



The Boyden Report: **India**

The Sun Rises on the Indian Executive

Boyden
global executive search

THE BOYDEN REPORT SEPTEMBER 2007 | The Sun Rises on the Indian Executive

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Welcome to the Boyden Report



Welcome to the first edition of *The Boyden Report*, a quarterly series to provide a deeper understanding of the global market for talent.

At Boyden, we work closely with global companies to craft their executive strategy. But that strategy must be continuously reevaluated. What works in one market may not be effective in another region. Each industry has its own management dynamics.

The Boyden Report is designed to help you navigate this complexity in the ever-changing global market for talent. Each report will provide you with the context to make sustainable strategic decisions about your executive team.

In our reports, we'll be looking at the key emerging markets where revenue growth is fastest. Multinationals that wish to respond to the immense commercial opportunities in these markets must build their global management benches with full knowledge of each market.

And nowhere is there more executive opportunity than in India. That is why we've made the Indian executive and the country's unique entrepreneurial spirit the subject of our first *Boyden Report*.

"The Boyden View" on page 14 offers some practical points of advice for our clients and friends to help them attract and retain executive talent inside and outside India.

We would like to thank the business leaders and entrepreneurs who provided generous insight for this report.

Chris Clarke
President and CEO
Boyden World Corporation

Dinesh Mirchandani
Regional Managing Director, Asia/Pacific
Boyden Global Executive Search



Understanding the Market

THE INDIAN OPPORTUNITY

If the 20th Century was the “American century,” India is determined to play its part to ensure that the 21st Century will be the “Asian century.”

India’s Prime Minister, Dr. Manmohan Singh, has declared:

“My government’s endeavour would be to create such an atmosphere in the country that ... the talent in the country should work to prove that we are unparalleled in the world.”

If current signs are any indication, they are well on their way.

Prime Minister Singh’s ambitions are bold, but not unrealistic. India is undergoing an extraordinary transformation with an unprecedented rate of change. A quiet revolution is taking place, as an emerging entrepreneurial spirit takes hold among India’s business executives.

The widely cited catalyst for this change was the economic reform of the 1990’s which removed state protectionism and encouraged foreign direct investment. Private enterprise was actively encouraged to replace a command economy. The result is now a US\$1 trillion economy. And today, 44 percent of the Fortune 500’s top 100 companies can be found in India.

Sign of the Times

In a move unthinkable 20 years ago, two of India’s largest airports are being privatised.

– Mumbai (GVK Group) and
New Delhi (GMR Group)

// I see a big change in corporate India. Indian companies, which earlier enjoyed protected markets, have adapted well to the opening up of the economy. India is a classic example. I am impressed by how well Indian companies have moved from a management style rooted in a protected environment to a management style which is exploiting global competitiveness. //

KLAUS SCHWAB
President and Founder of the World Economic Forum

A Booming Economy

India's success story may have become familiar, but the facts remain startling.

India's GDP has made huge strides, jumping by 9.4 percent in the fiscal year ending March 2007 – its second fastest growth on record. Its annual growth is projected to remain at a steady 8 to 9 percent over the next five years.

Now the fourth largest economy in terms of purchasing power parity, India is projected to surpass Japan. It will become the world's third major economic power within 10 years. Within 20 years, experts predict that India will emerge as the third pillar of the global economy after the US and China, with a GDP about 60 percent of the size of the US economy by 2025. By 2035, some estimate that the Indian economy will be larger than that of Western Europe, and only slightly smaller than the US economy.

A population with executive potential

What is behind this growth? Or rather, who is behind it?

It's the Indian people who are transforming their economy as they embrace a new entrepreneurial culture distinguished by individual talent and flair. And at the heart of this phenomenon is an emerging talent pool of individuals with executive potential – ambitious businessmen and women – who are driving the country's economic reinvention.

// Through the wisdom of its government leaders and the entrepreneurship of its private sector, India has risen to become a major force in the global economy. //

JOHN CHAMBERS

Chairman of the Board and CEO of Cisco Systems, Inc.

Why has Indian executive talent emerged?

There are several reasons why this pool of talent has emerged.

First, specific government measures have helped. India has always placed a premium on educating its growing populace. And it is now reaping the rewards. Specific measures, such as the introduction of an education tax of 3 percent of the service tax amount applicable to business invoices, will contribute to an education fund. The government is also doubling the number of Institutes of Technology (IITs) and Institutes of Management (IIMs) across the country.

Second, the government's education objectives are a response to and an attempt to leverage India's demographic global competitive advantage. While the working-age populations in the US and China are shrinking, India's is growing. By 2020, nearly half of all Indians will be between the ages of 15 and 59.

// India has seen an explosion of its middle classes over the last few years with an emerging generation of highly educated young workers earning higher incomes than ever before. This has driven massive growth in domestic consumption. If you combine this with the boom in government spending on infrastructure, India reveals itself as one of the most attractive growth stories in the investment world right now. //

ARUN MEHRA

Head of Investment Strategy for India, Fidelity

The third reason Indian talent has emerged is that it has benefited from the boom in outsourcing services. In the 1990s, India was at the centre of the wave of outsourcing of some business functions to emerging economies by multinational companies in the United States and Europe. India successfully demonstrated that it had a comparatively low-cost workforce that could deliver a cost-based strategic advantage.





// India's entrepreneurship is particularly fascinating, in that it does not take a single form. It has not solely been learned, or acquired, or brought in. It is like a DNA strand running through the population—thicker here, thinner there, more scientific here, but a constant in India's story. //

DINESH MIRCHANDANI
Head of Boyden India

But in recent years, the outsourcing appeal of India has moved to a higher level. No longer is it just about cost advantage. The talent of Indian employees, their rapidly developed skill set and, above all, the rise in the quality of Indian management have inspired greater trust and reliance from multinationals. Other business functions and key parts of the supply chain are now being outsourced to India. And the country has benefited from the emergence of a talented management cadre as a result.

A national admiration for entrepreneurship

By far the most significant factor in the emergence of a management talent pool is India's natural and cultural inclination towards entrepreneurship. This is reflected in several networks such as The Indus Entrepreneurs (TiE) and the National Entrepreneurship Network (NEN), which have helped harness entrepreneurial talent globally, not just in India, creating a structure for the global exchange of ideas and finance.

As well as providing an exchange for ideas, these entrepreneur networks have also been highly effective in addressing some of the practical challenges for any early-stage ventures such as access to venture capital and development finance. The benefit of these networks even reaches well-established groups such as Biyani's Pantaloon Retail, where there are continual financing issues, as reported by *The Hindu*: "Biyani has ambition combined with street smartness, but his business model could choke if there is inadequate funding."

SUCCESS FACTORS OF THE INDIAN EXECUTIVE AT HOME AND ABROAD

A frequent question among global business leaders is: Why do Indians do so well abroad?

"Indians are very creative, out-of-the-box thinkers," explains Mirchandani. "They have grown up with a scarcity of resources, fierce competition and population pressures." Competing to achieve any kind of position has taught Indians to strive as a basic requirement of success. For example, in the 1970s there were over

100,000 applicants for fewer than 2,000 seats at the five IITs – and the numbers keep growing.

Other cultural characteristics have shaped the instincts of the Indian executive. Indians typically speak between two and four languages – English, the language of business and urban India; Hindi, the national language; a mother tongue, and probably another language required to interact with people in neighbouring regions. They are therefore used to a high level of complexity in dealing with other people, not only in terms of language, but also with reference to different religious and social dynamics. This has created a microcosm of the global environment in which India's executives are able to flourish.

India also traditionally accentuates the extended family, with individual ambition shaped by collective responsibility. Respect for other people is very important. And it's a quality that many non-Indian multinationals encourage in their workforce.

India's limited infrastructure, widely acknowledged as a longstanding liability, obliges people to develop their own resourcefulness. "India is a highly complex, 'non-linear' culture," says Mirchandani. "Living and working here requires an ability to deal with uncertainty, constantly creating backups for everything, even in something as fundamental as getting to work and back." By the same token, the country's still cumbersome bureaucracy has encouraged inventiveness and creative thinking just in dealing with it. The flip side is that values often get fuzzy or become casualties in the process.

"To answer the question on Indian success abroad, one must take into account all of these factors," says Mirchandani. "Given local influences during their formative years, Indians who find opportunity abroad do well because they know what to do to achieve success. Quite simply, they understand what it takes to get where they want to be."



TiE – The Indus Entrepreneurs

The Indus Entrepreneurs (TiE) network has built a brand synonymous with entrepreneurship around the world. A non-profit network, operating in 47 cities in 11 countries, TiE's contribution to economic wealth creation is estimated at \$200 billion. In keeping with its mission of fostering entrepreneurship, TiE has advocated government policy initiatives and has successfully influenced the liberation of key sectors in India and Pakistan.

"It is not simply one of the largest networks of executives who have business interests in common," says Suren Dutia, CEO of TiE Global. "TiE is a dynamic organisation that advances entrepreneurship and supports its members through highly focused mentoring, networking and educational programmes."

TiE has articulated a "market approach", which it calls the AAA Programme – Awareness, Advocacy and Assistance. Each of these aspirations is backed by a tactical plan, including skills-building programmes to raise finance, a focus on creating a viable seed capital pool in India, and VC connect programmes to link early-stage companies to sources of funding.

"What Indian entrepreneurs are particularly good at is implementation through people," says Suren Dutia. "Not only do they have vision, industry knowledge and drive, but they also know how to make things happen, through personal motivation, from one individual to another. TiE's goal is to maximise the opportunities people have to learn from successful entrepreneurs and thereby nurture the talent of the future."

TiE brings intellectual rigour to leveraging knowledge and experience to give budding entrepreneurs a jump start. For example, the London TiE Chapter recently established a formal mentor training programme. As Dutia explains, "Mentoring is the cornerstone of TiE's commitment to those with entrepreneurial talent. The London Chapter is a trailblazer in establishing training

programmes that can be replicated elsewhere in the network. This will enable us to share learning in ways that provide specifics to the mentoring process."

TiE's intellectual capital includes almost 1,600 highly accomplished and successful charter members. By invitation only, these people have made a commitment to mentor young entrepreneurs, give advice on business planning, and introduce them to venture capitalists and potential board members. Charter members include many well-known figures, such as C. K. Prahalad – one of the most highly regarded thought leaders; Vinod Khosla – a venture capitalist, previously with Kleiner, Perkins, Caufield & Byers and co-founder of Sun Microsystems; Rajat Gupta – former MD of McKinsey & Company Worldwide; Gururaj Deshpande – Founder and Chairman of Sycamore Networks, Inc. and a Corporation Life Member of MIT; Kanwal Rekhi – serial entrepreneur behind more than 50 companies; N.R. Narayana Murthy – one of the founders of Infosys; Padmasree Warrior – CTO of Motorola; The Hon. Apurv Bagri – MD of Metdist Group, Chairman of the London Metal Exchange and Chairman of TiE Global, and many other visionaries.

Suren Dutia is passionate in expressing his belief that the charter members are united in their sense of altruism, especially due to the far-reaching impact of TiE's mission. He states, "Entrepreneurship is the most powerful paradigm for eradicating poverty, creating jobs, developing human capital, facilitating economic development and thereby bringing social change."

From an international perspective, Dutia concludes, "It is through entrepreneurs, intrapreneurs and pioneers who leverage India's wealth of talent and instinctive know-how that India Inc. will change the future of global business."

TiE Chapters: USA, India, UK, Canada, Pakistan, Malaysia, Australia, Singapore, Sweden, Dubai, Mauritius
Planned: Sri Lanka, Brazil, Mexico

Who Are the Indian Entrepreneurs?

Entrepreneurs in India fall into four identifiable groups: the first generation entrepreneur, the family entrepreneur, the corporate crossover and the corporate intrapreneur.

Examining the background, motivations and careers of the people in these groups gives Indian companies and multinationals an insight into what is driving current and future generations of Indian managers and executives.

The First Generation Entrepreneur

First generation entrepreneurs typically start from firm foundations: a strong family and a solid education. They represent some of the best “homegrown” executive talent, having developed their skills in India, rather than by studying or working abroad. These executives are now in the forefront of building businesses from within India that are ready to challenge global competitors.

“Right across India, a new generation of entrepreneurs has emerged,” says Dhruv Shringi, co-founder of Yatra.com, one of India’s fastest-growing travel websites. “And they share a lot in common; most come from middle-class backgrounds and they value their education. Many entered the workplace and honed their business skills in India throughout the 1990s when there were very few entrepreneurial opportunities around. Now that there are plenty of options, they have the skills and the personality to execute their business vision.”

The rise of graduates from Indian business schools such as IIT and IIM has swelled the ranks of these first generation entrepreneurs. “Indian business schools are tremendous institutions,” says Shringi, “turning out exceptionally smart graduates. I think they are one of the contributing factors responsible for the rise of the homegrown entrepreneur and business executive.”

Dishman Pharmaceuticals & Chemicals Ltd, HQ Ahmedabad

Dishman Pharmaceuticals & Chemicals Ltd is a global company manufacturing active pharmaceutical ingredients and intermediates, quaternary compounds and fine chemicals. Its manufacturing and distribution capabilities are sited inside and outside India, and Dishman’s 78 percent export sales reach all continents.

Dishman is one of India’s leading Contract Manufacturing Outsourcing (CMO) organisations. By 2006 it had achieved a consolidated turnover of 27,745 lakh rupees (US\$685 million/Euro 510 million) – a 48 percent annual increase – since its inception in Ahmedabad in the 1980s.

Dishman is a preferred outsourcing partner to companies such as Merck, GSK and Astra Zeneca.

Reaching into the Heart of an Industry

In the 1980s, with his eye on the pharmaceutical industry, founder J. R. Vyas pursued Dishman’s potential in Europe and the USA by setting up two wholly-owned subsidiaries. “In order to gain a leading foothold in pharma, Dishman needed to establish a knowledgeable local presence in key industry markets. This would facilitate better communication with customers, understand their needs, offer supply-chain efficiency and add value to the whole process,” says Vyas.

With a strong operational foundation, Dishman began to pursue growth through acquisition in the same year that it won its first contract research project, starting with Chemconserve BV in the Netherlands. It now has subsidiaries in Shanghai, Africa and Switzerland.

Vyas prefers the personal touch in acquiring talent. “To smooth the integration process, I visit the company to talk to every employee. I establish a level of communication where there is a complete understanding of what the new entity means to our business, what we hope to achieve, and how we will support our teams.”

The acquisition of CARBOGIN AMCIS, a large Swiss research-based company, made big news in 2006. It was one of the largest overseas acquisitions made by a company based in Gujarat. Vyas explains: “We staked out our ambitions and applied local insight to achieving our global potential. We knew we could leverage our competency in operational efficiency in India to improve margins in the Swiss operation.” The acquisition made Dishman the only CMO in India with high-potency manufacturing capability.





The Family Entrepreneur

The second group of business executives are those that have inherited a company. In India, where in the days before privatisation many major firms were state-owned but family-run, most successful executives grew up watching family members at work. Now, inherited private businesses are benefitting from a new generation of executives from these family-owned businesses.

“These entrepreneurs are acutely aware that their business success comes from and nurtures their family,” says Boyden’s Dinesh Mirchandani. “They don’t flaunt their wealth, and are intensely aware of a sense of financial custodianship.”

The best-known example is the Ambani family, whose name was established by Dhirubhai H. Ambani when he launched Reliance in 1966. The inheritors are his sons Mukesh D. Ambani and Anil Ambani.

Both Anil and Mukesh Ambani studied at American business schools and came back with a global perspective to shape Reliance’s future. When the company was divided in two in 2005, Anil Ambani became Chairman of the Anil Dhirubhai Ambani Group, encompassing Reliance Communications, Reliance Capital, Reliance Energy and Reliance Natural Resources. He is regularly conferred with accolades and has been named CEO of the Year 2004 by Platts Global Energy Awards, and Entrepreneur of the Decade by the Bombay Management Association in 2002.

Mukesh Ambani became Chairman and Managing Director of Reliance Industries, India’s largest private conglomerate. It has businesses in energy and the materials value chain, textiles, infrastructure and financial services. Its turnover is nearly US\$20 billion; it contributes 5 percent of India’s total exports and 3 percent of the country’s GDP. Mukesh Ambani co-chaired the World Economic Forum Summit in 2006, and Reliance has won national and international accolades for both corporate management and industry excellence. As for the future, according to his annual report for 2006, Mukesh Ambani intends Reliance Industries to be the catalyst for India’s retail revolution.

It’s in the Genes: A Third Generation Entrepreneur

Atul Ruia is a third generation entrepreneur who played in his grandparents’ textile mills as a young boy. The mills flourished in the Industrial Age but by the 1980s they were forced to close, and within 10 years were falling into disrepair.

Ruia’s father and uncle treasured their status as industrialists, and he explains, “It took some time to persuade my family that there was nothing wrong with becoming traders.” He persuaded his senior family members to turn the mill into offices, flats and shops to take advantage of India’s rapidly changing economy. Phoenix Mills is now a \$250 million retail real estate business, and High Street Phoenix has become a major artery in Mumbai and a magnet for consumers.

A business colleague of Atul Ruia’s comments, “He was the first guy to see the real estate opportunities presented by the old mills. He attracted the Shangri-La to the Phoenix Mills development and added multiplex offices to suit a range of new businesses.” When asked how Ruia acquired such foresight, another business friend comments, “He was a Wharton undergraduate, so he had the finesse to deal with consultants and other third parties, but it was his genes that gave him the entrepreneurial edge.”



The Corporate Crossover

The third type of Indian entrepreneur is the corporate crossover. Typically, these entrepreneurs worked outside mainstream corporate India until recently. Many gained an MBA or other postgraduate qualification from prominent international business schools and worked for multinationals in the UK or USA. Now they are returning to India or to Indian companies. They bring with them invaluable international experience as well as an ability to help non-Indian businesses to navigate the complex Indian business environment.

Mirchandani explains, “We also see many latter stage, ‘post-corporate’ entrepreneurs among this group. They have a rigorous educational background, significant corporate experience often outside India, and once they have achieved a certain amount of security, they maximise this by injecting their ambition into a traditional industry in India, such as tourism, for example.”

Dhruv Shringi is the co-founder of Yatra.com, which is quickly establishing itself as one of Asia’s leading travel websites.

Yatra.com provides travel-related information, pricing, availability and reservations for airlines, hotels, buses and car rentals across 5,000 large cities and small rural areas throughout India. It boasts a multi-language customer service centre that enables business and family/leisure travellers to make well-informed bookings 24 hours a day, 365 days a year through its website and call centre.

It is a vision that Dhruv Shringi has been working towards since he returned to India after eight years working on the strategy teams of some of Europe’s leading businesses and taking a year to complete an MBA at INSEAD, the leading European business school.

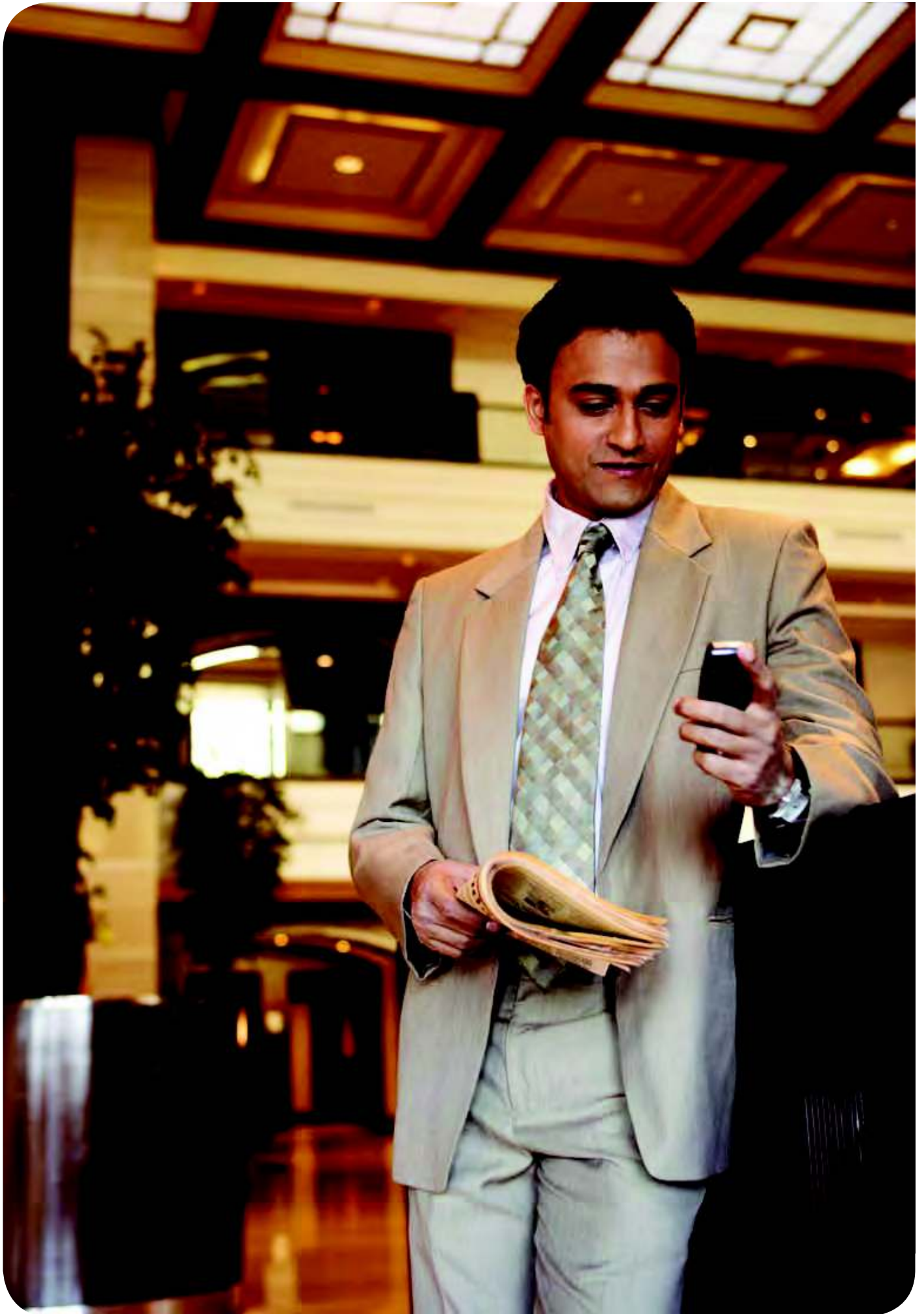
His most recent role prior to co-founding Yatra was as Director Group Operations and Technology of the ebookers Group, where he was responsible for sales of over \$850 million achieved through multiple channels including online, call centres and retail shops, 600 people and a cost budget of \$70 million. Prior to his stint at

ebookers, Shringi worked with Ford Motor Company on their business strategy team based in London where he was part of the European turnaround team.

“My experiences with ebookers and at Ford were exceptionally valuable,” says Shringi, “and I apply the lessons I learned every day in my new venture. But that’s not to say you can neatly apply the European way of doing business here in India. Many international firms fail to appreciate that to succeed in India you need to get on the right wavelength with people. Negotiations can take longer, and cultural and other sensibilities need to be acknowledged. In many ways, I believe it is similar to the way Japanese business is conducted. But once you understand that and you have success in one venture, it means other avenues in different business sectors open up more easily than they would in Europe.”

A critical factor is that he started his career in India, spending six years with Arthur Andersen in Delhi before leaving to get European business experience. “The important thing is not to stay away from India too long. If you do, your network dries up. I see some ex-pat Indians coming back after 10 years away but they sometimes struggle to find their feet again. So much relies on an informal business connection and that takes years to build.”

Shringi’s knowledge of the way things are done outside India certainly helped during Yatra’s funding stage – the firm’s investors are as “blue chip” as they come in India. They include Norwest Venture Partners (NVP), Promod Haque’s leading venture capital firm, Reliance Capital (a member of Reliance Group headed by Anil Ambani) and Television 18 Group, India’s premier news broadcaster founded by Raghav Bahl.



The Corporate Intrapreneur

Our fourth group comprises the Indian corporate intrapreneurs. Individually they achieve what many US and European firms wish to develop in their own executives; namely, an ability to take advantage of commercial opportunities as an entrepreneur would, but to leverage the resources of an established firm at the same time.

Corporate executives in other countries can only dream of making the kind of impact that has characterised the Indian intrapreneur. Many initially took their chance during the dot.com era of the late 1990s, but the conditions at the time were not conducive to long-term success for most. Today these intrapreneurs are most active in the high-tech, pharmaceutical and biotech sectors.

The skill of the intrapreneur is the ability to tease out an entrepreneurial streak across the workforce, gather it into a collective vision and mastermind a confluence of opportunity and ability.

Ganesh Natarajan, CEO of Zensar Technologies – The Intrapreneur Who Weaves Talent

Ganesh Natarajan is one of the most successful executives in the Indian IT industry. As CEO of Zensar Technologies, Natarajan has pursued an ambitious strategy of global growth implemented through acquisition (US and India), joint ventures (Japan) and new subsidiaries (Poland) – entwined with specific people initiatives.

A key part of Natarajan's intrapreneurial success centres on harmonising a global workforce through collective aspiration for the company. In putting specific practices in place to achieve this, Zensar has earned external recognition for its innovative HR initiatives. For example, the Madhya Pradesh Government conferred upon the company the Golden Edge 2006 Award for Innovative HR Practices in Industry Academia Collaboration; the Employer Branding Award for Innovative HR Practices; and the Trailblazer of the Year Award from the National Human Resource Development (HRD) Network for Best HR Practices in 2006 for the company's Vision Community. The company has also won the FICCI Special Jury Award for Corporate Social Responsibility at the hands of the President of India, Dr. Abdul Kalam.

Natarajan comments: "A natural culture of nurturing talent in India is one of the country's key differentiators in terms of global competition. At Zensar, we do it at all levels, not just for senior succession planning, and we see significant results in terms of employee satisfaction, loyalty and productivity. Our global growth is derived from being a talent-driven company. The real adventure is discovering the talent that exists across the world and how our growth plans complement the abilities found within our industry. Being an intrapreneur

means weaving talent into a corporate framework in ways that marry together opportunities for both individuals and the company. This framework at Zensar also supports innovation at both the personal as well as firm level, lending a culture that gives the company a sustainable competitive advantage."

Zensar's Vision Community

A distinct competitive advantage is how Zensar treats its employees. Prameela Kalive, Global HR Head of Zensar Technologies Ltd., says, "Zensar has always believed that people are its strength and has built processes around it to leverage this strength. The Vision Community is one such initiative that we believe is a strong and innovative tool for employee engagement in strategy, and the initiative has shown outstanding results for the organisation's growth."

The Vision Community is a unique participative forum at Zensar, which is the beginning of the formal strategy development process in the organisation. The forum was created in 2001 and ever since has proven an effective people engagement initiative. The Vision Community group encompasses all levels of management – senior management, mid-level project/programme management and junior management – who are team leaders, project executives and others right through to the coder. Participation in the forum is voluntary. The visioning exercise is highly effective in taking input right from the grass-roots level, and has strong support and guidance from the leadership team. The process has resulted in ideas being formalised into corporate initiatives at Zensar, with successful implementation through new practices, processes and technology solutions.

Employees enjoy an open-door culture and the pleasant environment in which they work, beyond the opportunity to work with a wide range of technologies and leading global clients. "What I really value at Zensar," comments one employee, "is that the company wants to understand my potential and is willing to listen to my ideas while also helping me grow in the organisation and develop my career."

Zensar Technologies is among the top 25 software services providers from India, and one of the Top 10 Fortune 10 Global Offshore Outsourcing Companies from India. It has industry expertise spanning retail, manufacturing, banking, finance, insurance, telecommunications, utilities, pharma and textiles. Zensar has partnerships with Fujitsu, Sun Microsystems, SAP and Oracle. Customers include a number of Fortune 500 companies such as Marks & Spencer, National Grid, Cisco Systems and Electronic Arts.

Succession and Indian Entrepreneurship

Many Indian family businesses are taking a hard look at succession, and beginning to resist the tradition of familial legacy. They are recognizing the need to separate management from the extended family if it doesn't offer the necessary talent – in the form of a “family entrepreneur” (see page 8). Instead, they are choosing to hire executives on the open market rather than employing relatives. Whereas this was once highly unusual, it is now becoming culturally acceptable. Many of today's businesses are learning lessons from

the recent past, in which second-generation entrepreneurs lacked the skills or ambition to sustain the company's growth.

“Respect for family is still an important issue here,” says Mirchandani. “Indians are accustomed to behaving in a way that encompasses three generations – the past, the present and the future. Even if not as a part of the future management team, family members are still provided for.”

INDIAN TALENT FACES A GLOBAL TUG OF WAR

As Indian companies gather international momentum, increased competition could compromise one of India's most dearly held advantages – its cost-effectiveness. Mirchandani remains sanguine, however. “Salaries and wages are already rising,” he admits, “but this is a land where the thrill of the deal, the opportunity to make a difference and the cult of the family transcend purely financial incentives.”

Many Indian entrepreneurs still prefer to employ their compatriots, a preference consistent with India's collectivist culture. However, Westerners are increasingly pursuing executive roles in India – lured not by an expatriate package, but by exciting local opportunities themselves. Those who have excelled in other emerging markets can almost write their own ticket.

India has become a “career builder” for those who have reached a personal or professional ceiling in developed economies. “To have emerging market experience on your resume is now very powerful,” confirms Mirchandani. “The executive skills that enabled Western economies to globalise are what India needs to focus on now, particularly to achieve its aspirations as a high-technology manufacturing hub. Increasingly, we advise clients to consider candidates from other emerging markets to lead and train teams in India. This is the case specifically for industries with a recent presence in India, where there is a limited local talent pool.”

A new era of competition for multinationals

Multinationals seeking to recruit in India face a new challenge. It is no longer a foregone conclusion that Indians will leap at the offer of a role outside India.

According to a recent report in *The Hindu*, five out of 20 overseas offers by leading foreign investment banks

were rejected in favour of domestic jobs in private equity firms. One candidate declined an offer by Goldman Sachs to work overseas in favour of a Bangalore-based job, saying, “It was no sacrifice. My employers understand that I need to pursue my passion (for music) outside of work and anyway things are happening in India.” The report concluded that this cadre of students made informed decisions in resisting the supposed lure of salary, incentives and overseas locations.

Non-Resident Indians (NRIs) are increasingly sought after by multinationals and local companies in emerging economies. Indian companies are helping to develop Latin America's human resources by sharing technology and employing chemists, engineers and programmers. Demand is being driven by the need for managers who already have experience in one emerging market and can replicate it in another, such as Brazil.

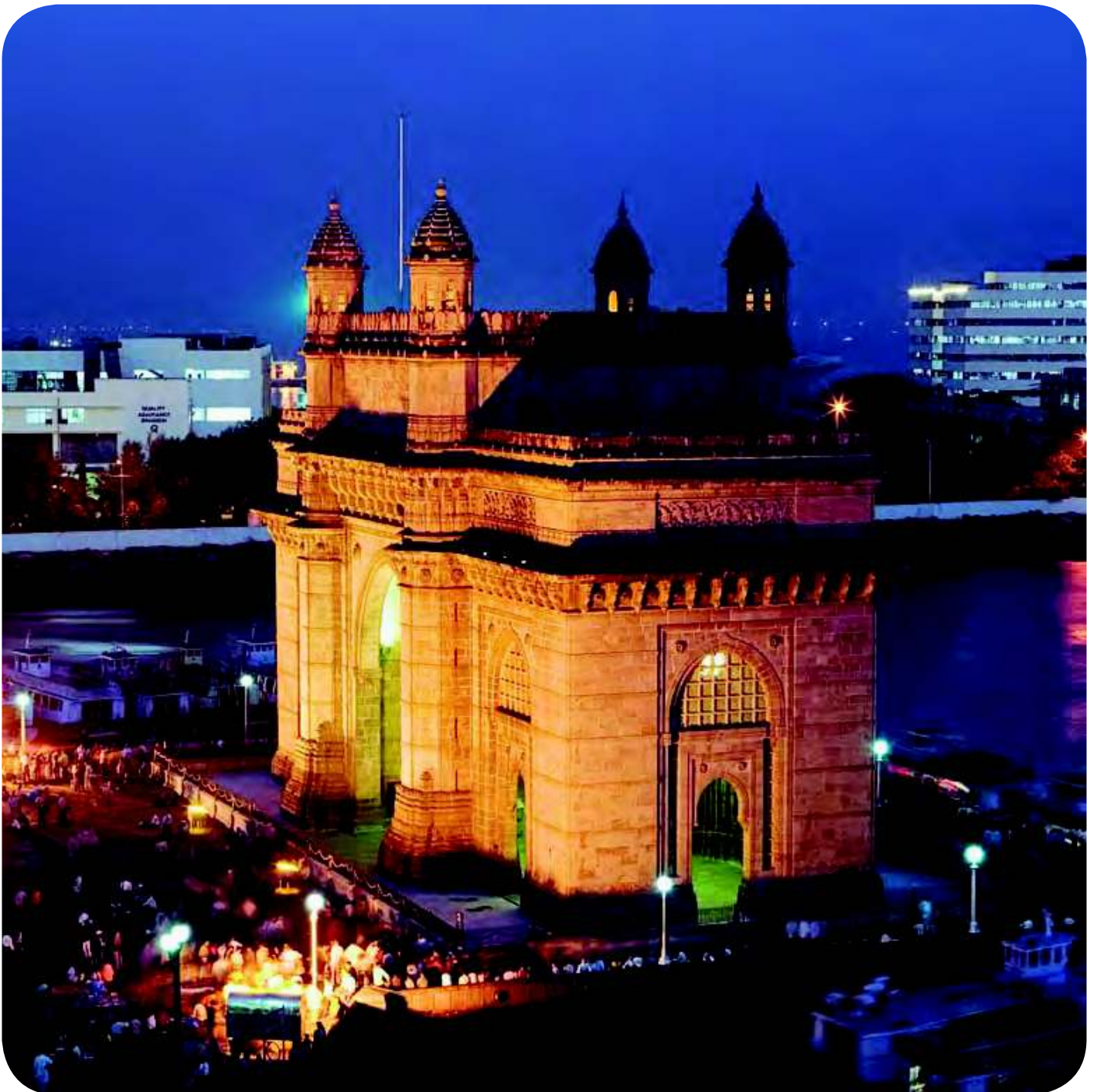
Conclusion

Today, the future for India is truly exciting. The economy continues to flourish. The inward investment opportunities are clear.

But those inside and outside India will only share in this success if they understand and nurture the talent that lies at the heart of India's phenomenal growth and business achievements – a new generation of business executives – entrepreneurs, intrapreneurs and pioneers.

// The people I have met in India are very good. They have a global perspective. Though these are still early days, I have been struck by the quality of Indian management. It is very high by any standard. I won't bet against India becoming one of the top five economies of the world by 2050. //

ALEC JONES
Global Leadership Team, PricewaterhouseCoopers





The Boyden View

How can you harness India's executive talent for your business?

At board meetings worldwide – particularly in the biotech, technology and business services space – there is a universal acknowledgement: every company must have an “India plan.”

For multinational corporations, there appear to be three ways in which to harness the entrepreneurial talent in India:

- 1 Through acquisition of Indian-grown companies. For example, PerkinElmer, a US -based health sciences and photonics company, recently acquired 100% of the equity of their former distributor, Labindia Instruments Pvt. Ltd.
- 2 Entry via a joint venture, the route currently pursued by companies such as UK retailer Debenhams (with Biyani), Woolworths (with Tata Group) and Wal-Mart (with Bharti Enterprises).
- 3 Devise a strategic hiring programme with the aim of maximising a multinational company's intrapreneurial talent.

A recognisable pattern – even a rule – is beginning to emerge: savvy companies are hiring Indians. Boyden has demand for Indian talent from clients all over the world, including the UK, the USA, South Africa, Germany,

Finland and Latin America, while accolades for Indian executives pour in from those who have hired them.

On a recent visit to India along with a delegation of CEOs from top Swedish companies, Marcus Wallenberg, Chairman of the Board of SEB, called India one of the “most promising and dynamic economies of the world. In this day and age of globalisation,” he added, “Scandinavian corporate leaders feel that, more than ever, it is of the utmost importance to get to know industrial and political leaders in a country of India's stature.”

International business growth means that Indian companies are asking Boyden to tap into its global network to hire in places such as Dubai and Singapore. Indeed, there are slightly more India-based clients wanting to hire in external markets than there are companies based outside India wanting to hire in India. Either way, the situation is extremely buoyant.

So the question becomes how to hire, and how to retain, Indian executives.

// India is a hub of technology innovation and talent. It is critical that we continue to expand our portfolio companies' presence in the region. //

TERRY GARNETT
Managing Director of Garnett & Helfrich Capital



Hiring and retention advice

Hiring and retention for the multinationals inside India

- 1 Remuneration levels may be lower, but packages need to be on par with international standards. Therefore, be prepared to include bonus and equity options.
- 2 An entrepreneur who has chosen to go back into the arena of big corporations may have a great deal to contribute. Don't interpret this as disaffection with entrepreneurialism and therefore negative. Many factors could be relevant here. For example, salaries in larger organisations have increased and tax treatments have changed substantially, attracting those who may have previously chosen an entrepreneurial route in order to have greater control over their earnings. If a candidate has had the risk appetite, personal drive and ambition to set up his or her own business in the past, he or she may well flourish with the support of a large organisation. Turn these candidates into intrapreneurs.
- 3 Gone are the days when companies paid for MBAs, but this could make a comeback in India. Consider a "sandwich" approach, whereby those who give time to and excel in a company are sponsored through an MBA, IIM or IBS course, dependent on returning for an agreed period of time, post-graduation.
- 4 Career progression and a sense of being valued by the company are essential to personal pride. Peer-to-peer comparisons are extensive and any sense of falling behind will result in a "surprise" departure.
- 5 Remember, candidates are looking at a number of opportunities at any one time. Move quickly and decisively, once a verbal offer is made, start involving the candidate in the company as much as possible. If you have engaged a search consultant, make sure that they are in almost constant communication with the candidate, from accepting an offer until actually leaving his or her current employer. There are still deep emotional ties between the Indian company and the employee, who has enjoyed a sense of familial support and is usually under great pressure to stay. The search consultant can act as a mentor to candidates, reminding them of their career aspirations and the decision-making process they have gone through to achieve their goals.

Hiring and retention for the multinational outside India

- 1 Opportunities at home are always going to be attractive. Build in a repatriation option that can serve as a retention incentive for, say, three years' time, open to negotiation. For companies with no Indian subsidiary, consider opportunities to establish one, or give time off to search for a repatriation opportunity. In addition, introductions to corporate contacts can be agreed upon; an ally in the industry, back in India, could bring enormous benefits.
- 2 Career development needs to be a prime focus to attract and retain NRIs. Constant learning, exposure to strategy implementation and various aspects of the business, and leadership opportunities should be considered.
- 3 If relevant, the company should consider extending emerging markets experience for a second posting, so that some time outside India is still invested in emerging markets for candidates in appropriate industries.
- 4 An opportunity to study and increase the candidate's future career prospects should be considered. If appropriate, sponsorship of an MBA or tertiary qualification with an agreement to return to the company for a certain period may be advisable.
- 5 Remuneration, while not top of the list, is important. When, or if, the candidate you hire wants to return to India, he or she will want to return with the level of remuneration that reflects his or her value and seniority for a role at home. Tax issues must be addressed early on in the process so that final remuneration negotiations are clear. Salaries will increase exponentially over the next few years and ongoing checks will need to be made to ensure that there are enough benefits (including non-financial) to remaining an NRI while salaries catch up in India.





Hiring and retention for the entrepreneurial enterprise

- 1 Trust is critical. The hiring process needs to take place in a variety of settings so that a full range of personal characteristics can be assessed. The more varied and informal, the better. It's imperative for companies to build a "bargain of trust" to ensure candidates know that they won't just be used for their skills and contacts. In fact, candidates must know that to develop their careers; the entrepreneur needs to know that intellectual property and other business-critical issues will not come under threat.
- 2 Seasoned NRIs looking to come home could be an excellent source of industry knowledge and wisdom, including mentoring for a young entrepreneur. Changing from a large organisation overseas to a small one at home can work for individuals with a patronal mindset.
- 3 College or school friends are a potentially good source but they should always be benchmarked against the market. With skill sets so extensive, ask for more and you might well get it.
- 4 Candidates keen to work in a small, entrepreneurial business usually have many of the requisite skills and characteristics to start their own business. Hire with a view to expansion into related areas; this avoids the challenge of having to replicate yourself, and enables you to invest in a known employee with whom you can start building your empire.
- 5 Your vision warrants it, so don't be shy about engaging a top-level executive search firm. When they get to know your business, they can help you build the right teams. If budgets are tight, negotiate – it's good practice.

Key Data at a Glance

GDP April 2007	US\$1 Trillion
GDP Growth Fiscal Year 2006-2007	9.4%
GDP Growth Predictions 2006-2011 Annual Average	8% - 9%
Funds Raised Through IPOs, Financial Year 2006-2007	US\$5.8 Billion
Foreign Institutional Investment, First Quarter 2007	US\$6 Billion
Predicted Number of Indians Lifted Out of Poverty by 2025	300 Million
Predicted Size of Middle Class by 2025	583 Million

Sources: *The Financial Express, The Economist, McKinsey Global Institute, Credit Suisse*

About the Report

This report was developed by Boyden World Corporation in collaboration with the business research group Lighthouse Global (www.lighthouseglobal.eu.com). The content was created from a series of interviews with business leaders, opinion formers, entrepreneurs and international executives.

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About Boyden World Corporation

Boyden is a global leader in the executive search industry with more than 65 offices in over 40 countries. Founded in 1946, Boyden specialises in high-level executive search, interim management and human capital consulting across a broad spectrum of industries.

Appendix

List of sources

India Brand Equity Foundation
TIE Network
The Hindu
The Economist
McKinsey Global Institute
Ernst & Young
World Economic Forum
Company Annual Reports

The Americas

Atlanta
Baltimore
Bogotá
Buenos Aires
Calgary
Caracas
Chicago
Detroit
Houston
Lima
Mexico City
Minneapolis
New Jersey
New York
Pittsburgh
San Francisco
Santiago
Sao Paulo
St. Louis
Toronto
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Western Europe

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Valencia
Zurich

Eastern Europe

Bucharest
Budapest
Istanbul
Moscow
Sofia
St. Petersburg
Warsaw

Middle East

Dubai

Africa

Johannesburg

Asia-Pacific

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