that, so he initially he started removing it himself. When faced with opposition he understood that he cannot do it by friendly means, so friendly means, so he recruited he got people from outside to do it and we see that and he ensured that the ends were legal and the means that he used were also legal, although it was basically by force than by engineers.

Another example was the strikes, the strikes were and rampant, but and then there was demand for pay hike bonus hike from 8.5 percent to 12 percent. He did not want that to

happen and he took the risk, because he very well understood the wrong side of it, but he took the risk and then, he really worked hard to ensure that the strike did not take place. He went to all the parties concerned and then, explained it to them, explained the irrationality of the whole thing to all the people concerned and then, ensured that the strike did not take place.

And basically I will conclude this by saying that it was the change management which ensure that the setting of example, setting example.

Speak into the mike.

Student: The chairman introduced the one of the basic concepts of the organization accountability, which was literally ((Refer Time: 24:06)) before he came into the scene. Then the main thing he will introduced this ((Refer Time: 24:11)) all through leading an example, the first thing he did was personal attention for chairman, because the chairman was the first person to be accountable for any other thing, that is something to the organization.

Then, he similarly introduced the concept like grievance handling and in accountability it means, if people are accountable to the management, management is as well as accountable to the people is that ((Refer Time: 24:33)). And in the same way the basic thing that he introduced in the organization was dignity of every person should be either it is management or the people. And so he showed a means along with the ends not just the end, from here will ((Refer Time: 24:51)) take over.

((Refer Time: 24:57)), there were three common stones on which the organization change was brought up by Luther, one was accountability, one discipline and the third is dynamic welfare. Now, I will be elaborating on dynamic welfare and then, I will be summing up the case, so by dynamic welfare we mean that the focus was on the welfare of the people who are anything and everything to do with the organization.

And you find that previously the chairman does not interact with the workers were going out in the field, but when Luther came over here into the organization that he was a welcome change. He spends a lot more time when the previous chairman is out from the field whereby interacted with the various workers, he even shook hands with them, he talked to them, there was just this ((Refer Time: 25:46)) about his shaking hands with the

sweeper. and that straight along goodwill and create with a good impression about him among the different workers.

Secondly there he took various steps in order to promote welfare among the workers, some of the main steps in fact, were like house renovation for instance and house renovation ((Refer Time: 26:11)). But, what is important over here is that, there were three change available to all the different people and a chief engineers wife have the same choice as a normal workers wife they did.

So, what it essentially means was that the barriers of hierarchy broken and everyone have a shared pride in belonging to the same organization, next he cared for the needy in the organization, he cared for the widow or the diseased employees by setting up, student centers, handicapped centers and all. And then, again in the plant as well there was several steps were taken, number 1 was he encouraged participative managements whereby anyone could get suggestions forwards improvements in any functional area.

There was this setting up of first foot improvement there again barriers of hierarchy were broken and workers and managers could interact on the same level, in order to improve one in all to find solutions to certain problems. So, I will say to some things up, I will say three common stones were discipline, accountability, dynamic welfare. When we are talking of discipline every organization has certain presets, but sometime there was a long congruence between presets and what is actually practiced.

What Luther came out and did was he brought about a congruence between the presets and what was being practiced in the organization. Finally if I were to describe Luther's leadership style people were asked to do so in one phrase, I will do so in one word I will without go, thank you.

Good, any questions?

Student: Explain the term Gung ho...

Work together.

Student: Right explain that word give me other word.

Work together, I will write that one.

Student: ((Refer Time: 28:22))

Now, why I used the word is Gung ho, because like I said Luther when he came in he instilled a feeling of shared pride in belonging to the organization, and on many occasions the barriers of hierarchy remain broken. Like for instance when he instituted the trust for improvement, whereby workers and managers could work together found a solution to certain problems or to improve certain gravies, where they found there was scope for improvement that is what is meant by Gung ho.

((Refer Time: 29:09)), but on the phase of it can you really say that it is ever with hierarchies, because it was a typically government organization DVC, hierarchies where maybe there were certain inefficiencies associated with the earlier hierarchy. But, hierarchies will be always be present in a government organization, could it do away with those hierarchies and make it a flat organization as we have this IT organizations at present, so why you...

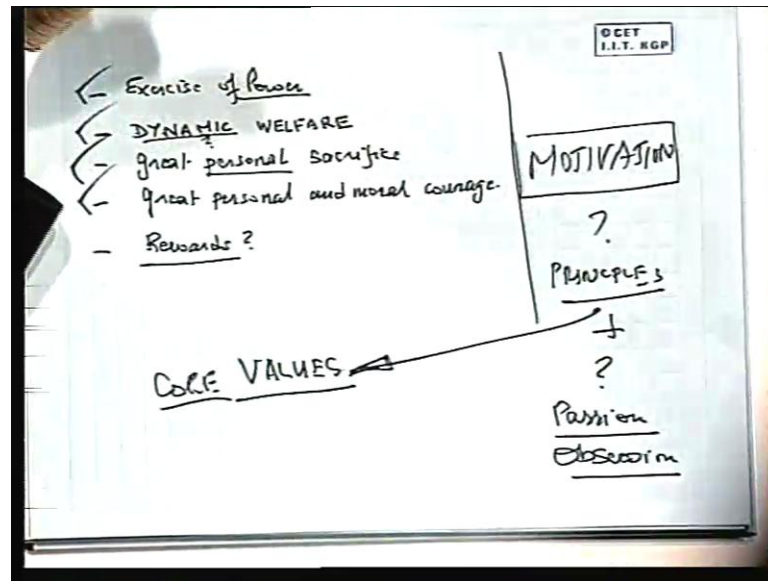
I am talking about the absolutely flat organization what I am talking about is a certain style that he brought about his leadership, it is not that with this style he is... ((Refer Time: 29:50))

Anymore questions?

Student: No sir.

No questions, thank you very much, what I put down here is five sentences, one is exercise a power.

(Refer Slide Time: 30:25)



When you look at this stats, can you see what Luther has achieved or what he has done, what you get to know about exercise of power.

Student: ((Refer Time: 30:34))

You recall we studied that in 1st year, what is power?

Student: Authority in to influence

Authority in to influence, did the chairman have the authority to influence.

Student: Yes sir.

Has the authority, but then before Luther came pre Luther why was everything in such an abysmal state of affairs why, power was there in the previous chairman also, why?

Student: I mean earlier to Luther courage and initiative to exercise this one.

Courage and initiative, so if you remember the definition of power, power is something dynamic, I cannot just say here I am giving you power, I can you give a designation chairman and managing director that gives you authority with it comes power. But, power is exercised by action is it not, the very act that he stood there on that wall and tore down all the posters that was exercise of power.

Previous chairman did they do that no, so there are ways of acquiring power and exercising, power without action without any dynamic element is totally sterile, then you have the ((Refer Time: 32:21)) situation you have power, but you are powerless. Anyone is coming painting your walls, coming late, doing things and you cannot stop is it not, a paradox that is a concept of power, so here is a living example of how to exercise power in a good manner for improving.

And there is a flip side also power can be exercised for personal aggrandizement, personal gain, not for something which is for good of others that is a bad exercise of power. So, to my mind this case brings out very dramatically that all of us when we are in any position, in any organization we are empowered depending on what level we are with a certain degree of authority, that authority has granted you by the legitimate exercise or the managements distribution of authority.

The moment you go and you are there is circular saying your manager of so and so section, that one piece of paper gives you authority, this is not going to be challenged people may talk behind your back, but no one will say look we do not accept your manager will they say so usually not, because the authority is given to you by a legitimate means. When you have it, how are you going to exercise it think about it, there are opportunities to exercise power in a constructive manner, if you miss out on the opportunities, then the rest of life will be bounding shallows and miseries.

So, is a very, very important concept which you must internalize, fruitful and useful and constructive use of power, next I come to dynamic welfare everyone has talked about dynamic welfare all the groups, but my question is what is this dynamic welfare is there any static welfare.

Student: Yes sir.

There is how would you distinguish between a static welfare and dynamic welfare.

Student: Static welfare is a onetime development, I mean I set up a school, that can be a static development, but when I see to that the school runs properly and it is even that it requires to run as efficient I want it to it becomes a dynamic.

Yeah, so...

Student: ((Refer Time: 35:06))

That is good, what Veeraj says is good, but can you put it little more succinctly, the dynamism comes from what?

Student: A certain motion of process.

The process must go on that means, what are you doing you are building and institutionalizing a good process which does not stop it must keep going. So, leaders they initiate something which is the right thing, but to get it going on and on 365 days of the year till another change is warranted, but to go on and efficiently you have to put on the cap of manager. Good management, efficient management is what makes for dynamism in any existing system, so here he was ensuring this dynamic welfare by doing many things personally does not that the case say so...

And not leaving it to the HR department who normally is interested with welfare this is another learning point of leadership, you must spend time with people and with some operations. You must figure out what are the operations, which are important for the purpose which you want to achieve and then, put your personal time and effort in the operation to keep it dynamic, any questions?

Great personal sacrifice, do not be admire people who make sacrifice personal sacrifice sometimes we do not we say he is a damp stupid fool why is he doing that, but by and large do not we have admiration for someone who does sacrifice.

Student: ((Refer Time: 37:05))

We do, do you think he made some great personal sacrifice.

Student: ((Refer Time: 37:10))

I do not know, you think that he made any great personal sacrifice or he just came to office in his Limousine with a livery chauffeur, carrying his bag, travelled around went to Delhi stayed in five star Janpath hotel or Ashoka hotel, what did he do was there any element of personal sacrifice after of all he was chairman remember.

Student: ((Refer Time: 37:48))

He showed devotion, Mann says he showed devotion, but not sacrifice and not personal sacrifice

Student: ((Refer Time: 37:57))

One moment, let us see our Polash, first.

Student: Sir, there were many instances, for example Sanjay just now said he was ready to stake his on the bandh and after the bandh ((Refer Time: 38:16)) I mean they sought vengeance on ((Refer Time: 38:20)), so that was a sort of personal sacrifice that he had to undergo the secondary.

Do you agree with that, because remember it was not that he did not have option the previous chairman had option too, his option was he could have his term and he will get another posting he will go away, no great change will come. He not only did personal sacrifice, but he took a grave risk also he had so much commitment, he could have spoiled his career because if he did not succeed, then he would have been total cast aside he would have been finished what else, you were saying...

Student: ((Refer Time: 39:15)), his job demanded him to travel around all the plants demanded into meet the personally to all the workers and meet them, he spent all his spent away from his office travelling around this gives an example of a sacrifice. He could easily stayed back in his office and enjoyed in his work office.

And related thing great personal and moral courage, faced with the situation what it was in West Bengal in those days with a plethora of union's militant unions, everyone else I am sure did not have the courage to go and tear a single poster the union put some of [FL] on your gate. How many managements have the courage to go and take down the [FL] tell me very few is it not, now the point is he must have asked people to do it no one did it.

So, he said I will set a personal example, knowing it is a grave risk, there have been so many cases of assault in those days, starting with GEC managing director. He took a stand on the gates of magnet house he was severely assaulted by workers, same period, DVC in those days was one example of militant, trade unionism backed by party of the highest order militant. In fact, I think he did an act of courage in accepting this position

of chairmanship for DVC, others would have said why to increase my blood pressure, if I do not this I will get another PUC I become chairman, that itself was an act of courage.

So, now my question is what was his motivation, he did many unusual things not run of the mill, what was the great motivation that he showed this commitment courage, sacrifice. Remember, he was subject to all other forces what you think his family would have told him his wife, why are taking all these risks, right or wrong. So, what could have been his motivation, because if you can answer this question, maybe one day you can emulate or replicate another Luther, a case will be written about you to show leadership.

What motivates people to do unusual things acts of courage bravery tell me?

Student: ((Refer Time: 42:21))

Principles.

Student: ((Refer Time: 42:25))

Principles are built on what, core values, so principles centered leadership is very very important without values which are core values principles, I think this is the bedrock of leadership anyone disagrees with this. You do not have to be a saint and go and do only selfless work for society like Anna Hazare, you have heard of Anna Hazare, but at the same time if you want to exhibit any leadership you will have to call upon your values to do it and principles.

There will be so many temptations the path to success is littered with temptations on all sides, so you have to chart a path through that and what you can only depend on is whatever values you have and principles.

Student: Sir.

Yes.

Student: ((Refer Time: 44:06))

Here is a question please I know it is fag end of the day, but it is a important question, he says our principle is sufficient to get motivation against all odds, or do you need another booster dose of something else principles plus what?

Student: Courage, passion

Passion, obsession no.

Student: ((Refer Time: 44:44))

Negative.

Student: ((Refer Time: 44:46))

What about magnificent obsession, obsession to lift the standards of this country from a developing nation to a developed nation, is it not a magnificent obsession. Or may be Gandhiji had an obsession to free the bondage, free the yoke of foreign domination that maybe an obsession. So, let us end up by saying was mister Luther, a transformational leader was he charismatic leader what kind of a leader was he transformational.

Transformational, Diraj is thinking deeply let him come out with something no pass, well have you enjoyed doing this case let me ask you.

Student: Yes sit, ((Refer Time: 45:47))

No.

Student: ((Refer Time: 45:56))

He is a home brand IAS officer and so different is it not from the average bureaucrat, so this also goes to show where the final difference, the least count for quality is the human being. And what is the corollaries even one individual can make a great difference, so imagine if all 32 of you go out and become another Luther, then we will have a terrific satisfaction of having played a small part.

Good I think we will stop here and then, we have how many more classes I think 2 or 3 more classes, we will have one class on 27th now.

Student: Next week.

Instead of...

Student: 27 th.

27 th.

Student: ((Refer Time: 47:06))

[FL]

Student: ((Refer Time: 47:13))

Next week yes, because Dr. Jeetu Singh he is starting his lectures, from 24th onwards and his lectures I have put between 5:30 and 7:30, but basically there is a freedom to change it if you people are available like Saturday.

Student: ((Refer Time: 47:35))

I am changing that instead of 22nd I am taking it to 27th, I think Milan has told you about that and what we will do is since Jeetu Singh class starts from 5:30, what I will do I will take from 3:30 to 5 o'clock, so we have half an hour break in between then you can start. Dr Jeetu Singh will probably take 3 or 4 cases I have sent him some cases from here and he will give some theory, but basically it will be case treatment.

And at the end I have got, I think two more classes for cases, would you do like some case or DVC case.

Student: ((Refer Time: 48:25))

DVC [FL] then, thank you very much.

Student: Thank you sir.