# Leadership in times of change

Change, although inevitable, usually brings out resistance in most of us. Interestingly, if you give it a second thought, the key stages in your life (like getting married, having children, buying a new home, switching to a healthier lifestyle, or moving into a new job) are often outcomes of you redefining the norms for yourself. However, often at an organizational level, change makes people uncomfortable and prone to finding reasons to stick to existing standards. Not everyone likes to leave his/her comfort zone and step into an unknown or unfamiliar turf. It is easy to be predictable and fit into a routine.

Organizations that pursue and embrace change are healthy, dynamic and growing continuously; while those who fear it, are stagnant. A case in point is our own organization. More than a year ago, we were in every possible business that an NBFC could be in. We weren't market leaders in most of these and offered little value to shareholders. In April 2016, we transformed into a leaner organization with fewer lines of business and an aim to be in a dominant position in each of these. Since then, we have more than tripled the wealth of our investors. Today, our vision of a top quartile Return on Equity (RoE) by 2020 is not very far away.

Was implementing this change easy? No. We experienced resistance at many levels. What was needed was a management which was convinced about the strategy but had the gumption to see it through.

I believe a good leader is one who has the vision to carry out the transformation with integrity and not one who wants to be popular. At the end of the day, people follow or work with a leader because of his integrity and vision.

I have a very simple three step process for a turnaround strategy:

**Credible strategy:** A good leader has a credible strategy for the change. He not only shows the destination, but also a credible route to it. You will find many such examples in history. Mahatma Gandhi, with his Quit India Movement in 1942, laid a roadmap to independence and India attained freedom within five years. This happened because he gave people a destination and also showed the way to it. We have been clear from the beginning that we have to offer value to shareholders and increase the RoE quarter after quarter.

**Reasonable buy-in:** This is the most important criteria for a change. You may have strategy and vision. However, to implement change you need to have a reasonable, if not full, initial buy-in of your Board of Directors. They must understand your vision and give a free hand to manage the transformation. Not every detail will be resolved at the very outset, but the Board should agree on the direction and the journey. I was lucky that my Board of Directors understood me well and were completely aligned to my vision for the organization.

**Setting milestones:** With the right strategy in place, you will need the right execution engine to reach your destination. This means milestones will have to be set taking into consideration the deliverables, benchmarks, and output metrics. The short-term goals should be aligned to long-term, which makes it easy to measure success. Most organizations start with enthusiasm but lose focus along the way. We have set  milestones for every quarter till 2020, and I think this is quite crucial for the organization's success. In the larger scheme of things, we have put into perspective these targets for every quarter and the results are clearly visible.

Lastly and most importantly, the effort in making and implementing the change does not rest only with the leader or the senior management. A leader will show the way and be the agent of change. If you give people what they want, they will follow you with their brains. But good leaders aim to build teams that follow them with their hearts. It is the collective responsibility of all employees in carrying out and implementing the change. At LTFH, we have a culture of "Results and Not Reasons", which means that we all walk the talk and there are no exceptions to this.