

Dear All

In a month, we will start the next financial year. Planning for this new year needs a very different approach. I am signaling a few ways one can think about it:

Context:

Having a good start to the year with a good first quarter is something everyone wishes for every new year. Every business will see a great start to FY 22 as last April and May were locked down and every business will have stupendous growth against that weak base. This should not lead us to declaring early victory. One way to think about that is to look at our long term plan and see if FY 22 first quarter can be anywhere in line with that. That will be an ambitious goal to pursue. So, don't get swayed by percentage growth in quarter 1, do look at absolute levels of the business.

Business Operations:

Throughout my career, I have always looked at business from three important dimensions, I will cover two of them here in this section.

The first is market share. Market share is a signal of how competitive our offering is versus the others in the market. This offering can be vs direct competitors, vs the commodity if we are up trading and vs other categories if we compete for share of wallet. If we are gaining share, then it means we are doing something right, very few companies understand success variables, most understand failure variable far better.

You win share if your core offering is strengthened, this can be via customer connect, via distribution, via solving some felt problems etc. You win share when you innovate. When you innovate, you put a new paradigm in front of the consumer or customer. All Innovation is about new value and novelty. I want us to think what we can do with product, service, trade terms to create this new value and novelty. Many businesses reduce price and they see that as new value. However, reducing price is a good strategy if you are the lowest cost producer, else this makes no sense for anyone.

The second is cash flow. Cash flow is a result of doing a number of things right. It is about getting your margins right from Day 1. Margins rarely increase through the year, so adjust margins from day 1 if you want a good year. It is about getting your cost structure right. Fixed costs have been reduced through the pandemic, we need to work harder on that in FY 22. It is about getting receivables faster. Every dollar or rupee that comes in to our account a day ahead will help us, nothing is unimportant when it comes to cash. It is about holding thin inventory. Made to order businesses need to rethink their concept of production planning and inventory. The Sales and Operations process is the backbone of this. If this process works, then the inventory will be under control. It is rethinking our payables. It is also about the capital expenditure we need, are we really focused on the right investments?

We must track digital sales. Every business has a digital business model as the default business model, we must start tracking digital measures soonest.

People:

Every business has two assets – its reputation (via the brand) and its people.

People have gone through a difficult, peculiar and immense learning phase in the last 12 months. They have shown gratitude to the company, they have learnt a new way of working,

they have been adaptable and more than willing to do their bit for the organization. People have adapted brilliantly.

I think people have realized how important work is in their lives and how important colleagues are in their social world.

People have learnt a digital way of learning new capabilities. They have themselves become digital citizens very quickly. We have to build more training courses to build digital capability in the company and we must evolve into more open platforms with key eco system partners.

I think some people will evaluate their role and position after the pandemic, some will want a change for many reasons beyond the company. People who value stability will stay and people who want fast progress will rethink their options and that's only natural.

We have to continue to invest in people if we want to be a great company. We have to build on the things that our employees liked and add to that. Every manager will be a lighthouse in FY 22 , his/her people will seek guidance and look for inspiration from the leader. We have to raise our own leadership bar.

All the best as we start the planning for quarter 1.

Wr,feedback welcome  
Shiv