

STRAT SPEAK

VENKATESH VALLURI

“IF WE WANT TO PROVIDE ACCESS TO OUR GROWTH MARKETS, WE MUST DEMAND TECHNOLOGY IN RETURN

Venkatesh Valluri, Chairman, India Region, Ingersoll-Rand, spoke with Dr Amit Kapoor about the company's plans in India, competition and *quid pro quo* for market access in the global market place.

Tell me about the industry in which you operate.

Our approach is to be the world leader in three areas, i.e., to deliver comfort, safe and efficient environments and thereby improve the conditions for societies to thrive and advance. We deliver comfortable living conditions by creating sustainable environments and by addressing security needs so that safe and secure communities can be built. Lastly, we create efficient industrial solutions so that exceptional results can be delivered by using fewer resources through productivity tools and solutions.

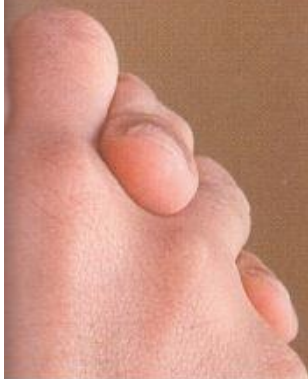
Businesses help to advance societies by developing products, technologies, solutions and applications; societies help drive norms, and the governments create the regulatory framework. I believe this tripod, between government, society and business, allows debates, controls and a balanced advancement. It is important for businesses to work within the contours of societal norms and governmental regulations, while actively creating markets that can absorb products and solutions that deliver value.

How do you think business models will change? What is going to be the impact on companies like yours or larger enterprises that may be slow to react?

I firmly believe that the future is all about convergence technologies and collaborative approaches to create solutions. It will be naive for organisations to think that they will be able to dominate the market through a “core competency” approach. The focus in the 80s and 90s was for an organisation to be leader through a “core competency” in a product or a technology or a market. This approach needs to change as markets will begin to demand “converged solutions”.

This extends to driving engagement with society in creating responsible solutions through a convergence or a collaborative approach. What we need to do is to create markets based on solutions and not just products.

This requires a very different thought process as it demands a partnership and collaboration mindset across the entire organisation whether it is with respect to technologies, innovation or working with other organisations to create and serve markets jointly.



4Cs Model

CONTEXT

- Build a sustainable habitat.
- Innovating and giving back to society.
- Future is all about convergence.

COMPANY

- Use sustainable technology and methods.
- Operate in different segments.
- Segments are climate solution, industrial technology and safety.

CUSTOMER

- Different organisations in market.
- Residential areas
- Mostly business to business (B2B).

COMPETITION

- In climate solution: Bluestar, Voltas.
- In security space: Godrej, UTC, Honeywell.
- Similarly in industrial space face huge competition.

Will there be companies like Infosys or the Tatas that will build this or are there going to be new players?

The challenges in emerging markets are in the areas of water, energy, food security, health, sanitation and education. Once as a nation, we define the solutions that are needed to address these pain points, we can consider the kind of "execution" platforms needed to be built to solve them. The convergence of technologies and innovations can begin to solve these issues. We can identify organisations and centres of excellence that have the experience and competency to meet these needs. I believe that in this country we address these issues in a very disjointed manner. The new innovations and technologies of the future will not be the forte of large organisations alone. These will emerge from a knowledge economy that is being created very quickly. No single entity or organisation will be able to solve these issues—not even the big governments. Once we create "platform solutions" that deliver converged technology and innovation approaches, it is not the size of the

Evolution

SOLUTIONS: Catering to all sections of society by providing products and solutions so as to create a comfortable and sustainable environment.

CONVERGENCE: To innovate, deal with partnership convergence model that can be capital, social, technology or innovation partnership. The technology will grow by 15% to 20% year on year.

ALTERNATIVE TECH: Creating markets in which investments will be done to make more cost-effective, value-added products and to build alternative technologies.

Source: Interviewer's analysis

organisation that will matter. A number of organisations and entities can hook themselves to these "platform solutions".

What kinds of challenges do you foresee when implementing this model?

As long as there are no IP issues, and I am not stepping on your technology or your domain, I think it should be fine. All partners in this approach need to win. They should win, because this is a game of having "nothing" versus "having something" as no one player can succeed without depending on the other. Our strategy for India is to drive convergence to the hilt and if we are able to build much needed solutions for the markets in which we operate, then we will hopefully succeed and create a much bigger pie.

There is going to be a sophisticated evolution of technology where more robotics will be used on the shop floor. What impact will it have on a country like India where there is massive unemployment? I believe that the top end of the pyramid will continue to attract high-end technology products. Also the materials science space will grow spectacularly requiring skills much beyond what will be available. Here robotics will gain prominence. The automotive industry for example, will see a lot of standardised products that go through a robotics route.

However, some industries will continue to run with a combination of both labour engagement and sophisticated technologies. In more developed economies, with ageing populations, probably robotics and automation will be important while the emerging economies will continue with a combination of labour and automated manufacturing. Also, I think there is more manufacturing capacity in the world than what is required today in a number of industries. And countries will be very protective of letting that go out because it will begin to cause social unrest in that country.

The cost of social unrest could be much higher to a company or a country versus the approach of moving employment to cheaper countries with the expectation of getting more productive. Process productivity will be driven by technology in the future and not necessarily through labour.

There is going to be a massive change in manufacturing value chains across the world. What do you think is going to be the defining factor? How does the change happen from the business point of view?

Technology and innovation will drive productivity and the advantage of low-cost labour will begin to slowly erode. One of the down sides we created in our nation during the 80s and 90s was to wean away the development of skills in the manufacturing sector to the serv-



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GETTING IT RIGHT

INDUSTRY DYNAMICS

- ↳ Providing comfortable and sustainable environment to society.
- ↳ Ensuring safety around infrastructure.
- ↳ Driving industrial effectiveness towards sustainability.

TRADE-OFFS

- ↳ Create market and solutions in emerging economies.
- ↳ Among few organisations that can provide integrated services like combining security and climate solution space.
- ↳ Converge multiple technologies together to provide solution.

POSITIONING

- ↳ Integration of value vis-à-vis competitor.
- ↳ Making life safe and comfortable.
- ↳ Develop products based on the customer's requirements. Company has set up engineering centres where the team deals with Indian clients and global customers.

FIT

- ↳ Putting great and workable concept together based on its viability.
- ↳ Don't just deliver solutions, instead provide them so that the customer can win their market.
- ↳ Influenced by the increasing buying power that will create more opportunities.

Source: Interviewer's analysis

ices sector even though manufacturing contributes a substantial portion to our GDP. Large countries and continents like India, China and Africa that continue to grow in population are the future markets. Education will improve and the new generation will yearn for a better life. So what do you do to engage this workforce? You need to create purchasing power in the economy.

The Germans and the Japanese will probably retain hold high technology

manufacturing capabilities as a competitive advantage. But they do not have growth markets. So, if we want to provide access to our growth markets that are demonstrating an increasing purchasing power, we must also, in return, demand technologies from such countries. This cross-pollination will allow the building of a "Reverse Innovation" engine. There is still a long way to go before India catches up with the US, Germany, Japan or China in terms of technology leadership.

Who is your competition?

We have competition in the climate solutions space, in the industrial technology space and in the security space. But few can match the unique value that we bring to the table with our ability to deliver converged solutions for the markets.

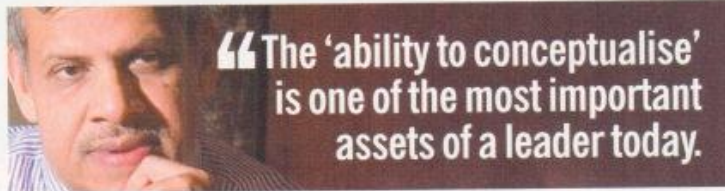
How would you define strategy?

We have to constantly redefine our markets based on evolving technologies and

challenge is, how do you create markets? It is not about what choices you make but your ability to look at a number of opportunities and the bets you want to take in emerging markets. For example, could we build something that runs on solar technology? Can we run a product that can be used in rural India with its poor infrastructure? Isn't it wonderful when you know that you can build products that can improve lives of the people at the bottom of the pyramid, and still build a sustainable business out of that?

How do you define leadership?

I think the "ability to conceptualise" is one of the most important assets of a leader today. I would like every leader to think about how he or she is going to start building an ecosystem where employees are allowed to conceptualise and are supported by a robust execution mandate. The good old characteristics of the leader having the energy, ability to energise the troops,



needs. Disruptive technologies will become the norm. The market needs will change based on evolving technologies. Therefore, my fundamental strategy is to create a DNA in the organisation that has a "convergent and a collaborative" mindset. This mindset can leverage technologies and solutions and create markets and profitable business models utilising the evolving competencies the organisation absorbs continuously. I cannot predict the direction the markets will take but I can control the organisational DNA that can at one end follow the changing markets and at the other end steer the markets to allow me to have a dominant presence. The new definition for strategy to us then becomes converge, collaborate and create.

There must be a lot of choices you made to not do certain things in India. Could you discuss some?

I think in India, most market data is not very authentic. So I think one has to have a gut feeling for these markets. The bigger

integrity and able to execute are, in my opinion, passé. These have now become hygiene items—if you do not have these you do not even make it to the leadership bench.

The question, then, is what else does a leader need? In my opinion, a leader needs to have the ability to conceptualise, create and get a product delivered. How can the leader conceive a solution or create a new market and how can she start collaborating and converging new technologies, products and services to deliver solutions for the markets he or she is engaged in? She has to be nimble to think "market opportunities" and, at the same time, "build solutions" where she does not have the luxury to build all the resources internally but she has to leverage resources, both internal and external, and get into a dominant position in the market.

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