

SUCCESS IN THE NEW NORMAL

In an exclusive interaction with **Deepak Mohla**, MD, Inspire One Consultants and **Jim Tapper**, CEO, The Centre for High Performance Development, *People Matters* explores the new business dynamics ahead and how organizations can best equip themselves for success



DEEPAK MOHLA

In your opinion, how have Indian businesses been affected in the last 18 to 24 months by the global downturn?

Deepak: The downturn did not impact all areas of Indian industry. There were parts of industry which were impacted more; some were impacted less and some got impacted only for a short period of time. The impact was felt mostly in those industries that were strongly integrated with the global economy and exposed to the effects of globalization. For instance, the IT and financial services sector were both heavily impacted. Overall, internal consumption in India is so strong that it can help negate the effect of globalization to a large degree.

The interesting aspect of this period was that organizations suddenly realized that something like this can actually happen. Most organizations took advantage of the situation to cut down excess built in the previous years. When you are on the growth path, you invest very strongly for growth; at that time, the cost of investing for growth is seen lower than the cost of losing opportunity. Despite knowing that I am investing much more than what I should be, one can convince themselves that growth will eventually take care of the spill overs. We have seen in India that even if companies were doing well, management took the opportunity to re-look at salary structures and while they were hiring in some parts of the organization, they were also downsizing in the other parts where it was not required. Because the environment was so strongly in favor of change, people

did not object to it. Organizations have emerged much healthier.

The second thing that gained focus was productivity. The mantra of productivity had got lost somewhere during the previous years. The bottom line gained importance suddenly and from revenue growth, the focus shifted to profitable revenue growth. The way people looked at businesses started changing. When you look at the productivity matrix, you think of how productivity can be increased. Technology is one angle but most of the times, the driver for productivity is people. Productivity through people can be achieved only by building on their capabilities.

What is the *New Normal* and what does it mean for organizations in India and other countries in the world?

Jim: The New Normal is what is different today in the business environment from what it might have been three, five or eight years ago. This means different things for different regions of the world as each region has been affected differently and has different business imperatives. What is interesting is what is common to all in this New Normal: Firstly, globalization and its implication of much more inter-dependant economies than there were in the past; Secondly, the heightened competition that this globalization and inter-dependency involves; Thirdly, the pace of change becoming much faster; and finally, the importance of looking at the complexity that all the previous three points bring to the business environment and the associated need to cut through that complexity with simplicity and flexibility in the business models. These common elements cut across regions, countries and industries and are the new realities that businesses need to deal with. We have identified several implications of this new reality. The importance of these will be that leaders in today's New Normal need to understand the implications of the new realities and deal with them differently. Successful leaders and organizations will be those that adapt to this new environment and its requirements.

What is the different approach to leadership and talent management that organizations in India need to adopt to succeed in this "New Normal"?

Deepak: Everyone is talking of change. Till a couple of years ago too, people were talking of change but not really intending to change because there was no need for any change then. This downturn has been a wakeup call for companies. One of the big things that is happening is that people are realizing, even at the top, that the business is

“The new normal: global inter-dependence, heightened competition, faster pace of change, greater complexity”

JIM TAPPER



7 Requirements

Post Recession

Need for business to change their strategy faster & more frequently: Companies will need to revisit their strategies more often than ever before. In the West, this change was caused by the recessionary period where companies had to adapt to the new economic situation; in countries like India, the need to adopt was not so much due to recession but due to the changes in regulatory environment (specially in the banking sector).

Need for leaders to concentrate on “focused” innovation: When business environment was good, many companies were encouraging unbridled innovation as a means for growth. But in the post-recessionary environment, companies need to concentrate their efforts on those innovations that can be brought to the market quicker and at lower cost.

Need for simplified business models: This is the need of the hour; companies need to focus on simplifying structures and business models to remain agile. This is a very important challenge especially for Indian organizations, as they grow and become more global.

Need to focus on doing more with less, while maintaining employee engagement: In other parts of the world particularly where the recession has been much deeper, the way you demonstrate to people that they are important is by keeping them engaged, especially by investing time and money in their development. In the Indian context, the need for employee engagement and development comes from the great deal of competition for resources, typical, growing economy.

Need to understand “new” definition of customer focus: Either when companies are facing demand of a shrinking economy or are facing demand of high competition in a growing economy, they need to focus much more on their customers. Companies need to define who their customers are and create new channels to address their requirements.

Need to focus on authenticity in leadership & brand: The younger generation is demanding authenticity, both on leaders and brands. This generation expects leaders to be authentic and they take note on whether they do what they are saying they're going to do. This can be a challenge for many traditional leaders as the expectation from them have changed. This generation also expects authenticity of the organization and their brands; what does the brand stand for, how has the brand grown, is it sustainable, is it fair trade, etc.

Need for understanding demographic changes & diversity: Diversity can be ethnic, cultural, racial, gender, disability, etc. These factors are much more important today than what they might have been five years ago - differently in different parts of the world. In India, as companies expand abroad, they have to take into account the demographics of those different geographies where they are expanding, especially since the demographics of the workforce are different in the west. There is also an additional requirement of having diversity of thought around the table across companies. Some people in the financial services sector in Europe and in the US argue if companies would have had more diversity of thought in their Board rooms, for example by including more women, it could have made a difference in the level of downturn in that sector. ■

becoming so complex that to have a singular leadership is not in the best interest of the companies or their stake holders any more. Leadership hence is getting distributed. One may either call it collaborative, distributed or team leadership. But the reality of leadership getting shared is inevitable. When it starts at the top, it has also to percolate downwards, if the organization has to grow.

Hence there is a lot more focus on developing leadership capabilities. Till now, organizations were only talking about it. At best they would just do a programme or an intervention, without really knowing why they were doing it. It was very tactical in nature. But now, there is thinking behind it. Organizations are realizing that there is a need to define the type of talent needed, and to manage, develop and retain that talent.

Within the whole spectrum of companies in India, there are some which are at one end as early starters, while there are others which have traveled some path. The overall focus will be on creating the right frameworks to build on the talent management requirements for the future.

Could you quote some examples?

Deepak: There has been a change in realizing what organizations need in the next phase of this economy.

Firstly, earlier companies would engage employees in general management, middle management or leadership programs without knowing why or even what was expected out of it. Today, organizations are identifying their business strategy and what behaviors will be required to achieve new business goals. Then only, they identify what programs will help employees develop those capabilities required and then take the development plans ahead.

Secondly, earlier the focus was only on functional capabilities; today, the focus is also on leadership capabilities. For instance, if we are going to get into newer markets, then a conventional thinking will not help us to get there. If an organization that has been working in urban markets only intends to get into the rural market, then they will need newer & different solutions to succeed in this new market. There is going to be a need for newer behavior, more innovation, newer and more creative thinking.

Thirdly, today there is also a change on structures and business models. People are not working today within rigid structures. They



are working in semi-flexible structures. They could be working on profit basis, in teams, on specific short term goals, etc. Team work is becoming more and more critical. These teams could also be virtual teams. People are using technology to work on four different locations at the same time even in India, not just overseas alone. A lot of social networks are emerging on those lines. So people have now learnt the language of social networks, which can and are already being used even in the professional network space. You can't disregard these changes, which are now becoming the realities. These are a part of the new normal. Every professional has to think on the lines of how I use these to my advantage, for the betterment of the business objectives.

Jim, could you share your views?

Jim: It is important for companies generally to have a unified-approach to talent management. It all starts by having a capability framework that defines what 'good' looks like for the organization. It is not about training your managers. It's about training them for some specific traits that you want them to exhibit as leaders. With that comes a need

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for assessing people to identify their levels in the defined capability framework. Depending on the result, you train them or develop them on that basis. That's only one element though; the other element is to build a pipeline for the future.

Talent management starts with recruitment and induction and continues with training and development. So the framework of 'what good looks like for my company' should be used to screen candidates and recruit them based on the behaviors organizations need to have in addition to the skills required. The people who are being hired at entry level may not demonstrate the skills or behaviors necessarily. But at least there should be a view of having the right potential and then build on that as they go through the development pipeline within the organization. So management development is not only about the people who are currently part of the organization but also

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about the pipeline of people who will be coming in to be a part of the organization. It is that unified approach that helps.

In many ways, Indian companies have the opportunity to leap-frog Western companies like the European or North American. In many ways, it has taken Western companies a long time to get to the approach to talent management that I am talking about. Indian organizations can learn from best in class processes and technologies to adopt these processes better and quicker. If implemented in a unified way, as opposed to a piece-meal approach, it can bear the desired fruits much faster and in a much better way.

What is different in leadership, organizational and people management practices for Indian home grown companies and for Indian MNCs in this "new normal"?

Deepak: Indian companies are very high on self confidence right now. That is one thing



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that characterizes them and differentiates them from foreign MNCs. The negative side of our companies is that team work is a deficiency; this is also in turn an opportunity as organizations are highly entrepreneurial and independent.

This independence can be used very positively in today's context. So companies, instead of focusing on the lack of team work, are focusing on the entrepreneurial aspect of their employees. Promoters of companies are giving freedom to the new generations to handle a business in their own fashion. Whether you take the Mahindras or the Tata Group, they all follow this style of working.

MNCs are characterized by very strong processes; this at times tends to be blocking innovation and growth. In Indian companies, the decision making is much faster as they use individual capabilities to their advantage, instead of getting bogged down by the lack of team work or by rigid processes. The challenge is to overcome the paradox of team work and individual brilliance effectively.

I believe that individualism vis-à-vis team work is the only challenge that surrounds Indian Companies. Making the transition at the right time and with the right spirit is what the younger leadership has to be sensitive to. ■

Deepak Mohla is Managing Director at Inspire One. Deepak has over three decades of professional experience that is a dynamic mix of corporate and consulting assignments across various industries. His multidimensional experience across Investment Banking, Management Consulting, Agriculture, Automobiles, Of-fice Automation, Telecom and Industrial Entrepreneurship enables him to undertake the role of a Change Catalyst at the individual and organizational levels.

Jim Tapper is Managing Director at the Centre for High Performance Development. Jim has spent most of the last 25 years developing and leading consultancy practices in Europe and the United States with particular emphasis on major engineering and process industries. He has been advising companies on strategies and operational improvements to gain competitive advantage.