

Building Gen.Next Leaders



Confederation of Indian Industry



McLagan

Radford

Top Leadership Challenges



Setting the Context

In the current economic scenario, where growth has become an imperative criterion, there is additional focus by organizations on growing in size and volume. However, holistic organizational growth cannot only be brought about by expansion in volume of activities. It also requires an organization to build mechanisms to sustain this growth.

The framework (Figure 1) describes the requirements that organizations need to focus on in order to have a sustainable growth model.

The framework illustrates that while organizations continuously strive to improve on business processes and governance mechanisms, they also need to ensure that investments on capability and an enabling culture are made to ensure longevity of organizational success.

Through our experience of interacting with companies at various stages of organization development, we have realized that, as an organization grows in size and volume, the growth in people capability is not related to this growth in a linear fashion.

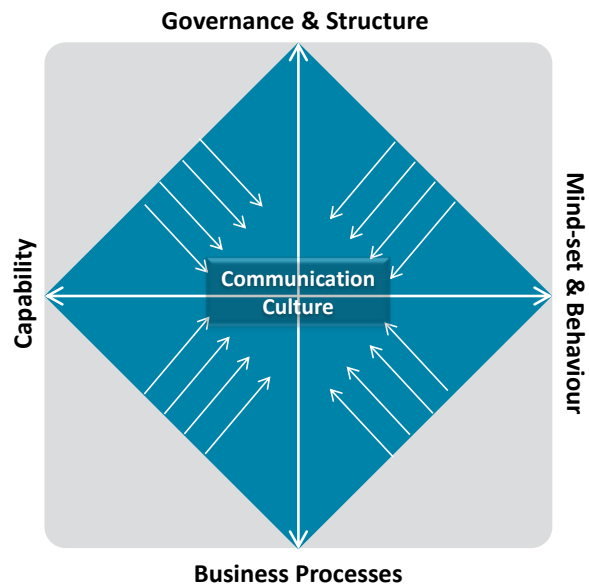


Figure 1

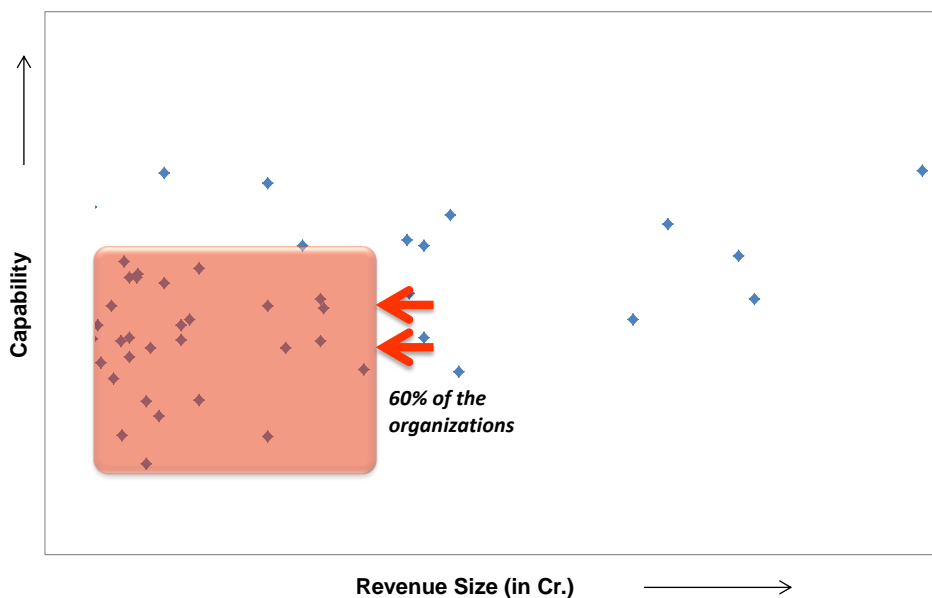
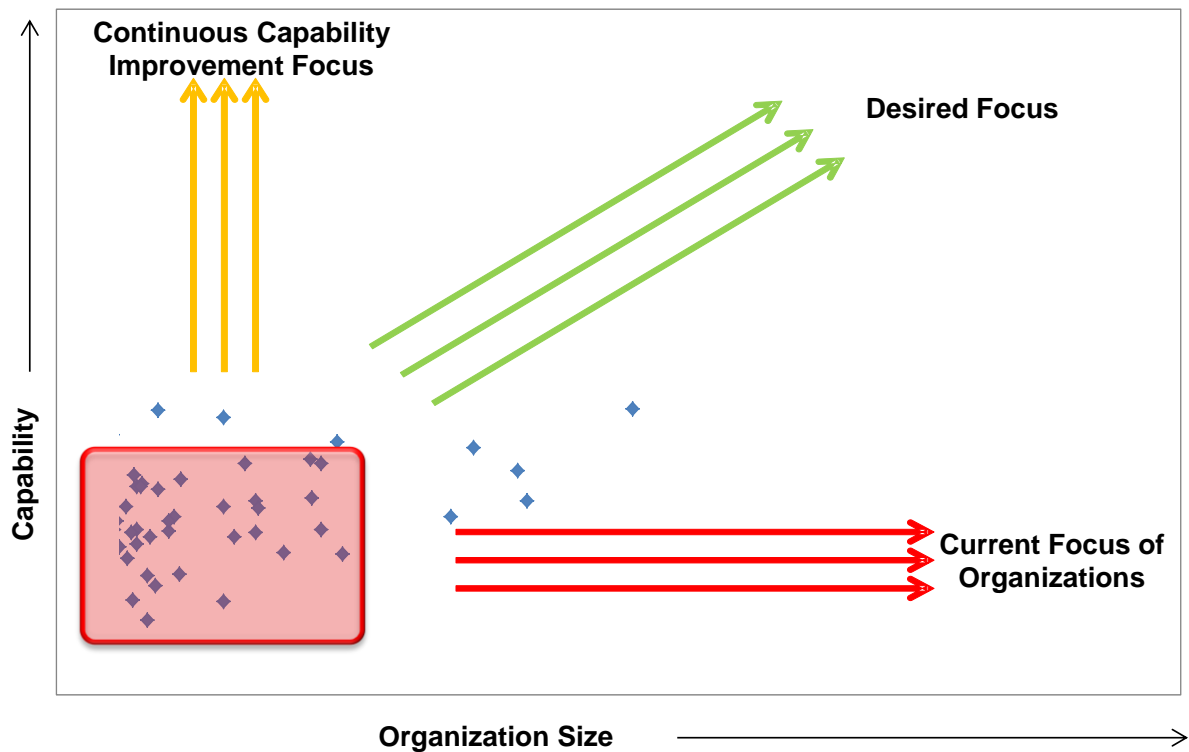


Figure 2

As figure 2 depicts, while organizations grow in size, the corresponding increase in capability within these entities, is not directly proportional to the growth. This leads to a longer term risk for organizations that they have to deal with.

What organization focus their energies on, and what they should focus on are two widely varying quantities



Articulating the Challenges

Business leaders in India are facing a unique set of challenges in the current scenario. This predicament is bound to get more perplexing for the leaders as the growth in business opportunity and the dynamism of the environment is countered by the rise of a unique set of challenges, which so far, have been unknown and un-tackled by leaders in India.

According to research highlight from Aon Hewitt's *Top Companies for Leaders 2011* study, some of the key challenges being faced by leaders today can be summarized as follows:

- 1. Business growth:** In these times of economic uncertainty, managing business growth is the most pressing challenge for organizations across Asia Pacific. Growth continues to be the primary strategy for this region.
- 2. Margin pressure:** As more and more companies vie for the same opportunity in this market, margin pressure is a big challenge that business leaders are facing. Post 2008, companies no longer want growth at any cost and therefore, productivity and profitability are cornerstones of the growth strategy for corporates today.
- 3. Increased competition:** As large parts of the globe witness continued economic uncertainty and more companies look at Asia for growth, Asian companies see increased competition as inevitable. Companies that manage to consistently delight the customers will be able to leverage the growth opportunity better.
- 4. Globalization:** Local businesses are either going global or are facing increased competition from global firms. This region is expected to be a major source of business

growth for many multinational corporations (MNCs). Globalization is a pressing challenge for both local as well as MNCs in Asia Pacific today.

5. Quality of leaders: In a way, this challenge emerges out of the four business challenges above. Companies are realizing that they need to develop quality of leaders who can grow the business profitably, create distinctive competitive advantage, and manage cross-cultural operations. Most organizations realize that they currently are not built to grow quality leaders fast enough to meet these challenges. However, top companies have succeeded in addressing these challenges and are taking immediate actions to move ahead in the talent race.

According to Aon Hewitt’s research and insights from the Best Employers in India 2011 study (figure 3), leadership development has been one of the key challenges which CEOs in both the best employers and other organizations have to tackle.

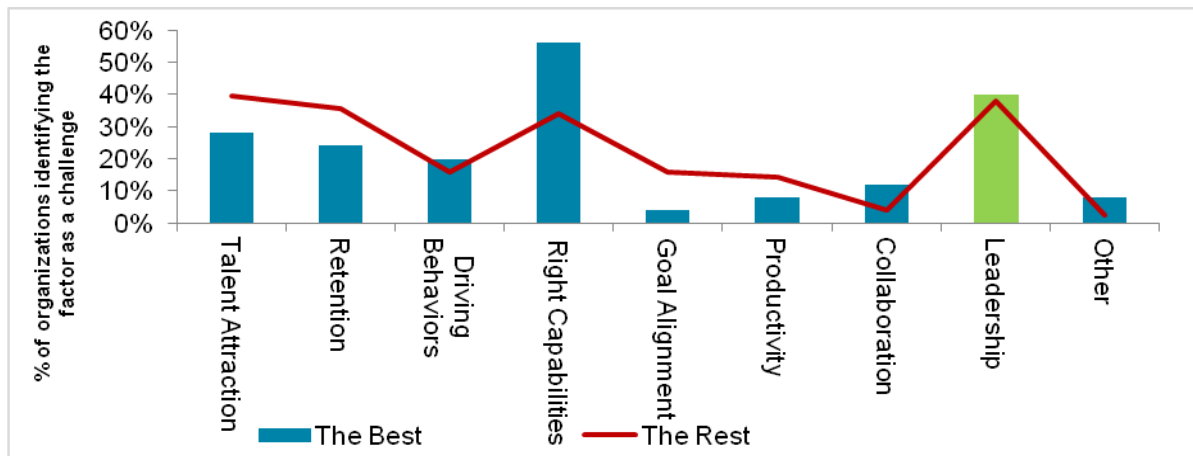
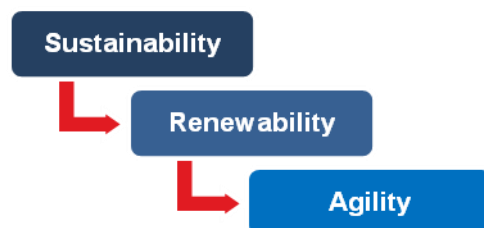


Figure 3

While factors such as talent attraction, retention, driving productivity, building the right capabilities and alignment of the workforce towards a common goal are not rated equally in terms of being a challenge area, leadership development is an equal area of concern for all organizations across the development spectrum.

The GenNext Leader’s Agenda

Most organizations today face the challenge of understanding and aligning a set of often complex relationships between critical organizational elements well enough to unlock organizational performance. Additionally, dynamic and complex market conditions can increase these challenges, as organizations seek innovative ways to enhance productivity and profitability, while continuing to meet and exceed the expectations of customers and stakeholders. To categorize, the three biggest challenges on a leader’s agenda are:



(i) Adaptability/agility

Adaptability implies building organizations that are fundamentally more adaptable to short term challenges. Organizations that can be nimble enough to adapt quickly to external market shifts, yet are focused on and aligned to a coherent business strategy.

(ii) Renewability

Secondly, if we want to have a very adaptable organization, we need organizations that are enormously innovative and have the ability to continuously renew in the medium term. Organizations which can depend on its entrepreneurial and innovative core to realign its strategy and structure, and ensure a more customer centric and market driven organization.

(iii) Sustainability

Thirdly, if you want the organization to renew and innovate, we need an organization that can deliver sustainable results in the long term. Organizations that can build a core and foundation strong enough enable it to weather the peaks and troughs of economic cycle and business scenarios.

Economic scenarios, market conditions and external challenges are same and equivalent for all organizations, yet good organizations and leaders are able to face these challenges better. The best of them are able to leverage them as opportunities to outperform, innovate and renew, which clearly shows that the locus of control and change agents for these organizations is definitely within. And today more than ever, HR professionals play a greater role to help their organizations adapt, renew and sustain their business. HR is the unique lever that can amplify your organization's effort to give higher performance and business results.

Aon Hewitt's research (Best Employers Surveys over the last decade) shows that organizations with high employee engagement scores are up to **78% more productive and 40% more profitable** and

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Aon Hewitt is the global leader in human resource solutions. The company partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance. Aon Hewitt designs, implements, communicates and administers a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies. With more than 29,000 professionals in 90 countries, Aon Hewitt makes the world a better place to work for clients and their employees. For more information on Aon Hewitt, please visit www.aonhewitt.com.

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Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the growth of industry in India, partnering industry and government alike through advisory and consultative processes.

CII is a non-government, not-for-profit, industry led and industry managed organization, playing a proactive role in India's development process. Founded over 117 years ago, it is India's premier business association, with a direct membership of over 7000 organizations from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies from around 400 national and regional sectoral associations.

CII catalyzes change by working closely with government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialized services and global linkages. It also provides a platform for sectoral consensus building and networking. Major emphasis is laid on projecting a positive image of business, assisting industry to identify and execute corporate citizenship programs. Partnerships with over 120 NGOs across the country carry forward our initiatives in integrated and inclusive development, which include health, education, livelihood, diversity management, skill development and water, to name a few.

The CII Theme for 2012-13, '**Reviving Economic Growth: Reforms and Governance**,' accords top priority to restoring the growth trajectory of the nation, while building Global Competitiveness, Inclusivity and Sustainability. Towards this, CII advocacy will focus on structural reforms, both at the Centre and in the States, and effective governance, while taking efforts and initiatives in Affirmative Action, Skill Development, and International Engagement to the next level.

With 63 offices including 10 Centers of Excellence in India, and 7 overseas offices in Australia, China, France, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 223 counterpart organizations in 90 countries, CII serves as a reference point for Indian industry and the international business community.

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