Win in India, Win Everywhere: Conquering the Chaos
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Harvard Business Review Press

The Outstanding Speakers' Bureau
Some Fundamental questions

1. Does India really matter to a global company? Why bother with the Chaos?

2. What does it take to succeed in chaotic India?

3. Why is success so uncommon?
2014: Does India still matter?

Mounting concerns amongst CEOs

- Slowing economy
- Tax “terrorism”
- Massive Corruption
- Bureaucratic logjam
- Policy paralysis/flip flops
- Weak protection for IP
- ….

“There is every possibility that India could become a Banana Republic” - Ratan Tata, former Chairman Tata Group

"Foreign companies are starting to become scared here. They are starting to say, 'What am I doing here?' ….. I'll hire people here, but I'll be a lot more reluctant about investing, including making acquisitions. It's not a smart thing for me to be doing.” ~ Dave Cote, Chairman & CEO, Honeywell.
A $2 trillion economy growing ~7%

“India is an Oasis in an otherwise barren global economic landscape” ”India appears to be a beacon of economic light in a troubled world” – WEF

Source: OECD data, 2010
India: a continent rather than a country

India’s top 7 States have population of 730 MM & GDP of $850 Billion & are growing 7-9% /year
Second, India is an archetype for many emerging markets

Corruption Index rank #79 /175
India: “A functioning anarchy”

….. Like many other emerging markets

World Bank: Ease of Doing Business
India: Rank#1 130
Straddling The Pyramid in Emerging Markets

### Indian Income Pyramid

- **Million HH**: 154
- **Rich**: Above Rs 17 lakh
- **Middle Class**: Rs 3.4-17 lakh
- **Aspirers**: Rs 1.5-3.4 lakh
- **Deprived**: Below Rs 1.5 lakh

### Accelerated shift towards the higher spec vehicles

- **Local upgrades segment** growing due to:
  - Energy prices
  - Emission regulations
  - Safety regulations
  - Infrastructure upgrade
  - Higher payload demand

No significant growth forecast for the imported sub segments (European, Japanese)

### Competing with “non use” => products with >70% of value at <30% price

<table>
<thead>
<tr>
<th>Category</th>
<th>Developed nations</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATM withdrawal fees</td>
<td>1-2</td>
<td>No charge</td>
</tr>
<tr>
<td>Voice call charges</td>
<td>15-50</td>
<td>1-2</td>
</tr>
<tr>
<td>Paracetamol tablets</td>
<td>50-100</td>
<td>15-25</td>
</tr>
<tr>
<td>Taxi fares</td>
<td>2-3</td>
<td>0.40-0.50</td>
</tr>
<tr>
<td>Air ticket price (~1,000 KM)</td>
<td>150-300</td>
<td>60-100</td>
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The new paradigm requires developing products with >70% features as developed nations at <30% of the prices

[www.outstandingspeakersbureau.in](http://www.outstandingspeakersbureau.in)
Third- India is an Innovation Lab

Win in India - Win Everywhere!
“India will be the innovation Hub for the next 5-6 billion people”

I believe in India. When we talked about reverse innovation almost 5 years ago, it was really with healthcare in mind. So we are taking what we learn in India and make it the platform by which we grow the globe of business.

A customer here talked to me of using invertors between wind and solar technology. His idea is how we can design the product that would be as robust to wind and solar in a medley instead of having two different products. That is a unique idea that could fit almost anywhere in the world. A lot of what we are doing in wind are the things we can sell globally. The rail project, when it goes forward, will be another example of India playing the source of innovation for the global system.

-Jeff Immelt, Chairman & CEO, GE
Success in India is a Proxy for success in other emerging markets

“India should be viewed less as a difficult market where strange things are happening, and more as a market that is simply ahead of many other markets in its evolution. If we don’t figure out how to win in India, we could end up losing in a lot of other geographies around the world. Conversely, if we can win in India, we can win everywhere.”

- Stephen Elop, (former) CEO, Nokia
Finally…. Can India be the next China?

Can India really be the 'next China'? - The Economist

Oct 27, 2015 - The bulls say India is the 'next China'. Odds are they are right, if not today then within a decade or so. But even if this proves to be right in terms ......
Conclusions

1. Despite all its challenges, India cannot be ignored without consequences… Real opportunity to be “the Next China”

2. ‘Chaos’ is a defining feature of most emerging markets including India. Companies interested in emerging markets must learn to embrace chaos

3. India is important, not just as a market, but as a “proving ground” and global hub for emerging markets;

Win in India, win everywhere
How have a few companies broken through in the same chaotic place?

How do you win in India?
“What does winning in India look like?”

- #1, #2 in the industry and growing faster than others
- India provides 10-20% of new global growth
- India cost advantage is adding significantly to global profitability
- India is a global hub: Products, capabilities and talent from India are driving success in other markets
Who is doing well in India?

Hindustan Unilever
Perfetti Van Melle
Pavers England
Amazon
ABB
Volvo
Cummins
JCB
McDonald’s
Standard Chartered
LG
Schneider Electric
Alstom
Reckitt Benckiser
Samsung
Vodafone
Hyundai
Ericsson
Bosch
Suzuki
Piaggio
Honeywell
Pepsi
Rx success: Three differentiators

1. Commitment

“In every country that we are present in, we don’t look at one year or two years from now. Everything we are doing is so that we are happy five to seven or 10 years from now,”
-Diego Piacentini, SVP Amazon Int’l

Amazon India doubled revenues to $2BILLION in 2016 India has added new customers at the fastest rate for Amazon in its history including the US. $1b invested in 2016, $5B committed over next 5 years
Adapt to the market; Don’t expect the market to adapt to you

#2 Adapt to the market; Don’t expect the market to adapt to you

The “Midway Trap”

Growth rate

Commitment

Many MNCs trapped here

Market Entry
- “Toe in the water”
- India as a niche opportunity
- Protect margin, adopt same global model
- Country mgr is sales leader

“Frustration Zone”
- Frustration or irrelevance
- Revolving door of leaders
- Quarter to quarter
- Lack of investment to build India specific business system (product, supply chain, GTM, etc.)

Market leadership
- India insider management team
- Cost structure optimized with new business system
- Scale economies
- Localized product, service
Growth happens in spurts
Followed by periods of slowdown

Percentage change in GDP at constant price

Number of growth years in a decade (for India)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Growth Years</th>
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<tbody>
<tr>
<td>1980</td>
<td>3 Years</td>
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<tr>
<td>1985</td>
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<td>2005</td>
<td></td>
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<td>2010</td>
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SOURCE: International Monetary Fund, World Economic Outlook Database, April 2012
“I cannot emphasize enough getting the right leadership in India. The only time we have made progress is when we had the right set of Indian leaders in the top jobs, fully aligned with our strategy. Anything less resulted in chaos or drift”

- Tim Solso, former Chairman Cummins Inc. & General Motors

“It was absolutely necessary that the leader of our organization in India had an outstanding track record in the company, deep operational expertise and an inclusive approach toward employees, partners and customers. “

Jeff Immelt, Chairman and CEO, GE, Forbes Magazine, 2009
When the recipe to success is so evident, why do most companies not do the obvious?
“The biggest barrier to success in emerging markets is not the market; it is the mindset at Headquarters”

- Tim Solso, Chairman, GM & former Chairman of Cummins
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