**Restructuring, Organizational Change & Leadership: A European Multinational in India**

**Interview with Aditya Narayan, Former MD of ICI India**

Being law abiding, upright and fair in interpersonal dealings and being a good caring human being are all high the list of qualities to be looked for in a good leader.

Aditya Narayan, 59, joined ICI India as a management trainee in 1973, staying for most of his career. He served diverse functions before heading the Fertilizer Division until it was divested in 1993. He then served as CEO of the Industrial Explosives Division and was the Region Head for Kolkata before being seconded to the ICI London headquarters as a Corporate Planning Manager. Thereafter, he served as Managing Director of ICI India between 1996–2003 and then as its non-executive Chairman until 2010.

With a B.Tech from the Indian Institute of Technology, Aditya has formal qualifications in Law and was a Fellow on a Master’s program in interdisciplinary sciences at the University of Rochester, NY, USA. In 1991, he was a Commonwealth scholar in Strategic Management at the Manchester Business School UK and in 1998 was a Fellow at the Aspen Institute, Colorado, USA.

**Interviewer**: ICI is one of the few British manufacturing companies to have done well in India. What gave you the insight into how to manage a British company in India?

**Narayan**: When I graduated in 1973 from IIT, Kanpur, being selected as a management trainee with ICI India was regarded as one of the best jobs to get. ICI India enjoyed the reputation of being one of the top employers because of its standing and stature in India. It had a great set of pioneering high technology businesses with high quality people working in an environment of robust management systems and processes. Its value systems were highly regarded. ICI India was then organized into several leading companies, for example, IEL housed Fertilizer and Industrial Explosives, CAFI its Fibers business, ACCI a number of chemical business, ATIC its dyes and dyestuffs and was well known for having brought leading brands and products to India.

Reflecting back, it is clear that ICI trained me rather well. Apart from posting me in a wide variety of functions and businesses in India, it provided numerous exposures to the workings of its global businesses. Supplemented by appropriate management development courses, my best insight into ICI’s successful working was possibly through the interactions with the many good people that I had the opportunity to work with. My short stint as a Corporate Planning Manager at the Group HQ in 1996 provided me a fine appreciation of how a large multinational translates its vision and strategy into executable plans across geographies and businesses.

**Interviewer**: Was ICI attempting a major restructuring at that time?

**Narayan**: ICI had already demerged in 1993 when it hived off its pharmaceutical and some specialty chemical businesses over to Zeneca. Around 1996, ICI was debating its future course to generate superior shareholder value. It was clear that, with the rise of Asia, heavy chemical technologies and capacities would be diversified and retaining profitable heavy-end businesses would require creating new capacities in relevant geographies to remain competitive. Given the higher risks associated with emerging economies, uncertainties caused by business cycles, rising environmental concerns surrounding industrial chemicals etc., the idea of transforming ICI to a light-end, specialty chemicals leader looked relatively attractive. The era of ICI’s pioneering heavy-chemicals technologies looked like the past and even though ICI had spun off some specialties and pharmaceuticals in 1993, many argued that the future would be better with specialty light-end chemicals.

**Interviewer**: What was happening in ICI India at that time?

**Narayan**: ICI had already amalgamated its various companies into ICI India in 1982. During 1993-94, ICI India divested its Fertilizer and Fibers businesses as they had reached an “invest” or “divest” point in their life cycle, and with ICI not supporting fresh investment in the required expansions/modernization, divestments were in the best interests of the shareholders, employees and the customers. In 1995, ICI India had embarked on a thorough strategy exercise to build its future. McKinsey had been retained for this and, when I arrived as Managing Director in 1996, a detailed growth plan was ready, duly supported by ICI. It envisaged introducing new product lines and suitable expansions in areas aligned with the parent portfolio and where India’s future growth provided the right opportunities. This ambitious plan sought to grow the Company’s then £100 million turnover to over a billion in 10 years.

**Interviewer**: When you took over how did you spell out the vision?

**Narayan**: The mandate was clear: implement the strategic plan already in place. Very quickly, along with my senior team, we named this plan *10X*, an acronym for 10 times in 10 years and this was widely communicated across the organization.

ICI revamped its ICI India Board bringing in outstanding business leaders to oversee 10X. Fortunately, ICI India had good high caliber business leaders to enable a swift re-organization to drive the 10X plan. Alongside the business CEOs driving growth plans, ICI India went through a massive culture change to emerge from a colonial mindset to a modern and efficient business outfit. New businesses like Polyurethanes and Acrylics were started up. Over a 100 bright young management trainees were hired from the best institutes in India to build the organization for the future. The dispersed headquarters between Delhi and Calcutta, its historical HQ, were consolidated into a new Corporate Headquarters at Gurgaon, a new emerging business suburb just south of Delhi.

**Interviewer**: How did ICI’s 1997 restructuring affect these plans and how did you deal with it?

**Narayan**: ICI’s 1997 buyout of Unilever’s Specialty Chemicals at top dollar price and the decision to fund it from the sale of a raft of heavy chemical portfolios was a dramatic, radical step. The full ramifications for ICI India became clearer in 1998. While it brought opportunities for ICI India to acquire the Unilever India’s Specialty businesses like National Starch, Quest, Uniqema and Catalysts, it was clear that several of the supporting pillars of 10X were now gone with the global divestments of several of those businesses. We switched gears then to deal with demise of 10X as ICI India went about planning its restructuring to keep itself aligned with ICI’s portfolios. From growing rapidly, ICI India moved to restructuring and downsizing.

This task began in 1998 but unlike ICI plc which did all the disposals in one go, ICI India spread the divestments over several years to derive better shareholder value and to manage the change consistently with the regulatory and business climate in India. Dozens of M&A (Mergers & Acquisitions) transactions went through before ICI India finally became Akzo Nobel India.

**Interviewer**: How did your strengths as CEO help this successful restructuring?

**Narayan**: Perhaps the best way for me to address this is to draw from a leadership evaluation I had undergone in the late 1990s. I recall it showing that my natural leadership styles were predominantly authoritative and coaching; I normally like to set objectives and delegate. Fortunately, I had excellent people surrounding me and they were more than up to the tasks they got. My calm and comfort in dealing with ambiguity, my easy accessibility and being there to directly handle any crisis would have all been purposeful, too.

Within the broad direction set by ICI as the restructuring progressed, the approach to defining the agenda was to clearly articulate the short to medium term targets. Retaining flexibility and contingency in this approach helped the company to keep adjusting to the emerging circumstances. The consistently high level of trust and confidence in me by the local Board and ICI remained a huge source of strength in executing the company’s strategy. ICI went through a number of changes in its Chief Executives during this long period and this approach fitted that well too.

In addition, my regular, direct and open communications across the company at all levels must have helped create a supporting environment where everyone felt better connected with the big picture. I am sure it motivated most if not all to do their best. This also helped me listen and remain in touch with the pulse of the organization as it went through the many changes. Given my years at ICI and my track record, my acceptability and relationships across ICI India and in the global world of ICI assisted the company’s performance. Good relations with the external stakeholders, including the Government, supported the change agenda.

**Interviewer**: What would do you think were your weaknesses as a CEO?

**Narayan**: Again, perhaps a convenient way for me to address this area is to share some of the key points from my 360 degree feedback sessions which were common practice in ICI India. Firstly, some people who hadn’t known me for long felt that I gave too much room to operate. While they were clear on the desired “what”, they would have preferred more of the detail on the “how” as well. Secondly, some people perceived me as expecting too much: they wanted more time to sensibly cope with the changes. Thirdly, some people who were adversely affected by restructuring decisions felt disappointed by ICI and reflected this in their unhappiness with me.

**Interviewer**: Who do you admire as a leader?

**Narayan**: Though I have had no one role model, I have a large number of heroes. I have had the fortune to be associated with a number of simply outstanding leaders and there are facets which I admire in each one of them. Reflecting on your question, it appears that I tend to admire people for what they are, what they have been able to achieve and how. For me, different people have different strengths and offer different reasons to be admired and I am happy to respect and learn from all those who have something special, something extraordinary.

**Interviewer**: What are your thoughts on leadership?

**Narayan**: There is so much available on leadership that I haven’t much to add. At best, I can possibly mention a few points from the limited experience of having served in some leadership positions in my work arena.

In the corporate world, leadership comes from ownership or appointment and my exposure is only to the latter. People get appointed to leadership positions on the basis of their capability and delivery of superior performance.

Personal charisma becomes an added advantage provided the leader is perceived to be one who has the strength of character and integrity in all dealings. Leadership positions give the incumbent power over people and good leaders use this carefully to progress the organization’s agenda and developing the team members in a fair and balanced manner. They guard against arrogance and prefer humility. Of course, a good leader becomes outstanding only with a track record of enduring success.

**Interviewer**: What would you look for in a new manager, say a youngster?

**Narayan**: In good corporations, people get recruited on merit, so they already come with all the capability and skills required for the job. Assuming this basic requirement is already met, I tend to look at some personality traits like the person’s value system, character, interpersonal relationships skills, grit and courage, the hunger to excel, curiosity to explore and the desire to adapt and learn.

**Lessons Learned:** A good leader is expected to provide the vision and define the mission for his team. It requires the incumbent to be able to develop the big picture whilst dealing with realities on the ground. The leader provides direction, especially in difficult times, decisions and the required empowerment to his team members for them to succeed.

People expect a good leader to demonstrate good communication skills to connect everyone to the organization’s direction and to establish and build good relationships. A leader demonstrating a fine balance of clear tasking and careful tending in an atmosphere of trust is most likely to be well regarded.