

Indian Companies Look to Digitalization, Leadership in Crisis Response

An analysis of a nationwide survey of Indian firms on the impact of COVID-19 in May & June 2020



No Industry Left Untouched by the Coronavirus Pandemic

As confirmed cases of the coronavirus began cropping up around the world in March and governments responded with lockdowns, markets went into a tailspin as no business was left untouched. From mom-and-pop stores all the way up to multinational corporations, the ripple effect of the lockdown has been felt across all industries both in India and around the world as they struggle to adapt to the new normal and react to unprecedented challenges.

According to a recent [article](#) in The Financial Times, even big companies in India are seeking to halt payments to suppliers and other counterparties by invoking “force majeure” clauses in response to plummeting demand.

In an attempt to gauge the impact of the pandemic on the Indian market, our latest survey aims to take a look at how the global crisis has affected business operations, employees and corporate culture, and expectations of leadership.

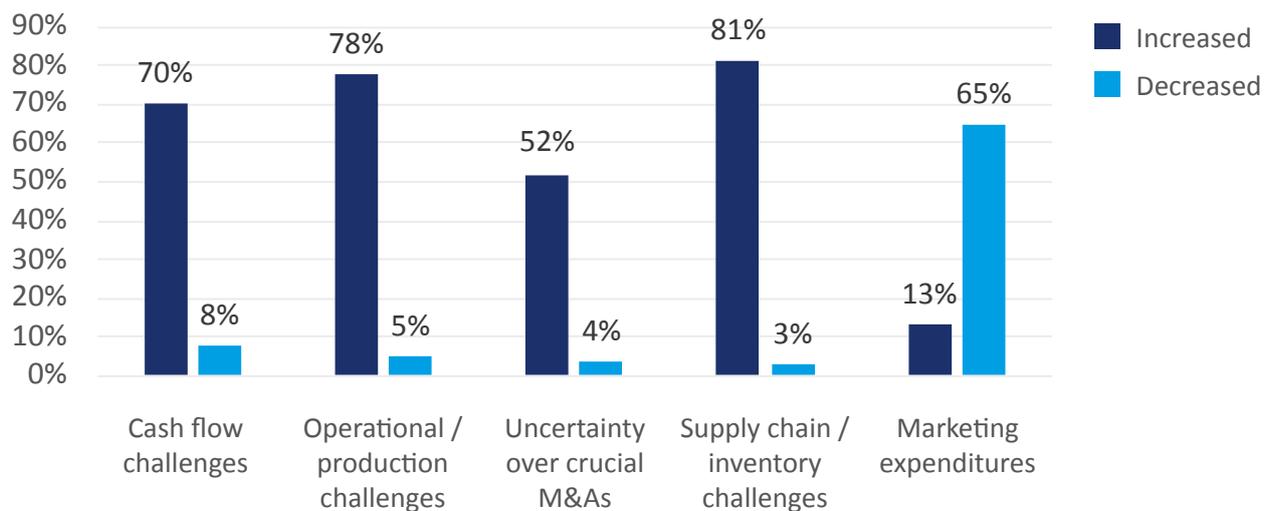
We invited executives from top Indian companies across all industry sectors to share their experiences. The respondents are largely members of Boards / C-Suite executive teams including CEOs, CHROs, CFOs, and other top-tier leaders. Nearly all reported that their company is taking steps to mitigate the damage caused by the challenges of dealing with the current crisis and voiced confidence in leaders’ crisis management and plans to keep business afloat as they look toward recovery. A majority said that it was crucial for leaders to demonstrate strong emotional intelligence in responding to a crisis.

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BUSINESS OPERATIONS

How has the COVID-19 outbreak affected your business?

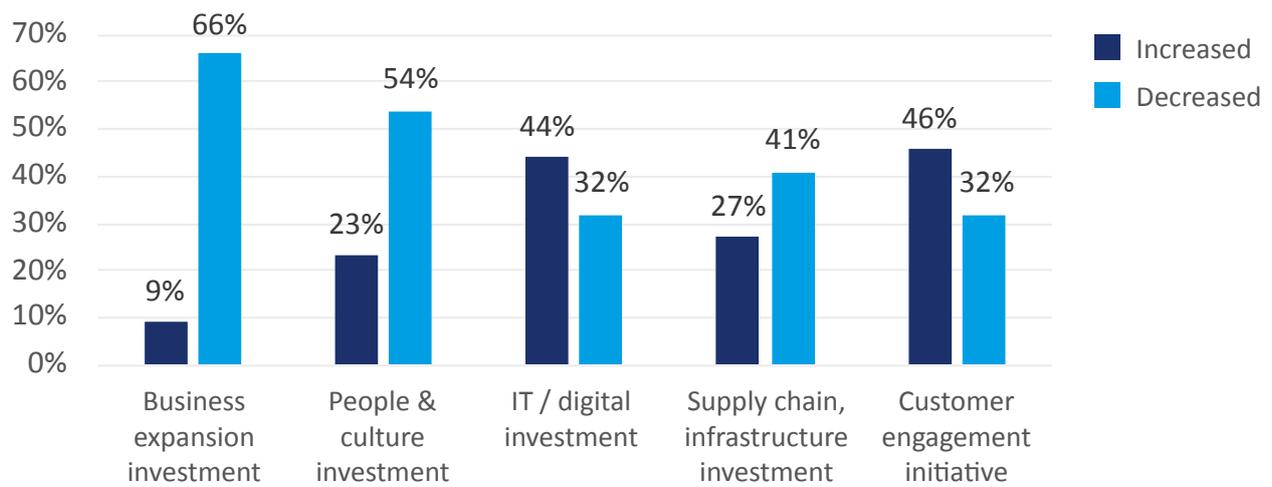


Companies across all industries have been feeling the ripple effects of the coronavirus pandemic. A majority of the respondents in this survey across sectors reported that the lockdown and global pause on trade was having negative impacts on their business. More than half of companies said that challenges and uncertainty have increased, with 70% reporting cashflow problems, 80% citing operational or production challenges, and 81% experiencing issues with their company's supply chain or inventory.

The consumer products and services industry has been hit particularly hard. As brick-and-mortar shops have been shuttered due to the lockdown, many companies in the sector have struggled to keep their business afloat as consumers hit pause on spending past the essentials, making for difficulties with both cash flow and obtaining or producing the goods and services in the first place. 100% of respondents from the consumer products and services industry said their company had seen an increase in specific challenges related to supply chain and inventory, as did 83% of those from the life sciences and healthcare sector and 62% from information technology.

BUSINESS OPERATIONS

What is the impact of the COVID-19 crisis on your Annual Operating Plan?



As companies look toward safeguarding their business against any sort of similar shocks in future, more and more of them are choosing to invest strategically in areas that will help them weather such storms. The most common areas are IT/digital and customer engagement initiatives, followed by investment in people & culture and supply chain & infrastructure.

LEADERSHIP & STRATEGY

The Increasing Importance of Emotional Intelligence

In times of crisis, the leadership's response means everything for setting the course in how a company mitigates the effects both on business and on the well-being of its employees. This is true not only of what measures the leadership takes to address the crisis but also what qualities enable leaders to effectively implement risk management while taking care of the people behind the business. Our respondents cited their company's efforts at boosting morale among employees through virtual townhalls, online training, and counseling support to name a few.

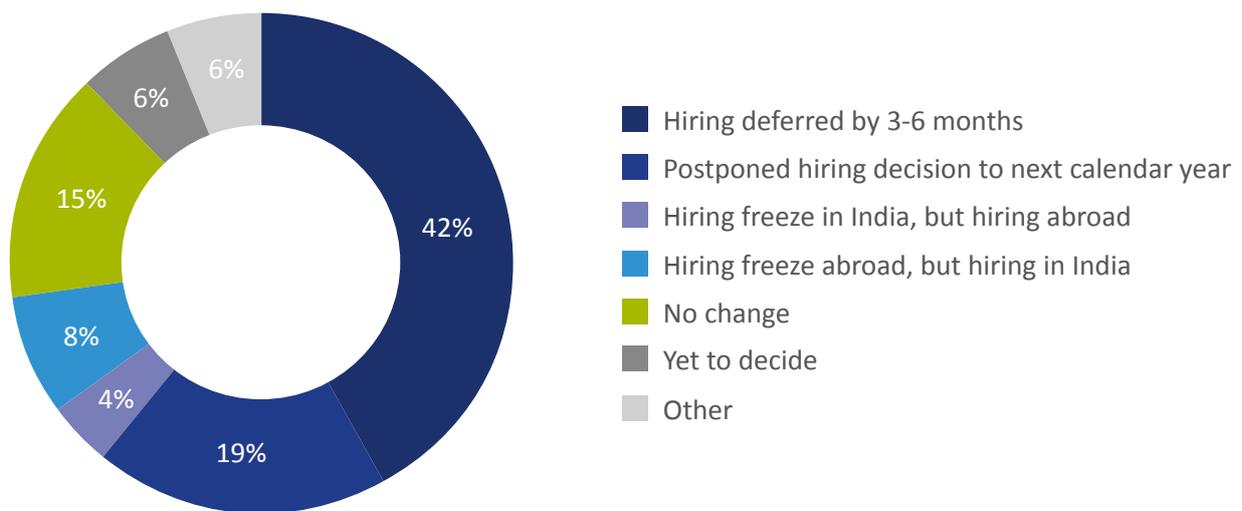
As part of our survey, we asked respondents what key leadership attributes are necessary for navigating this crisis. Overwhelmingly, they cited emotional intelligence in its many forms as the most important ability that a leader can possess in times like this. Respondents frequently used keywords such as empathy, resilience, communication, transparency, optimism, and motivation to communicate their thoughts.

One respondent from the education sector suggested that leaders "stay positive and optimistic: Don't paint a gloomy future but yet be open and honest. Prepare for life after the pandemic." They also added that leaders should "encourage and motivate through regular communication" because employees are "doing new things that they haven't tried before."

Another person who works in engineering said management should "lead from the front by showing confidence and communicating with employees and stakeholders," while someone from infrastructure and technology services cited "clarity of purpose at all levels" and the need to "double-down on essentials." Leaders should also "encourage entrepreneurship in the company to ensure flexibility in challenging times," according to one respondent from the textile industry.

LEADERSHIP & STRATEGY

What is the impact on critical leadership hiring of the COVID-19 crisis?

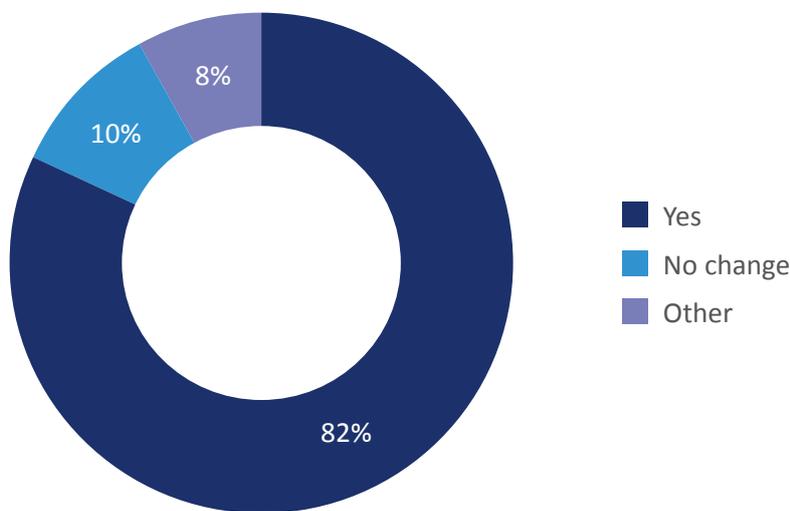


As companies have scrambled to contain the fallout of an unprecedented drop in both supply and demand, almost half of the respondents (42%) in our survey reported that their companies have decided to defer hiring for a period of three to six months. Almost one-fifth (19%) said hiring has been postponed until next year, while 15% reported no change at all in their company's hiring practices.

Half (50%) of those in the life sciences & healthcare sector said hiring would be deferred three to six months and 60% in consumer products & services said the same, as did a third (31%) of the IT sector respondents.

LEADERSHIP & STRATEGY

Does your organization have an effective business continuity plan or crisis management team to tackle the current situation?

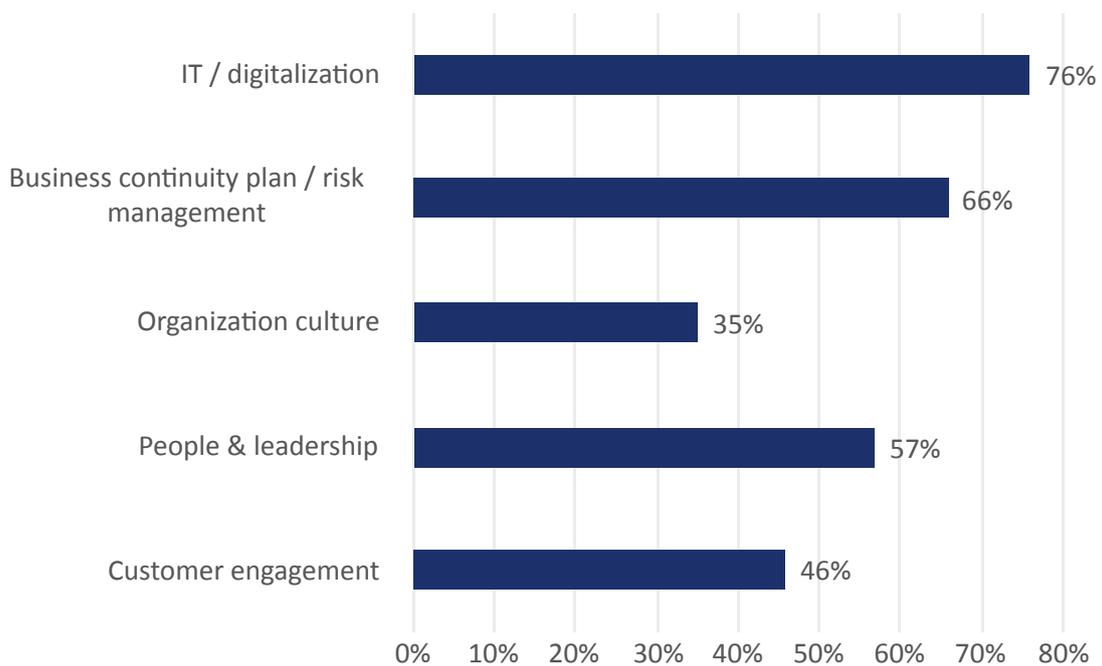


In a show of confidence in their companies' ability to respond to the crisis, an overwhelming majority of respondents (82%) said that their companies have effective teams in place for crisis management and/or business continuity plans. A total of 94% of respondents from the life sciences & healthcare sector said their company has crisis management team, as did 100% of financial services, supply chain, and aviation & aerospace respondents. One-third (33%) of those in industrial /natural resources & energy reported that their company lacks an effective business continuity plan or crisis management team.

Even though companies have a crisis management team in place, the question arises of whether these teams are ready to face a situation as unpredictable as the current one. "This is unprecedented. No amount of stress tests would have helped ... and the future remains uncertain even now," commented one respondent who works in construction.

LEADERSHIP & STRATEGY

In your opinion, what should be the top three investment priorities to combat such disruptions in the future?



When asked to list what they consider to be the top three priorities for their company going forward and handling future crises, a majority of respondents cited IT and digitalization, risk management, and people and leadership as the most important elements.

Three-fourths of respondents (75%) said they believe that investing in IT and digitalization should be a top priority for their company. More than two-thirds (66%) said business continuity plans and risk management, and more than half (57%) said people and leadership. 46% said customer engagement should be one of the top three priorities.

PEOPLE & CULTURE

A company's employees are its biggest assets and ensuring the well-being and productivity of their employees is one of the most critical steps a leader must take when responding to a crisis. When the present and the future are uncertain, leaders have the responsibility to keep employees safe, informed, and confident.

When asked to report what steps their organization has taken to manage the current situation, the responses were varied but centered around three key themes. The most common was communication, with respondents saying their companies rallied immediately to organize constant communication with both employees and stakeholders so that everyone was kept up to date on the rapidly changing landscape.

Secondly, a majority of respondents reported that their company mobilized to set up the possibility of remote work for the safety of employees. For those in essential services, there was a spike in demand, and customer safety had to be a top priority.

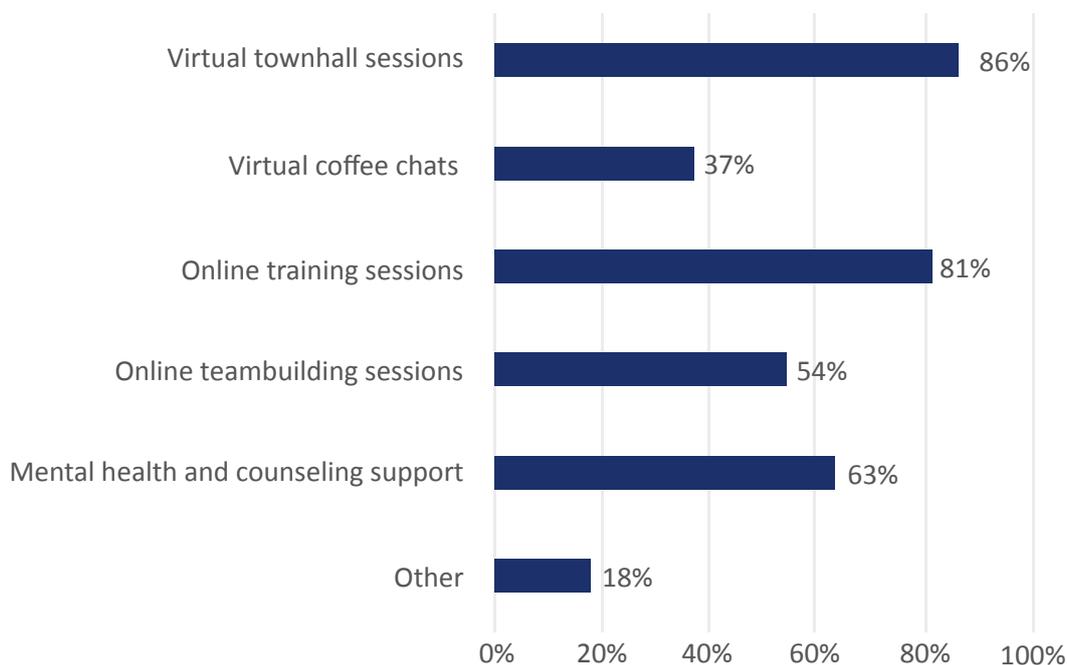
"Since we fall under the essential services and the public was refraining to go outside, we had seen a huge spike in our orders," commented one respondent.

"It is critical in such a situation that our organization stands up to support the public by continuing to procure the medicines and get them delivered to the customer's house. We had rolled out a business continuity plan considering employee and customer safety. We did have initial hiccups in the early days, but we have scaled through these crises."

Respondents also frequently mentioned cost-saving measures being taken by their company such as salary cuts and cutbacks on discretionary spending.

PEOPLE & CULTURE

What are the employee engagement measures taken by your company to boost employee morale?

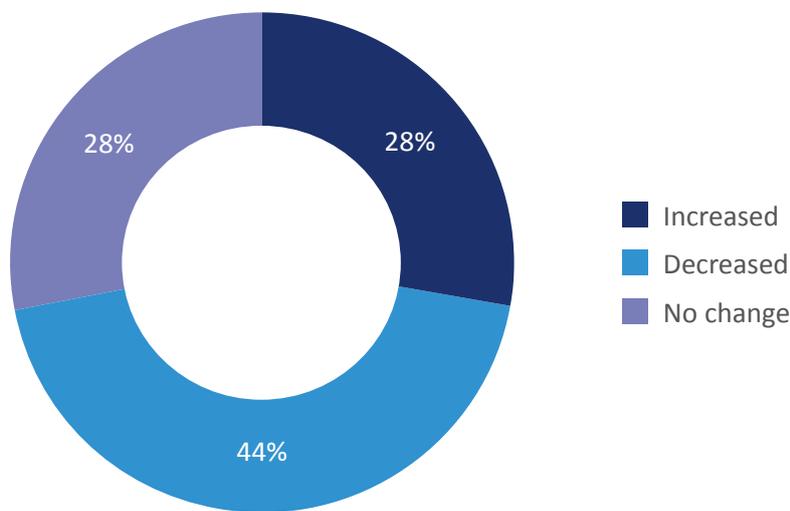


Nearly all respondents (97%) reported that their company has taken measures to boost morale among employees, the most common being virtual townhalls (86%) and online training sessions (81%) followed by mental health and counseling support (63%). Almost a quarter (23%) said their company had offered financial assistance to help employees weather the crisis.

One respondent from the education sector said that their organization was now having “open, honest communication” with leadership on a “regular basis,” while another of the polled from the energy industry reported that one-on-one calls with department heads were increasing employee involvement because everyone “wanted to hear their leadership on their respective issues.”

PEOPLE & CULTURE

How has employee productivity / output changed while working remotely in the current environment?



Across India, a majority of employees have either been instructed or given the option of working remotely in order to mitigate the risk associated with busy working environments and the use of public transportation.

More than half (55.7%) of our respondents said their company has experienced either an increase in productivity with employees working from home or that productivity levels have remained unchanged despite the crisis.

In IT, more than half (54%) said they found that employee productivity had increased with the implementation of remote working, and half of consumer products & services also reported an increase (50%).

PEOPLE & CULTURE

Companies That Invest in Digitalization Will Come Out Ahead

Without a doubt, the global coronavirus pandemic has irrevocably changed the business landscape, both in India and abroad. One way that businesses can successfully handle such disruptions in future is by investing in digitalization. One of the respondents said that their “business is growing due to clients getting more digital in their approach.” This can be taken as a sign for other competing businesses to consider their options to stay relevant in similar times of crisis.



As all companies – even brick-and-mortar businesses – are looking toward digitalization, hiring priorities may change. We expect to witness an increase in leadership and tech hiring to enable digitalization across all sectors. As companies begin to think more deeply about how to differentiate and innovate in the current environment, the area of strategy could also become more of a priority in terms of hiring. Companies may start looking to more experienced and expert talent pools for these areas and may as well go outside their own sectors for top-quality talent. With changing strategies and more trends related to work-from-home options, companies may need to revisit their leadership competencies. This could impact succession planning, assessment criteria, and leadership development.

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The digitalization shift would need to start from the top, including the board. In light of the current limited travel environment, boards are poised to actively consider how to operate virtually and effectively with digital platforms and solutions.

There may be more M&As and consolidation in industry as smaller players might find it more difficult to work through a period of economic contraction. There will also be an increased need to engage existing key talent as hiring budgets are mostly cut and managing in the virtual environment becomes even more important. This could lead to culture and engagement being given more organizational emphasis by leadership.

Companies with effective business continuity plans and risk management teams in place coupled with the strong leadership will emerge ahead out of this crisis. Bold situations require bold decisions, and this would change the dynamics of leadership hiring post-COVID-19.

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