

Expressions: January – March 2007

“The old order changeth yielding place to new.”

Thermax is about to attain another important milestone. Prakash, our present Managing Director will be retiring in June and the Board has appointed Unny to take over from July 1, 2007.

Prakash was working with a Pune-based company for a year and joined Thermax in 1971 as a stop gap arrangement before he could find a “good” job in Mumbai. But the Wanson/Thermax culture and Mr. Aga’s persuasive ways made him stay with the company for 37 years. He provided dynamic leadership to the Enviro division and made it a profitable business. A few years after Thermax Babcock & Wilcox. was formed, when it was our turn to choose the MD, Mr. Aga decided that Prakash would be the ideal profile to head this joint venture. At that time, Prakash did not have the relevant project management experience or the exposure to handle a JV – but the company had faith in his tenacious character to do a wonderful job. We are all aware of the success story of this joint venture and how it has helped Thermax to enhance its project management skills.

In 1999-2000, when there was a downturn in the economy and Thermax was not doing well, Anu requested Prakash to rejoin Thermax as the Joint Managing Director. He readily agreed to help out the parent company and took charge of the erstwhile Process Heat and Absorption Cooling divisions. In 2001, with the reshuffle of the Board, Prakash was appointed Managing Director of Thermax. At that time the company was going through difficult times and he had the onerous task of turning around the organisation, which he did very capably along with his team. He is currently engaged in institutionalizing operational excellence within Thermax, in order to become a globally respected company.

I am sure many of you might be wondering why the Board has not asked Prakash to continue in his present position. In a way, why “rock the boat” when the company is doing well and the market is booming? As you all know, our retirement age is 60 and we have the option of changing it. But after a lot of deliberation, we decided to respect the policy. I strongly believe Thermax is an institution which is larger than any individual and must not

be threatened or weakened by the exit of any one person. Thermax has managed quite well without Mr. Aga and though we value Prakash's contribution, I am sure we will continue to be successful after he retires. As a good leader, Prakash has groomed his second line and I think the aspiration to assume higher roles and responsibilities is to be heeded and respected in a professional organisation.

A smooth, successful succession has been the concern of the Board for over a year. We looked at the strengths, weaknesses, threats and opportunities that Thermax is facing and debated whether we needed to bring in a leader from outside. However, after careful deliberation the Board unanimously felt that Unny would be the best person to take on the challenges. Fortunately, we have a very capable Executive Council with Shishir and Amitabha and are fortunate in attracting a seasoned HR head in Sudhir and a good-profile CFO like Gopal. With strong support from them, all our other senior executives and the entire Thermax team, Unny will, I am sure, create time to look at new horizons.

Unny joined Thermax in 1982 in the erstwhile Energy Division. After a break to gain wider exposure, he rejoined Thermax in the Waste Management division and helped it turn around. Later, as head of Absorption Cooling division, he brought about improvements in many processes and very successfully turned around the business. He spearheaded strategy and operational excellence within Thermax with the help of McKinsey for nearly two years and took over as the group business head of Projects in 2005. Given his penchant and way with people, he has also overseen HR and IR for a short while. With this varied exposure Unny has gained rich experience which will help in taking Thermax to greater heights.

I believe planning for a smooth succession is critical for the well being of the organisation. It helps the "predecessor" to retire in peace and helps the "successor" to prepare for the new challenge ahead. There are no discontinuities.

After the sudden demise of Mr. Aga, the Board decided that Anu should take over as Executive Chairperson. Anu shouldered this responsibility well but as a daughter, I know the turmoil and anguish she went through. Based on her experience, Anu was determined to have a planned succession and announced her decision to retire a year in advance. This gave

time to all our stakeholders and helped me to emotionally and professionally get ready for this new challenge. It also helped Anu to work out what she wanted to do with her life after retirement.

If we know how important the succession process is, then why do we not follow it? There are many reasons. All of us are so involved in day to day pressures that succession planning does not demand our immediate attention and we procrastinate. **Our egos mislead us into believing that nobody can replace us and so we don't actively look for or groom a successor – often rationalizing that such a person doesn't exist!** There is also anxiety about what will I do with myself after retirement and how will I find something fulfilling to use my time well.

Having talked about the importance of succession planning, I would like to comment on training and development which is equally important for an organisation's success. It may be true that we can recruit people from outside but in a buoyant economy that's not very easy. Even if it were possible to attract people from outside, I think it is a good practice that the majority of our talent should come from within. Grooming our people is not just the responsibility of HR but needs the involvement and time of all senior managers. It means giving the right feedback, in the right way, at the right time. It means creating opportunities through which individuals can learn, and exposing them to different experiences.

Towards this end, over the last two years, some of our high performers have gone through assessment and development courses which were run by an outside agency. I am very happy that we have created an in-house development centre that can stimulate grooming of talent on an on going basis.

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Recently we did an exhaustive Employee Engagement Survey (EES) and “career opportunities” came out as a significant area where we need to focus and improve.

In a buoyant market we are flooded with orders and everyone is stretched and seems to be overworked. While I very much appreciate the efforts you are putting in, can we put our processes in place and learn to do things “right the first time” so that there is no rework, no

engineering change notes, no delay in material supply. And everyone reaches out to the internal customer and keeps her commitment to meet the overall commitment made to our external customer. This would mean a lot of our energy is spent on planning rather than fire fighting. Apart from saving our energy, this would make work more meaningful and satisfying. Every morning, before getting into action, can we spend the first fifteen minutes on planning our work for the day?

Today we hear a lot about work life balance. In fact, Anu has often said that success at work should not mean failure in life, whereby we have soured our meaningful relationships. Unless we plan our work we will be overstretched and will not have the energy and time for our loved ones.

Another issue that came out clearly in the survey was “recognition” or should I say, the lack of it. Each of us needs monetary compensation in line with the market and on how well we have done, but I think apart from that we all need timely appreciation. [It could be a simple pat on the back, a thank you note, a cup of tea with your boss, hundred and one ways in which you can genuinely show your appreciation for the good work done.](#) We all hanker for appreciation and yet, why are we stingy in giving it? Do we have a belief that if you appreciate a person he will become complacent and not give out his best or do we take things for granted and feel that since you are paid for it you ought to put in good work. Can we all be sensitive and treat our juniors the way we would like our seniors to treat us?

What the survey highlighted was that Thermax has an excellent work culture, a team of co-workers who work very well together and an environment that is conducive to learning and development. That means our basics are in order. A few areas of concern which the survey has highlighted are relatively easy to fix provided we apply our minds and focus on them. I want to compliment Sudhir and his team, who have spent a lot of time and energy in sharing the findings with different groups, and urge them to come up with an incisive and sustainable action plan based on the feedback given by our employees. Let us all work together to make Thermax an outstanding place to work.

With best wishes

Meher Pudumjee