

Railway Transformation Lecture Series

Lecture – 3: “Challenges of Transformation in Public Sector” by Mr O.P. Bhatt

A lecture was given by Mr O.P.Bhatt ex-Chairman of State Bank of India on February 10, 2017 under the Railway Transformation Lecture Series organized by Ministry of Railways. Senior officers of Railway Board, General Managers, Divisional Railway Managers, Chairman cum Managing Directors (CMDs) and Directors of Railway PSUs attended the lecture through video link. Topic of the lecture would be “*Challenges of Transformation in Public Sector*”.

Key experiences and perspectives on transformation shared in the lecture are as under:

1. In today’s world, change is inevitable and we need to welcome and **embrace the change**. For this, we need to prepare ourselves for the change and take charge of it. The pace of change is so fast that people and organizations need to constantly transform otherwise they may become irrelevant.
2. State Bank of India (SBI) a mammoth public sector organization with 2.5 lakh employees underwent a massive transformation between 2006 and 2010. By 2006, SBI once a Bank renowned globally was rapidly losing market share to competitors, customer satisfaction levels were low and its financial health was deteriorating fast. A massive transformation initiative was launched between 2006 and 2010 in SBI and it enabled it to regain its market share and drastically improve performance. The significant improvement in performance after the transformation enabled SBI to get listed in Forbes 500. The **growth achieved in these 4 years was same as that achieved in previous 200 years**. It is important to note that SBI was transformed by its own staff in finite time. The results of transformation initiatives started becoming visible in 18 months of the launch of the initiative.
3. The transformation exercise carried out in SBI was holistic and organization wide and executed by the same staff of SBI. The transformation initiatives focused both on the **business side** (growth, market share, profitability etc.) and also on the **enablers**. Key enablers for transformation were **technology, resources, organizational restructuring** and **risk management**. It is critical that technology is current, appropriate and embedded in the processes. In organizational restructuring a **key initiative was to redesign the way performance was recognized, measured and rewarded**. It is important to realize that the way processes are designed, is very important. It can energize the organization, if done right, and it can kill the organization, if done wrong.
4. **Taking care of the people was central for successful transformation** of SBI. Alignment of people and their being on board for the transformation initiatives is critical. In the transformation journey, **welfare of people** need to be looked after and the people need to be fully energized and motivated. A bold decision taken by Chairman SBI in the direction of staff welfare was to **increase the home loan limit of**

employees from Rs 2 lakh to Rs 20 lakh. This created a wave of motivation in the organization as people realized that they were being looked after.

5. In case of SBI, the interactions between Business Divisions and Technology Divisions were improved and both sides were made to realize the importance of both the Divisions. This initiative led to **alignment and team building** in the organization.
6. Role modelling and **walking the talk by senior managers** and leaders in the organization was key to the success of transformation. When people feel that you are genuine and authentic about the change, it is possible to cascade the change effect throughout the organization. When a group of people start behaving in this manner, this gets emulated across the organization.
7. **Empowerment of employees** is a must for Transformation to happen. In case of SBI, the Branch Managers were empowered to transact larger businesses (e.g. limit of home loans which a Branch Manager could approve was raised). Along with the empowerment, the competency of people was also considered so that they were effective in exercising the enhanced power. While ensuring empowerment, organizational discipline in doing the work was also ensured. However care was taken wherever genuine and honest people were implicated in vigilance cases for their decisions.
8. SBI launched a **massive communication exercise to convey to the 2.5 lakh employees that the organization was losing the place of pride it enjoyed** in the world and the old glory and pride needed to be regained. The message also conveyed that the same SBI employees could regain the pride. A holistic approach to transformation was taken in this regard and **spiritual inputs were also disseminated** in the organization. People were made to internally realize that if SBI could regain its past glorious position and pride, the employees would do well and their families would also do well. All this created an atmosphere where people across SBI got genuinely involved in the transformation process and the Bank regained its old pride and got listed in Forbes 500.
