

'My succession plan will be ready by September 2010'

by [sindooram](#) on May 25th 2010 and filled under [Other](#)

Starting on a salary of Rs 670 per month as a junior engineer at Larsen and Toubro (L&T) in 1964, AM Naik now takes home Rs 12 crore per annum as the company's CMD. He is credited for turning L&T around from a languishing giant to a fast-growing \$10 billion (Rs 47,000 crore) conglomerate. Naik, who retires in September 2010 after 46 years with the firm, spoke to [Hindustan Times](#) about his succession plan. Excerpts: Have you identified who will succeed you when you retire? Not yet. The process is on. A leadership programme by McKinsey and Bains is on. L&T is a complex company and no single firm can put in place a plan for it. Bains is looking at our product businesses and McKinsey our project businesses. We will then have a convergence of the plans of these two companies. I think we should be able to take a final view on the succession in L&T by September this year. Would your successors be from within L&T or are you open to an outside professional? I am not saying I am not open to an outside professional but my belief is that due to its complexity, only an insider can take over the reins of L&T. What are you looking for in your successor? He should be heavily networked, one who can even network at the level of the Prime Minister. He should have a charismatic and magnetic personality. He should have everything that an outstanding leader should possess. L&T's status being what it is, it needs a CEO or chairman of that level, who is respected by all industrial colleagues, most of who are owners, some professionals like me and some multinationals. We have 22 businesses. Even if we combine some of them, we still have around 18 real time competitors. It is an 18 CEOs job rolled into one. So, I am looking for someone who can handle such a load. I could do it because I had time, I have already put in 46 years. But why the delay? Even Jack Welch, a name synonymous with GE for many years, announced his succession plan two years before he was to retire... Since the year 2000, I have been telling my colleagues to do succession planning. They all thought we still have enough time. But for the last two years, I have been driving them as most of the people on the board now are very old. Some have gone to US, Europe and joined as leaders in the domestic industry. For instance, Microsoft India chairman Ravi Venkatesan is an L&T man. So is Rajendra Pawar at NIIT and Suresh Vaswani at Wipro. I go around the US and one in 30 people I meet say they got the first appointment letter from L&T. So my first focus is to fill this level of the next generation. That is why we brought Ravi Uppal from ABB and Sudip Banerjee from Wipro. There are rumours that Uppal could be the next L&T chief, though he is not on the board. I don't want to speculate. He may not be on the board today but he will, at the right time. But he has always run a product company. A project company like L&T is different, the risks are 100 times more. Let us wait for the right time for the right man. Who will succeed me is the prerogative of the board. The institution I have created from almost nothing to what it is today, needs to have the best. Post retirement plans... My friend, former SEBI chairman M. Damodaran, said I wear the overcoat of L&T, and if my skin is ripped apart, millions and millions of "L&T" labels will come out. Everything has to come to an end some day. I, too, shall move on