

*Leadership Lessons
for a New Generation*

A charming anthology of everyday wisdom for life and business, from a man who is arguably one of India's most astute and dynamic business minds today.

Imbued with a traditional Marwari sense of community-building, yet modern in every way, this book is in essence a bridge between the old and the new ways of doing business. With insights from a career that has spanned over 60 years of corporate India, the book is a handy guide for all those who seek to understand and benefit from a uniquely Indian business mind.

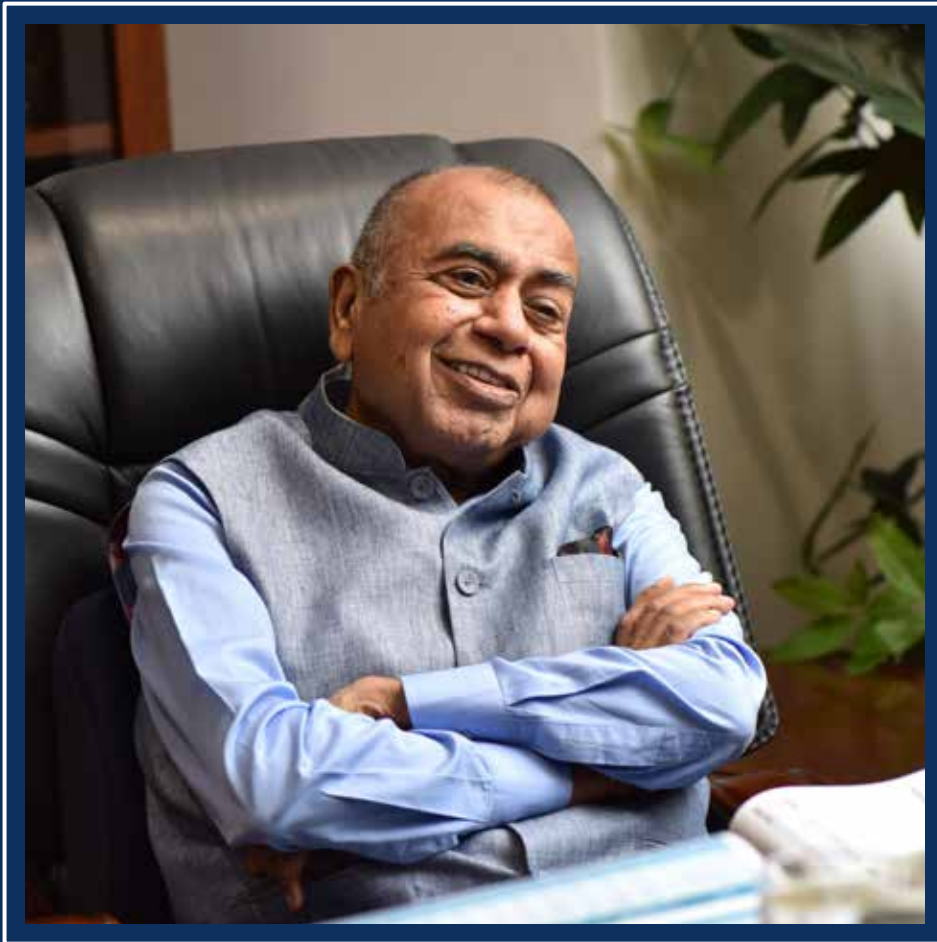


THINKK 18 LESSONS
TO INSPIRE



THINKK

**18 Lessons
That Inspire**



KRISHAN KUMAR MODI, Chairman, Modi Enterprises presides over a hugely diversified business empire that was founded in 1933 by his father Shri Rai Bahadur Gujarmal Modi. KK Modi has carried forward his great legacy and today Modi Enterprises has expanded its reach to span five continents.

To the 28,000-strong family of employees of Modi Enterprises, KK as he is affectionately known, is a towering figure, he is a man who is a legend in his own lifetime, yet someone who is always accessible and approachable.

KK is known for his 'KK isms' – little nuggets of wisdom that he dispenses freely and casually in his interactions with family, friends and employees. These 'KK isms' are the distilled learnings of his life experiences and the innate business sense hardwired into his Marwari DNA.

Many are the stories of people whose lives have been touched by a stray 'KK ism', who have then held on to it like a mantra. This little book, created for him on the occasion of his 79th birthday is a collection of some of his life lessons and the context in which they have been applied.

18 Lessons That Inspire

1 Generate Bankable Goodwill

2 A Handshake Is A Contract

3 Never Let Your Education Get In The Way Of Your Learning

4 Reinvent Yourself

5 Adopt Many As Guru, Absorb Knowledge Wherever It Is To Be Found

6 Growth Is Not About Money, It's About Expansion

7 Create Partnerships Not Mere Transactions

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16 Turn Employees Into Stakeholders

17 Quality Is The Holy Grail of Success

18 Sometimes The Distance Between Success And Failure Is Very Small



1 **Generate
Bankable
Goodwill**



Extraordinary good deeds done spontaneously without any expectation of reward, creates bankable goodwill – goodwill that pays off in the long term.

No gap: A relationship traversing generations, KK shares a warm moment with Leonard Lauder's family, Gary and Laura Lauder and their daughter.

During the Cold War in the mid 80's, KK's friend Leonard Lauder, Chairman of Estée Lauder was unable to get his products into the Soviet Union. Stepping forward to help his friend, KK took advantage of the good relations between India and the USSR at the time, to source and send goods to Soviet Russia via India. He even built a brand new factory for them. Today the love and care between the two families continues.



2 **A Handshake
Is A Contract**



Mutually inclusive: A bond of respect and affection shared over decades, KK is seen here with R.A. Shah, Chairman of Godfrey Phillips (India).

There is an unwritten Code of Honour among winning organizations, which when the stakes are high, causes them to place principle before profit. Honour is like karma – it comes full circle and brings profit in the long term.

In the '70s, when KK was a young man and had yet to prove himself, he ventured into a new business in suiting fabrics. However, the project ran into trouble and KK found himself facing huge losses as well as stuck with a large quantity of yarn that he was unable to offload even at cost. At this point, he was approached by a Gujarati broker who offered to pick up the entire stock at a fair price. However, the broker said he would have to defer the deal by a month until such time as funds became available to him. As luck would have it, in the interim, Grasim, the leading brand in suiting fabric at the time, ran into rough weather as they had run out of raw material. They approached KK and offered to buy all his yarn at a premium. Though it was a far better deal, KK had given his word to the broker, and to him that was the equivalent of an inked contract. Grasim was turned away and the yarn was sold to the Gujarati broker who was none other than a man who was to become a legend in his own lifetime - Dhirubhai Ambani.



3 **Never Let Your
Education Get
In The Way Of
Your Learning**



The most useful education is the one you acquire outside the classroom. As long as you keep learning, you will keep growing and will remain young.

Teeing off: KK's t-shirt says it all. Seen here with grand-daughter Jayati.

KK has always cultivated a child-like sense of wonder. He enjoys devising learning experiences for himself. Once while on holiday in China he decided just out of sheer curiosity, to learn about Chinese medicine. He hired a couple of interpreters and went with them from store to store asking the doctors all kinds of questions about traditional Chinese medicine. He visited professors in this field to understand its underlying principles. For him the learning never stops.



4 Reinvent Yourself



Everything has a shelf-life including your point of view.

The good news is that there is nothing to stop you from changing your mind, your behavior or your life.

Space between their togetherness: KK motivated and supported his wife Bina, daughter Charu and grand-daughter Priyal to grow as independent entrepreneurs

KK grew up in the 1940's in the small industrial township of Modinagar, founded by his father. It was an orthodox Marwari upbringing. The family were strict vegetarians and the women of the household led sheltered lives in a traditional patriarchal system. KK shook off the old-fashioned mind-set to emerge as an exemplar of a liberal and modern man. He did not restrict his family, including the women, in what they chose to eat or wear, their lifestyle preferences or the professions they chose. He encouraged his wife Bina and daughter Charu to become entrepreneurs in their own right. He even entrusted Bina with the crucial arbitration proceedings while separating Indofil and Modipon. It is a measure of his humility and strength of character that he is always ready to adapt his outlook to keep in step with a changing world.



5 **Adopt Many As
Guru, Absorb
Knowledge
Wherever It Is
To Be Found**



The word 'Guru' means Dispellor of Darkness. Anything that teaches and inspires you is your guru.

Never too late to learn:
KK receives his Masters
Degree in Business
Administration from
Stratford University, USA

KK is himself seen as a guru by many. He regards his father as having been his first guru. But in fact KK has found gurus everywhere - not only in the spiritual sense but in business and in everyday living. If he finds them to be transformative he will accord a book, a person, or an organization the same reverence as we would a Guru. His gurus have ranged from the business bible 'Good to Great' by Jim Collins; Management Advisor Ram Charan - a world-renowned author and speaker on corporate affairs and Bain Consulting Group- a management consultancy that he has worked with often. Not only does KK himself constantly learn and transform himself and his organization, but he encourages everyone around him to do the same.



6 **Growth Is Not
About Money,
It's About
Expansion**



Business is about expanding your reach, touching more and more lives, creating meaningful relationships. Money is incidental.

*Eternally youthful:
Whether young or old, KK
has always been a study
in charm and confidence*

Once an international company approached KK to buy Indofil. They said to him “Your Company is so small, we will buy 51%, put in the money and in the process you will get so many crores”. KK said to them, “I already have five times more than this – what use is this money to me!” For him growth was never just about making more money. At that time Indofil was a 250-person company and today it is an 1100 strong company, indirectly employing 30,000-40,000 more and affiliated with 1-2 lakh others. At that time, it was selling only domestically, today it is selling in more than 100 countries. The way he sees it - you don't have only customers in 100 countries, you have friends.



7 **Create
Partnerships
Not Mere
Transactions**



Business works best when all the players have skin in the game. Distribute the risks, share the profits, let everybody win.

World without borders: KK and Chairman Kong of Shanghai Baijin enjoy a close bond with each other since the signing of their Joint Venture

Once when Indofil needed to buy technology from China – a simple matter, as the Chinese company had already supplied the technology to another company and the terms were known. But KK asked, “Why buy? Why not invite them to become our investing partner and create a joint venture? It will give both the companies huge long term advantages. They have 5 plants in China. While they keep improving their technology, as their partners we will have access to the technological upgrades without having to buy it each time and Baijin will have access to the Indian market and a share in the flagship brand of India.” He convinced his Chinese counterpart Chairman Kong, and today IndoBaijin Chemicals Pvt. Ltd. is a profit-making joint venture between Indofil and Shanghai Baijin.



8 When
Someone Says
'Impossible',
Seize The
Challenge



God is in the details:
KK inspects the
Godfrey Phillips facility
in Andheri, Mumbai

Everything is possible. You just have to find how. 'Impossible' is an illusion designed to steal away your creativity.

In 1988, when Godfrey Phillips (India) had just gone into a collaboration with an international Company, KK was told by the technical team, "Sir, it is not possible to modernize the Primary Manufacturing Department (PMD) as your building does not have sufficient height." KK asked them how much height was needed to build the PMD without compromising on output and quality. When he was told that it needed an additional 4 feet, KK said, "Very well, if there is no height available, then dig down." The problem was solved. PMD was modernized and ran perfectly with no compromise on quality.



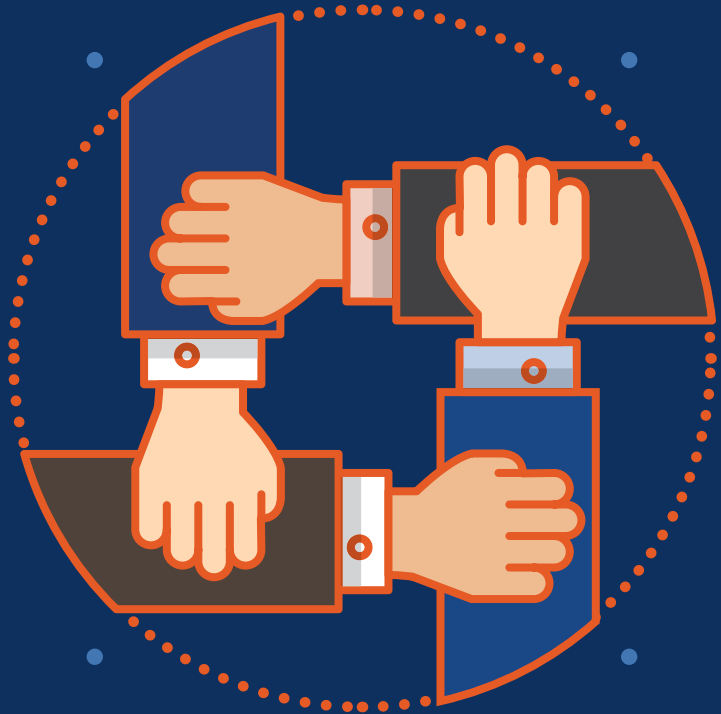
9 **Always Give
More Than
Has Been Asked**



Business beyond transactions: KK with William Campbell, ex-CEO of Phillip Morris, USA

In business, as in personal relationships, the foundation is trust. Invest in building trust by giving more than is expected. Trust always reaps dividends.

When the Management and Workers Union of Godfrey Phillips India were locked in a tough negotiation on salary increments, they finally reached an agreement on a figure of Rs. 2,100. After speaking with KK, the management returned to the Union to say that KK had approved a figure of 2,200. The Workers Union were taken aback at this unexpected generosity. The gesture immediately eased the next round of negotiation and the friction de-escalated. And finally, during the third round of talks, the workers themselves shut down three troublemakers from within their Union and made everyone sign the agreement put forth by the management." A bond of trust had been built by KK's gesture which made the workers feel assured that the management was equally concerned for their well-being.



10

**Create Bonds,
Unify Energies**

The Power of One can light a fire, but the Power of Many is needed to keep the fire burning. When people are united by a common cause, great things become possible.



Improve, improvise, learn: At a training workshop by renowned speaker Professor Ramcharan. KK is seen here with daughter Charu Modi, Mr. R. K. Malhotra (Group CEO, Modi Enterprises) and the Senior Management Team of Indofil

Inspired by Japanese management methodologies that are designed to bring out the best in people, KK looked to develop home-grown ways to motivate and empower his workers and make them feel valued. In one such initiative, he instituted a Suggestion Scheme wherein workers would offer small ideas and suggestions to improve aspects of their workplace. Every idea, however small, was duly considered and evaluated, and if it was found to be not feasible, workers would be called and given feedback on why it would not work; but nonetheless the input would be appreciated. If an idea was found to be workable, it was incorporated, and the workers would receive recognition and a small reward. The practice led to improved productivity, as workers felt they were being acknowledged and it gave them a sense of ownership towards the factory. The initiative won Godfrey Phillips, India the INSSAN (Indian National Suggestion Schemes) Award for 16 years in a row and continues to do be implemented in all new factories.



11 **Have The
Courage
To Fail**

Taking risks, experimenting – that’s how businesses grow. Failure is not fatal, stagnation is. Empower your people by backing their risks.



In Godfrey Phillips we trust: With the Management of Godfrey Phillips, India - (left to right) Bhisham Wadhera -CEO; KK; Sharad Aggarwal -Group Head (Operations) and Aditya Gooptu - Business Head.

From the very start KK encouraged experimentation. He created teams he trusted and then he backed their ideas even when he was not completely convinced himself. Two years ago the Godfrey Phillips (India) management made an unusual experiment. They introduced a tandem practice called ‘Bottom Up’ and ‘Stretch’. In the first part, people in the frontline were asked to set targets for the Company so that they felt they had a voice in decision making. In the practice of ‘Stretch’ they were encouraged to set extremely challenging targets for themselves without holding them to it. The idea was to empower and reassure workers simultaneously. It gave people permission to fail. Amazingly this radical approach resulted in an unprecedented turnaround for the Company with a 70% growth in profit before tax.” (March 31st 2019 – over 2018). Says Bhisham Wadhera, CEO, Godfrey Phillips (India), “When we first shared the idea, neither KK nor the Management were sure about the quantum of risk involved. But all credit to KK that he encouraged us to take risks and not fear failure. Today these methods have won recognition in larger forums.



12 **Bet on People,
Not Strategies**



Taipei times: KK celebrates his birthday in Taipei with his sons Lalit and Samir, wife Bina and daughter Charu

People are the heart and soul of an enterprise. Develop your people and guide their growth regarding strategy and technology.

KK is a man who loves to learn and he wants his people to learn too. He sends his managers to Harvard and other Business Schools. He does not see this as an expense, he sees it as an investment. His international team travels 150-200 days a year. He says, "I don't want people tied to their desks". Even when they travel abroad to meet customers, he does not insist that they should only work. He will say, "Stay one or two days extra and look around to see what's happening." While there was a risk of people taking advantage of this freedom, something quite different actually happened. A culture of togetherness and ownership was fostered



13 **‘Good’ Is Not
Good Enough.
Rework, Redo,
Rethink Until
It Is Perfect**

**More than workers and managers,
businesses need thinkers.
People who can examine, anticipate,
pre-empt – people with vision.**



Gen-Next bonding: KK with his grandchildren (left to right) Ashrant, Aliya, Jayati, Vedika, Priyal, and Ruchir)

Sharad Agrawal, Group Head - Operations and Director of Godfrey Phillips India – remembers an encounter with KK that he believes changed his life. Once as a young engineer of just 23 years, he was deputed to make a presentation to KK for setting up a tea factory on a 20 acre plot near Ghaziabad. The entire senior management had spent 2-3 weeks deliberating over the plan. When Sharad began the presentation, almost immediately KK tore into him objecting strongly over and over to a particular point without giving Sharad a chance to complete the presentation. When Sharad found that none of the management was backing him up, he made a spirited defence to be allowed to complete the presentation. Instead of taking umbrage, KK explained to Sharad that it was his job to pick holes in the proposal if not on one aspect, then on another, to make sure that the plan had covered all contingencies. It was to ensure that the team had thought the matter through from every possible aspect. He added that this was the way his own father Gujarmal Modi had developed integrated thinking in him when he was a young lad of 12 and had created a project report for a plant. His father would keep asking him questions and sending him back to revise his plan. By the time the report was finally acceptable to his father, KK was 21 years old.



14

**Encourage
Your People
to Push Their
Boundaries**

It is a race and there is no finish line. When your team is winning, keep them going by throwing new challenges constantly. Keep the adrenaline flowing in their veins.



Great expectations:
New beginnings at the inauguration of the IndofilPhilippines office. KK is seen here with Charu Modi and R. K. Malhotra (Group CEO, Modi Enterprises)

When Indofil crafted their vision statement in 2007-2008, they were a 100-150 crore company aiming to become a 1000 crore company. But in less than a year KK said, "Let us change our target." He constituted a new Board with the best talent on it. He hired Bain and Company, a Management Consultancy to examine whether Indofil could think beyond 1000 crore. Their findings were that if the growth was organic, it would achieve a target of 1500-2000 crore in five to six years however if the growth was inorganic, it could take the Company to a turnover of 3,800 crores, and that is exactly what Indofil achieved. Today KK is talking about making Indofil a USD 1 billion Company in 2 years. Says R K Malhotra, CEO of Modi Enterprises, "working with KK is like trying to catch the tail of a comet. He makes his team run double time."



15

**Innovate.
Because To
Stagnate Is
To Die**



Open your doors and your minds to new influences. Think the unthinkable. Do what you've never done before. Because if you don't, the game is over.

The best Joint Venture of all: KK with Bina , his partner in life and business.

KK has always believed in challenging the established order to bring out the best in people. He hired a Japanese Company to train personnel of the Bombay facility in the principles of 5S - a set of highly successful Japanese management practices. Cleaning your workplace with your own hands was one of the more radical principles of the 5S. When staff, including management, were handed mops and buckets of water to clean the office, they were aghast. Says Sharad Agarwal, then a young engineer at the facility "I almost resigned!" But KK was determined. He stood in the canteen facing them all and challenged them to follow in his footsteps. It took time to implement the new work ethic, but eventually the experiment paid off and led to a far deeper sense of ownership and improved productivity.



16

Turn Employees Into Stakeholders



360 degree approach:
Mr KK Modi listens
and encourages
employee suggestions

Whether a company offers stock options or finds other ways of sharing profits, sharing gains with workers and incorporating their ideas into policy, works wonders for business.

In the mid-90's, the management of the Ghaziabad facility prepared a detailed three-year business plan elucidating hardware upgrades, new systems and work practices. The docket was handed over to the Union for their inputs. Their suggestions were then considered and incorporated. Under KK's tutelage, a new idea was put forward. It was decided that to empower and further incentivize workers, any savings that the workers made in reducing costs would be equally divided between the owner and workers. This brought about a huge change. Workers themselves began suggesting ways and means of saving resources. Cost of manufacturing began to decline and profits increased. Workers' salaries rose hugely from Rs 35,000 to Rs 45,000 per month.



17 **Quality Is The Holy Grail of Success**



**Quality is the best business plan.
If you cut corners on quality then
you are thinking very, very short term.**

Hosting dignitaries:
KK looks closely at the
factory during a visit
of ex-Prime Minister
Morarji Desai with
his father Raibhahdur
Gurjarmal Modi and
other guests

KK has never compromised on quality. He has invested intensively to train his people in the best cutting-edge management systems such as Six Sigma, 5S, TPM (Total Productive Maintenance), Kaizen (Employee Involvement System) and TQC (Total Quality Control). Training and implementation in these methodologies has led to a huge sense of ownership among personnel. At the Guldhar factory, TPM has brought wastage down from 10-11 % to as low as 3%, setting an industry standard on those particular machines.



18

**Sometimes
The Distance
Between
Success And
Failure Is Very
Small**



The lion in his den

Don't give up on things. Keep changing the keys until you find the one that fits the lock.

KK has always disliked writing off a person or a project. He is pragmatic but optimistic. For close to 30 years, the 'Speciality Chemicals Division' of Indofil had been doing sub-par business. As this Division was not the mainstay of Indofil, there was a general consensus to shut it down. However KK was disinclined to do so and kept applying different strategies to vitalize the Division. His determination finally paid off when he reconfigured the entire leadership and then with the help of consultants applied new and creative solutions and succeeded in retrieving the situation. Very soon the business, from a state of almost total collapse was turned around completely. It began making profits and attracting investment.

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Design by Ruchita Madhok/Kahani