Conquering the Chaos: Win in India, Win Everywhere

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The book celebrates the distinctiveness of India as a place to do business. The essence of it is that those who learn to be successful here can succeed in other unfamiliar and difficult environments as well. The book makes a persuasive argument that rather than looking for way to quickly skim the market, it makes sense for multinational companies (MNCs) to make long term commitment to this unique land.Rather than getting overwhelmed by the chaotic nature of Indian business landscape, MNCs should learn how to innovate and succeed in a humungous price conscious but demanding market with its atypical set of requirements. Though the biggest barrier to succeed in India seemingly stems from internal culture and mind-set at headquarters of MNCs. Propensity to look at the new market for easy gains using sales-oriented approach, inability to trust local leadership adequately combined with tendency to rigidly replicate products, business models and operating systems that have worked at home market drives many MNCs business in India into a "midway trap"; insignificant as compared to global growth and profits.

The author, Ravi Venkatesan, has helmedIndian business of two world classMNCs, spanning two ends of industrial spectrum - engines and software, namely Cummins and Microsoft. He led both to great heights of growth and success. So, when he speaks through this book, it makes a compelling reading. He combines his personal experience and interviews with CEOs and senior leaders of around thirty companies in different industries, as well as discussions held in various forums with accomplished country managers. Venkatesan has tried to address the fundamental question as to how MNCs should approach India as a business landscape, as "winning in India" is important not only for its in-situ market but also for other emerging markets that are similarly challenging. The author has provided practical perspectives and actionable advice using real-world anecdotes, which are aimed at operating managers.

Doing business in most emerging markets is tough. But, both in its potential and its challenges, India is prototype of many other emerging markets. Market potential of all such markets is tempered with varying combination of corruption, volatility, chaos, governance issues, weak institutions and poor infrastructure. India, with its unique amalgamation of huge potential, substantial managerial capability, decent talent pool and developed institutions acts as cauldron for MNCs to hone their strategy. There is not one India, but many India co-existing that demands atypical strategy by MNCs. Based on annual income data, the entire country can be stratified as a flattish pyramid with a fat base. The small affluent segment at the top - "the Australia at the top of India" as Steve Ballmer of Microsoft calls it, resembles the markets of home country and thus MNCs feel most at ease to sell global products at global prices. But, their box of ready templates fail to deliver as MNCs try to deepen their presence in the price-sensitive, quality-conscious, features-demanding middle market. Cracking this middle market requires considerable innovation, who perhaps wants "70 percent of the value of the global product at 30 percent of the price". Then, there is the bottom of the pyramid, who survives on less than $2 a day; they represent not an opportunity to earn fortune, but "an opportunity to earn trust and goodwill through corporate social responsibility and shared value initiatives".

Venkatesan lists out the criteria for real success in India for a MNC, namely, the company is leader in its industry in the local market, delivers 10-20 percent of the new growth in revenues and profits on global basis and uses the domestic production capability to win in other markets. The author cites JCB, Cummins, Microsoft, GE, McDonalds as some companies that have scored well on these parameters. Such companies straddle the market pyramid, create localized business model, take a long term view of growth and leadership, treat India as a geographic profit center and develop resilience to deal with India's corruption, uncertainty and volatility.

Most MNCs, after initial days of quick success, enter into midway trap where growth is determined by the industry tide; the driving force is no longer with the company. Only those companies who can get out of this frustration zone can move onto to the market leadership position. One oft-repeated but still missed out point is that MNCs consider India as an extension of their own market, and are surprised and distressed when they find that it is not so. The author argues that this is so as most MNCs hand over responsibility of Indian market to the global sales or international business unit at the corporate. Indian market is not ready to accept most goods, and sales leadership has many other markets, more amenable to their goods. Thus, India continues to rank much low and at times disappears altogether from their radar. Rather, what a complex market like India needs is an entrepreneurial general manager, reporting directly to the CEO or similar top management of the MNC to ensure unwavering attention, appropriate and timely decisions and most importantly, investments with longer payback period.

Next, MNCs need to modify their operating models that balance the local responsiveness, spanning customer opportunities, market shifts, and competitors' moves, and global standardization. They also need growing resilience to deal with corruption and cope with volatility. The author makes a very important point - that barring a few industries, it is possible to do business in India without being corrupt and having to bribe. What is needed is conviction and serious focus from the top. A culture of compliance and strong local leadership gives signal to the business landscape of what the company will do, and more importantly not do. The social memory is respected and many times much more effective in thwarting undue expectations.

Emerging markets require capability to deal with turbulent environment. The author suggests that the first step to develop resilience to operate in India starts with making country managers explicitly accountable for the image, reputation and influence of the company in India. He quotes respected former Chairman of Hindustan Unilever Ashok Gangulywho talked about the unwritten philosophy that guided the company since independence - that what's good for India will be good for the company. History of past imperialism results in rather ambivalent attitudes of Indians towards MNCs. They are welcome for financial muscle and latest knowhow, but there also remains lurking fear of their hegemony tendencies. Thus MNCs may do well in adopting the deep commitment of HUL to the country that Indian society appreciates.

The book discusses at length how to make joint ventures work, and shares lessons from JVs that have worked well. However, while listing the JV failures in India, the book misses out on the spectacular failure of certain JVs of earlier era like Proctor & Gamble - Godrej JV. One wishes to understand how the contours of JVs, standards of due diligence, and appreciation of opportunities, expectations and challenges of respective partners have evolved in last twenty years.

The only chapter that seems superfluous in the book is the one devoted to growing leaders for business. All the challenges highlighted and panacea suggested is staple to any book devoted to leadership. That the chapter has to cite examples from ICICI, and Tata Steel (HUL being the only MNC) underscores the mundaneness of the discourse.

The reader may have another grouse. The list of successful MNCs in India from which major learning are culled seem to be surprisingly small. So after a time there are not many interesting examples being cited, rather a few are being analysed time and again. So, this may lead to reader fatigue. Also, almost all studies are from MNCs that are giants. There are many smaller MNCs who have also entered India. Examples of how some of these coped up with opportunities, diversities and adversities of the country is sorely missed, especially as they will be more resource constrained compared to the giants. Lastly, there are copious examples from a

MNC with century old presence in India, namely HUL. Nothing new seems to emerge from the discussion- all examples are generally known. Also, some may argue that HUL did benefit from a very long learning curve; so deeply is the company identified with Indian milieu that it is the only one in Unilever stable with country name tagged.

The book lays lot of emphasis on changing mindset, leadership qualities, trust and visceral understanding of emerging markets by the global CEOs as a recipe for success. These may sound rather cliché at some level as these seem to be too person-centric and linked to the CEO's idiosyncratic personal liking of high context culture and country, which most emerging markets are. Also, building resilience to run a business without succumbing to petty corruption and managing to cope with volatility could have been bolstered by real life examples; otherwise to reader it may sound too utopian to be true.

Venkatesan earmarks bulk of his attention to the role of leadership in making MNCs succeed in India. The role of right country manager to grow a business cannot be overstated. A personal anecdote may not be misplaced here. I had been closely associated with a MNC that started operations in China and India almost at same time. The Indian outfit worked as per template and clocked the mandated profit per quarter as required by global headquarter. The result was that ten years after its entry, it was still a moppet compared to others in same industry. Chinese country manager, on the other hand, took a different strategy to grow the business. He insisted with global leadership that in an emerging market, looking for quarter on quarter profit is neither viable nor justifiable. Thus, he invested in gaining traction in the market, rather than look for quick wins. Result was painstakingly created industry and university associations, and presence in various forums across all economic clusters in the country. As service offering of the MNC was extremely new to the Chinese market, to build credibility, he initiated the practice of gratis service such that client understood the heft of the deliverables. In ten years' time, not only was the business largest in its industry but it had also managed to create novel product and service offerings, which were adopted by the parent company for global growth. The divergence in fate of both companies was glaring by 2007, Chinese business had a seat in the high table of global decision making, and Indian leadership was up for a change.

All in all, the book is a quick and easy read for operating managers of MNCs. They can do soul searching based on the three parameters of success suggested. After all, it is not easy to win in a market with high dose of both vitality and volatility.

Kajari Mukherjee is an Associate Professor in Indian Institute of Management - Indore. Her research interest is in organization design; she uses complexity paradigm to examine theoretical perspectives of organization. She also consults and researches in areas of compensation management and corporate social responsibility. Prior to joining academics, she spent two decades in corporate, both public and private sector. She brings in a unique combination of experience, having handled both line role,as head of departments and consultant role as head of projects.