



Dinesh Paliwal, CEO of Harman International



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Simplifying the Strategy: "It's Work, and You Have to Spend Time On It."

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*Spend some time with **Dinesh Paliwal**, the CEO of Harman International, and you're guaranteed to learn a lot. I spoke with him years ago for my Corner Office series in The New York Times, and I was eager to reconnect with him for a second*

conversation. He has memorable insights on a wide range of leadership topics, including the importance of listening, the challenge of simplifying complexity, and creating a culture that makes diversity and inclusion more than buzzwords.

Q. You've been a CEO for a dozen years now. What have you come to appreciate are the most important aspects of leadership?

A. All of us have tons of hidden potential to do great things. I enjoy unleashing energy, risk-taking and building self-confidence in people around me. To do that, you constantly have to work at being more transparent, more accessible and to listen more.

In some countries, like China and Japan, it's even harder to engage employees in straightforward dialogue. You have to tell them, "I'm here to listen. You are doing so well, but you must have one or two problems that you don't know how to solve. Hopefully, I can help remove those roadblocks for you." You have to make clear that you're interested in hearing them. To me, that's leadership.

Q. Were you always aware of the importance of listening?

A. No. I grew up in a large family in India, and we were very competitive, especially in a country that had 900 million people back then. Early on, I thought I needed to be out front and vocal. I wanted to be visible, to make an impression. When I was in class, I was always raising my hand to ask a question.

Earlier in my career, I was convinced I had the best ideas and the best answers and that I could do everything myself. So why listen to too many people? I would just tell people what I thought. But I was not benefitting from their creative ideas.

I would talk, talk, talk and when I started to see blank faces, I knew they were completely checked out. They were done listening.

And when the output would come out a month later or six months later, it wasn't very good.

Meeting with our teams in other countries was also an "aha" moment for me. They thought they would be told what to do. And I said, "No, I don't have all the solutions, I am here to learn. This is a new culture for me. This is a new market for me. These are new customers for me. You know the culture, you know the customers, you know how they decide."

Q. Let's shift to the question of culture inside your company. What do you believe are the most important drivers of culture?

A. The best culture we can create is always transparent, inclusive and collaborative. If you're transparent and people collaborate, that's where creativity comes in. And transparency, for me, means not holding back if something is on my mind. Let people know where they stand, good or bad.

"There are no side conversations, because that creates politics, and politics will keep you from transparency and collaboration."

I will address things head on. There are no side conversations, because that creates politics, and politics will keep you from transparency and collaboration. People will create silos. I've lived through that in my earlier company and learned how detrimental that was. Information is power if you hold onto it, but it breeds suspicion and distrust. I decided I was going deal with those things early on when I started fresh at Harman.

I also told my leadership team that when they travel to meet with employees, they need to ask them what's on their mind. "Did you understand what I said on the last quarterly call?" If you reinforce that and get some feedback, that also starts to build a transparent culture.

Q. Silos naturally spring up in companies. What else do you do to guard against them?

A. It's not easy. Silos give comfort to most people. Silos can cut out the noise and increase focus, but they also shield mistakes and bad habits from being exposed. I would not say anybody can declare victory in eliminating silos, because it's just human nature.

Unless you constantly talk about it, people will fall back after six or nine months. One of the things we've done is broaden how people think about teams by tying their compensation to the broader success of the company, rather than just their own unit.

We have to make sure they understand that their success is not because they came up with the best new product idea. Someone's sales success is due in part to the fact that someone else who is not part of their team designed a great product. Somebody came up with great storytelling to market it. That's called collaboration.

Q. But a lot of people want their scorecard to just measure their own success.

A. With the world we live in, if you have six big businesses, not all six will always perform at the highest level. Sometimes you have to remind people of their performance from, say, seven years ago, when they were struggling and their compensation was higher because of others' efforts. There are cycles.

My team's bonus is 100 percent based on company performance, and at the business unit level, the bonuses are 50 percent driven by their unit's

performance, and 50 percent by overall company performance. The message we are trying to instill is that Harman is bigger than the sum of its parts, and that it's in everyone's interest to grow the business. Individuals don't win. Corporations are a team sport.

Q. How do you build a culture of diversity and inclusion?

A. We started, unfortunately, at very low diversity numbers. We are a technology-heavy company, and traditionally the automotive and audio industries were male-dominated. We started creating targets, we shared them with the board, and we tied part of people's compensation to meeting those targets. Our target is to be 45 percent female in our organization worldwide by 2020. Right now we are about 36 percent.

Q. And what about the inclusion part?

A. Part of it is training people on bias – conscious or otherwise – but also making it clear that we will terminate someone if they try to undermine the culture we are working to create. Let's say someone returns from maternity leave, but then a colleague says to her, "When are you *really* coming back to work?" We have an environment now so that people can report situations like that on a hotline. My head of HR will personally dig into the situation, and we have terminated people because of it.

Then we will talk publicly about the situation, saying that we terminated someone in our organization who made some very unprofessional statements to fellow women executives or managers or employees. We will talk about it openly to leadership team so that people understand that we mean what we say.

Q. One of the biggest challenges we see with leaders is around their ability to simplify complexity. Have you seen that, as well?

A. Leaders have to be visionary, but the vision has to be simple. I'm

now sitting on my eighth public company board. I've seen CEOs who cannot clearly explain the strategy to their board members. My boss at a former company once told me, "You have 60 slides but you don't understand what your message is. Go home, sit down, and write just one page."

"I've seen CEOs who cannot clearly explain the strategy to their board members."

I said, "Well, I can't do it in one page. I need four pages." And he held me to honing down my message and my "ask." Simplifying the message is not just an art. It's work and you have to spend time on it.

So when we go to our board now, every business strategy is described in one page, with simple messaging. What is the goal – the core message, in one line? What are the three key actions we're taking? What are the three key challenges? And how do we measure success in twelve months? My board members read that, and it's much easier for them to understand. This is a practice, and it doesn't happen in one day. It doesn't come naturally to most of us.

Q. How do you project confidence to your teams in an age where there is so much uncertainty and so much disruption?

A. There's a fine line between being confident and having arrogance. I found my confidence when I became very honest to people around me. I still remember my early days at Harman back in 2007. I was in one of our plants in Indiana, and I said to people, "I know nothing about your business, but I will spend time with you and learn what you do. And once you teach me, and then you face challenges, I guarantee I can help you."

If I had walked in that room and said, “I know what your problems are and I’ve got it all figured out,” they would have shut down. Confidence comes from your own comfort level. If you’re insecure about certain things, you will try to mask your lack of confidence with arrogance or try to be something you’re not. You need to be comfortable in your skin.