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LEADERSHIP
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THE HUNT REPORT

TECHNOLOGY & TALENT

CATALYSTS FOR CHANGE

PREFACE

HUNT PARTNERS
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Dear Reader

With great pleasure, we present to you the 13th edition of The Hunt Report, a half-yearly roundup of key trends influencing executive hiring across various industries. This edition is a great blend of Technology and Talent impacting industries.

Trends like subsidiarization of banks and changes experienced by the Private Equity industry are culminating in a metamorphosis of the Financial Services landscape. The entry of large players in the FinTech space is further giving a new shape to the Indian economy. Technology has now become an indispensable tool that is used to enhance customer experience. These developments are creating a huge demand for high quality talent, that has a good understanding of technology and can help these organizations ride the digital wave with ease. As a result, newer roles are being created and various innovative career opportunities are emerging.

While preparing to deal with the macro-economic changes with the help of technology and talent, it is also essential to focus on the effectiveness of the board and work towards improving it. The first step towards this is to conduct a comprehensive evaluation of the Board and to make internal changes accordingly. You can read all about it in this edition.

We hope and believe these articles will provide you good insight into the shifting mindset and the new hiring trends across various industries.

We welcome you to share your view, opinions and comments at: editor.thr@hunt-partners.com
Happy Reading!

The Knowledge Management Team,
Hunt Partners

CONTENT

CORPORATE GOVERNANCE AND THE BOARD

DIRECTORS' CLUB 12TH EDITION IN A NUTSHELL

Hunt Partners Successfully Concludes 12th Edition Of *Directors' Club*.

In April 2018, Hunt Partners—in partnership with Global Governance Services (UK)—successfully concluded the 12th edition of Directors' Club – its flagship corporate-governance platform.

Launched in 2013, Directors' Club (DC) has risen to become the country's leading and longest-standing platform to promote corporate governance by enhancing the capabilities and effectiveness of Independent Directors. DC has the distinction of being recognized by the National Foundation of Corporate Governance (NFCG), of the Ministry of Corporate Affairs. The cohort of DC Alumni now numbers over 270 plus.

Directors' Club was created to address the needs of Independent Directors for enhanced skills, perspectives, and a deeper understanding of the role. Bolstering the effectiveness of Independent Directors is one of the most important drivers to achieving highly-effective Boards.

The program saw the participation of a diverse set of senior executives from across industries and sectors.

The key to the program's success was the continued delivery of modules by world-class faculty including:

- Dr. Chris Pierce, CEO, Global Governance Services Ltd. and Consultant for Board Evaluations Ltd.
- Mr. OP Bhatt, Independent Director at Hindustan Unilever Ltd, ONGC and Tata Consultancy Services
- Mr. Nawshir Mirza, Independent Director, Thermax Ltd.
- Prof Raghu Iyer, adjunct faculty at SPJIMR
- Mr. VishwanathVenkataramanan, Partner KPMG
- Ms Kalpana Unadkadt, Partner Khaitan & Co.
- Mr. Barnik Maitra, Partner McKinsey & Co
- Ms. Vladislava Ryabota, Regional Corporate Governance Lead for South Asia at IFC

Some of the unique modules of DC are:

- Role of Independent Directors and Role of Boards- Effectiveness & Best Practices: This module focuses on the formation, composition, and functioning of board, and roles of the board and the Independent Director
- Board Evaluation & Effectiveness: With the help of statistics from India Board Report 2011 and 2014, this module focuses on parameters for Board Evaluation, and barriers which hinder Board effectiveness and governance
- Transition from Leading to Influencing: This module covers personal drivers and motivation for becoming an Independent Director
- Independent Director's Role in Risk Management: This module equips directors to identify and assess risks, and stresses on how the failure of Board to identify

risks perceived can lead to fall of a company,

- The Director & The Law: Providing an overview on legal duties and obligations associated with being a director and specific nuances in relation to Independent Directors, are covered in this module
- Financial Analysis & Effective Decision Making: This module covered understanding and interpreting balance sheets and statements of changes in equity. It also covered Audit Committee basics such as qualification of reports and formulation of an external financial reporting and disclosure strategy
- Role of Audit Committee: The most appropriate role of the Audit Committee, and the importance of getting the right composition of auditors and actively engaging with them. This module also covered emerging challenges in relation to Governance and Audit Committee and crisis management
- Board Strategy: Developing a strategic plan to generate value for the company and the role of the Board in developing that strategic plan are the issues that are touched upon during the session. Understanding how a Board can also hamper growth and ways to curb it are also part of this module.

Directors' Club is designed to cover every aspect which impacts board members, especially Independent Directors and enhance their effectiveness while discharging duties on the Board. The 12th edition, as the prior editions, received a positive feedback from all the participants

Congratulations to our DC Alumni who have taken up Board positions:

- Sudipta Sen, MetricStream
- Sudha Ravi, Goodyear
- Anjali Seth, Endurance
- Shyam Rohra, Aarti Industries
- Ashok Barat, Cholamandalam Investment & Finance Co. Ltd
- Sangeeta Pendurkar, Aditya Birla Group (Pantaloons)
- Ajay Bimbhet, Royal Sundaram Insurance
- Rajgopal Thirumalai, Hindustan Unilever Limited
- Bharat Banka, Sterlite Technologies Limited
- Rakesh Bhutoria, Banyan Tree Bank, Mauritiuius

INDIA BOARD REPORT

The India Board Report, has been published by Hunt Partners—in conjunction with AZB Partners and PwC—biennially since 2005. The India Board Report (IBR) is a first-of-its-kind, definitive survey on board composition, effectiveness, and governance best-practices of publicly-listed companies in India.

The last edition of *the India Board Report*, published in 2015-16, delved deep into two very topical areas, viz. the professionalism and workload of Independent Directors, and Board diversity. The workload of Independent Directors is a current topic and has been subject to regulations in the Companies Act, 2013, as well as more recent pronouncements on what constitutes an 'overboarded' director. Readers may recall an episode with the country's largest private-sector mortgage lender, wherein a special resolution to re-appoint the Chairman was vehemently opposed by proxy advisory firms – on the premise that the director was overboarded.

The recommendations of the Kotak Committee on Corporate Governance in respect of public-companies appointing at least 1 woman Independent Director should hasten the progress around greater diversity on the Board. As Dr. Chris Pierce, PhD writes in the Foreword of IBR 2015-16, "...around the world, the diversity of boards is becoming increasingly valuable as a mechanism for challenging 'group think' and stimulating innovation in strategies."

The 2015-16 edition can be accessed at our website, **www.hunt-partners.com**. We are currently engaged in the publication of the 2018-19 issue of IBR.

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HOW EFFECTIVE IS YOUR BOARD?

Gary Cowdrill

The principles of effective corporate governance apply to all jurisdictions and industry sectors and best practice is now well established. One of the central elements of a best practice governance structure is the board effectiveness review.

The purpose of the effectiveness review is to improve the performance of the board and it is important that directors engage in the process with the understanding that these reviews can bring commercial value to an organisation.

Globally, it is now best practice, and in some cases a legal or regulatory requirement, to have an independently facilitated review carried out periodically, but just as important is the annual internal review.

Internal Review

Directors should critically assess the practical application of best practice governance principles. They must look at the culture of the business to determine if there is a real buy-in to best practice processes and, importantly, whether this culture is encouraged and demonstrated by the board.

To assess whether boards are performing effectively, there is a well-documented list of issues that should be considered. Points to Ponder:

- Is the board the right size?
- Is the mix of skills appropriate?
- Is there constructive challenge at board meetings?
- Do non-executive directors contribute meaningfully?
- Do directors contribute beyond their technical specialisms?
- Are discussions both operational and strategic?
- Will the board make tough decisions?
- Is there a clear, board-driven strategy?

Feedback for Improvement

It is considered good practice to conduct a feedback session immediately after each board meeting. The board should consider allowing ten minutes to answer questions like:

- How did we do?

- Can we improve?
- What didn't work well?

An Outside Perspective

The periodic externally facilitated review should then build on the annual internal review with the independent assessors bringing an external perspective, challenging accepted ways of doing things and raising issues that directors fear could destabilise relationships within the business. Some things an experienced adviser will look for:

- How well the Chairman runs the board
- Dynamics between the Chairman and CEO
- Constructive challenge from non-executives
- Directors' contribution outside their area of expertise and their understandingof collective responsibility
- Dominant individuals
- Clarity regarding 'discussion' as opposed to 'decision' of agenda items
- Sufficient time being allowed for items to be discussed properly
- Existence of bad practice and bad behaviours
- Board living the values of the organization
- The independence of non-executives
- Appropriate diversity - diversity of thought and knowledge
- Relevance of the board composition to the strategic aims and business model
- Anything that has caught the board by surprise over the previous year
- Evidence of a culture of continuous improvement

The contribution to strategic development is a key responsibility for the board so we need to assess whether:

- The board drives strategy
- There is a process enabling everybody within the organisation and key external stakeholders to contribute and engage with the strategy
- The strategy is regularly reviewed
- There are clear, unambiguous and measurable objectives
- The strategy is aligned to values, capabilities and culture
- The board is aware of the competition
- The board understands how value for shareholders, customers and other stakeholders is created
- The board understands the Key Success Factors
- The organisation has a good track record in strategy execution
- The board is clear about risk appetite
- Performance is tracked

When considering the effectiveness of your board, you should also give thought to how effective you are as a director.Here are some questions to consider

- Do I contribute outside my area of expertise?
- Do I keep up to date on all relevant issues and improve my capabilities as a director?
- Do I have regular performance appraisals with the Chairman?
- Am I prepared to disagree?
- Can I handle a forceful personality?
- Will I admit when I don't understand something?
- Do I give the board my full attention?
- Am I sensitive to the needs and feelings of fellow board members?
- Do I prepare diligently for each board meeting?
- Do I make sure not to micro manage?
- Do I fully understand my legal duties as a director?
- Am I sensitive to the needs of stakeholders?
- Do I never allow myself to get conflicted?

When directors do not perform, boards can malfunction, leading to poor decisions causing organisational duress and, in extreme cases, insolvency.

So, make sure you understand your responsibilities as a director and that you get the necessary support to ensure that you and your colleagues on the board can effectively discharge your responsibilities.

MANDATORY BOARD EVALUATION: AN OPPORTUNITY MISSED?

Chris Pierce

Recognition of the importance of good governance practices within Corporate India is still evolving and perhaps one of the most complex areas of governance change is that of board evaluation. Indian listed companies have only recently moved to a mandatory board evaluation[1], where boards are required to take into accountthe associated Guidance Notes from SEBI[2]. In addition, SEBI is currently phasing in the implementation of many of the Kotak Committee recommendations[3].Responsibilities for board evaluation for listed companies involve:

- The Nomination and Remuneration Committee (NRC)– This involves formulating the criteria for evaluation of the performance of independent directors and the board of directors, evaluating every director's performance and determining whether to extend or continue the term of appointment of the independent directors.
- The Independent Directors– This involves reviewing the performance of the non-independent directors and the board as a whole, reviewing the performance of the chairperson and assessing the quality, quantity and timeliness of flow of information between the company management and the board.
- The board of directors as a whole – This involves evaluating the independent directors.

Initially, many boards conducted their first evaluation as a "tick box" compliance exercise.
The evaluation process is now increasingly being perceived as an investment that can provide significant value-added outcomes to the company – however, this process is much slower than it need be. Here are some suggestions for you to get the most out of the evaluation.

Focusing upon the right board governance practices

Many of the initial board evaluations have tended to focus upon the composition and structure of the board. Although these are important areas, boards may be missing an important and valuable opportunity to identify further value adding activities related to board practices. For example, the evaluation should review whether every issue is comprehensively discussed during the board meetings and whether these discussions generally add value to decision making. Many directors are surprised to learn that in the most recent NSE & IiAS survey, 94% of respondents claimed that their board evaluation had improved the quality of board discussions[4].

Limiting the scope of the evaluation

Many board evaluations in their initial stages have very limited scope. For example, it is quite usual for a board to determine that

subsidiary board governance issues will not be covered by the evaluation process.

Another common limitation voluntarily imposed upon board evaluation is for the process to solely focus upon input from board directors and not to obtain any input concerning the senior management team's perception regarding the nature of their relationship to the board members. Consequently, a key stakeholder's opinion of board performance is being ignored.

An outcome focus

Recent studies have shown that very few Indian companies make reference to developing action plans and the contents of the action plan. The latest SEBI Guidance Note and the recent Kotak Committee recommendations suggest that boards should clearly identify areas of improvement, and produce a list of actions required which will contain details of the nature of the actions, timeline, person responsible for implementation, resources required and review of the actions within a specified time period.

The use of external independent evaluators

A recent survey identified that only 7 percent of NSE companies engage the services of external consultants for their board evaluation[5].

An independent evaluator can provide greater objectivity to the entire board evaluation process. A professional evaluator will develop good practice evaluation frameworks that can be used every year, identify and track measurable outcomes, show significant trends and be appropriate for best in-class benchmarking purposes.

Leading the board evaluation

A recent survey of NSE companies identified that over a quarter of companies did not involve their NRC chairperson or members in the board evaluation process[6]. These companies are in breach of the current law and need to review their committee charters to ensure that the NRC has a much clearer remit in the board evaluation process.

Links to remuneration and continued service

Recent surveys have identified that only a minority of Indian companies currently link the results of the board evaluation process to director remuneration. When board evaluation is directly aligned and linked to continued service as a director and to the size of remuneration, all the board members take the board evaluation process a lot more seriously and the effectiveness of the board performance rises in a dramatic manner.

Dr. Chris Pierce is an independent Senior Consultant at Hunt Partners and CEO at Global Governance Services Ltd. He has conducted many board evaluations and his publications include ***"Board Evaluations: Insights from India and Beyond"*** (IFC,2015) co-written with Dr M J Larson.He can be contacted at **chrispierce@ggs.uk.com.**

[1]SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015
[2]SEBI Guidance Note on Board Evaluation, January 2017.
[3]KPMG SEBI implements Kotak Committee recommendations, May 2018
[4]National Stock Exchange & Institutional Investor Advisory Services Board Evaluation: Disclosure and Practices – 2016-17 (February 2018) P.12
[5]NSE &IiAS (2018) P.7

TAKING CORPORATE STRATEGY FROM BOARDROOM TO FRONTLINE

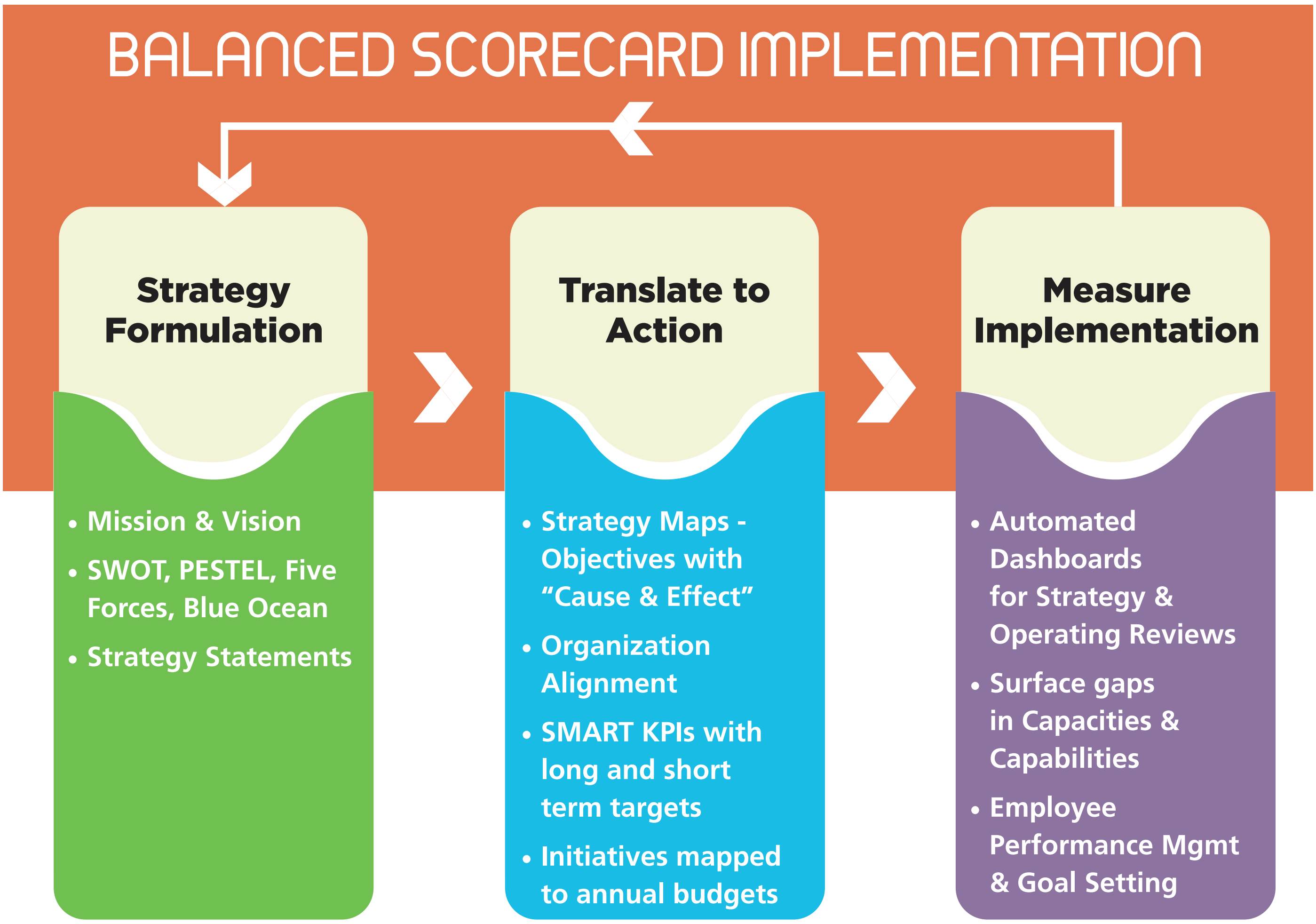
Manish Chordia

When you come across a report titled as "Strategy is Dead, Long Live Strategy" by one of the world's leading strategy consulting firm, you better take note of it. However, when the opening sentence of that report contains "Far from it" – you know the intent behind the catchy title, and it's a big sigh of relief for management consultants like us who focus on taking strategy from Boardroom to Frontline leveraging Balanced Scorecard (BSC) framework.

We all know that having just strategy in place will not help any organization become successful, it needs to translate into action on the frontline. However, for a superior execution in the direction of achieving long term goals, strategy should not only be understood but also be believed in and actioned by the company's middle management and frontline.

Is there an established way to create that "Pull" from the whole organization?

The answer is a resounding Yes, and the Balanced Scorecard (BSC) helps in achieving just that. As a part of BSC implementation through facilitated workshops, employees break down corporate strategy and associated ambitious goals into objectives and then set long-term and short-term targets for themselves. In our long corporate and consulting career, we have yet to come across such an intuitive and comprehensive framework that bridges the gap between strategy and execution seamlessly. And we are not alone, BSC is now one of the most widely practiced management frameworks, boasting an adoption rate of more than 50% amongst Fortune 1,000 companies. The Balanced Scorecard concept was selected by the editors of Harvard Business Review as one of the most influential management ideas of the last 75 years.



The Balanced Scorecard (BSC) was developed by Dr. Robert S. Kaplan of Harvard University and Dr. David P. Norton as a framework for measuring organizational performance using a more balanced set of performance measures. The system has evolved over the years into a fully integrated strategic management system to 'Translate Strategy into Action'. In our experience, BSC implementation helps organizations in:

- Execution - *Translate strategy into action for frontline*

Balanced Scorecard uses Strategy Map to translate strategy into action. Strategy Map is a tool to convert strategy into a visual representation of the cause-and-effect relationships of most important components of a strategy. As an example, the following high-level map brings out strategy of an Indian pharma company to solidify its position in US Generic market. As you can see that to "Achieve ROI in US Dermatology Generics", the company needs to be "Pharmacy Retailer's First Choice". The cause-and-effect relationship is clearly established that frontline can easily understand.

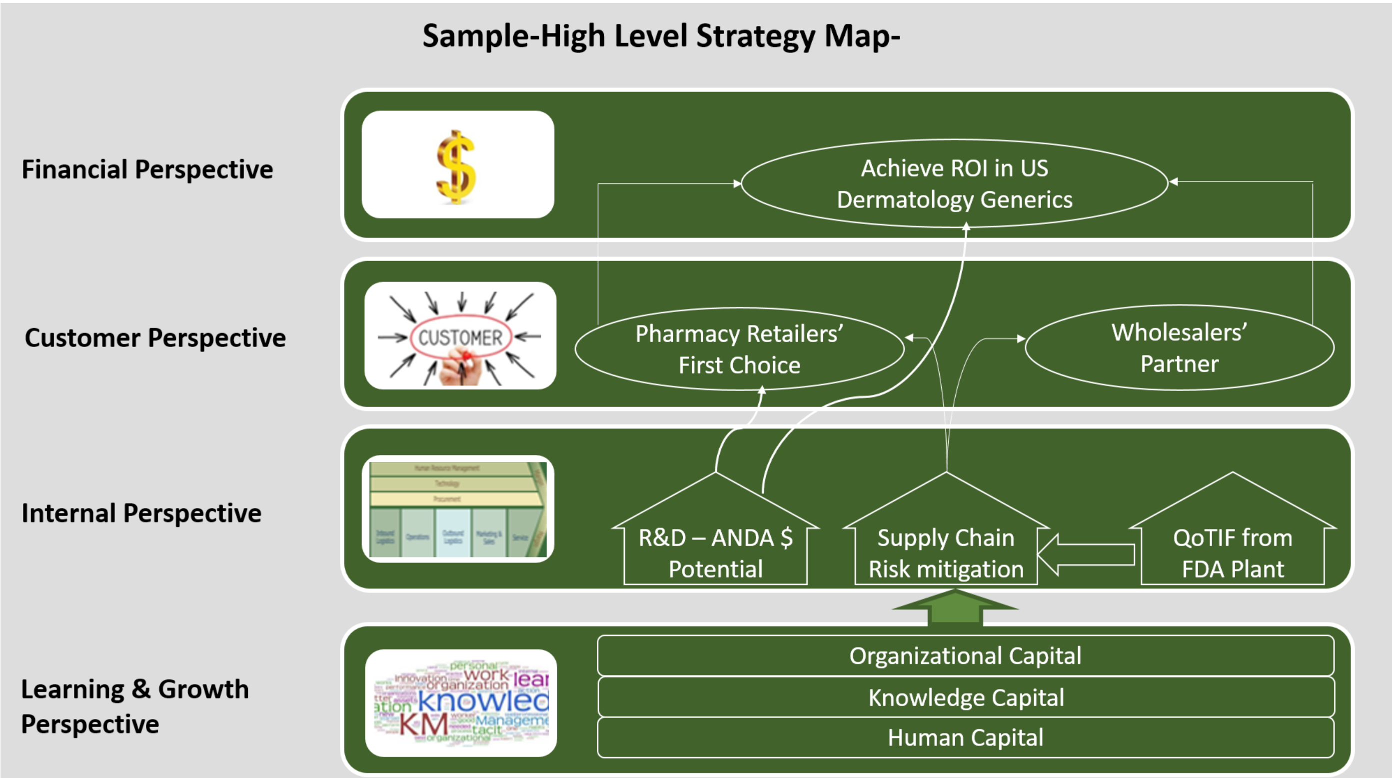
Strategy Maps are first created at the Strategic Business Unit (SBU) level and then for each unit of the SBU e.g. Marketing, Operations, SCM, HR etc. A typical way to create maps is to carry out workshops and promote active participation of middle management. The workshops allow the middle management team to realize their critical role in executing strategy. This helps in empowering the staff and taking decision making right into the hands of doers.

- Alignment - *Row the boat in the same direction*

The "cause and effect" relationships between strategic objectives clearly establish how each business unit is an "Internal Client" for the other business unit, and the need for business units to collaborate to reach long-term goals. The key lies in the rigor applied in developing strategic business objectives in a room with all participants creating an environment of co-ownership and bringing alignment.

- Focus - *ZERO distraction*

The exercise of teams themselves setting three-to-five-year goals for business units with intermediate monthly/quarterly targets brings one hundred percent focus on achieving those targets – in other terms effective focused execution becomes the key. In addition, selecting only strategic initiatives, to achieve the goals, with clearly defined accountabilities and commensurate budgets helps rationalize initiatives, optimize resource allocation and keep the organization focused on delivering.



- Measurement - *Fail fast and change to win*

The cascading of strategic objectives and related Key Performance Indicators (KPIs) enables the creation of performance dashboards focused around strategy implementation. Once the organization starts using them for operational reviews, the strategy implementation becomes measurable. With clarity about direction and measurements in place, teams will be able to identify issues and failed strategies, and correct the direction quickly towards winning.

- Preparation - *Future proof organization*

A typical BSC has four "Perspectives", and one of them is "Learning & Growth" that focuses on building desired intangible capital i.e. organization capital, knowledge capital and human capital, to achieve long-term goals and prepare the organization for future. The linking of targets for each strategic objective in the other three Perspectives helps surface those internal capabilities & capacities that an organization needs to strengthen for long-term success.

- Balanced - *Keep the performance management system balanced*

Once the targets are established for each business unit, it can then be broken down and cascaded to employees to build related KPIs for objectively measuring performances. Balancing KPIs between Lead vs Lag, Financial vs Non-Financial, Internal vs External, Subjective vs Objective, Short term vs Long term, ensures a robust, objective and balanced employee performance management system.

> To summarize, The Balanced Scorecard has been a proven overarching management system that brings out strategy from boardrooms to the frontline with a premium on execution, and helps organizations achieve long-term ambitious, popularly known as BHA (Big Hairy Audacious),goals.

YOUR ULTIMATE BOARDROOM GUIDE IS HERE!

The **13th Edition** of the Directors' Club Program could well be your most definitive step in achieving excellence in the boardroom.

Date:
15th – 17th February 2019

Venue:
Mumbai

Why Directors' Club?

Recognized by the National Foundation for Corporate Governance (an autonomous body under the Ministry of Corporate Affairs, Government of India) the Directors' Club now in its 13thEdition, is India's leading Accredited Director Certification program.

This is a specially curated residential program addressing all pertinent aspects critical to make a meaningful impact as a Director. A few of the topics covered include - Best board practices, Boardroom Dynamics, Corporate Governance, Law, Strategy and Risk Management, Board Committees, etc.

Directors' Club is exclusively brought to you by Hunt Partners in partnership with Board Evaluation Limited (UK).

Our Master Faculty

Dr. Chris Pierce
CEO, Global Governance Services

Mr. O P Bhatt
Ex-Chairman, SBI

Mr. Nawshir Mirza
Independent Director

Mr. Venkataramanan Vishwanath
Partner, KPMG

Mr. Raghu Iyer
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Register Now

A REBOOT TO 'CORPORATE GOVERNANCE'

Suresh Raina | Omer Qureshi

Corporate governance continues to draw mindshare as both SEBI & MOCA keep introducing new thoughts and regulations. The complexity further increases as active and activist investors are increasing their scrutiny, raising their voice to protect shareholder interest, measuring Board performance against objectives and risks.

In 2017, Kotak Committee gave some meaningful suggestions on how to improve corporate governance, but it is yet to be seen how these get implemented.

Key recommendations accepted by SEBI

- Reduction in the maximum number of listed entity directorships from 10 to 8 by April 01, 2019 and to 7 by April 1, 2020
- Expanding the eligibility criteria for independent directors
- Enhanced role of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee
- Enhanced disclosure of related party transactions (RPTs) and related parties to

be permitted to vote against RPTs

- At least one woman independent director in the top 500 listed entities by market capitalization by April 1, 2019 and in the top 1000 listed entities, by April 1, 2020

In order to comply with these recommendations, many companies may have to completely overhaul their board and it will be interesting to watch how companies will take up the compliance over the coming months.

Recommendations Made By Kotak Committee And Its Impact

The Kotak Committee report calls for key transformations as listed:

1. An Impetus for Change

Corporate India must adopt the "Custodian" model which works on "Gandhian principles" wherein the promoters, boards, and management wear the hat of "trustees" and act in the interest of all stakeholders.

2. Separation of Roles

The Report recommends segregating the role of a Managing Director ("MD") and Chairperson of a Company.

3. True Independence

The Report calls for a stronger role for independent directors.

4. The Succession Dilemma

The Report has recommended that each Board should specifically hold a meeting on an annual basis to discuss issues related to succession planning.

Whilst some of these recommendations may appear ahead of their time and require time to implement, India must accept that the challenges of rapid growth and globalisation require Indian family businesses to act decisively and responsibly.

Overview of Global Trends

- Better Investor Stewardship: An enhanced interest in investor stewardship by governments and investors is impacting corporate governance globally.
- Board Quality & Composition: Gender diversity, director skills and experiences, composition refreshment, and allocation of time by Directors dedicated to Board work are becoming key indicators of board quality.
- Compensation: Executive pay continues to remain in the spotlight as investors are looking for additional engagement and/or disclosure around total compensation and its link to long-term strategic goals and business performance
- Activist Investing: Navigation of activist campaigns is becoming a key requirement for boards and willingness to have a meaningful dialogue with activists.
- Environmental, Social, & Governance Risk: Climate change risk, social responsibility and sustainability have emerged as areas of focus.
- Cyber-security: Cyber risk continues to be a growing concern for global investors in light of multiple security breaches.
- Human Capital: Institutional investors are increasing their focus on human capital, including effective succession planning at the C-suite level and beyond.

Conclusion

Corporate governance is attracting an unprecedented level of attention – from governments, investors, board directors, and even the public. With access to capital becoming increasingly liberal, investors are more likely to "migrate" as companies struggle to keep up with global governance expectations. This positions shareholders as key influencers of governance improvement. Anxious to attract capital, companies are responding by working proactively to improve governance, even in countries where regulatory standards may not be as strong.

Boards are responding slowly, director skills, background and mix are also changing, but progress is slow. Board turnover remains low and doesn't support a transformation, hence progress on several agendas is going extremely slow.

Governments and regulators, meanwhile, are trying to walk on the thin line between striking the right regulatory balance, not becoming excessively tough and at the same time creating a business environment that is investor friendly and encourages companies to invest.

INDUSTRY INSIGHTS

BANKING: SUBSIDIARIZATION IN INDIA

Arjun Erry

A subsidiary bank is a type of foreign entity that is located and incorporated in a foreign country but majority owned by a parent corporation in a different nation. For example, London-based Merrill Lynch International is the largest operating subsidiary of the Bank of America Merrill Lynch, outside of the USA.

The subsidiary banking model helps the parent company avoid unfavorable regulations enforced by the host country. Also, subsidiary banks don't need to adhere to regulations that apply in the home country or nations where the parent company is incorporated. Instead, they operate under the laws and regulations of the host country.

Are subsidiary and foreign branches the same?

Subsidiary banks and foreign branch banks differ in the various services they can offer customers. For instance, foreign branch banks are bound by regulations that apply to the parent company and country where the bank operates. Furthermore, branch banks can originate larger loans than a subsidiary bank, as assets held by the parent company influence loan sizes. In India, hitherto, foreign banks have presence only through local branches.

Financial crisis of 2008: Lessons learnt

The global financial crisis of 2008 has shown that the growing complexity and interconnectedness of financial institutions, coupled with the lack of effective cross-border resolution regimes can compromise the ability of home and host authorities to cope with the failure of 'too big to fail' (TBTF) and 'too connected to fail' (TCTF) institutions.

The lessons learnt during the crisis lean in favor of domestic incorporation of foreign bank.

Advantages of local incorporation[1] :

i. Creating separate legal entities, having their own capital base and local board of directors;

ii. Ensuring there is a clear delineation between the assets and liabilities of the domestic bank and those of its foreign parent;

iii. Imparting clarity and certainty with respect to applicability of the laws of the country of incorporation on the locally incorporated subsidiary;

iv. Requiring the Board of Directors to act in the best interest of the bank, to prevent the bank from carrying on business in a manner likely to create a risk of serious loss to the bank's creditors/depositors;

v. Providing an effective control to the local regulators.

R.B.I. Approvals

At present, The Reserve Bank of India (R.B.I.), allows foreign banks to set up business in India through a single mode of presence, i.e. either branch mode or a wholly owned subsidiary (WOS) model1. As on date, two foreign banks, viz. DBS Bank (Singapore) and State Bank of Mauritius (Mauritius) have applied for WOS licenses; both have been granted in-principle approval by R.B.I.

We anticipate significant governance and talent perspectives for foreign banks operating as WOS's in India.

Regulatory Requirements:

- No less than 2/3 of the directors will be non-executive;
- At least 1/3 of the directors need to be independent;
- 1/2 the directors should be Indian Nationals /NRI's, of which 1/3 should be resident in India

These regulations will give rise to opportunities for well-qualified resident Indians with an impeccable track-record to be appointed to the Board of Directors. In addition, the WOS Banks will need to invest resources and time in the induction of newly-appointed directors, training of senior management in board matters, and formally structuring the board / board committees, and formulating the terms of reference for the board.

Talent Management Initiatives

The board and senior management will need to formulate policies to ensure the capabilities and effectiveness of the senior management is continuously enhanced. Further, appropriate training and development interventions will be needed. (It is expected that critical roles, including that of the C.E.O. will need to be necessarily filled by Indian nationals.) The board will also need to devise and implement appropriate succession planning policies to ensure there is sufficient depth of talent within the bank in critical functions.

[1] https://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=2758

HOUSING FINANCE: METAMORPHOSIZING

Arjun Erry | Tehsin Danawala

The advancement of the Indian Housing Finance sector is largely a saga of three institutions: HDFC, ICICI, and State Bank of India. All three either introduced or aggressively pushed concepts that turned the market upside down. Examples of this are: Floating rates introduced by HDFC and ICICI and fixed cum floating rates introduced by SBI. This segment has seen a 360-degree change from almost four decades ago. Home Loans were never a brilliant option for home buyers, while today it has emerged as a robust borrowing and lending market.

Housing Finance in India

Despite it being a robust market, Housing Finance is still at a very nascent stage. Mortgage to GDP ratio is only 2%, whereas in advanced countries it is up to 51%, so there is ample scope for growth in this sector. The Centre's announcement of 'housing for all' and the anticipated housing shortage of 25 million by 2021 are some of the key contributors that will push the growth of housing and of Housing Finance companies in India.

A Golden Era

With the fundamental building blocks in place and the road paved ahead for stronger growth, HFCs focused on segments such as affordable and LMI to name a few; along with a strong heritage and a differentiated business model, are well placed to tap into this potentially significant market to create a legacy of transformational change in India's Housing sector.

It would be interesting to note that Housing Finance companies are attracting high Private Equity interest. Important factors for the same are the low delinquencies. Secondly, mortgage finance has been growing at 25%-30% annually. Lastly, the number of players in the market has increased. There are 80 active HFCs and the NHB has received requests of licenses from another 80 applicants.

In the recent past, Bessemer Venture Partners, Tata Capital Growth Fund, and True North invested in Home First Finance Company. Carlyle made a 22x return on PNB Housing investment. Kedaara Capital and Partners Group have acquired the Housing Finance business of Au Financier. Multiples Alternate Assets Management is setting up a green-field Housing Finance platform.

The Game Changer

Evolving industry, increasing number of players due to limited entry barriers and limited customer pool will add to the already existing fierce competition. Thus, having an innovative business model, leveraging technology and analytics can become a game changer. In order to stay differentiated there will be a constant need to innovate both the business model and the quality of talent.

Talent on Demand

We expect a huge demand for talent with

experience across technologies like analytics, artificial intelligence, and robotics in order to drive better and cost-efficient market penetration. Moreover, we have already started seeing an increasing demand for professionals with high quality operations, technology, and risk and analytics experience. A professional's capability to double-up and wear multiple 'hats' is also highly sought-after.

Retaining existing employees in a highly competitive market will become equally important. To retain top talent, organizations will need to devise a robust appraisal policy to reward deserving employees through salary increments, employee stock options, wealth creation mechanisms etc.

Name of the person	From (Company)	Designation (Was)	To (Company)	Designation (As)	Date of the move
Anil Kaul	ICICI Bank	SGM	TATA Housing Finance	CEO	Jul-18
Sona Singh Gaharwar	Clix Housing Finance	CEO	Tata Capital	Head of home loan and loan against property division	Jun-18
Radhika V Tibrewala	India Home Loans	Company Secretary & Compliance Officer	Innovators Facade Systems Ltd	Company Secretary & Compliance Officer	Mar-18
Rohit Salhotra	ICICI Home Finance	CEO	Indie home Loans	CEO	Feb-18
Kapish Jain	Xander Finance	CFO	PNB Housing Finance	CFO	Feb-18
Sandeep Wirkhare	Essel Finance Home Loans	Director	Aryarath Housing Finance	MD & CEO	Jan-18
Jayesh Jain	PNB Housing Finance	CFO	Hero FinCorp	CFO	Jan-18

PRIVATE EQUITY: LIKE A PHOENIX, RISING FROM THE ASHES

Sunit Mehra | Tehsin Danawala

The Indian PE Industry has gone through a unique journey of resurgence from its nadir in 2009 (total investment USD 3.9Bn) to a record high of USD 24Bn in 2017; truly like a phoenix, rising from the ashes.

Factors Propelling PE Investment Growth

Several factors led to this upward journey over the last decade, starting with gradual changes like the improved growth rate of the US and European economies, currency appreciation of INR vs. the US Dollar, Government stimulus to address non-performing assets (NPAs) and successful implementation of GST. In addition, relaxing FDI norms and permitting scheduled banks to invest up to 10 per cent of the paid-up capital in Category - II AIFs and relaxing transfer pricing norms to avoid multiple taxation for offshore funds set up as multi-tier investment structures have had a positive impact.

Large PE Deals

India-focused fundraising totalled USD 6.4 Bn in 2017. Big-ticket asset owners such as pension and sovereign funds started showing interest, especially after Moody's upgraded sovereign rating outlook for India. Canadian houses such as CPPIB, CDPQ and Brookfield alone invested over USD 4 Bn last year. Fund sizes have increased for most PE firms and they are looking at larger deals. Large ticket investments are leading to billion dollar plus MBO's (General Atlantic investing in Capital Foods), setting the stage for more such transactions in the future.

2018 seems to be poised for topping the previous year figures as more than 20 India-based funds such as Gaja Capital, TVS Capital, Multiples, Light Speed, CX Partners to name a few, have in principle secured and closed cumulative fund raising of approximately USD 3Bn. Additionally, numerous GP's are on the road to raise approximately USD 15 Bn. GP's such as ChrysCapital, Kedaara, Multiples and TrueNorth amongst others, are looking to raise funds of USD 750Mn – 1Bn each

The People Movement

Amidst this resurgence, 2017 also saw the largest number of senior professionals exiting to ostensibly start their own funds. Their confidence is obviously driven by the overall buoyancy in the global and domestic markets. This combined with the fact that there is substantial dry powder with existing GP's, will ensure a robust hiring season for entry level professionals into the industry, after a long hiatus. Hunt Partners expects several opportunities emerging at the Director and Partner/MD level as well.

Key trends underscoring the Indian PE arena in 2017

- Increase in deal sizes and fund sizes,
- Availability of capital,
- Technology being a driver of investment themes,
- Positive IPO market, creating exit opportunities for older investments.

Conclusion

2018 is looking more positive and optimistic than ever before, with an upgraded Moody's rating, an impending election, markets on a high, improved ease of business index, and significant dry powder among PE funds. On this note, we hope PE activity in 2018 will surpass 2017 levels and play a key role in shaping the Indian economy, as always.

Entrepreneurial Movements

Name of the person	From (Company)	Designation (Was)	To (Company)	Date of the move
Atul Phull	Everstone	Managing Director & Head of Business Development	Own Business Venture	Jun-18
Devinjit Singh	Carlyle Group India	Managing Director	Own PE Fund	Jun-18
Harsha Raghavan	Fairfax Financial Holdings	Managing Director & Chief Executive Officer	Own Investment Company	May-18
V T Bharadwaj	Sequoia Capital	Managing Director	Launched an Independent fund	Apr-18
Bisher Barazi	Abraaj Capital	Partner - Chief Operating Officer	New Business Opportunity	Mar-18
Surendra Jain	WestBridge Capital Partners	Managing Director	Personal Investments	Mar-18
Nitin Nayar	Warburg Pincus India	Managing Director	Own Technology Fund	Jan-18

PE People Movement

Name of the person	From (Company)	Designation (Was)	To (Company)	Designation (As)	Date of the move
Sumit Maheshwari	Fairfax Financial Holdings	Vice President	Fairfax Financial Holdings	Managing Director & Chief Executive Officer	May-18
Varun Laul	Providence Equity Partners LLC	Director	Zodius Capital Advisors	Managing Director	May-18
Niten Malhan	Warburg Pincus India	Managing Director & Co-head India	New Mark Advisors LLP	Founder & Managing Partner	Apr-18
Prashant Kumar	ChrysCapital	Director	KKR & Co	Director	Jan-18
Sumit Sinha	Multiples Alternate Asset Management	Principal	Multiples Alternate Asset Management	Managing Director	Jul-16

COLLABORATE, CONSOLIDATE AND CONTROL – REAL ESTATE

Sunit Mehra | Nikita Garg

Collaboration

Over the past few years, Private Equity (PE) funds have joined hands to invest in real estate projects to hedge risk in a sluggish market and undertake big-ticket transactions with longer return horizon.

A case in point

Blackstone is the largest office owner, operator and manager in India today. The premise of their real estate platform here is collaboration (with consolidation of prime Grade A assets in the portfolio) – with Embassy in Bengaluru and Panchshil in Pune & Mumbai.

Together, they have built strong teams that can execute the strategy and create value for all shareholders.

- How to market it better?
- How to deliver it better?
- How to improve tenant relationships and bring in efficiencies?

On the Retail side, we see Blackstone acquiring assets and controlling its operations.

Controlled transactions

The Real Estate team at Hunt Partners also observes a slight uptick in buyouts or controlled transactions in the sector and while it is a small percentage of the overall transactions, we believe the core reason is the willingness of GP's and LP's to undertake such deals now more so than before. It is, however, situational and can lead to one of the following:

- Leveraged at the holding company level; with possibility of sale at the asset, portfolio or entity level
- Decision to exit a global business and carve an Indian business unit
- Succession issues

It has also been seen from general PE transactions, that growth-minority-equity can be tedious to exit in India. With buyouts one has control, the ability to monetize and create value and most importantly the lever to manage such companies – Leadership.

A case in point

Brookfield for example, has more than 1,000 employees across its various portfolio companies in India today. The management teams are all professionals with prior experience of working with promoter-driven companies. These set of professionals have been with the promoters from the times the latter used to be both shareholders and management. Brookfield has managed to staff up teams, deliver results and run the businesses well. Bring them in, compensate them well, enable them with further high quality resources and leave the performance of that business for them to run – a rare opportunity that they may not have held earlier.

One of the largest domestic Private Equity firms, Everstone Capital has now repeated the collaborate-consolidate-control theme twice – IndoSpace (Real Estate platform with Realterm Global) and Eversource (Cleantech platform with Lightsource Energy).

Leadership

Platforms looking to hire CEO's keep the following in mind while hiring them:

- Domain expertise
- Strong promoter connects
- Operational leader
- Hands on
- Entrepreneurial

Asset Management – an evolving skill set

An important skill in high demand today

for Private Equity Real Estate platforms is, Asset Management. Hunt Partners has had the unique opportunity of working on this requirement for a large retail real estate platform. The critical ask for this role is ROI maximization while driving operational efficiencies. Some of the key expectations from this person are:

- Responsible for periodically reviewing and assessing the rent yielding retail malls (EBITDA, ROI, IRR & NOI) to ensure their adherence and growth of the Budgeted Strategic and Annual Business Plans
- Planning the long-term capex needs, monitoring its deployment, evaluating, advising on acquisition and restructuring opportunities along with providing strategic support to the top management on market research, financial feasibility, revenue planning and cost optimization of the group's new projects and investments
- Close coordination with various functions such as legal, tax and finance internally and all clients externally.

Conclusion

Global Buyout Funds such as KKR, TPG and Blackstone, are aggressively looking to ramp up their portfolios in real estate. One also saw some consolidation in the Indian Real Estate Technology sector. The sector has already witnessed 6 acquisitions this year including the $100-million buyout of Commonfloor by classifieds portal Quikr. The other significant deals were PropTiger's acquisition of Proprates and 3DPhy, MagicSpace by the Indiannetwork.in and Lifepad by Fellahomes.

> Hunt Partners believes that this space is going to maintain heightened activity through 2020 and newer asset classes such as student housing, serviced apartments, senior living and co-working spaces will see a lot of interest from local and foreign investors alike.

INFRASTRUCTURE - AMELIORATING INDIA THE "T-E-C" WAY

Suresh Raina | Kajal Singh

In last year's budget speech, the Indian Finance Minister coined the acronym 'TEC India' - "Transform, Energise and Clean' India. With this vision in the background, there is renewed impetus on developing key infrastructure.

Energy Sector

The renewable energy sector continues to witness consolidation, rather than becoming quite active. Hinduja is picking up stake in Fonroche & Kiran Energy, IDFC's acquisition of assets from Punj Lloyd and Jindal steel are a few key inflexion points in the renewable energy sector with domestic firms being the prime movers. More recently Leap Green taking over Inox Renewables 200 MW portfolios and induction of China Light Power as a strategic partner by Suzlon Energy, and merger of Orient Green Power and IL&FS Wind Energy are other examples. Macquarie has already consolidated more than 300 MW on its platform

We also see some big-ticket transactions by leading players including Renew & Greenko both of which are actively seeking assets to add to their increasing portfolio.

- Greenko set to buy Orange Renewables for $1 Bn
- Renew bought the Solar & Wind assets of Ostro Energy, the renewable platform for Actis, deal value of around $1.63 billion
- SB Energy, the India energy arm of Softbank Group is becoming quite aggressive and has announced to invest $60-100 billion in solar power generation. It also joined hands with Chinese company GCL System Integration Technology for a solar power venture in India worth almost $ 1 Bn. At the same time, it has also tied up with IL&FS to jointly develop more than 20 gigawatts of solar power.

The Talent

Though the industry had seen considerable hikes in compensation till a few years back, things are now stabilized. Companies are calling the shots, with better availability of quality talent, especially in Project Management, Engineering & Business Development. However, with rapidly changing scale and size CXO layer needs to be strengthened.

Power Transmission is the other sector witnessing a potential for buyers who are looking for investments in this space with support from global investors. Players like IndiGrid and Adani Transmission are looking to grow and not just in India but even markets such as Latin America and MEA. Being a highly regulated industry, senior talent adept at understanding and managing regulatory matters is in high demand, especially for emerging international territories.

Smart City / Metro rail project

Within Smart Cities, major share of projects are taken by Environment, Transportation, Housing - Affordable and mass and Technology Infrastructure. With all these sectors speeding up, we see continued demand for Structural Engineering Experts, Senior Urban Planners, Waste Water Experts, Data Scientists etc.

Metro Rail, is an emerging sector and continues to require quality talent. Apart from Project management, efficient operations are coming more into focus with quite a few international players already managing some of the large Indian projects, including Hyderabad, Mumbai etc. While quality talent from Railways to some extent fills the need, we will be requiring senior leaders for managing the Operations.

Roads/Ports

Roads sector continues to draw interest from international players. Italian road operator Atlantia is in talks with IRB to acquire its operational road assets portfolio in a $2 Bn deal. Abu Dhabi Investment Authority is buying a minority stake for about Rs 2,000

crores in Cube Highways & Infrastructure, that owns and operates over 1,700 lane-km of highways in India. Demand for senior leadership talent for Tolling, O&M and Regulatory is high with significantly more investments expected into the sector. Peak Infrastructure is closing on the new acquisitions.

NIIF, India's first sovereign wealth fund, and DP World launched the platform to invest up to $3Bn in ports, terminals, transportation and logistics in India. The Asian Infrastructure Investment Bank also plans to invest $200Mn in the fund. Adani Ports has bought Kattupalli Port from L&T and plans to convert the same into a multi-commodity facility.

Leadership movements

Name of the person	From (Company)	Designation (Was)	To (Company)	Designation (As)	Date of the move
Anil Sardana	TATA Power	CEO, MD	Adani Transmission	MD, Chief Executive	May–18
Amit Uplenchwar	Adani Ports & SEZ	President	HCC	CEO (E&C)	Feb–18
Paresh Chaudhry	Madison PR	CEO	Adani Group	Group President-Corporate communication	Feb–18
Vinod Bhandawat	Adani Power Limited	CFO	Essel Infra projects Limited	CFO	Feb–18
Kaustubh Sonalkar	Future Group India	Group CPO	Essar Group	President HR, CEO-ECSLLP, CEO-Essar Foundation	Jan–18
Jayant Kohale	L&T – Construction	Business Leader, Smart Cities	RPG	Business Head, Smart Infrastructure	Oct–17

Infra People Movement

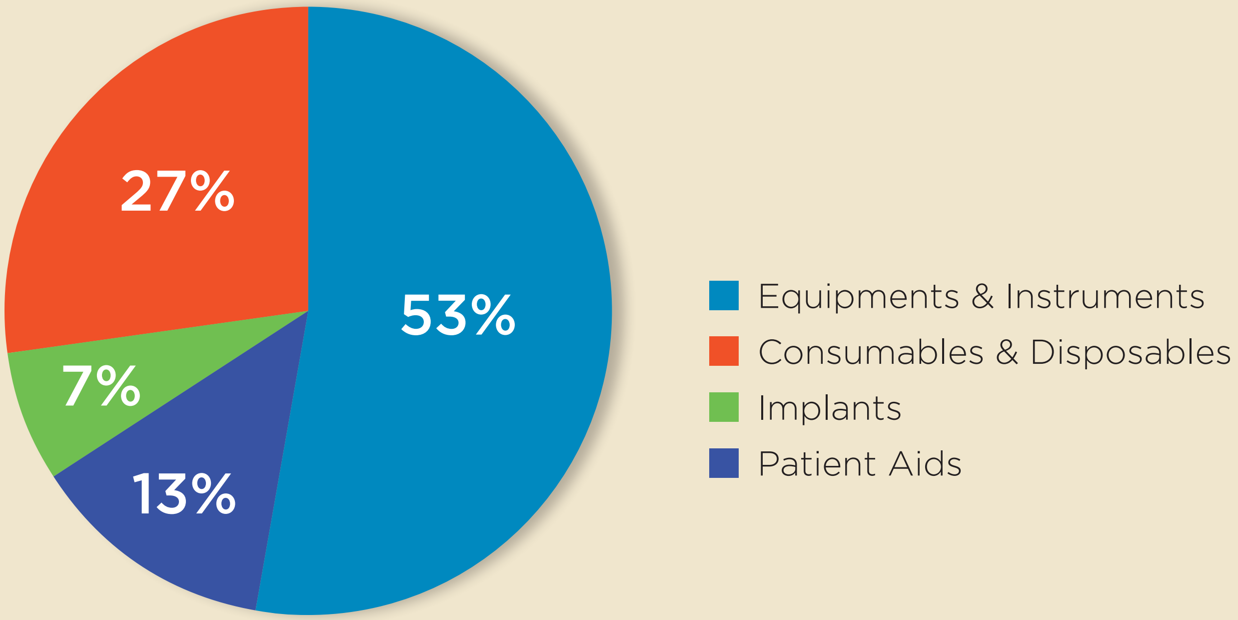
Name of the person	From (Company)	Designation (Was)	To (Company)	Designation (As)	Date of the move
Rohit Vadera	Ostro Energy Private Ltd	Business Development Manager	PuREnergy Private Ltd	CEO	May-18
Suresh Bagrodia	Telenor India	CFO	GMR Group	Group CFO	May-18
Vinay Kumar P	Greenko Energies Pvt Ltd	COO	Brookfield Asset Management	MD India Renewables	Apr-18
Manoj Deorukhkar	Shapoorji Pallonji Group	Senior VP- IT	Sterling & Wilson Limited	Chief Information Officer	Apr-18
Shivanand Nimbargi	L&T Metro Rail Hyderabad Ltd	MD & CEO	Ayana Renewable Power(CDC group plc initiative)	MD & CEO	Jan-18
Pramod Kalyanshetti	Mahindra Susten	Head- Procurements, Contracts & Supply Chain Management	Mahindra Susten	Chief Commercial Officer	Jan-18
Harish Kapoor	ACME Cleantech Solution Pvt Ltd	Group President- Corporate Affairs	Essar Group	Senior VP- Corporate Affairs	Jan-18
Suman Nag	GE Renewable Energy	Head of Product Management- Asia	Suzlon Group	Chief Commercial Officer	Jan-18
Nagesh Bailur	GE John F Welch Technology Center	CFO	LM Wind Power India, (GE Renewable energy business)	CFO	Dec-17
Sushil Bhagat	Hindustan Power Projects	CFO	Azure Power	CFO	Oct-17

MEDICAL DEVICES: A NEW PHASE

Anne Prabhu | Natasha Mistry

The Indian Medical Device sector is valued at USD 4.9Bn. India is one of the Top 20 markets for medical devices in the world and is the 4th largest market in Asia after Japan, China & South Korea.

INDIAN MEDICAL DEVICES SECTOR - USD 4.9 BN



Source: SKP Report

Classification of Indian Medical Devices Sector:

Equipments & Instruments - USD 2.67bn

Key Products:

- MRI Machines
- CT Scanners
- Ultrasound machines
- Dental Drills
- Dental Chairs
- Dental X ray machines

Consumables & Disposables- USD 1.31bn

Key Products:

- Syringes
- Needles
- Catheters
- Bandages
- Dressings

Implants - USD 0.35bn

Key Products:

- Knee & hip replacements
- Artificial Joints
- Dental Fixtures

Patients Aids - USD 0.65bn

Key Products:

- Hearing Aids
- Pacemakers
- Artificial Respiratory Apparatus

Current Scenario:

At present, there is a large dependency on imports which currently comprises of 70% of the market.

Opportunity for Manufacture of Medical Devices in India:

i. Low cost Products: With the Government plans to achieve Universal Healthcare, the Medical Devices manufacturing is focussing to develop India specific low cost products, aimed at lower and middle income segments.

ii. Record of strong growth of exports of Medical Devices: A few domestic companies & MNCs with manufacturing facilities in India have successfully developed low cost products that are on par in terms of quality. The Consumables and Implants segment has contributed significantly to exports from India. The top three export destinations from India are USA, Singapore and China.

iii. Better Serviceability: With a potential for strong domestic demand and other supporting factors, India is set to emerge as an ideal destination for setting up manufacturing facilities, especially for global companies looking to align their global manufacturing footprint with shifting consumption patterns.

iv. Risk Diversification: For MNC players, India presents a good opportunity to simultaneously de-risk their business from regional/ global risks. India is set to become a major consumption location, with high potential to become an export-oriented country.

As India continues to innovate and develop new technologies, domestic and global demand in the near and medium term provide India with an opportunity to become a major participant in the global supply chain of medical devices. With success stories from domestic manufacturers, India is steadily developing capabilities in manufacturing medical devices. Indian players have developed expertise in manufacturing products in consumables and implants segment. In the near term, the focus needs to be on manufacturing of low and mid-tech products, with a gradual shift towards developing capabilities for design and manufacturing of high-tech products.

Several companies have grown and made a mark for themselves in the Medical Device industry:

Customization to cater to Indian patient needs:

- Smith & Nephew entered the Indian market by acquiring Sushrut-Adler, a medical equipment manufacturing company
- Johnson & Johnson developed a knee implant at different price points specifically suited for the Indian market.

Manufactured locally; sold globally:

- Aravind Eye Care developed low-cost intra-ocular lenses for Indian markets and is now exporting globally.
- Hollister set up a manufacturing facility in India specially to export its products globally.

Pricing Penetration Strategy:

- Opto Circuits’ products are marketed at nearly half the price of its competitors.
- Philips Healthcare is using its recent acquisition in India to develop and launch a low-cost catheterization laboratory for the Indian Market and plans to take the product to other developing markets as well.

People Movement

Name of the person	From (Company)	Designation (Was)	To (Company)	Designation (As)	Date of the move
Sourabha Nadipuram	Johnson & Johnson	Director Sales - Ethicon	Becton Dickinson	Business Unit Head – Diagnostics Systems	Apr–18
Pavan Morcherla	BD	VP – Strategic Innovation, Greater Asia	BD, India	Managing Director	Feb–18
Vivek Bhatnagar	Johnson & Johnson	Business Unit Director	Blue Sky Agriculture Industries	Co-founder & Director	Jan–18
Abhishek Bhargava	Smart Medical Buyer.com	CEO & Co-founder	Medtronic	Business Head – Cardiac Rhythm & Heart Failure	Dec–17
Vijay Sreekumaran	Lotus Surgicals	GM Exports	ULURU	Vice President International Business Development	Nov–17
Aanand N J	GE Healthcare	GM, Government business, Healthcare Systems, South Asia	Medtronic	Country Sales Manager, Cardiac & Vascular Group	Nov–17
Amit Mohan	Healthpedia	Co-founder & CEO	GE Healthcare	COO – LCS South Asia & LCS Digital SHS	Oct–17
Samrat Banerjee	Medtronic	Country Sales Manager	Haylard Health	Country Head	Sep–17

GLOBAL LEADERS - FOR INDIA, FROM INDIA

human capital leadership institute

A study by The Human Capital Leadership Institute (HCLI), Singapore's Centre of Excellence, in partnership with Tata Communications reveals insights for building global leaders for India and from India. Below, we distil focus areas and actions for various audiences in India as well as globally.

FOR INDIA

If you are an Indian incumbent leader operating in the country:

- Be aware of the new approach to problem-solving that corporate India needs, in order to do things with scale, speed and sustainability. Start by asking, "What is the need of society that my organisation can serve?"
- Look beyond limiting boundaries and existing solutions. Leap over these by partnering with different players in your ecosystem, even if they are from unlikely domains.
- Teach and empower your employees. Aside from helping them stay engaged, this is the only way for you to create time for the above, and not have to always react to the latest contingency personally.

If you are an expatriate leader in India:

Leading in India can be a very different ball game for the foreign leader who has just arrived in the country. While he or she might have been oriented by HR to the cultural faux pas to avoid, or the rules of business etiquette to observe in India, the leader needs to be aware of more fundamental issues. For instance, what is the local workforce's expectation of him or her as a leader? What attributes or behaviours can he or she demonstrate to win the hearts of the people? We suggest the followings:

- Recognise that the Indian workforce's expectation of you as a leader may differ from that of employees in your home country or your last host country. In particular, pay attention to their need for an emotional connection, and their great career aspirations.
- Understand these unique expectations – Any cheat sheet, and even vast volumes of reports will never cover it all. Hence, lean on and learn from your local core team, and be prepared for the long haul to taste success in India.
- Adapt your behaviour – it is easier to start with changing yourself than everyone else.

FROM INDIA

If you are an Indian emerging leader readying for the global stage:

- Continue to be globally mobile – this is your tremendous advantage to becoming a global business leader.
- Complement physical mobility with "mental" mobility. Look deep within yourself and honestly examine if you need to change some aspect of your mindset.
- Gain as much global exposure as possible, and with each encounter, work at chipping away the last inhibitions that may make you fear influencing some foreigners, and/or overly control others.

Go ahead, with these insights, translate your goals into reality and become the leader that you always aspired to be.

For more information, please visit https://hcli.org/research/leadership-mosaics-across-asia

WHAT'S ON
THE INDIAN CXOS PDP?

What goals are Indian CXOs setting for themselves?

What skills are Indian CXOs looking to develop to achieve these goals?

What experiences are Indian CXOs signing up for to develop these skills?

These questions were at the core of the **'State of the Indian CXO'** research that Hunt Partners, **"A FUTURE-DRIVEN**, SERVICES AND PRODUCTS BASED **LEADERSHIP LIFECYCLE MANAGEMENT COMPANY"** undertook in association with Center for Creative Leadership (Among the Top 5 providers of Executive Education and Leadership Development-Financial Times ranking).

150 leading Indian CXOs over a period of 6 months, provided inputs using a combination of surveys and interviews. The survey was based on CCL's Experience ExplorerTM tool.

CXOs who participated in the survey also received their Personal Experience Explorer Profile!

7 Skills to develop	Through 4 experiences	Towards 3 goals
Becoming comfortable with complexity	Change Organizational Cultures	Developing Leadership Pipeline
Communicating effectively	Implement Strategic Initiatives	Leading Change
Coaching or Mentoring	Work with a boss who challenges and supports	Personal Brand Development
Managing Change	To Coach and To be Coached	
Innovation		
Thinking and acting strategically		
Planning and execution		

A fundamental truth of experience-driven leadership development is ...

Not all experiences are equal; different experiences teach different things...

1. Quality

2. Quantity

3. Diversity

of experience matters...

Are all experiences equal?
Which experences make a difference?

The soon to be released 'State of the Indian CXO' research report offers readers insights and actionable advice on what CXOs are doing for personal development.

Organizations looking to make leadership learning intentional, not incidental, nor accidental would do well to undertake thefollowing:

Experience Audit – CCL's structured process to evaluate the quality, quantity and diversity of experience, and how that impacts leadership development in an enterprise.

Executive Coaching – Hunt Partners and CCL's Coaches help the CXOs hone their leadership skills, boost productivity, and enhance their effectiveness by setting aside self-limiting beliefs.

THE NEW 'AVATAR' OF THE CHIEF COMPLIANCE OFFICER

Arjun Erry | Dhara Katkoria

The **Chief Compliance Officer (CCO)** of a company is primarily responsible for overseeing and managing regulatory compliance issues within an organization. The CCO typically reports to the Chief Executive Officer. The role has long existed at companies that operate in heavily regulated industries such as Financial Services and Healthcare. In a 2002 speech, SEC commissioner Cynthia Glassman, called on companies to designate a "Corporate Responsibility Officer."

CCO Responsibilities

- Leading enterprise compliance efforts;
- Designing and implementing internal controls, policies and procedures;
- Managing audits and investigations into regulatory and compliance issues; and
- Responding to requests for information from regulatory bodies.

With increased regulatory pressures, the Financial Services industry is boosting investment and headcount in compliance functions.

CCO Hiring Trends

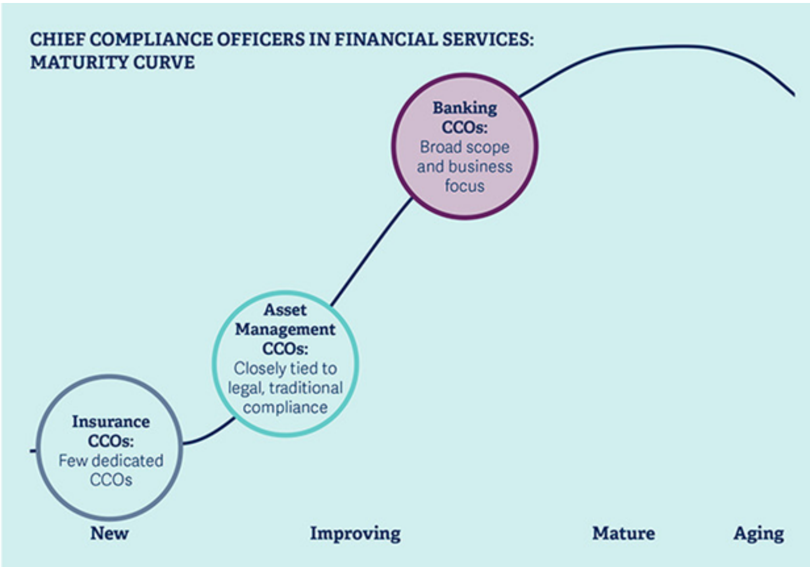
The turnover of Chief Compliance Officers is notable. In the past 3 years, more than 12 Commercial Banks in India have appointed a new CCO, either by way of internal promotion/rotation, or through external hiring. This indicates the effort and focus Banks are making and giving to the Compliance functions. It also points to the dissatisfaction these organizations have with their current compliance talent pools. The talent pools being tapped for external hiring are the law firms and the regulators themselves.

CCO in Banking & FIs

Historically, the compliance function in banking was tilted in favor of regulatory process and 'checking-the-box'. This has now changed. Banks and other FI's need the CCO to drive cultural change, where compliance is not seen as the purview of the compliance department, but rather an all-pervasive approach to doing business. The CCO needs to be this 'culture-change-agent,' heavily interacting with her/his business counterparts.

Transformation of the Compliance Function

The compliance function is also undergoing significant shifts as it begins to acquire & master tools necessary to understand advanced transactions in the digital realm.



This shift is causing a change in thinking: where historically legal experience was considered core to compliance; the shift today is to hire personnel with core compliance experience. We also see appointees from risk, consulting, and audit.

CCO Focus Areas:

- Compliance strategy;
- Financial discipline;
- Change management; and
- Building credibility with regulators.

R.B.I. & Compliance

The Banking regulatory in India, The Reserve

Bank of India (R.B.I.) is also seized of the compliance function at Commercial Banks. In a circular in 2015, the R.B.I. says, "...it has been observed that certain supervisory concerns continue to recur, necessitating the need for tighter compliance regimes in banks..."

The circular goes on to list the areas of focus including, staffing the compliance department, necessitating independence of the compliance department, regular reviews by the Board and Board Committees; compliance testing, and finally creating an all-pervasive culture of compliance.

Market Moves (Legal & Compliance)

Name of the person	From (Company)	Designation (Was)	To (Company)	Designation (As)	Date of the move
Jayesh Thaikandy	ICICI Bank	Joint General Manager Legal	Standard Chartered Bank	Head Legal India	Jun-18
Abhishek Yadav	Yes Bank	Senior Vice President Compliance	L&T Financial Services	Head Regulatory Compliance - RBI & NHB	Jan-18
Nilakshi Kalambi	HSBC	Associate General Counsel	Citibank	Director & Head Legal – Consumer Banking	Dec-17
Muralidhar Lakhra	FirstRand Bank	Chief Compliance Officer	IndusInd Bank	Chief Compliance Officer	Nov-17
Devendra Raghav	Aditya Birla Idea Payments Bank	Head of Compliance & Risk Management	QNB Group	Head Compliance & Internal Control	Nov-17
Rakesh Rai	Bajaj Finserv	National Head Legal	Aditya Birla Finance	Head Legal	Oct-17
Mohit Kapoor	Religare Finvest	Director Legal & Compliance	RBL Bank	Group Executive Vice President & Head Legal	Oct-17
Ramanathan S	Societe Generale	Director & Head of Legal, Compliance & AML - India	MUFG	Chief Compliance Officer	Oct-17
Sri Phani	Citibank	Senior Vice President - Legal	Bajaj Finance	Head Legal	Aug-17
Jatin Thakkar	HSBC	Senior Vice President	Abu Dhabi Commercial Bank	Head Compliance	Jul-17
Supriya Bhardwaj	Bajaj Finance	National Head Legal, Commercial Lending	Piramal Bain Distressed Asset Fund	Head Legal	May-17
Royston Dsilva	Abu Dhabi Commercial Bank	Head Compliance & MLRO	Emirates NBD	Chief Compliance Officer & MLRO	Mar-17

ARE YOU READY TO THROW OUT THE BELL CURVE?

Aneeta Madhok

It's time to change the old Performance Management System for a number of reasons. 360/270/180 Degree feedback is becoming more popular, companies are doing away with the old practice of normalization or "bell curve force-fitting", linkage of performance with rewards is more transparent, rating scales are out. Normalized relative ratings are being replaced by assessment of individual impact. A brief comparative chart below informs of the old school and the new school of thought in the domain of Performance Management Systems. The change is here to stay!

The big thing is that now "Bell Curve" is not a nice word. It throws up images of people getting hurt not receiving the rewards due to them, bosses and line managers passing the buck to HR which takes all the flak, and nobody remembers why it was brought in, in the first place.

The Transition

Transitioning out of the Bell Curve is not so easy. The purpose of assessing and rewarding performance still needs to be met. There needs to be a space for individual development too. The ground needs to be prepared..... Are You Ready To Throw Out The Bell Curve?

Here are some of the things that need to be in place before you can consider transitioning into the new school of thought.

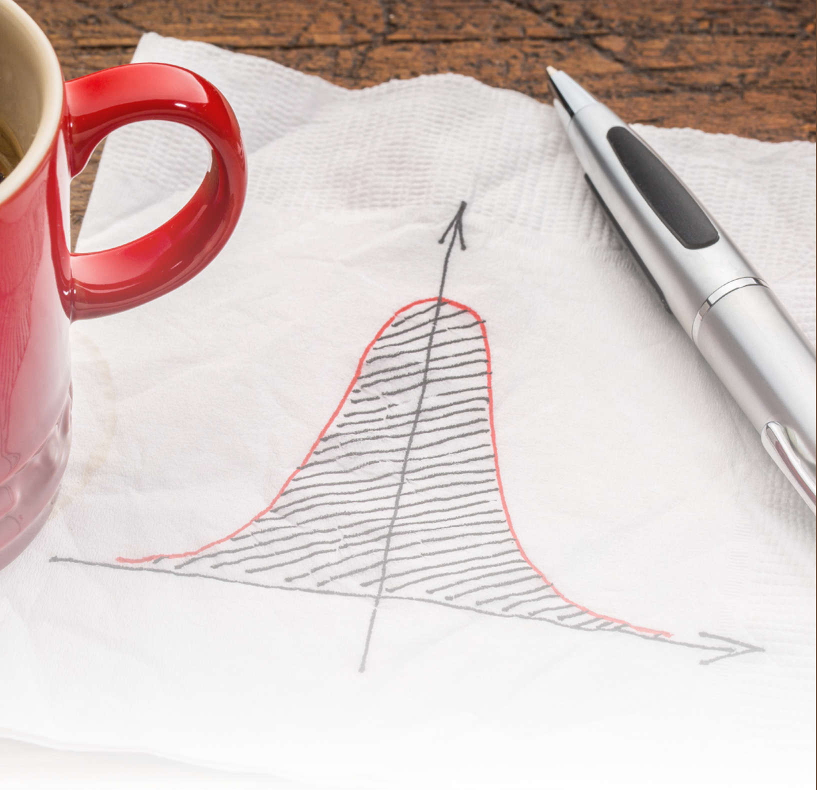
Transformation of the Compliance Function

The compliance function is also undergoing significant shifts as it begins to acquire & master tools necessary to understand advanced transactions in the digital realm.

- Measuring Individual Impact
  Many organizations are swiftly moving towards

OLD SCHOOL	NEW SCHOOL
Annual system	Ongoing process with quarterly impact
Yearly feedback sessions	Frequent coaching conversations
Promotion is due for performance	Promotion is due when potential is demonstrated
Relative ratings	Individual assessments
Top-down feedback from boss	360 Degree feedback
Problem solving focus delving into the past	Future solution focused
HR is the owner	Line Manager is the owner
Clunky and complicated	Simple formats (e.g. Balanced Scorecard)
Goals+ Competencies+ Traits	Goals+Performance Measures

measurable outcomes for each job being clearly spelt out. This enables a clear measurement of individual impact and that is the basis for linking performance and rewards. KPIs, KRAs, help managers think SMART and provide clarity to their teams. Individual goals seamlessly cascade down from team and organizational objectives. Usually these are reviewed weekly, monthly or quarterly as an ongoing process. If your organization has been playing hide-and-seek with the performance measures and the goal-setting



process, it's the first thing you need to fix.

- Creating Coaching Culture
  Feedback sessions and performance review discussions are now transitioning into coaching conversations. These are conversations driven by the employees who set the agenda for discussion in a bottom-up fashion. Bosses need to let go of control and be in a facilitative and coaching frame of mind. It requires an entire Organizational Development effort to train and transition to a coaching culture. It's possible, and has been done by many organizations, and it is best to start now before it's too late.
- Debriefing 360 Degree Feedback
  Traditional hierarchical and organizational structures have placed power and authority in higher positions in pyramidal formations. The reversing of the power equations in the new generation is complete. Senior managers are no longer assessed and rewarded on the results they bring, but on the 360 Degree Feedback they receive and their Employee Satisfaction scores. For many leaders of the old guard, this new practice calls for a completely re-invented mindset towards people management and transparency towards themselves and others.
- Assessing virtually
  The added factor of virtual performance by virtual employees and virtual teams leads to the new frameworks of virtual assessments of performance. This drives a more data-based approach. Leaders may be called upon to assess performance of team members whom they may not have met in person. Keeping objectivity in mind is key here.
- Compensation systems
  There are many more initiatives that need to be in place before an organization can move out of the Bell Curve based performance systems. Compensation systems will have to be geared up to be more incentive based as variable pay will be linked with performance achievements. Transparency of pay-performance linkages will be called for by the younger generations. Total reward systems will look at a holistic view of employee compensation and benefits.

It is increasingly important to have some of these things in place before your Performance Management System can be initiated through the transition. This is the foundation that needs to be built for the future. Changing from the old to the new must be done with care to make sure that the change process is successful.

Aneeta Madhok, PhD.

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Dr. Aneeta Madhok, Managing Director at Open Spaces Consulting, is an Organisational Psychologist who works with companies and individuals to deliver solutions for behavioural and cultural matters. She is a certified leadership development coach and trainer. A global professional, HR systems expert, people person, creative thinker & writer, much sought after speaker, academician of repute, and behavioral scientist

CHANGE IS THE ONLY CONSTANT. IS IT REALLY?

Mahesh Krishnamurti

RGP™
Intellectual Capital. On Demand.

Yes and no. As leaders, we live in tumultuous times, perhaps more so than ever before. Cycles are getting shorter, word travels in the blink of an eye, we are constantly bombarded with signals (often conflicting ones), the ecosystem is "noisy", the workforce is ever more diverse, virtual, and transient, and the future is increasingly hard to predict. Tomorrow is no longer an extension of today. The proverbial pendulum doesn't really "swing back" to a previous landscape. In reality, the pendulum swings to a different scenario, requiring a different perspective. These are daunting challenges.

Is change the only constant?

Perhaps, instead of being the only constant, it is one of several other constants that we don't spot or ignore due to expediency. Are there other constants that leaders face during times of tumult?

Leadership Principles

Thought leaders make a compelling case for tested leadership principles that help us think clearly and become effective leaders. These principles are timeless and remain relevant for managing change.

1. Manage yourself, your network, and your team

Linda Hill and Kent Lineback, in their book Being the Boss, make a compelling case for three basic leadership imperatives:

- Manage Yourself
- Manage Your Network
- Manage Your Team

With a firm grasp of these three imperatives as a priority, a leader will be able to keep her / his feet firmly planted on the ground despite "change being a constant". They form the bedrock on which to lead an organization through constant change, noise, and clutter.

That would also mean that leaders would be more tuned-in and sensitized to changing internal and external landscapes for insights that are "constant enough, long enough". These could be new opportunities or pitfalls that might otherwise be overlooked.

2. Every Action....Equal and Opposite Reaction

Various laws of Physics apply to the world of business. One is Newton's Third Law, which states that "For every action, there is an equal and opposite reaction".

With the constant drive towards increased efficiency in business, questions could be raised about its impact on effectiveness and key stakeholders. Is efficiency truly the holy grail? Have leaders retained enough redundancy to ensure the quest for efficiency does not create more business risk as a counter force? With increased digitalization and automation, and corresponding workforce reductions, are organizations securing themselves with sufficient resource redundancy? "Redundancy" is not viewed positively in the business context!

3. Entropy

When sustaining something requires more energy and cost than the original investment, entropy has taken hold. Organizations become less efficient, and more work and effort is required just to maintain status quo.

A classic business example is one where a company operates according to many restrictive policies and procedures that eventually become more important than key stakeholders like clients, employees, and vendors. A key strategic advantage such as access to clients could get stifled.

Short-termism, instant gratification, and the pressure to "produce even better results the next time" have caused organizations to run faster and harder, causing key employees to burn-out.

Business leaders will need to be alert to signals that indicate early stages of entropy, and be more willing to experiment.

Organizational "White Space", something that is ubiquitous in highly matrixed organizations, is yet another example. Frequent reorganizations, internal "re-alignments", and transformations get implemented due to white space inertia. Such frequent changes typically cause collateral damage due to high attrition, employee turnover, and low morale.

Summary

There are many such discernible, information-rich trends that surround us. It is a matter of becoming more sensitized to what's actually happening right in front of our eyes. "Tomorrow" could then be couched in the proper context and charted more deliberately.

There are too many instances to mention where action/reaction and entropy occur. They repeat in cycles during times of continuous change, and manifest as trends and opposing trends both internally, and externally. To that extent, they are "constants". In the macro environment, demographic shifts and evolutionary cycles might be other examples. The law of large numbers, for instance, would apply to India where everything tends to be on a large scale! All of these provide insights for leaders on new opportunities and risks within organizations and in the markets. The best way to tap into these may be to first master managing yourself, your network, and your teams. John Perry Barlow (Lyricist and Activist) may have said it best, considering the cluttered world we live in: *"Attention is the monetary unit"*.

INTERIM MANAGEMENT: DISRUPTING THE MANAGEMENT CONSULTING MODEL

Suresh Raina | Manisha Prajapati

Interim Management, as we all understand, is the transitory requirement of an individual with management or other specialised capability into an organisation. In continuation to our last edition that was more focussed on differentiating Interim Managers from Management Consultants, this edition dives deeper into the nitty-gritty of the Interim Management role.

Need for hire:

Organisations going through transformation or instability caused by sudden leadership exits may scout for Interim Managers. It allows sufficient time for the company to identify the right leader. At other times lack of highly specialised skills may drive the organisation to look for talent outside. The reasons are multi-fold.

Best Practices:

- As Interim roles are uncommon and require high calibre folks with past track record, it is advisable to seek the assistance of a Search Firm.
- First & foremost, it is crucial to state the "Objectives and Deliverables" and define what the business aims to achieve from the appointment.
- Goal setting will further help in clearly identifying the candidate requirement and stay focussed through the hiring and on-boarding processes.
- Transparent reporting ensures smooth assimilation into the business and provides a great start. It is important to have the awareness about the degree to which resources would be made available to the Interim Manager and the amount of confidential company information required to be shared to accomplish the goals.
- Degree of decision making authority with the Interim Manager is a function of the role and the objectives. If the hire is made for bringing in a strategic change, then it requires high degree of authority whereas in case of a stopgap arrangement, it can be limited.
- Drawing performance matrix & evaluation parameters at the very beginning helps in measuring success at the end of the project, leading to a meaningful stint and avoiding conflicts.
- While it is a short-term engagement, having intermittent reviews are useful to track the progress and ensure continued interest.
- It is a win-win when the individual understands and accepts the culture of the organisation apart from agreeing to the commercial terms.

What to expect:

- Speed – Since it is short-term, it is expected that Interim Managers take very little time in coming up to speed, understanding the business and expectations.
- Focus & Expertise – Interim Managers need to have a systematic approach to gather critical information required to start the mandate. Organisations expect them to be a subject-matter-expert who can deliver results.
- Communication Skills – It helps Interim Managers to build trust with the internal teams and keep the stakeholders informed of the progress made.
- Project Management –They need to keep a close check on the overall project & deliverables. Good project management skills will help avoid disappointment towards the conclusion of the assignment.
- Results – Every organisation would want to see clear results at the end of the assignment, whether it is a divestment, HR or financial restructuring or a branding exercise.

What not to expect:

- Interim Managers are not expected to deliver & achieve long term goals for the organisation. As the hire is made for a project, they should be evaluated only

on the basis of the stated objective & mission.

- Quick fixes to all problems should not be expected from the individual. While the Interim Manager can fill multiple roles, it is not mandatory.

Challenges:

Appointment of Interim Managers could possibly create unrest among existing employees leading to teething issues for the new-comer. In case of lack of commitment from the Interim Manager, the whole exercise may turn out to be unfruitful. It is critical to avoid digression from the project purpose which may lead to losses.

Recent Hires:

1. Interim CFO for a large European MNC operating in India. The role involved leading the restructuring of the organization along with M&A activities.
2. Interim HR leader to help with the integration of the existing C&B systems for a large Indian organization and transition to a new one.
3. Interim India CEO for a global MNC to launch the Indian subsidiary, manage the local regulatory challenges, get it off the ground, including drawing the road map for setting up the local manufacturing setup.

To summarise, Interim Management is a unique solution designed to solve varied business issues & agendas. It is at the discretion of the organisation and the individual to create a win-win out of the scenario.

LEADERSHIP DEVELOPMENT INTERVENTION: EXECUTIVE COACHING AND ITS EFFECTIVENESS

Anne Prabhu | Suresh Raina

Continuous changes in technology, communication, and globalization has made the business environment highly dynamic. Higher mobility with frequent job shifts, and limited training, leaves the executives grappling with issues they may not have faced before. Executive coaching comes to play an important role here particularly for leadership development of the executives.

Definition: *Coaching is defined as a formal one-on-one relationship between a coach and a coachee, in which the two "collaborate to assess and understand the coachee and his or her development needs, challenge current constraints while exploring new possibilities, and ensure accountability and support for reaching goals and sustaining development."* Courtesy: Center of Creative Leadership.

Executive Coaching can be used to address a variety of leadership and work-related issues including performance; managing teams, engagement, or career-related issues such as career advancement, transition, or developmental opportunities.

Who is a good coach?

A good coach has an approach that focuses on personal growth, uses creativity and intuition, and helps find solutions, particularly coaching high performers. Capable coaches are not only good listeners, but they are also good strategists and people with a vision who use their skills and knowledge to help their clients realize their true potential.

Coaching Tool Kit

Coachee-centered focus • Facilitator & guide • Challenge • Curiosity • Awareness • Listening • Intuition • Results-driven • Utilizing Coaching models/pathways

A good coach has a range of practices to help the coachee grasp the organizational context and issues. This includes having a perspective on the key drivers, the organizational structure and role expectations. The coach must understand the pressures of the coachee's job and the organizational hierarchy, as well as context.

Executives/Business Leaders at the highest levels of organizations have very complex and also unique problems. To support these needs, a good coach needs to conceptualize things quickly, understand the context, to think through complexity, "connect the dots" between their observations, anticipate changes and the transformation/breakthrough sought.

Interestingly, in most cases clients want to focus on immediate results. As coaching continues, the focus slowly moves to 'life', 'passion' and 'authenticity' and becomes more strategic. As the coachee becomes more self-aware, the focus of coaching shifts to more in-depth issues.

Traits of a good coachee

Apart from a good coach, the other most important element for a good coaching engagement is the readiness of the coachee, his/her coachability. Change readiness and being actively engaged in the process contribute to making a person coachable.

Coaching duration & mode

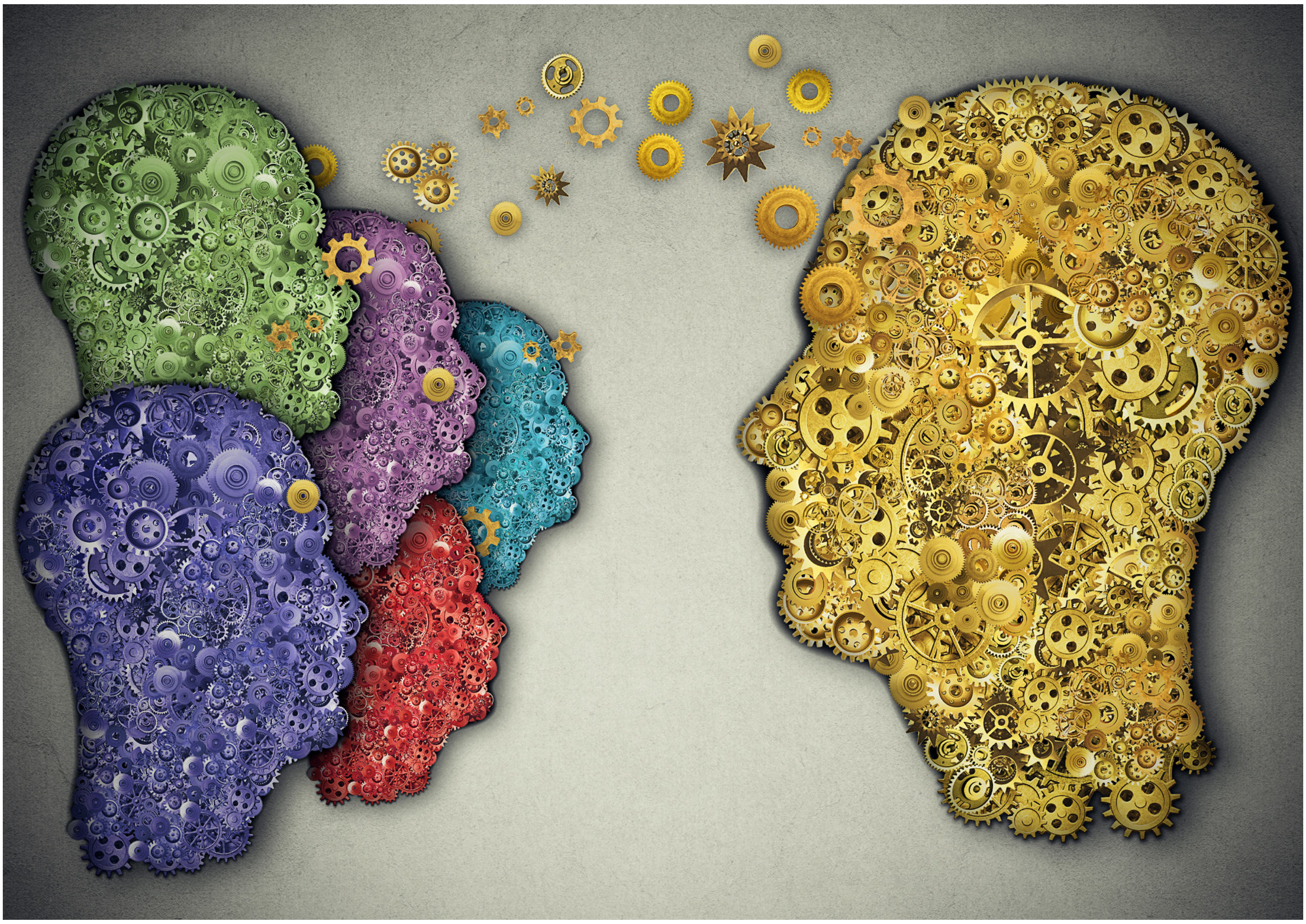
The typical duration of a coaching engagement is between 6 to 12 months. The preferred mode of engagement still continues to be face to face, although several coaches now use the video/phone.

Key factors leading to coaching success:

- The executive's motivation and commitment to change. Executives who get the most out of coaching are those with a fierce willingness to "learn," "evolve," and "be vulnerable."
- The support of the company. Firms must be committed to their executives' progress and must truly desire to retain and develop the coached executive. Buy-in from senior management is crucial.
- Clarity of goals. Whether the goals of the coaching engagement are for developing leadership behaviour or for facilitating deep organizational change, the company, the executive, and the coach all need to be clear from the start about the desired outcome of the investment.

Coaching is becoming more acceptable and slowly moving to mainstream, helped with the new perception of the practice as one of positive talent development rather than one of behavioural correction.

There is also a growing recognition that most executive development is achieved through customized & individualized learning rather than through classrooms. It is just a matter of time before getting your personal coach will be considered a badge of honour.



SEXUAL HARASSMENT: THE ISSUE, LAW AND WHAT YOU CAN DO

Parvez Memon

MZM LEGAL

A. The Issue

Towards the last week of June this year, we heard news that Brian Krzanich the CEO of Intel was asked to resign because he had had a consensual relationship with a co-worker. According to Intel, this relationship was a breach of its strict No-Fraternisation policy. Corporations are having to implement a number of such policies in order to avoid exposure to liability from sexual harassment lawsuits.

As more and more women join the work force, we will continue to see a rise in gender conflicts at the work place.

This year, employers around the world woke up to the rise of the #MeToo movement, an organic movement by women on social media, calling out harassment at workplace.

The difference between the #MeToo movement and other such movements is that the #MeToo movement by its very genesis rejects institutionalised mechanisms on dealing with sexual harassment. It focuses on "naming and shaming" as a means of redressing sexual harassment complaints.

Employers, now, not just run the risk of criminal and civil legal harm, but also run a very real risk of being massacred on social media for incidents of sexual harassment at the workplace.

B. The Indian Law

India has a law on harassment at the workplace. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 ("POSH") was enacted in 2013 following the famous 'Vishaka Guidelines' issued by the Supreme Court.

POSH provides a definition of sexual harassment and a procedure to deal with complaints. What POSH doesn't do however, is oust the jurisdiction of criminal, labour and civil courts from dealing with cases of sexual harassment. In fact, the Indian Penal Code (IPC) has itself been significantly amended to make various provisions much more stringent than ever before.

Employers continue to be exposed to criminal, labour and tort liability if they are found to have committed, aided, been negligent in preventing and or having breached their duties in relation to sexual harassment or acts of a sexual nature, which may lead to prosecution under the IPC.

C. What Can you Do.. Now?

The earlier 'soft' system of an internal complaint procedure, with evidence, is no longer viable.

A prudent employer will have to plan for these conflicts well in advance and implement policies that mitigate risks and reduce possible harm suffered by women at workplace. But the million-dollar question then is, what should these policies actually be?

Pro-women Policies

- Promoting more women to upper management positions
- Focused hiring of more women at the executive level.

More women at workplace allow for a more conducive environment for complaints related to sexual harassment to be raised at the genesis itself so that they can be swiftly remedied.

Key Preventive Measures

- Include sensitivity training
- Establish complaint redressal mechanisms
- Incorporate policies that are preventive in nature like Intel's No-fraternisation policy.

POSH & the Corporation

Failure to implement such policies may lead to civil lability for the concerned corporation. POSH compliant organisations should be protected from liability the same way intermediaries are under cyber regulation. As long as they follow the procedure, there should be no additional liability cast on them. However, this is currently not the case, employers are walking a tight rope in trying to balance the various risk mitigation measures while also not affecting employee morale.

Legal Strategy: Need of the hour

Sound legal advice is vital in order to draw up policies that reduce risk while at the same time, do not cause undue interference in the workplace. A good legal strategy is a vital part of the multi-pronged approach to ensuring that women have a safe and secure work environment. Apart from this, they serve a practical purpose by ensuring that employers do not get unnecessary legal and extra-legal exposure when such issues arise.

Finally, we may do well to remember Freddie's 'Hammer to Fall':

You don't waste no time at all,

Don't hear the bell but you answer the call,

It comes to you as to us all,

We're just waiting for the hammer to fall, yeah!

ParvezMemon is a Senior Partner and Ajay Kumar is an Associate at MZM Legal, India's pre-eminent law-firm inter alia dealing with white-collar crimes.

FREELANCE COMMUNITY: THE FUTURE WORKFORCE 3.0

Sohel Shaikh

Indian start-ups are moving towards a core-flexi workforce,with a lean core team and outsourcing of all other activities to freelancers.

Employment in general is undergoing dramatic changes, often summarized as "the future of work" or Workforce 2.0. Anyone following workforce trends must have seen eye-popping numbers about the gig economy. "One third of all workers are freelancers" or "half of us will be in the gig economy by 2020".

Freelancing, is definitely going to be the future of the global workforce and a lucrative career for job seekers. It is the right direction for corporates to become cost effective and more efficient.

Figures suggesting the start of workforce 3.0

- One-third of professionals globally say that work-life balance is becoming more difficult. Excessive overtime and a lack of flexible working hours are among the top reasons people leave jobs. 24% say they would take a 10% pay cut to be able to telecommute.
- 81% working parents say work-life balance is more important than pay when looking for a new job. 70% have thought about leaving a job because it doesn't offer flexibility.
- 77% freelancers state that they are now financially stable since ditching their day jobs to go freelancing.
- There is a 12 percentage point gap between men and women in traditional full-time jobs but a five-point difference between men and women working in the gig economy.
- About 60 – 65% large companies affirm that they will be significantly increasing their flexible working hour options. 80% of these companies are opting for freelance workers over full-time employees.

Some trends to lookout for:

- Rise of talent from tier 2 and 3 cities:Workforce 3.0 will result in many corporates shifting their talent hunt to tier 2 and 3 cities knowing that freelancers are more cost effective here than those in tier 1 cities.
- The MNC's will seek a pie of unbound gigs:The preconceived notion of small business & start-ups riding their operation on gigs is no truer today. Gigantic companies too have started to rely heavily on gigs. Activities like digital marketing, payroll management, IT development, content development, recruitment, etc. are getting outsourced to freelancers.
- Specialists for every task: By 2020, India will be the largest freelancing community in the world surpassing the US. This will result in specialized service providers for each activity.
- Jobseekers get choosier: People are going to be more selective about jobs with considerations not based merely on compensation, but on how those positions fit with their values, lifestyles and professional development goals. Aspects such as being able to telecommute and being their own boss will be at the highest level of priority.
- You will be paid for your skills not the time spent: Freelancers with proven track record will no longer charge per hour spent but based on the project/ assignment.

The gig economy is galloping. And it's primarily the 'Millennials' and 'Generation Z' that is riding this wave. The continual rise in gigs and people's fascination for freelance platforms and networks will lead to significant market shifts in the coming months and years with changes for betterment.

RECENT TIDINGS AT HUNT PARTNERS

We have Moved!

Hunt Partners is proud to announce that we have moved offices to the CBD of Bandra Kurla Complex (BKC). We are now in ‘ONE BKC’ and you can find us on Level 14 in Tower B.

Rebranding

With the culmination of a comprehensive exercise involving all stakeholders, we are happy to showcase our new branding.

“LEADERSHIP. EMERGENT INDIA.” is our new tag-line underscoring our positioning as –

“**A FUTURE-DRIVEN SERVICES** AND PRODUCTS BASED **LEADERSHIP LIFECYCLE MANAGEMENT COMPANY”**

In keeping with our new positioning our logo has been refreshed:

And we have also created identities for our other service lines.

Altus(Board Advisory)

Elan(Interim Management)

Geld(Financial Services)

Board Training

Further cementing Hunt Partners positioning as a significant provider of world-class certification and training in Board dynamics, we recently concluded four such programs.

Three of these programs were conducted for our corporate clients where we created customized interventions addressing board and committee dynamics, culminating in a boardroom simulation. The participants included executive and non-executive directors, and senior management.

We also successfully completed the 12th Edition of “The Directors’ Club”, an accredited director-certification program. The cohort of Directors’ Club alumni now numbers 270 plus.

Board Effectiveness

In keeping with increased focus on corporate governance, our services for evaluating the effectiveness of the Board of Directors is synchronized with the Companies Act, 2013 which requires public-companies to conduct an annual effectiveness review / evaluation of the Board.

In partnership with Board Evaluations Ltd. of the UK, we have now completed effectiveness reviews of several listed companies across sectors including, banking, oil & gas, consumer, and pharmaceuticals. Our service evaluates the effectiveness of all aspects of the Board and the Board Committees and the remit includes topics such as board structure, attendance, information flow, background notes, and participation.

HEALTHCARE: OPPORTUNITIES FOR TECHNOLOGY ADOPTION IN HEALTHCARE

Anne Prabhu | Shreyash Jain

Doctor density per 1,000 patients is 0.7 in India compared to a global average of 3 (Source: World Bank Report, IBEF Healthcare Report 2015). The ratio of population to doctors is six times lower in rural India than urban India; 30% of the rural population walks an average of 30km to access medical facilities. Even when a disease is treatable, it's often not affordable.

In recent times, with advancement in technology, healthcare technology start-ups have been entering the market. Many of these are still focussed on the urban tech savvy population, in a few cities and still need to evolve into a scalable model.

Digital/Virtual Healthcare Services - From searching medical terms, to booking an appointment at a hospital, or even messaging or video-chatting with a doctor in another city or state, already many Indians have become more health savvy with the use of technology. With widespread availability of internet and reduction in data costs,

we can expect an increase in the number of people benefiting from this service.

By 2021, it is expected that digital healthcare services will account for 6% of global healthcare expenditures (Source: GAVS Tech – Global IT consulting firm). These approaches are using IoT-enabled medical devices, augmented and virtual reality, and artificial intelligence.

AI - The adoption of artificial intelligence is on the rise, making the healthcare ecosystem more organized. Earlier, it was hard for patients to acquire appropriate information about the right doctor, hospital or treatment. Now, with the help of AI-based applications, people can directly talk to doctors, physician, and experts for the best treatment.

It is expected that by 2020, around 20% of healthcare and 40% of science organizations will achieve productivity through the adoption of AI technology.(Source: GAVS Tech)

Niramai a Bengaluru-based start-up uses Artificial Intelligence for pain-free breast cancer screening. Niramai's screening device can detect tumours five times smaller than what a clinical examination can catch. It uses machine learning and big data analytics over thermography images to develop reliable and low-cost diagnostic methods.

Big Data - Ambulances at new digital hospitals in India are fitted with ECG machines with inbuilt blood monitoring devices so that the doctor on board can save time by running necessary tests and getting patient's medical history even before reaching the hospital.

Data recorded onboard the ambulance is transmitted to hospitals via 4G technology, which is matched against the patient's electronic medical records (if they are available) to identify what course of treatment would be suitable

Greater acceptance of sharing data is changing how healthcare providers engage with and monitor the wellbeing of consumers. There has been a rise in the creation of digital apps that let consumers access their own healthcare information, and online services and social networking platforms that let consumers easily access advice and information.

Connected technology is also meeting the demands of consumers who increasingly expect more transparency and choice regarding their treatment and referral decisions.

Practo is one such platform which is a one-stop destination for appointments, consultations, health records, insurance, and ordering medicines online. With over 1,00,000 doctors supporting the massive scale of operations, Practo currently serves 25 Mn patients every year.

Robotics - Technology advancements in robotics will help handle time consuming tasks, reduce labor, prevent errors to improve patient safety and sustain business operations. The usage of robots has increased in supply chain functions, surgical procedures, clinical applications and cases. By automating routine tasks like scheduling, paperwork, timesheet entry and accounting with AI tools, robotics will ensure efficient and seamless workflow in hospitals and healthcare centers.

Apart from the changes brought in by increased adoption of technology, government has undertaken various initiatives to improve the current healthcare ecosystem. Ayushman Bharat is a National Health Protection Scheme, which will cover over 10 Crore poor and vulnerable families (approximately 50 crore beneficiaries) providing coverage upto Rs. 5 Lakhs per family per year for secondary and tertiary care hospitalization.

Healthcare IT teams will have to learn a wide variety of domain and technology capabilities. All the stakeholders will also need to be trained to use these powerful new capabilities to improve efficiencies and provide better care. As the usage of technology in the industry increases, we will see an increase in demand of leadership talent with exposure and familiarity in such environments.

With all the focus and development in the sector, one hopes that the traditional stand-alone model will evolve into a whole ecosystem providing transformative services ranging from preventive, diagnostic, therapeutic to aftercare.

TECHNOLOGY GLOBAL PRODUCT SUPPORT CENTERS IN INDIA

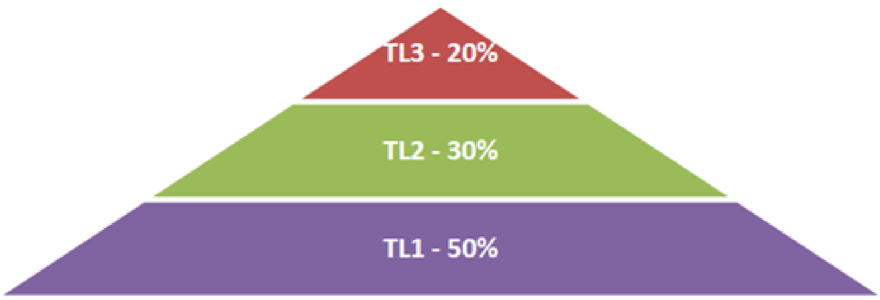
Arjun Erry | Omer Qureshi

Global Independent Software Vendors (ISVs) have long benefited from—and leveraged—the technical prowess of talent in India to manage their Global Support Centers.

In our experience, staff in core support operations—excluding the managerial layer—can be divided into 3 layers, viz:

- Technical Level 1 (TL1): These are junior personnel beginning their support career. TL1 staff has relevant work experience of 0 to 5 years. Companies hiring TL1 invest most training budget into technical and product areas;
- Technical Level 2 (TL2): TL2 staff is more proficient technically and can be at the front-line of complex issues. TL2 staff also takes on some limited managerial/team-lead roles. Work experience for TL2 is 5 to 10 years;
- Technical Level 3 (TL3): TL3 personnel have deep product knowledge and are primarily tasked with escalations. TL3 staff is also expected to have customer interface especially for premier customers.

As expected there is a pyramid-type structure with fewer TL3s and more TL1s as depicted in the following graphic.



Key Considerations:

- Cost. Hiring more experienced staff costs more. Companies mix up the hiring, in-taking a large number of entry-levels to achieve a lower blended total-wage-cost. Entry level support staff are given low-complexity, higher volume support cases;
- Product Maturity. Global Support Centers (GSCs) which support less-mature products have a higher incidence of TL1 staff because there will be a higher number of support calls;
- Customer Mix. Premier customers demand quicker turn-around-times and have more stringent SLA's. Units providing support to Premier customers are staffed with more TL2s and TL3s.

India has become a favored destination for the Global Support Centers (GSCs) of the ISVs as evidenced by over 100 centers in India as of 2017. The reasons for this growth are:

- Talent. With India churning out upwards of 1.5 million engineers every year there is an abundance of smart yet 'cheap' talent. The median starting annual salary for an engineer in India is INR 500,000 (equivalent to USD 8,000). This is a significant driver to hire entry-level staff into the support organization;
- Product Type. Products in need of basic-support (e.g. Windows OS support) can be handed over to junior staff, i.e., TL1s. Enterprise installations need more technical support from the OE's and not functional support. This is yet another driver to hire younger support talent;
- In-sourcing v/s Outsourcing. Many tech-product companies started in India by leveraging the capabilities of outsourced vendors. Over time, these units were absorbed into the company, i.e. in-sourced as part of a BOT (build-operate-transfer) model;
- Productivity. Product companies found it more efficient to train TL1 resources who were full-time staff because this population was more motivated than even experienced outsourced/ vendor staff;
- Ecosystem Growth. There was a spur to Support Centers in India from 2005

onwards. These sites started with basic support, i.e. low complexity/high volume. So leaders/managers of these centers relied almost entirely on hiring entry-level staff or junior staff.

Thus, this industry is expected to continue to grow at a rapid pace. It will further create various job opportunities for technical graduates and experienced, support staff.

People Movement

Name of the person	From (Company)	Designation (Was)	To (Company)	Designation (As)	Location	MOVE DATE
Piyush Vasudev	VMware	Director - VMware Global Support Services - Technical Support	Atlassian	Head of Premier Support, EMEA and APAC	Bengaluru	May-18
Mukund Joshi	DigitalOcean	Head of Support & Operations	Atlassian	Head of Support Operations, EMEA & APAC	Bengaluru	May-18
Nilom Sen	Skyhigh Networks	Director - Technical Support and Head of India Support Operations	McAfee	Director Technical Support	Bengaluru	Feb-18
Surma Vallish	ArisGlobal	Head of Global Customer Support	SAP	Senior Director, Service Delivery and Operations	Bengaluru	Feb-18
Sanjay Sikka	Acuitty	Partner	SoftwareONE	Director - Technology Services, Cloud Support	Gurgaon	Nov-17
Paramvir Sharma	Avankia LLC	Senior Director- Professional Services & Support	LendFoundry	Director, Customer Support	Bengaluru	Oct-17
Dhirajkumar Sharma	Colt Technology	Senior Manager	Orange Business Services	Head - Network and Services support	Gurgaon	Jul-17
Vasim Siddiqui	CallidusCloud	Director, Customer Support	Quotient Technology Inc.	Director, Production and Consumer Support	Bengaluru	Jun-17
Meenakshi Dhingra	Google India	Staffing Lead	Google	Head of Global Support Operations	Hyderabad	May-17
Ananthan Komanduri	CallidusCloud	Senior Customer Success Manager	Fulcrum Global Technologies Inc.	Global Support Head & Project Management	Hyderabad	Apr-17

THE ERA OF FINTECH

Suresh Raina | Shraddha Naik

The Digital payment transformation continues in India, where we now have more than 50% of India's digitally active consumers adopting Fintech, second only to China's 69%. Entry of big players like Amazon, Google, PayPal and Uber, India's digital payments space has morphed into a $500 Bn playfield. No wonder that in the recent Global Fintech Report, PwC found that 88% of legacy banking organizations fear losing revenue to financial technology companies in areas such as payments, money transfers and personal loans.

Wallets & Payment Banks

To provide an impetus to cashless transactions, the government introduced tax rebates for traders accepting more than 50% as electronic payment. True Caller acquiring The Chillr App points to integrating payment services as the core offering. Wallet transactions are set to shoot past the 1 trillion mark mid 2018, even as companies grapple with securing "Know Your Customer" (KYC) requirements.

The mobile wallet is evolving to be a complete financial management tool, creating a reliable marketplace that offers diversity of payments, travel, savings, insurance, mutual funds, credit and much more and wallets like Paytm, Mobikwik, PhonePe are shifting their strategies to become a single point for financial services. Not only this, this space will see a lot of consolidation going forward.

Financial Technology providers such as Euronet, FIS and Fiserv are seeing a strong growth on account of the new Savings & Payment Banks that have started operations in the last 12 months. However, given the low density of bank branches and ATMs in rural areas, there is significant potential for banking products to expand in these geographies. Payment banks need to heavily invest in marketing and distribution to penetrate the hinterland. Experienced talent in sales and distribution in the non-metros will be key to make this possible.

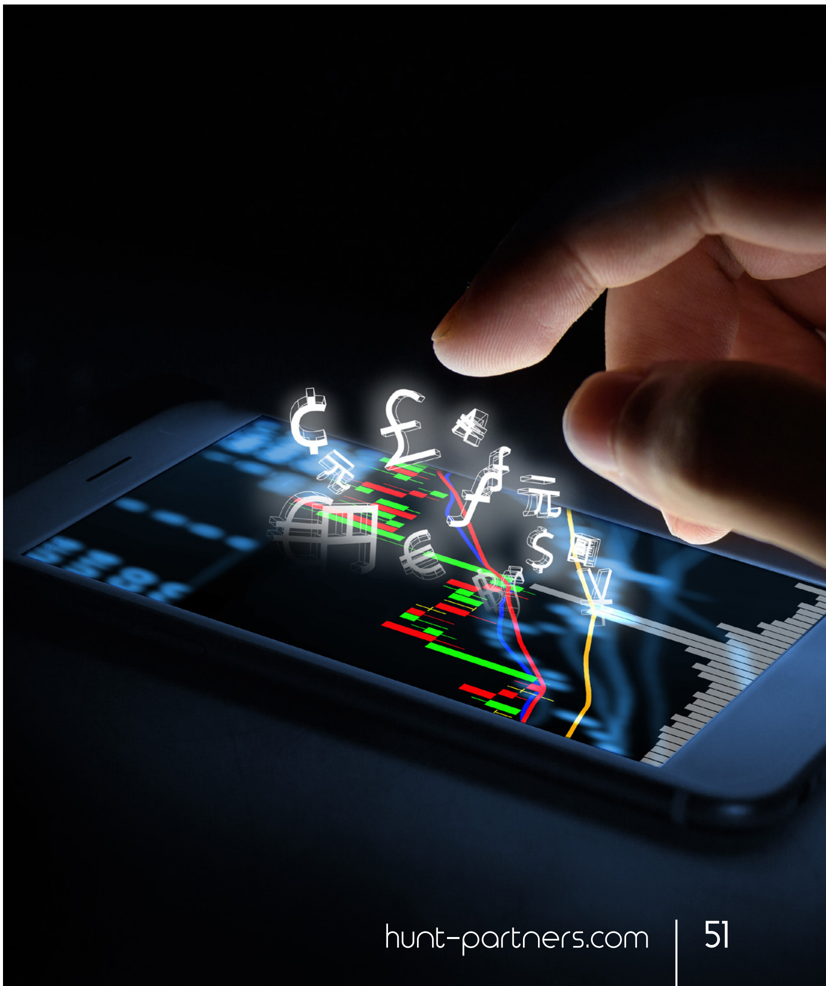
Digital Lending

Alternate lending including SME lending and P2P lending, start-ups also took the centre stage this year with players like ZestMoney, Cointribe, Neogrowth, Capital Float, Lendingkart, CashCare, Indifi, Rubique, Faircent cashing in on the opportunity. MasterCard & Unilever launched a joint digital lending platform for start-ups, to help micro-entrepreneurs overcome the cash constraints that limit their ability to buy and sell more products and ultimately grow their businesses.

As the online/digital lending expands in scope and customer acquisition, Product Development, Credit underwriting and Technology to automate Operations are key areas where talent will be in demand.

Online gateways

India payment gateway market is expected



to grow close to US$ 2 Bn by 2025. Major e-commerce companies have started to develop their own payment gateways, to help them improve the margins. Visa is investing in BillDesk, valued at $1.5-2 Bn, BillDesk is the largest online payments processing company in the country and competes with the likes of Naspers-backed PayU, CCAvenue and RazorPay. It should help Visa establish its position in the payments ecosystem which has seen disruption like UPI. We will continue to see requirement for high quality talent in this space as players fight in a very competitive market.

Acquisitions

- Ebix Inc that made headlines when it poured $123 Mn (INR 800 Cr) in Mumbai-based payments solution firm ItzCash, against an 80% stake in the company.
- Companies receiving funding include insurance marketplace PolicyBazaar, SME lending platform Capital Float & Neogrowth, and payments firms Mswipe Technologies and Razorpay.

The transaction value for the Indian Fintech sector is likely to touch USD 73 Bn in 2020, growing at a five-year CAGR of 22%. All the players in the ecosystem will have to keep investing in technology for processing huge volumes of data, analysing real-time information and taking instant decisions. They will also have to get talent with deep understanding of digital & technology tools and the demand for talent will not slow down.

Another key area is customer experience as business will continue to move closer to customers. The space will also continue to see innovation-led disruption as services become more personalised. Alliances will be the order of the day as companies will explore offering comprehensive solutions.

People Movement

Name of the person	From (Company)	Designation (Was)	To (Company)	Designation (As)	Date of the move
Vicky Bindra	MasterCard	APAC President	Pine Labs	Chief Executive Officer	Apr-18
Ajay Desai	Yes Bank,	Senior president and chief financial inclusion officer	Rubique	Chief operating officer	Apr-18
Anubrata Biswas	ICICI Bank	Business Head - South India	Airtel Payments Bank	Managing Director & CEO	Mar-18
Aparna Mahesh	FreshMenu	Chief marketing Officer	Bank Bazaar	Chief Marketing Officer	Mar-18
Nitin Gupta	PayU	India co-founder	OLA Money	CEO	Dec-17
Sudhanshu Jain	ICICI Bank	Deputy General Manager - Head Borrowing (Foreign currency)	Paytm	Chief Financial Officer	Nov-17
Suresh Sethi	Vodafone M-Pesa	Managing Director	India Post Payments Bank (IPPB)	Managing Director & Chief Executive Officer.	Oct-17

AUTOMOTIVE REVOLUTION

Suresh Raina | Pooja Thakker

Current Scenario:

The Automotive sector is witnessing healthy growth as the disruptions caused by various policy implementations (demonetization, ban on BS-III vehicles, GST, rate revisions) have now moderated. India has declared an audacious plan to turn every vehicle into an electric vehicle by 2030. Four disruptive technology-driven trends are clearly emerging: diverse mobility, autonomous driving, electrification, and connectivity.

Passenger Vehicles:

All players are introducing new products/ platforms. Tata has launched new products like Tiago, Tigor, Hexa and Nexonand has outperformed the market by driving volumes. The Ioniq EV sedan is claimed by Hyundai to be the first car offering three electrified drivetrains. Mahindra and Ford are partnering to jointly develop mid- sized and compact Electric SUV. Volkswagen has introduced a special edition Sports model of its popular carlines - Polo, Ameo and Vento. Bajaj Auto, is all geared up for rolling out its quadricycle 'Qute' in the next 3-6 months after overcoming the regulatory hurdles. SUVs have become the industry's growth engine– Fiat, Volvo, MG Motors are all lining up new SUV products for India. And finally Fiat seems to have cracked the segment with the launch of Jeep.

With the continuous market disruption in the sector, there will be a need for senior leaders to grow the business & drive the transformation agenda in a technologically advanced, fast-paced and highly competitive environment. The sector will need leaders for Electric Mobility, Automation and digitization verticals, where a lot of talent will move cross border.

Commercial Vehicle:

Tata Motors reclaimed its leadership position in LCV,Ashok Leyland has launched its first Electric bus-Circuits.There is a demand for

medium and heavy commercial vehicles on account of the robust pace of infrastructure activities. Bharat Benz crossed into double-digit market share territory for the first time and DICV plans to sell around 200 units of its new Mercedes-Benz Super High Deck automatic coach this year and has ambitious plans to achieve 80% growth in the buses segment this year. Last 2 years have been productive for Volvo Eicher with over 40% growth in top-line and the company is committed to invest in technology.There is a need to find the right strategy for differentiating products and services in highly competitive and volatile markets.

2 Wheeler Segment

The scooter segment is witnessing a shift towards electrification, ahead of all automotive products. Start-ups like Ather Energy launched the EV but we will need to build the ecosystem, be it the suppliers, partners, charging infrastructure and even the engineering talent. In the premium category, both Triumph and Royal Enfield are announcing new launches. BMW Motorrad has announced bookings for two of the most anticipated motorcycles - the G 310 R and the G 310 GS. The agenda is to increase the speed of growth - to achieve these dynamic milestones, demand of leadership talent is expected to grow in engineering, and marketing. Ducati has launched Multistrada 1260 and 1260S with commitment to bring the best of Italian design, engineering and performance to Indian roads.The functions of Sales, aftermarket services and design are presently the hot beds of activity, with the demand for leadership talent not being able to keep pace with the availability.

Conclusion

Technology disruption along with market trends has the potential to create multiple job opportunities in the coming years. The business transformation will require significant investment and the development of new core competencies and appetite to take on these challenges. The Auto-Component companies are gearing up for the likely disruptions and looking to diversify, scouting for technology acquisitions to stay relevant in the newly emerging eco-system. New market entrants are expected to initially target only specific, niche economically attractive segments and activities along the value chain. Sill there is no clear integrated perspective on how the automotive industry will look in 10 to 15 years and that is keeping multiple bets alive and attracting investments from players.

Two key areas of focus for the next 6 months remain Procurement & Supply Chain along with Quality as demand pressures are causing stress fractures in the system and leadership gaps are emerging.

Big News and Investments:

- Mahindra has entered into a partnership with Uber India to deploy electric vehicles.
- Ashok Leyland to invest Rs 400 crore in LCV push.
- VE Commercial Vehicles to invest Rs 500 crores for BS-VI technology and partners KPIT for EV buses foraying andsetting up a new manufacturing plan.
- Tata Motors has announced partnership with Jayem Auto tolaunch Nano EV.
- Bajaj Auto entered into partnership with Triumph Motorcycles to grow the 250cc-700cc market.
- SAIC Motor commenced operations with a target launch for MG brand in 2019, investing over Rs 5,000 crores.
- Mahindra will invest an additional Rs 500 crores to expand its electric vehicles portfolio.
- EESL to float another global tender for 10,000 e-vehicles.

People Movement

Name of the person	From (Company)	Designation (Was)	To (Company)	Designation (As)	Date of the move
Shubhranshu Singh	Star India	EVP & Head Marketing Sports	Royal Enfield	Global Head – Brand	May–18
Vikas Marwah	Varroc Group	Chief Sales & Marketing Officer	Lumax Group	EVP & Chief Strategy Officer	May–18
Satinder Singh Bajwa	Nissan Motors India Pvt. Ltd.	Director	Mahindra and Mahindra Ltd	Vice President SCV	Apr–18
Gurpratap Boparai	Fiat India Automobiles	CEO	SKODA Auto India	Managing Director	Apr–18
Jyotsna Sharma	Sandvik	Chief Financial Officer	Bridgestone India	Chief Financial Officer	Apr–18
Krishan Kohli	Eaton	Commercial Director - APAC	Continental	India Business Head - Continental VED BU	Feb–18
Anand Shah	BMW Group	Executive Director	Ola	Senior Vice President - Strategic Initiatives	Feb–18
P. B Balaji	Hindustan Unilever	Chief Financial Officer	Tata Motors	Group Chief Financial Officer	Nov–17
Pallavi Singh	Harley-Davidson Motor Company	Director Marketing	MG Motors	Head Of Marketing	Aug–17

AUTOMOTIVE: ON THE POWER TRACK

Suresh Raina | Nikita Garg

Society of Indian Automobile Manufacturers (SIAM) recently announced that the 2-wheeler industry in India has crossed 20 million units in sales for the first time, in FY 2018. This is across 12 OEMs registering an average industry year on year growth of 16%. It includes the top six – Hero, Honda, TVS, Bajaj, Royal Enfield and Suzuki.

An interesting observation is that the double-digit growth for the 2-wheeler industry has come after six years despite GST roll out and Demonetization. New product launches, capacity expansion and exports seem to be the common growth themes for most companies.

Does technology have anything to do with this growth?

In our last article (The Hunt Report Vol. 12) we spoke of autonomous vehicles for the customer, governments push to help OEMs to set up infrastructure and collaboration with global firms. Well, it still seems to be a thing of the near future. An industry professional said, "Two-wheelers are the easiest to go in for electrification, particularly from the cost perspective. India now needs to take strides and strengthen its EV policy". He adds, "Short term focus will be on emission norms, safety, comfort, infotainment and telematic."

Electric Two-wheelers

The first wave of Technology adoption seems to be coming from Electric Two-wheelers, however the industry still lags in the much necessary infrastructure push. There are less than 500 EV charging stations in the country today. Consumers are getting used to AHO (from April 2017) and ABS/CBS (April 2018 for new models and April 2019 for existing models).

A senior professional from the auto-component industry mentions, "Two-wheelers are ideal for electrification and a lot easier than passenger cars.Coming to e-mobility for two-wheelers, total cost of ownership (TCO) will be attractive only if battery prices come down to around $100 per KwH. The price gap is highest in the 100-125cc commuter bike segment. There is still sometime before we get there."In contrast, the industry believes that the Chinese EV's are a threat for a hugely under-penetrated

EV market in India today.

We have recently seen the launch of Ather Energy's 340 smart electric scooter, along with one year of free maintenance including road side assistance and unlimited charging at public points.

It's All About Design, Engineering & Technology

Hunt Partners believes that Design and Engineering are core to bring about the change 2-wheeler customers want to see, amongst others and that styling is a key component to adapt several changes. Hunt has recently appointed the Global Head of Design at a top 3 player (to join in Q3), who mentions, "The gestation period varies between 18 months to 3 years for an e-scooter and 6-7 years for an e-motorcycle. However, the demand in the country for such a product, will certainly see OEMs shorten the timeline for delivery."

The Need for Talent

One of the key challenges many leaders spoke to us about is that of talent - individuals who understand this blend of design, engineering and technology. Hunt Partners view here is that, the huge opportunity in India for Global and Local OEMs lies in its scale (downstream activities such as sales, marketing, distribution and service), hence the time so far has gone in strengthening the downstream of the business but the upstream (design, engineering, technology, product innovation) has been left behind.

"Let's take the example of Design. India has not produced a single Indian origin designer globally for the industry. The reason is because when Global players entered India in 2005-06, they retained design support in North America and Europe. And Indian OEMs have mostly desired such talent from overseas", remarks a senior HR professional at a 2-wheeler OEM in the country.

A recently published SIAM report highlighted that while many of the Global OEMs are increasing their designing focus in the Indian market, most of the new launches here, are global successful models. We will like to point out here that lack of homegrown talent in the industry will hamper growth in the second largest automobile market in the world; especially at a time when many global players are setting up shop floors or development centers here.

Conclusion

It is to be noted that while the market will continue to see new model launches and facelifts, all companies are gearing up for the incoming safety norms (for the existing two-wheeler model range) and the BS VI emission norms in near future on priority. Despite its challenges, the Indian 2-wheeler industry seems to be on a powertrack to reach where its customers want it to be.

HUNT SCOPE – STEFANO PELLE

Managing Director of Ferrero India Private Limited

Stefano Pelle started his marketing career in 1987 with Johnson and Johnson. After which he joined the Danone Group with an international responsibility. After spending 6 years in the FMCG sector, he moved to the services Industry and worked in senior roles at Iberia Airlines, Italian Railways, and Perfetti Van Melle Group.

He then moved back to India, heading the South Asia and Africa Region for Piaggio Group. Currently, he is Managing Director for the South Asia Region for Ferrero.

He published the book "Understanding Emerging Markets: Building Business BRIC by Brick" and "When not in Rome don't do as Romans do" (SAGE, New Delhi) and several articles in management journals, newspapers and magazines. He has cooperated with several Business Schools and Universities such as LUISS University of Rome, LUISS Business School and California Lutheran University(L.A.).

For his work in South Asia, he received the high award of Knight Commander (Commendatore) from The President of Italy in 2006.

ORGANIZATION STRATEGY/KEY CHALLENGES

1. What was the mandate given to you by the Board when you took over in your role?

I will talk about my previous role at Piaggio. I was hired with the objective of re-launching the two-wheeler business as well as expanding the presence in the light commercial vehicle market.

The two-wheeler business gained a good momentum with launch of the second scooter under a different brand and streamlining of the dealer network strategy. In the first year the overall volume sold was more than double with consequent major benefit for the factory utilization as well as profitability. In the light commercial vehicle market, we re-launched a city vehicle which more than doubled the market share in this segment within one year from the relaunch.

2. How much of that has been achieved? What were the challenges faced?

In order to achieve the above, we had to convince the headquarter for a substantial investment for the new projects, while finding the way to produce at competitive cost with relatively small volumes.

DOMAIN/SECTOR

3. How have the changes in technology/ globalization/economy affected your sector?

The passage to stricter emission standards (BS4 and later BS6) imply significant investments to comply with the required standards.

Increasing of consumer's purchasing power implies a shift in mode of transport. Therefore, those who would use "autorikshaw" would upgrade by buying a two-wheeler and two-wheeler owners would upgrade by buying a four-wheeler, hence affecting the growth of such segments.

PEOPLE ASPECT

4. What is your talent strategy? How do you draw the balance between home grown vs. lateral hiring at the leadership level?

At Ferrero, we endeavor to build winning teams and a highly competitive global organization with the right people, structure, processes and systems in place. Our focus is to build the existing talent pipeline by creating excellence in learning and development experiences, strengthen talent attraction, and create outstanding candidate experiences.

Ferrero has a very unique way of doing business, and this know-how is crucial to retain talent. We really invest in our employees to help them develop a high level of 'Ferrerita'. As the organization is evolving, and expanding its presence around the world, it is also important to diversify our leadership pool by exploring top class talent from the market to add value to the business. We operate with the important baseline that we must preserve our core values and way of business, but also change and acquire new skills, to adapt to the new challenges in the business world.

5. How does your organization identify and develop future leaders?

We have strong processes of monitoring, developing and managing talent, which helps us identify key positions, and high-potential future leaders. We work with leading learning organizations at group and local levels on customized assessment centers, to identify high potential creating development plans, and map them to short-term and long-term successors for key leadership positions. The organization promotes internal job posting for key critical position to show career progression and develop them as future leader.

SHORT/MEDIUM TERM OUTLOOK & STEPS TAKEN

6. In a world full of Volatility, Uncertainty, Complexity & Ambiguity (VUCA), Innovation has become one of the most important factor to transform a crisis into an opportunity. How do you promote Innovation?

The organization also works on building a young talent pipeline and integrating them with Ferrero global managerial programs to fast track their growth and assimilation in the organization. We also leverage on mentoring practices to grow with knowledge sharing and experience. The identified HIPO are also given opportunity to go through a tailor-made master's program from reputed universities.

LEADERSHIP

7. How do you define & practice leadership?

Ensuring that people follow our vision with effectiveness and motivation. I practice leadership by being coherent, empathetic and empowering my team members.

PERSONAL

8. What are the 3 most pivotal moments in your career that you either learned from and/or that got you where you are today?

Getting into my first leadership role at a young age (28 years old) and having senior people reporting to me helped me improve my people skills.The transfer to India as an expatriate helped me look at the world from a different perspective.

The assignment of the responsibility as President of a large region gave me the opportunity of handling several Business Units and getting to know many markets.

9. What message would you like to share with young professionals at the start of their career?

To work hard with clear objectives in mind and a long-term perspective always pays back. Youth should not be in a hurry to take the first available job and get the highest pay: learning most, rather than earning most, is essential at the beginning of one's career.

HUNT PARTNERS

LEADERSHIP EMERGENT INDIA

ABOUT HUNT PARTNERS

Hunt Partners is one of Asia's leading Executive Search firm with principal offices in Mumbai, New Delhi and Beijing. Hunt Partners offers expertise across a broad spectrum of industries. The firm ensures highest quality service standards through its ownership approach for all the partners. Over a decade, the firm has been consistently ranked amongst the top 10 retained executive search firms and witnessed rapid expansion and growth in revenues and clientele. Hunt Partners provides services like Interim Management, Talent Management and Organization Alignment to help the clients achieve desired business results through effective and pragmatic talent management strategies. Hunt Partners also specializes in board advisory services, provides research, and even offers unique board-certification programs under 'Directors' Club' for aspiring and existing Directors.

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