ADDRESS TO THE FACULTY & STUDENTS OF BAKER COLLEGE

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OWOSSO, MICHIGAN, SATURDAY, MAY 7, 2005

Students and Faculty of Baker College Owosso, Distinguished Guests, Ladies and Gentlemen.

Let me begin by saying that George Warren Hoddy is perhaps the most incredible man I have ever met. Many people may be amazed that at the ripe old age of 100, he still serves on Baker's Board of Regents, attending board meetings and keeping a watchful eye over campus activities.

But for me, personally, this comes as no surprise, because I have had the honour and privilege of knowing George Hoddy - the visionary who built a business empire that stretched across not only the United States but also other parts of the world like India, England and Thailand.

Indeed, I was eagerly looking forward to taking part in his 100th birthday bash here at the Owosso Baker College campus on the 7th of March. But pressing engagements back home came in the way and it was when I called George to wish him a happy birthday that he suggested that I should come over to Owosso to share with all of you some of my thoughts on what I have learnt in life over a considerable period of time.

I was delighted at the opportunity and so here I am today to share with you some memorable experiences and learnings from my inspiring mentor George Hoddy, as well as others like Jack Welch, the former Chairman and CEO of General Electric.

Today, I shall try to share with you some of the invaluable lessons I learnt from George. I consider myself a product of the George Hoddy school of management. Because I must let you know that I have not had the benefit of any formal management education.

Everything that I have learnt about managing a business enterprise has been through working with legendary personalities like George Hoddy, and later Jack Welch, and making my share of mistakes, inspired as I was by the legendary Henry Ford's philosophy that "Failures are only opportunities to begin again more intelligently".

My mind goes back to the early Sixties, when I first met George when we set up a joint venture between George's company and mine, DLF Universal, for the manufacture of precision electrical motors in a town called Faridabad in India, and we named it American Universal Electric Corporation.

I soon realized that he was a man who led by personal example, treating employees as family and with a knack of surrounding himself with people of robust common sense. He took decisions only after deep study, working hard to understand the details and encouraging those who worked for him to get to the heart of the matter.

I learnt from him that to be an effective corporate leader you have to equip yourself with knowledge - get to know deeply whichever field you are involved in. At the same time, the trick lies in not getting immersed in details so much that you cannot separate the meat from the bone.

Indeed, there are hundreds of things I learnt from him. But let me try to share with you some simple things which have helped me greatly in my life and which budding corporate leaders amongst you may, perhaps, find useful in your own careers.

Lets start with Lesson Number One: <u>Identify with the people who work with you. Learn how to earn their respect.</u>

In our American Universal Electric factory in India, there were some 2000 employees. I watched in awe as George began gathering information about each and every shop floor personnel.

This is where I came in. I was the one who was tasked with developing a personal rapport and relationship with each individual. It was a tough job but I went about it with enthusiasm.

The process involved preparing individual dossiers of each employee without in any manner encroaching on a person's privacy. George helped me to build a lasting and happy relationship with my entire workforce, colleagues and team members in the organisation. This approach enabled me to 'earn' the respect and affection of all my colleagues and employees rather than 'demanding' respect through strictures and rules.

Lesson number two was: "Two wrongs don't make a right" and "There is no right way to do a wrong job"!

At that point in time, during the 1960s, the laws in India were archaic and complicated, thus tempting businesses to circumvent rules or deviate from laid down regulations. But George drilled into my psyche the tenet that you can stretch the law if you have to, but do not ever break the law.

Lesson number three was: "Keep your eye on the ball".

Through George I also learnt a unique and ingenious method of managing a big enterprise. Corporate decisions have to be based on finding the right balance between micro and macro management. One without the other has no meaning.

George had this tremendous knack of monitoring performance at the micro level without losing sight of the big picture. He devised a series of accountability programmes in which each person would be clearly told what to do, by whom it should be done and by what date.

The simple format of the accountability programmes enabled monitoring performance at an individual level most effectively. The beauty of George's unique methodology can be summed up in two words - simplicity and effectiveness.

Simplicity, as exemplified in the ease of the process that enabled me to manage effectively without getting bogged down by details. The model helped me manage the micro with the macro providing adequate time for an overall focus on strategic issues of management.

The effectiveness part translated to a clear and logical pathway for achieving organisational performance, success and growth.

Lesson number four: Avoid verbosity. Be precise.

George had these little slips of paper on which he would draw out a small rectangle which he would give to whoever came to discuss a problem or an idea. "Write down the point you want to make inside the rectangle", he would say. This forced his managers to summarise whatever they wanted to say in a nutshell, cutting out all the frills.

Ladies and Gentlemen, you find in life that when you take up a project or task, most people invariably think about the end result or the profit margin but are taken aback when unexpected impediments come in the way. But George always had a sharp eye open for what could go wrong.

That's lesson number five: Anticipate the potential pitfalls and take care of the negative factors.

Take effective steps in advance to avoid things that could go wrong. Be your own Devil's Advocate. If you take care of the negative factors, success will follow.

Lesson number six: "Every cloud has a silver lining".

Positive thinking, governed by a forward-looking attitude is another great lesson that I learnt from George. Looking at the bright side, even in the darkest of times, isn't just a worn cliche. It is a philosophy of life and a pre-requisite for success in any endeavour.

Lesson number seven: Run a tight ship, even in times of prosperity.

George knew that life is but a sinosoidal journey with its share of peaks and valleys. The trick of successfully managing this, according to George, was to plan for austerity and to exercise financial prudence in all that one does, especially when the tide is on an upswing so that one avoids a tendency to become flabby through extravagance.

I found this approach of his extremely reliable in countering unexpected challenges or critical situations, which invariably happen in life, particularly when the business is on a downswing.

George had the knack of spotting out flabby and extravagant expenditure. This reminds me of a story. One day, on the way to our factory in Faridabad, he suddenly asked me to stop the car. He had spotted a roadside barber, sitting under a tree, out in the open, cutting a customer's hair.

It was a typically Indian scene, with the barber equipped with nothing more than just a pair of scissors, an old-fashioned razor, a comb and a mirror. George seemed to be fascinated. He got out of the car with his camera, took some photographs and got back into the car, without telling me what had caught his eye.

It was only months later that I realized what he had been up to. On one of my visits to Owosso, I felt I needed a haircut and so went to a nearby hairdressing saloon located at the then Owosso Hotel. When they realized that I was an Indian, they flatly refused to give me a haircut!

I insisted on knowing why and was told that George Hoddy had shown them the photographs of the Indian roadside barber and given them a lecture on how their overheads were needlessly high and hence their charges should be five cents only, and not five dollars. They were so annoyed that they took out their anger against me!

Of course, eventually, I did get my hair cut. The incident just underscores George's zeal to prune wasteful expenditure and cut down costs. Apart from being an astute businessman, he had this uncanny knack for inspiring others to get things done in the most productive way.

George is, as you all know, a great philanthropist. He embarked on any business activity with a keen understanding of how he could benefit society at large and more so the less privileged section.

In the early Sixties, his interest in India was kindled after reading a newspaper article about the teeming numbers of poor people and the severe unemployment problem in my country.

George shot off a letter to my country's Embassy seeking permission to invest in India. The result: my partnership with him in setting up American Universal Electric's operation. This proved to be a significant development for it positively influenced employment generation and propelled industrial activity, at a time when India was virtually closed to external trade and investments.

I believe that circumstances and chance meetings indeed lead to a great influence in charting the course of events in one's life. Translating these chances into opportunities is of course critical for achieving success.

As I reflect on what all I have learnt from my dear friend and mentor George, a deep sense of gratitude and love fills me. I have learnt and benefited immensely from him in different situations and contexts both personally and professionally. One could go on and on...Suffice to say that words are inadequate to convey the true feelings in this instance.

At a personal level, my family and I owe a great deal to this wonderful man. Let me tell you about my son Rajiv. It was George Hoddy who virtually took my son under his wing and brought him here to the United States and put him through a school, Hillside, and then MIT.

He encouraged Rajiv to work over the week-ends at his factory and to earn his pocket money, thereby inculcating in him the value of discipline, hard work and reward for efforts which today Rajiv brings to bear in managing the affairs of our company DLF, very productively and efficiently.

As I mentioned before, when I entered the world of business as a young army officer, I did not have the benefit of any formal management education. In contrast, my children are better educated.

Just as my son is from MIT, my daughter Pia is a Whartonian graduate of the Class of '94. My grand daughter Savitri is currently a student of Wharton. And her sister Anushka is hoping to follow in their footsteps soon.

But I learnt the corporate ropes the hard way. I was indeed very lucky to have come in such close contact with George. Later in the mid-Eighties, by a stroke of good luck, I came into contact with yet another great corporate guru of modern times, the legendary Jack Welch, the then Chairman of General Electric.

When I reflect back to those days, I find a lot of similarities between the two men who had such a profound impact on my life.

Like George, getting to grips with essentials was also the basic ingredient of Jack Welch's formula for success. He hated long-winded presentations. "Cut out verbosity. Come to the point", was his characteristic reprimand. So much so that he expected his executives to be "one-minute men" or "two-minute men" - meaning that within that stipulated time, they had to be able to spell out the issues and summarize the alternatives.

Being the National Advisor of GE in India, I was privileged to interact closely with Jack the first time he came to my country, during what proved to be a significant era in India's economic history.

For me, personally, it was the ultimate crash course in global management practices and perspectives, especially after he inducted me as a Member of GE's International Advisory Board in New York.

Of far greater relevance for India's future development, was the impact that Jack Welch had on the then Prime Minister, Rajiv Gandhi. Very few people are fully aware of the confidence boost the Prime Minister got in India's own intellectual abilities, from Jack's observations.

In keeping with his stature, Jack was given a rousing red-carpet welcome.

He kept asking everyone he met: "Why is India moving so slowly?"

The reply he would invariably get, from senior bureaucrats and political leaders alike, was that India was a "Nation in Transition". India, they told him, was after all, only a "Developing Democracy".

Even the Prime Minister's response to Jack's question was the same. "India is just a Developing Democracy and things do take time", said Rajiv Gandhi.

That was when Jack came out with an observation which had a big impact on the mind-sets of the policy-makers of India, including the young Prime Minister.

He said: (QUOTE) "Mr. Prime Minister, may I suggest that you and your colleagues should no longer describe India as just a Developing Democracy. But rather as a 'Developing Democracy with a Highly Developed Intellectual Infrastructure'. Some of the best and smartest managers of GE and other global corporations are Indians. We know how to spot their skills and tap their talent. The tragedy is that you don't. The day you begin to harness your intellectual resources, India will become a superpower of the world". (UNQUOTE)

This simple truth had been eluding the Indian leadership till then - that India's strength lay in its own intellectual potential. That the key to transforming the country into an economic powerhouse was to respect and utilize the intellectual resources of its own people.

Jack Welch's advice inspired the young Prime Minister to push ahead with greater confidence towards reform and modernization.

Destiny had blessed India with a leader who was determined to usher in a new era, and who had the courage and wisdom to learn from past mistakes and begin again more intelligently.

Perhaps many of you know more about China than about my country. India was part of the British Empire for many centuries and attained Independence in 1947 after a unique peaceful freedom movement led by Mahatma Gandhi.

The Partition of India was indeed a very painful experience, emotionally and socially. Freedom unleashed the pent-up energies of a nation which now comprises one-sixth of the global population.

India was a complex, heterogeneous nation of many different languages, religions and cultures more than 55 per cent of whose people lived below the poverty line. Diseases stalked the land and life expectancy was low. At that time the human development index was so low that 70 per cent of men and 90 per cent of women did not know how to read and write.

This was the India of the early fifties, which Nehru had to lead and unite. When he became the first Prime Minister of free India, he chose the path of socialism to lay the foundations for a stable future by strengthening the democratic institutions instead of pursuing economic development through free market economics.

There is a school of thought, which believes that newly Independent India made the first big mistake by embracing the socialistic pattern of development rather than taking the path of an open market economy.

Many are convinced that Jawaharlal Nehru's Mixed Economy experiments, wherein the public sector occupied the Commanding Heights and the private sector found itself hamstrung by the license and permit regime, were an exercise in futility which merely led to the loss of nearly four valuable decades of precious time.

In retrospect, however, we need to ask ourselves whether a more pragmatic assessment of the Gandhi-Nehru era would be more appropriate. The compelling question before the makers of modern India was - what should take precedence, economic development or social justice? Placed as India was six decades ago, the liabilities and challenges were formidable. Should posterity judge the leaders of that era too harshly?

Looking at it in hindsight, perhaps history will judge that Nehru and Gandhi had the vision to lay the foundations of a stable democracy before undertaking fast-paced economic reforms.

One of the great legacies inherited by free India was the legacy of governance and that legacy of governance taught us how to preserve institutions and how to get institutions to grow - institutions like parliamentary democracy, the judiciary and the free press. Today, these institutions stand as hallmarks of modern India. Perhaps the single biggest achievement has been to evolve into a stable democracy.

Ladies and Gentlemen, the world has undergone a qualitative change after the 9-11 terror attack on the World Trade Centre in New York. The war against terror has become a global imperative. This war will be won not only through global policing but also through multiple levers of economic power. Along with the United States, India - with the largest Muslim population in the world - stands as a bulwark against terrorism and is committed to global peace through economic progress.

When investors like George Hoddy came to India, they were understandably disappointed with the system. Nothing seemed to move because of all the red tape.

In contrast, when Jack Welch came to India in the mid-Eighties, it was a different scenario. India was at the crossroads. As an economy in transition, India stood on the Razor's Edge between two conflicting mindsets—one, which wants to carry the baggage of outdated ideas into 2000 A.D. and which has very vocal votaries, and the other, which is struggling to break free from the shackles and to catch up with the rest of the modern world.

To my mind, Jack was an important catalyst for the changes that were taking place - particularly his meeting with Rajiv Gandhi, which was instrumental in India taking crucial decisions towards reform.

Today, we are witnessing the third phase of the economic history of modern India, with the country moving forward on the new path of liberalization and globalisation, making its presence felt in the global market place.

Even today, there are many who despair over the slow pace of the economic reforms programme, which, in eyes of the critics, appears to be progressing by fits and starts and ifs and buts. Still far away from achieving market economy status.

A more objective assessment would, perhaps, indicate that while the pace is undoubtedly slower than what all of us would wish for, the process is being carried forward through a slow building of consensus across the political spectrum.

This gradualism is often compared unfavourably with the dazzling pace of growth of the Chinese economy over the past two decades, which has overshadowed all earlier experience. Undoubtedly, China has registered spectacular success in fast-track reforms, attracting huge flows of foreign direct investments, which account for more than 10 per cent of that country's total investments annually.

But it is not without reason that in the widely quoted Goldman Sachs report both India and China are being billed to become the two biggest economies of the world in the decades ahead.

In some ways, the economies of China and India are almost mirror images of each other. Both have pockets of excellence and high technology at par with international leaders in the field. At the same time, both have billion plus populations, plagued by poverty and under-development.

However, the truth that is often glossed over is the fact that China is still a Command and Control economy, while India is a live Democracy.

Although India may appear to be slow-moving, its strong point lies in institutional capabilities in a democratic framework.

India embraced Democracy first, and Capitalism afterwards. This has made all the difference. China, on the other hand, has grown vertically without adding these dimensions to its system of governance.

As the country matures, China will sooner or later have to contend with the issues of a pluralistic society and invent the mechanisms for resolving inevitable pressures and pulls from various sections of society and interest groups.

The world will be watching to see how China copes with the task of reconciling growth with aspirations.

It is important to realize that the economic transformation of India is being accomplished through incremental but complex changes in policies in the direction of market orientation and greater integration with the world economy.

Let's not forget that India is a gigantic and complex nation of over a billion people. At the time of Independencef, nearly half the population lived below the poverty line. But today, even though the population has doubled since then, the percentage of those below the poverty line - though still unacceptably high - has been brought down to less than 25 per cent.

For decades, India's burgeoning population has been blamed for dragging down the country's growth and acting as a drain on its resources. But has it really?

A striking feature of the emerging demographic profile is that is and will remain one of the youngest countries in the world.

An analysis by investment bank Morgan Stanley says that in 2020, the average Indian will be only 29 years old, compared with 37 for Chinese and Americans, 45 for West Europeans, and 48 for Japanese.

It is now dawning on many experts that India's high birth rate could be a boon because it will make her population much younger in the next 15-20 years - in fact, much younger than China's - and give the country an unprecedented competitive edge.

A report by Goldman Sachs predicts that India would be the only economy consistently growing in excess of 5 per cent annually till the year 2050. It is estimated that by 2020 the US will be short of 17 million people of working age, China 10 million, Japan 9 million and Russia 6 million.

And so, as the world's rich nations age, confronting the burden of caring for growing numbers of retirees, India will continue to have more and more workers entering the highest-producing, highest-consuming phase of their lives.

This is where Nehru's vision of laying the foundations of a good education system is bearing fruit. The number of trained and qualified engineers, doctors and software technicians being churned out each year can be compared to the populations of France and Germany.

Unlike China, India is fast becoming a power-house of knowledge resources in a wide range of areas and disciplines. Indians are proving adept in many of the industries that are occupying the commanding heights in the 21st century.

In sector after sector - from Pharmaceuticals to Biotechnology, Automobiles to Entertainment - India is reaping the benefits of steadily opening up and creating world-class companies that can compete with the best in the world.

Moreover, there is a growing middle class of more than 350 millions. It is this upwardly mobile middle class, whose Purchasing Power Parity is estimated at 1.5 trillion dollars, which is driving the Indian economy today.

With the housing industry and knowledge driven enterprise becoming the drivers of economic growth, India is well on the way of emerging as the fastest growing economy in the world.

The forecast is that by 2035, India could replace Japan as the world's third-largest economy, valued at 7.8 trillion dollars, behind China and the United States.

Clearly, as time goes by, it is going to be Advantage India. It is not that population worries have disappeared but that the debate has shifted, from limiting the quantity of human beings to investing in the quality of human capital.

To my mind, the country faces two formidable challenges. Firstly, to resolve the unemployment problem by stepping up the growth rate to around 10 per cent per annum, in an environmentally sustainable way.

Secondly, to spread prosperity to the hinterland, by bridging income disparities between areas of affluence and pockets of poverty in order to preserve the social cohesion of the nation.

China, too, faces the challenge of developing the hinterland. But where India has the edge is that it has a stable Democracy and a good education system, with a credible Judiciary, a free Press and a large pool of technically trained manpower proficient in English language skills.

The pessimism of the early years is nowhere to be seen. Instead there is a sense of robust self-confidence reflecting the reality on the ground - and visionaries like George Hoddy and Jack Welch saw it coming decades ago.

Jack Welch's vision in the mid-eighties wasn't just of academic significance. It resulted in GE's major foray into Indian economy - from an involvement of less than 2 million dollars at that time to over one billion dollars today - which, in turn, became a forerunner to the inflow of massive investments by hundreds of other global corporations.

And George's interest in India wasn't just of passing relevance. It had a catalytic impact on business and industry and inspired many like me with the faith and confidence that India has the potential of emerging as an economic super power of the world.

It is my earnest request to George to visit India again, to see for himself what it is today and what it was forty years ago. Thousands of his admirers will come forward to express their gratitude and millions of others will be inspired to take India even further forward over the next hundred years.

Ladies and Gentlemen, the rise of a country from poverty to prosperity is a great and fascinating struggle. I believe that this struggle of one-sixth of humanity for dignity and equity is of great consequence for the future of the world and has meaning for all mankind.

Thank you.