

# **Courage in Uncertainty**

*Speech by D Shivakumar, President AIMA at national Management Convention, New Delhi, September 26, 2013.*

**Courage is something that all of us want to have and demonstrate. Courage is never in a vacuum, it is contextual.**

**What is the management context today?**

**Fundamentally, Growth is slow, change is fast.**

**We live in a Volatile, Uncertain, Complex and Ambiguous world with exponential access to information. We regularly overestimate short term change and underestimate long term effect.**

**Things have changed fundamentally in the last two decades. Let's look at three things – life of a company, tenure of CEOs and types of companies.**

**If we track the S&P 500, in the 1960s, the average life span of a company was 60 years, in the 1980s, it was 25 years and today it is 18 years. The average life expectancy of a human being is four times more than that of a company.**

**Take two examples over the last twenty years. In cell phones, Philips, Siemens, Alcatel, Motorola, Palm, Nokia and Blackberry and a few more have**

**exited or changed hands. There is a brand going out of business every two years in cell phones.**

**Take aviation in India, East West, Damania, NEPC, UB Air, Modiluft, Deccan, Kingfisher, Vayudoot, amongst others have met a similar fate. Here again, there is a brand dying every two years.**

**Second, the tenure of CEOs is shortening. CEO tenure in global corporations used to be 8.1 years in 2000, it is now a little over 6 years in 2013. Tenure of Indian CEOs in most sectors in less than 5 years.**

**Third, lets look at the type of companies. The number of Public companies is shrinking, giving way to partnerships and PE (Private Equity) companies. In the last fifteen years, the number of public companies in the US has dropped by 35 % and in Britain by 48 %. In the last seven years, 2000 Private equity deals were closed every year. In Asia, 50 % of the listed companies are family run. India has the highest number of listed companies, a little under 6000, two thirds of them are family run. PE firms will make a play in Asia this decade.**

**A leading energy company tracked successful long life companies. From the study, long life companies show courage in four areas, they show courage in their commitment to the society, they show courage in building a sense of identity and cohesion, they**

**show courage by being tolerant of hierarchy and diversity and finally they show courage by being conservative in their financial planning. Those lessons are valid for a company, for society and individuals.**

**Uncertainty is a given for all of us. Courage is the answer. To show courage, we need to be realistic, to show courage, we have to fear, to show courage, we need confidence.**

**As Nelson Mandela said 'Courage is not the absence of fear. Courage is not letting fear defeat you. '**