

Be a Leader, not a Manager

Nitin Nadkarni shares his leadership lessons, as well as some insights into the entertainment industry

Soon after he qualified as a Chartered Accountant, Nitin Nadkarni got his first job, at Voltas, a multi-divisional Tata Group company. At Voltas, he was initiated into the corporate world, gaining insights into manufacturing, marketing, and engineering, among other things. Today, with over 30 years of experience under his belt, Mr Nadkarni heads Finance for Sony Pictures Networks, and is counted among the most bankable names in the industry. Speaking with *CFO Connect*, he shares his learnings in different industries, and importantly, how he leads his team beyond the Finance function.

On my learnings from industry

At Voltas, I started out in the Corporate Finance department and moved to the Corporate Taxation department after a year. I also got an opportunity to appear before tax authorities and interact with senior tax counsels. Being one of the youngest managers to head a department at Voltas, was a naturally a high for me.

Next came Colour-Chem, a specialty chemicals company and part of the Hoechst AG Group, Germany, as Treasurer. It felt great to get back to 'core finance' in the exciting post-liberalisation era of the 1990s. After playing a crucial role in the preferential issue of shares to Hoechst AG, I was given an opportunity to work at the group's headquarters in Frankfurt for a year.

I had steady growth within the organisation, and took over the additional responsibilities of accounting, controlling, taxation, MIS and reporting, and investor

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relations, to name a few. I also had an opportunity of heading a cross-functional team. Based on this team's recommendations, the company undertook major restructuring of its manufacturing operations by closing some units and downsizing manpower, which resulted in substantial savings.

When the global specialty chemicals business of Hoechst was merged with Clariant International of Switzerland, I was part of the core team that worked on the integration



Nitin Nadkarni,
CFO, Sony Pictures Networks

of the local subsidiaries in India. I was elevated to the position of CFO in 2001.

A smooth transition...

In 2005, I moved to SET India (now Sony Pictures Networks India), Sony Corporation's television broadcasting business in India as the CFO. Being a creative industry, there was a certain reluctance to follow systems and processes, and an absence of focus on costs and profit. Over the years, we have changed this with several initiatives – from the implementation of SAP R/3 and work-flow based systems and processes, to SOX-based controls, active sharing of financial data with business heads, etc. The organisation is now strongly focussed on financial performance and can boast of robust systems, processes and controls.

Over the years, I have also been actively involved with several strategic initiatives, such as the acquisition of the 10-year television broadcast rights for IPL in 2007 for USD 1.6 billion, the buy-out of the Ten Sports business from Zee for Rs 2,500 crores, as well as a restructuring of the company's business structure across India and Singapore to reduce tax risks.

The progress we have made over the years has been extremely satisfying to me as a finance leader.

My proudest moment

There have been many occasions during the last 30 years when I have felt proud of my achievements – whether it was when I was one of the youngest managers to head a corporate function at Voltas. Or when I was one of the first employees to be deputed to Group

headquarters in Germany. Or when I led a cross-functional team which helped restructure the company's business operations at Colour-Chem. But the last financial year at Sony Pictures has been, for me personally, one of the most challenging as well as satisfying. Sony's corporate auditors gave us a clean report, commending our systems and controls environment, which according to them are among the best in the Sony group.

Also, despite a major setback to business due to demonetisation, we could take quick remedial action to optimise costs, and thereby achieve the budgeted profits. And the icing on the cake was the successful acquisition of the Ten Sports business, which is very strategic for the company.

Leading the team beyond the finance function

I believe in effective empowerment and delegation. Each member of the team clearly needs to know what his or her goals and deliverables are, and how it fits into the overall departmental and corporate goals. The actual performance vis-à-vis agreed goals needs to be reviewed periodically. This simple management style has worked very well for me over the years.

I have also always encouraged my team members to engage with business heads, which gives them a perspective of how their work contributes to the business operations of the company.

Before taking any critical decisions, I take into consideration the views of senior members of my team. Although the final decision is mine, which they recognise, the team appreciates their involvement, and this goes a long way in ensuring a motivated team.

The challenges I have faced, and overcome

Coming from a chemicals company to a media and

Career Highlights

With diverse experience across the engineering, specialty chemicals and media/entertainment industry, Nitin Nadkari is well-versed with how global multinational corporations function. He took up his current role in January 2005, and since, has been leading his team to redefine the organisation's

growth story. Mr Nadkari is responsible for all of the financial aspects of SPN's operations across India, Singapore, the UK, and the US. Under his leadership, the organisation is now strongly focussed on financial performance, and can boast of robust systems, processes and controls.

entertainment industry was an interesting challenge. The major task was to influence key stakeholders on the importance of a finance focus, and the need for robust systems and controls.

One example: earlier, business heads had no knowledge of their individual business-unit performance. Now, this is periodically reported and discussed. Corrective actions are also worked out with the concerned stakeholders. Everybody in the organisation now talks the same language of EBIT.

A management strategy that matters

I strongly believe in the maxim, "Be a "leader", not a "manager."" To be a successful leader, you need to recruit good people, empower them, encourage and motivate them to perform, and just be a good facilitator, mentor and guide.

Evolution of the Indian media and entertainment industry

Whilst the Indian economy is growing at 6.5-7 per cent, the media and entertainment industry has been growing at a faster rate of 14-15 per cent. The television industry's revenues are also projected to grow at a similar pace over the next 5 years, led by strong growth in advertisement revenues, coupled with higher subscription revenues due to digitisation.

With television penetration still at only around 65 per cent, there is scope for growth in the paid cable and satellite households, which will fuel growth in the television industry. Also, advertisement revenue as a percentage of nominal GDP is still low in India as compared to other economies, such as Japan

and Australia, indicating significant potential for future growth.

Within the media and entertainment industry, digital is expected to be the fastest area of growth in the coming years, growing at over 30 per cent. Increasing mobile Internet and smartphone penetration in the country is fuelling growth in digital ad spends. However, an area of concern is the absence of a credible measurement model, which results in advertisers not being able to track their return on digital ad spends.

Although technology disruption is yet to impact us in India in a big way, changes in viewer habits are already visible in urban areas in the case of the English entertainment segment, where consumers are moving away from television to alternative sources of digital entertainment.

To meet the needs of viewers, we at Sony have also made a digital investment in Sony LIV which is our over-the-top (OTT) platform, which has original programming in addition to the existing content of the network channels.

Ensuring continuous improvement

I try and read all relevant material on the latest updates on the industry, the finance/accounting field, taxation, etc. A lot of data is now available online, which is a great source to stay updated. Also, platforms like the CFO Forum and informal peer groups help in networking as well as knowledge sharing.

Weekends are for golf, which helps me to relax, as well as to network with CXOs of other industries, which is a huge source of upgrading your knowledge. ■