

# How To Succeed In A Volatile World

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25<sup>th</sup> October 2013



# What Does Volatility do to Business ?

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**Unpredictability in demand**

**Unpredictable Pricing**

**Unpredictable Forex rates**

**Unpredictable Input prices**



**Cost Structures Get Disrupted**

**Causes poor decisions and unpleasant consequences**

## If you cannot predict, can you anticipate?

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Was it possible to anticipate Liberalisation of 1991? Yes

Was it possible to anticipate the Asian Crisis in 1997? Yes

Was it possible to anticipate the Global Meltdown in 2007? Yes

Was it possible to anticipate the Indian Crisis in 2013? Yes

**Lead indicators were all outside your sector....you did not notice them**

# Ups & Downs are not bad if they can be predicted

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## Unpredictable



## Predictable



# We need shock absorbers or guide rails

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Shock absorbers and  
guide rails are medium  
to long term solutions  
But

**We also need some  
short term fixes**

*Groupe Legrand in Dec 2007*



# Case Examples: How have companies weathered storms to emerge winners ?

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**Amongst the top 100  
SME achievers in  
India in 2012**



**Grew 34 times its size  
in a decade !!**

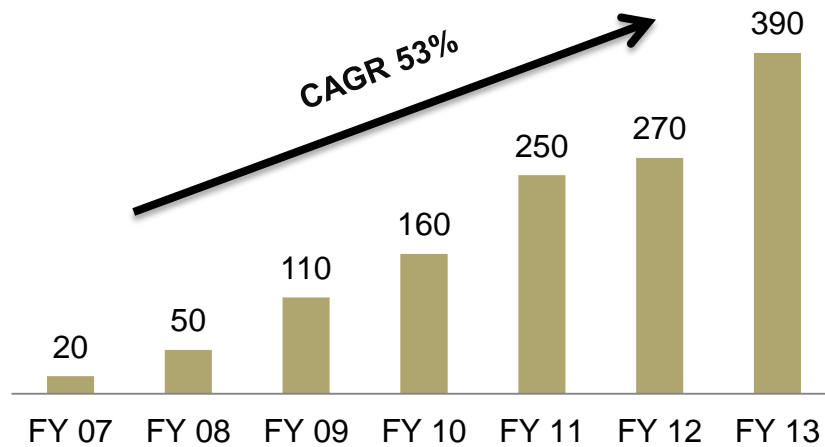


**Became 2<sup>nd</sup> largest IT  
services provider in  
India**

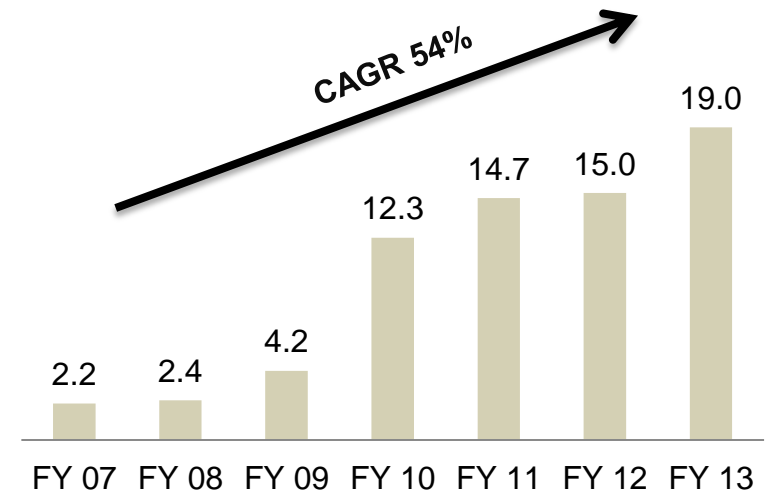
# Over the last 7 years Gravita India has seen its Revenue grow by a CAGR of astounding 53%



Revenue (Rs. Cr.)



Profit after Tax (Rs. Cr.)



- Incorporated in 1992, Gravita India Limited, is the largest secondary Lead and Lead product manufacturing company in India and among the fastest growing in the world
- Backed by growing demand across end-user industries, the company has seen phenomenal growth and now has plants across 5 countries other than India and has a customer base spread across more than 40 countries

# Diversification and operational excellence has enabled Gravita to achieve rapid growth amidst a downturn to become a market leader



## Tapping emerging and traditional demand

In addition to its traditional demand centre i.e. the auto industry, Gravita is increasingly focussing on segments such as UPS Power Systems , Inverter Systems, Lead Recycling.

## Geographically Diverse Customer Base

To avoid dependence on a single market, Gravita has a geographically diversified customer base spread across the globe with ~40% of sales coming from outside India

## Strategic Global Operations

Company has strategically commissioned global manufacturing facilities which source raw material resources from cost-effective sources.

## Operational Excellence

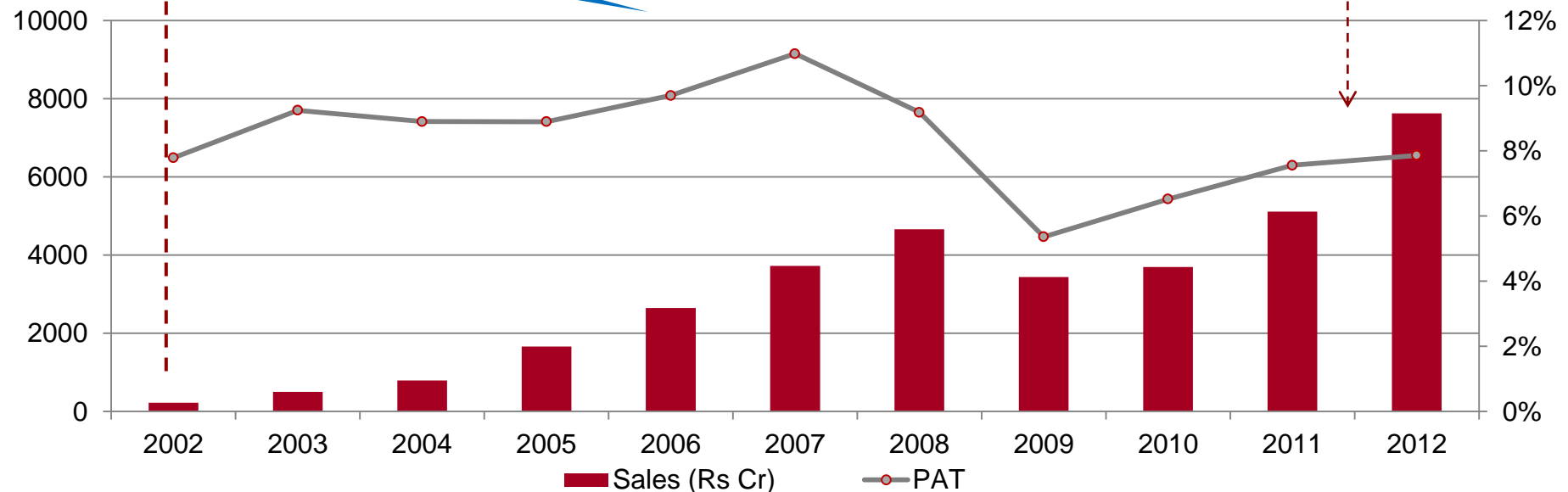
Gravita has invested in processes and practices to deliver operational excellence which is evidenced by high-quality and cost-effective products resulting in enduring relationships with customers

# Amtek Group has grown at 42% CAGR from Rs 220 Cr to Rs 7,600 Cr+ revenue with respectable net margins



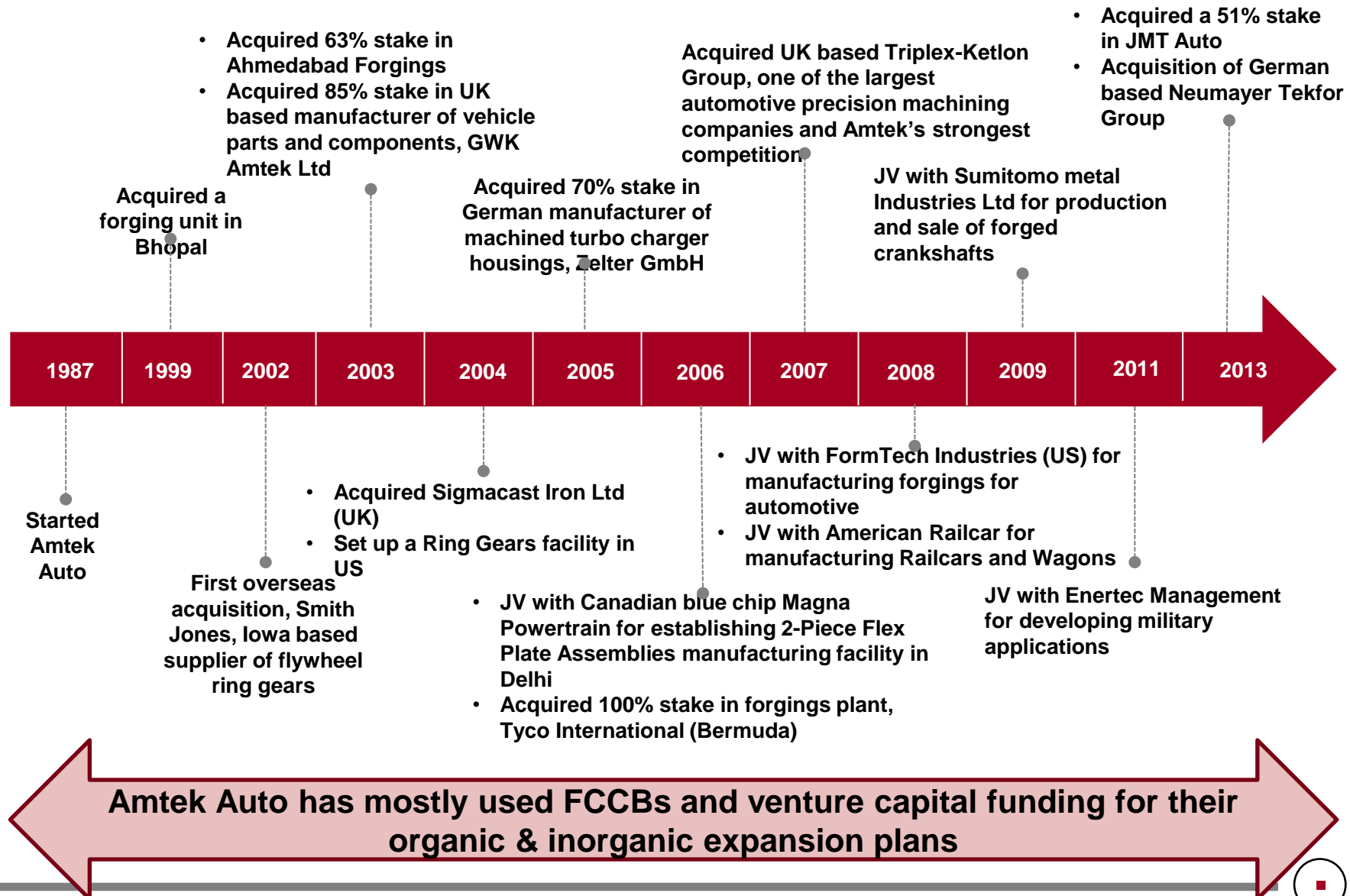
Auto component industry grew @25.3% during this period

CAGR 42%



- Operations across Forging, Iron & Aluminium Casting, Machining & Sub-Assemblies
- Group Market Cap is around US\$ 700 million (2013)
- 60 world class manufacturing facilities across India, UK, Germany, Brazil, Italy, Mexico, Russia and US

# Amtek Auto grew through a slew of domestic as well as international acquisitions and joint ventures

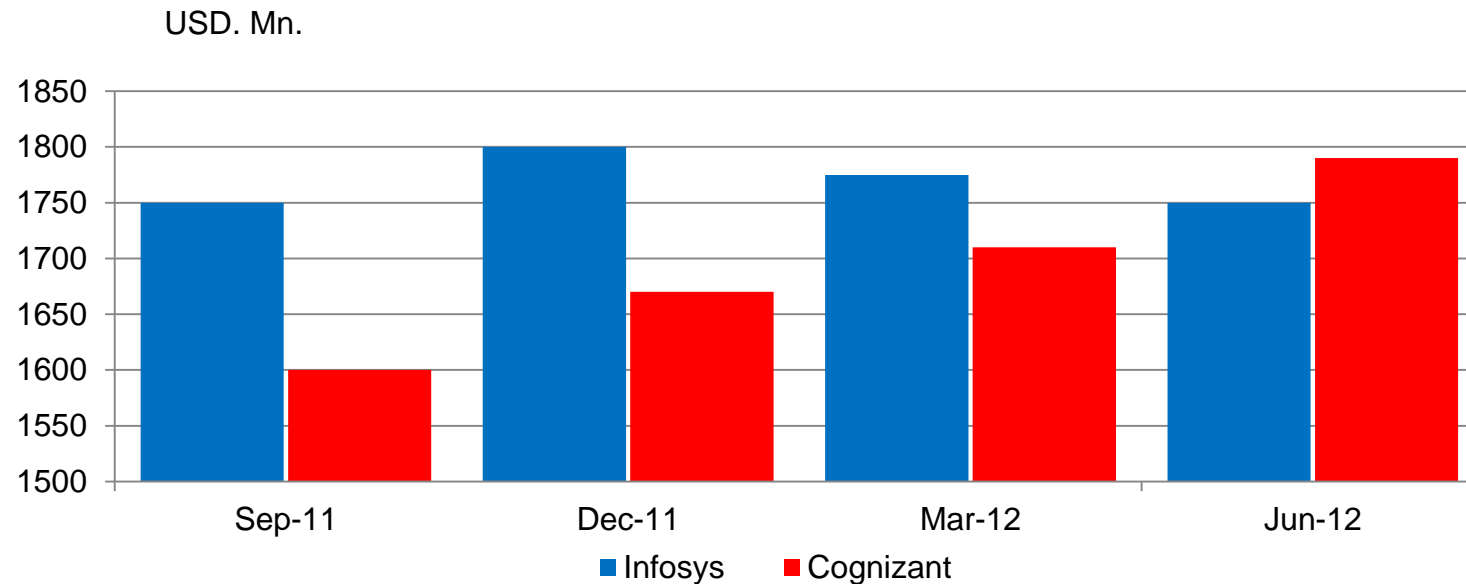


# Amtek's Recipe for success

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# Cognizant ran past Infosys in the quarter ended June'12 to become the 2<sup>nd</sup> largest Indian IT services provider



**"Cognizant experienced the highest growth rate among the top five providers with an increase of 20.1 per cent in 2012"**

-Arup Roy, Gartner.

**"Cognizant restores faith in IT as sales grow 3.7% in Q1"**

- Economic Times

# Having come a little later than into the business, how did Cognizant manage to get past Infosys?

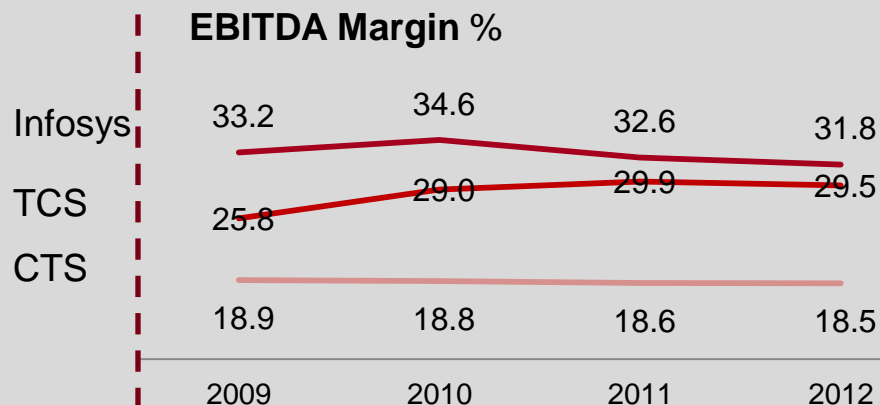
## 1 Adding more businesses to its portfolio

- **Expand Service Offerings and Solutions-** Capabilities and service offerings in the areas of CRM, ERP, EIM, Software Testing etc
- **Expand Domestic and International Geographic Presence-** Sales and Marketing offices in North America, Europe, Latin America, Asia, and the Middle East
- **Research & Development and Competency Centre-** Ability to react to clients' needs quickly and efficiently redeploy our technical staff to different technologies

## 2 Aggressive acquisition to get specific skill sets

Target	Sector/ Specialization	Value
Fathom Solutions	Telecom Consulting	\$ 19 Mn
AimNet	IT Infrastructure Services	\$ 15 Mn
Market RX	Enterprise Analytics	\$ 135 Mn
UBS India Service Centre	BPO	\$ 75 Mn
Core Logic India	Information Analytics	\$ 50 Mn

## 3 Ploughing back money into building Customer Relationships



## 4 Innovative Revenue model

- While the big IT players were debating about fixed fee vs. Time & Materials, Cognizant went for a new model – **Business Outcome Based Pricing**
- Rather than aligning themselves with the IT Budget/ CIO's office within an organization, Cognizant looked to align themselves with the **Bottom-Line impact** that their work would create

# Fundamental levers that winners use

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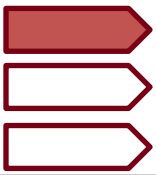
**Listen to your Stakeholders**

**Track the Competition**

**Question Your Business Model**

# Listen to your Stakeholders and external sources

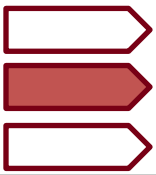
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- Become **Customer Centric**
  - To fulfill their **needs that keep changing** as they **adapt to changes**
- Sensors on always to understand
  - **the terrain** (listen to economists, regulators, commentators) and
  - **the climate**
- **think about things that can affect your stakeholders** -employees, customers, vendors, investors (meet them often, use other media (**digital** and conventional))

# Track the Competition

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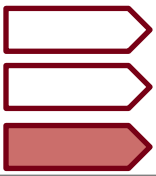


- **Identify** Competition
- Get to **Know** the Competition

Leverage all available legal methods to **track Competition**  
(current and future)- Technology tools and research

# Question Your Business Model

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- **Think radically** about the business before you are forced to
- Evaluate how someone else can **disrupt you and your industry**
- Do that **yourself** and Act **rapidly** and **decisively**

# CEOs of Large Corporations view Crises as Opportunity

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India is one of the best success stories within the group. We started with an acquisition 15 years ago and since then have been expanding through new products and businesses helping us grow by over 10 times in the last ten years

It's not rocket science to manage a business under siege, it is possible to simply anticipate and prepare

In my view, there is enough space in any industry where a player could come and disrupt the market through a business model or a pricing model, or a product delivery model. Hence irrespective of the macro-economy, potential in India is immense

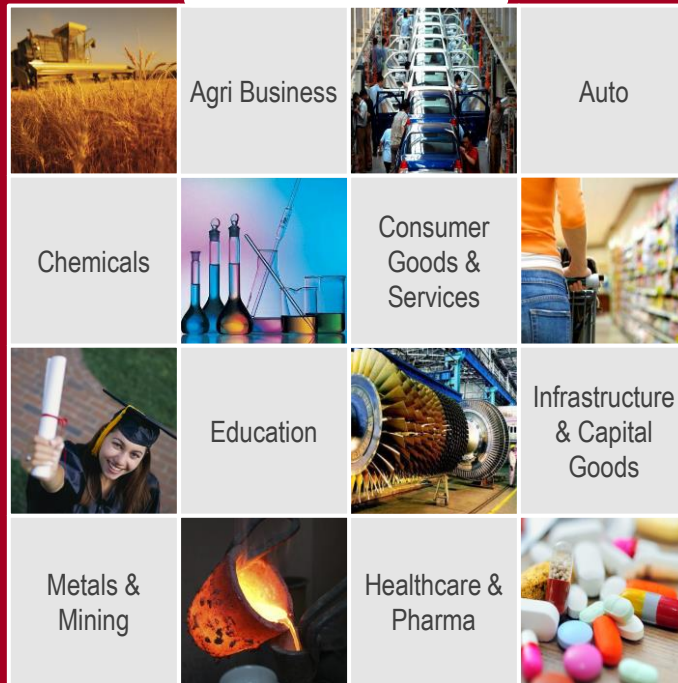
There is a strategic tool known as scenario planning originally started by Shell and any company of a reasonable size should be able to plan for multiple scenarios. Hence you should be able to recalibrate your plans based on how things are moving

# THANK YOU FOR PARTICIPATION

## OUR AREAS OF EXPERTISE

We combine profound industry knowledge with deep functional expertise

### Focus Sectors



### Service Capabilities

#### □ Strategy

- Corporate Strategy
- Business Unit Strategy
- Functional Strategy

#### □ Transformation

- Strategy Articulation
- Organisation Design and Alignment
- Process Re-engineering
- Change & Performance Management

#### □ Transactions

- Deal Origination
- M&A Support
- Value Optimisation
- Exit Strategy

**raj.nair@consultavalon.com**