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THE COVID-19 CRISIS IN INDIA - LEADERSHIP IN TIMES OF CRISIS



The ongoing COVID-19 crisis has led to a change in the way organisations worked till recently and corporate leaders are making big transitions



Prasenjit Bhattacharya

If you are a CEO of a company, this is your time. People may not remember your predecessors, but they will never forget you!

What were you doing or not doing when your company was hit by the COVID-19 induced Tsunami? This will be a question that will follow you for the rest of your life. We spoke to over 250 organisations and many CEOs to find out what the leaders of the best workplaces had been up to. This article is a primer based on what we observed.

DEALING WITH THE CRISIS

All leaders have business continuity plans or contingency plans. While none of them were even remotely prepared for this crisis, leaders of Corporate India had figured out the implications of COVID-19 Pandemic about a month ahead of the business standstill. In fact, Times Network had already started "work from home" drills, well before the lockdown (and no, according to them they did not have any inside information!). Some of the common strategies followed were:

Scenario planning:

"How do you reduce fixed cost, and how do you protect people?" These were the two questions that Patu Keswani of Lemon Tree hotels started with. His team worked on three scenarios - different levels of demand destruction, leading to different levels of cost reduction. Eventually, they faced scenario 4 - the entire country going through a lockdown. Subsequent to this,

Organisations are not ready for all the risks associated with remote working. While technology is also mitigating such risks, it cannot eliminate human related risks with family members being privy to matters which would have been otherwise confined to offices

Lemon Tree's revenue went down by 80 per cent, costs went down by 70 per cent. Did Patu succeed in his aim of protecting people? At the time of writing this article, no layoff had been announced and the salaries of 8000 employees were being paid. And the hotel is still achieving close to cash break even!

Apart from pulling back all discretionary expenses like hotel renovation, this was achieved by the top 1000 managers having taken salary cuts to the tune of 65 per cent.

Work from home transition

While most leaders were contemplating the seriousness of the initial phase of the lockdown, leaders like Dr Sumit Mitra, CEO of Tesco Global Services proactively ordered 1000 laptops for people working from home, transported office equipment, including furniture to homes of employees, took permission from the Government to operate an international business from home and quarantined his data service centres. "Most people were waiting for the peak to flatten out, I was preparing for the peak. Now we are ready for the long haul." The result? Tesco Global Services business in India saw a 50 per cent jump.

Manpower/cost rationalisation

Lemon Tree and Times Network did not lay people off. However, they have been mindful about cost rationalisation. Organizations would benefit from the following steps that best employers have taken up to be able to rationalise employee cost:

- First, protect your customer base
- Question the business model - real cost savings is in looking at changing the assumptions of the business model
- Make an emergency plan for cash conservation
- Reduce real estate cost by taking advantage of remote working

- Zero-based budgeting - minimum viable cost of replacement as a benchmark for salary cost
- Try to ensure minimum impact on the most vulnerable
- Humane graded layoffs - try to save the majority
- Re-assess every business line - segregate between short-term cost benefits and long-term implications

Despite best efforts, layoffs might be necessary. Great Place to Work® has identified the following as good practices:

- Listen to employees
- Support managers in doing these conversations - do not outsource it to human resources who may not know the context of individual employees
- Communicate transparently to the whole organisation
- Offer support to colleagues being laid off
- Engage employees who stay on your rolls
- Follow up with those who have been laid off and offer support, if possible, to those who need it

ADDRESSING EMPLOYEE ISSUES

The current times has led to ambiguity and insecurity in employees. Stress and work-life imbalance is at an all-time high and leaders across organizations have had the following significant takeaways:

- The unit of engagement is not just the employee, but also her immediate family and context.
 - Support home infrastructure
 - Do not lose your customer focus
 - Increase focus on employee wellness, including counselling
 - Monitor productivity, collaboration and speed
 - Assess enhanced risks arising out of work from home
 - Ensure continuous feedback
- One of the biggest realisations that leaders now have is that the line manager has become the key

driver to connect, inspire and develop employees.

LEVERAGING OPPORTUNITY FOR BUSINESS TRANSFORMATION

Leaders at the best workplaces have been quick to spot opportunities for business transformation. The digital account of Kotak Bank - 811 in the first 10 days of May saw around 14000 accounts being opened per day!

While everyone is selling products and services digitally, some have used this as an opportunity to fundamentally change its business model. A well-known bank is radically reimagining its customer acquisition and customer care process to enable all sales and upselling using technology and digital nudges.

One of the biggest changes witnessed by most organisations is the merging of multiple generations like millennials, GenZ, GenY, GenX and others into one - the post-COVID Generation!

The post-COVID generation is agile, digitally adept, comfortable with remote working and productive and ready for reskilling and upskilling.

The good news is, employees are more eager than ever before to explore new ways of working. Years of mindset change and change management work has been done in a month by COVID-19.

Are you a leader who is willing to take this once in a lifetime opportunity to transform your business, or are you only content with cost-cutting and running your business as usual?

LEADERSHIP DILEMMAS AND PRINCIPLES

COVID-19 is the world's most effective leadership development programme. Real leaders are emerging in all organisations.

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Hierarchy has broken down. Some leadership lessons that are emerging include:

Define your priorities. For example, customer service versus employee safety

ACT, the Bangalore headquartered company defined their order of priority as follows:

- Employee's health and safety
- Uninterrupted service to customers
- Attending to new customers

Leaders must role model ACT CEO Bala Malladi and his senior managers went out in the market to be with their field employees who were servicing customers since internet connectivity is an essential service.

Establish direct and continuous channels of communication with employees - keep the focus on the purpose.

Tesco India has a daily communication process with all employees and is able to calculate their Employee Net Promoter Score (eNPS) on a daily basis. The messages of the leadership reach all employees daily

Focus on employee health, safety and wellness

The focus on revenue and cost is a priority for the management team, however, it is a mistake to make that as the priority for your internal communication. Focus on employee health, safety and wellness, before you talk about revenue and productivity.

Ensure you have a process to measure productivity and implementation of strategic plans Leaders must hold their key managers accountable for both activities and outcomes.

Take a back seat!

After the first few weeks of leading from the front, many CEOs have figured out that this is an opportunity to develop the second line.

Do not lose sight of the future

It is important to remember that most things in the world did not change fundamentally after the Spanish Flu. Future awaits us all.

Every decision is an opportunity to build trust - keep the organisation's core values at the centre of your decisions.

KEY CONCLUSIONS FOR INDIA

There are broadly two strategies being adopted by countries trying to contain

COVID19 - Social Isolation or Massive Testing or a combination of the two. Unfortunately, both have had only limited success in India. My conclusions are not based on 'scientific' studies. It is based on discussions with around 250 organisations that we contacted. It will be a big relief if I am proved wrong for some of them:

● **Pray for a good rainfall and uptake in rural economy.** We had a bumper year in Rabi crops. Even though supply chains are disrupted, rural India has food. Monsoon is predicted to be normal. The government must increase its capital expenditure and invest in infrastructure which will help create many rural jobs.

● **Key challenges in Education and Health will not be addressed**

The current crisis has exposed our public health infrastructure. Atma Nirbhar, like its previous avatar "Make in India" will require radical reform in skills training. Once the current crisis is reduced, the rich will go back to their exclusive private healthcare and foreign education.

● **India is not going to replace China as a manufacturing powerhouse**

Developed economies are aware of macro-economic and political risks. Investments of millions of dollars in manufacturing will not come without political and economic stability. The top reasons for India not being able to replace or come close to China in manufacturing are: Arbitrary or frequent policy changes, Infrastructure, including availability of skilled manpower, Robust and healthy supply chain of MSMEs and Fair and simplified labour laws (as opposed to arbitrary scrapping of labour laws en-masse).

● **India can be the global back office for the world**

Unlike manufacturing, where supply chain risks are tangible and real, this crisis has shown that India can come to the rescue when it comes to using technology to run operations around the world. Our IT and IT services industry will rebound and thrive.

● **Informalisation of work and long-term prospects**

The 7 per cent of workforce in the formal sector (excluding Government sector or PSEs) will shrink even more. However, the enterprise of Indian people will lead to a rebound next year. This will be led by a slew of young and new entrepreneurs who will extensively use digital platform models to bring together millions of workers in the unorganised sector.

THE NEW NORMAL

It is now a truism that we have to live with the Corona virus. Here's a look at what is likely to change.

● **The physical versus digital battle is over.** While the future is likely to be hybrid, digital will be the dominant medium.

● **Some new behaviours will stay-** wearing of masks may stop in time, personal hygiene like hand washing will not. Social distancing in public places will stay longer.

● **Large cities will reduce in importance** as centres of employment as remote working makes it feasible for most employees to work from anywhere - even their hometowns.

● **Customers are unlikely to demand physical meetings.** Digital sales will take off with technology and customer analytics being the key tools.

● **Mindset change and differences in various generations will be less of an issue in change management.** The post-COVID generation will be more open to change. They will move from passive to active in building their marketable skills.

● **A very large percentage of employees, used to being told what to do, will experience increased levels of**

stress, anxiety and disengagement. Our surveys show financial concerns, anxiety and work-life balance as the top three concerns of employees just now. To ensure a healthy and productive employee, organisations will increase their focus on employee wellness, manifold.

● **Organisations are not ready for all the risks associated with remote working.** While technology is also mitigating such risks, it cannot eliminate human related risks with family members being privy to matters which would have been otherwise confined to offices. As a result, we can expect a few major blow-ups.

A year from now when you are asked what you were doing as a leader when the COVID-19 pandemic hit, what are you going to say?

— *The author is CEO of The Great Place to Work® Institute, India. Views expressed are personal.*

All ideas are inspired by actual examples from some of India's best workplaces. You can read about these examples at <https://www.greatplacetowork.in/cis/> You can contact Prasenjit at prasenjit.bhattacharya@greatplacetowork.com

