



Lead Feature

How Can Companies Cope with the Downturn?

- Sanjeev Nayyar

With each passing day an economic

downturn seems to be a reality. In 2007 companies were on a roll with double digit growth rates, high employee pay outs and optimism all around. Sentiment has changed since then. People have become cautious, interest rates are rising and growth rates falling. How will corporate India survive the slowdown? Here are some ideas.

Initially a number of corporates were in denial mode and tended to underplay the slowdown. So the first thing is to accept that the downturn has begun. Corporates need to find solutions to both operational and employee issues. Here's how they can do it.

Management should send out a communication to all employees giving the overall macro economic picture, impact on the company's business, steps taken by management and outlook for the next three months. The letter could end by asking every employee to give their inputs for a Profit Improvement Plan. Those who give the three best suggestions would be recognized with a Chairman's Award.

This should be followed by the creation of small work groups wherein individual suggestions are discussed. The objective is to come up with clear and workable ways to reduce cost.

Next is to invite creative employees to work with an Advertising Agency and design posters, charts, cartoons that use humor to convey the message of cost reduction. These could be pasted at strategic points so that it catches the eye of every employee.

Thus the first step is recognition of problem and employee involvement in the cost reduction process. Now let us look at operational brass tacks.

Whenever there are signs of a downturn the first area that Management scrutinizes is Overheads - reduce manpower, cut travel. Over the years I have realized that the meat is in Manufacturing Cost. It might help to examine input output ratios, wastages of key raw materials, machine productivity and production cost per ton. Is there a way to improve machine lay out or move from a batch to assembly line process both of which shall increase productivity. More importantly

examine cost of key raw materials. Are your vendors passing on all savings on account of a reduction in their input costs.

The impact of a downturn on the company's performance should be communicated to employees once a quarter.

During a downturn employee morale heads southwards. This could make employees insecure, reduce productivity and possibly quit for supposedly greener pastures. Besides the communication exercise referred to above Management should organize motivational talks by trainers/spiritual leaders, have one to one talks with employees and use them on special projects.

Management should critically examine the Organization Structure with an intent to ascertain surplus staff. They could form cross functional teams who are given clear goals for e.g.:

- Introduce product innovations to increase volumes without discounting prices.
- Document and share Learning's across the company.
- Identify new markets, distribution channels and uses for company products.
- Can customer needs be met at lower cost.
- Reduce consumption of power.
- Identify uses of Solar Energy.
- Increase Cash generated by the company.

The strategic intent is to focus clearly on experimentation, explore ideas and bring different people to work together.

Lay offs and firing should be the last option. Before such a situation arises give employees an option of leave without pay, pay cuts, going on study leave, flexi time or taking a sabbatical.

Companies should avoid cutting R&D spends as it could put them at a disadvantage at tapping long term opportunities that these expenses might create.

Every company has Innovative employees and those who are on a fast track. In a downturn, their performance could be adversely affected by stress and over work.

They should be sent on a holiday individually or as a group. Possible destinations are river rafting at Rishikesh, trekking in the Himalayas, beaches of Goa, read a book along the Betwa river in Orchha (M.P.), drive from Manali to Leh or the palaces of Rajasthan. The benefits are manifold.

- Gives peace of mind that promotes clarity of thought and ability to come up with out of the box solutions.
- Travel is a type of education. A simple interaction could trigger a chain of innovative ideas.
- A family holiday enables the working spouse to spend quality time

with the family. A manager whose family is happy will tend to be happier and work harder.

The above ideas can succeed if top management leads from the front and by example. The mantra should be 'Convert every problem into an Opportunity'. Now let us look at some Strategic Issues.

Since the U.S. economy is on a downturn Indian corporates must study the market and identify goods / services that could make U.S. brands more competitive vis viz China and South East Asia.

With an intent to provide customers end to end solutions companies should form joint ventures or Public Private Partnerships? Some eggs.

An auto co that makes Buses takes over the management of the Delhi Transport Corporation on the condition that only its buses would ply. This way the consumer gets better service, the company gets a ready market for its vehicles and the State Government reduces losses. Resources are freed for roti, kapda aur makaan.

A joint venture between an Infrastructure co, Finance co and State Government. The former makes the roads, the latter funds the project and collects Tolls and the State Government provides land. The companies gain through additional revenues while the state government improves rural connectivity. This promotes trade and helps the farmer realize better price for his produce.

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Esprit De Corps - Why Organisations Need to Invest in this most Effective Talent Retaining Tool

- Cdr Girish V Konkarni

During the last couple of years there has been a lot of talk in business circles about team building, team development etc. While team building and team development is essential for any organisation there is another deeper and profound aspect termed as the Esprit de corps. Esprit de corps is a more powerful and potent form of team development and involves not just dynamics of team working but the ingredients that make a team and the organisation stick together through thick and thin - especially when things are not going too great, like the current business environment for example.

While till a few months ago, it was attrition rates that all organizations had to learn to accept, today it is the spectre of job lay offs. The employee is today always looking for some sort of a reassurance from his/ her bosses that his job is safe. At the same time the employer needs to get better productivity in a era of scarcity, dwindling sales prospects and a slowing economy. Hard technical skills, while important, alone are not capable of delivering the desired results and these need to be adequately complemented with 'soft skills' such as interpersonal relationships, communication skills, etc. Combining the 'hard and soft skills' is not easy but essential in today's business environment. This involves not only creating a satisfactory and challenging working environment, but also involving the families in the business environment and integrating them into the larger business picture. Esprit de Corps is about building deeper bonds and relationships between the employees and the families, such that money and other related aspects assume secondary importance. Family ties, friends in the company, interpersonal relationships assume a higher dimension. It is a classic

case of Abraham Maslow's theory of Hierarchy of Needs in action in an organisational context.

What is Esprit de corps? It is soft skills of a higher order. It comes about by putting the people (not just individuals or teams, but organizational cross functional teams through tough mental, physical and emotional situations, such that interpersonal barriers translate into bonds. A greater respect for each other rather than suspicion, develops a greater awareness of each others strengths, acknowledgement of each other's limitations and awareness that together we can achieve greater heights. Esprit de corps puts the organizational identity at the crest.

Developing Esprit de Corps requires sustained efforts and need not always be expensive affairs. Simple activities such as field games or team games, built around the organizational identity go a long way in building Esprit de corps eg. football, hockey, basketball, volleyball, kabaddi etc. These are called field games and give emphasis upon team play, and apart from keeping employees in good health go a long way in building bonds. The silo mentality is broken down. Tennis, Cricket, badminton etc are not regarded as team games for this purpose of Esprit de corps as these have a great deal of individual skills and limited direct large team interaction.

I would recommend organizations to book time at local clubs/ grounds (there are many school/ college grounds that are underutilised), where their officers and junior employees together (not individually) regularly spend time for such games (regularly does not mean once a month- it means once a week- say every Friday to

have various matches, where even the top management participates and not remain aloof and left out). This is only the beginning of developing Esprit de corps. The next level is more elaborate in the form of outbound experiences.

There are different types of programmes, ranging from the typical one-day generic team building programmes, comprising of ground simulations to the more complex, dynamic and challenging three to seven-day programmes. These would include aspects such as expedition planning and execution, overcoming seemingly impossible challenges. These wholesome programmes are physically, mentally and emotionally challenging, bordering on the simple to tough. The generic one-day variety do have their importance, but are also looked upon as mere fun and games and I would contend that they do not give the required 'bang for the buck', which a longer duration programme delivers. It is their inherent physical, mental and emotional challenges incorporated in the design of these programmes that builds Esprit de Corps - something that helps in overcoming the turbulent business and working conditions.

'After all, a good soldier is not one who wins victory in every battle; a good soldier is one who is able to retain the victory in the inevitable counter attack that is bound to follow every enemy's defeat. Likewise it is not the talent you hire when the going is good that matters; it is the one that sticks with you when the going gets tough that matters.'

Esprit De Corps helps the organization in not only riding the crest, but also riding the troughs that follow, taking it to even greater crests in subsequent waves to come. ♦

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Carried from page 20 How can companies cope with the downturn?

A joint venture between a private hospital chain, an insurance company and State Governments to set up hospitals and health care centres in tier 3 cities and small towns. The health service is available to all families with an annual income of less than Rs 2.5 lakhs. Central and state government's pay say 60% of mediclaim premium with the balance paid by the consumers. This way the hospitals extend their coverage, insurance co earns premium and

importantly, the government provides quality healthcare for the aam aadmi.

A joint venture to promote E Governance in states. The partners would be a hardware co, software co and State Governments.

Similar partnerships could be explored in every sphere. The idea is to create a Win Win situation for all by expanding the size of the market and providing better services to the consumer.

In such a situation the Media has to report responsibly. An over exaggeration of the problem could create panic, increase consumer insecurity and lead to fall in demand for Consumer durable and FMCG products. Balanced reporting could ensure the Feel Good Factor continues.

Corporate India needs many more innovative ideas to pull through the most unique and challenging slowdown in recent times. It needs to live with the belief that this too will pass. After all, the bubble of 2000 was followed by a boom in 2004-07. ♦