ISB CTO

Week 18: Building and Leading Organisations

Video 1: Introduction to Leadership

Hello everybody, to reintroduce myself, my name is Nandu and I am a visiting professor at the Indian School of Business. I have also worked in industry for 40 years and I will speak to you about leadership using examples from my work experience as well as frameworks from academia and from my experience as a venture capitalist because I do have startups all over the world that I am invested in. So, you might see here me with a beard and some of the videos in this leadership series, you will see that I don't have a beard. It's very simple, just that these videos have been shot over several weeks and I've had to overtime refresh my look to be slightly different, but rest assured, it's the same person.

Now we all have managerial roles, we all have leadership roles, but fundamentally, tasks have to be managed, businesses have to be managed, projects have to be managed, profit and loss statements have to be managed, people have to be led. And as long as you have people, no matter what the tech disruptions come our way, the fundamental concepts of leadership will be similar. So, the leadership concepts actually apply across categories, across functions and are reasonably generic. However, because this particular leadership series is targeted for CTO, we will be making specific videos to augment the normal leadership messages that we have to tease out issues that are specific to CTO and will help you to think and introspect specific to the CTO role and your role of leadership in the organisation.

Video 2: Apollo 13 Case Study: Overview

Hello everybody and welcome back to this week's module where we will discuss strategy, execution and culture. We will talk about how culture eats strategy for breakfast. And we will start by looking at the Apollo 13 case. I hope you had a chance to view the movie. And this is a movie of a very successful organisation. They have just launched Apollo 11. Apollo 11 has gone to the moon. Apollo 12 has been launched. It is the turn of Apollo 13, and somehow the public and the government seems to have lost interest in future moon missions. So, they may not even be in Apollo 14 in the way of thinking at that time. So, the visible face of the programme, of course, is the astronauts. People like Neil Armstrong. And they are highly qualified, highly competent people. As in the case of Apollo 13 with Jim Lovell and his co-pilots, very accomplished, qualified individuals. And Gene Kranz is the leader. He is the program director, he is leading. So, he is the less visible face of the entire Apollo programme, and he has several people leading individual activities and of course, he has the astronauts. But ultimately, the buck stops with him. He is the leader.

So, we will be doing a lot of our analysis from the point of view of Gene Kranz. And we will use also the execution loop by Don Sull, that we introduced in the very first module,

we talked about it. And we will use that to analyse some of Gene Kranz's behaviours and apply it to our own context in what we see happening in our own organisations. They have several crises along the way. Along the way, you find that the Apollo 13 crew, for some reason, is not well. So, they have to bump them off and move the Apollo 14 crew into Apollo 13, which is why Jim Lovell and his team get advanced by one mission. And then, as they go into the mission, they discover that Ken Mattingly is actually may have been exposed to the German measles. So, at the last minute, they replace him with Jack Swigert, who is a very qualified pilot, but he was not part of this close-knit team of three. What are the different theories that were running at that time? What do you think?

Just recall the movie. There were all kinds of speculations of what was going on. So, this is typical of disruption. This is typical of crisis. When something new comes your way all of a sudden, there is a lot of news floating around, lot of information floating around. And it is up to Gene Kranz as the leader, to make sense of all of this. So, the first stage of this loop that Don Sull talked about, is make sense. How is Gene Kranz doing in making sense? So, in making sense, what often goes wrong is groupthink, where one person says something and everybody else says yes because it is the easiest thing, course of decision. And this is why it is very important. Gene Kranz really is very careful not to rush making his view known. He says, "What's going on? You tell me, you check this, you check this, you check this."

And somebody said, "it is instrumentation." And it is Jim Lovell who says, "Listen, I can see something venting into space, I can see some gas venting into space." And somebody else says, "Listen, oxygen levels are dropping". So, that's where Gene Kranz has to make a decision, to make sense. Whenever there's a crisis, there is always what is called the fog of war. There will be lots of information floating around, lots of opinions floating around. What's very hard and very important is to take your time to distil the facts, make your decisions based on what are facts that you know. Opinions are important in a different stage of the decision-making cycle. In making sense, make sense using facts. So, the way to fight groupthink is to create a culture, and this is where leadership comes in, create a culture with an obligation to dissent or say otherwise if you think otherwise. And you see how Gene Kranz systematically asks everybody, "What do you think?" And if somebody has a different point of view, they are not scared to voice their point of view saying, "No, I don't think this is the case." One of them actually says, "Listen, maybe we should stop the fuel cells, maybe that's going to lead to preservation of oxygen." So, there is an obligation to dissent that is an important part, which you have to build into your culture to counter groupthink.

The second part of this in groupthink, particularly in what goes wrong, is hierarchy. And particularly, when the leader expresses a point of view, nobody wants to argue. In this case, informality. Don't think of the other people in abstract terms. You are trying to address their problem. Have empathy, understand what they are going through and base your decision on the facts. That's the make-sense part of this puzzle. So, take a moment to apply that to your company and the last crisis you faced, or the last disruption that you faced. Apply to yourself in your own life. How did you go about making sense? Were you able to separate fact from opinion? Were you able to create a culture where

people were free to dissent or were they all, "Yes, boss. Yes, boss," even if they thought differently at the back of their minds? Apollo 13 is a great case study where Gene Kranz, the leader of this mission, actually uses all his resources and creates a culture where they base their decision on facts. See you soon.

Video 3: Group Dynamics

Hello everybody, and welcome back. I hope you had a chance to refresh the movie and your mind. And try to look at the movie following this execution loop and the leadership execution loop that Don Sull has talked about. In the previous session, we saw how they were making sense of the problem, what they were doing, how they were responding to it.

Now, the next step in the decision-making loop in the execution loop is the actual choices you make, is the actual strategy that you follow. Ultimately, strategy is a set of purposeful choices. What you will do, what you will not do, what and how you will do it, right? And what resources you will deploy. Where did Gene Kranz start this? Gene Kranz started by saying, "Failure is not an option." okay? He started by making some choices. One of the first choices they he made was to scrub the moon mission and say, "Let's now focus on getting the astronauts back safely to earth." That's one of the first choices they made. And so, how is Gene Kranz doing in making these choices? Let's take a quick look. Let's have a quick think about it. So, in making choices, frequently we fall into some traps, and one of the traps we fall into is where we start anchoring on a single option. And here is where, you have to be careful at this stage, at the early stage. Don't get fixated on only one solution as the only solution but insist on alternatives. And this is where Gene is so good. He is insisting alternatives. So, what if this happens? And he is delegating. He is saying, "Listen, you work on life support, you work on the lunar module, you work on oxygen, you work on fuel." And he is delegating, and he is empowering people to work on alternatives and create options for him, create options so they can make informed choices. Even the discussion with his team, how should they turn around and come straight back to Earth? Should they use the moon to slingshot? And here is where he is listening to his team, right? And his team is telling him, "Listen, we don't have enough fuel left to turn around and come back. We are going to have to use the moon to slingshot back and use laws of gravity and Isaac Newton's laws to eventually bring us back here."

So, here is where as leaders, to move away from anchoring on a single option, we need to move typically to a rule of three, and we like the rule of three. And this is somewhere psychologically also we like to think of things in threes: Julius Caesar with Veni, Vidi, Vici, sustainability with reduce, reuse, recycle. Threes somehow instinctively make sense to us. But in a business context, in a strategy and crisis and decision-making context, it is good to insist on three real options. So, you have a choice, and then you make choices very consciously on what you are changing and how you are changing these. And once you make choices, you want the whole team to sign on, all right? it is your neck as a leader, mind you are listening to them. You are empowering them, and then eventually, it is your neck on the line. But even though it is your neck on the line, you want a qualified consensus around people. You don't want a blind consensus. A

qualified consensus is said, "Everyone agrees that they can tolerate the outcome." The outcome in this case, bringing the astronauts safely back to Earth. That they can live with the outcome even if they disagree about the means to deliver that outcome. That's a qualified consensus which leaves the door open to saying, "If I discover a better choice, if I have more information, then I might amend my decision as they do in this particular case."

So, think back in your own company to how these strategic choices were made. Once you have made sense of the environment: how did you make the strategy? Did you involve everybody? Did you really look at multiple choices, or did you blindly say, "There's only one option and that's the only choice that I can follow"? How did you do it? How did you do it in your own teams in your own life? How did you generate this strategy? How did you work on strategy? Did you really look at and explore all the options and then make choices? So, strategy is about choices. Choosing what to do, "We will bring them back," choosing what not to do, "We will not go to the moon anymore." Strategy at the end of the day is about making choices. And then putting the resources to support those choices. "We will not go to the moon, so therefore move everybody to one side and use the resources, the oxygen, the power to just bring them back home." So, every strategy has consequent implications for how you deploy the resources. Thank you for listening, and I will see you for the next session.

Video 4: Perception to Decision

Hello everybody, and welcome back. Today, we will still discuss the Apollo 13 case, but we will discuss the third step in the execution loop. The third step in Professor Don Sull's execution loop, making it happen. So, once they made the strategy of getting the astronauts back to the earth and then they allocated responsibilities, you are responsible for life support, your oxygen, figure out how to reduce carbon dioxide, you manage the electricity and the power supply. They then had to go off and trust these guys to make it asked the astronauts in space to flip off switches, turn off the computers, these were big decisions they were making. Turning off the computer meant that they could not use the computer to aid them in their decisions anymore. So, these are big decisions they were making. How did they do on this making it happen part of it? What do you think? So, one of the important things in making it happen is to make sure that everybody delivers on what they promise. How do you make sure that they deliver what they promise? What's the difference between a good promise and a bad promise? Well, a good promise is what gets delivered, and bad promise is a promise made with false expectations where the delivery is just not possible or there is no for whatever reason, intention to deliver it.

So, in promises, in making promises, there are a few pitfalls to overcome. Ideally, you should move away from private promises to public commitments because once you make a public commitment, there is a peer pressure amongst the whole team to make sure you are honouring your part of the deal so that you don't let down the team. Move away from passive engagement to active engagement, passing saying, "Okay, you made the decision, now I am going to watch what happens." No, you made the decision, and this is what I am going to do to support you in that decision. Move away from implicit

understanding to explicit understanding. Be very explicit. What do I want you to do? What am I going to do? Be very explicit in this. And make sure people know that they are going to be held accountable, that they don't sit back and say, "Yeah, it is okay. Even this will pass." Make sure people know they are held accountable. That's the first part of good promises. What can go wrong? What do you think?

So, what goes wrong is when people don't feel accountability. When there is limited accountability. And the flip side of this, the contra side of this is well made promises with public commitments where there is an explicit understanding and explicit ownership of responsibility for their piece of the puzzle. In this case, each one of these teams, one person responsible for power, one person responsible for carbon dioxide, one person responsible for oxygen, they were all taking responsibility and they were taking accountability. Even the Grumman supplier who was hedging his bet saying, "We designed the lunar module to go to the moon, we did not design it to come back to earth." Even he, well, he could not do anything about it, but he was being careful with the promises to make sure he did not over promise. In the end when the module did in fact come back to earth, he was one of the people who celebrated.

In what goes wrong, underlined activity and the way to move that from being underlined activity is in this case, Gene Kranz taking very specific decisions, you do this, you do this, and Gene Kranz is mapping the whole thing and holding the whole thing together. And in what goes wrong is where people just put their heads down and they just go out and do execution. This would have been a disaster in the case of Apollo 13, because particularly at a point when one of the decisions was, listen, turn this command module back and bring it back to Earth, if people had just blindly gone and done that, then they would have died. Because there was this one guy who said, "Guys, for the last one hour, I have been working on this problem, we don't have the power to turn around, we are going to have to find another way."

So, from just heads down blind implementation, you have to leave the scope for renegotiation. If somebody has a different idea in making it happen, they discovered a flaw, build in the scope for renegotiation. And this means in your organisation, in your culture, you have to build a great deal of trust, a great deal of alignment, public alignment, and commonality of mission single minded in what you are doing. Think about this in your own life, in your own teams, in your own companies. Do you build in the scope for a negotiation? Do you build in this kind of public promises and try to prevent the pitfalls of bad promises by making sure that there is good accountability, that there is scope for renegotiation if something really comes up that is dramatically different from what you anticipated? So, think about that. And in our next video, we will discuss the next step of the execution loop. Despite your best intentions, making sense, making choices, making it happen, things still go wrong, then what do you do? We will talk about that in the next video. See you soon.

Video 5: Execution Loop: Making Revisions

So, welcome back everybody. We have discussed the Apollo 13 case in great detail, and I hope you now see leadership and strategy and execution in a new light. And following the execution loop outlined by Professor Don Sull, we have examined the

making it happen part of the loop, how they made sense, how they make decisions, make choices, made strategies, how they executed it making it happen. And then, the last part, making revisions. Despite the best choices that you are making, things go wrong, new things come up. So, whether it was the dramatically rising concentration of carbon dioxide in the atmosphere, which they had to find a way then to, as Gene Kranz says, "Let's work the problem people." When something goes wrong, he doesn't go back and change the whole strategy. He says, "How do we fix that part?" In this case, that literally meant fitting a square peg into a round hole to find a way to recirculate the air and scrub the air so the carbon dioxide concentrations would come down on the spaceship. Or indeed at the very last minute, almost at the very last minute when they have to navigate the lunar module, so they don't bounce off the Earth's atmosphere. They come in a too shallow angle; they bounce off the atmosphere. If they come in at too steep an angle, they burn up and die in the atmosphere because this lunar module is not protected for re-entry, like the re-entry module was with the heat tiles and so on. So, they have to come in at just the right angle and find just the right way to steer and navigate. And here, you had Lovell who was then navigating using the moon as a fixed object and the earth as a fixed object. So, making revisions along the way to still get to the end goal and implement your strategy is a very important part of this exercise.

So, the learnings here are, number one, course corrections. No decision is good forever. That direction is good, but you are going to have to make course corrections along the building scope for this renegotiations for this flexibility in your strategy, development and implementation process. Second important part of this is, prior planning, hiring the right people, enabling their contribution, holding them accountable for the results they deliver, for their piece of the puzzle, and building the culture that gels all of this into a team where they trust each other, they may not like each other, they may not agree with each other, but they trust each other to fulfil their part of their professional obligations. Third, quick and viable decisions. And Gene Kranz is there, he is making decisions. He has stopped the fuel cells, and this is the implication of that. Yes, do this, this is the implication of that. We are going to scrub the moon mission; we are going to bring them back. Quick and visible decisions. Remember, in the previous module we talked about the work of Botello and Powell. And one of the insights they had from the top18,000 CEOs in the world they interviewed was the first thing you need from CEOs, from leaders is make a decision. Make a decision. Don't sit on the fence and say, yeah, will think about it, or I will ask my wife, or I will ask my boss. No, make a decision. And finally, lesson number four, learning lessons.

Have you built learning agility onto your organisation so when something goes wrong, so they shut the fuel cell, oxygen level still kept dropping, so obviously something was not right over there. So, learn the lesson and roll with the punches and go back and rework what you are doing. So, making these revisions is a very important part of the learning agility that we have to build into our organisations. Think back in your own career, in your own company, in your own life, and how often have you when something goes wrong said, "This doesn't work, we need a change of strategy?" How long have you said, let's work the problem, let's figure out why it is not working.

Are there some tweaks we can do to fix the problem and then go back and treat this as a continuous loop? So, there are very many interesting learnings coming out of this movie, Apollo 13. It is a real-life case study, it happened decades ago but it has leadership lessons that we can take heed of today and apply in our own lives, in our own companies. So, I urge you to go back and watch this movie again and look at the various instances where leadership was demonstrated by Lovell's wife when she was leading the other spouses to talk to the media by Lovell in the command module, by Gene Kranz, by Dick. There are so many people who were taking leadership and stepping up and Gene was the overall in charge who was allowing other people to lead at times when they needed to be given the freedom to lead. So, there are huge leadership lessons, huge lessons on culture, huge lessons on the kind of organisation that we want to build to make sure we survive disruption, and in fact prosper in disruption. This whole module, we will be talking about strategy execution, we will be talking about building organisations, we will be talking about building cultures. That's the focus of the entire module, and we will continue this discussion in the sessions to come. Thank you and I will see you for the next session.

Video 6: The Execution Loop: Role Playing

Hello everybody, and welcome back to this discussion on building organisations, building culture and showing leadership in doing this. The case of Apollo 13 was very instructive and particularly using the development loop, the execution loop that Professor Don Sull shared with us generously. So, when you enter a new organisation and you take over a new position, you set the tone from day one. The first 100 days are very important in leaving your imprint. What matters to you?

What are the values that you stand for? What kind of behaviours do you want? If you want a culture which tolerates failure, then that comes through in your behaviour, how you role model your behaviours in the first 100 days. I have had several town hall meetings, where I told people what I expected, what my vision was, what my expectations of them were, what my own expectations were, what were my non negotiables and values and behaviours. And I am going to listen, in the first 100 days it is time to listen, it is time to engage, it is time to dialogue.

When things go wrong, and I am going to read out something that Gene Kranz said in the Apollo mission. And early on in the Apollo program there was a crash on the landing site, and everybody died. Gene Kranz stepped forward and he took ownership of that, and he said, this is his statement to his people which I am reading out. "From this day forward, flight control will be known by two words: tough and competent. Tough means we are forever accountable for what we do and what we fail to do. We will never again compromise our responsibilities. Every time we walk into mission control, we will know what we stand for. Competent means we will never take anything for granted. We will never be found short in our knowledge and in our skills. Mission control will be perfect. The first thing you will do here is to write tough and competent on your blackboards. It will never be erased." What a powerful statement coming from Gene Kranz!

Are you surprised that when the Apollo 13 crisis happened, they had this mindset, they had built the culture, they had built the team that was able to take this thinking through

and bring them back alive? So, this is a very important part of the first 100 days. You let people know your expectations. And those expectations unless there is good reason to change it based on the dialogue in the first 100 days, you have then have to live that for the rest of your time and you have to be bloody minded about following through on those and never compromising. Tough but competent, it is written on their boards, that is never erased, that's always there. So, are there any rules to make sure in companies that strategy is well executed? Because after all as we said, a mediocre strategy that is brilliantly executed is better than a brilliant strategy that is not executed. What do you think? Let me give you a minute to think about this. This article written by Professor Xavier Gilbert of IMD, and he says there are six capabilities for strategy execution. He says number 1, do you stay focused as a leader, or do you keep changing your mind?

So, if you keep chasing new rabbits, if you keep changing your priority, the whole organisation will lose focus. You stay focused. Tough but competent, that is what we want to be, and we are going to bring these astronauts back alive. Focused, tough, tough, focused. Second, do you have people prepared to lead execution? Look at Gene Krantz, he had people prepared and who could take responsibility, and he trusted them enough that when they said something, he could rely on what they were saying. Prepare people before your strategy is even developed, prepare them to lead execution. Third, do you structure execution as a learning process? And particularly in the context of this loop that we are talking about, the make revision's part, that's the important part. There will always be things that go wrong. No plan ever survives contact with the enemy. Once you actually hit reality, things will not work the way you planned them, then you have to make revisions on this thought. So, do you structure execution as a learning process? Fourth, do you ensure the whole organisation is onboard? And this is communication. We discussed about it in Module 2. I shared with you a toolkit of how to communicate. How does Gene Kranz use that toolkit? How does he communicate, talk to his people to their hands, head and heart? How does he communicate a vision that is endearing, that is compelling, that is empowering all at the same time? Fifth, are you serious about follow through? Are you following through with people to make sure that they are delivering? I will set the KPIs. Remember what gets measured, gets done. And sixth, and most importantly, are you obsessed about setting people up to succeed? Too many of us as leaders do not focus on execution before we develop our strategy, we develop our strategy and then we assume it is going to be executed. Be consistent and take these six principles by Professor Xavier Gilbert to heart and work on those that will ensure that your strategy actually gets executed, and that often will give you a win even if your strategy is not brilliant. So, thank you for being here with me today, and we will continue with session number 6 next time. See you soon.

Video 7: The Rules of Execution

Hello everybody, and welcome back to this discussion on organisation, on leading organisations. Now, one of the things we all struggle with is, of course, inside organisations, how to create a culture where our strategies are well executed. Now, we have discussed several aspects of culture and execution using the Apollo 13 case study. Let's move this one step forward and talk about, can we help create a culture where the execution of the strategy becomes simple by in fact articulating the

behaviours, we need to support the strategy as simple rules. So, there's a very interesting book and a Harvard Business Review article written by Professor Don Sull and Kathleen Eisenhardt, which is in your readings, if you can read them on your own private time, personal time, you can read the book later. And this is a very interesting thinking that they outline. What they say is, complex ambiguous situations, which is what we encounter in real life, often get complex solutions and guidelines. Take, for example, our HR policies. In most companies, the HR policies run to 500 pages. Even to read them, it is going to take you one year, leave alone follow them. And what they say is that simple rules often work better than these complex rules because simple rules are then well aligned with the culture, they are well absorbed, and everybody knows what to do. So, Netflix famously has a one-page HR policy, one page. I kid you not, one page. They have some trouble now in getting subscriber base with Disney, that's a business strategy issue. But from an organisation point of view, one-page HR strategy. And basically, what they say is, listen guys, you treat the company as if it is your own company. Don't do anything stupid. Don't go out and spend money that you would not spend if it was not reasonable. So, they have a lot of trust and, of course, they find somebody abusing the trust and they take drastic action.

So, in examples, to illustrate strategy as simple rules, Don Sull and Kathleen Eisenhardt share a number of stories. I will share two of them with you now and then invite you to apply them in your own context. The first story they share is from 1911. There was a race to be the first to get to the south pole. There were several explorers in the race, but two were leading contenders. One was Captain Scott from Great Britain and the other was Roald Amundsen from Norway, the Norwegian. So, Robert Scott was a famous explorer, and he had some simple ideas in his mind that he thought would lead their team to victory. The number one idea was, we Englishmen, we can do anything, we are supermen. And the English sailor can do anything he sets his mind to. Just look at us, we are ruling the world, we are the empire on which the sun never sets. So, there is a logic why he thought what he thought. So, he said, therefore we are going to go, and we are going to march all the way to the south pole walking and our English sailors will pull the sleds themselves and therefore going to the south pole and coming back, it is a long journey, so we are going to take a lot of supplies with us. They took a lot of supplies. So, making strategic choices. You see, people are going to go, only humans are going to go, and we are going to take a lot of supplies, strategic choices, and implemented. They actually reached the south pole and they found that Roald Amundsen had beaten them to it a few weeks earlier. So, they turned around, actually this was in the Antarctic summer. They turned around to come home. Along the way, they were delayed, and they ran into a huge blizzard, and they pitched tent to survive the blizzard. They never came back home. Next summer, a rescue party went out, they found the tents, they found all these people had frozen to death inside their tent. They were writing journals till the last day. Roald Amundsen, on the other hand, made different choices, different strategy. He said, I don't know the Antarctic conditions, but I am going to experiment in Greenland and figure out what is the best strategy to use. So, he made a few different simple choices. He says, number one, we will not walk, we will use skis. Number two, he said, humans will not pull the sled, we will use Alaskan huskies to pull the sleds. Number three, he said, we will be light our whole focus is

speed, getting there, getting back quickly before winter sets in. So, therefore, we will not carry too many supplies, but we will take a few extra dogs and every few days we kill one of these dogs and eat fresh meat so that nobody get scurvy. Simple rules, three or four simple rules. They reached the south pole safely; they came back safely, and his name is in the history books.

Similar story from the world of Business. 3G was a private equity that first bought this defunct Brazilian railroad. And this railroad was defunct, they didn't have enough money for capital investment, equipment was falling to pieces. So, they made a few simple decisions and simple rules, so called Vietnamese rules because it is a strategy that Vietnamese used in their war against the Americans. Number one: Do whatever is lower cost today. Lower cost today, even if it means higher costs in the long run. Strategy number two: Do whatever maximises short term revenue because we need cash today. So, just a few simple rules like that. So, basically, they immediately prioritised the two or three rail routes that were most profitable for them. In this case, going from the crop growing area to the ports. And the other routes, they shut down, they cannibalise that equipment, that's the third rule, reuse equipment to make sure these routes stayed profitable. In two or three years, they had turned the business around, it was profitable and now they had the cash to go back and make the investments to make the whole railroad profitable. That business model was so successful that they took this concept of simple rules, and they applied it to the next series of acquisitions. They bought Brahma beer and eventually they bought AB InBev. So, they are now the world's biggest beer company. And pretty much applying the same simple rules, they are one of the most profitable beer companies in the world. However, when they tried to apply the same set of rules to the acquisition of Kraft Heinz, they didn't succeed because the thing about simple rules is this, you have to pilot them, do trial and error and figure out what works in your context. Simple rules that work in context A may not work in context B. So, in your organisation, when you have to communicate strategy, execute strategy, develop strategy, work with your teams as close to the cold face as possible in designing the strategy and eventually designing the implementation guidelines as simple rules. Pilot them, test them, try them. And when they are proven, then you scale up, which is the next thing that we are going to talk about. Thank you for listening. I invite you to answer the questions and the introspection pieces that will follow, and I look forward to seeing you at the next session.

Video 8: Are We Born to Be the First Movers?

Hello everybody and welcome back. Today we will be talking about teams and organisations more explicitly. So, in the very first module, we had said one of the key tasks of leadership is to prepare the organisation for change. This means you need to have a culture in the organisation, you need to have teams in the organisation that are able to think differently and get new ideas, respond to new ideas, demonstrate learning agility. So, one of the questions I had asked you earlier in module two in this context was how do you select your teams?

How do you build your teams? Because after all, if you hire people who are only like yourself, you will only get ideas that are more or less in your comfort zone. How do you

get different ideas? Now in this context, the word diversity is thrown about a lot. What does diversity mean? What kind of diversity do you need? What do you think? So, turns out that gender, religion, ethnicity, age, skill are all very good sources of diversity and have good reasons to build those diversity, good sociological reasons, social reasons why we should do that. But from a business and performance point of view, turns out that the most important kind of diversity we need is cognitive diversity. People think differently. And I refer you to this article by Alison Reynolds and David Lewis in Harvard Business Review where they talk about this and we use all of these gender, origin, etc to try to act as proxies for cognitive diversity, but they are not a given, they are not a guarantee.

The second catch to this, which is, it is not enough to have people in our teams who are different in the way they think. We also have to create an organisational climate where they feel empowered and valued and able to contribute. We need to create the psychological safety within teams where they feel empowered to contribute. So, you need cognitive diversity on the one side, and you need psychological safety on the other dimension. In this context, if you have an organisation where you have low psychological safety and low cognitive diversity, this is typically what we call a bureaucracy, and there are bureaucracies everywhere, inside the government, but also inside large companies because there are some processes where we do not want to keep reinventing the wheel.

We want to copy paste those processes so we can scale them more efficiently and here is where in fact bureaucracies become very useful. We don't want people to think very differently. We want them to keep doing the same thing. What happens however, for many organisations as they try to build cognitive diversity, but they haven't changed the culture, the psychological safety is still low, then you end up with a culture which is very silo based - where people get cynical. They are quick to blame the other person. It is all marketing's fault. No, it is all sales' fault. No, it is supply chain. No, it is technical. No, it is production. We are all quick to blame the other person because we are so convinced that we are right. Our goal is to move to the top quadrant, which is where you have psychological safety, and you have cognitive diversity. You have both of these. So, how do you do this? We talked about how to create cognitive diversity. Consciously go out and hire people who are different from you. I used to do this. I am an engineer and a structured thinker. So, I used to hire creative people. I used to hire different kind of people from different backgrounds who thought differently, and they made decisions so much richer at the end of the day. How do you build psychological safety? Do give it a think. One of the common faults we have in India is the feeling that inside teams, inside group discussions, we have to win every race, we have to win every argument, we have to win every discussion. Instead of that what I am inviting you to do is to build a culture and a psychological safety where the goal is not to say I am better than you. The goal is to say that's a great point of view, that's a great point of view. How do I take these two and build something that incorporates both and more?

How do I build on each? How do we build on each other's thinking, each other's ideas to come up with something that's truly remarkably breakthrough. So, employees have to acknowledge each other. They have to celebrate the diversity and you as a leader

keep this comfort, you keep this tolerance. That sometimes you have to take a
backseat. You don't have to reveal your cards. You have to encourage people. What
do you think? What do you think? What do you think? And sometimes the people who
speak up least may have the most important opinions, but for some reasons they were
not feeling confident to speak out. So, as a leader, if you start to create that
psychological safety, you will very soon find that you unlock people's creativity and you
create this esprit, the core, the teamwork, the kind of teamwork that the Apollo 13
mission control team demonstrated where you can come up with solutions for truly
intractable problems. So, two things, cognitive diversity and psychological safety. Both
are important to create a culture where there is truly breakthrough thinking that
happens. Thank you for listening. In the next session, we will explore this aspect of
culture in greater depth. See you soon.

Video 9: How to Create Culture

Hello everybody, and welcome back. Today, we will continue our discussion on culture.
We saw how in the case of Apollo 13; they had created inside NASA a culture that was
able to cope with the crisis and absorb the pressure and deliver results to what was
their finest moment. How do you create this culture?

Ultimately, this culture is what drives the quality of execution. What I'd like you to do is
invite you to view an eight-minute YouTube clip. This eight-minute clip is an extract of
a speech delivered by the late Professor Sumantra Ghoshal at the World Economic
Forum. So, do have a quick listen to it and then, let's continue with our conversation.
What does your organisation smell like? What do you think? What he says basically is
that the culture, the smell of the place is influenced by four factors. One is strategy and
you will define strategy as a box of constraints or as a stretch ambition. The first thing,
and how you communicate that to your people. Second are your processes. Your
processes, are they compliance-oriented or are they discipline-oriented? The third part
is team dynamics. Your team dynamics, are the contractual or are they trust-based?
And finally, leadership behaviours. Are they control-oriented or are they support
oriented? So, strategy processes, team dynamics and leadership behaviours. These
are the four levers that he says basically come through to create culture. And depending
on which end of this matrix of the spectrum, whether they are more control, more
support, more structure oriented, more constraint oriented. You have different kinds of
culture that you can create. So, they all interact. Strategy interacts to create culture.
Culture interacts to influence implementation of strategy. And all four of these levers
come together to create culture.

Now, I don't want you to walk away with the impression that processes are bad. I have
said processes itself, as Professor Ghoshal said, can move between compliance and
discipline. A certain amount of compliance related processes are necessary, are
required to make sure we don't violate our ethical standards or values. In the case of
banks that we tick all the boxes and are aligned with whatever the central bank
guidelines are. Insurance companies, likewise. Compliance is necessary. But
sometimes we tend to take it too far. So, what I will do at this point of time is do two

things. One invite you to reflect deeply on this video that you have seen. How has your organisation been shaped, the culture been shaped by the strategy, by the processes, by team dynamics and by leadership behaviours? Once you have thought about that, in the next session, next two sessions, we will share some success stories first from DBS in Singapore. The next session from Nestle. And in the last session of this module from a completely different industry of how culture helps shape strategy helps drive results of the organisation. And how you, we, can shape culture consciously and actively. See you soon.

Video 10: Nurturing Innovation: Behavioural Enablers

Hello everybody and welcome back. I hope you had a chance to revisit the video by Professor Ghoshal several times and introspect on what that means for you and your company. Today, we are going to talk about the case of DBS. DBS was an ageing public sector bank in Singapore and like all banks, they had a lot of compliance and a lot of governance protocols laid down by the central bank which they were complying with. They were bureaucratic, so they were very much in that first quadrant, low cognitive diversity, low psychological safety, like all public sector banks tend to be. A new CEO walked in Piyush Gupta, who happens to be from my batch of IIM Ahmedabad. And he started putting in place some changes, and he got full support. His first task was to go to the board, sell this to the board and convince the board that they needed to change. And they could change, in fact, to become one of the most innovative banks in the world. The board supported him to make the changes. They gave him a budget of 200 million Singapore dollars to invest in IT to invest in physical infrastructure, but also the soft infrastructure of meetings and how the kind of people they hired to help to change the culture. So, there is a very interesting work done by some Harvard Business School is an article about this which says, Breaking down the barriers of innovation. Well, they say in our work and research we have found that the most innovative organisations exhibit five behaviours. They always assume there is a better way to do things. They focus on deeply understanding the customers stated and unstated needs and desires. They collaborate across and beyond the organisation, cross pollinating actively. They recognise that success requires experimentation, rapid iteration and frequent failure lost. They empower people to take considered calculated risks, voice dissenting opinions and seek needed resources. So, what did DBS do in line with all of these? You have the article in front of you. Do open it once again, have a quick read. What did they do?

Here are the things that they did. They actually created BEANs: behavioural and enablers, artefacts and nudges. They described the culture that they wanted, a culture that would be agile, learning oriented, customer obsessed, data driven and experimental things like we rapidly test new ideas. We fail cheap. We fail fast. So, failure was no longer a bad word. It was a word that was encouraged as long as it was cheap, it was fast, and you learn to ideas. Throughout this course, we have been talking about designing experimentation, capability in your organisations. That's the way you cope with the world of disruption that's outside of you. What are the blockers we have to getting where we want to be and things like, wouldn't it be great if we could do XYZ that surfaced the behaviours? But we don't do it because of ABC, and that identifies what

the blockers are. Then you know how to get those behaviours by having a specific plan to address the blockers. And then they drove active interventions for behavioural enablers, artefacts, nudges. For example, meetings. They found a lot of people's times were taken up with meetings, so they started asking the question. Listen for every meeting, we have to have a meeting owner and the meeting owner has to have an agenda before the meeting and has to select the people for the meeting who actually participate who need to be there.

So, often in our lives we copy people on emails, and we invite people for meetings and discussions. We have no need to be there. It happens to you. It happens to me. So, to enforce this, they then appoint today what they called joyful observer. So, there was a meeting owner, MO and a joyful observer, JO, Mojo called it. Joyful observer was often junior to the meeting owner and sat in meetings not to participate in the meeting, but to observe how the meeting was conducted that everybody participates. Was somebody there who did not need to be there? Were they constructive? Were they just repeating points over and over again? Was there a well-defined agenda? And he frequently gave this feedback not frequently was required to give this feedback to the meeting owner and the culture that they created. This feedback was taken. It was taken positively, and they slowly started to transform the culture in the intervention.

One of the things they actually did consciously was they started measuring the temperature of the teams and started creating this 70, 20, 10 kinds of a split where people spent 70% of the time on their operational roles and they had time to go out and think blue sky and think of new ideas and experiment. And they were encouraged to go out and learn new things with the only proviso that when they learned things, they came back, and they shared it with their teams. They empowered their teams to learn in the process. So, they actively created a culture where all of this was enabled and in the process, DBS has been voted the best bank in the world and the best digital bank in the world. In India, they have acquired believe it is Lakshmi Vilas Bank and then in the process of transforming that as well, from an ageing institution to a modern, digitally led great culture organisation. I wanted to share with you the story of DBS as a bank to say here is this highly regulated, compliance-oriented structure where you can transform the culture to be forward looking, to be data driven, to be customer driven and to be responsive and agile and able to experiment and create new ideas. If they can do it, none of us have an excuse. We can all do it. How would this play out in your organisation? What ideas do you have? Do think about it.

Video 11: Measured Transformation: Nestle Philippines Case Study

Hello, everybody. And welcome back to this exciting discussion we are having on how to lead organisations by changing culture. It was the 4th of April 2005 when I walked into Nestle, Philippines, as the Chairman and CEO. My predecessor, who was a dear friend, a dear mentor, and somebody I respected deeply, Salvador Pigem, had just died. He had been in the Philippines for exactly two years, in which time he had tried to make changes, he had tried to move the needle, but before he could complete what he was doing, he developed a brain tumour, and for the last six months of his role over there, he was quite unwell. And he died, as it happens, on the day that I took over. It was his

recommendation that I replace him. I had earlier replaced him as CEO for Nestle in Indonesia; I had reported to him, he was my boss, and he recommended that I replace him in the Philippines. So, it was almost as if he held on till the day I got there, and then he went.

It was the 8th biggest market for Nestle worldwide, and this market was in deep trouble. Quarter one sales in 2005 were running at -17%. The business was declining at 17%. There were eight months old inventory on the shelves in the trade. We had 17 overflow warehouses. At the port, there were 600 containers which we were unable to unload because there was no space to put those, so we were paying demurrage of $2 million a week. The market had changed. This is the early days of 2000s. All of a sudden mobile phones and SMS messages had become very, very big. In the last five years, 2000- 2005, there were two mobile phone companies, Smart and Globe, each had a business of about $2 billion. So, there were two Nestle-sized companies that were created in the previous 5, 10 years, and nestle had taken 100 years to reach this scale. So, obviously consumer spending had gone away into communication, and therefore in the core categories of food and beverage, they were making transitions. Nestle continued to be market leaders in all categories it was competing in, but there was a lot of pressure now on market share and particularly with ageing stock. The stock doesn't even taste as good as it is supposed to taste, and the salesforce was off on an innovation, on an incentive trip in Spain because they had a great 2004.

So, what should we do? How should we change this? What do you think? I'm going to give you a story of what we did, and I am retrofitting it to the framework that Professor Ghoshal shared with us. It also sounds very logical and well-thought-out. Let me assure you, at the time, it was a series of trial-and-error experimental moves, luckily, some of them worked out, so there was a lot of desperation involved at the time. The first lever we worked on was strategy. The strategy had two dimensions. One was the short-term strategy. The short-term strategy where we had to move this mountain of stocks off the shelf. So, that year 2005, in the Philippines, we launched the Christmas promotion in July. And from July to December, there was a Christmas promotion just to move the stocks off the shelf. Then we had a more underlying long-term transformation of strategy. And this is in line with what we discussed about the Nestle case in Module 1, where we said we are going to move Nestle away from being just a food and beverage player to becoming a nutrition, health and wellness player. And that meant there was a lot of innovation that was available in the Nestle world, which we had to bring in and we had to recalibrate. Then the third thing that we did here was, we put in place a process of rapid experimentation and trial and error. It said if you have a great idea, do it. In the smallest small scale, do it. And if it works, we will take it, and we will do it in a big way everywhere else. So, that was the way we started those three elements on strategy, which we started to put together.

The second lever we worked on was processes. A lot of our processes were looking backwards. Last month's sales, last quarter, last year performance. And we don't drive a car looking only in the rearview mirror all the time. Why do you think we can run a business that way? So, we killed a lot of legacy reporting, legacy processes, started putting more forward-looking processes in place. Focusing on market share, on

consumer preference, taste preference, real-time data from the shop phase as to what offtake was happening. We put in place a dynamic forecasting tool that was entirely driven by history and statistics rather than rely on the sales force to do forecasting, and they have a bias because of incentive programs and so on. We developed a historical statistical forecasting tool which built in seasonality, which built in the flexibility for being challenged by marketing people and salespeople and was, but detailed forecasting down to SKU level.

So, we played on the processes moving away from compliance to being more discipline oriented. Strategy moved away from this historical thing to being more stretched; aspirational, we want to be the leaders in nutrition, health and wellness. Then we came to team dynamics. When I walked into Nestle, Philippines, the company had 5,000 employees. The head office had 800 people and 15-storey building, one-floor reception, one-floor meeting rooms, one-floor canteen, one-floor HR, one-floor finance, a very corporate office. In every floor the partitions were nine-feet high. People messaged each other, they spoke, sent SMSs, but nobody talked. Very silo based. You ask the sales guys, "Why are sales so bad?" "Marketing, people are changing preferences, marketing is not good enough; give us a price discount, give us lower magic answer all salespeople always have. Give me lower prices; I will sell more." Ask the supply chain guys, "Why is pipeline so why all the sales guys have bad forecast; what can I do?" So, everybody is blaming each other. Very much silo based. So, we had to change this. So, what we did was we took the partition heights down from nine feet down to three feet, and we reassembled the teams. So, everybody who worked on coffee sat together. There were salespeople, supply chain people, marketing people, finance people, they all sat together. Everybody working on dairy sat together. Everybody working on Maggi, sat together and so on, Milo, etc. So, all of a sudden, if I want to tell you, you don't know how to forecast, or you don't know how to market or advertise, I have to tell you face-to-face, and I can't send you an email; I have to talk to you. The moment you do that, the temperatures come down, and people start working the problem instead of pointing fingers.

Second thing that we did for these business function teams, we changed their incentive plan and said, "50% of your incentive is still on your functional targets, whatever they are, but 50% of your incentive is on the business targets." And finally, and the other thing we did in team dynamics was we regularly took these people out. Groups of 20 every year, we took them out for a two-day workshop where they were given 360-degree feedback instruments where they focused on themselves as leaders and their team dynamics, how they work together as a team. And they came out of those with very strong insights on how to work. Facilitated; we had an external facilitator. I myself was at every single one of those breakaways for half a day. I was personally attending to help in this process of reinvention of the culture. And finally, leadership behaviours. So, leadership behaviours, I started by changing my office. I downsized my office by 50%. I knocked off a wall and put glass walls, and there was a pathway, so all of a sudden people could walk around, see me, there was transparency. Every day I walked around the office and went around and talked to people and initially there was a little bit of apprehension, but they warmed up to it very quickly.

I had regular town hall meetings with people where I invited questions, and I discussed openly what was working well, what was not working well, what needed to be done. I made sure I visited the market one day every week. This is role modelling; you are telling people what's happening, what's important, and talk to consumers, talk to customers one day every week, went to the factories and warehouses one day every week. Different factory, different warehouse, that left only 3, 4 days in the office. Well, fine, meetings had to compress to fit the time. And they are very tough, competent, result-oriented kind of meetings. Decision-oriented kind of meetings. So, it was a tough time. It was a tough journey, and I wish I could say this was all my doing, it wasn't, because early on in the process, I realised that there were some people in the key core leadership team of 20 who were still wedded to the past. I respected that because they had huge success in building Nestle to what it was in the Philippines, but the times had changed, and they were not willing to change. So, we politely and with a lot of respect and a lot of face exited them as they retired, and we got new people, and I knew got a lot of good bright newcomers from the Nestle world. I had people I had worked with, people I had heard of people I knew about, and we got them in. And so, of my team of 20, a lot of them today are in global leadership positions in major companies all over the world, including in Nestle. So, I had a team of high performers who was helping advise me, and my role was to get the right people on the bus, to point them in the right direction and say, "Okay guys, how do we get there? How do we get out of this?" It was a stressful time. It took us 18 months to go from -17% to zero. 18 months where I thought I would be sacked every single day. Then we turned the corner, and we started delivering 7-8% growth every single year. In those first six months, the first six of the 18 months already we had taken our port pile up of stocks of containers down to zero. Our working capital we worked on continuously, so at the end of five years, from a 25% of sales, it had come down almost to zero. So, on a $2 billion base, we had liberated almost an extra $500 million of cash, and we had made sure that our food products in the trade were very, very, very, very fresh. Fresh food products always taste better unless it is wine. They always taste better, so that even gave us improved market share, improved consumer loyalty, traction, etc.

Starting the third year, every single year, we won every single award for marketing, every single award for advertising, for finance, for SAP implementation, for HR climate survey. So, the culture had transformed. And transformation of the culture, we basically worked on these four levers: leadership behaviours, team dynamics, processes and strategy. The same four levers that Professor Ghoshal talks about. That culture stayed, and for several years after my departure, that culture was maintained and protected by people who came after me, and the Philippines remained to be one of the most inspirational success stories within Nestle. I hope you found the story interesting, useful and inspiring. I am going to take a pause now, and I will come back and see you for the last session in Module 3. See you soon.

Video 12: Project Oxygen

Hello everybody, and welcome back now to the module on leading organisations where we have this video now again with me with a beard. I told you we have shot these over several weeks, so my look keeps changing. So, today what I'd like to do is talk to you

about a very interesting project called Project Oxygen. It was in the early days of Google and the founders, Larry Page, Sergey Brin, they realised that they have a team of these high performance engineers, and these engineers basically don't like managers. They don't like managers telling them what to do. So, they put a project in place to see, listen, why do we need managers? Can we work without managers?

So, they hired a few people and got some PhDs together and actually did a huge study on this saying why do we need managers? They did experiments without managers. How do teams work with managers? How do teams work? What kind of managers actually do something that that makes life better for the engineers and the technology team. they did all this kind of a work and this is called Project Oxygen. what they found was that technology teams and data-driven cultures actually respond well to data-driven change. They need to be told the why of the change and presented data why this change is important to them.

Another very interesting insight that emerges here is engineers hate being micromanaged on the technical side, but actually they love being closely managed and mentored on the career side. Yeah. Les Lo Bock in 2006 was the one who actually did this survey and came up with this fascinating insight. when they did this project, they basically came up with 88 qualities, 8 qualities of what is a good manager. The first quality, the leader, the manager has to be a good coach.

The second, behaviour that a good manager displays is that the good manager empowers the team. The good manager does not micromanage the team, particularly if the manager is not as technically qualified as the engineers he or she is managing. Third, this is very important for a good manager. They have to be interested in the team members personal well-being and that goes a long way towards keeping people motivated, including if you have to give people a couple of days off, do it. I mean it's not the end of the world.

Fourth thing, a good manager remains results oriented. You are at the end of the day responsible for results and you have to be responsible for productivity and that has to be understood by everybody. And engineers appreciate this. Fifth, the leader, a good manager has to be a good communicator. Sixth, a good manager helps with career development, helps develop the people. And this is something engineers love. They love career development, because they don't actually normally be find that managers doing that.

Seven, a good manager has a clear vision and strategy for the team. There's a clear vision. Where are we going? Where's the team going to go? What's our strategy? How are we going to get from here to there? When we have setbacks, for sure we will have setbacks. When we have setbacks, how do we recover? What is our BCP? How do we get back on track and maybe even beat our original vision.

And number eight, and this is very specific to Google is they say a good manager has to have some key technical skills that will help him or her advise the team. This is not universal however, and in a lot of companies I have actually seen managers with very good leadership competencies, but without the key technical skills.

We actually still manage a team very well because they have the leadership competencies for an interpersonal skills and communication skills, and they're able to use their team technical skills to bring them up to speed. However, of course, if the key manager also has the key technical skills to help people when they have issues, that is an added bonus. these are the 8 traits of a good manager. when we structure, when Google did this, they structured, they found that in an organisation context, a technical team, an engineering team actually needed a manager, and performed better when they had a manager who was able to display these 8 traits. when you are designing your organisation, the temptation will be high, the pushback from your engineers will be high. Why do we need managers? And managers are micromanaging.

So, create an organisation where you have teams with leaders, but leaders who are trained and are able to display these 8 characteristics. The one additional thing I would add on top of what Google has said these eight is given the speed of change of technology, and we discussed this already early on in the context of strategic technology change is a good leader. In this context, has also got to be a learning leader and has to be able to continuously adapt his team to embrace his technology vision which is agile and moving and is able to let go of the past and embrace new technologies as and when they become available. I would add that as the ninth competency in today's day and age.

So, I hope you found that useful and I wish you much luck in using all of this in helping make your organisation even more productive than it already is. Thank you and see you for the next video.

Video 13: Spotify Case Study

Hello everybody, welcome back. And as part of this module on leading organisations, I would like to introduce you to a little case study which you would like you to do discuss as a group. Why did Spotify succeed? What helped them succeed? What are the factors that initially were holding them back? What are the factors that drove their success? How did they build the organisation? How did they manage their tech talent? You know, halfway through the journey, they get new tech people in. How did they welcome these newcomers? Did they integrate the newcomers? Well, What were their key principles when they were starting out as a company? What were their key principles about music, about artists, about customers, about talent, about compensation? What were their key principles? And along the way, did they compromise on these principles?

Of course, part of it is in the past, factual what happened in the past. Part of it is a projection on to the future of what might happen. So, but given the projection as it is, let's take it as a fictional case study. What are their challenges on compensation for the artists in this particular case? Here's an artist who gets 200,000 downloads of her music, who gets compensated 6 dollars, $6 per month. So, where is the balance here? What is the responsibility of Spotify as a platform to the producer, the artist to the recording companies? To itself and its shareholders and employees? To their customers, what's their model? Where there was their model the correct one? Was it a initially it was a free model with a paid subscription tier on top. Was that the right model? Should you change the model? Did they cave in to pressure on the big artists, you know, like Taylor

Swift and others? Did they cave in to pressure? Should they have given that? Should they have changed something?

So, talk about all of these things. What would you do? What would you do? Because this is a technology company, make no mistake, but it's a technology company that is actually dealing with issues that are way beyond technology. And that's what I would invite you as CTOs to do deal with technology, but also think about issues that go way beyond technology. I look forward to hearing your views on this fascinating case study. Thank you and I hope you enjoy this.

Video 14: Culture as Continuous Change and Preparation for Change

Hello everybody, and welcome back to our exploration of leading organisations and shaping culture. I hope you found this discussion interesting. In this module, starting from Apollo 13 all the way through the various success stories and strategy execution and shaping culture, we have discussed how culture affects results, how culture affects implementation of strategy, how culture eats strategy for breakfast and how getting culture right gives you results. Even in compliance-oriented industries, heavily governed industries like banking. So, the culture change journey basically you have to work on four levers. First, strategy, work on strategy and define that very shortly in terms of stretch goals rather than constraint-oriented goals and communicate this to the organisation using communication that talks to the hands, the head, and the heart. In my Nestle Philippines change journey, in these weekly town hall meetings that I had I was always telling stories, telling them the what, the why, and the how every single time.

So, first lever to work on is strategy. The second lever to work on is processes, where processes need to move away from compliance focus to discipline focus. Compliance will always need to be there, some things you cannot compromise on, quality you can't compromise on, governance you cannot compromise on, but you need to move the lever to processes that are more forward looking, that are more responsive, that are more customer oriented. Third lever to work on is team dynamics. How do you change team behaviours? How do you change their trust to move it away from contractual to trust based behaviours, their interaction with each other? And finally, leadership behaviours. How do you move leadership behaviours away from control orientation to support orientation? You have to work on all four levers at the same time. Working on any one lever to the isolation of the other three levers, your culture change journey will fail. In the time since I have retired from Nestle, I have taken this process and together with my colleagues in the business schools, we have applied this to defence companies in Israel, we have applied this to banks, we have applied this to consumer goods companies and the process transfers. I was not involved in the DBS transformation that was done by Piyush Gupta and his team, but you look at the process and it is remarkably similar. They worked on the same four levers, strategy, processes, team dynamics, and leadership behaviours. They defined where they wanted to go, they defined a picture of success and they moved towards it. So, it can be done, it can be done consciously. Culture can be measured, you can actually measure this transformation that our companies, you can google them that are available to measure

this transformation, but you can do it. And I am still engaged in helping companies make the transformation, companies who reach out to me and I consult with them. Can this go outside of business. Can it go to other fields of human endeavour?

Well, a very interesting story is the story of British cycling. In the Seoul Olympics, the British cycling team won almost nothing. Then they put a new CEO in charge of British cycling. His name was Dave Brailsford, and what Dave Brailsford basically did was he took the entire value chain of cycling, and he broke it up into several small components and said, you are in charge of the tyres, you are in charge of athlete's sleep, you are in charge of athlete's nutrition, you are in charge of this. So, he divided the activity and he put experts in charge of each component of the cycling team to see where the strategy is coming. Second thing he said, each one of you has to improve the performance of your part of the value chain by 1% per year. That's not a lot, right? Simple rule, 1% per year on this KPI, weight of the bicycle, training, sleep, whatever. You define the KPI. Third rule, your 1% improvement cannot come at the cost of a different part of the value chain. You have to improve in absolute terms without negatively impacting the other guys. And they had regular meetings to cross pollinate ideas, share ideas, and they had experts driving all of these. The thing is when you do something like this and put it into the culture of the organisation, this improvement across the value chain is multiplicated, it is not additive. It is 1.01% times 1% times 1%times 1% done 10 times and then compounded multiplied by itself over four years. What you get is in fact a step change improvement, you get 100% improvement in performance.

Starting the next Olympics, the British cycling team won every single gold medal in every single event, I may be exaggerating a little bit. But they were so successful that Dave Brailsford was knighted for his efforts, and he is now Sir Dave Brailsford. So, what did Dave Brailsford do? One he defined their strategy very simply and as a set in the execution, simple rules. Second, he created a culture of continuous improvement, of continuous learning, of continuous cross fertilisation and sharing, and they go to ridiculous extents. They carry their own maintenance vans; they carry their own food with them wherever they go. The athletes, they carry their athletes' beds with them. So, the athletes always are sleeping in their own beds rather than in some strange bed which may not suit them, but they control every single aspect that they can control in the environment to make sure that their athletes always have the best performance. This is a simple strategy, starts by creating, it is focused on culture and on simple rules. That's a simple strategy that is available now to everybody. Everybody can copy, but it is not easy, for two reasons. One, the British cycling team have advantage, so they have 20 years of improvement built into this. The second thing is, it takes a lot of discipline to move the needle on culture and to stay focused on the culture and use every failure as a learning to actually improve what you do and go forward. So, not many people have been able to replicate the success.

But everything we have talked about today in this module, on culture, on simple rules, on strategy execution, we have seen how it can be applied in the case of a bank like DBS, we have seen how it can be applied in the case of a consumer goods company like Nestle, company in the Philippines. We have seen how it can be applied in the case of cycling with the British cycling team, or in the case of the race to the South Pole with

Robert Scott and Roald Amundsen. The process transfers. And remember we talked about Professor Rob Goffe's four areas that leaders focus on. One is inspiring people, second is values and direction, third is creating culture, fourth, delivering results. How the default that we all fall into is to focus on just the delivering results, just the managerial part of that role. I hope after these few modules, you are convinced that values, culture, and inspiration are in fact so important. You do them right, the results are almost guaranteed. Thank you, I hope you found this useful and inspiring. And I look forward to welcoming you back for module 4, see you soon.