



# EMA QUEST

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The Indian economy continues to maintain its upward trajectory despite the dramatic global meltdown. India's growth story, spawned by burgeoning domestic consumption, has led to a new breed of Indian corporations, which are aggressive, ambitious and eyeing the world for opportunities. In the past decade, Indian corporations have actively participated in the Global M&A sweepstakes.

recent EMA Partners report, India Inc. witnessed a 66% CEO attrition in the top 100 corporations.

Compounding the issue is the shorter shelf life of CXOs and the increasing pressures on performance and accountability which affect longevity.



# GLOBAL INDIA!

We have also seen a new breed of confident global Indian managers and many occupy significantly senior positions in multinational corporations. Factors like the deep history of quality management education, proficiency in English and above all, the ability to operate in a complex, culturally diverse and chaotic environment have contributed to the rise of the global Indian manager. Companies like Hindustan Unilever, Citibank India, and PepsiCo, amongst others, have contributed to the global talent pool. Indians who migrated to the west for higher education today perform senior leadership roles in global corporations. Expatriate Indian managers are seeking opportunities to find their way back to the new India with their cultural affinity and comfort, coupled with their global perspective.

On the flip side, a rapidly growing business environment has led to an unprecedented increase in CEO compensation (*Turn to Page 4 for excerpts of a study by EMA Partners - The Times of India*). Today, there are at least 100 professional CEOs who earn over a million US dollars, excluding stock gains, where some executives have made millions of dollars in the past few years. Given the frenetic leadership hiring activity across the board, according to a

With burgeoning demand, senior executives opt for job switches when the going gets tough!

We live in interesting times in India as we continue to witness growth led by domestic consumption even as India gains global prowess in areas like information technology and services. For once, the population, which was our bugbear for long, seems like a competitive advantage! As the government, in

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A new breed of confident Indian managers is changing the dynamics of the corporate world, says **K Sudarshan**

participation with the private sector, steps up investments in core sectors including power, infrastructure, roads, airports and urban transportation, we will continue to see robust job creation. With prospects of a vast majority of the population getting up the curve, which in turn will fuel demand for goods and services, we believe the best is yet to come!

Meanwhile, EMA Partners continues to expand. In India it now has four offices - in Mumbai, Delhi, Chennai and Bangalore with a team of 25 consultants. We are also pleased to welcome new Partners and Associates in different parts of the world.

I hope you enjoy this edition of *EMA Quest*, which has interesting insights from our colleagues.





# KEEP UP THE MORALE

Organisations need to carefully rethink their strategies for deploying and developing talent as an integral part of their business models, says **David Aikins**

Traditional staff retention approaches are problematic. They are driven by metrics like employee turnover. But the numbers say nothing about why people really leave. In exit interviews, those leaving frequently resist giving the true reasons for fear of burning bridges. As a result, by focusing on the end points of managing talent (Acquisition and Retention) rather than on the middle ones (Deployment and Development), organisations ignore the things that matter most to employees. When this happens, companies set themselves up for inevitable churn, which becomes especially hazardous in a tight labour market.

It is time to challenge established thinking on these issues and introduce some interesting, low cost, modern-day options for enhancing the all important middle ground culture of deployment and development. After all, it's what the post-baby boomers are crying out for.

Current waves of recession-driven downsizing, employer demands, disenchantment, and modern communications technologies that keep employees plugged into their jobs day and night have taken their toll. If recent surveys are an indication, more than half the current workforce is fed up. Pollster Gallup analysed that up to 80 percent of British workers lack commitment to their jobs, with a quarter of those being 'actively disengaged'. The situation is apparently worse in France, where only 12 per cent of workers are 'engaged' in their work. In Singapore, 17 per cent of the work force is actively disengaged, creating a corrosive force in organisations.

Disenchanted workers pull down productivity, increase churn, and darken the morale of people around them. The economic cost is huge: as much as 100 billion euros in France, 64 billion US dollars in the UK, 6 billion US

dollars in Singapore and a whopping 350 billion US dollars in the United States.

How can managers reduce the losses caused by an exhausted and demoralised workforce? Helping employees to effectively manage

**The number one reason people leave comes down to their relationship with their boss. Rather than dive headlong into technology based solutions organisations may want to examine the people tasked with leading others**

information overload is one important step. Providing them with the tools they need to get their job done in the most effective way possible is another. Redesigning jobs and working conditions are other important interventions, along with ensuring that key people are effectively developed and



well-deployed. But, a crucial and often overlooked source of disengagement is workplace relationships. The number one reason people leave comes down to their relationship with their boss. Rather than dive headlong into technology based solutions to fix issues of work overload and stress, organisations may want to first examine the deployment and development of the people tasked with leading others.

So, if people leave managers and not companies, what causes this level of irritation? HR experts say that of all the abuses, employees find humiliation the most intolerable. The first time, the employee may not leave, but a thought has been planted. The second time, that thought gets strengthened. The third time, the employee looks for a job. When people cannot retort openly in anger, they do so by passive aggression. They end up doing only what they are told to do and no more. They omit to give the boss crucial information. If you feel you are working for a jerk, you basically want to get that person into trouble - you don't have your heart and soul in the job.

The underlying error is that managers forget employees are essentially volunteers. Talented employees will leave, dead wood tends to stay. As one CEO said: 'Every afternoon at about 5 o'clock, all the assets of this company leave the building and go home. It's my job to ensure they want to come back the following morning.'

A constant retention mindset, such as this example, is greatly aided by understanding the answer to two major questions.

1. Which segments of your current workforce represent your Critical Talent?

*Continued on page 03*

This requires an understanding of which strategies, skills and capabilities are crucial to your current and future success. What emerging trends such as major retiring of aging workforce skill set, or lack of qualified engineers entering business, will impact on your ability to deliver value? Within your existing critical workforce segment, who possesses the greatest current and future potential?

2. What 'new wave' deployment and development interventions are best suited to impact on these individuals?

Younger generations will soon form the majority of the working population. Organisations need to understand the values of incoming generations and carefully rethink strategies. Because the values and preferences of Generation Y are in many ways shared by a broader part of our modern workforce, catering to this generation has the potential to bring about fundamental changes in talent management practices across the board.

What qualities do individuals seek in their workplace? A recent survey gave the top three

responses as:

1. Interesting, challenging work
2. Open, two-way communication
3. Opportunities for growth and development

Of course, this begs the question: What about money? Well it came in at number 8. So the issues are more than just the money, but research suggests that money becomes the



most important, when it is inadequate. The learning therefore is to focus more effort and energy on meeting the changed needs of the modern workforce. Generation 'Y'ers often have different priorities. Because of their deep reliance on technology, they believe they can work flexibly anytime, anyplace and that they should be evaluated on work product - not necessarily on how, when or where they get it done. Surprisingly perhaps, they want long

term relationships with employers, but on their own terms. This new generation is coming into the workforce with networking and multiprocessing skills, and a global mindset. Experience with interactive media like instant messaging, text messaging, blogs and multiplayer games has led many young people to develop new skills, assumptions, and expectations about employers. These skills will be highly valuable for globally networked organisations, helping them to collaborate across borders, develop innovative practices and improve efficiency.

In summary, Attraction and Retention are important metrics, or outcomes. But talent management and retention strategies must be built around things that generate the most value and matter most to employees, the 'customers' of this process. The focus must shift to deployment and development and allow for new wave thinking.

As Alvin Toffler says in his book *Future Shock*: 'The illiterate of the 21st Century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.'



# CLEAN ENERGY - UP AND RUNNING

The growing concern for the environment has thrown up new challenges in terms of available talent, says **A Ramachandran**

## IN 2009 RENEWABLE SOURCES REPRESENTED

25 per cent of global power capacity installed at 1,230 GW out of a total 4,800 GW from all sources, including coal, gas and nuclear energy.

Renewable Energy accounts for 60 per cent of newly installed power capacity in Europe and more than 50 per cent in the US and globally should account for 50% of new capacity installed by 2012.

More than a hundred countries enacted some kind of policy target and promotional policies for renewable energy. For instance, in India, the Ministry of Renewable Energy has launched the Solar mission policy to promote mini grid SPV power plants and Spain's new energy law is designed to attract USD 27 Billion in investment by improving the environment for renewable energy

Despite the thrust from the governments globally in favour of clean energy, this segment is also fraught with challenges on technology, reliability and efficiency, apart from cost. For instance, there are renewable energy experts

who believe that the efficiency of some wind farm developments is not economically viable and relying on financial incentives alone from the governments is a risky path to take.

Another challenge that is looming large in front of this sector is the availability of right talent as in any emerging sector. Currently the talent available in this segment is fragmented into certain pockets in US (Arizona, California for Solar, Texas, Iowa for Wind) and Europe (Spain, Germany, Denmark, Southern Italy).

We see that in emerging markets there is a huge uptick in demand for talent from the leadership and technology perspective to guide businesses in this area. Large organisations are waking up to this challenge and it would be interesting to see the evolution of talent in this nascent industry.

EMA Partners, incidentally, has set up a focused clean energy practice in several markets from where we conduct seamless global searches.

*A Ramachandran is Associate Director, EMA Partners India*

# Million Dollar Executives

With Indian companies turning to the global marketplace for high-value professional talent, the number of million dollar executives in the country is increasing, according to a study conducted by EMA Partners, in association with *The Times of India*

An economy growing at 9%, a dearth of senior management talent, combined with the desire of most organisations to attract or retain top talent, has resulted in a significant growth in the number of million dollar executives in India, a study conducted by EMA Partners, in association with *The Times of India* has shown.

The study has revealed that India Inc. has over 250 executives, including promoters making over a million dollars in compensation per annum excluding the value of stock plans. What is equally significant is that despite a majority of Indian companies being owner / entrepreneur driven and controlled enterprises, the numbers of professional managers in this group are swelling. Almost 30% of these 250 odd executives are professional managers, the others being promoters/entrepreneurs. Clearly India Inc. is getting more aggressive in its compensation strategies.

Another significant change that has emerged is that multinational companies which once upon a time wrote the compensation script in markets like India, are now having to play catch up to Indian companies with stock plans and other wealth creation opportunities. The exceptions to this trend are sectors like financial services and consulting; multinationals continue to dominate the compensation sweepstakes.

According to the EMA Partners study, 151 executives, both promoters and professionals across 101 publicly traded



## TOP 10 PROMOTERS

S.No	Executive	Organisation	Compensation (Cr)	Compensation \$ Million
1	PRR Rajha	Madras Cements	57	12.95
2	Anil Ambani	ADAG	50	11.36
3	Naveen Jindal	JSPL	49	11.14
4	Vivek Jain	Gujrat Fluoro	41	9.32
5	BL Munjal	Hero Honda	38	8.64
6	Pawan Munjal	Hero Honda	38	8.64
7	Gautam Adani	Adani Group	38	8.64
8	Kalanithi Maran	Sun TV	37	8.41
9	Kaveri Kalanithi	Sun TV	37	8.41
10	Kumar Mangalam Birla	Aditya Birla	36	8.18

### TOP 10 EXECUTIVES

S.No	Executive	Organisation	Compensation (Cr)	Compensation \$ Million
1	Toshiaki Nakagawa	Hero Honda	38	8.64
2	S Fukuda	Hero Honda	31	7.05
3	Markand Bhatt	Torrent Power	27	6.14
5	AM Naik	L&T	21	4.77
6	YC Deveshwar	ITC	12	2.73
7	Rick Bott	Cairn	12	2.73
8	YM Deosthalee	L&T	11	2.50
9	K Venkatramanan	L&T	11	2.50
10	RN Mukhija	L&T	11	2.50
11	D Bhattacharya	Hindalco	11	2.50

### WOMEN EXECUTIVES

S.No	Executive	Organisation	Compensation (Cr)	Compensation \$ Million
1	Kavery Kalanithi	Sun TV	37	8.41
2	Vinita Singhania	JK Lakshmi Cement	11	2.50
3	Urvi Piramal	Peninsula Land	7	1.59
4	Vinita Bali	Britannia	6	1.36
5	VL Indira Dutt	KCP	5	1.14

companies, grossed over a million dollars. Of these, 108 were the promoters, and the rest, professionals. Among unlisted companies, there are more than 75 executives making over a million dollars. The numbers did not include earnings from stock options, and the study points out that if these are considered, perhaps the list would look entirely different.

A sector-wise break-up of million dollar executives from listed entities shows that around 46% belong to the Industrial/Manufacturing sector. A large contingent of these executives came from the large industrial groups like Hero Honda, Aditya Birla Group and L&T. Pharmaceuticals / life sciences and real estate/infrastructure account for 14% and 12% respectively. The media and entertainment sector sprung up only two names - Sun TV's Kalanithi Maran and Kavery Kalanithi. Hospitality stood at 2.5% with executives from EIH and Indian Hotels making up the roster.

Surprisingly publicly traded telecom companies did not throw up more than one instance of an executive making over a million dollars, but EMA Partners estimate the presence of several executives in the sector making over a million dollars in unlisted

entities like Vodafone and newly established players.

A percentage split of promoters and professionals across sectors shows that the diversified, shipping and logistics, media,

ITES are dominated almost entirely by the promoter groups, in terms of compensation. Professionals in these industries usually do not receive such high compensation. The industrial sector showed a 30-70 split in favour of promoters. Professionals accounted for close to 80% of the pie in the financial services segment.

Executives from financial services dominated the "unlisted companies" part of the study with a 57% share. A large number of MNC banks and financial institutions made up this list. Consulting was second, with 23%.

"We estimate between 75 to 100 executives making over a million dollars in unlisted companies comprising multinational banks, investment banks, broking houses, private equity fund houses and consulting firms. We have also seen the presence of several expatriate executives who gross over a million dollars in these entities," the study says.

India Inc. has over 250 executives including promoters making over a million dollars in compensation per annum excluding the value of stock plans. A sector-wise break-up of million dollar executives from listed entities shows that around 46% belong to the Industrial/Manufacturing sector



# HOW TO RUIN SOCIAL NETWORKS - AND OTHER RELATIONSHIPS



Social networks like Linked In and Facebook can make business and personal life richer and more efficient, as can other electronic communications. But we all know examples of them not being used properly. This can ruin the experience for everyone and, in some cases, damage relationships, says **Ed Wooller**. For example, it will create problems when postings or e-mails contain anything that should be:

**NEVER POSTED ANYWHERE, LIKE ITEMS YOU WOULD NOT WANT**

- To know about other people, or
- Any of your family to know

**POSTED OR HANDLED ELSEWHERE, LIKE ITEMS THAT ONLY A FEW ARE LIKELY TO BE**

- Interested in seeing, or
- Able to respond to

**HANDLED WITH A DIRECT, PERSONAL CONTACT FIRST (OR INSTEAD) LIKE ITEMS NEEDING**

- Emotional or non-verbal communication
- More than a 'yes' or 'no' answer, or to
- Share information that is private or sensitive to either party

**DELAYED, LIKE ITEMS THAT**

- Come too soon after your last communication
- Would become less urgent if you had to share individually rather than broadcast,
- Or would become less urgent if you saved them until another time

Make the above choices well, and experience a better life, both online and elsewhere.

## BRING BACK COURTESY - AND PROFITS

Incivility may be common but it harms businesses, according to the authors of *"The Cost of Bad Behavior: How incivility is damaging your business and what to do about it"*.

Christine Pearson and others assess how incivility impacts customers and employees, and show that the costs of being less able to engage and keep them add up fast.

Incivility is defined as rudeness that may seem minor, such as acting in ways that are irritated, unresponsive or inconsiderate. But the costs become major when employees and customers become less committed, tell others of their bad experience and choose to go elsewhere.

**Some companies are addressing this:** The authors cite Cisco, who

have introduced a formal training program based on civility and Starbucks, where managers are encouraged to monitor staff behavior against the company's founding principles.

**The rest of us can combat or reduce incivility by:**

- Acting courteously ourselves
- Not rewarding or responding in kind to the incivility of others,
- Practicing and reminding their team to follow 'The Golden Rule' and
- When overwhelmed by rudeness, using the surprise effect of courtesy.

Follow these practices, to help your business navigate through any conditions.



## LESSONS FOR NETWORKING AND LIFE: THE RULE OF SIX

When dealing with life's upsets like job loss, moving, divorce, health and bereavement issues, we ask others for help, says Nance Guilmartin, author of *'Healing Conversations'*.

**Asking others for help can be easier and more productive when we "ask six people for help. Not just one. Six!" She explains this is because:**

- The first person you ask may be busy.
- The second may not want to get involved.
- The third may not be able to address all of your requests.
- The fourth may refer you to someone else.
- The fifth can't do what you ask, but can help in other ways, and
- The sixth may be the one who says 'Sure, no problem!'

Guilmartin also points out that asking more people can provide you a broader range of options than you would have had otherwise.

### RELATIONSHIPS

**Ed Wooller**  
Managing Member,  
EMA Partners Atlanta LLC





# SHORT-TERM GOALS

The constant shifts that globalisation involves is impacting feelings of security and company-bonding among European executives, says **Alberto Miranda**

- The constant changes in work posts, business division and country are reducing the bonds of confidence vis-à-vis the company. Length of service and track record count for less and less.
- As they change cities, friends, superiors and so on, executives are losing their frameworks of reference and their bonds, which become more transitory.
- They are losing security, and some feel that the loyalty they have shown to their organisation is being ignored.
- Changing policies are being implemented more readily than before. Executives realise that the company may sacrifice them in the interests of efficiency.
- They are increasingly rated on short-term achievement and efficiency. Short-term results take precedence over long-term results.
- Eventual dismissal or relocation do not stem from their results (which may be excellent), but rather from business strategies implemented by central headquarters or from swings in share prices.
- In seeking efficiency, "re-engineering management teams" (professionals) has taken over from "re-engineering production" (workers).
- Personal attachments and roots (post, country, experiences, etc.) become rigidities that the company cannot accept, on account of the flexibility and dynamism of markets.
- Feelings of insecurity hinder the growth of cohesion in the company. Commitment is geared towards specific projects and the short term. The rules of the game are changing.

## TRENDS

**Alberto Miranda**  
Partner/ Consultant  
Status/ EMA Partners, Spain



## A VERY DIFFERENT WORLD

The downturn has changed the job market for Generation Y

This is not a good time for Generation Y - a 70 million strong group aged between 15 and 30, and one of the biggest generations in American history. According to a recent Knowledge@Wharton report, 'Not a Lost Generation, but a Disappointed One', though this generation is the best educated, few can find jobs. The national unemployment rate of 9.6% has meant many are moving back with their parents, or scraping by with low-level work.

Generation Y, also known as the Millennial Generation, may have to contend with the fact that they could take longer to climb the ladder because they have to learn skills they should have been developing immediately out of college. They are also at risk of being leapfrogged by new graduates.

One study, by Lisa Kahn, an economics professor at the Yale School of Management, tracked the wages of white men who graduated from college before, during and after the recession of the early

1980s. Kahn measured how those who entered the labour force in a bad economy fared compared to those who earned diplomas in better times. She found that for each percentage point rise in the unemployment rate, those who graduated during recession earned 6% to 8% less in the first year of employment compared to people who graduated during a better economy. The effect declined in magnitude by a quarter of a percentage point each year after graduation. But, even 15 years out of school, recession-era graduates earned 2.5% less.

In a similar study, Till Marco von Wachter, an economics professor at Columbia University, followed Canadian college graduates who entered the job market between 1976 and 1995. During these years, the Canadian economy experienced multiple boom times and two big recessions. His research had three key findings: First, those who graduated during a recession suffered substantial initial earnings losses of around 10% from an

average downturn; second, this earnings loss persisted for many years, with the effect fading after a decade. The third finding was that the earnings pattern differed based on the major and the school of the graduates. "Those who graduated from better, bigger schools and those who had more math-intensive majors, such as engineering or hard sciences, did the best," von Wachter states.

The good news is that Gen Y is very resilient. Dale Kalika, a senior lecturer at the W.P. Carey School of Business at Arizona State University, is conducting a research project, and says Millennials are "self-confident; they're adaptable and tend to be open-minded. They live in a [world] of change, so change does not surprise them - they're flexible. And this is an optimistic generation. There is a belief that one way or another, things will work out. They are already prepared with the knowledge that they will have many jobs - probably 12 to 15 throughout the course of their professional lives, and they will have multiple careers," she points out. "They know that there is no such thing as job security. There's no such thing as a linear career."

Source: Knowledge@Wharton



# EMA Partners is Growing

EMA Partners welcomes new consultants in China, Germany, Hungary, India, Singapore and Ukraine

## NEW COLLEAGUES

As EMA Partners International continues to grow, it welcomes several new consultants, extending its global reach even as it simultaneously strengthens its local and regional expertise.

"We're delighted to welcome Rudolf von Bunau, Johnny Ng, Gyorgy Kobelrausch, Shiv Ganesh Athmanathan, Shalini Malkani, Clara Bodin and their teams," said James Douglas, Chairman, EMA Partners. "They bring a wealth of experience in markets that are increasingly gaining importance.

"We look forward to leveraging their local and regional expertise for the benefit of our global clients," he added.

The new partners are already working closely with colleagues on several continents, making their presence felt as they enhance EMA Partners' expertise in serving clients across the globe.

### WHAT THEY SAY... AND WHAT THEY MEAN

**SEEKING CANDIDATES WITH A WIDE VARIETY OF EXPERIENCE:** You'll need it to replace three people who just left.

**FLEXIBLE HOURS:** Work 55 hours; get paid for 37.5.

**GOOD COMMUNICATION SKILLS:** Management communicates, you listen, figure out what they want you to do.

**ABILITY TO HANDLE A HEAVY WORKLOAD:** Complain, and you're fired!



**Johnny Ng**  
Shanghai  
EMA Partners China  
shanghai@ema-partners.com



**Rudolf von Bunau**  
Dusseldorf  
EMA Partners Germany  
dusseldorf@ema-partners.com



**Gyorgy Kobelrausch**  
Budapest  
EMA Partners Hungary  
budapest@ema-partners.com



**Shiv Ganesh Athmanathan**  
Bangalore  
EMA Partners India  
bangalore@ema-partners.com



**Shalini Malkani**  
Singapore  
EMA Partners Singapore  
singapore@ema-partners.com



**Clara Bodin**  
Kiev  
EMA Partners Ukraine  
kiev@ema-partners.com

## EMA Partners Management Team

**James Douglas**  
Chairman  
j.douglas@ema-partners.com

**Bjorn Ekestaf**  
Vice-Chairman  
b.ekestaf@ema-partners.com

**Alberto Miranda**  
Regional Chairman – EMEA  
a.miranda@ema-partners.com

**Jean Raymond**  
Regional Chairman – North America  
j.raymond@ema-partners.com

**Josefina Stoopan**  
Regional Chairman – Latin America  
j.stoopan@ema-partners.com

**K Sudarshan**  
Regional Chairman – Asia-Pacific  
k.sudarshan@ema-partners.com

**Editorial:**  
Source Strategic Communication  
Pvt Ltd  
sourcestrategic@gmail.com

Published on behalf of EMA Partners  
International Ltd by The Source

Feedback: [emaquest@ema-partners.com](mailto:emaquest@ema-partners.com)

[www.ema-partners.com](http://www.ema-partners.com)