The book by V Krishnamurthy (VK) is a professional biography of an outstanding public sector CEO. The book captures the efforts made by VK in transforming three large public sector organizations (over a period of five years of association with each one of them), namely, Bharat Heavy Electricals Limited (BHEL), Maruti Udyog Limited (MUL), and Steel Authority of India (SAIL). The book has a brief narration of his personal account of growing up as a Manager, as the Head of BHEL, Trichy, his role as a member of the Planning Commission, his seven-year legal struggle to clear his name from unsubstantiated charges/allegations against him, and his contributions, for over eight years, as the Chairman of the National Manufacturing Competitiveness Council (NMCL).

The public sector units (PSUs) which VK led as CEO were large and complex. Their reputation, financial status, and operational performance were limiting factors to plan their expansion and growth. These PSUs operated in different technological environments and market conditions in a controlled economic environment. Invariably, VK was able to steer them as customer-focused, quality-conscious, and people-oriented organizations. Consequently, they all contributed to the economic welfare of the country and generated wealth for the stakeholders. VK has repeatedly demonstrated that India has the talent to manage PSUs effectively and that PSUs can contribute to the welfare of the nation.

This review focuses on the contributions made by VK in the three large PSUs. To provide a detailed background to the reader, the initiatives and the change management agenda at BHEL, MUL, and SAIL are summarized. The review recapitulates the seeds of management thought in the early stages of VK’s professional career, identifies a pattern in the actions, and concludes with a genuine management model for managing large and complex organizations.

Early Exposure to Management (1960-1972)

After completing his formal technical education in 1944, VK joined Madras Electricity Board (MEB). After a brief stint at MEB, VK moved to Planning Commission (energy segment) as a member of the Central Engineering Services (CES). In 1960, VK joined the Hindustan Electricals (India) Limited (HE(I)L), which eventually (1972) became BHEL. In 1967, he became the head of the Trichy unit. This was the time when the country believed that there was no talent in India to manage large public sector units and that in any case, the PSUs were not economically viable. On the contrary, VK was convinced that since PSUs were owned by the government, they should succeed in the purpose for which they were created. For the young VK, this was the formative age and his thoughts on management were formed and formalized while working for HE(I)L by observing his superiors.
Lessons Learnt from Early Exposure

• **Empower people, delegate responsibilities:** Understand the profile of executives, leverage their strengths, and neutralize their shortcomings.

• **Implement change gradually:** Engage and win over the stakeholders.

• **Give business associates (workers, supervisors, vendors) their dues (monetary as well as aspirational) on time.**

• **Work on parallel paths:** Keep plan B ready to minimize risk.

• **Make government organizations (PSUs) result-oriented, customer-focused, and competitive.**

Impactful Actions at HE(I)IL., Trichy Unit

Based on these management thoughts and conviction, some of VK’s impactful actions which resulted in superior performance of HE(I)IL, Trichy include,

• Keeping high-end technology products within the company while outsourcing the medium- and low-end products (leading to massive ancillarization programme)

• Leveraging information technology (in 1970) to the fullest extent possible in business operations

• Strongly correlating employee welfare measures with the performance measures (like work culture, discipline, and productivity)

• Replacing multiple unions with representation-based worker committee.

Re-engineering BHEL (1972-1977)

VK took charge of BHEL with a vision to transform it from a manufacturing company to an engineering company and move the business from being a supplier of individual products to a complete turnkey solution provider. His initiatives aimed at bringing changes in all spheres – from planning to execution:

**Organization Structure:** All functional units of individual plants were integrated and represented by Directors (Corporate Planning, Engineering, Human Resource, and Finance)

**Operating Philosophy:** A policy of centralized planning (through corporate planning department) and decentralized execution was followed. A separate unit was created to study the best practices of GE and Siemens.

**Action Agenda:** The corporate planning document was the focal point of execution at BHEL. This was circulated to all PSUs by the Secretary, Government of India for replication as a best practice.

**Customer Focus:** Equipments were standardized and made available to individual plants at competitive prices. A responsibility centre called Power-Project decision was created to provide one point of contact for the customers.

**Employee Welfare:** For better management, the manpower in plants was limited to a size of 10,000 with rare exceptions. Wherever possible, employees were transferred and relocated to other plants. Career advancement of technical personnel was actively considered. Worker incentive was redesigned based on performance and value creation.

**International Presence:** Export orders from Libya and Malaysia were aggressively followed by the top management team.

**Contribution to Other PSUs:** Due to the emphasis on the philosophy of moving away from product specification, BHEL was able to respond positively to the design requirements of ONGC and Atomic Energy Commission.

Steering Maruti (1981-1985)

After a stint as a Member of the Planning Commission from 1977 to 1980, VK assumed charge of Maruti Udyog Ltd. in 1981. His mandate was to produce a people’s car in 18 months. The capital approved for the project was ₹2 billion. The project envisaged an annual production of 140,000 cars when the annual consumption was 40,000. The key initiatives that led to the timely implementation of the project included:

**Selection of a Partner:** Suzuki Motor Corporation (SMC) was selected after a detailed search and some chance event (pp. 145-146). SMC agreed to support the launch of a set of its vehicles suitable to the Indian market.

**Agreement:** The agreement with SMC provided for a 25 percent equity participation which could be increased to 40 percent at a later stage instead of buyback of 50 percent volume of production. All components developed by MUL are to be homologated by SMC.
Top Management Team: A top management team was assembled based on their potential. Contrary to the conventional practice, the team was not from the same industry.

Market Survey: A market survey revealed that in 90 percent of the cases, the cars were used typically within the city limits by families having less than four members, who preferred a fuel-efficient, reliable car with a low initial investment. The benchmark price was 15 times the entry salary of an executive, which at that time (1982) was ₹3,000 a month. Accordingly, the suggested price was ₹45,000.

Project Implementation: As land was available, activities related to plant construction, recruitment, training and placement of people, vendor development, establishing marketing and dealership network, and road shows to familiarize customers were taken up simultaneously. VK personally attended the weekly project review meetings.

Reduction in Duty: As a result of a well-reasoned, documented presentation before the Government, the excise duty was reduced to 25 percent (from 120%) for all fuel-efficient cars which included MUL products.

Project Completion: The project was a great success with 135,000 bookings in two months mopping up an investment of ₹1.35 billion based on advanced bookings. The final project cost was ₹1.8 billion.

Product Positioning: MUL positioned itself not as a car seller but as a company building a long-term relationship with customers by providing personal transportation. Accordingly, it designed high-quality after-sales service. To demonstrate customer focus, the new cars were delivered to the customers by a separate truck with zero miles driven, which was a unique practice in India at that time (in 1983).

Vendors and Dealers: MUL used a merit-based system for recruitment of staff and appointment of dealers. Vendors were treated as partners in business. Fair and uniform pricing policy and appropriate input material cost were some of the important features of the policy.

Maruti Culture: All employees were treated equally in terms of facilities and perks. Everyone wore a similar uniform, ate in the same canteen, and used common rest rooms. Attendance was rewarded to discourage absenteeism. Workers were paid for the work done as per the time clock and treated with dignity.

Best Practices: MUL copied and emulated several Japanese shopfloor practices to improve productivity and cost-consciousness. Overall, the company was characterized as being disciplined, punctual, productive, and cost- and quality-conscious.

Reforging SAIL (1985-1991)
VK was appointed the Chairman of SAIL, in 1985. At that time the company was incurring a loss of ₹10 million a day. All decisions related to SAIL were made by a plethora of external agencies1 e.g. quantity of steel production (National Council of Applied Economic Research), plant locations (Planning Commission), technology for steel production (Metallurgical and Engineering Consultants India), equipment purchase (Directorate-General of Technical Development), product quantity (Iron and Steel Controller), price of steel (Bureau of Industrial Costs and Price), senior executive appointments (Ministry of Steel), salaries and bonus (Bureau of Public Enterprises) (pp. 194-195).

The multiple dimensions of the turnaround effort of SAIL are summarized below:

Strategy: For deciding on the priorities for action, a short document was prepared based on the ground realities. The focus was on improving the work culture, enhancing productivity and profit through reduced costs and better customer service, and modernizing the mind.

Execution: The priorities for action were communicated to 685 batches (each of 80 executives) over a period of four days with a clear action agenda. This was the largest organization-wide communication in the history of SAIL or in any other PSU.

Thrust areas: The plant operations were integrated by creating the Chairman’s Office. The plants were left to focus on steel production. The supporting activities like education (schooling) and medical were brought under the newly created corporate planning department.

1 Names of external agencies are given in parantheses.
Work culture: The total overtime cost was minimized from ₹400 million in 1985-86 to ₹24 million in 1986-87. Permission was required to stay away from work. The company resorted to redeployment of manpower, reduction in manpower through VRS, and rationalization of additions arising out of natural attrition. Overlapping shift timings were introduced to reduce energy losses.

Organization structure: Departments like mining, finance, and personnel were given more importance by posting talented and competent managers.

Cost leadership initiatives: The raw material department was integrated with the mining department to achieve economies of scale. The captive power plants were managed centrally resulting in a better utilization of generated power, strict monitoring of several debottlenecking projects, and measures for reducing coke rate consumption.

Business Model: There was increased focus on capacity utilization of plants, revenue optimization by optimal sale of secondary by-products, and education of executives on financial aspects of operation and cost consciousness.

Customer Service Focus: The mismatch between production and demand was realigned. SAIL also made a commitment to (a) absorb all costs within its control, (b) commit and maintain delivery schedules, and (c) replace supply with reported and verified quality problem. A long-term agreement with customers was signed. To meet the requirements of retail customers, steel service centres were created with private partnership. To improve customer delivery, the stockyard modernization programme was initiated which meant better equipment, re-engineered processes, and revised working time to ensure better customer service and delivery.

Plant modernization: A comprehensive modernization plan at an estimated cost of ₹150 billion was initiated to bring state-of-the-art technology to the steel plants under SAIL.

Accomplishments, Regrets, and Awards
The memoir provides a deep insight into how VK managed certain situations to the advantage of the organization with which he was associated. They provide an interesting read and an experience base for a management professional. Some of these include: (a) Navigating changes initiated by his (VK’s) predecessor in HE(I)L, Trichy (pp.31-32);* (b) Dealing with multiple trade unions (34); (c) Securing the Malaysian contract for BHEL, Trichy (43); (d) Renting a premise for BHEL’s Corporate Office (67); (e) Statement on Industrial Policy of India by the then Minister (110); (f) Allocating policy changes of steel by the then Minister (125); (g) Selecting Suzuki as a partner to MUL (145-146); (h) Managing reduction in import duty of components (156); (i) Insulating external pressures on SAIL (195); (j) Transfer of Bhilai Steel Plant MD (203); and (k) Managing trade union at BHEL’s Trichy plant (284).

VK’s regrets as recorded in the memoir are: (a) Inability to complete Siemens collaboration in BHEL (101); (b) Inability to address the premium charged by allotters on resale of Maruti cars (176); (c) Control of MUL by Suzuki (187); and (d) Failure to launch a model industrial township close to MUL (189).

Undoubtedly, VK has been a high impact CEO. Some of the initiatives like corporate planning, vendor development, quality focus, customer orientation, performance-based reward, marketing focus in a controlled economy are well ahead of his time and are path-breaking initiatives. It was only appropriate that the Government of India recognized VK with a sequence of awards, viz. Padma Shri (1973), Padma Bhushan (1986), and Padma Vibushan (2007).

A Pattern in Action
A careful reading and reflection of the narration on VK’s contribution in managing change and enhancing the competitiveness of the three large PSUs reveal a pattern in his action plan. To summarize: VK was a visionary leader whose initiatives on quality, customer focus, market orientation were all ahead of his time.

- VK undertook a few simple set of basic activities which made a high impact on the organizations, e.g. corporate planning @ BHEL, agenda for action @ SAIL, and value chain management @ MUL.
- VK had an extensive network and the ability to leverage the same for the benefit of the organization. VK’s network with the Government, the Prime Minister, Secretaries, and Union Leaders is exemplary. VK routinely

* Page numbers in the book are given in parantheses.