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Page : 10

Winning in a fast changing world



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India is the birth place of the business organization of the future. A confluence of three factors is driving change in India - an unprecedented change in the consumer and the marketplace, an acceleration of competitive intensity and finally a complete change in the talent landscape. All these changes call for a coherent organizational response in terms of business models and strategy. Most important, it calls for a mindset of passion, paranoia, curiosity and accountability.

The changing consumer and market place

In the last ten years, over 100

million consumers have emerged from poverty and joined the consumption pool for the first time. In addition there are over 65 million rich consumers with enormous disposable incomes whose consumption has had a structural impact on several categories and markets. Even more significant, the pace of change in consumption has varied dramatically within the country. In several categories, the top 87 cities account for over 50 percent of urban consumption while in rural India, the top 25 percent of villages account for over 50 percent of rural consumption.

While older consumers in India have always felt guilty about both debt and consumption, particularly for categories such as high-end durables, eating out, personal care and apparel, there is a fundamental change in the attitudes of consumers below the age of 25 leading to high levels of trial and experimentation. The result has been explosive growth in such categories.

The movement of consumers in and out of categories, the changes to the structure of consumption across segments and the co-

existence of seemingly conflicting attitudes to consumption has created a level of complexity and challenge never seen before.

The changes in competitive intensity

Clearly, the nature and extent of consumer changes are being seen by everyone. There is an urgency to grab a share of what will one day inevitably be amongst the largest consumer markets of the world leading to a proliferation of products and services. In the skin category, for example, there have been over 1200 brands and variants launched in the last five years alone. Even in a more developed category like soaps there have been over 800 brands and variants launched in the last five years. This increase in competitive intensity can be seen consistently across several sectors including insurance, mobile telephony, financial services, durables and many others.

The changing talent landscape

There is an enormous scarcity of the right talent. In addition, the

explosion of choice in the market for employees implies that old ways of recruiting, training and retaining talent are undergoing a massive change. The time taken to invest in and groom leaders of businesses is also being increasingly compressed. The need to learn and unlearn a new set of skills at the same time is being felt like never before.

It is this simultaneous change across the consumer, competitive and talent landscape that is creating altogether new opportunities for businesses and leadership. These changes have fundamental implications for businesses.

Implication on business models

Businesses that have depended on one business model to thrive and grow must continually re-evaluate their business models in addressing their historical constituencies even as a whole new set of sizeable and viable constituencies open up. For those who operate across a spectrum of markets and segments, it is crucial to disaggregate their business models in order to deal effectively with both new segments as well as mature segments. This has

implications on the way all aspects of the business are configured - from distribution to marketing to the supply chain.

Implications on strategy

The role of strategy must change. From a clearly defined set of choices that dictate how an organization must win, strategy must morph into a broad direction that is continuously re-evaluated on the basis of new triggers that are experienced. This will imply more compressed planning cycles with the inherent flexibility in mindset to shift, alter and indeed eliminate plans on-the-go in order to meet the needs of the consumer and the changing marketplace.

Implications on culture

For many companies and indeed industries that have been born into this changing India, navigating the environment through experimentation and through execution based on a broad direction comes naturally. This is what they have grown with. This is what they see happening in their industries at a rapid pace. For others, there are fundamental implications on