

**CONTENT FROM OUR SPONSOR**

Please note: The Wall Street Journal News Department was not involved in the creation of the content below.

# Mahindra Group CFO-CIO on Building High Performance

*V S Parthasarathy finds his dual role as Group CFO and Group CIO at the global vehicle and farm equipment manufacturer based in Mumbai, India, critical to meeting his vision for finance and IT.*

V S Parthasarathy At Mahindra and Mahindra Ltd., the roles of Group CFO and Group CIO are inextricably intertwined—because V S Parthasarathy occupies both positions at the multinational manufacturer of cars, trucks, farm equipment, and, more recently, electric vehicles. The dual role, says Parthasarathy, is enabling the multibillion dollar global federation of companies to experiment in what he calls its “corporate garage” and make sizable technology investments that are critical to its digital transformation.

In this conversation with Porus Doctor, who leads Deloitte India’s CFO Program and is a partner with Deloitte Shared Services India LP, Parthasarathy discusses the benefits of wearing both hats and why thinking about tomorrow alone isn’t sufficient for a business to counter disruption.

**Doctor:** What led you to assume the role of Group CFO while also retaining your Group CIO responsibilities?

**Parthasarathy:** In 2010, as the Group CIO, I could see that investing in cutting-edge technology would be pivotal to the company’s growth. When I stepped up to the CFO role, I realized that business in general was rapidly moving from known unknowns to unknown unknowns. For example, products were transforming into solutions, and business models were being replaced by business movements. In this context, I saw IT’s ability to provide an edge in terms of the data needed in this new environment. To meet the vision of transforming this organization and building a high-performance culture, IT needed to be used as a tool to innovate, and the finance function had to be part of that. At one point, I called finance in and asked, ‘How are *you* using technology?’ Clearly, the team was behind the technology curve. After that meeting, finance went to IT for help, and the next time I met with them, they were talking about their blockchain programs and the AI expert they had recruited.

As Group CFO, I don't focus on technology's cost or ROI; rather my benchmark is how much the technology will help innovate the company's businesses and disrupt the traditional way of doing business—internally as well as externally—and improve efficiency and enhance the customer experience. So, I find having the dual roles of CFO and CIO collaborative and complementary. The job seems to be somewhat taxing, but the truth is, I enjoy it.

**Doctor:** Could you describe a situation where having both roles benefited the organization?

**Parthasarathy:** When I took over Farm Equipment's Finance and Accounts in 2000-2001, the company's volume had dropped significantly, and the organization faced a choice: either take a loss or bring the breakeven point down by more than 40 percent in less than a year. The task would be extensive, involving employees throughout the organization. We put in place IT systems that enabled us to pull information every day about what we were doing, and how we were doing. We also put certain IT tools in the factory, which allowed us to reduce factory costs by a significant amount. Overall it became a movement. Normally, a program of that type would take three years to implement. But in less than a year, we reduced our breakeven point from approximately 52,000 tractors to about 32,000 tractors. Wearing both hats helped tremendously.

**Doctor:** In overseeing two groups of leaders and employees, what is your management philosophy?

**Parthasarathy:** Foremost, I have always believed in empowerment and education. I think of myself as a coach and want to have a whole eco-system that helps great leaders bloom. I want the entire organization to be focused on learning and development so that they need not come to me for decisions.

What my teams expect of me is to oversee the business side, and that's where I concentrate. I have two councils to help me do that: the Strategic Leadership Council (SLC) and the Technology Leadership Council (TLC). For CFOs, the SLC evaluates strategies and tools we should implement in one or more parts of the organizations and decide which ones they ought to have their groups experiment with. Similarly, the CIOs come together in the TLC to understand the technologies that are being used across the group, learn about emerging technologies, and make sure that they have the tools needed for implementation.

Also, when I first took over as CFO, I spent the first six months putting together a Center of Excellence, which included an Academy for Finance and one for IT. The goal of our Academies is to keep our finance professionals on the leading edge of ideas like digital transformation and creating the leadership it requires.

**Doctor:** What technologies are you focusing on as part of the company's digital transformation?

**Parthasarathy:** I see data, design, digital, and artificial intelligence as areas where we have to focus, as well as blockchain, the Internet of Things, robotics, and batteries to power electric

vehicles. We are already using robotics and automation in our plants, which has enabled us to manufacture 40 different models of SUVs in a single production line. We also have installed sensors in cars to help detect when they require maintenance and mounted cameras on tractors and drones to check on the progress of crops. And we are exploring launching an autonomous tractor.

**Doctor:** What have you found to be critical to catalyzing the organization's digital transformation?

**Parthasarathy:** Before we sell digitally equipped products externally, we experiment with the technology for our internal advantage. This is how Industry 4.0 will happen. I believe that a digital mindset should be deeply embedded in the organizational culture. As a CIO who is also the CFO, I was a strong advocate for going digital from the outset. I used my vantage point to sharpen the focus on digital by creating the position of a 'digital evangelist,' who will not only understand the digital transformation but also synthesize the Group's efforts towards that transformation. I feel a sense of satisfaction that my twin role as CFO and CIO has enabled me to see ahead as far as what we needed to do for the digital transformation and plan for it.

Of course, others are helping to drive digital changes. At Mahindra Finance, which is in the fintech sector, we assigned a business-oriented technology person to drive digital initiatives. In some of our other companies, the CIO has been the digital change agent.

**Doctor:** Given how quickly technology evolves, how does the company keep pace?

**Parthasarathy:** While we invest in companies that fit in to one of three buckets—evolved, evolving, and startup—working with startups is especially critical to get at the forefront of the technology curve, whether as an equity partner or a strategic alliance, or just on a project basis. That is where the new technology comes from. We also have an internal initiative we call the 'corporate garage' for employees who want to create a business model, and then implement the technology needed to make it work. If those working in the corporate garage 'nail' a particular innovation, we 'scale' it rapidly. One enterprising employee developed a proprietary platform that we use as part of Trringo, a company that enables farmers to rent tractors and other agricultural equipment from other farmers.

In addition, we experiment with R&D. Seven years ago, we began to invest in developing electric vehicles (EV). Today we have an EV company with four models in the market.

Through these efforts, and others, I get a ringside view of what's coming in terms of digital innovation. So we stay ahead not because we are thinking about today or tomorrow alone, but because we are thinking about the day after tomorrow.

—by Josh Hyatt, *Deloitte Services LP, senior writer, Deloitte Insights for CFOs*