Leadership: The Right Approach

This case was written by M. Aarthy and B. Madhubala, under the direction of C. Sridevi, IBS Center for Management Research. It was compiled from published sources, and is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.
CASELET 1

Rahul Mehra (Mehra) was annoyed that the week had begun badly. It was Monday morning and it was time for him to provide his manager, Ashish Gupta (Gupta), with a detailed report on achievement of his weekly targets. Unfortunately, the preceding week too, had been a dull one with not even fifty percent of the targets being met.

Mehra worked as a sales representative for the personal loan division of a leading private bank. He had to meet weekly targets to become eligible for the special sales incentives, the only lucrative monetary benefit offered by the company. The bank set the targets for each sales representative in terms of the number of new customers and the total value of sales to be achieved.

Gupta was a manager who liked to be in total control of any situation. His micromanaging tendency made him exercise total control over his subordinates in all organizational aspects. (A micromanager is one who does not trust his subordinates and who closely monitors them on the job.) He thought of himself as being very knowledgeable and did not feel he had to seek suggestions from his team members. He believed in issuing instructions to his subordinates and expected them to follow the instructions without questioning. He kept an eye on the performance of his 12-member team of sales representatives throughout the twelve-odd hours they spent in office. He expected his team members to keep him informed about their progress on any target on an hourly basis even when they were on the field. The team was responsible for obtaining leads (prospective customers) and eventually converting them into customers. The targets, in terms of the volumes and value of loans were so high that achieving them seemed a difficult task.

Mehra went into Gupta’s room only to be given a strong warning that if the achievement of targets for the week ahead was also below expectations, it would cost him his job. Most of Mehra’s colleagues too had a similar experience to narrate after they had submitted their weekly report. To make matters worse, Gupta called for an emergency meeting of sales representatives, and announced that all teams must follow a systematic procedure to gather data, make cold calls to potential customers from the leads obtained and then close the deal. No one was permitted to deviate from this style of working. The team was thus forced to follow a traditional way of marketing, which included calling up prospective customers and following up until the deal was finalized. They were not allowed to try out new and innovative ways of marketing their services. The team members were expected to report to Gupta about their performance on a daily basis, unlike the weekly reporting that was followed previously.
The week that followed, was one in which team members struggled under tremendous pressure. Ultimately, they were unable to meet even the weekly targets. This made Gupta even more frustrated and he again called for a meeting. But what took place at the meeting left him in a state of shock, helplessness and despair. Mehra, along with three others, among the best performers in the organization, quit the organization.

QUESTIONS FOR DISCUSSION:

1. Describe the leadership style that was followed by Ashish Gupta. Also discuss the effects of such leadership on an organization.
2. Outline the concept of micromanagement and bring out its impact on employee behavior in the context of the case.
CASELET 2

Indigo Software (Indigo), set up in Hyderabad in the early 1970s, with an initial strength of 150, grew to become the country’s leading software development firm in the year 2000, with around 18,000 employees on its rolls. The company’s success can be attributed to the values upheld by its founders. Indigo’s founders believed that to retain its place in the dynamic business environment, the company had to develop leaders of high quality who kept the global perspective in mind while working in the organization. With this as its aim, the company established the Leadership Learning Institute (LLI) to nurture leadership qualities among its employees across the globe.

The vision of Indigo’s founders was to make it big in the global business arena and to transform the company from being just a software developing firm to one providing consultancy services to organizations to help them meet their strategic goals. Indigo used its leadership center to direct itself in a planned and controlled manner to achieve this objective. The center was used as an avenue to spread knowledge and corporate values throughout the company.

During its initial years, the organization was small enough to make it possible for its founder, Janardhan Rao, to personally interact with his employees. This allowed the employees to observe and emulate the leadership qualities of their employer. However, with an increase in the number of employees, it became difficult for the chief to address his workforce personally. Therefore, the company set up a leadership development center with the aim of developing leadership qualities among the organizational members.

At the center, employees from various operational centers of the company spread across the globe and of different nationalities were imparted training in leadership qualities. They were divided into groups of 400, each group being periodically sent to workshops, where leadership training was imparted to them over four weeks. The workshops revolved around the objective of developing timeless leadership principles that would help the company withstand the tough competition outside and other contingencies. Members of the workshop were also trained in effective decision making. Once they successfully completed their training, these employees were given opportunities to hone their leadership skills in the organization and transfer their knowledge to other organizational members.

With the establishment of the LLI, Indigo attempted to develop leadership from within and address business risks through succession planning, keeping a holistic outlook in mind.

QUESTIONS FOR DISCUSSION:

1. “Modern organizations are developing robust leadership development systems to identify leaders within the organization and hone their skills to be more effective in such roles.” Describe the various skills that are necessary to be an effective leader.

2. Indigo’s founders believed that if the company had to survive in the dynamic business environment, it would have to develop leaders of high quality from within the organization, who had a global perspective. Can leadership be taught in leadership development centers or is it an in-born trait in individuals?