



NEVER NORMAL ERA | RETHINKING ENTERPRISE AGILITY AND RESILIENCE

VIDEO TRANSCRIPT

Welcome to our series Navigating the Never Normal World, with a specific focus on rethinking enterprise agility and resilience. These are very difficult times, but one of the things that's really stood out is the manner in which Indian organizations or for that matter organizations world over have responded to the COVID-19 crisis. So much so that many people want this crisis to continue, only to bring about change that they either could not or want to use this as an opportunity to leapfrog several change parameters as it were, encompassing the world of digital transformation, which may have been a path earlier but now is a far more accelerated journey today. So how does this really pan out? What does this mean for organizations in India? How are business leaders looking at this or have been seeing this for the last five or six months? How are they looking at the period ahead and how are they bringing in those elements of agility and resilience that are now being brought out which they hope to use in a more concerted way going forward? To discuss all this, I've got a fascinating panel and team with me. I'm joined now by Suresh Jayaraman, managing director of Arvind Fashion and Arvind Lifestyle brands. He joined the company in September 2005 and has led the company from growth to growth. He's also added many marquee brands like Calvin Klein, Nautica, US Polo and Gap, apart from children's Aeraspatial and Sephora. Puneet Chandok is the president for India and South Asia at Amazon Internet services. He leads the AWS business in India and SAARC region. Before this, he used to work with McKinsey IBM

Global Services. And at IBM, he was a deputy general manager for solutions transitions and global competency. Finally, we have Mahesh Zurale, senior managing director lead, Advanced Technology Centers in India, Accenture. Mahesh has been with Accenture for a while. He has almost 30 years of experience in the global IT industry. In 2006, he was chief operating officer at Datamatics and also the co-founder of Future Tech Systems. He lives in Pune. We're all joined from different parts of the country. I'm in Mumbai and of course everything is virtual. Thank you once again for joining us.

Suresh, why don't you kick off our conversation today. Let's talk about how and what you have seen in the last five or six months that best connects with the theme that we're talking about, which is agility and resilience. Tell us about what you've experienced and some of the moments perhaps that have stood out for you will stay with you for a long time.

Suresh: This is my 38th year in the corporate world. And no matter all the experience, nothing can teach you how to deal with something like this. So, the situation is pretty unique, and there is no book or no experience or no past that can serve as a tool book. It's a challenging period for leadership, so I think it's an inflection point—in the lives of not only the corporates but also for the leadership level. The period has triggered some changes in the organization in terms of becoming resilient and working toward a completely new future. For a startup that came



around in the digital age, there is an immense advantage because they're geared up right from the beginning for the digital world. Whereas, for a legacy organization, this is more challenging. While there is awareness of the need to change, such an organization is tied to many assets. Which means, it have to give up a lot of things before making the change. This delays the change process. So what Covid has done is to really throw all those holy cows out of the basket and then compel them to adapt to the new normal. That's the positive for legacy organizations, because we can actually now transform. I don't think in any other situation an organization will get six months in its lifetime to change. Resistance is of course common in legacy organizations, or any organization for that matter. But this situation has made change easier to implement because everyone recognizes that unless you don't change, there is no future.

Is there any moment that stood out for you that tells you about human resilience and about our shared ability to hold on or fight back in the last few months?

Suresh: As a leader, I used to always tell people not to panic in a crisis. However, when the economy is down and there are losses and sales are falling, how do you put up a brave face? Because if I do say that I'm not panicking, I think it's not telling the truth. So, the question is how to manage the situation while being honest and not create panic. The other lesson is communication. It's a difficult time to communicate because you don't know what to communicate.

What are your thoughts, Puneet?

Puneet: Change is all around us—in technology, digital adoption, our people and consumer behavior. Businesses are rewiring and retooling themselves. We're not used to the work from home culture but we've seen how people are really stepping up. Suresh last time used the word 'positive unleashing of energy' and it's incredible to see our people step up and do the right. Another positive is how technology and cloud are now right at the center of the conversation. I'm glad we're having these

conversations now. It's the biggest collective learning moment for all of us in decades. This is like a forced global experiment that we all are going through and we're learning every day. There are quite a few learnings for me personally. So while everything is contactless today, from pizzas to coffee, leadership still is a full-contact sport. In fact, our people need even more connection and engagement right. Now, more than ever, leaders need to be more authentic, even more vulnerable and be hopeful. I'd like to tell you a personal incident. This is a couple of months back when we were at the peak of the crisis. Colleagues in India actually send a very sweet and hopeful message out to a few colleagues. Suddenly, the message became viral and we had hundreds of people across India and South Asia sending replies. It's time to be hopeful and to act as courageous leaders because there's enough fear already.

This is the time to demonstrate panic in a calibrated way, because you cannot come across as someone who is not being affected by this at all to your teams. At the same time, you cannot over panic, so how do you find the balance as you as you work with large teams and groups?

Puneet: You cannot calibrate your level of panic and judgment. Like I said, it's important for people to realize that you're as human as they are and you probably don't have all the answers, but you are working towards getting them. I've done multiple town halls during the last six months, and one of the best conversations I had was when I really opened up and spoke about my own feelings and my worries for my old father and how I'm getting oxygen cylinders at home. That just turned into a very open and authentic conversation and people started haring about what's working and what's not. So, rather than trying to be a hero and implying we have everything under control or be in complete panic, just be real and just be genuine and tell people you don't have all the answers but are working really hard to figure this out, both ourselves and our customers. While the crisis has made us more agile and resilient, it's also brought out aspects where we're more vulnerable—as human beings, as parents, as children. Researchers talks about.



how, in moments of crisis, we typically don't go back to where we started from. We either come out of these things much stronger or much weaker. This applies not just to professional businesses, but also to personal relationships. You either become much stronger as you go through a bad time or you come out weaker. The difference really is in the level of intention and engagement you bring to these situations. The worst thing is to resign and say I don't know where this is going and I can't really do much, so let's wait and watch. That's the worst reaction. We have to be more intentional about everything—in our professional work, personal relationships, and in developing our personal muscle. For example, for the longest time, I really believe that one of the most important life skills or meta skills is the ability to be comfortable with being uncomfortable. That's more relevant today than ever. The world is going to become more uncertain. I don't think we're going back to business as usual or life as usual, so we must be really intentional. And focus on building some of those muscles

Mahesh: Business has been changing for a while now. Customer experiences are evolving. Our clients and large corporations have been wanting to bring in agility to change with the times. This current crisis basically brought in a new sense of urgency, where agility became a non-negotiable because that's where you start connecting agility to drive resilience. The pandemic has certainly accelerated events like digital acceleration. A lot of people I speak with now want to accelerate on that journey. All of us have to go through that change, be it our technologists, business leaders and people at large. So it's been a very interesting journey. I'm really fascinated to see how people have rapidly adapted to the change despite all the challenges. Working from home comes with its own set of challenges, as we need to balance our work and personal life. I'm really amazed to see how people have adapted with courage and a smile. I'd like to share one of those moments that have stood out for me. We shifted a large percentage of our workforce to work from home, including a number of people who are from different towns. Since the lockdown was imposed very quickly, we couldn't send them to their hometown. So, we had to accommodate them into nearby hotels, etc. When the whole thing was settled, we got a video message from

a very young person's mother. She had never lived away from home and all of a sudden had to travel from Delhi to work in Bangalore. Her mother obviously was extremely worried and shared a 30-second thank you message. That's the silver lining. It really felt nice that our rapid response to this challenge was perceived well and appreciated by our own people and their families.

As you look at the days ahead, whether it's months or years, how are companies responding/or have responded? How will that set the trajectory for the near future for them as enterprises or leaders within enterprises?

Mahesh: The pandemic has brought in immense acceleration in digital transformation. As per general research and our studies, there is a correlation between business resilience and system resilience—the more resilient your systems, the more resilient is your businesses. Our surveys indicate that barely 10% of the companies have cracked the code to systems resilience. And the volume of those conversations that we're having with our clients around accelerating that transformation journey is really picking up—be it moving to cloud or making their systems more scalable to be able to handle that extra volume.

Is that something that's worrying you or is it just because it's still work in progress and people are at different stages of response?

I think it's kind of expected. There was no crisis or disruption of service of this level. Maybe there was flooding or Bharat band or something that lasted a couple of days. But nobody really planned for outage that lasted for months. So this is disruption at unprecedented level and its linked to changing customer expectations. Customers now want to drive a different experience. So, when your physical channel shuts down and you want to take people through your digital channels, it can't just be a website. The entire supply chain has to be reconfigured. Whether this is about reconfiguring the customer experience supply chain, ultimately, your systems need to be able to drive that rapid transformation and rapid change. Which is why, resilient systems and processes become very important.



Agility and resilience has to lead to something. It has to lead to better response to customers in terms of their needs, as in the product that they might need, or understanding what they want, or anticipating what they want in these times, and of course delivering that product or service to them. Tell us about what you've been through in that space or that area in the last few months and how are you seeing it ahead?

Suresh: What digital does is it essentially establishes a direct connect with your customers. For a typical legacy company, a large part of customer interaction is through an intermediate—be it an intermediate or a distributor or a retainer. Digital allows you to reach out to customers directly. If you are able to do that effectively, you are a winner. Younger consumers' interaction with the brand is very different from the older consumers' interaction. After Covid, the older customers are also having to get on to an online platform. That's exposed them to the convenience and advantages of this platform. So, that way, consumers are changing. They might just become completely channel agnostic after some time. So this experience completely reorients your supply chain. For example, in my own industry of fashion, we have a typical cycle time in terms of watching a trend, producing something eight months in advance and then waiting it out for the next eight months to understand whether it is selling. That was our supply. However, now you can actually pick up customer trends today and then do something tomorrow. If you can achieve this, you'll come out as a winner. That's because you don't have to depend on multiple layers of information to understand what the customer prefers if you can ensure faster manufacturing. That's the real agility, and it's in the complete end-to-end reconfiguring of your value chain.

Mahesh: I'll give you another example. I was talking to a very senior person from one of the leading shoe brands. He explained to me their typical cycle where you design 20 designs for the next season sitting in the US. You then send the plans to Asia and the manufacturer gets the whole package shipped back. This takes about six months. But that's changed now because the competition is now really coming from let's say the Silicon Valley. You walk into a store that has

20,000 designs. You make a choice; a scanner gets your exact measurement; there's a 3D demonstration right there in the store, and before the day closes, you walk away with your own personalized shoe. How does one compete with that if the supply chain takes six months to do the same thing? So, digital is not just about placing the order online, but everything that happens until the customer gets what he or she wants.

What are your thoughts on anything that you've seen converting into a trend in the last six months that you've either responded to fast or are responding faster than perhaps you would have pre Covid?

Suresh: Mask production tops that list! Leaving that aside, it's the culture of work from home and the trend of keyboard fashion. What we were able to quickly do is understand that people are buying more essentials during this time and aren't really keen on fashion. So, we stepped up our production for both comfortable top wear and bottom wear. These are now trending as the best sellers on Amazon. So it's about gauging customer needs and serving them quickly. We have done that quite well. Most of the websites also have this auto ordering feature, where if sales are better, you get bigger orders, so it becomes a virtuous cycle.

Many of your brands are very experiential, like Sephora, where you go to shops and that triggers purchase. Is that a challenge? How does that world pan out in the context of agility and resilience?

Suresh: While fashion is thought of as a feel-and-buy kind of a category, it's the second-largest product in online sales, after mobiles and durables. And this was true even before Covid. Even the largest brick-and-mortar retailers have 50% to 60% of sales online. Younger consumers prefer buying online. They will do a lot of research on social media, for instance, but they may end up buying online. What we've done is we've provided a conversational e-commerce kind of a tool to our store team. Consumers who are looking for an experience of the store can take now an



appointment and visit the store at a time when it's not crowded. We are also providing this facility to our store staff going home. We emulate the same experience of showing a few varieties. Stores will increasingly function as experienced centers. Whether they come and experience the brand at a store and buy at home or vice versa, we're satisfied as long as they're buying the brand. We need to really map the customer journey and make sure our brand is in their journey.

Tell us about your customer journey in the last few months. How are customers responding to you? Have they got more demanding? Are they asking for lower prices, and how are you responding to this?

Puneet: There's a saying at Amazon that customers are always wonderfully dissatisfied, and for the right reasons, because there's somebody out there who can actually create a proposition very quickly. There are essentially two sets of businesses: one is where revenues and business has gone down, but the need for customer support continues to go up. For instance, this is true in airlines and travel. Flights are not taking off as much as, but customers are still calling because they want to figure out when they can fly. The other set of customers is where top line and revenue and usage is growing like never, for instance, OTT platform, ecommerce and ed tech. These sectors are seeing growth which was expected over the next 5 to 10 years happen in these last two or three months. What's common across both these sets is the realization about building digital agility and reducing technical debt. Another thing is, a lot of digital bluffs have been called out. Every company believes they're digital right now. Today, it's real. If you cannot digitize your processes, you can't get your people to work. If you can't figure your customer journeys, it doesn't matter if you have a digital channel or a physical channel or physical. There's only one way to serve customers right now. The crisis has unleashed an era of virtual enterprise, so today anyone sitting out of India can hire virtually anywhere in the world. You can work virtually and collaborate and build products and build services. You're now competing with people across the world. In the last few months, I've

seen many examples of small and medium businesses in India or startups in Noida building for very niche markets in the US. For instance, several ISP SASS companies and many healthcare startups are doing that today. An example is Innovesa, which does a lot of interesting analytics work. Over the last few months, they've seen demand from US hospitals rise through the roof because of tons of that's being generated and needs to be analyzed. So, they took a step back and started rebuilding their platform along with us completely in the cloud. Now, they can actually look at tons of data and come up with insights much faster. And again, this is happening in this part of the world for the US. Small and medium businesses are creating brands out of India that are going global, so I think this trend is here to stay and will only pick up momentum.

So then, agility for you as an enterprise also means the ability to keep step with the agility of your customer?

Puneet: That's the premise of cloud, which is you actually move to the cloud. You want to access resources, be it database or storage or HTML on the tap and pay only for what you use. You can scale up and scale down as you want. That's the essence of a digital business, where you should not have to wait for six or eight weeks to go and get your technology. You should be able to do that in a few minutes.

When organizations have to use services that include cloud computing capacity or maybe even physical distribution channels at this speed, where you're literally scaling up scaling down and expanding in newer markets, testing, pulling back, what do you have to say about their ability and agility to handle this transition?

Mahesh: There are several things that need to happen to get that sort of agility to be able to deliver the desired customer experience at speed and scale. We want to drive much greater automation today. A lot of systems inherently were not really architected to provide that flexibility. So, we need to start rearchitecting many of those. There is a need to start connecting your systems with those of your ecosystem partners. As physical channels



shrink and more volume go through your digital channels, moving to the cloud will give them that almost infinite scalability. Another thing to consider is, as the number of people and the traffic on your websites and other online channels goes up, it will certainly increase threat from malicious elements. Which is why, cybersecurity has all of a sudden become a critical factor for almost everybody. You need to tie all of this together in the way systems are being built.

In some ways, this is the beginning of the reimagining of companies, organizations, businesses, teams and leadership. What's your near to mid-term outlook in this new reimagined corporation?

Suresh: For any legacy organization, 90% of resources are actually tied up to a physical world and only 10% of our resources are tied up to a digital world. We need to make sure that we project the future and start shifting resources from non-digital or the brick-and-mortar side to the digital side. That's going to be the biggest challenge. Change is not a challenge, but how you're going to resource the organization right, going forward, is the concern, so we actually started a large-scale rescaling process. But, rescaling is possible with the right raw material. If you don't have the right material, you can rescale some of that 90% resource, but not all, because everyone has gone through a different kind of experience over the years. The challenge is to sustain the transformation. That's because the transformation is not going to be static. It is going to evolve, so we have to find a way to continue to transform and build the talent pipeline.

What are your thoughts on re-imagining in the context of the agility and resilience?

Puneet: Let's talk about what would it take for some of these changes to stick. We all agree on two to three things happening. One is we've fundamentally changed how we operate and the work from home culture. Call centers are being run from home and underwriting is being done in different parts of the country. The speed and metabolic rate that we built is quite unbelievable. Things that used to take years are taking months and weeks. Our leaders have become more

human and authentic. The question now really is, how do we make these things stick. I've always maintained organizations are like rubber bands. If we're not intentional about this, they will snap back. This fear of reverse migration is very real. We want to make the speed and pace of change the new baseline, and we're not going to go back to the default mode of weeks and years to do to do things. This requires a balance between debt and digital agility. The thing to think about is, how do I become more purposeful, because the world will probably see more change in the next 2 years than in the last 20. how do we prepare for that world?

How would we sum it up for us, Mahesh?

Mahesh: Going from office to home has many implications for us. Being physically together in the office is a source of immense energy and vibrance that everybody misses. That learning from each other, the chance encounters in the cafeteria, the ideas we generate—that's the real source of innovation. As we go remote, there is a danger that we will lose the team spirit and that we lose that innovation spirit. So, we ought to make sure that doesn't happen. We have to figure the right ways of collaborating together and getting people together, even if virtually, so that physical distance doesn't come between the connects that we need to have and the exchange of thoughts that that we need to have.

It all comes back to being together and collaborating. At the same time, we have to make sure that this is the never normal or this is the new normal in this sort of changing never normal, so that we don't snap back like rubber bands. for traditional organizations, recognizing that there is a digital opportunity and a need and of course finding the talent for it is primary. And this needs to be done at a speed which I'm sure we've never ever seen before and that's really in many ways the good news of and the takeaway from our conversation.

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