

Building Leaders for the Future of Business
ET Global Townhall

1. What do you think has been the impact of the pandemic on business leaders and businesses?

The pandemic impacted every business, in some cases positively and in some cases in a challenging way. To start with, the 2 year old pandemic has impacted GDP of all countries (except China). I think most business leaders were surprised to start with but then everyone recovered and started managing their business digitally. If you look at growth, 2020 was impacted, 2021 was impacted and hence a true like for like growth reference year will be 2023 vs 2022, assuming that we do not see any further covid impact. Since all industries were impacted, we saw a lot of cross industry collaboration in terms of sharing of experiences, what's the tech industry doing?, what's the durable industry doing?, what's the insurance industry doing? and this gave birth to the concept of knowledge sharing webinars.

Businesses have had to digitize faster, needed to collaborate more. The crisis lessons have been valuable and I think every leader and industry has learnt something of value.

2. How have organisations worked in the pandemic and what is the future in terms of ways of working?

The best positive from the pandemic has been the robustness of the global technology architecture, we did not see any outage or breakdown of any social site or web video sites. Bandwidth went up by 60 % in the last two years. I think everyone started work from home and were deciding on the go whether this will be the new mode or will there be another mode of work.

I think employees adapted superbly to the new ways, productivity went up across most industries in India, the best companies in every sector did better which proves the old adage that well run companies tend to do better in a crisis.

Companies that have announced a permanent work from home model are PWC in the US, Cavinkare and RPG in India, Spotify globally, Twitter globally, and IBM has said 75 % of its workforce will work from home.

Most big Indian banks have started full time work from office. I think most companies will expect employees to

get to a physical work location once they are fully vaccinated.

More than companies, it is good to look at which industries can work remotely and which functions cannot. Banking and financial services, all of management functions, IT & communications and Education can work remotely , while Agriculture, Construction, Food service, Transportation and Manufacturing need people at the work location.

In terms of functions, supply chain, R and D, facility management cannot work remotely while customer service, finance and accounting can do so.

3. What strategy elements should leaders think about for the future?

A big lesson from the pandemic and something I have said is that strategy is not a one off exercise where you think for some time, you put it in a bound folder and then forget it. Strategy today is a '*continuous response*' to what's happening around you and what could happen to you. The pace of change is so quick that there is no time bound definition of anything in business.

In today's world ,strategy and tactics feed into each other continuously and are not distinct and separate as in the past.

Almost all strategy is about technology now and eco systems. No company is an island and CEOs, especially of legacy companies and insular industries must understand this. Being part of a winning eco system is an important element of strategy. A good example is the FMCG sector, most people working in the FMCG sector say they are consumer led, but see modern trade and E commerce as adversaries while the consumer sees them as friends. If the FMCG company is consumer focussed, it must ask if they can do the thinking for the consumer and how easy and simple can they make the whole process. Going to a retail outlet could be a chore which some consumers might want to do away with in the future.

4. What have employees gone through in the pandemic and how has this impacted commitment and loyalty to their company in the pandemic and after the pandemic?

Employees have gone through a wide range of emotions in the last two years. At the start of the pandemic , they were worried about health issues, then about keeping their jobs and then about keeping

their salaries. Small business owners who didn't have access to working capital struggled.

Employees are consumers first and employees second. The average debt in rural India per household is Rs 60,000 and the same in Urban India is Rs 1,20,000. Household debt in India went up from 33 % of GDP to 37 % an increase of 400 basis points. In absolute terms , household debt went up from 947 billion INR in FY 20 to 970 billion INR in FY21.

Employees have gone through a webinar fatigue, the earlier companies recognise it the better.

In many cases, WFH became work from hometown in the last two years.

Employees spent more money on health insurance and upskilling in order to secure better jobs .

Employees looked to the company for medical assistance, vaccination etc.

Loyalty to a company improved if a company stood by the employees over the last two years and loyalty decreased wherever this was absent. That's why we see attrition levels of 20 % today after the opening up of work and society.

Most employees didn't worry about work life balance as much as mental health, this has become important now. Employees expect access to good quality counselling now.

Women had to work doubly hard in the pandemic as they had to manage work and home.

5. How have customers/consumers changed in the pandemic and what will continue in the future?

Consumers have discovered the ease and joy of digital shopping in every industry. B 2 B businesses have also gone digital. The UPI payment system has enabled consumers to frog leap traditional brick and mortar banking facilities. The UPI system will make consumers trust and go digital , more than any other platform.

Consumers have learnt to be more house proud and sought home convenience, they have bought many more home technology gadgets for the home. Laptops, cell phones, routers, dish washers etc. Younger consumers went back on ride sharing and were evaluating buying small cars.

Consumers have re-evaluated their investment options thanks to low interest rates and fewer saving options. They are now investing in the stock market. India added 14 million investors last year to an existing base of 36 million , bringing total investor base to 50 million, which is still 3.7 % of the total population, significantly lower than 12 % in China and 55 % in America.

Consumers have shopped for anything healthy, so all apparel, food, beverages, , seat covers, paints, everything had a health variant launch.

A combination of lower savings, higher EMI, fewer saving options, lower salaries and lower salary increases has pushed consumers to the stock market. The stock market has become the income/wealth balancer for maintaining lifestyle for many professionals.

Consumers have taken to OTT entertainment in a big way.

Men have learnt to cook, and families have experimented with new cuisines.

Consumers have relooked at their wardrobe and have brought out all the old clothes they didn't wear before. Dress sense has gone distinctly informal now.

Consumers have gone omni channel which means they expect the same experience in both physical and digital.

Consumers took to physical exercise a lot more in the last two years.

6. What is the model of working that you see for the future?

I personally think that competition will give way to collaboration as a result of what's happened.

If one were to rethink five forces of competition as five forces of collaboration, then for every institution they would be collaborating with:

a. Government, b. Industry, c. Society, d. Customer, and e. Academia for knowledge

Every business will need to rethink business models and digitization. Every CEO feels that his/her company is digitised but digitisation must lead to distinct

advantages in agility and adaptability to serve stakeholders.

Companies that will win will have horizontal collaboration vs vertical empowerment. Building team spirit for a company and not a function will be the new norm.

Every business will need to rethink work policies. I think we will see more gig workers in the future. I think work from home gives women more opportunities.

7. What is the type of successful CEO of the future?

A successful CEO will be a Chief Ecosystem officer in the industry and a Chief Emotions Orchestrator in the organization. Post the pandemic, a successful CEO will be :

a great communicator

a customer champion

a facilitator of technology and

a person comfortable to outsource non - strategic work and

a champion of new business models

Shivakumar
8 October 2021
Mumbai