indian management

The Journal of AIMA
ALL INDIA MANAGEMENT ASSOCIATION

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A SPENTA MULTIMEDIA PUBLICATION

THE HUMAN EXPERIENCE

Emotional Intelligence meets Cultural Intelligence

THE POWER OF AWARENESS

Salman Raza

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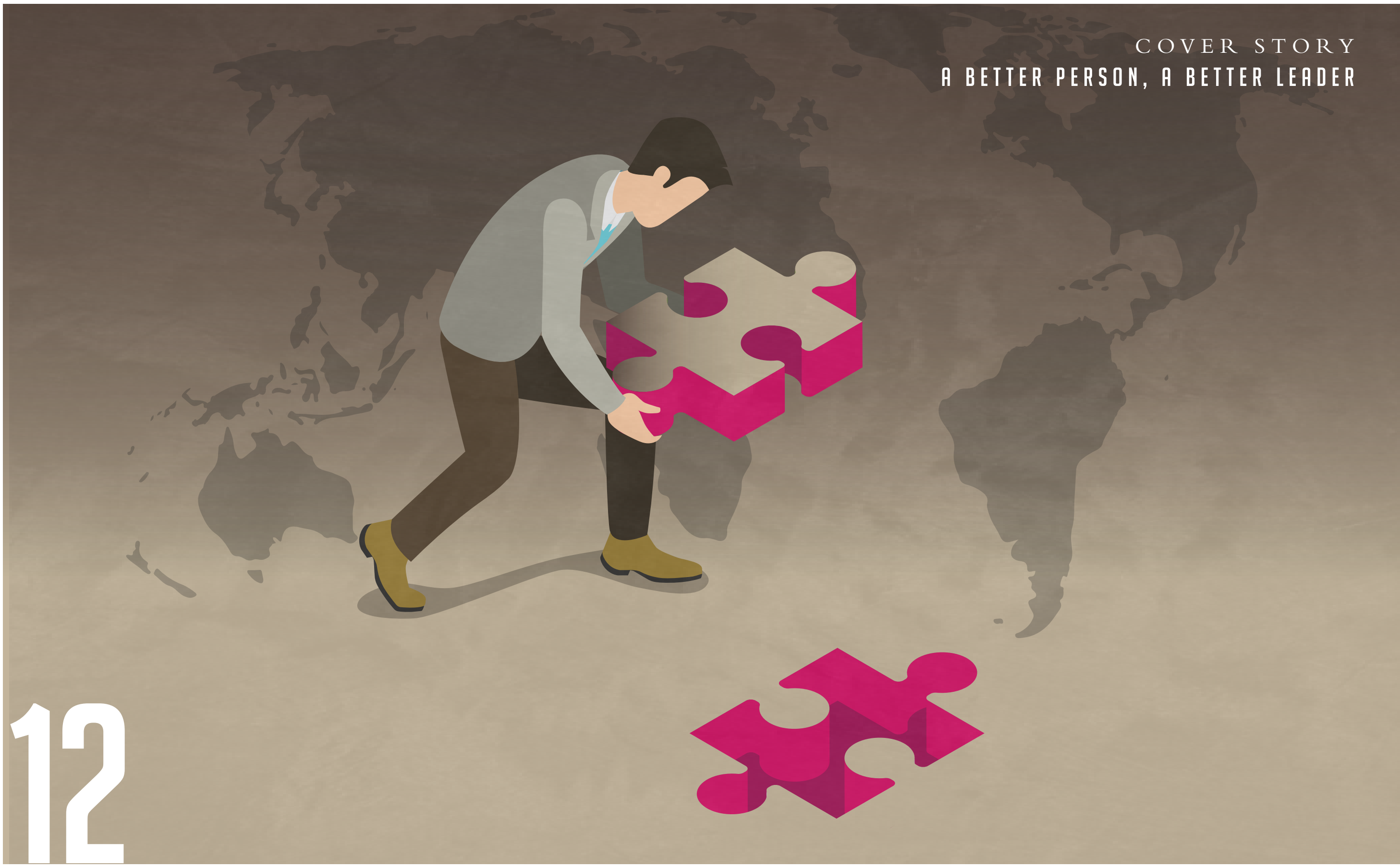

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Regional Round 3 (Online)	Training Round, Prelim Round, Regional Final	12 July – 15 July
Regional Round 4 (Online)	Training Round, Prelim Round, Regional Final	19 July – 22 July
Regional Round 5 (Online)	Training Round, Prelim Round, Regional Final	25 July – 28 July
Grand Finale : 30 July, 2022 (Online)		

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PRESIDENT'S
MESSAGE

Feelings matter

C K Ranganathan is President, AIMA and Chairman & Managing Director, CavinKare Pvt Ltd.

Modern managers have to be more a friend, philosopher, and guide to colleagues than task masters. Being competent and creative can take a business only so far if the employees feel unprotected and the organisation culture lacks warmth and sensitivity.

Emotional and cultural intelligence are vital parts of a leader's tool kit along with the market, financial, regulatory, and technological intelligence. Leaders who do not care about employees' vulnerabilities and sensitivities end up diminishing output and talent pool of the organisation.

Managers in large and diverse organisations need to be culturally sensitive in their communication and practices. They need to accept differences that an individual cannot change or would not change - such as age, gender, religion, race, disability, and preferences in food, politics or sex.

Treating colleagues and employees with care is not altruism, it is a business necessity, especially when it comes to dealing with millennials and Gen Z. Unlike the previous generations which idealised toughness and accepted a bit of rough treatment as par for the course, the new generation puts a high value on sensitivity and empathy.

Managers need to be emotionally intelligent to get the best out of their teams and to stay out of trouble. They need to learn to listen more and lecture less, and have a bias towards empathy instead of tough love. Providing emotional support and protecting mental health is a critical KRA of the modern manager.

Emotional intelligence has become particularly relevant at the workplace during the pandemic. Everyone has gone through great stress, if not suffering, and the switch to remote and hybrid work has removed the separation between the personal and the occupational. Even as people return to office full time, the persistent anxiety about health, job and business prospects demand strong psychological support. It is important to communicate frequently with the employees and communicate kindly.

Emotional and cultural intelligence becomes even more important in a growing organization. As organisations grow, they become culturally diverse and need to reconcile different manners, habits, backgrounds, preferences and personalities.

Managers in large and diverse organisations need to be culturally sensitive in their communication and practices. They need to accept differences that an individual cannot change or would not change - such as age, gender, religion, race, disability, and preferences in food, politics or sex. A large Indian business group set an example of cultural intelligence when it allowed meat to be served in its offices after the group had gone global.

Even in homogenised organisations, there are cultural issues pertaining to ethics and manners. Getting things done by any means possible and at all costs produces great results quickly, but without correction, creates conditions where the more ethical and milder people feel uncomfortable. Such organisations try to offset high attrition with high growth and loud marketing, which does not work in the long run.

In many organisations, managers get away with disrespectful and abusive behaviour because they produce instant results or ingratiate themselves to the top leaders. Another common symptom of a toxic organisational culture is late working hours caused by the bosses spending the day having casual meetings and long lunches. Eventually, heads roll as it is not possible to hide a company's toxic culture in the age of social media and digital employee platforms.

Excessive bureaucratisation is another cultural malady in many organisations. The systems and structures meant to make the organisation efficient and resilient are hijacked by managers to snuff out challenge from younger colleagues.

Excessive bureaucratisation is another cultural malady in many organisations. The systems and structures meant to make the organization efficient and resilient are hijacked by managers to snuff out challenge from younger colleagues. Leaders must remain vigilant about bureaucratisation's impact on initiative and creativity and the leakage of talent. Many big corporate brands attract top talent but lose a lot of that because of their dehumanising culture.

Hiring and replacing good people costs a lot of time and money in addition to a loss of output and opportunity. Many of those who stick around do not work beyond the minimal they can get away with. The emotionally fragile ones fall sick frequently, which affects output and adds to the insurance cost of the company.

Emotional and cultural intelligence are fundamental requirements of management in today's age of a heightened sense of outrage at even the slightest mistreatment. Being perceived as sensitive is now the hallmark of a good leader. IM

The opinion expressed is personal.

EDITOR'S NOTE

Dear Readers,

Emotional intelligence—the trait of being aware and being able to express emotions—and cultural intelligence—the ability to appreciate a culturally diverse team and leading with empathy—are not just fancy, boardroom jargon. These are, in fact, among the most essential leadership qualities that can enable a leader lead his team or his organisation effectively.

Emotional intelligence helps a person express his thoughts clearly as the focus here is not just on 'expressing' but also on 'explaining' the thought process. A person with high emotional intelligence quotient also tends to have a good degree of social awareness; he is able to handle relationships with empathy, and comes across as approachable.

Cultural intelligence is becoming more and more relevant as businesses go global, thereby making the workplace a culturally diverse environment. An ideal leader is not only required to adapt to a culturally diverse workplace, but should also support his team members [from different backgrounds] adapt to it.

As Salman Raza, founder and CEO, Razalution Bureau, puts it in this issue's cover story, "Combined, a high sense of emotional and cultural intelligence fundamentally make you a better person open to the human experience. You become more productive in your labour and can enhance your leadership profile by demonstrating efficient soft skills."

Do write in with your views to **imeditorial@spentamultimedia.com**

Maneck Davar

Maneck Davar

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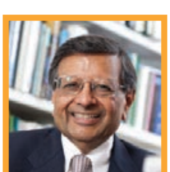
Democratising marketing through humour

MARKETING

Marketing Lesson from Gabbar (Sholay)
Unique Selling Proposition (USP)

ABOUT THE AUTHOR

Prof Rajesh K Pillania, MDI, Gurgaon.



ABOUT THE AUTHOR

Prof Jagdish Sheth, Emory University.

Let me share an example from the iconic Hindi movie, Sholay.

In the movie, the antagonist, dacoit Gabbar instilled fear in the minds of the villagers, which was his unique selling proposition (USP). He knew it and kept reminding his team that the government had announced a reward of 50,000 on him, and that mothers in villages as far as 50 km away, would put their kids to sleep by scaring them about Gabbar.

Though he didn't know marketing jargon, Gabbar was well aware of his USP! Companies and marketing professionals can learn from Gabbar!

Marketing Guru

Yash Chittal

A BETTER PERSON, A BETTER LEADER

The power of awareness

Emotional intelligence and cultural intelligence are primary ingredients to great leadership.

✦ SALMAN RAZA, RAZALUTION BUREAU


Yash Chittal

When looking at individual behavioural preferences, there are various dimensions that have a significant impact on specific traits. Everything from the traits a person is born with, how a person was raised, to what conflict and environment he or she has been exposed to throughout their lifetime, to their cultural heritage, can play a pivotal role in personality development. We can see these traits on full display in the workplace.

The Covid-19 pandemic changed so many aspects of our lives. While the it led to great loss, there have also been considerable shifts promoting gains. For example, teleworking increased throughout the global workforce. This gave companies the opportunity to hire talent outside of geographic boundaries without worrying about relocation complications.

Cognitive diversity is a by-product of a growing global workforce, and few would state that is a bad thing. However, it is paramount that leaders, managers, and colleagues sharpen their awareness—emotional and cultural intelligence.

Emotional intelligence is the capacity of individuals to recognise their own and other people's emotions. It is the ability to differentiate between a variety of feelings and label them appropriately. Leaders use emotional information, or cues, to guide thinking and behaviour. Having a high emotional intelligence is essential for authentic leadership.

Cultural intelligence is the ability of individuals to interpret another person's unfamiliar and at times ambiguous gestures, in the same manner, someone from the subject's cultural heritage would. For example, smiling is traditionally a sign of politeness in most of the Western world. However, smiling is not connected with politeness in Russia, therefore, smiling in a professional setting may well be considered a non-serious and unprofessional attitude in Russia.

Global workforce considerations

While this is a simplified example, it demonstrates how cultural intelligence (and emotional intelligence) are necessary for productive and fruitful working relationships within a global workforce. The awareness that comes with each strengthens an individual's capacity for empathy as well as communication skills.

For a greater understanding of cultural intelligence, the Hofstede's Cultural Dimensions Theory is a great place to start. It was developed by Dutch psychologist Geert Hofstede. Hofstede identified six dimensions and how society prefers to organise itself in light of these dimensions. Each has been expressed on a scale from 0 to 100. This model describes the effects of society's culture on the values of its members and how these values relate to behaviour.

The six dimensions are:

- Power Distance Index (PDI) – Relationship to Power (Hierarchy)
- Individualism versus Collectivism (IDV) – Relationship to Group
- Masculinity versus Femininity (MAS) – Relationship to Motivation
- Uncertainty Avoidance Index (UAI) – Relationship to Uncertainty
- Long-term Orientation versus Short-term Orientation – Relationship to time
- LTO), Indulgence versus Restraint (IVR) – Relationship to pleasure

One of the most applicable dimensions for cultural intelligence in a global workforce is the Uncertainty Avoidance Index (UAI). This index is defined by Hofstede Insights as "a society's tolerance for ambiguity." Societies that score a high degree in this index favour strict laws and unquestionable codes of conduct in the event of something unexpected. Societies that have a low degree on this index are flexible, accept different ideas, and tend to be less rigid.

Imagine, you had this awareness when working with global colleagues. Perhaps your colleague is highly inquisitive and does not make decisions with ease. Before chalking this up to a personality flaw, you would recall their Uncertainty Avoidance Index. Therefore, you would approach your professional relationship with empathy and understanding. Now, this is a highly simplified explanation; however, you can clearly see how a greater cultural awareness is beneficial in a global workforce.

Another example

Awareness of every dimension is beneficial to a global workforce, but let us take a moment to consider the Individualism versus Collectivism

(IDV) Index which measures one's relationship to a group. If you have two colleagues on either end of the IDV spectrum, office politics might play out something like this:

The person from a culture bearing a high Collectivism Index may communicate indirectly to maintain harmony in the working group. They may 'read the air', so to speak, looking for non-verbal cues and reactions before speaking up. Whereas the person with a culture bearing a high Individualism Index may be polite and direct, forgo searching for 'hidden clues' in the atmosphere, and speak up if he or she does not agree or understand.

As you can see, the cultural index influences leadership, management, teamwork, and professional behaviours.

A word on power

The Power Distance Index (PDI) measures the culture's relationship to power. This is an insight that is highly valuable for leaders to grow their awareness. If you are a leader from a high PDI culture, you may leave room for initiative from team members, trust and delegate, treat your subordinates and your boss as equals, and facilitate cooperation between team members. However, if you are a leader from a low PDI culture, you may instead give clear and concise instructions, check regularly, show interest in completed work, and be a benevolent and caring boss.

Note, neither approach is bad. They are simply different.

Building on these skills

You don't know what you don't know, right? So, the first thing you can do is familiarise yourself with Hofstede's Cultural Dimensions. You can also have an open dialogue with your global workforce colleagues and ask respectful questions to get to know them better. Keep your questions open-ended and do not hint at any particular stereotype or bias. Assure your colleague you are trying to build upon your own cultural intelligence. This may lead to fruitful conversations and unlock a whole wealth of new knowledge.

Consider offering opportunities where colleagues can share aspects of their cultural heritage with the team at large. Alternate these learning opportunities while strengthening your diversity and inclusion efforts in a meaningful way. This could be as simple as a lunch and learn where someone shares a story from their home country. Be sure to participate as well as your unique experience is one worth sharing to build awareness within your work group.

The power of awareness

Combined, a high sense of emotional and cultural intelligence fundamentally make you a better person open to the human experience. You become more productive in your labour and can enhance your leadership profile by demonstrating efficient 'soft skills'. Ever since the COVID-19 pandemic, the need for human connection and understanding has never been greater. This includes professional spaces as well. Most people just want to feel valued and work in environments that provide psychological safety, that is, a space they feel they can be their authentic selves without judgment.

Yet every soft skill comes down to awareness. This means the awareness of self and the awareness of others. Humans are flawed by design, but each day we can get a little bit better, a little more empathetic, and a little more patient. IM

ABOUT THE AUTHOR

Salman Raza is founder and CEO, Razalution Bureau

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What holds people back from achieving financial success is often the money myths they choose to believe, opines Derrick Kinney, CEO, Good Money Framework and host of the podcast Good Money. Derrick is also author, *Good Money Revolution: How to Make More Money to do More Good*.

MYTH BUSTER

Money matters

MYTH 1: Money is for other people, but not you

Growing up, you heard it being said at the dinner table that, in life, there are the 'haves' and the 'have-nots'. You are who you are and no matter how hard you work, you will not get to enjoy the life that wealthy people have. Your entire life you have seen your grandparents and parents struggle financially. From one generation to the next, the same message gets passed down: that is just the way it is and do not expect it to change. The rich get richer, and the rest of us keep working harder.

You believe money is for other people. You see other people have it, and you don't, and that's the way it is. Even if you had money, you worry what others would think of you and that you might become someone they do not like. You will be criticised for how you spend your money and feel pressured to live like others expect. It would be better not to try at all than to fail and be despised by your peers.

MYTH 2: Money represents scarcity and strain

Because you grew up in a family that did not have as much money as some others, your parents villainised money rather than teaching you how to make it. You heard frequent arguments about not having enough. The blame, frustration, and accusations over who was spending too much caused anger and conflict. If you knew a family member or friend who lost a job or was facing a significant financial hardship, you might have seen the damage it did to their family and you began to associate pain with a lack of money. You were raised to believe that since your family did not have money, it would always be a struggle and there would never be enough. Money was the enemy.

In my case, my inspiration came from an emerging voice in culture today that says, "If you have money, you're bad, and if you have a lot of money, you're really bad." I know many people feel money is not good for them or for anyone else. They may have grown up in an environment where it was the 'haves' against the 'have-nots'. I launched a podcast and wrote this book Good Money Revolution, to push hard against the argument that says, "If you have money, you're bad." Instead, I believe money is good, and good people should have more of it.

MYTH 3: A predictable paycheck is the path to wealth

You work hard to provide for your family and to make a better life for your children than you had. Unless you work for yourself, you receive a steady pay check from your employer. But you are making money for someone else. You are just the receiver of money.

Many parents feel ill-equipped to teach their children about owning a business. You may have never owned a business yourself and have no idea how to even get started.

Today's generation needs to learn that by taking the first steps toward building their own business, they can become the creator of money. You may have never owned a business, so how can you guide your children? By learning about it together. Suggest that they keep their day job while starting their own side gig. Here is a modern reality: job security is no longer a guarantee. Your children are one global event away from losing their employment.

Depending on someone else for your pay check is placing too much control in someone else's hands. Teach your family to start thinking like a business owner in their current job and begin to take steps to explore their own venture.

Firefighters have modelled this approach for years. Many have launched successful moving and lawn care businesses that they run on their days off. Teachers often develop teaching material to sell online or start after-school and summer tutoring businesses.

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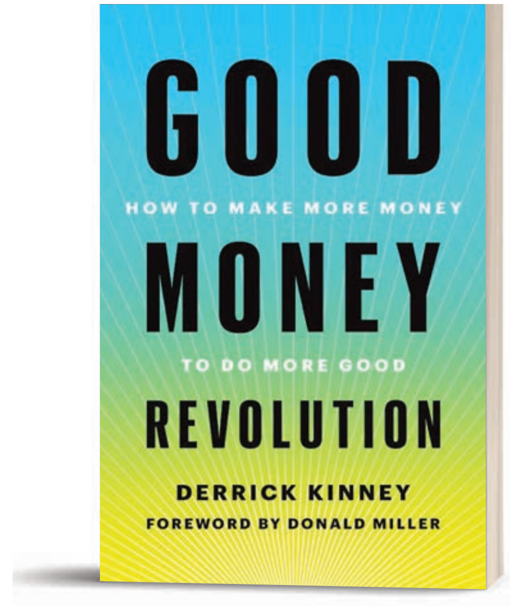

Many parents feel ill-equipped to teach their children about owning a business. You may have never owned a business yourself and have no idea how to even get started.

But you have skills, expertise, experience, and resources (think Youtube). You can do this! Be the creator of money, not the receiver of it.

MYTH 4: You see money as working against you

You believe the daily grind of a job you do not like is the only way to make ends meet. You work hard for every dollar you earn. At the end of the day, money is simply a revolving door that never stops. The bills keep coming and there is always something more to pay for. It comes in and goes right back out and you have nothing to show for it. You have to keep working harder and longer to try to earn more.

It feels like you never stop working but your money is not working for you. You think, I don't understand how I can make more money. I have a nine-to-six job. I work, I come home, I pay the bills. I am never truly getting ahead; I am

just treading water. The cycle seems like it will never end.

MYTH 5: You do not have enough money to be generous

Deep inside, there are causes you feel passionate about that you would love to support, but you believe only wealthy people can make a real difference. You know your money math, and giving some away does not add up. Plus, you do not feel in control of your money and worry if you will have enough to do the things you want to do. You are concerned about being taken advantage of and that the recipient of your giving will not work as hard with your money as you worked to earn it. Besides, if you did give your money away, people would only start asking for more. Let us be real. Can your money really change the world?

Spoiler alert: Yes, it absolutely can.

For years, I watched many clients progress from the belief that money was bad to making it, investing it, and giving away more than they ever dreamed possible. But first they had to recognise and overcome their deeply ingrained negative money beliefs.

As you read through these five money myths, you probably replayed some painful memories from your childhood (or even adulthood). It may have felt uncomfortable and challenging to take in—but you did it anyway. I applaud you for confronting these myths.

I have good news for you: change starts now. But changing your money mindset is not a one-time fight. It is a continuous battle to combat beliefs that have been deeply ingrained in you from a young age.

Your job is to flip your money script. IM

Yash Chittal

Sometimes, even the best laid plans can go awry. But a lean mindset can change it all.

✦ SANJEEV BAITMANGALKAR, STRATMANN CONSULTING

Turnarounds with lean mindset

It was with great expectations Bridgeport USA and Texmaco Indonesia came together and set up a joint venture company (JVC). The project was headed by experts and a multicultural team from six countries. The land, building, machinery, and manpower were installed, the engineers and workmen were trained at the collaborator's factory in USA. But, five years since inception, with plant, machinery, people, and money in place, they had failed to produce even a single machine! Sometimes, even the best laid plans can go awry, as it happened in this case. Here's how a lean mindset changed it all...

The Bridgeport and Texmaco JV was setup to manufacture both conventional and CNC machine tools. In this article I will use the example of Bridgeport's conventional milling machine for simplicity and understanding.

Identifying the central problem

In five years, some castings and components were developed but never converted into a complete machine. Discussions revealed that the business process was not well-defined and conflicting views between marketing and operations had impeded progress. We asked ourselves many questions ranging from strategy, policy, process, people, competence etc., and were in pursuit of a solution.

The main issues

The factors we identified as playing a role in the company not being able to produce a single machine in five years were:

- The frequent interruptions and incorrect discrete instructions from the local shareholder family members who played different roles in the group. These instructions often contradicted earlier decisions. It also questioned the authority installed to oversee this project.
- Indonesia was known for textiles and not machine tools. Our Chairman had told me that one of his dreams was to make Indonesia known for manufacture of engineering products. To do that we had to establish the manufacturing processes, supply chain, throughput times, lead times, and deal with cash cycles etc., all while contending with detractions from peers and discrete thinkers within the group management.
- Strategy for gaining market entries, breaking barriers, production, supply chain, and developing people were missing.

- Although the company was supported by technical knowhow from the parent company, a proper buyback arrangement was missing, because of which both sides had lost on potentially leveraging low-cost production opportunities.
- Target markets were not identified.
- Core competencies required to build this business were not identified. A good business process, sound philosophy and proper perspective were felt wanting.
- The pricing factor had probably killed the project. There was total disconnection between expectation and reality. For example, the prevailing thought was that the management wanted to sell a milling machine at $10,000 per piece, while Taiwan sold similar machines for approximately one fourth the price. While Taiwan sold about 36,000 machines a year, Bridgeport's numbers were at best in triple digits annually.

- The casting factor: the group's own foundry was dictating the price, quality, and quantity of casting supplied. The foundry's expectation was a price of $1.40 per kg of casting, which could otherwise be sourced from Taiwan at that time for thirty to fifty-five cents per kilogram of casting and in fully finished component condition!
- Since five years were spent without producing a single product, the accuracy and reliability of the equipment, tooling, and capability of the people were not proven and established.
- Lead times for various activities were not determined. Operations were not standardised and throughput times were not known.
- Milling heads were to be procured from the collaborator. The prices of these were not competitive and in fact, were exorbitant, thus making the product unsellable. The brand may have had its name, but customers knew alternate sources for similar machines. The opportunities in machining centers presented more excitement, but the collaborators wanted this to be a subsequent development.
- The strategic intent of the local partner was not clear—it lacked clear philosophy, principles, and value systems to govern this joint venture.
- The plant and equipment supplied by the collaborators were used and rebuilt machines; they were never put to test here and were never beaten for production. The capacity, capability and reliability of this line was not proven and established.

Formulating the strategy

The long-term objective was to develop a supply chain from within Indonesia that would include our group companies. But in the short-term we had to address market needs—the reputation of being a reliable machine tool manufacturer. Considering the training and development time required within, we needed a strong short to medium-term strategy that could catapult us into the global markets and help understand the customer requirements and establish ourselves as reliable suppliers.

The critical issue was that even after five years since inception the joint venture had failed to produce machines, bag orders, establish markets, and corner a share in the market place. Everybody was eager to begin production and deliver machines.

Considerations

Buy gears and castings from in-house group companies. We had to test our ability to produce all components in house. Could we develop them all simultaneously? Were we geared up for it? The milling head was a critical assembly and had intricate component machining, gear velocities, noise considerations, etc. Among the machinery installed, there was no machine available to finish machine high precision parts. The hardening facility for the spindle was not installed. A group company that had a gear shop could have been asked to supply gears, but they did not have proper equipment to produce gears of quality class IT-5 and 6. So, in our assessment, the factory was not ready to produce the 'milling heads' in-house yet. We had to either source the components or the assembly in the short to medium term.

The group foundry was ready to supply castings. They had received the patterns of parts other than the head from the collaborator and made some sample castings. Quality issues on casting prevailed but, these could be resolved and overcome. The foundry was selling the castings at $1.40 per kg and wanted to be the final authority on price and salvaging standards! These factors would render us uncompetitive and hence was not acceptable.

The advantage of building the milling head assembly in house was obvious, and we wanted to get to this stage and bring in all that value addition. However, in the beginning our priorities included customers, markets, channel partners, supply chain partners, working capital, etc. Thus, in the beginning, we were not equipped to produce everything in-house.

Sourcing from points of cost advantage without sacrificing quality, although cost-based strategy would have been the right approach, with the outsourcing thought the differentiation strategy may not hold out. We could source the parts or assemblies from India or Taiwan, but this singular approach would not help develop internal competence.

Concurrent strategy

The critical issue was that even after five years since inception the joint venture had failed to produce machines, bag orders, establish markets, and corner a share in the market place. Everybody was eager to begin production and deliver machines. The concurrent strategy was to set up two supply chains; one that focused on developing internal competence (long-term), while the other sourced parts from Taiwan until such time we had developed competence to produce parts of the required quality in the required time. This would give us the following advantages and help overcome all the in-between problems:

- We would commence manufacture of all components except 'milling head', and work on the supply chain, procurement cost and quality, manufacturing processes, cycle times, lead times, throughput times, standardise work, develop the ability to solve problems, process documentation etc.
- Initially, we would not be constrained by the results of in-house processes for component manufacture, but could respond to the market demands and fulfill those using outsourced components.
- One of the challenges was building in competencies, lean systems, and processes

required. This was our top priority. The outsourcing strategy was to gain time to build in the Jidoka and Kaizen capabilities, knowledge of JIT tools and techniques, and while doing so not lose the present market, and to begin building a reputation and an image.

- Bring in the CNC machining centers and CNC milling machines. Our intent was not to lose out on present markets while quickly moving on to future ones. We knew that to gain a share of this market we had to compete with the quality low cost manufacturers from other countries; besides Southeast Asian countries are not known to be machine tool producers. To make money in this market one had to produce at low costs and high volumes; however, the sales volumes and contributions could only improve by enriching the product mix. The collaborator had a range of CNC machining centers and CNC milling machines. The

bigger opportunities, greater markets, and better contributions lay in these products.

Living the challenge of 'Possibility thinking'

The company had been in existence for five years, incurring expenses without generating any revenue; hence, it was net cash-negative, living on dole outs from the local parent. So, we had to setup a self-sustaining supply chain that would not demand upfront cash. Having done this successfully in my previous lean transformation, the mechanics were known, but there we had worked like a well-oiled human machine in control of time, process, and quality. That level of human capability was yet to be developed here, and we did not have the luxury of time. I put my trust in the people's capability even though unproven yet, and told them we have to work like a machine to get this going. Everyone was excited and ready. Alas there was going to be some action!

We carefully selected supply partners, agreed on lead times, quality, delivery and a thirty-day payment credit. We placed annual orders and indicated initial pickoff quantities that would self-convert into demand rates later. One supplier was nodal to the shipment of everyone's parts. We then picked a shipping company that best maintained schedules. It took seven days for the ship to dock in Jakarta, two days to receive the container at factory and two days to build the machines. So the machines were ready for delivery in fifteen days from parts' shipment. We shipped the machines, encashed the letters of credit and paid our suppliers on the thirtieth day. And that is how we managed it without having to borrow capital.

Our focus on low lead times and waste prevention brought a huge cost advantage in addition to the negotiated prices. Taiwan was the biggest seller of such machines; the challenge for us was to be more competitive than Taiwan even though we were sourcing from Taiwan. To give you a broad idea, the costs worked thus then: If Taiwan sold a machine at approximately US$ 2,600 we could not price ourselves over this as it would hinder acquiring market and share.

We had to be on par or better to gain entry to various markets. We challenged ourselves to sell at US$ 2,200 - 2,300 a machine. And the backward working on purchasing costs and lead times both for procurement and building the product began.

Our focus on low lead times and waste prevention brought a huge cost advantage in addition to the negotiated prices.

We procured complete raw material in fully-machined and ready to assemble condition at US$ 1,180 per machine set. With internal fixed costs, painting, packing, and warranty at US$ 350 per set, there was a clear surplus generated of US $670 (or $770) per set. This meant that at 100 machines per month we would generate a surplus in excess of US$ 800,000 (or US$ 925,000) per year! This was targeting to take a mere three per cent share from Taiwan. There was scope to take more market share and further consolidate revenues with the rest of the Bridgeport product range.

This was fantastic news for any factory that was struggling to produce its first machine for five years. Naturally as in-house production of components took over, the contribution would only increase. The advantage of this strategy was in being able to start up manufacturing and delivering with short lead times, enabling to establish a network of dealers and build an image.

The victory

From all the alternatives discussed above, the dual strategy action taken by us was perhaps the best. The ownership of the group and the management at first were divided on this issue. However, we went ahead as it was in the best interest of the company and its stake holders. Enacting the dual concurrent strategy, we

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quickly had the factory buzzing with activity. In about six months we had built processes preventing wastes, established sales channels in many countries, booked orders covered for the next year and a half, and received letters of credits towards payments.

What made this transformation happen? Lean thinking! As long as we were focused, thinking and acting lean, everything else fell into place.

Recognition

I was told that this was considered a prestigious US-Indonesia joint venture project. The previous five years had caused heartaches and disappointments at the projects' dysfunction. Six months from embarking on the lean turnaround journey, one fine equatorial day, we had an array of VIP guests disembarking from their helicopters that landed on our football fields. Ministers and ambassadors followed the Indonesian President visiting the factory to see this magic that had created the turnaround! I am sure they were as pleased with what they saw as was our Chairman showing it off to them. IM

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Yash Chittal

Going global

Despite the ongoing challenges the world is facing as it navigates pandemic recovery, businesses across every sector are targeting growth. Having paused to meet the difficulties created by lockdown, organisations are now taking the tough lessons learnt during the past couple of years and using them to build ambitious expansion strategies.

However, despite the various opportunities for growth that currently exist, many businesses are finding themselves limited by a dearth of new and experienced professionals. Considering the pace of change seen recently in the talent and recruitment landscape, this is far from surprising.

The world of work has undergone a dramatic shift and looking beyond themes such as the 'new normal' and 'Great Resignation' reveals a new and very different mindset and strategy on the part of employers and employees alike.

Taking employers first, pre-COVID, organisations in many sectors were already struggling to address talent shortages. The technology sector is a case-in-point, with the cyber security niche struggling with a global workforce gap of 2.72 million roles, according to data from ISC1. That shortfall is even more challenging given the sector employs around 4.2 million people in total—a ratio of open roles to employees that is causing serious concern.

That is, by no means, an isolated case, and across many sectors, employers are having to focus on a range of alternatives to traditional recruitment, including re-skilling, up-skilling, automation, and crucially, embracing remote and hybrid working to hire talent from farther afield.

And farther afield means going global. Organisations facing talent shortages in their own country are now free to look practically anywhere for the right person for the job. Remote working represents a major opportunity, because it creates an integrated workforce in which location no longer defines access to career opportunities.

Technology has played a key, enabling role. New software tools that enable remote communication, such as Zoom for video-conferencing and Slack and Trello for remote team project management, have reduced the feeling of disconnection and lack of work oversight managers have long feared.

Empowered employees

Employment markets are changing, thanks to a major shift in employee mindset. Workers in the millions have recently taken the opportunity to reassess their career goals, their workplace preferences and their willingness to continue following the 'old normal' working routines.

Empowered by the volume and variety of roles available, many are being far more particular about where they work, for whom, and under what conditions. Headline data certainly seems to support this idea—according to the US Bureau of Labor Statistics, for example, the number of resignations reached a record high of 4.5 million as recently as November2.

This undoubtedly includes people whose horizons have broadened to look for remote working opportunities. Pre-pandemic, many employers were skeptical about whether video-based working cultures were viable; today, flexibility has become a must-have in office environments that once were a 100 per cent office-based.

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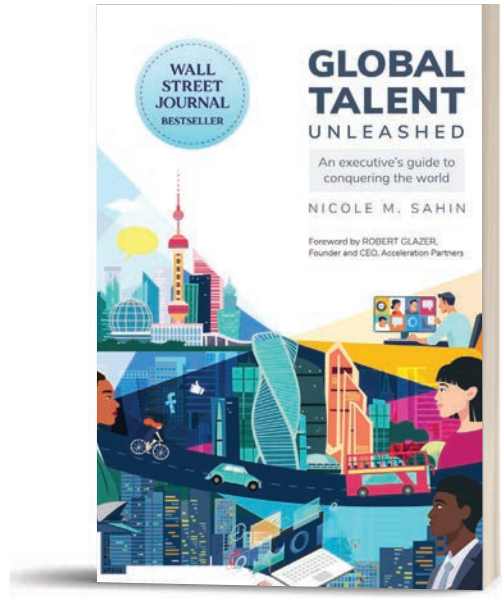

Modern challenges need modern solutions

To succeed, businesses focused on international growth must become established in new locations. Any misstep in this process can quickly become costly. Many organisations embark on expansion plans without understanding the complexity of establishing a business entity or setting up a branch office abroad.

The process can vary dramatically from one country to another, taking anywhere from three to 12 months, and requires compliance with a diverse set of rules and regulations. This lengthy time frame can dampen corporate enthusiasm as well as growth, and what business leaders often imagine as a basic administrative process leaves them bogged down by red tape and unfamiliar responsibilities.

In response to these issues, a new model has emerged that offers organisations a shortcut to doing business internationally: the Employer of Record (EoR) or global technology platform. This platform acts as the official employer

Empowered by the volume and variety of roles available, many are being far more particular about where they work, for whom, and under what conditions.

for its clients and relieves hiring organisations of doing the heavy lifting of setting up and staffing a location in another country. It's an approach designed to help businesses leapfrog over the barriers to growth so they can add international employees in a couple of hours instead of months.

While businesses still identify the talent, the EoR puts their team members on an already-existing local payroll and benefits plan. This means international, legal, HR, and finance functions are outsourced, while the EoR is responsible for ensuring that all local laws are followed during the hiring process, benefits offered are legal and appropriate for the region, and the onboarding process complies with local regulations.

A catalyst for growth

In many cases, getting started on an international hiring strategy can act as a catalyst to wider business growth and success. There are companies in every sector whose fortunes change for the better, once they take the plunge and make prudent investments in overseas people and teams.

The first step to understanding the employee recruitment process is much the same throughout the world. Posting a clear job description on LinkedIn, for example, is often an ideal starting point for finding candidates, and having tried that, many organisations are surprised by the reach it can give them outside their domestic hiring territory. In addition, specialist local sites or recruiters can help cast the net even wider.

Clearly, there are pitfalls associated with hiring workers remotely, and this holds true whether the next hire is located on the other side of the state, the country or the world.

At Globalization Partners, for instance, we have seen 90 per cent of those who hired international staff retain them for at least a year. This figure holds steady whether the hiring is being done in the US or anywhere else in the world.

The advantages of feet on the ground

Although many companies fear the inability to monitor workers in person, there is a significant advantage to having customer-facing employees in another country. That close customer proximity, regardless of the distance to the home office, reduces the likelihood of miscommunication and misunderstanding that can occur through other means of communication, such as email, text, and even phone.

For example, in some Asian countries, there is a strong preference for use of the phone or video call to communicate, more than email, especially if there is anything nuanced to discuss. When someone has a question or concern, they generally prefer a phone call.

There are innumerable, nuanced situations like this across different countries and cultures with the potential to be mystifying. But, by working with trusted partners with the operational infrastructure in place globally and the experience to help ambitious businesses navigate these important challenges, the chances of turning domestic success into global growth are now greater than ever. IM

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Yash Chittal

Before the 'how', one should assess the 'if', 'why' and 'when' of search engine optimisation.

✦ ELI SCHWARTZ, AUTHOR, *PRODUCT-LED SEO*

Search, and you will find

With Facebook and other tech platforms provoking conflict, spreading disinformation, and addicting us to live online 24/7, it is time to recognise that social media has become an out-of-control tech monster. If former President, Donald Trump, did not have many millions of followers on digital media, would he have been able to make more than 70 per cent of Republicans believe that the 2020 US Presidential election was stolen? To mount an insurrection?

In the course of my consulting career, I have been fortunate to meet with and learn from many respected business leaders in the tech industry. It never ceases to surprise me how quickly marketing will spend millions of dollars on search engine advertising (Google ads and others), while only investing in search engine optimization (SEO) as an afterthought.

I think this comes from a fundamental misunderstanding of how to invest in a profitable search initiative and instead relies on a faulty assumption of what SEO really is. These executives believe that an SEO investment means only updating a website so it is on par with the well-known best practices from search engines. Additionally, they assume that SEO just means churning out content that will show up on search engines.

Who needs SEO?

Because businesses do not think they are worthwhile investments, they do not prioritise SEO initiatives in any significant way. While they are correct that in most cases updating a website so it is on par with the common practices or simply churning out content that will show up on search engines will not be profitable, that does not mean there is no SEO investment to be made.

To decide whether they (or really, you) should be investing in SEO, it is worth determining first if you have an audience that will be discovering your website on search engines. This is not always a given, as there are many genres that will not be discovered via search. But if yours is a product or idea that merits an online search, you would be foolish not to invest in that search.

Optimising SEO

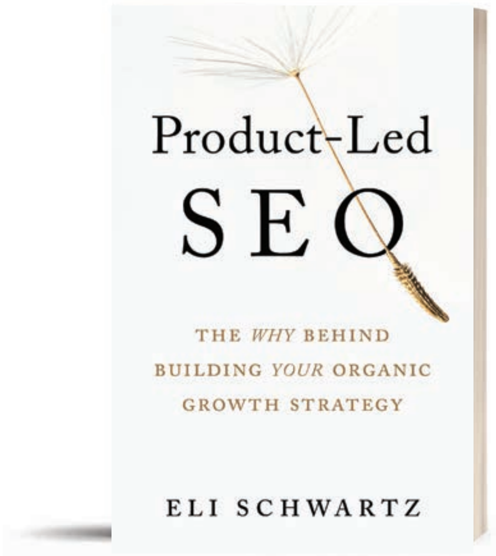
Once you have identified that your site is a great candidate for an SEO investment, only then can you decide how to deploy that investment. Armed with the knowledge that there are likely users looking for your product and service on search engines and not finding you, you can then brainstorm about how to be visible for those users.

There are many ways to build an entire product offering around these users, but the right approach will be contingent on the business category, user persona and, most importantly, what the users might be seeking on a search engine.

User needs could be addressed with a handful of blog posts, a photo library, a video series—when it comes to users there will never be a 'one size fits all'. All users and all businesses are different. Even if an approach works for a competitor, there is no guarantee that it will work for you too.

Questions you should ask yourself when you develop your strategy are:

- Is there something about my site or business that makes me uniquely able to build this offering for SEO? I am likely already using my unique proposition in other areas of marketing. (Bring this into your SEO)
- Will it be difficult to copy me because I did more than just use keyword research to create content? Am I just copying someone else?
- Am I targeting queries that real humans would actually write? (Keep the focus on the real human buyer as you develop your content)
- Do I believe I can justify the investment in SEO based on downstream revenue? (If you cannot justify your SEO investment, go back to the drawing board or do not do SEO at all.)

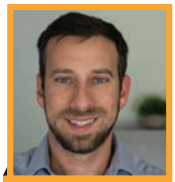


The answers to these questions should define your SEO strategy. This means that the underpinning of your SEO strategy is focused on addressing user needs over search engine requirements.

Whatever you discover, make no mistake, this is an investment in time, resources, and budget. You will be building something or at least writing content for human users, and a half-baked approach will not achieve your revenue objectives.

While every effort in SEO is an investment for a gain in the future, making that investment may come at the expense of other ways you might want to allocate resources. All decisions should be prioritised by their impact on the business. Where the business stands provides the answer to the question: To SEO or not to SEO?

SEO is a part of your business and all of your SEO investment should contribute to the growth of the business and be measured by the same metrics as the rest of your business. If you are going to invest in SEO, step out of the 'been-there, done-that' mode and do it the smart way with product-led SEO. IM



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Yash Chittal

While still a 'work in progress', GST has immense potential to bring large sums into the government's coffers.

✦ KRISHAN KALRA, CLIMATE PROJECT FOUNDATION INDIA

A beacon of hope

One of the announcements, by the Honorable Finance Minister, Smt. Nirmala Sitharaman, during her Budget 2022 speech, that brought cheer all around, was about the Goods and Services Tax (GST) collections during January '22, which set a new record of over ₹1.4 lakh crore.

Bringing in GST from July 1, 2017 is, arguably, the best structural reform introduced by the Modi government. Not only has it replaced a plethora of indirect taxes like the Excise Duty, VAT, Service Tax, etc., it has also relieved everyone from the harassment of Central Sales Tax, inter-state sales tax, different sales taxes on the same product in different states, multipoint sales tax, entry tax, octroi duty, and other such legacies of the colonial times. Indian business and industry would be justified in referring to time spans as pre- and post-GST.

Perhaps the biggest benefit to the exchequer is the unravelling of revenue leakages at many levels—trucks full of goods leaving factories without paying excise duty and even crossing state borders with a little bit of cash changing hands at each point was a common practice in the pre-GST era. GST is opening up hitherto unknown audit trails. Continuous rise in collections is a proof of gains already garnered by governments—both Central and State.

GST is actually still a 'work in progress' and one cannot even fathom the potential of this instrument and the enormous amounts it can bring into the government's coffers; how it can empower the government to provide a decent social security umbrella for the people as also spend more on the much needed infrastructure all over the country; and trigger huge investments by the private sector.

GST alone has the potential to put us on the quick growth path by plugging leakages and reducing tax evasion. Everyone knows that the size of 'informal economy' in our country is probably bigger than, or at least equal to, that of the formal one. GST can help the country expose such 'below the tax radar' businesses and give a big boost to the economy.

The monumental reform was not easy to introduce. It had been on the anvil for a long time before the GST Council—with the union finance minister (FM) as chairman and FMs of all states as members—was set up. It was in the year 2000 that the idea of adopting GST was first mooted by the Vajpayee government. FMs of the states formed an 'empowered committee' (EC) to create a structure for GST based on their experience in designing State VAT. Asim Dasgupta, Finance Minister of West Bengal, and founder Chairman of the EC, worked on this for many years; he was succeeded by Sushil Modi of Bihar, then Abdul Rahim of J&K, followed by K M Mani of Kerala, and finally Amit Mitra (the former, legendary Secretary General of FICCI) from West Bengal. A great tradition to note here is that all the chairmen of EC have come from opposition-ruled states that makes the body a truly democratic one even though the Council is chaired by the Union FM.

It was only on September 8, 2016 that the constitutional amendment bill for bringing in GST was approved, and finally, the system was introduced from July 2017. It is pertinent to mention here that France, the first country in the world to introduce GST, did so in 1954. Now, of course, many countries—including UK, Canada, Australia, Spain, Italy, South Korea, and Singapore—have adopted the system. Meetings of the GST Council are held regularly to review the rules and rates—as many as 46 have been held in less than five years—and the decision making process is quite complex because states with different ideologies, many diametrically opposite that of the center, passionately discuss the issues and the Union FM is often not able to bring about a consensus and push changes. Everyone is aware that our GST rates are perhaps the highest in the world and also several crucial items are still outside its ambit, but, as I have mentioned earlier, it is still "a work in progress" and we need few more years before it matures.

According to various studies, we have enough headroom to increase our tax collections under GST. Average total tax collections in OECD countries is a whopping 34 per cent of their GDP. In our case, we should see a ratio of about 12 per cent for FY 21-22. Whereas we may never reach the dizzying heights of OECD, there is enough room to move up—perhaps inch up to 20 per cent in a few years. GST collections are having an impact on direct tax collections too. Our GST rates will of course have to go down gradually, also everything has to come under GST and so the collections will almost certainly keep increasing because more and more manufacturers and traders will go 'straight' and comply. There are two issues at

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the core of this exercise. First- making our audit trails more precise and sophisticated. The modalities of GST, if followed strictly, leave very little room for evasion and even avoidance of tax.

Since GST is being collected mostly at the point of final sale every link in the value chain is open to scrutiny; everyone is keen to ensure their input credits for what they have paid for their purchases of raw materials, parts, packing material, services, et al. If the audit trails are scrutinised meticulously and the big data thus mined is systematically analysed by our savvy techies, there is literally no scope for manipulation by the traders and small manufacturers—usually the more vulnerable points in the process. Data mining and analytics have to be developed into a sharp science by roping in experts from the industry.

Possibility of a strong scrutiny of the trails ensures that tax payers become more careful about what they are offering for income taxes.

Secondly, at some stage, government has to bite the bullet, shun political patronage and bring agriculture into the tax net. If the handsome increase in tax collections has happened despite the dreaded Covid-19, one can hope for better things in future. I feel that the robust acceptability of GST, as well as other steps for improving 'ease of doing business' has also had a salutary effect on the FDI inflows. The recent announcement of the mega 24MTPA steel plant in Odisha under a JV between Arcellor Mittal and Nippon Steel—the world's largest and second largest steel producers—heathy global interest in our semiconductor plans, rapid funding of our startups, and funding of other projects definitely have a connection with the onset of the GST era and acceleration in collections. Everyone appreciates 'system improvements' in the country where they are contemplating investments.

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As per a recent press report (mid-February '22) about ₹32,310 crores worth of fake transactions having been detected, in Gujarat. This is a sad reflection on our corrupt practices. However, on the flip side, it also indicates the vast scope of businesses that possibly manage to avoid payment of taxes legitimately due to the government. These scamsters have obviously got away with illegal 'input credits' but, I am sure, the intensified efforts by the State GST officials will not only book them and recover the money but this will also lead them to many new audit trails and new sources of tax collection. Possibly there are loopholes in the policy and procedures of the GST regime, which need to be watched continuously and set right to ensure such leakages do not take place in future.

As I have mentioned earlier, valuable data collected from the GST audit trails is also of great help in augmenting our direct tax collections. Possibility of a strong scrutiny of the trails ensures that tax payers become more careful about what they are offering for income taxes. Indeed, an ET report (March 18) mentioned about the 'Direct Tax Collections for FY22 having already reached almost ₹14 lakh crores' which is an almost 50 per cent growth over the previous year. Even the advance tax deposits for the same FY have shown an

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increase of over 40%. All these figures, on one hand, show a strong economic recovery but also underline the fallout from the growth of GST collections and its salutary effect on direct taxes.

Let me also mention here that USA, the largest economy in the world, does not follow the GST system. In fact, there are major structural differences between the system followed in most OECD countries vis-à-vis USA. They put much greater emphasis on individual income taxes as compared with the OECD nations. Last year individual taxes constituted 41 per cent of their total tax collections in the US whereas this figure was just 24 per cent in OECD. One of the reasons for this is that more than half of the business income in the US is reported in individual tax returns. According to the US law makers, their different approach to taxing business boosts the share of tax revenue from individuals. Also, their reliance on consumption tax Is much less. In the same year their share of taxes on goods and services was a mere 17 per cent of the total tax revenue as against a whopping 32 per cent for OECD. Whereas I am not clear about the reasons for this deviation and relative merits of the two systems, I believe that their more robust federal system—with the states having considerably greater powers—has never permitted any federal government to even contemplate introducing a single central system like the GST. I have also noted that States and local bodies in the US collect nearly half of the total tax revenue in that country.

Hopefully, increasing coverage of vaccinations will ensure that we can go back to a near normal working of industry and commerce. After all, scientific advice continues to remind us that way to arrest the pandemic is through vaccination and appropriate protocols like wearing of mask, social distancing, and personal hygiene, and not lockdowns and shutting down factories. Such a situation should further improve the economic activity and give a phillip to the GST collections. My gut feeling is that the present annual collection of, say, ₹15 lakh crore have the potential to rise to as much as ₹30 to ₹50 lakh crore. IM

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