

Next Generation Leadership: What India's Telecom Industry Really Needs

By Avdesh Mittal and Meenal Jadhav

India's mobile telecom industry has been ringing in millions of new customers for years.

Even with a rising middle class, affordable handsets, attractive pricing plans in the form of pre-paid cards and a drop in tariffs, the current penetration of telecom services is only 37 percent. Rural areas, where 70 percent of its population lives, have a teledensity of just over 30 percent. Various estimates put the size of the country's future

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mobile subscriber population in 2013 at about three times the entire population of the United States today.

While the spectrum of opportunities seems vast, there are major challenges ahead for India's telecom players.

The market is set for a slew of new offerings when India auctions off 3G licenses in 2010. At the same time, the Telecom Regulation Authority of India will expand its mobile virtual network operators. With the anticipated entry of five new players and existing CDMA service providers getting into GSM, market share may potentially be split ten ways.

"There are too many players in India. Other countries have only three to four. I don't think the industry can support that many service providers. A trade war will intensify before any consolidation happens," said B.S. Shantharaju, CEO of Indus Towers, one of India's largest mobile tower companies.

With mobile number portability by March 2010, the existing tariff wars are expected to escalate further while average revenue per user will continue to slide. Industry players will have to focus on expanding their value added services (VAS) to lure new customers and decide whether to outsource their VAS and networks. Another challenge will be how to raise barriers of exit for existing customers.

Easier Said Than Done

To remain agile, innovative and customer-driven market leaders need to build strong leadership cultures across their organizations. But do India's mobile telecom players have the right network of capable and dynamic leaders to deal with this onslaught of new challenges?

"I don't find sufficient people at the senior level we could groom to replace me. There is a lot of functional expertise in sales or operations, but general management skills are not readily available. We need people who can run country-wide operations and who can stay on top of customer trends and our people, processes and profits at the same time. Neither can we import talent from the West. The skills there match slow growth, mature markets. It's very difficult for them to switch to an emerging market mindset when they come here," said a senior executive at a leading telecommunications equipment maker.

Indeed, senior executives need to have keen market acumen in order to bring their businesses to the next level and to address some key strategic issues:

1. How do we differentiate ourselves?
2. How do we stay ahead of the curve? How can we make our products and services more innovative?
3. How do we ramp up and get the right product and infrastructure to leverage on new opportunities such as 3G?
4. How do we build an entrepreneurial culture and leverage processes and structures at the same time?
5. How do we create high customer centricity to retain existing customers, while attracting new ones? How do we engage and communicate with the customer?
6. How do we build collaborations and partnerships with business partners to whom we outsource? Could we also outsource our customer facing side in order to achieve supply chain and distribution efficiencies in rural markets?
7. In the context of 'inorganic growth', how do we integrate in a way that builds synergy and higher levels of performance with minimum loss of enthusiasm and time?

8. How do we build a talent pool of leaders across all levels that can take on challenges, manage change, be creative and build empowered and motivated teams? For example, how can each 'circle head' think and behave like a business leader?
9. How do we instill ownership and commitment of organizational values in employees as well as partners to create a unique cultural identity and employer brand?
10. How do we manage a more diverse and global workforce?

India's telecom players are keenly aware of the shortage of senior talent that can address these questions.

"Most telecom chief executives here are in reality, operating officers. The necessary set of skills are unique and hard to find anywhere in the world. You need to straddle the business, its operations as well as regulatory issues in a rapidly changing, multicultural and competitive environment," said a high-profile senior industry executive.

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Not Just Tough Talkers

In the face of increased competition, it will be essential to actively groom or recruit leaders with five core qualities. Some qualities will be more important than others, depending on the company.

Leadership development is imperative for India's mobile telecom industry in order for it to close existing competency gaps, either through hiring or grooming next generation leaders.

These five qualities include:

Master Strategist – Possessing a long-term global mindset, with the ability to identify market trends and business opportunities. Able to develop 'out of the box' strategies and have the judgment and decision making rigor to evaluate risks and returns attached to different strategic options.

Flawless Executor – Adept at converting strategies into stretched plans. Able to have a pulse of the market and builds a culture of strong customer focus while continuously supporting creative ideation to improve efficiencies, optimize costs and build profits.

Innovator and Change Leader – Willing to question the status quo, showing personal adaptability and openness to deal with uncertainty while aligning people to changing scenarios and strategies. Able to build a culture that supports the generation of innovative ideas and ownership for change.

Relationship and Brand Builders – Able to build business partnerships and influence stakeholders through mutual respect and trust. Capable of building the organizational brand and reputation and recognized for their own personal leadership brand.

Talent Developer – Sensitive to his/her cultural and globally diverse teams, willing to accept his/her own vulnerability and limitations and leverage the synergy of the team to come out with new ideas and solutions. Able to create an entrepreneurial spirit within the team, encourages new ideas, coaches and develops leaders, and builds a team culture based on authenticity, accountability and caring.

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“This is an industry that relies heavily on people with telecom experience. It has forgotten that when the industry started about 10 years ago, it did not have anyone with the domain experience. You need to balance best-in-class expertise with domain experience. For example, you could get good quality people from the automotive or engineering industries who could focus on process optimization and cost efficiencies,” said Shantharaju, who himself joined Indus Towers from Delhi International Airports.

Without the right leaders and the right leadership culture, it is almost impossible for any telecom player to gain sustainable business advantage over their competitors. Success starts with the right leadership formula.

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