

The Aditya Birla Group is an India-based multinational conglomerate. The Group has diversified business interests and is a leading player in all the sectors in which it operates such as aluminum rolling, viscose staple fiber, metals, cement, viscose filament yarn, branded apparel, carbon black, chemicals, fertilizers, insulators, financial services, telecommunications, BPO, and IT services. Some 40 years ago the company began to expand internationally. Over the past eight years, it has become five times bigger in terms of revenue and three times bigger in terms of EBITDA. Now it has operations in 40 countries and gets more than 56 percent of its revenue from outside India. McKinsey's Rajat Gupta and Suzanne Heywood talked with Dr. Misra in January 2012.

Rajat Gupta
Suzanne Heywood

McKinsey: *How do you connect employees to the company across so many different cultures?*

Santrupt Misra: We have been able to make the local people feel part of our company very quickly while preserving what is important to them. We have awards that honor individuals and teams from across the world for outstanding achievement. For example, a lady from Egypt was honored for her exemplary role in keeping the plant safe during the Egyptian revolution in the face of many threats. Similarly, a team from North America was honoured for technical innovation. We've typically held the award ceremony in India but have started holding it in different parts of the world. We bring the nominees together, even the most junior employees in the organization, whether they are Canadian or Thai or Indonesian or Korean. And we do a live Webcast to all employees and their families globally. An equally meaningful platform is our leadership center in Mumbai, where many employees attend learning programs: in the elevator, "thank you" and "good morning" are written in seven languages, so people don't feel that this is an Indian company that's only telling me in Hindi what to do. We're also global in terms of talent development. Even though many people don't move for personal or family reasons, all our internal job postings are made available to all our employees in the world. So I think they feel if they do want to, they can move. This can be really helpful. For example, we have brought young Thai engineers to work in the remote parts of India for six months on a project. They go back with tremendous experience and can talk about how they were part of the activities and festivals in India too.

As we grow further, we need to become more efficient in moving knowledge and best practice around our organization. Part of this will be accelerating the development of peer

leadership. We are growing as a company more rapidly than people grow, so we need to develop more leaders at all levels. Simultaneously, we need to create a very strong employer brand so that if we do not manage to develop enough people, we can hire.

We've found that this process of connecting people with the company is a particular challenge with acquisitions. In an acquisition, you get a group of people who have a memory and a history, a pride associated with their organization, and you get their culture. To integrate your culture and that new culture of the acquired business in a globalized context, you have the national cultures *and* the organizational cultures, so in effect you're trying to combine three or four things. Weaning people away from the way they have done things or questioning what they have done in the past is very difficult, and during an acquisition you're trying to mold the whole organization at the same time, which is far more difficult. This is one of several reasons that I think inorganic growth is much more difficult than organic growth.

McKinsey: *How have you used technology to help you operate globally?*

Santrupt Misra: Our use of information and communication technology (ICT) has really helped us become global. For example, we acquired Colombian Chemicals six months ago, and the first thing I established was video connectivity between them and our locations elsewhere and mail integration so that they have access to our portal, our knowledge, our e-learning, and every other support.

We have to be careful, though, to remain very responsive locally. There has been a lot of local empowerment at one level, but with the growth of ICT we have become more headquarter centric.



This hasn't been a deliberate policy; it's just that people in the distant territories have found ICT an easy way to kick the ball upstairs. Now we need to learn to push back, to say "don't come back just because you have access to me." But we need to figure out how to make sure that empowerment is exercised within a framework where the risk issues are well understood.

McKinsey: *How do you build connections to local communities?*

Santrupt Misra: In every country we work in, we become part of the community and we try to participate physically, not just make financial contributions. Sometimes it is building physical assets, like a vocational training center in Thailand. In Egypt, there are no adequate community toilets, so I am trying to take an Indian organization that puts up cost-effective public sanitary facilities to Egypt to work with the government on public toilet facilities. And after the floods in Thailand we were providing tarpaulins from our factories and we sent our electricians to repair electric connections.

McKinsey: *How does your global scale help you with customers?*

Santrupt Misra: Whenever our customers have been in need in their country, we have been able to use our global presence to provide them support and services from other locations, sometimes at significant cost to us, just to make sure that our customers understand we are a global company. To give an example, when the Egyptian revolution happened and there was no transport and ports were on strike, we offered to bring our customers materials from Thailand and India to make sure there were no stockouts at their end. We made sure that our shipments from the factory were there, ready to be delivered whenever the port was open for a couple of hours. We were able

to master the new logistics process internally very quickly. Being honest, staying in touch with customers, putting the sales and marketing people in touch with their counterparts in other regions, and moving people quickly lets us help those customers.

We have always been comfortable delivering products and customer service through our own people, our own channels, our own networks. As we expand, though, we'll need to be able to rely on third parties, partnerships, and outsourced services. So we're reimagining what we need to do within the organization and what can we deliver on behalf of the organization through a network of partners. We have to figure out how we create an integrated system that allows us to deliver the services and products to our customers efficiently.

However, we are already able to manage a lot of supply chains very successfully: for example, our pulp comes from South Africa and from Canada, gets converted into fiber in India, Thailand, and Indonesia; then the yarn is manufactured in seven other countries; and fabric is made somewhere else again. So we have been able to integrate and manage supply chains across multiple businesses. We also have strong relations with global customers and with global suppliers — people who supply us pipeline equipment, motors, and even IT. We not only deliver products but also access products and services seamlessly across the globe.

McKinsey: *How will you know when you've become a truly global corporation?*

Santrupt Misra: One metric is the proportion of our revenue that comes from outside our country of origin. Our revenue base is already fairly dispersed across different regions of the

Santrupt Misra



Education

PhD in Public Administration,
India

PhD in Industrial Relations,
Aston Business School, UK

Career highlights

Aditya Birla

(1996–present)

CEO, Carbon Black Business
(2009–present)

Global Director, HR

Employment history with J.K.
Group, Tata Institute of Social
Sciences, Hindustan Lever Ltd.

Fast facts

Dr. Misra is a director on the Aditya Birla Management Corporation Private Limited Board. He is also a member of the boards of the Aditya Birla Science and Technology Company Ltd., Alexandria Carbon Black Co. SAE., Thai Carbon Black Public Co. Ltd., and Alexandria Fiber Co. SAE., which are part of the Aditya Birla Group

Dr. Misra has received several awards including the “Role Model & Exemplary Leader Award” at Asia’s Best Employer Brand Awards 2010, Singapore

He also holds multiple fellowships including:

Fellowship of the National Academy of Human Resources (NAHR), US

Fellowship of the All India Management Association (AIMA)

And he is an Eisenhower fellow

Dr. Misra has published a book and several articles. His areas of interest include organization development, change management, management training, and leadership

globe and about 58 percent of our revenue comes from outside India. A second metric is diversity of employees; currently only about 28 percent of our employees are outside India. We operate in 40 countries and have people from 37 nationalities working with us, but we need to be still more diverse. I’d like to see 50 percent of our people be non-Indians by 2015. More

importantly, we will know we are more global when our top 100 managers include people from at least 20 nationalities; today there are 7 or 8. The same is true of shareholders. The last and most important criterion is how widely our corporate brand is recognized by key stakeholders around the world. That is the ultimate test of the global nature of a company.

Rajat Gupta is a director in McKinsey’s Mumbai office and **Suzanne Heywood** is a principal in McKinsey’s London office.

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