

THE LAST WORD

"Pioneers are heroes with arrows in the back"

Is there a full-proof strategy to mitigate risks when companies embark on expanding their presence globally, especially when venturing into largely untapped territories?

Risk management, risk strategies, and being in business are counter-intuitive. That said, when companies need to go global, they obviously need to study the market well, understand it, and then see what "value" they can bring to that particular market. Let me explain: Companies and entrepreneurs often misunderstand "risk management strategies" as meaning "zero" or "no risk". But that would be missing the point completely because if there is no risk, there will be no return. The element of risk has to be there, it is as simple as that. What is needed, however, is a fine balance.

Taking risks in business, especially as companies expand to have global presence, has to be done in a manner that the return is totally worth it. The balance comes from the understanding: If the business gamble is worth it. The innovations cannot stop, the growth plans for the company cannot halt — those have to continue. You can go armed with all the theoretical knowledge and understanding of the local market but, eventually, you will need to belong there. In fact, a lot of companies start doing corporate social responsibility (CSR) activities in various untapped markets even before they start full-fledged businesses just so they could be trusted well and accepted by the local consumers there.

While going global, more than thinking about the "math and physics" of the business, which is something most hard-core management thinkers do, the value creation for international companies comes when you talk and understand the "chemistry" of the place. Yes, what is needed is chemistry because at the end of the day you are creating a business relationship with another human being. What do you see is unpeeled layers of culture, economy, religion, understanding all of these aspects only to realise that your employees and business partners in the particular untapped market are the same. Human beings are all over the world are the same.

On our part, whichever markets we expand our business in, we don't say, "We are a global player with a local presence". Our mantra is, "We are a local company with a global presence". So each of our entities is autonomous and we are proud that wherever we have expanded, we have always strived to genuinely be part of that society, that culture.

What are those top five capabilities all successful international companies have, or should put in place?

I think the first and foremost role should be to create something of value for the customer. If a company cannot create value, it should not be in business. For instance, we realised early on that education and industry don't talk to each other — they were like two islands with an occasional ferry service — and there was a gap that urgently needed to be bridged. We were happy to realise that gap once we recognised that it was the value creation that was needed. The

Leading companies have to create intellectual discontentment; they cannot rest on their laurels and feel elated, Thadani tells *Abhilasha Ojha*

Democratising IT education

► Vujay K Thadani, co-founder and chief executive officer of NIIT Ltd, India, is credited with taking IT education out of the confines of a few exclusive universities and bringing it to the masses

► Thadani has led the group's globalisation efforts since 1991, taking the NIIT flag to over 40 countries. As chairman of NIIT USA, and based out of Abtari (1999-2003), he mentored NIIT's Strategic Alliance Programme that resulted in successful acquisition of leading technology companies to fill in critical technology gaps in NIIT's software solutions and knowledge solutions offerings

► Thadani's guidance helped NIIT's China (where the company began operations in 1998) operations expand in over 170 locations, across 25 provinces. He was honoured as "Economic Consultant" to Chengde, the largest city in the People's Republic of China

► A distinguished alumnus of IIT Delhi, Thadani has lectured at prestigious institutions like University of Michigan Business School, JI Kellogg Graduate School of Management and Indian Institute of Management

second capability that most successful international companies have in place is that of developing products after a thorough understanding of the needs of consumers. In fact, most successful products or brands are those that have been developed after speaking to consumers directly. We call this the science of customer centricity. The customer need is built in or addressed directly in the product to create something of value. The best learnings for companies come through customers directly.

The next issue of importance in the area of capability is 'scale'. Your idea has feet if it can be

delivered at scale. If it cannot be, it is a waste of intellectual capital. Successful international companies deliver with excellence on scale. For us, too, it is crucial even though education and scale are not always considered complementary.

Then, all this comes together only when companies don't compromise on hiring the right talent — people with immense potential. Successful companies have a winning streak when it comes to hiring people who are intelligent, willing to learn, with the right value system. Knowledge and skills can be compensated for (that one learns while going along the professional way) but a value system cannot be compromised on.

How should successful global companies, especially those who are leaders in their respective categories, continue on the path to innovation?

Well, as Jack Welch, former CEO of GE, famously said, either be at the top of the business or be out of the game. Pioneers, after all, are heroes with arrows in the back. If you are doing things that no one else has, obviously the risk will always be there. Leading companies then have to create what I call "intellectual discontentment". They cannot rest on their laurels and feel elated. Look at our own company. There have been instances when we have had some amazing ideas but — because we didn't invest in those ideas, someone else snapped it and is making billions. But we cannot brood on the lost chances nor can we be placated given that we have a 50-60 per cent market share in the business that we operate in. We were quick to capture the synergy between technology and education but given technology's rapid change, we knew it was crucial for us to evolve too. Our vision was to teach a billion people but even though we had achieved the target of 33 million, we knew we were on a slow track. While we were always capable innovators, our emphasis later (with more scale) was on strong quality and process orientation. Now with the NIIT Cloud Campus, an innovative learning tech-

nique that can teach millions of children on the net, we have been able to break the jinx. It is a bold step, which came about with discontentment with the current scheme of things.

Though companies do all kinds of research to arrive at well-considered decisions, sometimes they encounter a ground reality far removed from what they had originally envisioned. What are the skills a leader needs to hone to deal with such situations? I personally think it is alright to make mistakes. It is okay to fall and rise again so making mistakes "early on" and not much later — when the stakes are way higher — is just fine. What is important is that no matter what happens, leaders need to have strong "values vision" for their company and employees. They need to keep thinking ahead of the curve even in that low phase. If that vision statement is strong, its essence will seep the employees' minds who in turn will only help the company grow.

Our vision statement was written in the mid-eighties when we were giving a brand new start to our operations. "Till date, our 'mission' or our 'vision' statement hasn't changed. Our business has changed from being 'training in IT' to 'training through IT' but not our core value mission.

How can companies grow within their area of specialisation? NIIT's emphasis on education, for instance, has expanded to being a global talent corporation...

Our growth is based on a series of "S" curves; basically starting the business gradually, gaining momentum thereafter and then tapering off. Before the tapering off begins, successful companies already start thinking of their next "S" curve. Among the major changes we recognised early on (while we were imparting IT education) was the need to expand globally.

After our initial public offering (1993), when our market cap was \$50-60 crore, we realised that we needed to reach billion dollars and for that a global footprint was essential. We had to think big, we had to think fast but we needed careful and intelligent planning too. We understood that franchising was essential and today we are also called the McDonald's of education. We continued building IT solutions, we got in touch with other organisations and realised we could tap our IT potential further by turning consultants directly to organisations and companies that we needed to train their own people. So we kept increasing the size of the cake instead of just feeling happy getting a large share of the same cake. 🍷

