



CASE STUDY 7: PASSING THE BATON TO THE RIGHT CANDIDATE

Introduction

In the year 1970, Krishnakanth Tiwari, took the decision to become an entrepreneur. He set up his own logistics business in Gurgaon. The company started off with humble beginnings,

and by the year 2010 he had expanded his business to 4 different cities all over India and had a staff of about 100 employees. For 20 years, the company ran under the sole leadership of Krishnakanth Tiwari. He was a good leader and had a strong business sense. He was quick to think on his feet and was loved and respected by all the employees of his company. After setting up an established business his only wish was for his son, Nikhil Tiwari to follow his footsteps and take his company to greater heights.

A young Nikhil Tiwari, at the ripe age of 21 was a software engineer. He joined his father's business in 1990.

Krishnakanth Tiwari started to mentor his son in the logistics business. He helped him develop a rapport with the clients and the employees.

By 2005 he decided that his son would soon be ready to handle the entire business on his own. He tried pushing his son to take the lead and make the decisions of the company. As the year 2008 came, Krishnakanth Tiwari was ready to hang up his boots and let

Nikhil take the company's weight upon his shoulders. What Krishnakanth Tiwari did not know was that Nikhil was not very keen in taking up his father's business.

He was more inclined towards the IT industry, which is why he had taken up software engineering in the first place. He had also started his own software business at the same time. Even though Krishnakanth Tiwari never put any

parental pressure on Nikhil, he knew his father wanted him to take over so that he could retire. Succumbing to that expectation, he joined the family business, but at the same time handled his own software business.

Scenario

After a long successful career, Krishnakanth Tiwari took up a quiet life of retirement in 2008.

Nikhil finally took reins of the company. Without the guidance of Krishnakanth Tiwari, Nikhil found it difficult to run the business. Issues with the customers become more frequent. The staff was also not very happy under Nikhil's leadership. Juggling time between his software company and the family business was taking a toll on him. Complaints started pouring in and Nikhil was unable to handle the pressure. Due to this, he would sometimes even lash out at his employees. This led to employee strikes

and losses in the business. The business went down and was losing its reputation in the market. Krishnakanth Tiwari decided to take action and called HRD management solutions. We had worked with KrishnaKanth Tiwari between 2000 and 2005, but had never worked with Nikhil Tiwari before.

Finding Facts

We studied the entire business, from where we had left off the last time. We found out that the business processes are well defined and had improved.

The business had great potential and could be taken to newer heights. After having a long discussion regarding

Nikhil's focus on the logistics business, we found out the following points:

1. Nikhil was a good entrepreneur but had his own way of running a business
2. Nikhil lacked strong leadership qualities
3. Nikhil had a pessimistic approach towards day to day challenges
4. He would not find a permanent solution to the problems and kept piling up issues
5. We realized that his casual attitude towards the business was only because of his lack of interest in running his father's business
6. He was not good at handling crisis situations
7. He would not take advise in the right spirit

8. He was unable to handle distraught customers, as a result they were slowly losing out on regular customers
9. The employees were not happy with the direction the company was going
10. The company that did so well under Krishnakanth's leadership was facing losses under Nikhil's leadership
11. Nikhil was unable to decide if he was fit for his father's business
12. He was not sure if he should continue working in the family business or if he should follow his heart and concentrate on his IT business

Solution Implemented & Outcome

We helped Nikhil with identifying himself through a "SWOT" analysis. After regular meetings with him, we told him to work on his weaknesses, irrespective of what business he chooses.

We had a conversation with both, father and son and made them aware that Nikhil's area of interest lies elsewhere. And the only reason he was not able to handle his family business is because he was not passionate about it. Nikhil was more interested in his software business which was doing pretty well.

We advised Krishnakanth Tiwari to enter into a joint venture with another company or pass on the baton to any eligible candidate as the business still had a good reputation in the market.

We helped them identify some of their existing employees who had the calibre to run the organization.

Shashikat Verma (GM operations) seemed fit for the role.

We took up the challenge of training Shahikant and guiding him through a smooth transition within a span of 8 months. We also helped Krishnakant Tiwari to make a strategic financial tie up with Shashikant, to create a win-win situation.

Outcome

We have often noticed that in some industries, especially in the family managed business, the successors are not too keen on taking up the family business. The only reason they oblige is due to family pressure on the next generation. Due to social/family pressure the next generation, without identifying themselves, follow the path of their father's business and lands up in disastrous situation socially and economically.

The result of this pressure is neither good for the family nor for the business. The ideal successor should be decided on the basis of capability and interest irrespective of him/her being a family member.

Not all children can follow in their parents' footsteps; it all depends on what destiny has planned for everyone.

"Succession planning requires ability to identify right person at right place with mentoring, empowerment and positive thought process to make it Successful"

– Deepak Mehta