

## Does India Inc have a 'drop-dead' plan at the top?

Many Indian companies have recently suffered an abrupt leadership vacuum due to sudden death of their CEO. The untimely demise of Karl Slym of Tata Motors, Raghu Pillai of Future Retail, V. P. Arya of Milestone Capital and Ranjan Das of SAP India suddenly left their respective companies rudderless. This has brought out the need for an effective succession plan that ensures leadership continuity.

Some of the progressive Indian business groups have realized the importance and have put in place a 'drop dead succession plan' for smooth business operations in case of such untoward tragedy hitting them. For instance, the Godrej group has an emergency succession plan for key leadership positions. The plan enables the second level leadership to immediately take charge in case a vacuum is created at the top level position due to any unforeseen tragedy. These care takers would ensure smooth functioning of business till a final successor takes charge. These second-rung leaders are identified from the high-potential talent pool and are groomed for leadership role in crisis. Similarly, RPG Enterprises also has a succession plan in case of an emergency. The plan ensures that no vacuum is created at critical leadership levels, in cases of emergency.

A large number of Indian companies are not yet ready for such emergency situations and still struggle to put an emergency succession plan in action. *"Most companies are highly unprepared. Given that most Indian companies are family-controlled or first-generation led their preparedness to handle leadership succession is highly unsatisfactory,"* said Kavil Ramachandran, Thomas Schmidheiny, chair professor of family business and wealth management, ISB.

Experts opine that the absence of an emergency succession plan may be even more risky in certain sectors like private equity and mutual funds, as loss of the 'key man's' service can have a large monetary impact on business. They suggest that corporates must devise an emergency succession plan in which a senior board member or the Chairman who works closely with the CEO must be designated as emergency successor to immediately fill the leadership position.

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