

MAY THE BEST PROFESSIONAL PREVAIL!

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Have you wondered what is common between cannibalization in the context of brands and professionals in an organization?

“In marketing, cannibalization is the decreased demand for an existing product that occurs when its vendor releases a new and similar product. For example, when Canon releases a new printer, it realizes that older printers will suffer some erosion of sales or market share; that erosion is referred to as cannibalization.”

Can this be relevant to an organization? Here is a story that tells you how.

Vir was hired as the Chief Financial Officer of a leading consumer durables company. Sales had grown at an unheard of rate to touch Rs 1,000 crores in 5 years. Even today, the company was growing at 200% per annum. However, the company’s IT and financial control systems had failed to keep pace. As a result, there were huge leakages, misappropriation of funds and lower than expected profits. So, on one hand, you had a rising sales graph while on the other, there was little cash in the bank.

The CEO was under great pressure to set things right. He needed a competent go getter CFO for the job. After months of searching, they were unable to find a suitable candidate. One day, the search firm recommended Vir’s name. He was based in New York currently and wanted to move back to Delhi to be with his aging and sick parents. The only hitch being, he wanted dollar like salary (top quartile of the Indian market).

So desperate was the need that the CEO agreed to all the terms put down by Vir on the

condition that he would join within 45 days of accepting the offer. The deal was sealed.

On day ‘1’, Vir was in for the shock of his life. He would have expected a 1000 cr company to have an adequately staffed and competent finance department, but there was only a four member team that included a smart chartered accountant, Aru. Although Aru was bright, the pressure from sales was so high that he was perpetually fire fighting. Attrition was very high. Five members had resigned in the last one month citing lack of support from the CEO. They said that the CEO was only interested in increasing sales without any commitment to follow even basic financial control.

Vir looked out of the window and at his parent’s picture for inspiration. The first thing was to understand the current state of things, business needs and expectations of the CEO. Over the next 2 months, he spent hours with the finance and business teams. He spent 2 days each in the factory and market place with intent to know firsthand issues involved.

At the end of month ‘3’, Vir had prepared a blueprint for the finance and IT functions. It included a new organization structure, positions that needed to be filled, upskilling of current team members, software system rollout plan, contribution of sales and factory teams and a budget. When Vir presented the plan to the Managing Committee, the head of sales was enraged. He said, “If my sales team has to feed the IT system with the data that you ask for, they will not have time to sell. How can you expect sales to forecast so accurately?” The CEO was quiet and had this blank look as if saying, ‘This

man wants to change the way we have run our business so successfully for 5 years. Had he hired a CFO or Change Agent?

The plan was reviewed for 2 days. Vir felt as if he was in a shooting range with bullets (read as questions) being fired non-stop. He tried to be calm but lost his shirt a couple of times when his competence and track record were questioned. His colleague Aru found him quite aggressive and scribbled a note to Vir. He wrote, "If your plan succeeds, the CEO and sales director would have to answer some tough questions on the methods used to achieve sales."

Vir was unperturbed, presented a revised plan in the post-tea session on day 2 and told the CEO, "I have tweaked the plan to address some of your concerns. Now, either you guys support this or I am catching the first flight back to New York."

Pin drop silence for 5 minutes. Thereafter, the CEO said yes and implored his colleagues to support the plan.

Because of Vir's competence and personality, he was able to attract and retain a team of talented professionals. Over the next 1 year, Vir worked for over 12 hours a day-6 days a week. He pushed his team and others very hard. Colleagues hated his guts, confidence and clarity of thought. He got to meet his parents only on Sundays. It hurt him deeply, since being and looking after aging parents was the primary reason for accepting this job.

January 1, 2009 is when the new system went 'live'. It transformed the company's working and information system, making it transparent. No longer could the inefficient take cover in the name of sales targets. The congratulatory messages never stopped.

But, there was an unexpected turn to the story! Sales growth plateaued in the next 3 months. Tight financial control meant that stocks were not dispatched to distributors who had outstandings beyond 60 days. When the situation did not improve in the next quarter, there was a crisis. Company profits and stock price began to head southwards. An emergency Board meeting was called.

It started by the CEO congratulating Vir for a splendid performance. In the same tone, he added that the Board had decided to appoint Aru as Deputy CFO and with similar powers. Vir protested at not being consulted but the Board was firm. Aru had developed into a competent professional under Vir's mentorship but no functional head likes surprises like these.

Over the next 2 months, Vir found himself being increasingly sidelined. The CEO would

consult Aru on major financial decisions. Any suggestions by Vir were shot down as being impractical and detrimental to business. By questioning his wisdom repeatedly and publicly, Vir began to lose confidence in his abilities. Further, the recently introduced systems were gradually being made ineffective.

Gradually, Vir found the demand for his intellect dropping. A request for a 1 month training program at Harvard was turned down. The company was now unwilling to invest in him. He felt like an old printer who was now being replaced with a newer model i.e. Aru. Just like a company reduces marketing spends on old models, similarly, the company had stopped investing in his personal growth.

Within a few months, Vir had no work – was redundant. It was akin to decreased demand for an existing product (i.e. Vir) that occurred when its vendor (i.e. Board) released a new and similar product (i.e. Aru).

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Vir was disillusioned. When he shared this experience with me, I told him, "The CEO used your skills to create a world class software platform and build a finance team. He favored Aru over you because the resultant business reality was too hot for the Board to handle although no one denies your competence or contribution to the organization. Your skills will be recognized and appreciated in a more conducive environment."

Last heard, the company was close to running out of cash. The banks had refused to bailout the management!

To summarize, you can promote one over the other or play favorites, which is a reality and part of organizational dynamics. However, one cannot take away a competent professional's merits, skills and good-will created in the organization. Every professional is unique. He/she possesses a set of skills which shall blossom in an empowering and progressive organization. One cannot really cannibalise a professional!