

LEADERSHIP & ENTREPRENEURSHIP IN A MULTICULTURAL WORLD

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International Leadership Competency Forum

James A. Baker III Institute for Public Policy

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Thank you for the kind introduction.

Thank you all for coming. I consider it a great honor that you've taken time to come here today. I really appreciate it.

And as they say in commercials on public radio and television – this program would not have been possible without the kind support of International Leadership Competency Forum (ILCF), the James A. Baker III Institute for Public Policy and other organizations at Rice University. I thank their leadership, and members for extending me this privilege.

It is especially humbling that I am the third speaker, following in the huge footsteps of Ambassador Djerejian and Ms. Ping Sun, previous speakers in this series on leadership. Ambassador Djerejian spoke about Leadership and Diplomacy, while Ms. Sun enlightened us on her own personal insights on leadership, especially in nonprofits.

Today, it is my turn to step up to the podium to share with you my perspectives on leadership and business entrepreneurship in a multicultural world.

When the young members of ILCF approached me to speak, I was delighted with the underlying assumption that leadership was a competency that could be learned.

At the same time, I was puzzled because they picked me. I hesitated and went into a reflective mode when I realized that I had participated (and continue to participate) in many successful entrepreneurial ventures in my career. I have also befriended many immensely successful entrepreneurs in my life. I was especially fortunate that I knew, and could observe many such leaders, across cultures.

People who study about entrepreneurship and talk about it, often quote Joseph Schumpeter, an Austrian economist, who said that entrepreneurship forces *creative destruction* across markets and industries, simultaneously creating new products and new business models.

In my opinion, there are two kinds of entrepreneurial leaders. Those that unleash *creative destruction* from the outside, through new businesses. The second performs *creative destruction* from within organizations, by leading entrepreneurship in existing businesses. I was lucky to have participated in both.

I started my career in *creative destruction* in the upstream oil & gas industry at NL Industries, where I was the first marketing manager for its Measurement or Logging-while-Drilling technology at Sperry Sun Drilling Services. I had and still have the greatest admiration for its leader Bob Brooker, who personally shepherded the creation and commercialization of this new technology at an existing business. Today, Sperry Sun is a huge division, multi-billion dollar division of Halliburton.

After Sperry Sun, I moved to the other end of the *creative destruction* spectrum at Landmark Graphics, where I served as the Vice President of Marketing. Landmark was a startup that created a new paradigm with its visualization based 3D Seismic Interpretation. Today, Landmark is a significant (almost a billion dollar) division of Halliburton.

After Landmark, I started Seeta Resources, a consulting firm that focuses on accelerating business growth through *creative destruction*. Since then, I have helped grow about fifty businesses in a variety of industries – oil and gas, engineering/manufacturing, technology, and services. Amongst all my clients, one person, Rich Neuffer of Harsco, stands out as super example of leadership in *creative destruction* in the corporate world He is a *serial intrapreneur*.

During the dotcom boom, for two years, I played *market anarchist* with my good friend and classmate Suresh Madhavan, at PointCross. We were cofounders of PointCross, a technology startup with great prospects in the emerging collaborative knowledge economy.

Finally, I was fortunate to go to one of the best engineering schools in the world – the Indian Institute of Technology, Bombay. My peers and contemporaries are entrepreneurial luminaries today. To name a few: Nandan Nilekani, the CEO of Infosys (NASDAQ: INFY), Bharat Desai, CEO of Syntel (NASDAQ: SYNT), Ramesh Vangal (who took Pepsi to India and now leads Kutra), Subrah Iyer, CEO of WebEx, Hemant Kanakia of Torrent (sold to Ericson), Rakesh Mathur (Junglee, Webaroo), Kasim Mookhtiar (CSO Advinus), Raj Jaswa and Suresh Madhavan (of course!).

These world-class *market anarchists* have thrived in global markets and have created several billions of dollars of value, interestingly enough in a multicultural world. These entrepreneurial leaders had successes in a very different world than that of their birth.

Universally, *leadership* is the ability of an individual to realize vision though an organization. Leaders across the world have a common characteristic - they convert vision to reality by influencing, motivating, empowering, and enabling others to contribute toward the success of their organizations.

Similarly, leaders have certain common characteristics and competencies that many have talked about but today my focus is going to be on specific leadership competencies that I've seen in entrepreneurial business leaders across the globe.

Entrepreneurship is about dislocating markets and getting financial benefits from it. I use the term dislocation to describe entrepreneurship rather than the popular disruption because entrepreneurship is more than creating just a disturbance or a commotion. Real entrepreneurs dislodge, displace, and dislocate.

If leaders are visionaries, entrepreneurial leaders are passionate visionaries who see financial opportunities in altering and changing markets. They are builders, achievers, independent, persistent, and passionate. *Entrepreneurial leaders are leaders on steroids.*

Entrepreneurs realize their vision by focusing on ORE

1. Opportunity
2. Risk
3. Execution

They constantly cycle, recycle, and evaluate their opportunities, their risks, and their execution effectiveness.

And to accomplish this they excel in these eight competencies.

1. They have a great sense of self-awareness
2. They have strong synthesizing skills
3. They have laser sharp focus on Customers and Markets
4. They are master marketers
5. Effective Action is their creed
6. They forge respectful relationships
7. With Ethics and Integrity
8. They have Financial & Legal Focus

First, entrepreneurs have a great sense of **Self-Awareness**. Their self-knowledge, of what they know and don't know is amazing. They play to their strengths and shore up their weaknesses. That self-knowledge of what they don't know drives them to be life-long learners. An entrepreneurial leader is a constant learner, learning from every source and situation.

Entrepreneurial leaders are **Strong Synthesizers** and arrive at conclusive insights swiftly. They have a strong suit in one discipline but have broad interests and are able to draw knowledge and wisdom from a range of different disciplines – from economics and politics, finance, fiction and philosophy, cinema and psychology, theatre and history, and law and music.

All my entrepreneurial contemporaries from IIT (especially Nandan Nilekani), Bob Brooker, John Mouton (of Landmark), and Rich Neuffer are the most well informed people I have met.

I have seen them use their knowledge in the most astonishing ways with their synthesizing capabilities to understand market opportunities, to gauge risks, and turn aspirations into action.

Entrepreneurial leaders have a **Singular Focus on Customers and Markets**. They are curious, constantly seeking to better understand their market's dynamics and opportunity, through, what I call the four Cs – customers, competition, (business) climate and (their own) company.

Most entrepreneurs learn, understand the texture of their markets, about the four Cs, risks, and execution, on someone else's penny, by working at firms in the industry and then embarking on their own.

Landmark Graphics is one of the most successful entrepreneurial ventures in the upstream oil industry in recent times. All founders of the firm Roice Nelson, John Mouton, Andy Hildebrand, and Bob Limbaugh were all experienced technical professionals from the industry.

An exception to this rule about learning about an industry by working in it was Bob Brooker who came to NL from Cummins Engine Company, a completely different business environment from the oilfield service industry.

But, he was a brilliant brain, a quick study who could analyze, synthesize, visualize, strategize, and (pause) execute with the best in the world. No detail was too minute for this man and he quickly constructed a market, competitive, strategic and service delivery framework that was the foundation for a multibillion-dollar enterprise, Sperry Sun.

Bob was a terrific teacher and I learned a lot from him especially about *creative destruction* of existing markets. Independent start-ups have opposing forces only on the outside. When reconstructing existing businesses, you have resisters on the outside and inside. And it takes a special talent, stamina, and fortitude to overcome these additional internal forces of resistance.

Another competency that always helps is being a **Master Marketer**. I am not asking every entrepreneurial leader to be a Steve Jobs but it helps to aspire to be one. Why is it so important to be a marketer? Because the first step in *creative destruction* is to reach out and own the minds of targeted customers – first get mindshare. Market share follows mindshare.

An entrepreneur is in the business of dislocating a market, in providing an alternative solution to existing ways of doing or not doing something. Before someone buys a new product, she has to be aware of it and get interested in it, enough to dislodge and dislocate the incumbent.

Every day, every waking moment we are bombarded with product and service messages creating a clutter that is a formidable barrier for a startup. Being a marketer gives any entrepreneurial venture a competitive edge that speeds market acceptance and penetration.

This brings me to the next competency – **Effective Action Orientation**. Much is said and written about decision-making but we get results by taking action. Successful entrepreneurial leaders are action-oriented. They figure out the shortest,

lowest risk path between ambition and action. While many of us get caught in analysis paralysis, entrepreneurs make swift, low-risk leaps of faith and take action.

In directing its operations against an enemy, the military uses a concept – OODA Loop. OODA is Observe-Orient-Decide-Act. Each OODA loop is an action toward an objective. Entrepreneurs are experts at having a blueprint but staying flexible and adaptable on how they accomplish their goals. Successful entrepreneurial leaders have rapid OODA cycles and their organizations have people who can deal with ambiguity.

Entrepreneurial firms have an organizational structure and command system that the Germans call *Auftragstaktik* – a mission oriented one where a directive is to be followed in its spirit, not its letter, where greater leeway is given to the staff to execute and affect changes in customer and market behavior. They quickly learn from actions and set new objectives and a new OODA loop to reach their overall goal.

This brings me to the next competency – the ability to forge **Respectful Relationships** with other people. An entrepreneurial leader is a team builder and a motivator with excellent communication skills. At the core of this competency is a strong sense of **Ethics and Integrity** that becomes self-evident in every interaction.

I use the term ethics in a broader sense than just personal or business ethics, meeting the word of law. Great entrepreneurial leaders understand that they carry greater societal responsibilities. They inculcate and instill their ethical stamp on their organization and attract like-minded employees who fuse into a powerful, motivated workforce. At the end of the day, it boils down to creating trusted relationships, within organizations and outside with customers and suppliers.

Finally, an entrepreneurial leader recognizes that the firm's financial and other stakeholders have to be satisfied. The stronger ones have an innate, intuitive **Financial and Legal Focus**. Money does make the world go round and during the early days of growth of a venture, they have an eagle eye on cash flow, and are resourceful and creative in managing their money. Entrepreneurial firms are like little boats in tumultuous markets and cash is like having ballast, so you don't capsize.

Successful entrepreneurial firms are especially susceptible to attacks by competitors, especially large ones. They make sure that they, their intellectual capital, and other assets are well protected from predators.

So, a leader in an entrepreneurial environment needs competencies to judge opportunities, to gauge risks, and to execute effectively. These competencies are:

1. Self-Awareness
2. Strong Synthesizing Skills
3. Focus on Customers and Markets
4. Master Marketer

5. Effective Action Oriented
6. Forge Respectful Relationships
7. With Ethics and Integrity
8. Financial & Legal Focus

So far, I have talked about characteristics that are easily understood and comprehensible in a homogeneous world. But, when you talk with any venture capitalist today, you'll realize that almost all firms being funded have some international component to them. Every technology firm has a China, India, Eastern European, or Latin constituent.

So, how does the emerging multicultural world affect these leadership competencies?

In an open global economy where borders are porous, an entrepreneur will find that opportunities, risks, and execution can be substantially altered. Entrepreneurial leadership in a multicultural world consequently requires an expanded version of these eight competencies but I would focus initially on only two.

Respectful Relationships is at the top of the list. Growing up in India gave my friends and me an edge in this multicultural, heterogeneous world. Indians may appear to be a homogeneous mass of people, but in reality India is the world's oldest melting pot where the population can be classified and broken down by language, religion, caste, class, and sex. And then you have traditional, conservatives to liberals, and all shades in between.

Just imagine the permutations and combinations: eighteen major languages, thousands of dialects, all major religions of the world, four major castes and a substantial number of sub-sects, multiple economic classes, and of course, two sexes. Because of these divisions, ironically, every Indian belongs to a minority group. From the day an Indian is born, she has to learn to assimilate, thrive, and succeed in this environment.

We learned early in our lives to celebrate differences rather than being just tolerant or understanding of others. And the core of this celebration of differences is respect for the other person and her beliefs. It also helped that my friends and I had idealistic parents, who had participated in India's freedom struggle, and (who) were greatly influenced by Mahatma Gandhi and his principles of living in global harmony.

When we came to United States and onto the global stage, it was just another extension of being able to assimilate and succeed in a different world. We immersed ourselves into the local society, learned to live in it and contribute to it.

Sure, people are suspicious when meeting people who are different and we did face resistance because we were different but we quickly learned that the value that we brought to the business table erased that difference. There was no systemic prejudice or bigotry.

When I first joined the oil industry in the recessionary times of the early eighties, on my first trip to Lafayette, LA, my firm's salesmen there looked at me as if I had come from another planet and wondered how this Indian BYMBA (Bright Young MBA!) was going to help them – save their jobs and help them make more commissions.

I met resistance at every step. They would not share customer information with me; they were reluctant to take me to their customers. But, they were polite, and very hospitable. They treated me courteously and graciously, which included feeding me Cajun food. When they saw that I relished their spicy food, they began opening up a bit. And then when I showed genuine interest in Zydeco music, they began to listen to me.

I knew that I had won them over when I began receiving FedEx packages from Louisiana, with fuming cayenne peppers. Every field crew knew that I could handle the hottest peppers and sent me some whenever they worked in areas where they grew. To this day, I remember Anna, our secretary, bringing me those FedEx packages, arms stretched out, as if they were toxic nuclear waste. Of course, I helped them to make a lot of money.

Besides building respectful relationships through immersion, leaders in a multicultural world become *super synthesizers* of societies. There are a minimum of four dimensions to synthesize:

1. The macro dimension, which looks at the cultural, religious, scientific, political, architectural, and economic histories of a people
2. The micro dimension of the drivers and motivations of individuals
3. Resources that are available or not available to a society
4. Institutions that operate that society or country - political, religious, economic, legal and others that are important to business activities.

This may seem like a lot but then the world is on that that path of economic homogenization but there is still substantial heterogeneity in the system.

Just focusing on forging respectful relationships and being super synthesizers permeates through and adds unique facets to the other six competencies.

To summarize, successful entrepreneurial leaders realize their vision by focusing on excellence in ORE – opportunity, risk and execution.

To be effective in ORE, a leader in an entrepreneurial environment needs:

1. Self-Awareness
2. Forge Respectful Relationships
3. Strong Synthesizing Skills
4. Focus on Customers and Markets
5. Master Marketer
6. Effective Action Oriented
7. With Ethics and Integrity
8. Financial & Legal Focus

And to be successful in a multicultural world, they build first on becoming *super synthesizers* and establishing *respectful relationships*, and use these to expand other competencies.

I hope that you found my perspectives useful and help you in your efforts in *creative destruction*. I thank you all for the opportunity and for your time.

Thank you. I am happy to answer questions.

PRADEEP ANAND is President of Seeta Resources, a management consulting firm focused on accelerating growth of its client companies - Fortune 500 companies to small businesses. He recently published his new novel, An Indian in Cowboy Country (www.pradeepanand.com)