

International Marketing
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Lecture - 30
Learning Session by Practicing Manager

Good evening students, today I have pleasure in introducing Mr. Nikhil, he is country director of ASP India. So, he has a very illustrious career and I am very happy to bring him to you and I personally thank Mr. Nikhil for agreeing to spare some time for all of you. Mr. Nikhil comes with vast experience in international business. I will introduce I will give his base resume. I will share his resume with you.

He has done his graduation in mechanical engineering from famous national institute of technology Surathkal. After passing out he has done his mechanical engineering M tech masters in science in mechanical engineering from Texas A and M University in US. Then he has worked with the project manager with ABB global at Houston, then he has worked as an project manager in GE oil and gases in United States.

Then he was the part of executive leadership program with General Electric finance, then he has worked from 2012 to 2018 he has worked in an finance roles across GE including APNA for whole GE healthcare, CFO for ultrasounds and life care solutions in India. And 2018 to 20 he has worked as head of GE healthcare in India for refurbished equipments or refurbished business.

And he has joined recently in 2020 last year and as managing director of advanced sterilization products India limited. You can see how rich and wealth in experience my colleague Mr. Nikhil is having. And I am sure an interaction is you will be great use for you, it is just hearing from the horse's mouth how he has been associated with the very large corporations of the world. One of the best dreamed companies in the world like ABB, GE all the best companies in the world he has worked.

And now he is heading an Indian operation of a large organization and how he is managing the organization. What are the challenges so he will share with you? I will now hand it over to Mr. Nikhil please handy. Thank you Vishwaroop thanks a lot, before I share my screen you know first of all I would say you know after passing out from REC Surathkal it was called then, now NIT Surathkal.

I always looked up to the students of IIT as someone who I competed with and I you know I interacted with and a lot of them I met in my masters program in Texas A and M actually. So, there were a lot of you know IIT students together with us and we had a great time. Obviously, it is an esteemed institution and I could not be more happy to talk to you all guys you know today. Obviously, in this world day and age we are talking to you over in this video medium which is good in certain ways.

But I would have loved to be a part of that room along with you and share this interaction with you in person and you know get to see the reaction reactions and all of that but with that again thanks Sir for inviting me, it is a pleasure. I will share my screen for a second; here I hope my screen is now visible.

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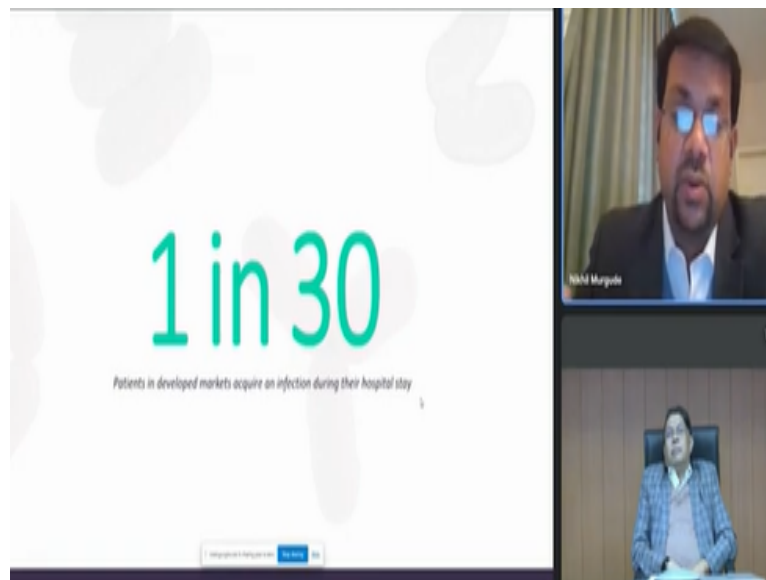
So, what I thought we should do is before I get into the challenges of running Indian operation and what comes with it I will introduce I will give you a brief introduction to ASP that is what

where I am today I am the managing director for advanced sterilization products it is a part of a photo company. We are in India we are a good mid-sized business and I have about 65 to 70 employees working for me at this point in time including sales service.

And you know product marketing all that put together. It is a privilege to you know run this team as a leader because we are in the business of healthcare which is obviously very, very close to human beings and impacts them directly. But not only that but we are in a very relevant portion of healthcare business which is basically sterilization at and with covid going on you guys are all aware how much cleanliness, hygiene personal hygiene, disinfection and sterilization has gotten important in the last two years.

We see that in our business as well and like I said I feel like this I personally along with my team is at the right place and at the right time to have a very modest impact on the society you know in whatever small means we can.

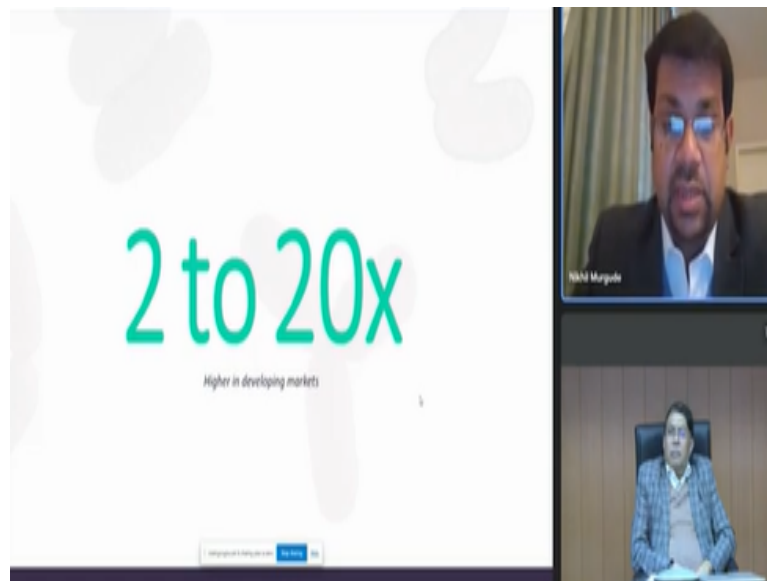
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So, with that I will go to the slides here. I mean look at this numbers we are all I mean you guys are all in IITs. We love numbers, 1 in 30 and these are patients in developed markets keyword is developed who acquire an infection during their hospital stay. So, a patient actually goes into a hospital to get treated rather than acquire an infection but being the nature of what a hospital is. When you go to a hospital you are at your well most vulnerable.

You know you are most likely you are suffering some aggravation. Your immune system is down your defences are down and there is a very high chance of a patient developing a hospital acquired infection that is what they call. And 1 in 30 patients today in developed markets acquire an infection during the hospital stay that is a staggering number.

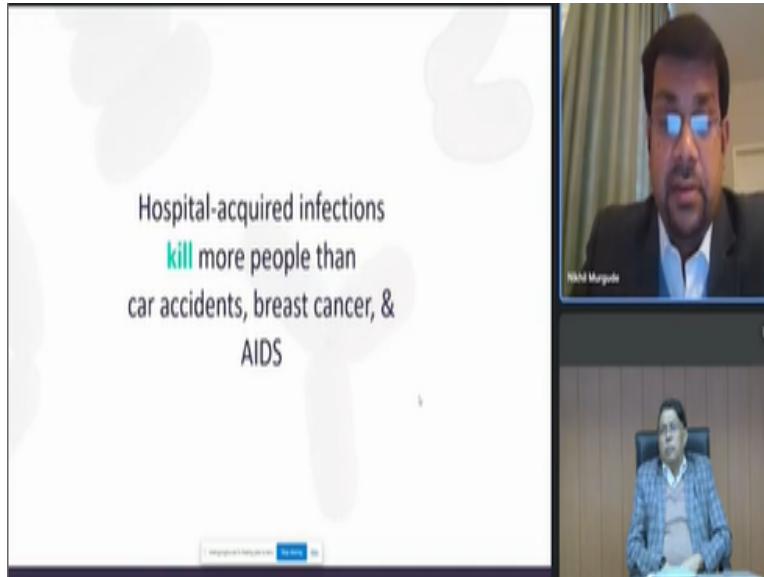
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Now if I go further, it is about 2 to 20x higher in developing markets I do not have to tell you where you know a country like India lies just by your own empirical evidence you might be able to guess that we probably are very close to the 20x range given the paucity of healthcare services in India. You know that we are a dichotomy we have probably the best health care infrastructure in the world in AIIMS and PGI.

And you know all these corporate hospitals like Apollo and Manipal and stuff like that. But for most of the general public, who is going through a healthcare related issue the infrastructure is not as great. So, you know in those hospitals the chances of developing infection is really high.

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You know hospital acquired infections kill more people this is a statistic then car accidents, breast cancer and AIDS kills every year.

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Combined so that is a number or that is a phrase that you probably have to think through. We think about AIDS, we think about car accidents, we think about all these as deadly things but you know HAIS like I am saying hospital acquired infections kill more than all of these three combined.

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The ASP team my team globally and in India is dedicated to changing that.
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And just to make this quick always this is also I am introducing to ASP but I am also sharing some of the lessons here. We have to be very clear when you guys are all you know in this program you guys are going to graduate and probably be leaders of some sort of function or some sort of organization somewhere out there. And you have to be very clear on why we exist what we believe and how we do what we want to do.

So, these are basic questions you ask of yourselves every day, every month, every week every year and you change according to the changing conditions in the market. For ASP very simple to protect patients during the most critical moments. Most of our equipment sterilize products which are used in surgeries and there is probably not a more critical moment than when one is relative, your father, your brother your friend you know your acquaintance is lying on the operation theatre table undergoing the surgery.

And at that point in time, we need the best that we can offer or the humanity can offer to them and that is where we exist to protect patients during the most critical times. Now when I was young you know sometimes, I did not comprehend the importance of a vision statement or a mission statement. I used to think this is called corporate jargon, you know just to get something done but as I grew and I understood why people put this on a piece of paper.

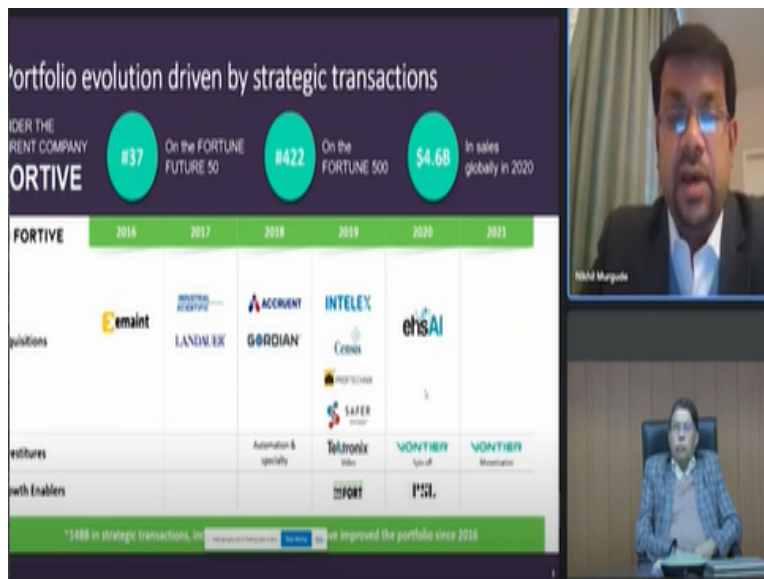
It is this statement is something that guides us when we are in going through the toughest times, we all do normal work and when we do work there are some days which are very good when things go our way, we win orders we win sales and what not. But there are some days which are not so good and at that time to remember why we exist and to recall this line is the one which gives us source of energy.

So, think about that right what we believe any organization has to have some basic tenets and basic beliefs, basic values this is important for running an organization. This is important for hiring the people the talent. When you bring them in an organization, they all you know we love diversity, we love people from different you know backgrounds and stuff. But we also love the fact that all our employees, all our partners, everybody that we associate with have these basic beliefs.

That have shown this on this page as something like a foundation. We value all value customer success, we all compete for shareholders, we build extraordinary teams we keep patient right in the centre of all the decision making. And last but not the least, Kaizen it is a Japanese word for continuous improvement we continuously improve. I would not go into the details of the mind behaviours that I have listed it on the right hand side.

But those are also foundational blocks of what we do and how we do. We measure everybody on these nine foundations and put together this page is a guiding principle for us on how to run an organization. Now why did I spend so much time on this page when I go through the challenges and into the tactical stuff which I am going to talk about in a few minutes you will understand how I link each of the situations with this page.

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Going to the next just wanted to this is data. We are a part of a big organization called Fortive which has a lot of businesses as you can see and ASP was acquired by Fortive in 2019. So, we became part of this family. Now Fortive itself has come from a company called **Danaher** which is prolific in terms of the number of companies it has in life's care, life sciences space. We have it is a big company. I will keep it at that.

And we have deep pockets. Fortive has deep pockets. They mean business, they are acquiring health care space and they are going to invest in it. So, ASP should grow leaps and bounds from now on.

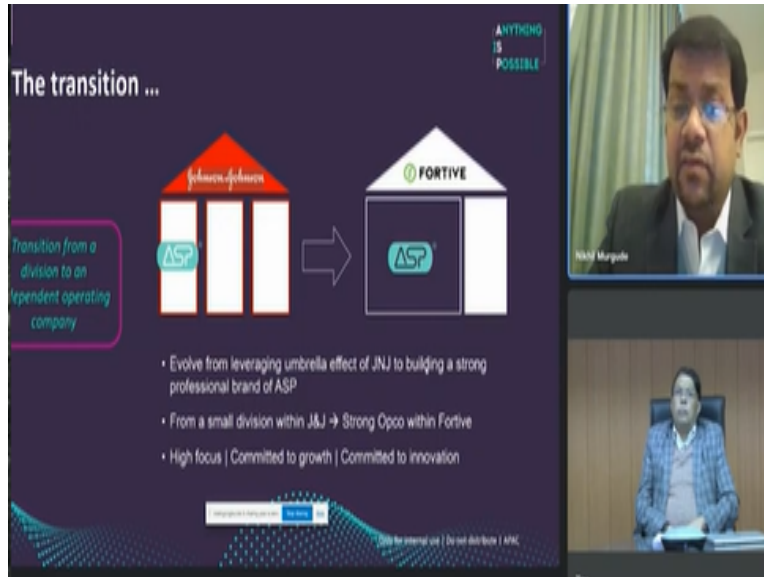
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If I go quickly again this is some data. There are three divisions in which Fortive operates we are in the middle division which is called advanced healthcare solutions. Like I said, Fortive is very good at acquiring companies and building them from scratch and applying those five principles that I spoke about in the couple of pages ago. So, they do acquire businesses which are not doing so well with other parents.

And then they put what they call as Fortive business system and kaizen. And they improve the how do I say the value that they get out of the business are using proven techniques and make sure that you know we grow greater than the market so these are the three divisions and we are on our path to you know accumulate a set of health care companies which will form a big group within Fortive. Again, Fortive basically technology for people who accelerate progress.

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Now comes I will come to the meat of the matter. So, this is what is important if you look at it for ASP was a very, very small division within Johnson and Johnson. All of you probably know Johnson and Johnson very well. I am almost positive that 100% of you if not you know 99 to 100% would have used one or another product of JNJ in their lifetimes whether it is a consumer product or a surgical product or a medical device product.

The story here is ASP was a very small division within Fortive within Johnson and Johnson. Very small division JNJ had a very different culture. They had lots of big businesses you know which operated under their umbrella. And if you take a look at it, we were neglected. ASP was neglected and Fortive realized that so did JNJ by the way to give them credit whether it is when it is due and JNJ and Fortive basically decided.

That you know we are going to pick change up ASP up from JNJ and Fortive basically was going to take it under its wings. Fortive till one point at that point when until when they acquired ASP was a mostly industrial company. And when they acquired ASP, they basically got a you know a billion-dollar business you know globally and Fortive itself is about 4.65 billion dollars. So, instead of becoming a small part of a very big conglomerate like JNJ.

We became a big part of a very mid-sized business such as **Fortive** within in 2019. So, now there are advantages and disadvantages to both and let me speak about a few of them. So, when ASP

was part of JNJ is a very well-known brand within the healthcare community. If you walk into a hospital and if you show a JNJ visiting card nobody will question it is got that pedigree. Nobody will question your credentials and a certain level of quality.

A certain level of innovativeness, a certain level of compliance, a certain level of standard is expected of JNJ and ASP basically benefited from all of that being underneath. Now it was neglected by JNJ. That is a separate story but still JNJ umbrella helped ASP you know with all those positive things that I am I spoke about. Now another thing JNJ was a massive organization is a massive organization with all centralized systems with ASP only being a commercial org.

So, for everything, if I wanted a market research report I had to call the JNJ central team and I would get it. If I wanted something else, I had to call it just entertainment and I would get it. ASP was only focused on sales and sales alone and everything else operations, service you know market research marketing all of those other aspects were managed by JNJ centrally. Now when we came to Fortive the pros was high focus suddenly ASP became like the darling child within the Fortive business community.

It was a big number within a small team. Everybody's you know shower focus on it. There were a lot of investments made to upgrade its talent. Like I said, suddenly sun shone on them and they got all the light and all the oxygen to grow. But we also have realized when we transitioned that all those intangible things that JNJ gave us with their umbrella were not available with us in Fortive not yet rather.

We may you know eventually develop those but today they are not available because Fortive is basically an industrial it is a collection of industrial operating companies rather than healthcare and we were one of the first healthcare companies to be acquired. So, that basic umbrella, the basic advantage is the basic how do I say the brand of being a healthcare company was not available with Fortive. So, ASP had to stand alone on its own feet.

Now fortunately ASP brands are very strong steroid and side x and all these brands are very strong. So, they stood by themselves and we are still going through the transition but these are a few of the things you know that if you think about it you know we basically faced as a challenge.

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ANYTHING IS POSSIBLE

Challenges in 1st year of transition ...

- Team with J&J set of values unsure about the culture of Fortive
- Customer relationships in the period of transition
- Separation of operations from J&J
- Government contracts of J&J ... that needed carry forward by ASP
- Leadership transition

Nishi Margade

Now I will go into the next page and we will talk about you know the first year of transition. What I can say to you is where I have joined this company one year ago, I came from GE like you know Biswarup you know walked us through. And all my team members were transitioning from a JNJ culture to a Fortive culture and I was transitioning from GE culture to Fortive culture. As it turned out the Fortive culture was a little bit closer to the GE culture.

So, for me the transition was very I would not say very, very but it was smoother than expected. But for my employees who were 10 years 15 years 20 years with JNJ it was a sort of a culture shock. And when I came in to take over this business, I could feel that immediately. So, along with culture shock there are operational shocks and we will go through it in a minute. But both of those two came together for us and just to make things interesting.

One was a culture shock one was the operate operational shock and then the third and last but not the least was we transitioned in the year 2020. So, which was the year of Covid 19 pandemic as you all are aware. So, all these three came together and like they say it was a perfect storm. So, I

will walk you through this one year as to what challenges I faced and a little bit about what works or what worked for me and what did not work for me.

And like I said we can go through in detail. So, first thing, team with change a set of values unsure about the culture of Fortive. If you ever work in a team or run a team you will quickly realize a team which is unsure about its future is probably the toughest team to run or work with. The reason is because every person is thinking is my job going to stay is my job going to go what is going to happen of my career, I was doing so well in JNJ.

Now what will happen to me will my promotion still be honoured, will my promotion be declined, how will Fortive take me forward. I was a rock star in JNJ now what will happen to me. All these questions start floating on top of employees minds. So, when these questions are there what is the first natural reaction you forget about your business and you start ignoring your customers.

And customers are a heart and soul of the business, so when a person is not in his right state of mind or in the sense from a business point of view not from a personal point of view and is unsure about his future and is unsure about his standing within the company or and is questioning himself. Then there is a natural impact on how he interacts with the customers as well as on the on his peers.

So, that was one of the challenge that we face. Now I will talk about how we took care of it as well. But just wanted to you know walk you through that particular you know frame. So, think about it, I joined on November 9th you know which is almost a year ago and I get this team who is asking me a lot of questions about this first point. Customer relationships in the period of transition I explained it in the first bullet that when you are not sure.

Suddenly what happens you start paying more attention to yourself and less attention to your customers and so those relationships start to see a strain. It is not a known strain but it happens without people realizing about it. All the people in my team are very good natured and have the

right intention so do not get me wrong. It is just human behaviour that when you are unsure about yourself you do not tend to focus as much as you on your work.

Now this is exactly what happened. We had a big set of customers and by the way just so you know ASP is in a business of selling and sustaining. What I mean by that is once we sell a machine to a customer, we do not move away to our next customer. What happens is we have a big consumables business which comes out of that capital install which we do right in the first place. So, I install a capital and I run consumables through that capital and I do servicing to that machine.

So, when I sell something as ASP to a customer, I am basically in a 10-year marriage minimum and that marriage has to be maintained. So, I have to maintain the machine. I have to supply the consumables my customer has to use the machine and you know make sure that everything is going well. It is a big part of our business model. Now what happened was there was a little bit of a fracture in those relationships.

And because of covid 19 this fracture got even worsen, and if it was not covid 19 probably we would have done much better but because covid 19 the distance between you know us physical distance between the sales people and the customers and the lack of surety with the transition to fortime it became a little bit of a you know fractured relationship in the sense we were not paying as much as attention as we needed.

Separation of operations from JNJ. I spoke about this a little bit but like I said none of our guys none 0% of our guys knew how to handle operations. The reason why? Because JNJ operations had always handled it for them. Our guys were good at selling, maintaining customer relationships and being close with the customers but not good not very good at operations. So, suddenly what happened was JNJ basically said look mean you are transitioning from today September 7th 2020 was the date.

Our warehouse is in Mumbai. You guys need to find the new warehouse and get going and like I said I mean pandemic was like in full force at that time. And to get a warehouse at the time and

shift all the inventory at that time with all this flux going on was practically a nightmare. And this is something that we faced quite a bit. And again, what did it result in? Obviously, not supplying goods to our customers.

Obviously, not taking care of service of our customers which again you know kind of led to a little bit of a tension with them. Government contracts of JNJ, now. If you know a little bit about how you know business works with government you will be quick to realize in private contracts there is a little bit how do you say there is a relationship. You can walk into office and you can at least tell a person hey you know what something is wrong with my operations.

Give me a few days. I will fix it so on and so for, but government contracts government basically works based on a piece of paper. Everything has to be done contractually there is a lot of rules India is known to be bureaucratic Indian government is known to be bureaucratic when it handles contract. So, suddenly you know, like I will give a simple example, we went store owner, he used to get our consumables and when he got consumables, he got an invoice.

That invoice said JNJ to let us say AIIMS Delhi and suddenly from that day onwards the invoice became ASP to AIIMS Delhi and this store owner even though legally and technically everything was fine. He stops the shipment because he does not understand that we are now part of a new company and now we are a new legal entity so on and so forth. And he basically says I am not going to accept this till I see you know x y and z.

And certainly, that puts a lot of pressure back on the sales team and the operations team to make sure that the customer stays satisfied. But you guys always also need to appreciate is our machines are like as sterilizers. So, when you have sterilizers, if you do not sterilize the equipment, you cannot do operations. So, if the doctor runs out of consumables, then what happens is you stop the operation theatre.

And so, when you do not, when you are not able to supply your equipment to the doctor on the time suddenly the operation theatre stops and the surgeon gets mad and that makes even higher pressure on the whole operations leadership transition. So, here I have to explain a little bit the

leaders who is running ASP. Absolutely we can do that and then I will continue. Thank you, Nikhil, thanks a lot.