

SANJIV MALHOTRA'S VIEWS ON ORGANISATIONAL COMMUNICATIONS

...change is the only constant...

Let us consider the stages through which the Indian economy has evolved this century. In the 50's India clearly had social leanings. In the 60's & 70's, all of us in Industry witnessed an era of inefficient systems, market place dictated by cost+ pricing, Socialist Bloc alignment and the license Raj. The 80's saw political rot setting in, weakening of the domestic industry, low innovation, huge deficit financing. Thereafter came the 90's when the country was almost on the verge of bankruptcy, trying to integrate with the rest of the world, giving rise to internal and external pressures to perform and therefore into reforms.

Each organisation was faced with internal and external pressures to perform. Typically what were these organisational pressures?

Internal

- Realisation that cost plus pricing won't work in the long term
- Changing lifestyles of people
- Increase in education, spending power
- Demands for transparency

External

- Removal of protection
- Economies getting global
- WTO
- GATT
- Corporate governance - which is getting stronger
- Stakeholder expectation - which have considerably changed

...customer loyalty cannot be taken for granted....expects innovations...

The customer wants value for money and is generally getting discerning. Modern day research being conducted reveals that customer loyalty is taking a back seat. It is now about being innovative, and it is about fulfilling a need – not saying, "you're my customer for the last 20 years, and therefore you should be my customer over the next 20." The shareholder is concentrating on EPS and focussed governance.

The employee is getting increasingly educated. Many companies that have enjoyed 30 years of existence have two generations working for them. There is a group that is 45+ and there is a group that is 20+, and these two

groups have separate set of needs. Employees are beginning to understand the concept of market value versus collective bargaining. Our model in India has been based on collective bargaining for a fairly long time and more and more employee fraternities are beginning to understand that this is now not going to work. Productivity has become the buzzword.

...change or die?...

If we don't change, we will die. There are several examples to illustrate this. Nobody thought that the Murphy baby – a huge and a terrific brand that was built – wouldn't exist today - simply because of lack of innovation or not delivering what the customer wanted. Nobody would have believed that 20 years ago. Other examples of dying brands are Lambretta, Bullet, Royal Enfield, ECTV, or Brown & Polson, all pioneers in their fields.

We have found that instituting change among the employee within an organisation is changing the state of mind, creating an understanding that change needs to come about. It is about understanding the emotions of the buyer. Let me take you through a case study about our organisation – The Oberoi Hotels, the change process we went through.

...stages of change...

We found that there were several stages of change that the organisation had to go through in the process of evolution. Invariably there is a state of **Complacency** where people say "we are terrific, we don't need to move, we don't need to change." Thereafter organisations go through a state of **Denial** where the employee says "the organisation needs to change, not me! I'm OK. There may be systems and processes that need to change." Then there is the state of **Confusion**, because employees do not really quite understand what's going on and what their role is. Finally, there is the state of **Renewal**.

Indicators of the state of **Complacency** are:

- **We are the best** – says who? Did you research this? Are you able to measure this quantitatively? Or else how did you come to the conclusion that you are the best?
- **Our products are better than that of our competitors** – why? What indicators reflect that?
- **Our profits grew over the last year**

These are all broad indicators of people feeling really good about themselves.

...communicating with employees proactively to

Having established that the organisation need to change either because of pressures of competition, or pressures of internal strengths, or from an ageing workforce, pressures

make them partners in change is of essence...

of trying to balance between the skill levels and the energy levels, the experience levels and the youth levels. In all of this, one first needs to understand "where do you want to go?" *Michael Porter says very clearly that if you do not know where to go, any road will take you there.* That is a good point to begin by clearly outlining what the business vision is and where is it that you would like to take your entire team?

The Oberoi Experience

The Oberoi Hotels started this cycle about five years ago. We were considered an organisation that was training-oriented, and which had built its brand over the last 30 years. The Oberoi had also exported its brand to some extent internationally. The Oberoi was also able to stand tall among the many industries that would succumb from international competition because of the years of dedication in developing international calibre in service.

At the same time the country was opening up - there were new challenges. The company needed to look at the internal structures, and this is where we began our process of change. When we began our state of mind was complacent - "We're OK, everybody says we're good, we don't really need to change." One of the processes that we found essential was the need to go through research. It comes as a shock to most people when research shows that they are not as good as they think they are, or that there are opportunities where they can sharpen themselves and become stronger. It is important to benchmark your research on global standards.

...ignite that fire in people to take charge...

You also need to hold your employees' hands during this phase and the commitment needs to come from the top. Focus on addressing the employees' attitude - this I believe is a beginning of the re-engineering or transformation process internally. I am going to dwell on how we used communication through the process. We began this process in 1992 where in each unit the *Managing Director would talk about the entire process that required change and why that change was essential.*

I quote from an address by our Managing Director to various Oberoi employee groups all over the country. "I have a vision, a vision of change that will transform us into the very best. The vision burns brightly in my mind. The vision is one of glory and trial. It is a vision where one takes full responsibility for his job - no excuses, no passing the buck. It is your responsibility and yours alone. Whatever the circumstances, you are in charge".

This address went out to 1500-2000 people in each unit across the chain and it began the journey of what we

wanted people to see – to get out of the phase of complacency. This was to ignite fire in people to change - whereby the responsibility does not go into an organisational bill but into an individual bill.

Our organisation like many others employ's people who are MBAs, food & research scientists and also people who have basic level of education. Communications therefore had to be designed to target a wide spectrum of people. Thus it included slogans, songs, face-to face meetings reiterating the common message.

*...at the denial
stage build trust...*

When the process of transformation begins, it is not so much the people at the top end or the bottom end that resist it – it is more the upper and the middle portion that tends to resist it. This is because there are insecurities that set in. Most middle management are in the state of mind that says, "I'm OK and you're not OK" and also "I'll change when everyone else has" and this requires a huge amount of education process. The first process was to **Ignite the Fire** and the second process was **Building Trust**.

At every step, we were making sure that we were constantly communicating with people. Usually when people come to accept need for change, the state of mind that sets in is Confusion. Confusion, because people do not know what is right and wrong anymore. Especially in organisations that have existed in a system where the communications were based on a 'need to know basis.'

Today, at The Oberoi Hotels we share our financial data every month with our employees. This gets displayed on the mobile communication boards and is discussed in review meetings we have with the entire supervisory system. This sudden information load was again very confusing. They didn't know how to handle all this. We then began to channelise this information to show how best to put this information to use.

The comfort of secrecy is gone - what I didn't know didn't hurt me. Now I know, I need to be stronger because I know more, because all the news I get may not be good news.

*...by being
transparent on
difficult
decisions...*

The system therefore that was being put into place was Learn, Perform, Deliver, Reward. A lot of structures were being put into place which were transparent and we created an entire communication drive in order to let people understand how these transparent structures would help them on an ongoing basis.

We are in the process of revitalising our company and many changes have already taken place. Our vision is to develop our company to achieve world-class standards consistently, but we realise that without motivation we cannot achieve our objectives. I have been personally involved in the creation of a new compensation system and a changed organisation structure. The company strategy is based on five important criteria.

- Job functions have been made more meaningful with new designations and responsibility levels.
- Rewards will no longer be based on a ten-year system but on performance.
- With increased responsibility will come greater authority. For greater efforts and increased productivity our people will be rewarded, and
- Finally, our people shall have more career opportunities in our rapidly growing organisation.

The structures are changing in terms of job functions and the reward system is being linked to productivity. However, to implement them takes substantial amount of ownership on the part of each of the employee. It also requires a great amount of education.

...involving more & more people...

While that was the transformation process, what communication did in all of this was to make sure that people were involved. 'Information circles' were instituted. Each hub, e.g. Bombay hotels comprising 1600 people are divided into 10 entrepreneurial divisions. Each of these has an internal communications bureau chief who collates & disseminates information. Several communication tools are available within the hotel - e.g. newsletters, newsboards, chat shows, street plays - each of them trying to make sure that communication is quick, timely, effective and is uniformly conveyed.

The renewal phase leads to a great amount of pride being taken by people - Stronger, Sharper intelligent work. People believe that customer reaction research is very important.

...keeping a close watch on customer reaction...

We do both internal & external customer surveys. When these come in, we have small teams that work towards improvement. Our focus is on Strong People, Product and Processes. Communication has played a tremendous role in getting people to believe this and we hope that we will continue to be in this Renewal phase.

QUESTION & ANSWER

Mr. Malhotra was asked to elaborate on the core team at The Oberoi Hotels that took their endeavour forward, whether it was a top-down effort, the nature of the team?

The Oberoi Hotels created a structure for change throughout the organisation in 1992. It included individuals from different parts of the organisation - people who were responsible for the business, and more importantly, those individuals who had the potential to communicate to the entire system at a very rapid pace. Mr Malhotra replied that like Sales & Marketing was no longer the function of a few people from the Sales & Marketing division, similarly they found that Communication was not the sole proprietary responsibility of a few people who belong to the communication hub. They talked to people and asked them whether they would like to be a part of the communication team. These were people from various disciplines of the hotel who may not have had the necessary skills or degrees.

They went through a programme for 7-8 days in understanding *Why are we changing? What are we changing to? How's it going to happen? and How long will it take ?* Today it is more de-centralised and there is a core group that reports from each unit into a central grid. To revitalise them their roles were constantly changed and this kept the basic principles of good communication alive.

The programme has changed from what was essentially the transformation programme into a more sustainable communications programme.

Can the middle and junior cadres drive change or does it always happen only from the top?

Mr. Malhotra answered that change required a huge amount of commitment from top management. Cosmetically, there can be change, but there is no heart in it if it does not enjoy the commitment from top. The younger people within the organisation are quick to spot it, while the older people take a little longer.

Another delegate asked Mr Malhotra to elaborate on the tool that could be used to measure the success of change.

He answered that there were two or three methods. One of course is seeing the market value of the company, which is a crucial issue. The other is, research. This is achieved through constant customer surveys of both the company as well as that of competition to see as to how the company fared both within India as well as internationally. They also frequently undertook employee survey.

(Excerpted from the presentation made by Sanjiv Malhotra, VP, Oberoi Hotels, at PR Pundit's workshop – The Contemporary Portfolio, held in Mumbai on March 17, 1999)