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Interview



Leader as Technocrat

Rajiv Kaul, Executive
Vice Chairman and CEO,
CMS Info Systems Limited, in
conversation with
Rajeshwar Upadhyaya.

Rajiv Kaul has led a radical restructuring and transformation of CMS, a little known outsourced businesses company, into India's largest cash and payments solutions provider. Rajiv was earlier a Partner at Actis Capital LLP and had led Microsoft Corporation in India. While at Microsoft, he had led the company's biggest philanthropic effort in India: Project Shiksha.

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How has your journey with CMS been?

Exhilarating!

It's been quite intense – turning around a complex company through the economic challenges over the past 6 years. It's for sure been very challenging and I am fortunate to have been successful in my entrepreneurial venture.

The first 18 months was all about being extremely hands-on, focusing on the nitty-gritty of our various businesses, fixing the core systems, building a strong management team and driving a rigour in how we measured key people and divisions. Maximum effort went towards improving the operations as well as sorting out the cash flows.

Simultaneously we also started charting out our new strategy for driving growth and market share. It took a lot of discipline on deciding what to stop doing and what not to do. In tough times, we kept a focus on

and business models with a view to grow the company in emerging markets. The company allowed me to take a lot of risks and try new roles, which stoked an entrepreneurial urge.

I decided to first move to private equity sector (Actis Capital in London). I got exposed to several brilliant entrepreneurs across Africa, China in addition to India. I got to learn from their challenges and at the same time I was able to offer them advice on how to scale mid-sized businesses. One thing led to another, and I decide to take a plunge into being an entrepreneur myself.

While leading CMS, what are your insights about yourself/leadership style?

I have become far more patient than I have ever been in life. I have learnt to set an 'aspirational goal'; get the team aligned and motivated; and lead on it myself. I have had to adopt different leadership styles given the varied nature of business units and multiple internal/external stakeholders.

My style has changed as the company has evolved and also as our team has matured into their roles. From being very hands on for all aspects of the business and the company, I now choose to be 'hands-off, but eyes on' for certain aspects of the business. I act more as a sounding board to help the team make tough decisions. My role is to be very clear on our core principles.

Sometimes there are instances where one or more members of the team want to take a different approach than what I am convinced on. Once I feel a majority of the team is ready to take ownership of that decision, I then let them pursue their approach and support them, whatever be the results. In our team, there is no blame game – I have moved from a "my way or the highway" to an approach where we leverage collective sense of ownership to succeed.

What are your crucibles of leadership?

I was very keen to become a marketer and join a good IT marketing firm like Wipro. In my 3rd year of B.E. at BITS, Mesra, I was surprised with a day one offer from TCS for a software consulting role. Even though it was not the plan, I decided to take that role up to deepen my knowledge of the software

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investment for the longer term.

In the past six years, our company has grown about four times in revenue. Today, we process majority of the cash in circulation in the country. We manage 55,000 plus ATMs, making us the fifth largest cash management firm globally (in terms of units).

Tell me about the entrepreneurial spark in you?

I worked for over a decade in Microsoft which is a fantastic institution and one could see the entrepreneurial brilliance of what Bill Gates and his team had created and built. I was also closely involved with many Indian technology companies run by first generation entrepreneurs who achieved great successes. In fact, in my last role with MSFT, in the US, my teams charter was to incubate new products



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development process. Within a year I became very good at it and I was successfully writing multiple commercial programs in a single day, compared to taking almost a month when I joined the company. Excellence is a foundation of anything I want to do.

At this stage, I decided to pursue an MBA to continue my goal of becoming a marketer. During my summers with Nestle, they had a standard summer training cookie cutter project assignments at their HO – write a report on the viability of launching XYZ product. I requested

Being extremely passionate about what you believe in; strike a balance between focus on short term results and long term investments; always be paranoid – in planning as well as execution; have a back-up plan, it could be for a meeting, an event, a big project, anything; pilot your ideas quickly, rather than get stuck in endless planning; and make mistakes, fix them and run fast.

A key thing I learnt, though at TCS, was the importance of attention to detail. I would be writing codes for hours and then checking

for bugs. If at the end of coding 2000 lines your program doesn't run, you don't know where to start looking for problems, at least then. There were times when I would spend days trying to debug my programs. Given paucity of mainframe machine time, there were many instances when one just worked for 30 plus hours

before going back home. That experience helped me learn a lot in terms of efficiency and striving for perfection. Today, I can easily spot mistakes or loopholes which most people will tend to miss.

In your Microsoft days I hear you interacted with Chandra Babu Naidu.

At Microsoft, we were quite engaged with many political leaders at both the central and state level around their mission for technology adoption in the country. Mr. Naidu was the first political leader in 1999 who met Bill Gates on his 1st official trip to India. Just a week prior to the visit, Mr. Naidu as CM of AP expressed his desire to meet Bill Gates, but due to short notice and it being a very tight visit with meetings fixed months in advance, we were not able to accommodate the request. Mr. Naidu did not give up and managed to convince the US ambassador in New Delhi to create a short window of time during a social event at the ambassador's residence, to meet Bill Gates. There was some sensitivity given that it was a cocktail reception and at that time there was prohibition in AP. Mr. Naidu therefore did not join the function, but he

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them to let me do a project in their field – I was assigned to the North regional office and had an amazing summer internship under the RM - Prem Kumar. He was a fantastic marketer – in a span of 2 months, he mentored me to complete several projects single handily which led to critical decisions, including shutting down a product (Maggi sweet noodles) as well as launching Nestle chocolates in the hill stations, and I was up against the marketing might of Cadburys. This experience was quite profound and changed my belief from the oft held notion of "Consumer being the King" (Philip Kotler) to my version "Retailer is the King" in India, at that time (1991), as they had a massive influence of the success or failure of so many FMCG products due to their role as a trustworthy advisor to Indian consumers. This taught me to love the channel and be very close to them, something which helped me immensely in Microsoft.

There are several others - most of my crucibles have come from on ground, hands on field experiences.

What was your take away from the Microsoft experience?



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I was also quite impressed with Sh. N D Tiwari, CM of Uttaranchal who was very persuasive and got us to setup our Shiksha project in Uttaranchal. Sh. S.M. Krishna, CM of Karnataka & Sh. Narendra Modi, CM of Gujarat were also two other impressive leaders who stood out in their passion, focus and persistence on leveraging technology to get an edge in their administration.

managed to meet Bill Gates at an adjacent venue. He presented (on a laptop) in 1997 for 15 minutes, and left a great impression on Bill Gates. There was, at that time, an internal debate on where to set a development center in India: Bangalore or Hyderabad. This meeting possibly tilted the scale towards Hyderabad. This one investment and decision swung the fortunes of the state as it put Hyderabad on the global map for other several organisations who ordinarily would not have done so.

In addition, I was also quite impressed with Sh. N D Tiwari, CM of Uttaranchal who was very persuasive and got us to setup our Shiksha project in Uttaranchal. Sh. S.M. Krishna, CM of Karnataka & Sh. Narendra Modi, CM of Gujarat were also two other impressive leaders who stood out in their passion, focus and persistence on leveraging technology to get an edge in their administration.

You love Mumbai. What made you fall in love with this city?

This is my second stint in Mumbai. I have always enjoyed working and travelling to the city. I have the deepest respect for the way the city stays together and comes back stronger after every monsoon fury or the many attacks. I witnessed this first-hand when I was staying at Trident Hotel in Nariman Point during 26/11(though I was not in the hotel while it was under attack). I have lived in many cities, but never quite encountered the unique mix of professionalism, work ethics and the warmth of this city.

It's a city where the train levels the social barriers between many classes.

It's the financial nerve center of the country and has amazing corporate leaders. I have learnt and been quite impressed by how even in 1990's, CEOs and CFOs of large organisations like Mr. KV Kamath (ICICI Bank),

Mr. Deosthalee (L&T), Mr. Ashok Sinha (BPCL) were so focused on learning and leveraging technology to make their businesses the best.

What was unique about KVK?

Way back in 1990's he was focussed on reducing ICICI transaction cost through better technology deployment. With that focus he would travel to technology conferences around the world and used to invest around two weeks of his time in a year, on this effort. He could easily have attended as a dignitary. But he was happy to sit down, spend time and learn. He was the first CEO of a large bank, who came to attend a conference where Bill Gates was presenting in Hong Kong, to learn about new technology advances.

Shifting gears, would you have any views on what the Bell Curve is?

Too clinical – there is no heart and soul in it. And you can't there for apply it to humans. I have been part of the Bell Curve system for more than a decade – I have had to enforce it to on hundreds of colleagues. I feel performance appraisals, the way they are mostly done, are a humongous waster of time and resources. Performance Management Systems do a shoddy work with five levels of 30 plus competencies, which is too complex for most of us to remember and apply.

I have been part of the teams where the sum of the parts is greater than the whole, and I also have been part of teams where the sum of the parts has been less than the whole. At CMS we have focussed on building a team where no one single manager or person is critical, but many come together to create fantastic results and a significant part of the variable compensation is driven by the company's broader performance.

Why do you think it fails?

Managers are not usually mentored or trained about conducting balanced parallel conversations with their teams. There has to be a discussion on why an employee has been given a lesser increment than average. Most managers chicken out and say that they wanted to give more but boss did not allow it. This makes the employee feel very disgruntled with the process and the company.

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How do you make the PMS work for CMS?

99 per cent of our strength comprises of our cash officers on the field. We have changed our measurement to keep it quantitative and cover all employees. We have removed the qualitative aspects as that is very judgemental.

How do you control it?

We have a rigorous rhythm of measuring our business – weekly, monthly dashboards and reports. These provide alerts in time.

What is your vision for CMS?

Cash is ubiquitous, especially in India. While we manage 50% plus of the ATM and 60% of the merchant services respectively, we want to drive a strong integration across the cash cycle - as there are parts which aren't outsourced viz. cash inventory management in a hub or automated currency processing. We believe the former can bring significant efficiencies to overall currency in circulation and the latter can help increase the life cycle of a bank note, which is about 11 months now.

CMS is best placed to drive this change in currency management in India. Our ability to thrive in a highly competitive and challenging market like India also positions us well to replicate our processes in other markets.

What is CMS' core incompetence?

It is something which affects most companies in India – a 'Chalta Hai' attitude. We have significantly changed that culture at CMS, but I want to totally eradicate it.

Given where you are in CMS, what are the two things that would get you to fail?

Arrogance and complacency. We are number one in the market, we are large. We have a strong market share and platform. The beginning is never easy; growing it is even tougher. If we become arrogant or complacent with our position, we will risk a slide down.

I know that only the paranoid survive in the technology sector, but here we try to maintain the right level of staying sharp without getting completely paranoid.

