

Thinking World-Class and Developing a Global Mindset¹

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Something like a whirlwind has struck Indian business, during the last one year. Companies in the information technology, media and telecommunication sectors, often termed as TMT companies, have riveted the attention of business press and financial markets. It has left the traditional and large companies gasping, and is redefining what is successful and powerful in the Indian business arena. The TMT companies have attracted huge investor interest and now command phenomenal valuations. Companies like Infosys and Zee have attained market capitalisations of global levels, leaving far behind the valuations of much larger Indian companies.

Though there is some undeniable hype built into the valuations, notwithstanding the recent corrections, there is certainly a lot of substance. These TMT companies have positioned themselves as 'world class' enterprises. These companies are perceived to have the potential to succeed against competition from the best of world's corporations. They also seem to have the potential to become world players, with a significant presence in a large number of countries. Therefore they can become not only world class but also world scale in operations. While the task of becoming world class has just begun for almost all the claimants, the creation of the positioning or perception is in itself very important. The positioning has a lot to do with the way of thinking within these organisations. So what lies behind these 'world class' India based organisations?

We contend that these 'world class' India based firms have adopted a 'global mindset.' The embodiment of 'global mindset' is the essential starting point, as

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one has to start believing it before doing it. A company with a global mindset compares itself with the best of the breed in its class world-wide; it does not rely on local or national protected competitors for benchmarking; it aspires to provide to its customers state of the art products and services that suit the market conditions in which it operates. The global mindset entails a fundamental change at the way Indian companies look and feel about themselves. It means that they perceive themselves more as India based companies, having aspirations to achieve significant presence world wide in their chosen product-markets. It is an attempt to not only be globally competitive but also to be world scale, as these are interrelated in the long run. The global mindset manifests itself in a myriad of company specific strategies for geographical expansion, product and technology development, marketing, etc. This mindset would also govern the design, functioning and evolution of their organisations.

The assertion within, and projection outside, of such global aspirations, has made TMT companies special and singled them out. It is the adoption of the global mindset that is responsible for these companies potentially becoming world class. Some companies have backed-up the positioning with major breakthroughs and excellent performances, and financial markets have bought into the global aspirations. While the financial markets have a tendency of overdoing the act and propagating a bandwagon effect to the entire sector, the potential of some TMT companies is irrefutable.

The world class thinking of some TMT companies is also of enormous significance for the Indian industry as a whole. Decades of a “centrally planned – self-sufficient” economic paradigm, had stunted the aspirations of Indian companies. It led to the creation of an inward looking mindset, and the companies did not look beyond Indian shores for business opportunities. They could afford to ignore global competitors. The decade of 1990s was a period of transition to a “market oriented – globally integrated” economy, and the Indian companies faced an extremely turbulent situation. Loosening of various controls led to euphoric conditions in the first half of the decade, to be quickly followed in the second half by excess supply and tough competitive conditions in many industry sectors. Overseas competitors could no longer be ignored, as they entered a majority of industries. The initial approach of allying with overseas firms through joint ventures, soon turned out to be counter productive for many Indian companies. However most Indian companies have survived the transition decade of 1990s, and they have shown the desire to stand-up and fight the competition. These Indian companies can look to and learn from the world class thinking of the golden triangle India based companies who have become the flag bearers of the global mindset. Many companies like BPL and MRF, have emerged stronger after facing toughest of competitive situations.

The TMT companies have shown the path and the benefits of acquiring a global mindset. This mindset is essential for companies operating in the entire spectrum of Indian industry, for two reasons. Firstly, India based firms need to match and become superior to international competitors even in the domestic market for

securing survival in the short run. Secondly, they need to build upon the gains in domestic market to sustain performance in the long run and this is no longer possible without international involvement. Developing and embodying a global mindset is not easy. It takes time and management commitment and courage. It is easier now to acquire such a global mindset (and is indeed the norm) in industries where India has some distinctive advantages i.e. information technology. It is also easier for new corporate entities and in emerging industry sectors, as Indian companies start on the same footing and face international competition from the beginning i.e. private sector banking, telecommunications, E commerce, media, etc. In a way it's natural that TMT (technology, media and telecommunications) has shown the way, and companies in this arena have come to be termed as the golden triangle companies – as these sectors utilise an abundant resource in India – trained brainpower. Some companies in each of these sectors have been able to develop credible strategies and management approaches to realise their global aspirations, which have removed any kind of constraints on mobilising resources. Indian companies that have developed a global mindset have not done so overnight – they have done it over a period of years with much sweat and toil under the influence of international compulsions. Though it has been hard work, such companies have not only brought the whole sector into limelight but have also energised scores of organisations in other sectors.

Indeed, the pressure to go global is now manifesting itself across all sectors of the economy. However, the issues faced by other companies, especially those that are not in the golden triangle, are fundamental and complex. They relate to difficulties, as much as in shedding the earlier 'inward looking – protection seeking' mindset as in acquiring the global mindset and in the quantum changes needed in the organisation's design and functioning and the design and implementation of new strategies. The realisation of the irrevocability of global competition and deeper understanding of the dynamics of global competition, would certainly aid in shedding the old mindset. This involves taking a long-term view of business and in devoting resources for developing technological and organisational capabilities. The emotional affiliations and comfort levels of the past, need to be reassessed and courageously altered. Managers in these firms need to take the bull by the horns or their firms will die. The hype around the golden triangle companies and the experience of competition during 1990s, is certainly creating a positive push towards the new global mindset in non-TMT sectors. Several groups like the Tatas have been going through introspection of this kind, and the recent initiatives of Tata Tea point towards acquisition of the global mindset.

There is a quixotic side effect of the current attention on golden triangle companies. It has led to some kind of sulking on the part of traditional companies, as if their industries have low potential!! Nothing could be farther from the truth, as the per capita consumption in India of virtually any product or service, is far below the levels of developed countries or that of even comparable countries like Indonesia and Brazil. This situation prevails from commodity goods like cement, to consumer products like television, to high technology

products like personal computers and telecom equipment. These low per capita consumption figures are, after all, an important reason motivating overseas firms to come to India. The Indian market with its large potential size offers opportunities to achieve world scale in efficiencies for most products. Equally importantly, the next phase of growth for firms is likely to come from the application of 'TMT' by 'traditional' companies in other sectors as these companies seek to leverage the advantages that TMT offers in their marketplaces. Already there are straws in the wind as we look at the online initiatives of companies like Ford, Unilever and Matsushita. The achievement of sufficient scale in the domestic market, can be further exploited through overseas expansion by Indian firms. For some Indian companies, the new geographical horizon may well cover South Asia or east of Suez countries, and may not include developed countries at all. Companies in traditional sectors like Punjab Tractors, Himmatsinghka Seide, Dabur have been able to excite financial markets, with their new mindsets and credible strategic approaches.

The future growth of the Indian economy would then also be fuelled by and be based upon the rise of India based global corporations; and it will not be solely a function of foreign direct investment in India. Going by the history of Japanese and South Korean companies, a country of India's size and entrepreneurial resources should aspire to have few companies in the top 100 companies of the world by 2020. This would mean another dozen companies in next 400 list, and more than a hundred over \$ 1 Billion enterprises. Till a few years back, Reliance was perhaps the only example of a firm with a global mindset in India. It aspired with this mindset under a highly adversarial business environment, and by its example managed to inspire many companies in the basic industries and a generation of managers and entrepreneurs. The emergence TMT companies is a highly welcome development, as it goes to prove that if an enabling global mindset is crafted into credible strategic approaches, then resources are not a constraint in an emerging economy. For the emergence of world class India based corporations with a global mindset, there is nothing to substitute the wide-ranging impact of the demonstration effect. World-wide, as in India, TMT companies have so far led the way. However, it finally comes down to the courage and conviction of the leadership, in order to start the process of reorientation within themselves and to redefine the new corporate vision and values to embrace the global mindset.