



Tremors at the top

Are Indian CEOs set for a bad hair day as young executives challenge the old men and mores?

WHEN MORARJEE DESAI became Prime Minister of India in 1977, the world sat up and took notice. Not because of his morning menu, though much was written about his diet (nuts of various sorts). What caused comment was his age: he was 81, the oldest, first-time prime minister or president in the world. India was even then a young country, getting younger. The question being asked was: could the man who had banned kissing on screen ever relate to a modern India.

Politics is the last refuge of the unemployed, so it is not surprising to find so many old men in a hurry in Parliament. The average age of the Lok Sabha is 55 and the oldest MP is Ram Sundar Das (90). CXOs are a trifle younger; the average age in the 2011 *Business India's* Highest Paid Executives Survey is 51. For the purposes of our analysis, we have clubbed all our highest paid into the CXO bucket, though some may not be quite there yet. The problem arises because – save in the public sector – designations and duties can be very different across companies. In American banks, for instance, you start life as vice-president. In family-run businesses, there are many men without official designation.

Parliament is getting older; this



**INDIA'S
HIGHEST
PAID
EXECUTIVES**

is the third-oldest Lok Sabha. There are some *babalog* – the Rahul Gandhi brigade. There is some young blood among the CEOs too; Kumar Mangalam Birla for one is only 44. Sachin Bansal, the CEO of Flipkart, India's first \$1 billion Internet company, is 28. At the same time, there are the geriatrics, clinging desperately on sans wine, sans song, sans singer and sans sense.

So, is the corner office really getting younger? “On an average, age is dropping,” says K. Sudarshan, managing partner (India) of EMA Partners, an executive search firm. “Age has a correlation to the maturity of the indus-

try. You will find a lot of older people in the process industry or large scale manufacturing. At the other end of the spectrum are emerging industries like dotcoms and BPO (business process outsourcing), IT and IEs. You won't find a 60-year-old running a mobile apps company; it would typically be a 30-year-old who has set up and grown the company.”

EMA has done a study of CXO age over a 10-year period (see chart: *A mixed bag*). The result is what one might logically infer. (These are not comprehensive numbers, given Corporate India's miserly ways with data.). There has been a steady decline in age in the early part of the decade, followed by a drop after 2007. That's the impact of the financial crisis in the West; when things go wrong, people stick with the tried and the tested. “Young people take more risks and push more innovations,” says Nirmala Menon, founder and CEO, Interweave Consulting, a Bangalore-based firm that focusses on diversity management and inclusiveness in the workplace.

Market research (MR) done by Synovate, a global research firm, indicates that the young will rise again. Of a sample of 200 senior corporate executives in India, 77 per cent wanted their CEOs to be in the 35-45 age



bracket. Some 73 per cent felt their companies would perform better if they had younger CEOs.

Other opinion favours the youth too. "Yes, the corner office is certainly getting younger," says Menon of Interweave. "This is not just with start-ups and technology companies, but with traditional businesses as well. The sheer growth, the paucity of talent and the competence of young managers coupled with the openness of the ecosystem to accept younger leaders is driving this change."

"Yes," says Kumaar Bagrodia, CEO of LeapVault and an executive coach. Bagrodia, who has been orchestrating the Chief Learning Officer summits in India the past few years, says that new areas need new blood. In the private power sector, for instance, age does not bring wisdom as there is nobody around with the necessary experience. Besides, the definition of CXO has itself expanded. Earlier, it was the CEO and the CFO. Now, the CIO (information), CTO (technology) and CMO (marketing) have all become card-carrying members of the top tribe. "Even HR is aspiring to join the table," says Bagrodia.

"Yes," says Priya Chetty Rajagopal, vice-president & partner at executive recruiting firm Stanton Chase. "Fast changing industries and businesses necessitate younger leaders, who have higher energy levels, learnability and adaptability because tomorrow may be very unlike yesterday."

"Yes," agrees Satyajit Majumdar, professor at the School of Management and Labour Studies, Tata Institute of Social Sciences. "It is inevitable. One key driver for this change



is that established practices are not enough to guide us in the future. We need different and futuristic thinking. This is what the young CEOs bring."

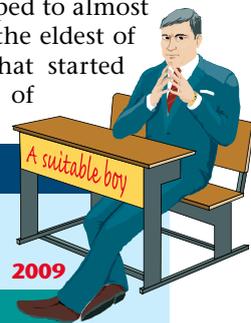
"Yes and no," fence sits Vasanthi Srinivasan, associate professor, organisational behaviour & HR management, IIM, Bangalore. "In the IT and telecom sectors there is a tendency to see younger CEOs. In engineering, metals, etc, you are still likely to see older CEOs."

"No," counters devil's advocate Sandeep Goyal, founder-chairman, Dentsu India, and chairman of the Mogae group, which has a range of offerings for the mobile and Internet space. "I am not looking at small start-ups whose owners style themselves CEOs or at scions of large business families, who are inheriting a CEO crown by default," he says. "The corner offices of large corporations continue to be dominated by CEOs with enough grey hair. Nitin Paranjpe at Lever is perhaps the only visible example of a young CEO leading

a big business.

"Today, if I look at Procter & Gamble or Cadbury or Dabur, all CEOs are in their 50s. Look at telecom. Sanjay Kapoor at Airtel is the youngest of the lot and he is verging on 50. Look at auto. Most CEOs are expats and in their late 40s to early 50s. Look at banking. The Chanda Kochhars or Rana Kapoors are all in the 48-55 age group. In advertising, a Madhukar Kamath or an Arvind Sharma will retire in two-three years. The youngest of the advertising lot is Prasoon Joshi and he is mid-40. Piyush Pandey, Colvyn Harris, Balki are all 50+. Sam Balsara is 60+. MR is all greying people at the top, wherever you look. Even in broadcasting, Uday Shankar or Manjit Singh or Raj Nayak are all 48-55. The visible exceptions like Shantanu Prakash at Educomp or Deep Kalra at MakeMyTrip are following in the steps of a Sanjeev Bhikchandani of Naukri. They are owner-entrepreneurs in the corner office. Very few other examples come readily to mind. Even in IT companies like TCS, Wipro and Infosys, there are no young brats."

Let's look closer at this particular brat pack that isn't. How has CEO age played out in the IT industry, where one would expect young blood to prevail? In Infosys, CEO N.R. Narayana Murthy was just 46 when the company went public in 1993. Since then, the corner office grew progressively older, until Murthy made way for Nandan Nilekani in 2002. The age dropped to almost 47; Murthy had been the eldest of the group of seven that started the company. Because of



A mixed bag

Average age of CEOs in India in select industry sectors (Years)

	2001	2006	2007	2009		2001	2006	2007	2009		2001	2006	2007	2009
CEOs					CFOs					HR heads				
BFSI	49-52	42-45	42-45	47-50	BFSI	42-45	37-40	37-40	42-46	BFSI	40-42	36-39	33-36	42-47
MFG	56-62	51-54	48-53	58-62	MFG	49-55	46-50	46-50	49-53	MFG	48-55	45-50	45-50	53-60
FMCG	49-52	43-47	43-47	48-53	FMCG	45-48	39-42	39-42	44-48	FMCG	40-42	37-40	33-36	43-47
TECH	46-48	42-45	36-40	47-50	TECH	39-42	36-40	36-39	42-46	TECH	38-40	36-39	32-34	43-49

BFSI: Banking, Financial Services.... MFG: Manufacturing (including pharma and engineering). FMCG: Including consumer services. Source: EMA Partners studies 2007 & 2009



the peculiar system of succession at Infosys (each co-founder getting a bite of the apple), there wasn't much change. Kris Gopalakrishnan was 51 when he inherited the hot seat in 2007. S.D. Shibulal was 56 when he took over in 2011.

At Wipro, chairman Azim Premji has always been hands on. But his lieutenants, who had a role to play, were younger. (Vivek Paul was appointed vice-chairman in 1998 at 41; Ashok Soota was appointed CEO in 1984 at 38.) More recent times have seen the peculiar arrangement of two CEOs. When Girish Paranjpe and Suresh Vaswani were appointed in 2008, their average age was 49. T.K. Kurien who came in their place in January 2011 was 51. Meanwhile, son Rishab Premji, who is now chief strategy officer in the company, is 34. Azim Premji holds around 80 per cent of the shares in Wipro.

At Tata Consultancy Services (TCS), Faqir Chand Kohli was the first CEO. When it was founded in 1968, it was a division of Tata Sons. Kohli was the boss though designated general manager. The chairman was J.R.D. Tata. There has been a fairly smooth succession. Kohli retired in 1996 (he continued as deputy chairman until 2000). S. Ramadorai, then 52, took over. On Ramadorai's hanging up his boots (though he is still wearing his running shoes in other capacities) when he turned 65 in 2009, the mantle was inherited by N. Chandrasekharan (then 46). TCS is an organisation in which the corner office age follows a sine curve, the hallmark of a professional set up.

Takeovers have not brought much change either. Satyam's B. Ramalinga Raju was 55 when he resigned in 2009. Deepak Parekh – the stop-gap chief – was 65. And C.P. Gurnani was 50 in 2009 when he inherited the mantle. Patni CEO Jeya Kumar was 56 when he quit Patni. iGate CEO Phaneesh Murthy, who took charge, was 48. The brats who proliferated two decades ago are looking for post-retirement options.

Sudarshan of EMA says it is more the culture of the organisation than the sector that makes the difference. "There are professionally-run organi-

sations; there are owner-driven businesses. Each one behaves differently. Let's take ICICI for example. It's a young organisation. They keep renewing themselves. The new CEO is much younger than the older one. The board has a lot of people between 40 and 46. Larsen & Toubro is a complete contrast." A whole generation of leaders was destroyed in the process. In ICICI Bank, Chanda Kocchar was 47 when she took over from K.V. Kamath. She had the space to make mistakes.

One Kocchar doesn't make a summer. So, is the conquest of the corner office just a myth? The process has started; there is no doubt over that. But do the greybeards have another decade of two to fight a rear-guard action?

Unlikely. India is a growth story and growth means the need for more people at the top. The younger CEOs are just filling a vacuum. And they do bring a lot to the table. Says Srinivasan of IIM-B: "Younger people with relevant life experience question more, they need more convincing before buying into an idea, their drive to achieve is much higher and their aspirations are also much higher. This, in turn, allows them to push the boundaries of the organisation. They are digitally savvy and hence can present the same idea better. Their fluency with technology allows them to analyse data and generate information. This I see as the strengths they bring in."

The ideal situation is a mix between the old and the young. "A smart organisation will ensure an optimal mix of older and younger execs," says Gopal Shrikanth, CEO coach and strategist. "(Age) diversity is often the key to success." Adds Rajagopal of Stanton Chase: "I don't think there really is a polarised perspective

on youth versus age as being energy versus wisdom."

Srinivasan of IIM-B makes another important point. "I would like to make a distinction between chronological age and psychological age," she says (see box). "In India, we assume these two to be the same. This

is the problem. When we talk of psychological age, we refer to life experiences. Someone can be young in chronological age, but they have worked in multiple geographies, have been in difficult start-up situations, have handled new markets. All this gives them a certain life experience that is difficult for someone else to acquire." The years don't necessarily matter when moving into the corner office. "Older execs are getting younger every day," adds Rajagopal of Stanton Chase.

There is one last factor that cuts both ways. Improved healthcare has enabled people (CEOs included) to live longer. "Better healthcare and better awareness of one's own body have ensured that age does not cripple the mind," says Sudarshan of EMA. But it seems to have made some think they can go on forever. Here is *Forbes* reporting on Rupert Murdoch's testimony to the UK Parliament: "(Rupert) Murdoch was a lion in winter – barely in control of his faculties, weak, and out of touch..." At 80, Murdoch is one of the oldest CEOs in the US.

Morarjee Desai had to go; young India voted him out. His kissing cousins in the corporate sector should realise that the era of blind veneration of the aged is also in exit mode. Stakeholders will not accept that you are more interested in engineering your own extended success rather than your succession. It is time to say ta-ta. ♦

Corner office counts	
Age	
(Years)	
26-35	62
36-45	527
46-55	803
56-65	519
66+	90
Average:	51
Experience	
(Years)	
<5	42
6-10	60
11-15	145
16-20	304
21-25	355
26-30	397
31-35	308
36-40	219
41-45	74
46+	54
Average:	26
Tenure	
(Years in co.)	
1-5	574
6-10	373
11-15	197
16-20	173
21-25	148
26-30	133
31-35	76
36-40	65
41+	34
Average:	13

Source: Business India Study on highest-paid executives. The sample constitutes those earning more than ₹50 lakh/annum. Some may not technically be in the corner office yet. But they are close to it. The totals do not tally because some companies did not give all the details.