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A LITTLE LESS SPARKLE

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A BW Businessworld exclusive on the mood in the market and within the business community

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Dr U K Chaudhary
Senior Advocate

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By Atul Sobti

Survive, Revive and Thrive Strategy

WHEN TRYING TO GROW at a rate better than the industry-average, expanding business globally both in terms of selling solutions and sourcing is imperative. In a country where it is possible to produce a product cheaply, once a company has been successful, it makes sense to take the business abroad and try out both selling and buying. With access to new markets, a business has the potential to build a new customer base and grow quickly.

Finally, a very important key to any successful business is being able to come up with new ideas to keep operations, products and services fresh. This process of innovation, of bringing those ideas to reality is critical for lasting success.

Thus, the success elements of a Thrive strategy could be summarised as:

- Build new capabilities and businesses by:
- Entering into new growth areas, and by diversifying revenue streams.
- Creating disruptive technologies and products.
- Create a formal process for Thrive and allocate resources regardless of short-term results.
- Globalise — enhance global business and sourcing.
- Innovate — focus on outcome-based engineering and technology initiatives.

The future is uncertain. We will increasingly face fast changing and uncertain environments. From a strategic perspective, this is the biggest risk and it is fuelled by three factors: technology innovations, policy environment and economic growth. Therefore, it is important that we enhance our responsiveness by anticipating and responding to the weak signals and build strategic flexibility by identifying and working on a range of possible futures – not just the most-desirable one. This will determine sustainability of our long-term performance in the years to come.

The SRT solution requires an ability to think and act simultaneously in multiple timeframes. At times, a company will have to focus on one phase more than the others, but, if all three themes are eventually taken care of, the future will be created over time, every single day.

SRT—A Cyclic Karma for Successful Companies

Think of the Survive, Revive and Thrive (SRT) strategy as endlessly cyclical karma. One is always preserving the present, destroying the past, and building the future. In other words, the business models, products, and services we create in the Thrive strategy will at some point become our Survive phase. The pace of this change depends on the type of busi-

ness one operates in. For example, the pace could be slow in the defence and aerospace industry, while it could be staggering in the electronics and IT industry. Thus, the intermix of company-type and business-environment decide how fast the strategies in SRT would first overlap and then move from one phase to the other.

Let us try to see it with an example: Reliance's core hydrocarbon and petrochemical businesses were doing extremely well (Survive phase conquered), however, they were not complacent. Their Thrive move was Jio, a service charging only for data while giving unlimited calls free. This was unprecedented in 2016 when it was launched. People remained sceptical at first, but later on watched the onslaught of Jio in awe.

Jio transformed the telecom segment completely as data consumption post 2016 increased 50 times and the user-base doubled in the next four years. People were using the telecom company's streaming services and data, and the clear winner was Jio.

In telecom, or any other fast-moving industry, once a maverick does something that succeeds wildly, everyone else will try to commoditise that strategy. Soon, all other major telecom players in India struck back with similar offers. The Thrive strategy of Reliance Jio became Survive because it became business as usual in no time. Jio may continue to carve out newer disruptive moves, and the competition may continue to follow suit, or devise something better – only time will tell. But, the karma cycle will go on!

For example, from an entirely different segment, like a startup in IT, with a little legacy to care for, in the initial few years, it doesn't have to think about Survive or Revive strategies. It only has to allocate energy into the Thrive drive. But, things change very quickly in IT and the competition is brutal in the niche segments. So, as quickly as one establishes a novelty of Thrive strategy, it becomes a Survive strategy. And, then one may even have to unlearn it in the Revive cycle a year later to create a newer technology.

In some sectors, especially the capital-heavy ones, the Thrive phase takes a very long time to materialise. Like, in the power sector. For about five decades, fossil power ruled, the renewables were a tiny Thrive idea. But, now, the status quo has been disrupted, and organisations slow to align with the change have started paying the price. Automobiles is another area where the changes in the last century have been slower, but now with EVs on the horizon, things look volatile.

Irrespective of the sector one is operating in, a company has to create the future while managing the present. Success in one sector often impedes it in another. Large companies often don't realise this, or realise it too late. They may, for example, buoyed by their past successes, keep on hiring people who support their present. Soon, they may end up deploying too many resources in strengthening competence and technology for the present. This, the first sign of a myopia, is easy to miss. Then, the companies, basking in their success, become complacent and show no urgency to change. This is the second sign.

The future is uncertain. We will increasingly face fast changing and uncertain environments. From a strategic perspective, this is the biggest risk and it is fuelled by three factors: technology innovations, policy environment and economic growth. Therefore, it is important that we enhance our responsiveness by anticipating and responding to the weak signals and build strategic flexibility by identifying and working on a range of possible futures – not just the most-desirable one

And, finally, there is a belief that the efforts of something new (Thrive) will cannibalise the present (Survive). And, companies simply don't introduce new services, products or technologies. For example, for a long time many newspaper houses thought that introducing a website or news-app would cause a decline in print sales. This myopic vying is like the third blow, and is often fatal. On the contrary, a few other media houses realised quickly that websites and TV channels were venues of additional revenues and advertising money, and they spent resources to build those additional streams, and in no time, started dominating the sector.

The leaders of today must realise that while the Survive phase is about competition for the present, Revive and Thrive are about competition for the future. If we miss one, we miss the whole. One way to avoid such a pitfall, is to make these

CORPORATE STRATEGY 2

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themes work independently of each other. This means that the Survive theme team should focus on managing the present only, and the Thrive drive team with creating a future, with no overlapping connection with each other. Balancing the activities (and allocation of resources) across all the themes, and time horizons, is the most important role of the leadership.

The SRT framework is especially suited for the current disruptive times when many companies are losing their basic footing and are trying to push too quickly, too far into the future without taking stock of their present capabilities and needs. Going straight into the Thrive phase, this way could turn out to be a disaster for companies which do not create a solid foundation based on their present business. On the opposite horizon, some companies remain oblivious to the quickly changing realities, and their move to the Thrive phase happens too late.

These laggards often resort to desperate tactics to fit into the new trend, but often it is 'game over' for them as the new paradigm quickly establishes as a norm and outcasts face tremendous barriers, often technological, to sustain. A company that balances its resources with SRT framework creates more sustainable chances to keep earning from the present and building for the future. BW

The author is Director General, SCOPE and former CMD, BHEL

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