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What it takes to succeed as a Multinational Company CEO in India

Many businesses are keen to leverage the huge potential of the Indian market. However, gaining a successful foothold in India takes perseverance and a real effort to adapt to the nuances particular to this country. Global companies need to recognize that India is a very different proposition – both in terms of business practices and consumer preferences – and must be treated accordingly. We invited a slate of senior business leaders from diverse industries to get their perspective on how global companies in India can succeed, and here is what we heard:

1. Keep the faith

A key message that every business leader reiterated was that to succeed in India one has to have a long-term view. Keeping the faith in the face of multiple local challenges such as regulatory bottlenecks, demand for products not growing at the same pace as other markets (e.g. China), etc. is critical to building a successful platform here. CEOs of Indian subsidiaries seem to be spending a lot of time with their headquarters defending why they are still dramatically subscale although the market opportunity looks immense. This often distracts the team on the ground from long-term goals, with the potential to derail the business strategy altogether. Therefore, Indian CEOs have to align expectations with headquarters, and tune them to the ground realities. A consistent suggestion was to bring headquarters to India (for example have a subset of the global leadership team visit the country) to help them understand, and hence believe. Essentially companies need to decide whether they want to keep the faith or not, because if you keep re-discovering whether you should or not, you will not build the long-term internal and external equity to be successful in the country. The Indian CEO therefore has to be the flag-bearer of this faith!

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2. Operate with honesty across levels

Good governance: Business leaders in India are expected to set the tone by conducting themselves in a transparent manner in all aspects. Compliance and associated transparency in India is everyone's responsibility and the CEO needs to champion this. Companies should not only be completely transparent in communicating with headquarters, but also have "zero tolerance" of unethical practices. It is critical, everyone believed, to create a robust governance structure in order to build a scalable business in India.

Managing bureaucracy: India does have a bureaucratic business environment with inevitable delays that cannot really be factored in, given the complexity of the procedures and multiple layers of bottlenecks. However, business leaders are of the opinion that if the compliance and contractual procedures are stringently and patiently set up upfront, then things are unlikely to deviate from what you expect from the contract. The lure to cut corners and hasten the process of signing contracts/projects/customer orders is what gets companies into trouble later. Many CEOs agreed that they lose more projects for competitive reasons than because they didn't bribe someone.

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3. Drive for local solutions

Process: Global organizations take a lot of pride in their processes and often try to superimpose them on other markets with an expectation of automatic success, which doesn't work in India if you want to build India as a market for your business. The view was that global companies have been adding a lot of complexity to their processes to try and perfect the system, getting it to a decreasing yield. In India therefore two things need to be kept in mind: (1) Try and keep things simple where you can, don't simply superimpose all global practices in India. It is okay to step into a very rare pothole (because of simple procedures) vis-à-vis over-complicating all processes to avoid it. (2) Where possible, design processes specifically for India to capture the entire breadth of opportunities that this market offers.

An important point to note as a call for localizing your processes to suit India is that local Indian companies who have built India-specific strategies from scratch have responded to business opportunities in India more quickly and successfully in comparison with their global counterparts.

Products: India is known for its diversity and presents a very large variety of customer sub-segments. Global organizations need to be innovative in successfully straddling the breadth of this diversity. Even within India, cities, states and regions have very different requirements, and offering one product without tweaking or customizing it for local tastes/requirements will not get you 'pan-Indian' acceptance. A lot of companies have set up their 'In India for India' programs through which they are not only modifying products for local usage, but creating completely new products and solutions that cater to India, and are even exporting them to other similar developing markets.

Specifically on R&D, treating India as a "low-cost" base will not translate to long-term gains, and one must take advantage of the availability of quality talent to build leadership capability and establish localized products.

Also, India ranked higher in R&D for most of the leaders than China, as there is no infringement by the Indian government on Intellectual Property developed by global organizations. This builds a stronger business case for global organizations to originate R&D initiatives for India in India. Some CEOs went so far as to say that multinational companies in India need to reinvent themselves and R&D should be a large part of this.

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4. Patience

Given the peculiarities and paradoxes of doing business in India, as stated earlier, it is clear that an organization needs to have a long-term view in India to harness the opportunity to full potential. Multiple aspects like bureaucracy and regulatory hurdles will test patience significantly (both for the organization and for the individuals), but if a global organization is able to ride it out, it will be able to build a profitable business. A suggestion was made not to front-end the investments, but to calibrate investment speed, and tie it to specific milestones and metrics. This would ensure close scrutiny of progress, and give the organization the elbow-room to tweak the strategy based on changing business imperatives. Impatient CEOs in India will only frustrate themselves, leading to loss of faith.

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The discussion was moderated by Neeraj Sagar and Vineet Hemrajani from Egon Zehnder India on 26th April 2013, in Bangalore. We would like to thank all participants for their valuable input. The participants included:

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- Philippe Divry, President & Senior VP, India Joint Ventures, Volvo India
- Bazmi Husain, Country Manager & Managing Director, ABB Limited, India
- Thomas G. Kadien, Senior VP Consumer Packaging & IP Asia, International Paper
- Navneet Kapoor, President and Managing Director, Target India
- V. Raja, President and Managing Director, TE Connectivity
- Narayan Ramachandran, Chairman and co-founder, InKlude Labs
- S. Sivakumar, Group Head of Agri and IT Businesses of ITC Limited

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