

TIME

India's Leading Export: CEOs.

Multicultural and resource-short, the subcontinent may be the ideal training ground for global bosses

By Carla Power

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What on earth did the Banga brothers' mother feed them for breakfast? Whatever it was, it worked: Vindi Banga grew up to become a top executive at the food-and-personal-care giant Unilever, then a partner at the private-equity firm Clayton, Dubilier & Rice. His younger brother Ajay, after heading Citigroup's Asian operations, was named CEO of MasterCard last year--all without a degree from a Western business school and without abandoning his Sikh turban. When Ajay took over at the credit-card company's headquarters in a suburb outside New York City, the Times of India crowed that he was the first "entirely India-minted executive" at a multinational's helm.

The brothers laugh when asked for their mother's breakfast menu, deflecting suggestions that they were raised by a Bengal-tiger mom. Instead they cite an itinerant childhood as a key ingredient in their success. The sons of a lieutenant general in the Indian army, they moved to their father's new postings every couple of years--perfect training, it turns out, for global executives who would be facing new markets and uncertain conditions. "You had to adapt to new friends, new places," recalls Vindi. "You had to create your ecosystem wherever you went."

The Banga brothers are two members of a growing roster of global Indian business leaders that includes CEOs such as Citigroup's Vikram Pandit and PepsiCo's Indra Nooyi as well as the deans of both Harvard Business School and international business school INSEAD.

What factors account for the rise and rise of India-trained business minds? "Our colleagues in our Asian offices are asking the same question," laughs Jill Ader, head of CEO succession at the executive-search firm Egon Zehnder International. "Their clients in China and Southeast Asia are saying, 'How come it's the Indians getting all the top jobs?'" It could be because today's generation of Indian managers grew up in a country that provided them with the experience so critical for today's global boss. Multiculturalism? Check. Complex competitive environment? Check. Resource-constrained developing economy? You got that right. And they grew up speaking English, the language of global business.

It's risky to generalize about India, a subcontinental giant of 1.2 billion people, just as it's simplistic to stereotype the Western executive or the Chinese business leader. Motorola's **Sanjay Jha** and Berkshire Hathaway's **Ajit Jain**, tipped as a possible successor to Warren Buffett, succeed because of talent and drive, not because they're Indian. And bosses like Nooyi spend most of their formative career years outside the country. Is it that they just happen to be Indian? As Ajay Banga notes, "You are who you are because of what you do, not the color of your skin."

The data suggest Indians are scaling corporate heights in larger numbers than other groups. In a study of S&P 500 companies, Egon Zehnder found more CEOs who were Indian than any other nationality except American. Indians lead seven companies, Canadians four. Among the C-suite executives in the 2009 FORTUNE 500 were two mainland Chinese, two North American Chinese and 13 Indians, according to a study by two professors from Wharton and China Europe International Business School.

For multinationals, it makes good sense to have leaders who have experience with expanding Asian markets. And India is already the location of many multinationals' operations. Competitive and complex, India has evolved from a poorly run, centrally controlled economy into the perfect petri dish in which to grow a 21st century CEO. The subcontinent has been global for centuries, having endured--and absorbed--waves of colonizers from the Mughals to the British. Practiced traders and migrants, Indians have impressive transnational networks. "The earth is full of Indians," wrote Salman Rushdie. "We get everywhere."

Unlike Americans, they're well versed in negotiating India's byzantine bureaucracy, a key skill to have in emerging markets. And unlike the Chinese, they can handle the messiness of a litigious democracy. "In China, you want something done, you talk to a bureaucrat and a politician--it gets done," observes Ajay. "In India, if you talk to a bureaucrat or a politician, there are going to be 600 other people with their own points of view." There's an old saw about Asian business cultures: the Chinese roll out the red carpet; Indians roll out the red tape.

Indian managers have cut their teeth in a country ranked 134th by the World Bank in ease of doing business. To be fair, that's also the reason some of them left home. They're practiced in the exasperating culture of securing local, state and national permits. "To build a factory in China, a CEO will have to get two or three different permissions from various departments," says Signe Spencer, a co-author of *The Indian CEO*, a 2007 study by the Hay Group consultancy. "An Indian CEO may have to get 80 different permissions from 80 different places."

India's economic liberalization, which began in 1991, was another blessing for this generation of executives. It gave them exposure to a young and fast-growing consumer market. "We had to learn to compete with international players but also with very good, extremely fast local ones," recalls Vindi Banga.

Competition starts early in India, as students vie for admission to the state-funded Indian

Institute of Technology and the Indian Institute of Management. The system produces a self-selecting and highly disciplined elite. There are tales of children who start to study at age 7 for the exam they will take a decade later. When the current crop of CEOs came of age, it was typical for 300,000 applicants to vie for 2,000 places. "People in India think Harvard and MIT are second choices and an IIT is their first," says Spencer.

Indian managers have learned their skills in a country with huge aspirations but an often faulty infrastructure. Ajay remembers wondering on his first day at Citibank in Chennai (formerly Madras) what the banks of machines "big enough to power jet engines" did--they preserved data in case of power cuts--and then finding out that they were only the first line of defense. "I learned that not only do you need a backup, you need a backup to the backup," he says. Growing up in a nation where resources are often tight "forces you to blow through the constraints and find the answer," says Nikesh Arora, Google's senior vice president and chief business officer.

Early in the 1980s, when Ajay Banga was working at Nestlé, he had the job of selling chocolate in India, where temperatures can hover above 100°F for months. Try selling Kit Kats in towns that don't have electricity, let alone refrigeration. Banga ended up having to create a refrigerated supply chain--with specially designed carts for cooling the chocolate en route to villages--and installing generators to run air conditioners to keep shop storage spaces cool. "And we were doing it having been schooled in the fact that you will not compromise on the Nestlé products or value," he recalls.

In Hindi, such adaptability using finite resources has a name: *jugaad*. It is the spirit behind Indian products like the \$2,500 Nano car, designed to be assembled using chemical glues rather than expensive, factory-based welding. It's also what Vindi Banga employed when trying to figure out how to sell Unilever products to rural Indian women. Instead of spending on advertising, the company established women as small-business operators, providing them with loans to buy Unilever products and resell them in their communities. "These ladies became brand ambassadors, brand teachers and brand distributors--all in one," notes Banga.

It is not surprising that Indian executives tend to pay particular attention to the lower-middle-class consumer and the so-called bottom billion, the poorest customers. After all, more Indians live on \$2 or less a day than don't. But attention to value also pays dividends when profit margins--and pocketbooks--are shrinking. "In emerging markets, companies work very hard to get the value equation right," Vindi observes.

Research on top executives shows that South Asians also tend to be guided less by the bottom line than by a bigger goal. "They think about what will not only benefit them but the greater good," says Spencer. "You interview an American CEO and it's classic McKinsey strategic thinking: How do we make money in this market? But the Indians are showing us a level of business ethics that we don't see in the West."

Those ethics may be tested as Indians wrestle with the demands of institutional shareholders in the large corporations they now run. But the Hay Group's leadership

survey includes an inner-strength category, examining how morals and values affect leadership. The only groups that scored as high on inner strength as Indian CEOs? Catholic nuns and monks.

AJAY BANGA

CEO, MasterCard

A former Citigroup exec, Ajay, like his brother, earned an M.B.A. at the elite Indian Institute of Management in Ahmedabad

VINDI BANGA

Partner, Clayton, Dubilier & Rice

The elder Banga ran Unilever's food, home and personal-care divisions before leaving for a private-equity firm

SANJAY KHOSLA

Kraft Foods

The company's head of developing markets is a global brand warrior, having also run Unilever's beverage business

SANJAY JHA

Motorola Mobility

Jha was brought in to reconnect the cell-phone division. Now he's running Motorola's personal-info-tech spin-off company

LAKSHMI MITTAL

ArcelorMittal

Sure, it's a family firm, but Mittal has turned it from a regional to a global player with bold acquisitions

DIPAK JAIN

INSEAD

The head of one of Europe's top business schools is also a former dean of the Kellogg School at Northwestern

INDRA NOOYI

PepsiCo

A former consultant known for her strategic vision, she's the first woman to head the cola and snacks company

VIKRAM PANDIT

Citigroup

A controversial choice to head the crippled company, he has led Citi out of the dark. Next challenge: making it grow

NITIN NOHRIA

Harvard Business School

The dean of Harvard Business School is a co-author of Paths to Power: How Insiders and Outsiders Shaped American Business Leadership

AJIT JAIN

Berkshire Hathaway

Having built the company's reinsurance business, he is a top contender to succeed Warren Buffett

NIKESH ARORA

Google

At the top of the Googleplex, there's Sergey Brin, Larry Page and Eric Schmidt--and then Arora, the chief business officer

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By Carla Power