Leading ‘Tata House’ - Cyrus Mistry commences a challenging journey

The House of Tatas announced Cyrus Mistry as the successor to current chairman of the group, Ratan Tata on Wednesday, 23rd November. Cyrus, the younger son of Pallonji Shapoorji Mistry - the largest individual shareholder of Tata Sons, was appointed the deputy chairman of the company. Forty three year old Mistry will work closely with Ratan for one year and will be groomed to take up the mantle of the group's chairman next year when Ratan Tata retires.

Commenting upon the challenges that Mistry faces, Prof. K. Ramachandran, professor, family business and wealth management at Hyderabad's Indian School of Business said, "The biggest challenge will be to transform his mindset from running a single business vertical (real estate development) to manage a diversified conglomerate with a global footprint. He should have the capability to see the portfolio of the group, which may choose to consolidate rather than expand."

"He needs to keep a fine balance between a centralised management or a decentralised model. A decentralised option will create power centres and satraps."

Some industrialists opined the biggest challenge for Cyrus would be to get acceptance among the senior experienced executives in the group. Prof. S. Ramnarayan, professor of organisational behaviour at ISB, Hyderabad said, "Acceptance is something that one needs to earn. It doesn't come on a platter. Even Ratan didn't find it easy when he replaced JRD who was a larger-than-life figure."

Addressing media persons after his appointment Mr. Mistry commented, "I take this responsibility very seriously and in keeping with the values and ethics of the Tata Group, I will undertake to legally dissociate myself from the management of my family businesses to avoid any issue of conflict of interest."

Vindicating the choice of the selection panel, Mr. Rajan Wadhawan, executive director at PricewaterhouseCoopers said, "He is better aware of the Tata ethos compared to a rank outsider and will find it easier to work at Bombay House that most others would."

Source: Financial Express, November 25, 2011