

The Best Management Lesson I Learnt

'Make Believers Part of Your Team'

When the going gets tough, set clear, even bold, targets, and align people's efforts to transform the organisation.

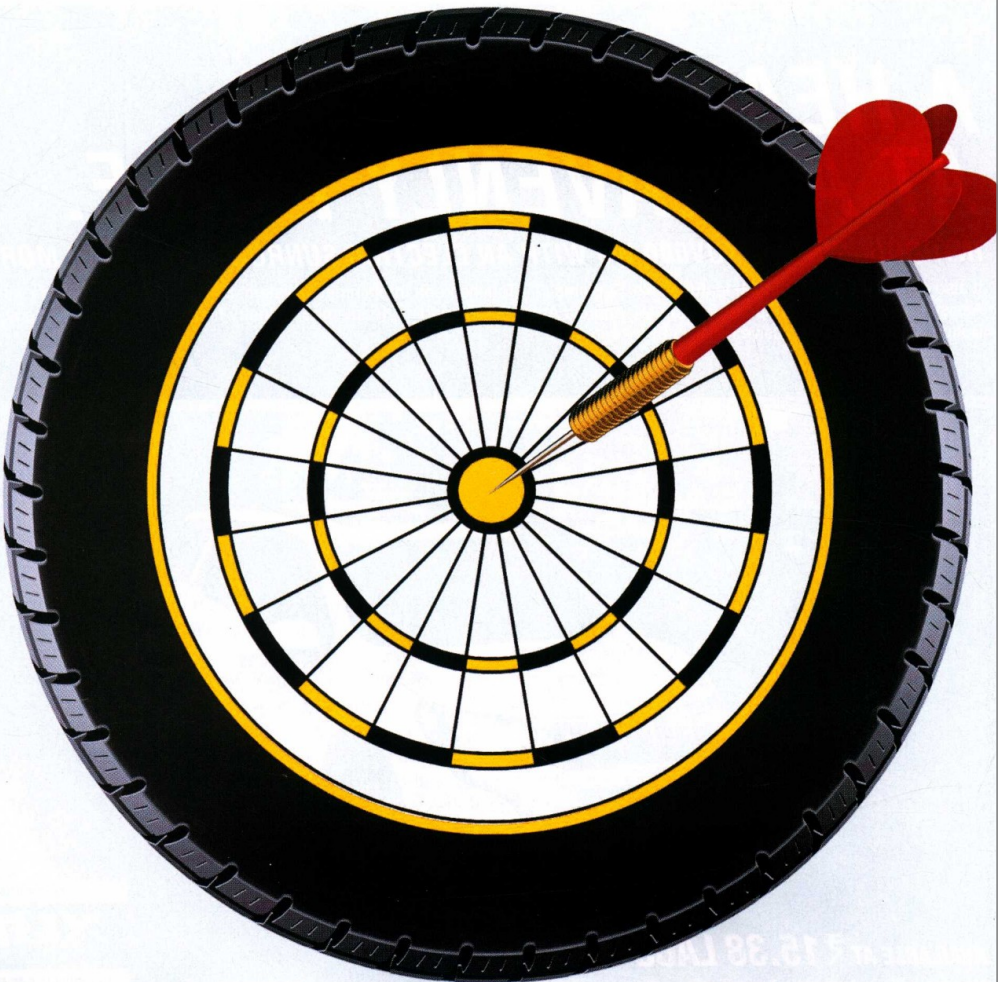


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Chairman, Apollo Tyres



It is unbelievable the things you can achieve with an uncluttered mind. In 1979, when I stepped up to the task of managing my father's long-distance tyre business in Kerala, I had no idea what I was getting myself into. My father, who managed his business interests in Delhi, had little time to oversee the venture down South - Apollo Tyres. Perhaps as a consequence, operations at the Kerala factory ran into trouble, escalating to a point where the company had wiped out its net worth three times over. I volunteered to go and have a look and resolve matters if need be. My father agreed. It was an assignment that would set the course of my professional life.

Upon reaching the factory, I realised the enormity of the task ahead. I was greeted with anti-management slogans. In terms of business, things did not look promising. People had stopped working on the factory floor; tyres were being returned faster than we could manufacture them and on a capital base of ₹80 million, losses mounted to ₹300 million.

I was young and determined then. With hindsight, I think what

helped me the most was my relative 'inexperience' in the field. At the outset, I decided that not only would Apollo Tyres come out of the red but it would also make a revenue of ₹1 billion. I called our employees to put the facts before them – we did not even have the resources to pay their salaries. What would they like to do? Shut the factory down and move on? That was not an option I was keen to implement. Better still, would they like to make the company a one-billion-rupee enterprise in the near future? Most of our workers laughed in my face.

Sensing that it would be difficult to achieve the target I had in mind with disbelieving co-workers, I decided the time had come to part company with those who did not share my vision for Apollo Tyres. Those who left parted as friends. Those who agreed to stay, folks willing to step beyond the call of duty, were the ones who were excited about the new beginning. We decided to stop producing the tyre varieties we were manufacturing in the car and other segments and just focus on the big-ticket items – particular sizes of truck and agriculture tyres that were highest sellers. These went on to earn us our highest margins. To begin with, we required money to restart operations – a good ₹25 million. So I hit the road and met the banks and financial institutions who had originally invested in the plant. Fate smiled upon me. I was able to raise the necessary finances after knocking on many doors.

Eventually in October 1986, seven years after we set our sight on it, we achieved the ₹1 billion mark. With my team of believers, not only was I able to save Apollo Tyres from going belly-up but also created a successful new entity in the Indian industry.

Looking back, I realise that one of the key things that helped me overcome this crisis, besides my relative inexperience, was what Jim Collins calls the 'Big Hairy Audacious Goals (BHAG)'. When the going gets tough, instead of buckling down, this management mantra dictates how you set bold targets. That is exactly what I did, albeit unwittingly, when I decided to go for the ₹1 billion target, as absurd as it might have appeared from the perspective of conventional wisdom. When we were nobodies, we wanted to be the most trusted truck tyre brand



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in India. When we had no capability to produce passenger car tyres, we said we wanted to be the best in that category, too. When we were doing revenues of \$500 million, we said that in five years, we want to be a \$2 billion company. When India was the only market we knew, and nobody knew us, we said we wanted to be global in the next few years!

Goals need to be simple and clear. They must be capable of reaching out to every single employee, all of them, no matter what function they are in, and aligning their efforts, thus drawing them to the magical world of organisational transformation. However, goals can only be achieved when the right steps are undertaken to realise them. We had learnt this the hard way, sometimes ending up with egg on our face when the goals were unrealistic. But that is how we learnt the importance of being accountable for the goals we set for ourselves, as well as our employees.

Another lesson I applied in that phase was transparent communication. In times of crisis, the tendency is to become secretive about developments.

But it was open communication with all stakeholders that allowed me to get my ideas across to them and win their trust. It is often not talked about or is taken for granted, but it is critical in getting almost anything achieved. In the early days, I had no option but to be transparent. The banks knew their losses. The employees knew where they stood. The public was aware of what was transpiring. These days there is often an overload (but with information of the wrong kind) and hence, the need to communicate. In such situations, uncertainty leads to unnecessary panic. It is then best to update employees about exactly where the company stands.

In conclusion, I think there were four key lessons from my Kochi experience.

- Have a clear vision/goal/road map of the things you want to achieve.
- Share the vision with the people and get the believers as part of your team.
- Show consistency and commitment to the vision/goals.
- Continuous, open and frank communication should bind the team and the vision. **BT**