

## **Visionary Leadership in a Conflict Zone**

Vineeth Krishnan had just taken over as the CEO of Nextgen Ltd., a small management consulting firm with 70 consultants. Nextgen was started by Jasubhai Shah, the 65-year-old head of a large family business empire. Jasubhai was a nationalist and had set up Nextgen as a truly Indian company to challenge the dominance of the large multinational management consulting companies.

Nextgen was a high-end consulting company which had a unique business model. Most consulting firms were structured around practice areas, but Nextgen was unique in that, they had a matrix structure with three practice areas and four industry verticals. The practice areas included – operations, people, and strategy and the industry verticals were – financial services, manufacturing, infrastructure, and retail. The role of the heads of the industry verticals were to get business and lead project execution in their industry focus areas. The role of the practice heads was to be thought leaders in the disciplinary domains, create new consulting products, and ensure consultants had the latest knowhow.

Nextgen was started five years ago with a lot of fanfare. It was the first truly Indian consulting firm and they aspired to take on the big multinational global consulting companies. The company's slogan was "Indian Roots and Global Reach." The company took great pride in the fact that unlike other consultants who merely made recommendations; at Nextgen, they never just left a report with the client. Instead, they stayed on until the solution was implemented on the ground. Moreover, if the client was not satisfied, they promised to give their full fees back. The company aspired to be the most respected name in consulting not only for their work, but also for their ethics.

The first five years were difficult for the company. They had a couple of good projects, but there were also a few setbacks. During the first three years, the company attracted a lot of attention and they got a couple of good projects. However, in the middle of the third year, their CEO was suspected of (and later confessed to) having an affair with a colleague. Since this was strictly against the company policy, both employees were forced to leave.

Unfortunately, during this period, there was also an industrial slowdown which, coupled with the bad press received by the company, affected their order book. The bad press, the top line under pressure, and the absence of leadership, took a toll on the company. Soon there were several internal disputes related to project staffing and sharing credit for completed projects. In addition, it was rumoured in the industry that the top management of the company had becoming highly politicized based on their practice areas, industry verticals, and even regional identities.

Earlier each industry vertical had a dedicated team of consultants. However, as many good people started leaving the company, it became necessary for consultants to be staffed across industry verticals. That is, the industry heads could no longer have a dedicated team of consultants to their own vertical and consultants from a practice area had to be shared across more than one industry vertical. This created a series of disputes for resources between the heads of industry verticals who had to keep persuading the practice heads to get access to good consultants to staff their projects.

The issue of the regional identities creating parochial loyalties was the most troubling. The employees belonged to broadly two regional/linguistic groups – South Indians and North Indians. Often these regional loyalties affected consultant staffing on projects and many of the good professionals felt disturbed by this environment.

In addition to this, there was one more issue which was causing trouble. Some of the senior consultants had moved an idea to provide a special daily consulting allowance to individuals who were staffed on projects. Their idea was that this will create a pull from consultants to be staffed on projects and thereby reduce the influence of the practice heads in staffing. This issue evoked strong emotions on both sides. Some felt that this would encourage consultants to be efficient and hence create an incentive for getting staffed on projects. Others felt that this would discourage learning and product development which was the lifeblood of the company.

After almost 18 months of functioning without a CEO, Vineeth Krishnan was identified as the next CEO. Vineeth had had a successful career in one of the Big Four. He was a rising star and slated to be next in line for being the managing partner of the firm. However, a few weeks before the announcement, he had an argument with respect to a dispute between the firm and a client. Vineeth had taken a principled stand which would have required the company to pay up close to one million US Dollars as damages to the client and this was not acceptable to the rest of the partners. Though, Vineeth had to leave the firm, he gained a lot of goodwill in the industry for his principled stand on the issue.

During his interview with Jasubhai Shah, Vineeth had spoken passionately about his plan to revitalize and re-launch Nextgen. He felt that Nextgen's unique matrix approach with industry verticals focusing on the needs of key clients along with practice areas with deep disciplinary skills was a key strategic differentiator which could be leveraged. He wanted to build on these structural strengths of Nextgen and position them among the top consulting firms in the country. However, this would require substantial teamwork and support from all the consultants. Another area which Vineeth felt that Nextgen could exploit was the executive education space which was rapidly booming and in which Nextgen did not currently have any offerings.

During the meeting Jasubhai was warm and cordial with Vineeth, almost fatherly. He explained to Vineeth the history and genesis of Nextgen. Even though compared to his other businesses, Nextgen generated a fraction of the revenue, Jasubhai closely attended to this company, because he wanted to prove a point about Indian consulting firms being no less than their western counterparts. During the 18 months, while the company was without a CEO, Jasubhai had been in close touch with Swaminathan and took regular updates to ensure that the firm stayed on track.

When Vineeth arrived at Nextgen, he started meeting all the key employees. He first met Swaminathan, one of his Vice Presidents.

### ***Scene 1: Vineeth and Swaminathan***

Swaminathan was the Vice President of Nexgen. He had been with Nextgen since its inception and had been one of its best consultants. He had excellent presentation skills. His training sessions for the industry and other consultants were legendary for their quality and

impact. Unfortunately, he did not have good client management skills and lacked the ability to generate new business.

*Vineeth (~ 45 years old):* Hi Swaminathan, I have heard a lot of good things about you from people who have attended your trainings. I also heard that you have done a lot to keep this firm together during these tough times.

*Swaminathan (~50 years old):* Yes, its indeed been a tough two years. And I have done what I could in the circumstances. Now it is up to you to take the right decisions. The only way for us to survive is to dismantle the concept of industry verticals and get back to focussing on what really matters, our consulting! Matrix may look good on paper, but not in the real world! All that the matrix has done is to create mini kingdoms and emperors who think they can get away with exercising authority without taking any responsibility. Nothing meaningful can happen in this company unless people have a clear line of reporting to a strong leader at the top. Dismantling the industry verticals will also stop some people from floating bizarre ideas such as the daily allowance which has divided all of us.

*Vineeth:* Hmm...

*Swaminathan:* Well, I need to go now to take care of some pending emails. I hope things improve around here, because I have been offered a CEOs position with one of our competitors. I have not yet made up my mind, but if things go on as they are, I may consider that opportunity.

(Swaminathan and Vineeth shake hands and Swaminathan walks away).

## **Scene 2: Vineeth and Sukumar**

Next, Vineeth met Sukumar. Sukumar was the head of the Infrastructure vertical. He was one of the most outstanding among the heads of industry verticals at Nextgen, but he had an abrasive personality. His was the best performing industry vertical and he was highly respected by his team members as well as his clients. He was one of the individuals who first thought of and was aggressively pushing for the daily allowance.

*Vineeth:* Hi Sukumar. I am happy to meet you. I hear your industry vertical is the pride of our company. You are a role model and almost all consultants love working with you.

*Sukumar (~ 45 years old):* Well yes. But I hope it stays that way. The industry verticals are the real strength of this company. If the shameful practice of cross staffing consultants across industry verticals continues, this company will go to the dogs. Also, if this interference by the practice heads continues, I will have to take my best team members and go elsewhere.

*Vineeth:* Yes, but don't you think some flexibility is needed, especially when there are not enough consultants to be staffed in all verticals?

*Sukumar:* And why do you think there aren't enough consultants available? If only we would have given them a daily allowance, they would have queued up to be staffed on projects. Today, most of them are avoiding real work and hiding behind their computer screens, claiming that they are "learning" or developing the next big innovation! This is a consulting firm, not a university! Products get built on the field while working with the client and not by sitting in the library!

(They shake hands and Sukumar walks away).

Vineeth also met Deepak Gupta. Deepak, a batchmate of Sukumar and a good friend was the head of the Retail vertical. He too repeated how frustrating it was to work as an industry head when you could not rely on a dedicated team of staff to work with and the need for a daily allowance.

(They meet, speak and Deepak walks away).

### **Scene 3: Vineeth and Jayaraman**

Vineeth met Jayaraman, the head of the manufacturing vertical. Due to lack of manpower, Jayaraman was carrying the dual responsibility of being the Vice President HR along with his role as industry vertical head.

*Jayaraman (~ 59 years old):* The main issue here is staffing and scheduling. It's a nightmare to get the schedules of the consultants aligned to the needs of the industry verticals. If only we could streamline the processes for scheduling and time planning, our operations would be much better.

(They speak and Jayaraman walks away).

### **Scene 4: Vineeth and other consultants**

Vineeth met several other consultants in the organization. While speaking to them, he realized that most of the consultants were unhappy with Jayaraman's leadership. While they all respected him as a person and a competent consultant, they felt that he was weak and ineffective as a leader. As a result of this the manufacturing vertical was the worst performing vertical and it also had the highest amount of attrition. In fact, Vineeth discovered that one young consultant, Rohit Ahuja was circulating an email through the entire organization asking for Jayaraman to be sacked as the head of manufacturing.

### **Scene 5: Vineeth and Sunil Sharma**

*Vineeth:* Hi Sunil, how are you doing?

*Sunil (~40 years old):* I want to bring to your attention a sensitive and serious matter. I have heard that one of the younger consultants, Rohit has been circulating an email asking for the removal of Jayaraman as the head of manufacturing vertical. Let me tell you that Jayaraman has built this industry practice from scratch and that he is widely respected in the industry. Had it not been for Jayaraman, no one else could have managed all the internal HR issues in this firm all this time. If you give in to pressure from this young upstart, not only will it demoralize all the members of the leadership team, it will give the wrong message to the entire organization. What kind of a culture are we trying to create here?

*Vineeth:* I understand your point of view. Let me give it some thought. Thanks for your honest feedback.

### **Scene 6: Vineeth and Rohit**

*Rohit (~ 25 years old):* Hi Vineeth, I am Rohit, a consultant from the manufacturing vertical. I am sorry, I don't have an appointment, but I needed to tell you something.

*Vineeth:* Sure Rohit, go ahead.

*Rohit Ahuja:* Hi, I heard that Sunil had just come to meet you. I am the person who started the campaign against Jayaraman. Please don't get me wrong. I like and admire Jayaraman greatly because of his commitment to this firm. However, he seriously lacks leadership and organization skills. His entire team is in a mess without any direction. He is so caught up with his work in internal HR, that he hardly has any time for supporting the consulting work.

### **Scene 7: Vineeth, Hariharan, Jayaraman, Sukumar, Deepak, Sunil, Sonali, and Anjali**

After meeting several of the staff individually, Vineeth decided to call a meeting of all the heads of the industry verticals and the practices.

As they all walked in, most of them smiled politely at each other. Except Sukumar and Sonali who did not make any eye contact. The discussion started, Vineeth was welcomed and in general the entire group was speaking rather cordially to each other.

*Vineeth (thinking):* Its surprising how friendly and polite these people appear on the surface while privately they have so much disagreement and resentment against each other.

*Vineeth:* I have been speaking to all of you for the last few days and based on my discussions I think we should openly discuss the issue of the relationship between Industry Vertical Heads and Practice Heads.

(There was silence for 20 seconds, and everyone was surprised.)

*Sukumar:* I think it is useless to discuss this topic.

*Vineeth:* Why? Is everyone happy with the way things are between the Industry vertical heads and the practice heads?

*Jayaraman:* Err... I think this may be better discussed in a smaller group.

(Everyone nods, except Sonali, the head of the People and Organization Practice.)

*Sonali (~45 years old):* One of the biggest problems in this company is that no one wants to talk about problems until they explode. The relations between industry vertical heads and practice heads are terrible. For example, I have been trying to ask for four consultants from Sukumar's team for the last three months. They are due for training upgrades, but Sukumar refuses to release them from projects.

*Sukumar (angry):* That's because they're busy working with clients and making money for the company. Don't forget that someone needs to do the real work so that the firm can run. Some of us don't have the luxury of being paid for typing word documents.

*Sonali (angry):* Is this how you think about all the intellectual contributions of the practices? What kind of a firm would we be if we did not constantly upgrade our skills and consulting

tools based on cutting edge research? But why am I wasting my energy? If you understood the value of research, you would not be so arrogant.

*Sukumar* (angry): I have had enough of you and your interference in my department. You are just a glorified librarian without any business sense. Next time I see you speaking to any of my team members, I promise you, I will slap you!

*Vineeth*: Friends! Please calm down. I am sure we can talk this through. I suggest we take a break for now and re-assemble once we are more ready for this conversation.

(Sonali was visibly shaken by Sukumar's threat and everyone in the room was shocked. They were happy that Vineeth had called off the meeting. At least temporarily, they could withdraw back into their own offices.)

### **Scene 8: Sonali calls Vineeth**

*Sonali*: I wanted to speak to you about what happened yesterday. I am extremely hurt and unless Sukumar apologizes to me publicly, I plan to take this up with the Internal Complaints Committee.

*Vineeth*: I understand how you feel Sonali. I am giving this some thought. Please give me some time.

*Sonali*: This kind of intimidation has gone on long enough in our firm. I cannot take it anymore. No one has ever spoken to me like this. If needed, I am even willing to make this matter public and take Sukumar and the firm to court.

### **Scene 9: Vineeth calls Parvathi**

*Vineeth*: Hi Parvathi. I guess you must have heard what happened in the meeting yesterday. We started talking about relationships between the heads of industry verticals and the practice heads and Sukumar and Sonali got into a heated argument. The argument ended with Sukumar threatening to slap Sonali if she ever interfered in his department again.

*Parvathi* (~ 50 years old): Yes, I heard about this. Don't take Sonali lightly, she's well connected in the industry and could create a lot of trouble if she wanted.

*Vineeth*: You are a good friend of both Sukumar and Sonali. Why do you think they have reached this stage?

*Parvathi*: Both of them are excellent professionals and well respected by all the consultants irrespective of their regional loyalties. But both can also be very stubborn. Once they decide on something, they do not budge. By the way, I must tell you this. Yesterday I overheard Swaminathan telling someone that you did not have the guts to deal with this issue. He said that most likely yesterday's episode will scare you away. He added that the only reason why he was still staying at Nextgen was because he was certain that you would quit within a few months and then he would be made the CEO.

After, Vineeth finished speaking to Parvathi, he checked his emails thinking that it would act as a distraction from all the problems that he had been encountering so far. He found that there were about 30 unanswered emails, but what caught his attention was an email from

Jasubhai Shah. In the email Jasubhai had introduced Shalin Patel. Shalin was the son of Satish Patel who was Jasubhai's childhood friend. Shalin had just completed his Bachelor of Business Management from a local institute and had specialized in family managed businesses. Jasubhai said he knew Shalin since he was a little boy and he wanted Vineeth to consider Shalin for the post of consultant in Nextgen Consulting. The first thought that came to Vineeth's mind was to reply and tell Jasubhai that this was not acceptable for two reasons. First, Shalin was clearly not qualified for a job in which they recruited only MBAs from top institutes and that too after a rigorous selection process. Second, hiring Shalin would destroy the morale of the others and set a wrong precedent. But Vineeth hesitated. He was not sure if sending the email right away would be a good idea.

### ***Scene 10: Vineeth is thinking***

Vineeth reflected on his first week at Nextgen Consulting. He had heard about the problems in this company but what he had seen was much worse than he expected. The company was not meeting its revenue and profitability targets. This was a serious issue and one of his main tasks according to Jasubhai Shah.

The other two issues were that of flexible staffing and the daily consulting allowance. He was convinced that over time, the firm should have enough bench strength to minimize the need for flexible staffing. He also realized that the daily consulting allowance would seriously discourage and undermine innovation and learning at the firm and thereby damage the firm in the long run.

On the other hand, were the internal politics of the firm. The rivalries between heads of industry verticals and practice heads and the rivalries among people identifying as North Indians and those identifying as South Indians were much more severe than what he had thought. He did not know whom to trust. Everyone seemed to have some political angle, including his Vice President, Swaminathan who was waiting for him to fail. And as if all this was not enough, he now also had the Sukumar-Sonali conflict which threatened to blow up into a full-fledged scandal threatening the already vulnerable reputation of the firm.

Finally, there was the matter of Jasubhai's recommendation of Shalin. A matter which otherwise would have been of little consequence, but given the current dynamics, this too seemed like a big burden to Vineeth.

### ***Questions***

Put yourself in Vineeth's situation and answer the questions that follow.

1. What are the main issues that you must address at Nextgen Consulting? Ensure that you identify the long-term as well as the short-term issues. List the issues in order of importance from the most important to the least important. Briefly explain your reasons for the same.
2. Describe in detail how you (as Vineeth) would proceed in dealing with all the issues that you are facing.