

Managing Change – the Arun Shourie Show

by *Sundar Sankaran**
[Published February 18, 2002]

The effort in managing change can normally be viewed as 1% in deciding what to change, 1% in deciding what to change into, and 98% in making the change happen. *The effort in the government's divestment process is perhaps 0.01% in deciding what to divest, 0.01% in deciding who to sell to and 99.98% in making it happen.*

What are the challenges for Arun Shourie, the Hon. Union Minister for Divestment? Any vested interest, ranging from labour unions to political parties to state governments to administrative ministries to bureaucracy, can derail the process. And here is Mr. Shourie, a relatively inexperienced hand at politics, managing a politically surcharged process. How is he doing it?

The disinvestment of Bharat Aluminium Co. Ltd (BALCO) certainly marked a watershed. The profile of the buyer added to the challenge. It is easier to divest to a Tata than to a Hindustan Lever or a Reliance or a Sterlite. A vociferous chief minister of the state made matters worse.

It is to the credit of Mr. Shourie that he has institutionalised a process that was not merely transparent, but also recognised the role of experts. Valuation of business is not the job of secretaries in ministries. Professional investment bankers were engaged to advise on valuation. An undisclosed reserve price was used to demonstrate that no company would be divested below its true worth.

Scarcely has one come across a more spirited defense and point-by-point rebuttal of opponents as in the case of the debates over BALCO. The earnestness and eagerness with which Mr. Shourie passed on the papers for audit by the Comptroller and Audit General (CAG) marked a pleasant change. The litmus test was the recent court ruling that put political opponents in their place.

The recent divestment of Paradip Phosphates at a valuation below the reserve price is the topping in the cake. Normal bureaucratic mindset and a safe decision would have been to reject the only bid. Mr. Shourie took the politically loaded decision of selling below the reserve price. But he justified the step by explaining how the likely incremental losses during the period for a re-bid exercise would be more than the difference between the reserve price and the current bid – and that there was no guarantee that even in a re-bid the reserve price would be achieved. *Mr. Shourie explained. Everyone understood. Everyone believed.*

...2

* Sundar Sankaran is Director, Advantage-India Consulting Private Limited

People believed Mr. Shourie because his integrity is beyond doubt. His background, his personal tragedies – all give the “one of us” feeling that makes it difficult for people to argue that he does not understand the human (worker) element of the divestment process. During the divestment process for the airlines, Mr. Shourie brought along the unions-leaning civil aviation minister for joint discussions with the unions – and even managed to get the minister to speak a few words in support of the proposed divestment! One of the union leaders is reported to have said at the end of the meeting that because it was Mr. Shourie, they had belief.

I have no doubt that *Mr. Shourie's first mistake will be his last*. Detractors will ask for – and get his head. What are the silver bullets that can help us manage change in our own organizations and environment?

- Upwards of 98 per cent of the effort in any change management process goes towards making the change happen. *What you are changing, and what you are changing into, had better be worth the effort.*
- Ensure that the change and the change process are along the *best possible route*. Experts have a role in this. Don't hesitate to engage them. But use them only for their advice. Not as a front to protect yourself.
- As far as possible *make the change win-win*. For instance, the stock option upside for employees in the divested organizations.
- Every proposed change would have its opponents. Don't avoid the opponents. *Engage them. Be transparent*. This ensures that at least the rational elements are not against you.
- The integrity, trustworthiness and values of the change-driver should not be questionable. So the choice of *who will drive the change management process is a critical decision*.
- Don't wait to convince every one before you make your moves. Some people will accept the change based on logic, some will accept it based on initial results. People who do not buy into the change even after it is implemented, should be either moved out (preferable) or re-positioned in a role where they cannot fail the change. *The skill of the change agent is in identifying such people early and moving proactively to neutralize their influence.*