

Learning from Mukesh Ambani, 54 yrs, interview published in ET on 5-5-11,

Ambani is India's richest and the world's sixth richest person,

Vision and Strategy of Reliance over the next decade

1. The skills that Ambani wants RIL to internalise, the brilliant execution that has always been its forte coupled with a new-found emphasis on safety and total regulatory compliance, describes as his mission to "institutionalise" RIL
2. He advocates caution for RIL in betting the company's enormous cash pile of `42,000 crore, or \$9 billion, into new businesses. . Our watchword is: does it generate value for our shareholders on a sustainable and long-term basis?"
3. Ambani's vision to tap new outlets for RIL's entrepreneurial energies include an intriguing mix of old economy businesses and the newer ones close to the cutting-edge frontiers of technology. He calls these two business buckets 'energy' and 'consumer'. For now, 99% of the revenues come from the energy bucket, but it's likely to change significantly in future. "Energy is a 30-year-old business for us, but consumer is just two years old,"
4. First, the immediate plans: Over the next five years, RIL plans to invest \$10-12 billion in what Ambani describes as "value-added chemicals". It plans to create a huge rubber business from scratch, with the intention of catering to the Asian tyre industry.
5. In technological innovation, we will see a lot of development potential in what I call value-added chemicals. Ambani is planning to have a second go at selling directly to the consumer. These include a foray into financial services, a renewed emphasis on retail and an ambitious plan to sell "digital services" to consumers, media & entertainment services through a digital platform, even sports ventures like the Mumbai Indians IPL team that have a direct consumer outreach. We want to be the Walmart of digital distribution

LEADERSHIP PIPELINE :

6. The leaders to head these putative multi-billion-dollar businesses will emerge, Ambani says, from the crafting of organisational architecture that will 'institutionalise Reliance'. "I want to put together an institutional framework which will breed technology, innovation," within the organisation.

7. For this task, he has turned to memos written by late management guru CK Prahalad for inspiration "At an operational level, we are working with the best consultancies in the world, including the likes of McKinsey & Co, AT Kearney and Booz."
8. When Reliance signed the \$7.2-billion deal with BP in London, Mukesh Ambani's son Akash was also present, leading to speculation if the latter was being groomed as a successor.
9. Reliance says it has put in place an accelerated programme for grooming leadership talent. As part of the programme, high-performing talents in the 30-35 years age bracket are picked and trained as future leaders of the company. Management experts say Reliance's plan to build a leadership pipeline bodes well for the company as it is expanding into new areas of business. Ambani says he is not particularly enamoured of 'well-publicised talent' and would rather focus on creating institutions and processes within the company which will enable leaders to perform. We are not going to abdicate our business principles for one guy. Our businesses are now set. They can run without any one of us," sums up Ambani.

AIMING FOR THE SKY

10. Mukesh is also taking son Akash for business events such as the signing of the BP deal recently, but "It's too early for Akash or my other kids to get involved with business. Our job is to give them the best possible exposure, after which they have to fend for themselves. There's no doubt that they will inherit my wealth, but the board finally decides on the management of the company. It's still early days."
11. "I like to think in short-term cycles and for me short term is 12-18 months and my next goal is to institutionalize RIL. That's really going to be my focus," he said.