



Leadership Series

In conversation with Mr. Hari K Marar, Managing Director & CEO-Bangalore International Airport Limited

Where it started

Rachit:

Good morning Hari. As you are aware, Leadership 2020 is a Mercuri Urval India's signature Leadership series, which we started back in February 2020 to bring together various thought leaders from diverse industries to the forefront. Today, we are fortunate and privileged to have you with us.

Kenneth:

Hari, thanks for joining this program. It's an honour to have you here. I think the readers would like to know about your journey to this position and how well you are enjoying this.

Hari:

Thank you, it's a pleasure to be here on this platform with you guys. Thank you for inviting me. It's a great idea to perpetuate the culture of learning and therefore the whole idea of doing interviews with senior leaders and sharing it with people. So, congratulations to you guys for having taken that initiative!

Mine has been, what you can arguably define as, an unconventional career. I come from Kerala, a small-town boy but with big-city dreams. I would be wrong if I started by saying that I had these big dreams when I started off. All that mattered to me in my life was that I wanted to do the right thing and I think when you do the right thing, life leads you to a destination which you probably deserve. That's what I have found! This has been an interesting career.

I still remember, when I had to make the choice for my education, I was a rebel without a cause. My dad wanted me to be a doctor, and my mom wanted me to be an engineer. I promised both that I'd secure admission for both, which I did. I appeared for entrance exams, I secured admission for both engineering as well as medical, and then I did the unthinkable, as I went and took up hotel management as my choice of profession. I joined a premier college in India, IHM in Mumbai. After that, I went to ITC as a management trainee and went on to then spend many years with ITC in their hotel business. And then, of course, my shift from hospitality to aviation is something that I had not planned.

Jet Airways, at that point in time, was toying with the idea of bringing in hospitality professionals into their business because they had achieved a high level of consistent high-quality service delivery- repeatable processes and transactions that they could manage over and over again. They aimed to infuse fresh blood and the warmth of hospitality into their business. So, they hired two or three of us from the hotel business and I was one of them. It was a radical move for me, which I like doing anyway. So, I took that step and it turned out to be quite fortuitous for me because it worked well.

One of the great learnings of my life is that when you move from a zone of comfort to your zone of discomfort, it propels you to learn in ways that you've never learned before. It puts tremendous pressure on you to learn because suddenly you're somebody who's leading a bunch of people in a business you have no clue about. Our whole life seems to be working towards comfort, but the aim must be to move yourself constantly from your zone of comfort to a zone of discomfort. Similarly, the move to the airport was also a chance encounter which happened when I met a senior person from Zurich Airport, responsible for setting up the airport, over a cup of coffee. He was travelling via Jet Airways and he asked me what I thought about airports in India and how they must be modified and transformed. As an airline professional, my cup of woes overflowed with everything I thought that needed to change, and my thoughts had an influence on him.

He went back to Zurich, and I got a call saying, "Hey listen, we'd like to offer you a job as the Head of the Operations of the new airport." I said, "I have no idea how to run an airport, you have no idea of the big mistake you're making." They said they had a principle that mandated hiring people for attitude and training for skills. They thought I had the right set of principles, competencies, and attitudes required for the job. I appreciated this principle and implemented it going forward as I was responsible for building up the operations of the greenfield airport. The biggest risk was for the airport to open and flop and it was important for me to make sure that it didn't happen.

The path of least resistance would have been hiring people from existing airports because then there would have been no risk. But we hired 100% freshers, and nobody from existing airports simply because of the principle to hire for attitude. We wanted to infuse a fresh lease of life into the airport. The worst thing that one could do was to build a greenfield airport that operated the same way the other airports were functioning. That would have been a disaster.

That was an interesting start to my career at the airport. Then I went on to become Chief Operating Officer (COO) in 2009. In 2011, I took over as President of the Airport Operations. In July 2017, I took over as the Managing Director and CEO. That's a brief run of my career. It has been unconventional, but it's been one that's given me great joy and fulfilment.

On building and managing teams

Kenneth:

Hari, when you took over, you had a diverse team. You had people from different backgrounds and nationalities in your team. How did you bring all of them together?

Hari:

When I took over, I did not have this team. This is a team I built almost entirely. Out of the current 9 members of the CXO team, 7 were hired after I took over. These are people that I have handpicked from around the world. You don't build a world-class organisation if you don't have the right people by your side.

And I'm going to say something quite cliché, but it's still a valid point- 'The best thing you can do as a leader is surround yourself with people who are better than you.' So, I hired some of the most outstanding people between July 2017 and December 2017. The CHRO was there at that point in time, and he continued to remain with me. In fact, he was very instrumental in helping me through the transition and transformation that we did after I took over. Our Chief Commercial Officer (CCO)-Kenneth, a Danish national was the only one who was there, pre my taking over. I assembled the rest of the team over a period of time.

Kenneth:

Wonderful! I understand hiring for attitude, but what else did you look for in these leaders when you were handpicking them?

Hari:

I think for me, it was important to have cultural alignment. At that level, there is very little to choose from. It is like choosing between Roger Federer and Rafael Nadal. The skills and competencies are well developed. In the right environment, they would have picked up the required skills and adapted themselves. So, I picked people who had the ability to learn, had a thirst for knowledge and a cultural alignment to the way I wanted to run this business. This meant, having a high sense of ethics and a commitment to do the right thing. I wanted people who were hungry to make a difference in this world.

Honestly, when Fairfax took over the ownership of the airport, it was the biggest change. I told my leadership team that what we were truly blessed with, is the freedom to define our destiny and the opportunity to go ahead and achieve that destiny. It was important to get people who dared to dream and who were willing to go out to achieve that dream. This opportunity would have been squandered if I hadn't been able to assemble the right team.

Mentoring and inspiration

Rachit:

In this journey, when this rebel without a cause, found a cause, and became a CEO by accident or by design, was there somebody significant who contributed to your growth?

Hari:

It has not been a single person. I have been asked this question quite often on who your role model is, and who shaped or influenced the way you think, the way you do things. It's impossible for me to pick one person and the way I look at it is how I talk about my leadership. I don't have a definite style of leadership. I have a style of leadership that depends on the situation we're in.

Similarly, for each attribute, I have a different guru or role model. When it comes to team management, I think there are no greater examples than those you can pick from sports. MS Dhoni was an excellent leader- calm, collected, and he held faith and trust in the Indian cricket team. The way he led the Indian team is a great source of inspiration for me.

When you ask where one finds a purpose after being a rebel without a cause, I think there's no greater example than that of Jamsetji Tata who once said that you do not have to find a purpose for your business. He defined it beautifully when he said: Communities are not just the most important stakeholders of your business; they are the very reason for the existence of your business. What greater sense of purpose can you have than if you define the purpose of your business as being able to serve the socio-economic development of communities in which you're established, and that gave me a great sense of purpose.

I'm also a great believer in the principled and ethical management of businesses and for that, I don't think there is a greater example of a man who's lived his life in a principled manner as per ethics than my own father. My father is a great source of inspiration.

When I first started in BIAL, my former boss was a Swiss gentleman named Marcel Hungerbuehler. He played and still continues to play a significant role in shaping the way I think, in bringing about a sense of discipline- the Swiss discipline, in how you run a business, the adherence to time and professionalism.

Once I took over as Managing Director, one of the first things I did was to call Marcel back, now as a board member of the company. He's someone I keep interacting with and learning from, all the time.

For lifestyle and fitness, there is somebody else. For music, there is somebody else, and so it's a whole series of people who've inspired me.

Advice to young leaders

Rachit:

That's very interesting to know and with the reservoir of knowledge and inspiration that we're sitting on today, it's quite natural that many young leaders within the organisation and outside of it would look up to you. What remains your advice to the young leaders in the making and CEOs in the making, more so?

Hari:

All of us as leaders have two roles as I would imagine. One is to run the business and give yourself a sense of purpose, and the second is to grow oneself. I will separate these. When we talk about ourselves, I think it is extremely important for young leaders to invest in themselves across different areas. Investment does not happen in a single moment of time. Rather, it is a continuous journey.

Invest in learning. You must keep your knowledge up to date. The day you stop picking up new skills, you've lost it. Invest in upskilling yourself continuously.

Two, invest in relationships. This will always come in handy. You will never regret it because at some point in time, these relationships, not just business relationships but personal relationships too, will be meaningfully important. Family is an important part of that.

Third, invest in your health. It is very critical. You must stay healthy to serve your organisation and your family.

And last but not the least, as individuals we spend our lives chasing and acquiring assets. Instead, invest in acquiring experiences in life. These are four elements, which I think should be a must for any individual, setting out to start their life as a youngster.

From a business standpoint, it's a simple mantra. Most of us who have graduated from top quality management schools believe that businesses are run on complex datasheets, crunching numbers and deep analytical insights. We tend to lose ourselves in cluttered information and data.

If you simplify it, business consists of four important elements. Number one- Fundamentally, you must be committed to looking after the customer. The purpose of your business is to serve your customer with obsession.

Two, look after the people who look after your customers, which are your employees, partners, stakeholders, vendors, and suppliers with compassion. They are the people who help you serve your customer well.

Third, earn a reasonable return for your business. Excessive profiteering can have a negative connotation as well. Earn the right amount of profit allowed within the parameters of the law. And of course, keep your business healthy if you seek to earn a good profit. The pandemic has taught us something important. I think it has affected businesses and individuals in a similar fashion. Individuals with comorbidities suffered the most. Similarly, companies with financial comorbidities are the ones that suffered the most. So, invest in the financial health of the company.

The fourth element is to look after the communities in which you do your business. These are simple four mantras, and if you remember this, it is unlikely you'll go wrong if you're starting off your career at this point in time.

Inside the airport after the pandemic

Kenneth:

Well put Hari. As you've brought up the pandemic, let's get there. I think one of the biggest business communities to feel the impact was airports, and obviously, a growing airport like Bangalore from 33 million customers was really brought down by 75% during those times. What happened inside the organisation?

Hari:

You're right about the fact that the impact on aviation has been unbelievable. Practically 75% of our passengers disappeared. In terms of wiping out demand for air travel, it's played a huge role. Apart from the 40 - 80% drop in passenger numbers, not just the airports, but the entire ecosystem, was anticipating about 275 to 300 billion-dollar losses globally as far as the airlines are concerned. Airports around the world suffered a loss of about 100 billion dollars in 2020. These are massive numbers. The case has been no different for Bangalore airport. Our revenues are directly linked to passenger footfall, whether it's the aeronautical revenues or non-aeronautical revenues, which means that there was a huge reduction in our revenues as well.

Apart from this, one of the most curious aspects of the airport business is that, while our revenues are extremely volatile and they can drop dramatically in the same proportion as passenger numbers, our costs do not react in the same manner. Being an infrastructure business, 80% or 85% of our costs are fixed in nature. The revenues had come down to 25%. Even with the best cost optimisation efforts, we must spend 75% of the costs in any case.

Because revenues have a huge impact on cash flows, for Bangalore airport specifically, the issue was even more complex, as we are in the midst of the largest expansion that we have ever undertaken. It's a 13,000-crore expansion program, and we are in the middle of it, having made significant commitments to capital expenditure, with almost 10,500 crores of loan. Questions arise in this challenging environment as to how we are going to service this loan, how we're going to make sure that we have enough revenues to be able to meet our costs as well as repay this loan.

On the operational side, there were other challenges for us to consider. There is the uncertainty of people ever having the confidence to travel again. Will they ever have the confidence to come back to airports again in a crowded environment? How do we resume our operations as before? If we do, what will they look like? How can we guarantee safe operations?

Secondly, when we resume operations, we would have just completed our second terminal and runway. So, there are huge problems with capacity. There would be huge capacity and very little traffic. How do we manage that? And there are many permutations and combinations within that- how do we manage that? Do we keep T1 open and shut down the new T2 or do we open T2 and shut down the old T1 or do we keep both operational? There are many aspects to this that we had to debate.

On the people front, we have 28,000 workers not including the construction team. How do we guarantee them safety? How do we track COVID spread across the campus? How do we manage the safety of our employees? How do we provide them a bed in case somebody is affected with COVID? There were all those challenges around managing the health and welfare of 28,000 employees, plus 7,500 stranded laborers who had to be fed, kept occupied: bringing many of them back from their hometowns, remobilising them, etc. It was a very complex challenge with a multitude of facets.

That's the thing about the airport business. Everything that impacts the city has an impact on us. We set up a COVID care centre, a mini hospital, on short notice. We had to do so many things to look after our people. It's incredible!

And on the project side, things came to a grinding halt. Apart from the fact that people were stuck, manpower was a problem. Supply chains, factories, which were supplying goods, shut down. Goods that were stuck in customs and various ports were locked up and lying there. We had to revive those. We have 40 simultaneous projects going on, with 40 different contractors, who had cash flow issues because they were also victims of the pandemic. They were not able to remobilise and come back on time. If I had to talk about the impact of the pandemic, I could go on for the next one hour.

A fool safe strategy

Rachit:

Hari, being very curious, how does that translate into your strategy going forward in terms of business and people, both?

Hari:

This strategy of ours was formulated much ahead of time. We were among the first few people to pick up the pandemic because we have a Business Continuity Enterprise Resilience & Disaster Management Team, headed by Dr. Devasia, who is one of the most brilliant guys in this field. Their job is to scan and identify global risks very early. The pandemic was declared by WHO in February and our war group was constituted in December 2019, 2 months before that. We were very clear in our minds that something was growing and started to think about our actions very early. We were also able to respond quite quickly.

One of the first principles we adopted when the world was still in disbelief, living in denial, was- 'We accept, adapt, and advance.' The world has accepted it now but at that point, when the world was still in denial, we said that we needed to first come to terms with the fact that this was the reality. We accepted that we were in the middle of a crisis, that this would cause a long-term impact and that we would have to fundamentally change in ways we'd never changed before. This was the time when people were still debating about wearing masks.

The second aspect was to adapt. If you accept that there will be fundamental changes to the way we live and work, then you have to make adaptations to your life, to the way you work, to your office, to the timings, to simple things like wearing masks, maintaining social distance, a number of people assembling in a room, and so on. These are all adaption techniques.

And last but not the least, just because we are in the middle of the pandemic, it doesn't mean that we don't advance. We must come up with coping strategies, we must figure out how to advance in this environment.

We also realised that one of the key characteristics of this pandemic is that it's an extremely volatile situation. There was very little information that was available and much of the information that was available in the public domain was wrong. There was a lot of misinformation floating around and even that misinformation was changing rapidly. So, it was a most complex environment.

To fix your strategy at any given point would be a big mistake. The strategy is always born out of context. What is the first thing that you do when you strategize? You study the environment, look at your SWOT analysis, etc., and based on that, you develop a strategy. But if you look around you, there's only confusion, and in that environment, how do you define strategy?

So, we picked up a principle for our strategy and we called it progressive calibration. We said that you cannot have a strategy that is fixed in time. We must keep progressively calibrating in time based on the change in environment. So, there is a group of people who are scanning the environment constantly and seeing what's changing, and based on that, we are constantly changing and adapting our responses.

We were also able to convince our board that, that was the right approach to take because boards normally on the other hand, want stability. They normally want to know exactly what you're going to do. We told them that we could tell them what we were doing for the next one month, and not more than that. What we will be doing in the month after that will be dependent on the change around us. But, in such an environment, it's quite easy to get lost and the only over-riding guidance that we put over ourselves was the fact that we would stay true to our vision, mission, and values. Our values must guide the quality of our behaviour, and our vision and mission must guide the steps we take and the direction we proceed in.

Our strategy continues to be that, we will continue with the strategy of progressive calibration as well. Hopefully, depending on how the situation is at that point in time, if we decide that we have reached a stable state, we might want to make a long-term bet and define a long-term strategy. But at this point, this is how we are proceeding in terms of the overall strategy.

The travel industry in the aftermath

Kenneth:

Right. So, digitisation has been fast-tracking in this environment, right? And there are many views that people will travel less, that people will have challenges, that the airports and transportation will have challenging times ahead. How do you respond to that, Hari?

Hari:

You know, if you look at how mankind has evolved, there has been an innate desire in human beings for the quest. I believe this desire for the quest is not going to go away. A man's need to touch, to feel, to experience, to smell, to explore is not going to be taken away by a virtual medium at any time. I think this is too fundamental a human trait to be replaced by virtual media.

I bet that there might be short-term solutions we might have to adopt but travel is not going to go anywhere. There are certain types of travel that can get impacted. I would broadly classify travel into two parts, leisure, and business. I think travel for leisure is going to go up. Please try and get yourself a booking in Coorg or Goa, and my bet is that you will not find a room. The pandemic has taught us the frailty of life and people are realising that they must invest in experiences. People who wish to travel and get great experiences are already doing that.

I was in Coorg at Taj, Madikeri last weekend, and I met a Gujarati family, Mr. & Mrs. Garg with their three daughters, who were taking their fifth holiday in this pandemic. He said, "There is no better way to invest. This is the time I can go and see the country because my business is dull. I must make use of the money I have earned and go and visit various parts of the world." So, according to me, travelling the world and garnering experiences will go up.

On the business side, for a business deal to be done, I cannot look into a screen and decide whether I'm going to sign a deal with that person. I still need to feel the warmth in the person's eye, the firmness of the handshake, before I decide to sign a deal. That's not going to go anywhere. But I must admit that some part of travel, which I call corporate tourism, will go down. A lot of travel used to happen because it was a great perk for companies to allow people to visit other countries.

Rachit:

Yeah, for learning and exposure.

Hari:

For exposure, and things like that. Some of it will come down because many people have recognised that it's not essential to run their businesses. But I think many companies also believe that it is an essential component for the growth of individuals as well. That exposure leads to not just seeing another country but also learning so many things along the way, about cultures and about the ways in which different parts of the world work. These are important elements of development that cannot be given away. Some part of it will stay but there will be a slight drop in what some people may define as non-essential business travel. But otherwise, I believe travel and tourism are not going anywhere. I will give you a guarantee on that.

Rachit:

Just like you famously mentioned in 2018, I watched your TED talk, saying that we're not going to have empty Taj Mahals and deserted Ibiza anytime soon.

Hari:

Exactly. Absolutely, I agree.

Digitisation

Kenneth:

Staying in digitisation Hari, how is it helping your business grow?

Hari:

There are two parts to digitisation. The fundamental reason for digitisation is not to make your business grow. The growth of our business comes from more and more people travelling to airports and that doesn't include digitisation. The growth comes from more airlines and that again is not caused by digitisation. Our digitisation efforts have three key objectives.

One is to provide a better experience to our consumers. In today's context, that includes being able to guarantee a safe, hygienic, and a sanitised environment by using technology. That's one of the places we've invested technology in. The Bangalore airport was one of the first in the world to introduce contactless processing. That's an example of how quickly we innovated and provided a technology solution in the midst of a pandemic. We believe in the power of technology. If we had not undertaken the journey two years back, we would have taken two or three times the amount of time we took to roll out the contactless processing solution. We are fast because we have already made the journey. We will also be able to respond to future shocks quickly because we continue to remain invested in technology.

Two is improving efficiency. One of the things that we see is that sometimes the growth in aviation is constrained because of a lack of capacity. We found that technology is a great way to create capacity when physical capacity creation takes time. Our belief is that the best way to handle capacity in the infrastructure space is by investing in bytes and not in bricks. A traditional response to a capacity challenge is to build a home of concrete using bricks but we believe that by using technology, we will be able to do that faster.

Number three is relatable to growing business but that's not the main driver of growth in business for us, which is, growing our revenues by using technology or leveraging technology to improve our share of non-aeronautical revenue streams, like shopping, food & beverages, etc. We have invested in that in a big way.

In fact, the bulk of the food & beverages shopping that happens at the airport today is on our digital app. Even Swiggy and Zomato cannot do for you what our ordering app does. You can order your starter from one restaurant, the main course from the second restaurant, and the dessert from the third restaurant, put it into one cart, clear the payment in a single transaction, and get the whole thing delivered in one shot. That is a unique feature of our grab-and-go app.

There is the option of either picking it up from the store or having it delivered. The confidence that consumers today have in online shopping comes from the fact that all our transactions are digital now. There's no cash, no credit cards, and almost everything happens through digital forms of transaction. Just scan the QR code and pay. These have played a huge role in building the consumers' confidence in the airport services and so, these are the principal reasons for investing in technology.

The secret ingredient is compassion

Kenneth:

So, Hari, tell us more about how difficult it was to really instil the principle that you were talking about and what was the secret to that success?

Hari:

That I think is the most difficult question you've asked so far. First, it's important to make sure that you have a good, strong, and committed team. One of the things I take great pride in is the fact that we have amazing people in our company. We have some outstanding people in all our teams. So, if you really want to make sure that as a company, you are quick to adapt, and that you're agile and flexible in the way you work, invest in good quality people- people who are aligned from a cultural standpoint and people who believe in the purpose that you've outlined. I think that's what we've got in the organisation.

Two. I think people need to see that the management's intent and actions are consistent. The biggest loss of confidence that people can have is if you say one thing and do another thing. That is something we have been quite insistent upon. If we say something, we make sure that it's done. We keep our commitment. That's the reason why, when we did our *Great Place to Work Survey*, we got the highest ratings so far, ever, in the middle of the pandemic. We lead people with compassion.

And that brings me to the third point. There were many attributes that leaders had to exhibit to be good leaders. Today, there's one attribute that has gone up those rankings. Among the most important attributes you need to possess as a leader is compassion. I think in this environment if you've led with compassion, managing change and complex environments, becomes so much simpler because your people are with you and will always support you. Compassion is something that we have demonstrated in a very large quantum.

And above all this, there is one thing that we did, which really stood out for us. Very early in the pandemic, we asked ourselves a question. How can we, in the middle of what is arguably the worst year of our lives, as leaders, leave our people with better odds and chances at the end of the year than they had at the beginning of the year? Can we make 2020 the best year for some of our employees? When the rest of the world is looking back at 2020 and cursing it, can we make our employees say that for us 2020 was one of the best years we had? And that is the way we defined our thinking.

The principal purpose of leaders today is to provide our people with better odds and chances. We have taken some amazing initiatives: we have allowed many of our employees the chance to become entrepreneurs, backed and funded by the company, in this environment, to start businesses. I would imagine that in 2025, there will be a bunch of our employees who will look back at 2020 and say that what was the worst year for so many people across the world was one of the best years for us. That's the sort of thinking that has guided all our actions and that's the reason why what we've wanted to do has happened.

Hari outside the office

Kenneth:

Wonderful! Let me leave your office and go to find who Hari is when he is not the CEO.

Hari:

Wow, so is there anything specific you'd like to know?

Rachit:

The canvas is yours to paint.

Hari:

I believe in simple living, I'm a man of few tastes. I believe in investing in those four things I spoke about and I'm very much a family man. There's nothing more I like than going back and spending time with my family. We spent time during the pandemic quite a bit playing board games or doing household chores together. That's something we love to do and that's investing in relationships.

There are also very powerful friendships I have, which I still believe in. I have my college group which is over 30 years old. Every Sunday, we have a video call and we share a close bond.

Investing in health, I have a very strong fitness regimen. I do yoga three times a week and I gym the other three times. So, I exercise six times a week. I also focus on eating right because it's a very important element of fitness.

I certainly believe in investing in experiences. As a family, there are two types of experiences that we chase - the first is, gastronomic holidays because we all are foodies. We explore places where we can enjoy different cuisines and explore the food and beverages of a location. And number two is musical experiences. We're all big music buffs. Just before the pandemic, the last concert that we went to was the Eagle's concert in Cologne. We travel to a place only to see a concert and then come back. We listen to a lot of music at home. My daughter sings and I pretend to sing along with her. I can't say I do a great job of it.

And needless to mention, I also invest in self-development, like learning, reading. I always spend some time in a day reserved for reading and improving my knowledge. It's become a little easier now, with a lot of videos that are doing well in the market, a lot of easy-to-consume content that is available in the world today. You can just spend ten minutes while travelling or elsewhere and consume video content that can contribute to learning.

I'm a happy-go-lucky person, I never lose my temper. I like to retain my equanimity around me, I like to remain calm. And last but not the least, I think what I consider my most important trait, is that I sleep really well. If you've managed that, I think you've lived a good life. I sleep for seven and a half hours every day

and I have sound sleep. Once I go to sleep, you can play the New York Philharmonic next to me and it won't matter.

Kenneth:

Fantastic Hari, it was such a pleasure having you at this talk. We look forward to continuing some discussions beyond this and having more interesting conversations with you. We look forward to meeting you in person and listening to some music together.

Hari:

My pleasure, thank you very much. Thank you for inviting me.

Rachit:

Absolutely! Thank you, Hari, for making time for us.