



NGS GLOBAL

NGS GLOBAL SPOTLIGHT

Spotlight on Mumbai, India: Rapid Economic Growth is Creating Rising Demand in the Consumer Space

Soumitra Agarwal, Managing Partner NGS Global, India

NGS Global's spotlight feature introduces clients and candidates to our partners and office locations worldwide. We recently sat down with Soumitra Agarwal, who leads our office in Mumbai, and asked for his perspective on the challenges organizations face relative to recruiting and retaining executive leadership in the region.

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India is the third largest economy in the world by purchasing power parity and is growing at a rate of 7-8 percent year-on-year¹. Soumitra Agarwal, NGS Global Managing Partner in Mumbai, India, gives his perspective on the economy in his country and what industries are leading growth there. He also discusses what traits leaders in those organizations must have to be successful in the context of India.

WHICH INDUSTRIES ARE STRONGEST IN INDIA? ARE THERE ANY EMERGING SECTORS THAT EVERYONE SHOULD BE WATCHING?

SA: Obviously the technology sector is big in India, so that's one. I would also say banking and financial services, insurance, manufacturing and industrial, consumer and retail, and of course, professional services.

But the three strongest sectors right now are technology, consumer, and manufacturing. Of course, the strength of these sectors is also largely dependent upon where you happen to live. For example, Bangalore is home to a large part of the technology industry in India, and is, in fact, a global hub for technology. In the Delhi/ National Capital Region, one sees all industry sectors, but technology, manufacturing (especially automotive) and consumer are stronger there.

Mumbai, where I live, has long been known as the financial capital of India. This is due to many factors, not the least of which is that a good number of Indian and global companies first set up base here. In addition, Mumbai has a well-developed port, a relatively extensive local transit system and is home to the country's largest Stock Exchange (the Bombay Stock Exchange). Mumbai is also home to large Indian business groups such as Tata, Aditya Birla, Reliance, Mahindra & Mahindra, Larsen & Toubro, Godrej, and so on.

DO YOUR CLIENTS TYPICALLY FIND THE EXECUTIVE TALENT THEY NEED IN INDIA OR IS THERE SOME DEMAND FOR EXECUTIVES FROM ABROAD?

SA: In technology, there is a lot of interest among Indian and global companies in hiring executives with global experience--especially from countries like the US. Tech companies want the best talent to sustain their growth, because of the rapid pace of innovation and disruption in the sector. Outside of technology, large Indian conglomerates prefer to hire globally for certain top

leadership roles--especially those focused on innovation, design/development, and strategy. In such cases, the nationality of the candidate does not really matter.

Still for someone to move to India from a different country, unless the executive is working for a global company and the assignment is only for a few years, it's a hard sell. Convincing people to move to a country where they do not speak the language or understand the culture is difficult. India is a large country and there is no shortage of senior level talent here that can fill most positions that require a global capability.

We have seen interest among executives that are originally from India and may have spent years outside the country who would now like to explore opportunities to move back. Some still have strong family ties here. Many are attracted to the interesting career opportunities that the rapidly growing Indian economy is opening up.

INDIA IS A VERY LARGE COUNTRY. GENERALLY SPEAKING, HOW OPEN ARE CANDIDATES TO RELOCATION WITHIN INDIA?

SA: If an Indian company is expanding globally, then they might look for candidates that live in a specific country where they wish to expand. But these placements are usually very strategic and not the norm.

As for getting someone to relocate within India, it really depends on the executive's stage in his or her career. But generally speaking, it is not an easy task. It takes a lot of time and effort to get people to move, because if someone has been living in a particular city for a long time, he or she has strong family ties there. Also, life can be very different from one area to another, and one also has to be prepared for cultural and lifestyle adjustments.

If I am working on a placement in a city where I know talent will not be available to fill the opening. It's going to be challenging because it is difficult convincing people to move. Sometimes it is easier with very young people and older people, because these demographics typically don't have school-age children.

Companies realize that they must offer candidates an above-average increase in compensation and an attractive position to make up for the difficulties of moving to another city. Having said that, it will be difficult to convince candidates to relocate regardless of compensation if the position in question is not perceived as having enough seniority and influence with the client organization.

disposable incomes. It is expected that India's robust economic growth and rising household incomes would increase consumer spending to US\$ 3.6 trillion by 2020.² The maximum consumer spending is likely to occur in food, housing, consumer durables, transportation and communication sectors. Many global consumer brands have been in India for as long as 80 years to as recently as few years. Those who have succeeded – and continued – here have embraced local business models, hired local managers to run their businesses and have adapted their offerings to the needs of the Indian consumer.

Furthermore, the standard of living and disposable income is increasing yearly, which will undoubtedly have a positive impact on companies in the consumer sector.

But these companies must also understand that the trends affecting the rest of the world now will hit India very soon. For example, retail sales in e-commerce are increasing rapidly and will eventually outpace traditional 'brick and mortar' sales. That trend is not going away anytime soon so consumer brands must respond accordingly and must come up with models that will leverage both on-line and off-line channels. Equally, global companies must realize that what has worked in other markets may not work in India, given the vast diversity of the Indian market and differences in stage of economic development of various regions.

WHAT TRAITS DO THESE ORGANIZATIONS SEEK IN CANDIDATES?

SA: I think this depends on whether an organization is global or national in scope. If they are global, then they look for someone that is capable of grasping the nuances of working in countries that could be very different than India.

For example, a good number of Indian consumer companies look to Africa and parts of Southeast Asia to expand since they will likely have a hard time selling their products in saturated markets like Europe or North America. But South Africa is quite different than Indonesia, which is also quite different than India, and top leaders must adapt to these differences if they are to be successful global executives.

That said, there are traits that are universal to consumer brands. Those companies are always looking for top leaders that fully understand their consumers, embrace new technology and digitalization, have good communication skills, are creative and not afraid to challenge the status quo, and take on risk in a calculated strategic manner.



THE SLEEPING TIGER AWAKENS

"India has an economy that is among the fastest growing in the world. Tied to that growth is the rising improvement in the standard of living, and increase in disposable income, which has resulted in a higher demand for consumer and retail goods. These companies are leading growth in India."

*Soumitra Agarwal, Managing Partner
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WHAT IS THE CONSUMER MARKET LIKE IN INDIA?

SA: Global corporations view India as one of the key consumer markets from where future growth is likely to emerge, driven primarily by a favourable population composition and increasing

IS THE CONSUMER SECTOR GROWING OR SLOWING DOWN?

SA: The consumer sector is growing at a healthy pace in India. Consumer confidence in India has remained high for nine consecutive quarters and is expected to remain so for the next four quarters. But certain issues like aging infrastructure, excessive regulation, and complexity of tax structures, are making it difficult to bring some goods to market and hindering the double-digit growth of previous years.

The government is currently addressing these issues by working on the long-neglected infrastructure sector and actively wooing foreign investment. Everyone in India realizes that these two components must be tended to if India is going to continue to grow—in every market, not just consumer/retail.

IS IT IMPORTANT TO YOUR CLIENTS THAT CANDIDATES BE MULTICULTURAL AND MULTILINGUAL?

SA: Once again, I would say that depends on the scope of the organization. If they are multinational, then yes, companies want leaders that are multicultural and multilingual. India is a country where a large number of people speak English, especially those in business, and candidates that can speak other languages are obviously more attractive than those that cannot.

Cultural awareness, especially in the consumer space, is important not only from the standpoint of doing business but also because, an important component of success or failure of a consumer brand in a market is the culture of that place.

Leaders of consumer brands must be acutely aware of the cultural sensitivities where they are working and likewise, must have staff that is culturally aware. Because something that may seem mundane in an advertisement in India could be highly offensive in another part of the world and vice-versa. If an organization is not on top of these things, they could alienate a large part of their consumer base.

However, if a company operates solely in India, and has no immediate plans to expand globally, then they should understand the culture enough to avoid those universal faux-pas. That being said, India is like the United States in that one particular part of the country can be very different than another. So I think having multinational experience may become less important for India-only companies. But leaders still need to understand what is going on in different regions of the country.

IN CLOSING:

India has an economy that is among the fastest growing in the world. Tied to that growth is the rising improvement in the standard of living, and increase in disposable income, which has resulted in a higher demand for consumer/retail goods.

However, to keep pace with demand and remain relevant, companies that operate in the consumer space must continuously experiment and adapt to the local market needs and embrace newer marketing methodologies like digital, which will allow them to be agile enough to respond quickly to consumer demand.

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1. By Ankit Panda, "World Bank: India Overtakes Japan as the World's Third Largest Economy." —<http://thediplomat.com/2014/05/world-bank-india-overtakes-japan-as-worlds-third-largest-economy/>. (www.thediplomat.com)
 2. By Sounak Mitra, "Indian retail seen doubling by 2020: CII-BCG study." <http://www.livemint.com/Industry/LZmxhlwI0wlotZJfIElCLL/Indian-retail-seen-doubling-by-2020-CIIBCG-study.html> . (www.livemint.com)

ABOUT NGS GLOBAL

With offices across the Americas, Europe, Africa and Asia, NGS Global provides the extensive resources of major global executive search firms along with high-touch service, accelerated completion cycles and superior candidate access made possible by a mid-sized platform without external shareholders. Through our commitment to industry expertise, cultural knowledge and partner-led search execution, we deliver exceptional value to our clients.

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Soumitra Agarwal is Managing Partner at NGS Global based in Mumbai, India where he has lived and worked for the last 25 years. A former executive in operating roles, Mr. Agarwal possesses deep industry and market know-how, and has successfully conducted a number of C-level and senior leadership search assignments for large, mid-sized and emerging enterprises across a variety of industries. In addition, he has worked closely with Private Equity/ Venture Capital funds to help their portfolio companies hire leadership talent at various stages of their lifecycle. He is also a member of our advanced technology, industrial, consumer, professional services, and financial services practice groups.

In the past, Mr. Agarwal has also spoken on gender diversity and was a panelist on the discussion "Road to Executive Leadership for Women Leaders" at the Grace Hopper Conference in Bangalore, 2012.

Mr. Agarwal holds a BS in Electrical Engineering from Motilal Nehru National Institute of Technology, India, and is a post-graduate in management from Indian Institute of Management-Calcutta.



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Chetan Shirnali is Client Partner at NGS Global and is based in Bangalore, India, a key hub for the global technology and outsourcing industries. Mr. Shirnali has extensive experience working for companies as an operating executive addressing human capital solutions across service categories such as Employee Benefits, Medical and Security Assistance and, most recently, Corporate Wellness solutions. He is a member of our advanced technology, industrial and professional services practice groups.

Mr. Shirnali has deep expertise in building relationships with organizations, across industry sectors such as Technology, Professional Services, Consumer Goods, Logistics and Transportation, Industrial, and Automotive.

Most recently, Mr. Shirnali was Director-Sales with a provider of health and wellness solutions to corporate clients, prior to that he headed corporate solutions in the region of Southern India for the world's largest provider of medical and security assistance services.

Mr. Shirnali holds a Bachelor of Law from Bangalore University and MBA from Vishveshwaraiah Technological University.