

**Leadership for India Inc: Practical Concepts and Constructs**  
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**Week - 06**  
**Leadership Structures**  
**Lecture - 27**  
**Vision, Strategy, Structure and Execution**

Hi Friends, welcome to the NPTEL course Leadership for India Inc, Practical Concepts and Constructs. We are in week 6, discussing Leadership Structures. In this lecture, we will focus on Vision, Strategy, Structure and Execution.

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**Leaders and Leading a Process**



Leadership is all about delivering results. This could be through business for profit, service for non-profit or administration for public good. While it is ideal to for a leader to have qualities that fit the needs of an entity exactly, most leaders possess generic leadership capabilities applicable for diverse entities.

As the previous lectures have considered, much theory is focused on what makes a leader deliver superior performance, with supplemental research and hypotheses on generic and specific leadership qualities.

The previous lectures have also brought out certain unique perspectives on what makes leaders performers and what makes leadership tick.

That said, as with everything else in management, leadership is also about a process—a process that is not only of leadership but also of running a business or service.

Beyond leaders and followers, therefore, there exists a broader paradigm of managing for results. It has more variables and more processes to follow than of only leadership.



Leaders and leading a process, leadership is all about delivering results. This could be through business for profit, service for non-profit or administration for public good. While it is ideal for a leader to have qualities that fit the needs of an entity exactly, most leaders possess generic leadership capabilities applicable for diverse entities.

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**Delivering Results**

Leaders of corporations deliver results by deploying products/services, facilities, people and capital. These serve people, businesses, markets and ecosystems.

The diagram illustrates the flow from internal company resources to external stakeholder levels. On the left, a 2x2 grid represents internal resources: 'Facilities and Vendors' (top-left, blue), 'Products and Services' (top-right, blue), 'Capital Resources' (bottom-left, green), and 'Human Resources' (bottom-right, green). A central box labeled 'Companies' is overlaid on this grid. An arrow points from this grid to a concentric circle model on the right. The concentric circles represent stakeholder levels: 'People' (innermost), 'Businesses', 'Markets', and 'Ecosystems' (outermost).

The previous lectures have brought out certain unique perspectives on what makes leaders performers and what makes leadership tick. That said, as with everything else in management, leadership is also about a process—one that makes ideas take shape as plans and get executed to deliver the desired results.



I now present some of the very important aspects of serving the customers and growing an organization. Leaders of corporations deliver results by deploying products and services, facilities, people and capital. These serve again people, businesses, markets and ecosystems.

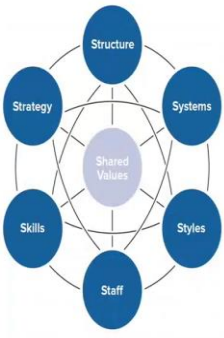
So, if you look at what the company does, it would have its facilities and vendors; it would produce products and deliver services; it will utilize capital resources in that process as also human resources. So, if you look at the concentric circle model, people are at core and central of this paradigm; then they create the businesses, which serve the markets and with vendors, dealers, and various other stakeholders an entire ecosystem is formed.

The previous lectures have brought out certain unique perspectives on what makes leaders performers and what makes leadership tick. That said, as I said earlier also as with everything else in management, leadership is also about a process. One that makes all of these facilities vendors, products and services, capital resources or human resources work in the best possible manner to serve the customers and the markets.

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**McKinsey 7S Model**



McKinsey 7S Model is one of the conceptual frameworks available to define the linkage of strategy and structure with various other enablers such as systems, styles, staff and skills.



The diagram illustrates the McKinsey 7S Model. It features a central circle labeled 'Shared Values'. Surrounding this central circle are seven other circles, each representing a different enabler: Strategy, Structure, Systems, Skills, Staff, Styles, and Shared Values. Lines connect the central circle to each of the surrounding circles, and lines also connect the surrounding circles to each other, forming a network of relationships.

<b>Strategy</b> A plan that establishes goals and action steps with resource deployment to achieve goals.	<b>Structure</b> The organizational structure of the company with definition of roles, accountabilities and reporting relationships.
<b>Systems</b> The broad approaches by which the functions and people need to conduct their activities.	<b>Skills</b> The capabilities of people in the organization.
<b>Staff</b> The most important asset of the company. The entire spectrum of human resources.	<b>Style</b> The management style of the company's leadership.
<b>Shared Values</b> The overarching value system of the company that is characteristic of the culture of the company.	

McKinsey 7S model merely expands the Vision-Strategy-Structure-Execution model with factors that have been considered in early sections such as people, skills, leadership styles and values. Moreover, staff and skills are correlated, with staff becoming an asset only with the necessary skills.



I wish to present the McKinsey 7S model as one of the conceptual frameworks available to define the linkages amongst various enablers. We have structure, we have systems, we have styles, we have staff and skills all within the canopy of strategy and confirming to shared values, that is the McKinsey 7S model. McKinsey suggests that strategy is a plan that establishes goals and action steps with resource deployment to achieve goals.

The organizational structure of the company is definition of roles, accountabilities and reporting relationships. Systems are the broad approaches by which the functions and people need to conduct their activities. Skills are the capabilities of people in the organization. Staff the most important asset of the company, comprises the entire spectrum of human resources.



Style, the management style of the company's leadership, and shared values the overarching value system of the company that is characteristic of the culture of the company.

We have considered several of these factors in our earlier lectures. So, in this lecture, I will focus on vision, strategy, structure and execution. And the enablers having been already discussed at some length and would also be discussed in detail later on; I will focus on only on these four factors in this lecture.

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**The Essential Business Platform**

Every business within a corporation and the corporation itself requires a combination of vision, strategy, structure and execution. This applies irrespective of the type and scale of the business, the nature of the industry, and the scale and scope of the company.



A view of what the business or company should be over a 5-year or 10-year frame

Vision

Strategy

A series of approaches and steps to convert the vision into reality


A platform for the business and the related organization to execute the strategy

Structure

Execution

Undertaking, through the structure, of various acts and activities required to convert the strategy into reality

Within these four, while vision may be reviewed and reconfirmed every year, directionally it is unlikely to change much except when the environment has major discontinuities. In contrast, strategy, structure and vision constitute the core triad on which the leaders must have great emphasis.



The essential business platform is that of vision, strategy, structure, and execution. Every business within a corporation and the corporation itself requires the framework of these four factors. This applies irrespective of the type and scale of the business, the nature of the industry, and the scale and scope of the company.



Vision, as I discussed in an earlier lecture also is a view of what the business or company should be over a 5 years' time frame. Strategy is a series of approaches and steps to convert the vision into reality. Structure, which is the organization structure for the most part is a platform for the business and the related organization to execute the strategy. Execution is the undertaking through the structure of various acts and activities required to convert the strategy into reality.

The other enablers like systems, staff, skills, we will be considering at a later stage. Within these four, while vision may be reviewed and reconfirmed every year; directionally it is unlikely to change every year, except when environment offers multiple discontinuities. In contrast, strategy, structure and execution constitute the core triad on which the leaders must have great emphasis.

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**Strategy-Structure-Execution Triad**


Aligning strategy, structure and execution is the critical role of a leader. The labelling that exists that strategy is for the long term, structure needs certainty and execution requires single-minded focus is true partially but could mislead under certain circumstances too.



**The Iterative Triad with Changing Needs**

	From	To
Strategy	Annual	Quarterly Review
Structure	Rigid	Flexible
Execution	Focus on the immediate	Additionally, with an eye on the strategy

Of the three elements, each is as important as the other. These three are also iterative with each other. The differentiations of the long term and the short term on one hand, and the strategic and the tactical on the other are no longer relevant.



Strategy-structure-execution triad is critical to the role of a leader. Vision quickly transforms itself into a strategy; but strategy, structure, and execution are the frameworks that are available in the hands of the leaders and also the employees to achieve the results. The review of strategy takes place annually in a general form; but today the situation is that, strategy has to be reviewed every quarter.

Structure used to be very rigid. Organizations were not willing to change their structure from time to time; however, we are now adaptive to a very flexible organization structure. Execution used to be only on the immediate focus matters. Today additionally we need to keep an eye on this strategy as well. Of the three elements, each is as important as the other. The three are also interlinked and also iterative with each other.

The differentiations of the long term that is for the strategy and the short term that is for the execution are no longer very appropriate. We can also club long term and the short term as time factors and strategic and tactical as leadership approaches; this differentiation is also not relevant any more.

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**Strategy-Structure-Execution Triad**

Strategy, structure, and execution are sequential steps in business and operations management which are continuously iterative and mutually adaptive. There is research that establishes that structure follows strategy, and that results are more directly linked with execution rather than with strategy or structure.



While the above may be true, an optimized leadership process requires that Strategy, structure and execution be well-aligned.

↓

This lecture addresses three critical issues:

- (i) Achieving alignment between strategy, structure, and execution
- ↓
- (ii) Adaptive adjustment amongst the three components, and
- (iii) Leader influences on the leadership process trilogy, and vice versa.

The theory developed in this lecture is important because no leadership challenge or no leader is akin to each other, and it would be helpful to have a process that is both personality and context neutral.



Strategy, structure and executions are sequential steps in business and operations management, but they are continuously iterative and mutually adaptive. There is research that establishes very clearly that structural follow strategy; because strategy specifies what kind of business you would like to have and structures would therefore follow. Assume that you are a company based in South India and your strategy used to expand your market presence and market share in the North India.

In which case, you need to have a strategy of marketing, which is oriented towards the north Indian markets; which means that you have to provide structural strengths, not only in terms of regional offices, but also in terms of dealer networks, service capabilities and various other parameters. It is therefore very clear that, structure must follow strategy.

That said, results are more directly linked with the execution rather than with either strategy or structure. While the above may be true an optimize leadership process requires that strategy, structure and execution are well aligned. This lecture addresses for you three critical issues; one achieving alignment between strategy, structure and execution.

Advocating an approach of adaptive adjustment amongst the three components and the influences that a leader can have on the leadership process trilogy, and vice versa. The theory developed in this lecture is important because no leadership challenge or no leader

is akin to each other; it would be helpful to have a process that is both personality and context neutral.

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**Strategy**

Strategy, simply put, is defined as a plan that is intended to achieve a specific purpose. In management jargon, strategy has assumed a larger connotation of a process or outcome that involves an overall corporate plan, duly supported by functional plans, to achieve a long-term goal over a period (usually five years).

Strategy formulation is a process that seeks to align all functions and key personnel of an entity on to certain objectives that are based on the leader's vision. Strategy also incorporates several methodologies

Competitive Strategies	Corporate Level Strategies	Functional Level Strategies
Cost leadership, Differentiation, Niche positioning	Integration, Diversification, Merger, Acquisition	Market share building, product portfolio development, operational excellence, etc.

There are multiple strategic approaches available for strategic analysis and strategy formulation but it requires knowledge, experience, instinct and intuition to evaluate strategic options and formulate an appropriate strategy.



What is strategy? We will try to define in greater detail. Strategy, simply put, is defined as a plan that is intended to achieve a specific purpose. In management jargon, strategy has assumed a larger connotation of a process or outcome that involves an overall corporate plan, developed on an annual basis, which is duly supported by functional plans to achieve a long term goal over a period usually five years.

Each of the functional plans is expected to be the guide for the individual functions or departments to conduct themselves in such a manner that, the strategic goals are accomplished. Usually the first year of the strategic plan would be the annual budget for the company. Strategy formulation is a process that seeks to align all functions and key personal of an entity on to certain objectives that are based on the leader's vision.

Strategy also incorporate several methodologies. We have seen the porters five forces methodology; arising from that and arising from the application of the five forces model to an industrial setting, you might develop competitive strategies, which are generally in terms of cost leadership, differentiation and niche positioning.

You can also have corporate level strategies as part of the strategic formulation process, whether I should integrate, whether I should diverse, whether I should diversify, whether


I should undertake measures and acquisitions as a path for inorganic growth. There would also be functional level strategies; how to increase market share, how to build product portfolio, how to develop operational excellence and so on.

The theory developed in this lecture is important; because as I said no leadership challenge or no leader is akin to each other and it would be helpful to have a process that is both personality and context neutral.


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**Leader and Strategy**

A leader has the opportunity and responsibility to put his stamp on the strategy and the strategy development process. The Tata Group under three Chairmen had three different approaches.

**TATA**  Tata Group, under the acclaimed Chairman, Ratan Tata, had a strategy of diversified development in industrial sectors such as automobiles, steel, telecommunications, beverages, power and airlines, backed by aggressive globalization. **1990 to 2012**

 The same group under the successor Chairman, Cyrus Mistry, tried to roll back some initiatives with a focus on returns on investment. A value-added strategy of digital development in established businesses and entry into sunrise infrastructure sectors was articulated but not executed. **2012 to 2016**

**'One Tata' 3S**  Under N Chandrasekaran, the current Chairman, the Group began embarking on a process of simplifying, synergising and scaling (3S) to create an agile, powerful platform. Across the ten clusters, the Group made significant headway this year in strengthening balance sheets and building healthy cash flows. **2016 to date**

Reviewing the three decades of Tata Group, it appears that the Group would have grown even bigger had the momentum been kept high during the Mistry term (while adding the necessary tweaks) rather than losing the momentum in the name of consolidation.





Let us look at the relationship between leader and strategy. A leader has the opportunity and responsibility to put his stamp on the strategy and the strategic development process. The Tata Group under three chairmen had different approaches corresponding to the leaders. Tata Group, under the acclaimed Chairman, Ratan Tata, had a strategy of diversified development in industrial sectors such as automobile, steel, telecommunications, beverages, power and airlines, backed by aggressive globalization.

When he took over in 1990, his first objective was to consolidate the disparate companies in the group into one cohesive group umbrella and ensure a leadership that is inconsonance with each other. And between 1990 and 2012, he tried to reduce the non-core businesses, enhance the strength of the core businesses and also aggressively globalize. His period was extremely relevant to study the globalization practices of one of the largest conglomerates in India.



After he demitted office, between 2012 and 2016, we had the same group under the successor Chairman Cyrus Mistry. He tried to roll back some of the initiatives started by Ratan Tata and the focus of Mistry was on returns on investment. He tried to implement a value added strategy of digital development in established businesses; he also wanted to enter into sunrise infrastructure sectors. This was articulated, but not executed.

Then from 2016 to date, Tata Group has had N Chandrasekaran, the previous CEO of TCS as the Chairman. The group under him began embarking on a process of simplifying, synergising and scaling, a process or a model called 3S to create an agile, powerful platform for the group. Across ten industrial clusters, the group made significant headway this year in strengthening balance sheets and building healthy cash flows.


Reviewing the three decades of Tata Group, it appears that the group would have grown even bigger. Had the momentum been kept high during the Mistry term, while adding the necessary tweaks, rather than losing the momentum in the name of consolidation or changing some of the essentials of the previous group paradigm.

You can see from these that, different leaders have their different strategic approaches and the growth of a conglomerate or a company is therefore, impacted based on the leader's personality profile and strategic profile.

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**Tata Group Strategy as an Example**

Under the new chairman, N Chandrasekaran, Tata Group, in total, committed over Rs70,000 crore (\$10 billion) to deleverage and restructure Tata companies, consolidate cross-holdings, acquire strategic assets and infuse much-needed capital for future growth. At the same time, the Group's collective market capitalization crossed Rs 10 trillion (\$140 billion) in 2018.



702,000 employees around the world

40 companies with Tata name, 29 associate companies and 11 educational institutions

Companies organized under 10 Business Clusters

'3S' Strategy

Unified entities in some clusters like aerospace and defence; reduction of subsidiaries in others; exiting non-core businesses for focus and agility

Simplify

Synergize


Scale

Synergized entities in some clusters like automobiles, chemicals, power and finance to prepare for massive industry restructuring (eg., electric vehicles)

All Tata Group companies are strategized to grow and scale up, with emphasis on consumer, retail, financial and digital services

Source: <https://www.tata.com/newsroom/chairman-chandrasekaran-2019-message-tata-employees>

Under One Tata Vision and '3S' strategy, companies within the ten business clusters are evolving in ways that make sense to each sector and each particular organization, according to the chairman, N Chandrasekaran.



To take the Tata Group example further, under the new Chairman rather than consolidate and drawback; N Chandrasekaran committed over rupees 70,000 crore, which is USD 10 billion dollars to deleverage and restructure Tata companies, consolidate cross holdings, acquired strategic cassettes and infuse much need capital for future growth. At the same time, the Group's collective market capitalization crossed rupees 10 trillion, which is 150 billion dollars in 2018.

So, 700,000 employees around the world in 40 companies with Tata name, 25 associate companies, and 11 education institutions. These are organized under a 10 business clusters and a 3S strategy began to be implemented. 3S strategy comprise three components; simplify, synergize, and scale.

In simplify component, we have unified entities in some clusters like aerospace and defense; reduction of subsidiaries in others; exiting noncore businesses for focus and agility. Synergize entities in some clusters like automobiles, chemicals, power and finance to prepare for massive industry restructuring, example electric vehicles.

So, giving up by Tata chemicals of its consumer product portfolio to Tata beverages and emergence of a much larger consumer products company is one part of this simplify and synergize approach. Similarly, the move by Tata chemicals to get into manufacture of electric batteries, given its technology and capability in the chemicals field is another example of simplify and synergize.

Scale that is the third component; all Tata Group companies are now strategized to grow and scale up with emphasis on consumer, retail, financial, and digital services. Now, the group is considering acquisition of big companies, e-commerce companies to enhance the retail portfolio.

The companies also thinking of creating a very robust and very large e-commerce ordering platform to compete with the best of international e-commerce sites. So, under one Tata vision and 3S strategy, companies within the ten business clusters are evolving in ways that makes sense to each sector and together make sense to the group.

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**Structure**

Structure is one of the fundamental means available for leaders to deliver the results. Structure means the organizational architecture depicting not only the horizontal and vertical hierarchy but also the processes of coordination and talent management as well.



There are different organizational structures that are available for a leader to choose from but structure must follow strategy.

A focused mono-product start-up would require a simple functional structure while a global multi-site network would call for a complex organization structure.

No single organization structure has the capability to provide complete solutions, particularly if the business is constantly evolving.

The main concern, however, should be on another important factor relating to leadership itself. Leadership style has a bearing on the organizational structure chosen. An authoritarian leader will prefer a centralized organizational structure while a participative leader may prefer distributed organization structure.

Business Structure  
Product Structure  
Organizational Structure



What is structure then? Structure is one of the fundamental means available for leaders to deliver the results. Structure means the organizational architecture depicting not only the horizontal and vertical hierarchy, but also the process of coordination and talent management as well.

As we have considered in the previous lecture, there are different organizational structures that are available for a leader to choose from, but structure must follow strategy. A focused mono product startup would require just a simple functional structure, while a global multi-site network would call for a complex organizational structure. No single organization has the capability to provide complete solutions, particularly if the business is continually and continuously evolving.

The three aspects which are involved in development of an organizational structure as a vehicle for execution of strategy are the business structure, from which the product structure emanates, and which is requiring an organizational structure to deliver. But the main concern would be another important factor related to leadership itself. Leadership style has a bearing on the organizational structure chosen.

An authoritarian or a very task oriented leader, who is not empowering the teams, would prefer to choose a centralized organization structure, which is probably a normal functional organization structure; while a participative leader may prefer a distributed distributive organization structure.



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**Structural Questions**

There exist many choices in designing an organizational structure, several of which also present paradoxes. In the box below, some are principles that present choices and some are structural choices.

Centralization versus Decentralization	Flat versus Multi-layered	Empowerment versus Accountability
Formal reporting versus Informal reporting	Corporate or Site	Functional or Product
Project or Matrix	Regional or Global	One Firm?

The current context of the business and the future strategy determine the structure. Cultural factors, at times, inhibit the rollout of the right organization structure.



There are therefore, certain structural questions that are very relevant when designing an organization structure. Should we look for centralization or decentralization? What helps the business the best and how the leader should acclimatize himself with either of these two approaches?

Whether we should have a flat organization structure or a multi layered hierarchical organization structure? What is the level of empowerment, we are willing to provide to the people versus the accountability, methodologies and procedures? Should we rely on formal reporting at all times in the structure or we should encourage informal reporting as well? Should we have emphasis on corporate as a brain which controls all the sites or should we allow the sites to be independent and generate wealth and their own strategies thereof?

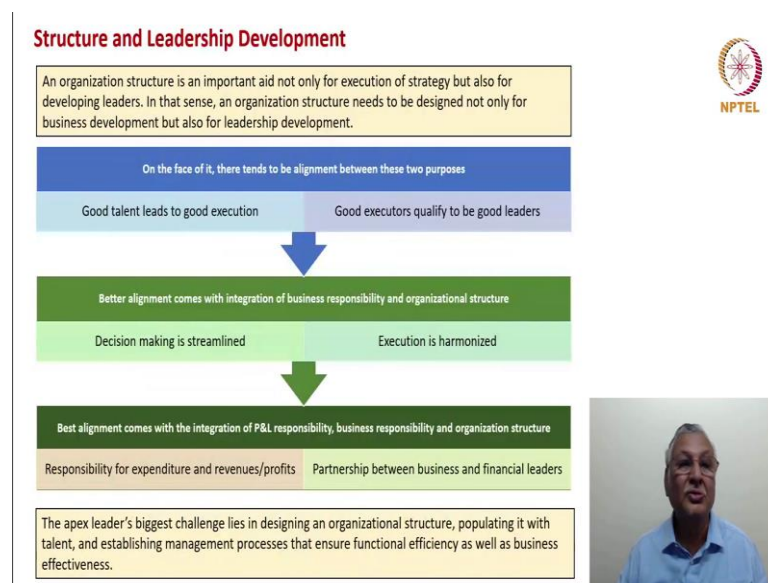
Should we be functional or product? Should we be project or matrix? Should we go regional or global? Or should we emerge as one firm? Regardless of the location we are in, regardless of the site we are in, regardless of the products and services we offer; should we reflect the characteristic of one homogenized firm? The current context of the business and the future strategy determine the structure.

Cultural factors at time inhibit the rollout of the right organization structure. It may be easier to replicate a one firm concept in a consultancy organization; McKinsey and co for example, is typical example of one firm. Without any non uniformity across the regions;

the presentation styles, the problem definition styles, the solution styles are the same. And there is cross movement of consultants and experts across the various regions.

And the certain value systems of intellect with humility, these are also common across the sites; is not possible for a manufacturing organization to have similar capabilities to that level of standardization. So, I would say the current context of the business and the future strategy determine the structure to a great extent and cultural factors at times inhibit the rollout of the right organization structure.

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While structure seems to be a platform or a vehicle to deliver hard precise deliverable such as products or services or serving the customers, structure is also a great methodology and great vehicle for developing leaders. On the phase of it, there is an alignment between these two purposes of structural development and leadership development. Good talent leads to good execution and good executors qualify to be good leaders.

And better alignment between structure and leadership comes with integration of business responsibility and organization structure. Decision making gets streamline and execution becomes harmonized. Best alignment comes with the integration of P&L responsibility, business responsibility and organization structure.

Wherein the leader has the responsibility for expenditure as well as revenues and profits and there would be partnership between business and financial leaders. In an organizational framework, where the corporate office decides several things and allocates resources; the leader at the site has very little responsibility, except ensuring operational excellence within the resources provided and within the customer demand provided.

On the other hand, if the sites have their own independence to drop their own plans, generate their own resources, use their own cash to some extent at least; then they would have the independence to develop their own plans and execution mechanisms. Along with that, the leaders would get the P&L responsibility, that is the profit and loss responsibility, the business responsibility and organization structure.

A strategic business unit structure typically corresponds to this kind of philosophy. The apex leader's biggest challenge is in designing an organizational structure, populating it with the right talent and establishing the right management process that ensure functional efficiency as well as business effectiveness, that is the importance of structure.

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**Execution**

The third part of the leadership trilogy relates to execution. Strategy can be spoken about, structure can be seen around, but it is execution that institutionalizes a business.

Execution is often seen as undertaking a set of activities within budgeted resources and timelines.

Effective execution, however, is more than that—it involves continuous calibration against strategy, being aware of developments in the competitive landscape.

It requires developing leaders who have execution doggedness and environmental resilience.

The leader has the primal responsibility to ensure end-to-end execution.

Excellent Product Concept

Amazing Design

Modern Manufacturing Facility

The Tata Nano car is a striking example of the well-executed functional parts failing to make for effective total business execution. It represents a lack of integrative thinking in the company on a vital project. Had the project been rightly executed, it would have been transformational for the Group.

NPTEL

Let us come to execution. The third part of the leadership trilogy is execution. Strategy can be spoken about; structure can be seen around; but it is execution that institutionalizes a business. Execution is often seen as undertaking a set of activities within budgeted resources and timelines; but effective execution is far more than that.

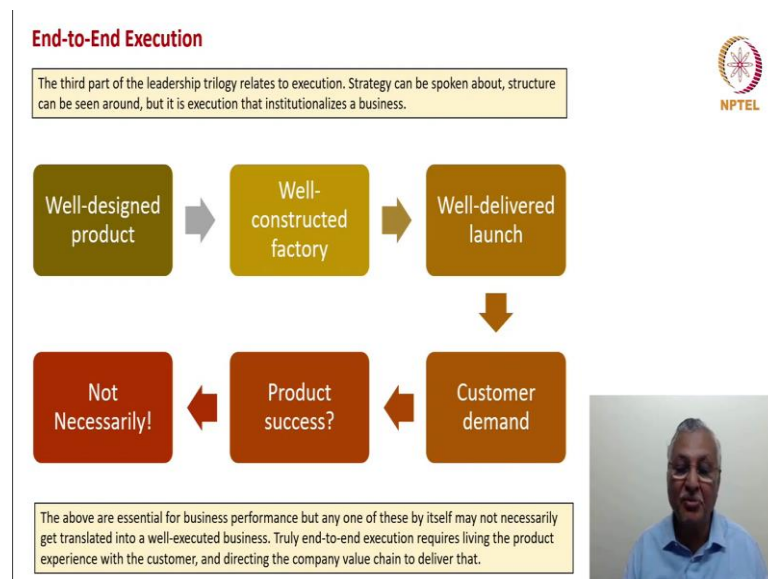
It involves continuous calibration against the strategy, being aware of developments in the competitive landscape and providing feedback for course correction. It requires developing leaders who have execution persistence and environmental resilience.

The leader has the primary responsibility and the primal responsibility to ensure end to end execution; because only the leader is able to see from design to marketing, the entire company's value chain, duly supported by various other line functions and staff functions.

Let us take the example of Nano, it was an amazing product concept, excellent product concept, amazing design and produced in a modern manufacturing facility. But has it been a success in terms of commercial parameters; unfortunately, no.

It is a striking example of the well-executed functional parts failing to make for effective total business execution. It represents a lack of integrative thinking in the company on a very vital project. Had the project been rightly executed, it would have been very transformational for the Group and even for the Indian automobile industry as a whole.

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What is end to end execution? End to end execution is the ability to see everything fall into place, the moment you have a goal in mind. Assuming that you are in a pharmaceutical company and you want to introduce a product in the US market; the

moment you set the goal for yourself, you understand that yes I need to have a product portfolio.

Then immediately you understand, what types of products you would need to do depending upon the competition; then you understand what kind of active pharmaceutical ingredients you should have to be able to make those products. You should be able to assess the complexities, the patent challenges, and the time taken to develop the active pharmaceutical ingredients and the formulation development.

So, you should be able to dove tale two stream of product development; the API and dosage form. You should also have the pilot plants to develop the dossiers and file validated dossier drug master file for the API and the ANDA for the dosage form. Then you should also have high scale well constructed factories and you should be able to get those factories inspected at the appropriate time and be ready for launch once the approval comes.

Then you have to match your supplies to the customer demand that exists. And you could have product success at the end of it or you may not have; but it is very important even to launch a product to have a complete sequence of activities falling into place in the strategic framework of the leader to be able to do end to end execution.


This occurs through a complete understanding of a company's operations and that also comes with experience and wisdom. These end to end execution parameters are essential for business performance; but any of these things by itself will not necessarily get translated into a well executed business. Truly end to end execution requires living the product experience, not only within the manufacturing site, but also with the customer, and directing the company value change in such a manner that the customer experience is fulfilled.





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**Strategic Execution**


The leader's responsibility lies in calibrating functional execution against a backdrop of business execution. That is where a well-developed corporate strategic plan that comprises functional strategic and execution plans counts.



 Viewing strategy as an operating guide to execution Ensuring that execution provides for strategic flexibility or course changes even while executing	 Seeing strategy as an annual mechanism independent of execution Considering strategic investments as sunk costs rather than as investments that can be repurposed
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Strategy → Budgets → Execution

Reliance Jio has, for example, ensured that its strategy and execution of data and voice based 4G infrastructure would position the company as a telecommunication and digital giant, capable of attracting global investors.



Then let us try to combine strategy and execution and call it strategic execution. The leader's responsibility lies in calibrating functional execution against a backdrop of business execution. That is where, a well develop corporate strategic plan that comprises functional and strategic execution plans counts.

The plus points of this approach is that, we view strategy as an operating guide to execution. We also ensure that execution provides for strategic flexibility or post corrections even while executing. The negative points of strategic execution are that, we see strategy as an annual mechanism independent of execution; because we are unable to decide whether to go as per strategy or whether we should go only as per execution.

And under the strategic execution route, you may decide that the strategic investments are sunk costs; because the strategy has been already committed and we should nevertheless do the execution as per that. So, to be able to do that, we have this interlink of budgets.

Strategy provides the overall resource deployment, budgets you tell you very seriously and precisely the amounts to be committed and the activities and results we need to get. And execution is the methodology to get the budgets utilized and activities performed and results obtained.

If you see the development of products, you may have a portfolio of ten products, which would have a budget. The strategy is to have this product portfolio and the time frame is one year. But in this time span, if we come to know that a competitor has launched couple of those products far ahead of us; then you cannot go by that strategy and you cannot go by that budget allocation.

However, the overall strategic framework remains that, you should have 10 products which give you a good market share. Budgetary resources that are being committed can be re-routed for a new product and the execution and the existing products under development could be stopped and new products can be taken up for execution.

So, the ability to have strategy, budget and execution linkage helps you to have a strategic execution vision; but also have the flexibility to change both strategy and execution to be able to do that. So, the true strategic execution is not executing just as per the strategy or developing strategy based on the execution parameters; it is having some kind of loose tight approach between strategy and execution.

Reliance Jio has for example, ensured that its strategy and execution of data and voice based 4G infrastructure are conducted in such a manner that, they find the sweet spots in terms of the market canvas and also find the weak spots in terms of the competitor's profile. This has positioned the company as a telecommunication and digital giant, capable of attracting global investors.

The strategy which was commenced with a particular level of role out, has been expanded aggressively based on the successes that were obtained in the interim, both in terms of establishment of the optic fiber network and the gale as well as from the way the competitors could or could not respond to the execution paradigm.

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**Effective Trilogy**

Strategy, structure and execution are equally and simultaneously important for effective leadership. An effective leader is one who, for each objective he chooses, visualizes an end-to-end picture of strategy, structure, and execution.

Hospira's decision in 2008 to establish a manufacturing and R&D base in India is a case in point.

Hospira's growth story in India is a perfect example of effective leadership based on the strategy-structure-execution trilogy.

In 2008, the global generics firm decided to leverage Indian pharmaceutical and engineering talent and low-cost capabilities

Hospira decided to establish a truly low-cost, high-quality model, to supplement its established manufacturing and R&D infrastructure that was largely US-centric.

There was no other generic pharma company globally that committed this level of investment in sterile injectables space. Hospira's India strategy was a resounding vote of confidence in India Advantage and India leadership.

**Hospira**  
Global company seeking India presence

**Orchid Chemicals & Pharmaceuticals Ltd.**  
Creating a Dream

Indian company seeking reduction of debt burden

**Ceftriaxone for Injection 500mg**  
Sterile Aqueous Injections

**NPTEL**

The slide features a vertical timeline on the left with four circular nodes. To the right, there are logos for Hospira and Orchid Chemicals & Pharmaceuticals Ltd., along with images of Ceftriaxone for Injection 500mg Sterile Aqueous Injections. A video inset in the bottom right corner shows a man in a light blue shirt speaking.

So, I will take a few moments to demonstrate how the effective trilogy of strategy, structure, and execution was utilized by a global generic pharmaceutical company Hospira to enter the Indian industrial setting and become a very valuable company in the generics market. But before that, let us also talk about my experience in Orchid Chemicals and Pharmaceuticals and Orchid Pharma; to outline what we mean by strategy and why structure is important.

Orchid chemicals and pharmaceuticals was established in 1992 as the first generation enterprise by a brilliant entrepreneur called Raghavendra Rao. I was on the board of the company as a non whole time director, even though I was in Ashok Leyland; because both of us were alumni of Ashok Leyland, I took the appropriate clearances from Ashok Leyland and served as the non-executive director.

And that company had a whole time director, capable of doing bulk drugs. At that time, the strategy with which the company was started was to manufacture bulk drugs and sell them in China, that is the strategy. So, every company, every enterprise needs a strategy to start and secure a foothold in the marketplace.

The strategy was also build manufacturing facilities, which will have high entry barriers and which would be differentiated for the technology and the quality of manufacture and also for its zero discharge effluent treatment facility, that was the value system of the company. When I was looking at the pharmaceutical industry, although I was in the

automobile industry as a main stream automobile person; I could sense that this strategy of manufacturing bulk drugs in Chennai and exporting to China was not going to work for the long term.

That was a time when India had process patents; but was integrating with the global patent regime in terms of the trips and other mechanisms. So, I suggest to the company that we need to move away from this high dependence on what we call unregulated markets, that is markets outside of US, EU and Japan and going for regulated markets.

I also suggested that the value is captured best when we make the finished dosage forms. We should also be in drug discovery and novel drug development I suggested. So, I proposed a blueprint of end to end connected integrated manufacturing system, fully backed by R&D for generics as well as R&D for discovery. And this value chain would cover active pharmaceutical ingredients as well as finished dosage forms.

And to be able to be competitive and also have a niche positioning; we decided that we will have sterile injectables as our core product group. So, this is one level of strategy and a level of framework. Now, once you decide to have sterile injectables, you still have strategic questions that need to be answered.

Should we be in non infective products, or should we be in anti-infective products, or should we be in lifestyle products. When we say lifestyle product, you could be making injections of proton pump inhibitors; that is omeprazole, rabeprazole, and things like that, which will reduce gut acidity and good for acid reflux diseases for example.

Or you could do antibiotics and then become an anti-infectives producers. Even if you want to do anti infectives business, you could be in different types of antibiotics; you can be in one class called beta lactam antibiotics; you could be in macrolide antibiotics, that is erythromycin, roxithromycin, azithromycin kind of products; you could be in kinnelon kind of antibiotics that is ciprofloxacin, norfloxacin, ofloxacin and things like that.

So, at every point, you have a strategic direction that could be taken and a particular type of manufacturing facility established. Once we decided that we will go for anti infectives and that too for beta lactam based antibiotics; there was another challenge or opportunity. There are three types of beta lactam antibiotics; one is called cephalosporins, another is called penicillin, and the third is called carbapenem.

This requires that each class of antibiotics in this category should have a dedicated plant; because these antibiotics could lead to anaphylactic shock, if they are administered to a patient who is allergic to this type of antibiotic. So, in order to avoid this risk of allergy, every cephalosporin forum is manufactured only in a dedicated cephalosporin plant and every penicillin is manufactured in a dedicated penicillin plant and carbapenem in a carbapenem plant.

Which means that, your investment requirements are increased threefold at least and you should also have everything separated; the entries and exits should be separate, the personnel who work in the shop floor are separate and so on. So, you create an infrastructure which is intrinsically of high cost; but it also means that, not many can dabble in such infrastructure

So, that was established and between 2000 and 2008, the company could implement this plan. And to be able to implement this plan, I was requested to join full time in the company and I joined in 1998 soon after I presented the plan to the board as deputy managing director and it was my responsibility to incubate and establish this infrastructure from the ground up.

It was also my responsibility to take these products into the markets. At that time, we could have done our own marketing; but then we thought that what we had on the plate was so much that it would be a kind of dilution of our investments and our attention to get into marketing in various countries all by ourselves.

So, we decided to pursue a strategy of generic distribution alliances, a several of them strategic with the ten-year time frame and with a suite of products for each distributor such as Apotex, Alparma, Actavis, Mckissen, Hospira, Mein and so on that was the basis. And by 2008, the company became known as one of the most enterprising and most vibrant pharmaceutical companies which has reached the top spot based on its technology and rapid base of growth.

That was also the time when the company had to face a hostile takeover bid by a large Indian pharmaceuticals company. That was also the time, because of the huge investments were made; there was a very high level of debt accumulation in the company. These two issues together destabilize the company and the company had to take a strategic partnership to get out of this impasse.

So, I bought in Hospira, one of the distribution partners as a potential strategic partner and Hospira said that my strategy is to be focusing only on injectables; I do not do any other product, that is no oral product at all. Therefore, Hospira and Orchid agreed on separation of the sterile injectables manufacturing plant and the R&D facility in Chennai, along with the sterile injectable drug pipeline and sell it off to Hospira for a consideration, which was very significant at the point of time of 400 million dollars.

But the value chain was preserved, that is Orchid will continue to supply the APIs to Hospira and Hospira would make certain products for Orchid; because the facilities were embedded in Hospira's acquired facility. While that was going on, Hospira was also thinking in its mind as to how to enter India; that is where the story starts.

In 2008, Hospira decided that the company should have a manufacturing and R&D based in India; because many other Indian companies have been very successful in the US market by making products out of India and marketing them successfully through distribution partnerships. So, the company's decision to enter into India was a perfect example of effective leadership based on the strategy-structure-execution trilogy.

How did it happen? Because fundamentally the company decided that the Indian pharmaceutical and engineering talent and the low cost frugal engineering capabilities must be leveraged to add operational excellence and cost economy to its product range. And the company decided to establish a truly low cost, high quality model to supplement its established manufacturing and R&D infrastructure that was largely US centric.

Given that around the same time Orchid has been facing the issues with reference to its debt levels and the takeover attempt by a large Indian company. Timing was opportune to combine the organic entry proposal or let the inorganic acquisition proposal overtake the organic entry proposal. And these sterile injectables business became Hospira Health Care India Private Limited in India; I was chosen to be the managing director of that corporation.

And over the next five years, Hospira became the leader in terms of investments of resources into Indian manufacturing and R&D facilities and Hospira's India's strategy became a resounding vote of confidence in India advantage and India leadership.

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**Effective Leadership**

Hospira positioned me as the Managing Director for India to not only execute the initial strategy with the available structure but to also take the strategy, structure, and execution to progressively higher levels.



Several organic and inorganic moves to expand the acquired manufacturing and R&D base

Establish new R&D facilities in biologics and device R&D

Establish greenfield plants and acquire new manufacturing facilities

Full spectrum of pharmaceutical value chain spanning active pharmaceutical ingredients and finished dosage forms in the sterile injectables space

Expand R&D facilities in pharmaceuticals

A huge strategic plan comprising multimillion dollar investments executed in a tight time frame of just 4 years

After a careful evaluation of various options, the strategy was executed in March 2010 with the acquisition of the sterile injectables business of Orchid Chemicals & Pharmaceuticals (now Orchid Pharma), together with its manufacturing and R&D facilities in Chennai, along with the drug pipeline and people.



Hospira as I said positioned me as the Managing Director for India to not only execute the initial strategy with the available structure, but also to take the strategy, structure and execution to progressively higher levels.

So, if the previous slide and the previous part of the lecture talked about the strategy adopted by Hospira on an overall level; we will talk about the effective leadership and effective execution that realized the strategy and also took this strategy to the next higher level. When Hospira took over, the company had three lines; one in cephalosporin, one in penicillins, one in carbapenems.

As soon as we took over, we doubled the capacity; we added one line each in each of these product categories by directly doubling the capacity. We enhanced the warehousing capabilities, we enhanced the R&D capabilities substantially, so that much larger number of products can be developed and put into market. That was the first elevation of strategy and along with the elevation of execution.

We also decided that we should have new R&D facilities in biologics and device R&D; because the parent had those capabilities and why not we have those as mirror facilities in India to be able to add cost efficiency across Hospira's global value chain. So, from a concept of having just a workshop and a laboratory, Hospira began thinking of a giant sized ambition for making and developing products out of India.

So, new greenfield plants were established, one of the biggest formulation plants for non-anti-infective products was established in Vizag. And new manufacturing facilities, particularly Aurangabad API facilities were acquired again in other tranche from Orchid.

And the full spectrum of pharmaceutical value chain spanning pharmaceutical ingredients as well as the finished dosage forms in the sterile injectables space was put in place. Simultaneously the R&D facilities were expanded and a huge strategic plan, comprising multimillion dollar investments was executed in a tight time frame of just 5 years.

Therefore, you can see that we start with a particular strategic motive and an execution platform, but as soon as you see the strategy working out well and as soon as you see that there is effective leadership, which can take care of the present as well as the future; the entire strategic canvas could be restructured, expanded, and executed to a much higher level than originally envisaged.

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**Alignment**

Hospira's strategy in India was arguably the boldest and most progressive strategy, relentlessly executed, in the Indian pharmaceutical space with total emphasis on the regulated markets of US and EU.

A board of directors was established, comprising the Indian Managing Director and global leaders, to ensure strategic alignment and corporate governance.

I had the opportunity to reinforce the organizational leadership with induction of several senior leaders from the global and Indian talent pools

Phenomenal growth from its inception in March 2010 to its peak in April 2015

From one site to nine sites, covering Manufacturing and R&D, and Pharma, Biologics, Medical Devices

From 460 to 4,000 employees; Full value chain API to Formulations and R&D to Manufacturing

From just an antibiotics injectables product portfolio to a total injectables portfolio.

Hospira's case study in India is an outstanding example of not only a leadership trilogy of strategy, structure, and execution but also the highest standards of corporate governance in synergistic action.



And for that we require alignment, Hospira was a global corporation; they acquired India for a particular purpose, but there were certain cultural differences. So, you need to find a bridging mechanism, so that both the parent and the wholly owned subsidiary were aligned. While it was the arguable, while it was the boldest and most progressive strategy which was relentlessly executed; it was the leadership alignment that made it happen I would say.



A board of directors was established almost as the first activity of the parent corporation and the local leadership, it comprised me as the Indian Managing Director and global leaders to ensure strategic alignment, corporate governance and a senior leadership team impact on the growth of Indian subsidiary.

It also helped us transfer many products from the global network to the Indian network to be able to produce them cost effectively and also upgrade the levels of development to the current manufacturing practice. I also had the opportunity in this process to reinforce the organization leadership with the induction of senior leaders from the global and Indian talent pools.

We had just 14 members as the senior leaders, when the acquisition was done in 2010. By 2015, we had 100 senior leaders having leadership positions in various existing and new streams of activities; which means that we added 86 more leaders, and the entire leadership team remained seamlessly as one.

So, this phenomenal growth from its inception in March 2010 to its peak in April 2015 happened; because of these very many factors, a good strategy which was flexible and open for expansion. A robust structure which was manned by excellent talent pool, very well aligned board of directors, and an independence with accountability for the Indian managing director, and proactive support from the parent corporation; this helped Hospira India grew substantially.



And from one site to nine sites covering manufacturing and R&D and pharma, covering biologics and medical devices; it was a great expansion. The company also expanded from 460 to 4000 employees and a full value chain of API to formulations and R&D to manufacture was established.

And thus from just being an antibiotics injectable product portfolio, Hospira India evolved as a total company with full suite of injectable products anti-infective as well as non-anti-infective. Hospira's case study in India is an outstanding example of not only a leadership trilogy of strategy, structure and execution; but also a strategy that ensured highest standards of corporate governance in synergistic action.

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**Value Building**

If the crux of leadership is the strategy-structure-execution trilogy, the essence of success lies in how well-aligned and integrated these three components are. Hospira's case study in India is an outstanding example of leadership framework of vision, strategy, structure, and execution in action.



The diagram illustrates the ownership transformation of Hospira India. It starts with Hospira India as a 100% subsidiary of Hospira, Inc. This is followed by Orchid, and finally, Hospira India becomes a Pfizer company. The diagram is supported by three text boxes on the left and a video inset on the right.

**Hospira India, 100% Subsidiary of Hospira, Inc**

- An illuminating case study, how these three are to be aligned and integrated with a forward-thinking perspective
- Involves proactive risk-taking and a belief in the model to overcome all competitive opposition.

**Pfizer, Inc**

- Global pharmaceutical giant with leadership in pharmaceuticals, biologics, vaccines, generics and biosimilars
- Known for aggressive growth through mergers and acquisitions

**Hospira, a Pfizer Company**

- Global leader in sterile injectables and biosimilars
- Poised to serve global demand for innovative medicines and vaccines as well as generic pharmaceuticals effectively


**The Ownership Transformation**

Orchid

Hospira

Pfizer

When Pfizer acquired Hospira in September 2015 for its unique global leadership in the sterile injectables domain, the infrastructure created, operations established and value generated in India by Hospira's leadership would surely have been an important consideration.



So, if the crux of leadership is the strategy-structure-execution trilogy, the essence of success lies in how aligned, how well aligned and integrated these three components are. Our case study in India has been an outstanding example of leadership vision, leadership framework of vision, strategy, structure, and execution in tandem action and it built enormous value for the company.

This is an illuminating case study, as to how these factors of strategy, structure, and execution can be aligned and integrated with a forward thinking perspective. It also tells us how proactive risk taking and a belief in the model to overcome all competitive opposition could be driving success beyond compare.

In 2015, Pfizer decided to take over the entire global business of Hospira; because Pfizer wanted to expand its sterile injectable generic capability and also the biosimilars footprint. Pfizer as we know is a global pharmaceutical giant with unmatched leadership in pharmaceuticals, biologics, vaccines, generics, and biosimilars. The company is known for aggressive growth through mergers and acquisitions.

And now, Hospira Healthcare India Private Limited is Pfizer Healthcare India Private Limited with Pfizer having taken full control from September 2015. And Hospira has become even stronger as a leader in sterile injectables and biosimilars and it is poised to serve the global demand for innovative medicines and vaccines as well as generic pharmaceuticals effectively.


When Pfizer acquired Hospira in September 2015, for its unique global leadership in the sterile injectables domain; the infrastructure created, the operations established and the value generated in India by Hospira's leadership would surely have been an important consideration for the great company that Pfizer is.




The ownership transformation, that is from Orchid to Hospira to Pfizer is indicative that the operations base of a company, the strategic approach of a company and the customer serving nature of the company can be preserved and even grown in spite of the ownership transformation. In fact, the capabilities of the new founder's, capabilities of the new owners can always take a company to greater and greater heights. This is the story of value building through a very well aligned vision, strategy, structure, and execution framework.

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**Coping with Surprises**

The ability to cope with surprises comes with flexibility in trilogy components rather than attempting to make them risk-proof. Certain surprises hit sectors while certain adversities hit all sectors secularly.



 Airlines	Strategic assumptions may go wrong, structures may be inflexible or misaligned and execution may falter or face unanticipated competition
 Hotels	Wrong assumptions on voice revenues, tax arrears, competition, investment requirements
 Tourism	Changed economic conditions such as steel demand cycle, Brexit, workforce issues
	Unanticipated volatility due to Brexit, US-China trade war, tariffs, China market

Only when strategy, structure and execution are aligned with due flexibility and continuous calibration can firms cope successfully with surprises. Once in a lifetime pandemic adversities such as Covid-19 require, however, more than anticipation – companies need to build resilience to cope with adversities, and the agility to respond effectively.



So, while we do the strategic analysis and structural responses, we need to also have the ability to cope with surprises and this comes with flexibility in the trilogy components, rather than attempting to make them risk proof. It is impossible to make strategy risk proof, impossible to make structure very flexible, also impossible to make execution error proof. Always certain surprises hit certain sectors, while certain adversities hit all sectors secularly.

Strategic assumptions may go wrong, structures may be inflexible or misaligned and execution may falter or face unanticipated competition. We have examples of airlines

having turbulence from time to time and in the face of Covid-19; not only airlines, but hotels and tourism have taken a deep hit. That is an exceptional pandemic situation that has caused this kind of problem is a once in lifetime hit.

On the other hand, wrong assumptions on certain parameters of strategy and execution could hit companies badly. Vodafone, idea suffered because of its wrong assumptions on the scale and level of competition, on the pricing competition that could damage from the new player. The company also made wrong assumptions on dependence on voice vis a vis data, tax arrears, competition and investment requirements.

Tata steel also had its issues is a great company very well established company; but changed economic conditions such as steel demand cycle, Brexit and overseas workforce issues troubled the company for a few years. Tata motors again a great company, very resilient company; but unanticipated volatility due to Brexit, US-China trade wars, tariffs and China market impacted the company, particularly in the context of the company having taken over JLR and putting in lot of money to turn it around.


Only when strategy, structure, and execution are aligned with due flexibility and continuous collaboration, can firms hope to cope successfully with surprises. Once in a lifetime pandemic adversities such as Covid-19 really queer the pitch for companies and such eventualities require more than anticipation, such adversities require more than anticipation.

Companies need to have inbuilt resilience and proactive agility to be able to handle such pandemic emergencies, which are completely unforeseen and whose impact is totally beyond forecasting when they occur.

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**Structure for Coping with Surprises**

There will always be internal and external variables that cannot be forecast, which could impact the starting assumptions of any venture, organic or inorganic. Depending on the surprise, strategy, structure and execution would need to be creatively modified and differentially emphasized to manage the surprises.





The three teams will need to remain interconnected all the time. The greater the arc area of interconnection the greater.

This team, basically the core execution team, runs the operations to meet strategies and goals

This team helps the firm build agility; best suited to cope with surprises and re-strategize.

This team helps in the long term restructuring of the firm to build resilience to cope with adversities

Rather than an elaborate organizational bureaucracy, a small leadership group often provides the drive for a successful trilogy. Tata Motors' success in achieving a successful bid and an even more successful turnaround of the Jaguar Land Rover (JLR) infrastructure is a case study of strategy-structure-execution in impactful alignment.



The structure for coping with surprises also can be developed. There will always be internal and external variables that cannot be forecasted as I said and such unanticipated events could impact the starting assumptions of any venture whether the venture is organic or inorganic. Depending upon the level of surprise; we need to change strategy, structure, and execution creatively and also differentially to be able to manage the surprises.

For that I propose a three cluster team; one an operating team, two a resilience team, and three a flexibility team. The operating team is a team which comprises of core execution specialists; they run the operations to meet strategies and goals. The resilience team comprises very forward looking; but internally very strong members, who help in the long term restructuring of the firm to build resilience to cope with adversities.

They have the strategic mindset, but they are also very strong in restructuring, remediating and execution. The flexibility team is one which looks at the strategic adaptation; it helps the firm build agility, it is best suited to cope with surprises and re-strategize. The three teams will need to remain interconnected all the time. The greater the arc area of interconnection, the greater would be the ability of the company to cope with surprises.

Rather than an elaborate organizational bureaucracy, a small leadership group often provides the drive for a successful trilogy. Tata Motors success in achieving a successful

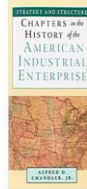
bid and an even more successful turnaround of Jaguar land rover, that is JLR infrastructure is a case study of strategy, structure, execution in impactful alignment.

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### Business Strategy, Organizational Structure and Operating Model

Business strategy can be executed only with a good organization structure and an operating model (also called business structure or business model). Companies in the same industry may use different operating models.

Segment	From	To	Requires Structural Change?
Banking	Branch Banking	Digital Banking	Rightsized branch network; Strengthened digital network
Energy	End to End Utilities	Separate Generation and Distribution	New corporate structures; grid and network restructuring
Pharma	In-house R&D	Acquired R&D Start-ups	Changed financing structures
Automobile	IC Engines	Electric Powerpacks	Technology redevelopment; Industry restructuring
Pesticides	Chemicals	Bio-pesticides	Industry restructuring
Retail	In-store	Home Delivery	Logistics industry – Captive as well as Outsourced



Chandler, Alfred D. Jr., 1962/1998, Strategy and Structure: Chapters in the History of the American Industrial Enterprise (MIT Press).

Irrespective of the nature of industry, firms will require strategic shifts at some point of time or the other. Each strategic shift will require a reconfigured structure to execute the new strategy effectively.



So, how do we look at business strategy in relation to the organizational structure and in relation to the operating model? I referred to earlier about the research which says that, structure must follow strategy. Alfred Chandler has been a great author and researcher, who did in 1962 and in 1998 again voluminous work on strategy and structure chapters in the history of the American industrial enterprise.

And this almanac of strategy and structure told us how structure follows strategy. Let us look at our own contemporary examples; if the segment is banking, we need to move from branch banking to digital banking, which means that we need structural changes. The branch work needs to be right sized and the digital network needs to be strengthened.

Not only that, the digital network and the cyber security framework for banking should be strengthened; it could involve use of the contemporary methods of artificial intelligence and other block chain concepts in banking. If the segment is energy, we need to move from end to end utilities to separate generation and distribution.

We should also have renewables as built in part of every energy infrastructure; therefore, we require new corporate structure, new grid and networking restructuring

methodologies. If this segment is pharmaceuticals, if we need to move from in house R&D to acquired R&D and startups; we need to have changed and differentiated financing structures to incentivize startup development.

And within the automobile segment, the trend is obvious, from IC engines, we need to move to electric powerpacks; which means technology has to be redeveloped completely. Native electric vehicles rather than retrofitted electric vehicles are the need of the hour. And industry itself needs to be completely restructured to accept new vendors, new components and new methods of development. And we have considered in an earlier lecture, what it means to completely transform an industry in this manner.

And if the segment is pesticides, we need to move from chemicals to bio pesticides, again industry restructuring. We need to adopt biotechnology in a great manner to be able to wean the pesticides away from chemical molecules. And in retail, from in store methodology, we need to go into home delivery; which means that the logistics industry must be a very strong component of the digital commerce platform and it should be captive as well as outsourced.

Along with that warehousing capabilities, ability to in source various products of different cost feature parameters all of these things come into picture; because you are creating a universal market place as a digital platform. That is the important aspects of business strategy, organizational structure, and operating model.

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**Core Purpose Doesn't Change**

While the previously considered shifts in operating models and structures are dramatic, the underlying core value – customer centricity – does not change. The greater the customer centricity, the easier the transition.

*Customer is at the core of the new omni-channel marketing approach - retail, online, offline and any other*

*A bank that has strong customer relationships can only grow even better with digitalization*

*Instead of focus on generation, the whole of focus on storage and distribution efficiency for consumer benefit*

*Ability to meet dual responsibilities to the big buyers on one hand and the patients on the other*

*The importance of farming can never go down. The fertility of soil and safety of farmers and consumers is supported by the change*

*A make-purchase and need-fulfillment paradigm is shifted to a shared concern for the planet platform*

**Customer Centricity**

**Digital personalization**

**Electricity as a service**



**Pharmaco as patient-trustee**

**Shared responsibility for the planet**

**Farmer education**

**Serving in all ways, always**

Leaders should not look at industry restructuring only in terms of structural and strategic factors. Instead, they should appreciate each and every change to strengthen how customers are served. Leadership's primary engagement should be with the customer. Ways of serving could vary but the ways are not the primary purpose – the customer is the primary purpose. The locus must change from firm-customer to product-customer experience.



At all times, core purpose does not change. While the previously considered shifts in operating models and structures were dramatic; the underlying core value, that is customer centricity did not change. In fact, the greater the customer centricity, the easier would be the transition. So, how do you define customer centricity from a firm strategy and structure point of view as well as from the execution point of view?

One, we must have digital personalization. As an example, a bank that has strong customer relationships can only grow even better with digitalization. If you want to look at service not as a product, but as a service; instead of focus on generation, the whole of our focus should be on storage and distribution efficiency for consumer benefit.

If we look at patients as our customers, if we want our pharmaceutical company as the patient trustee; we need to have the ability to meet dual responsibilities to the big buyers on one hand, that is the hospital groups and big distributors like McKissen on one hand and the patients, that is people who get treated in clinics, at homes and in hospitals on the other. That is the ability to meet both ends of the customer's spectrum effectively.

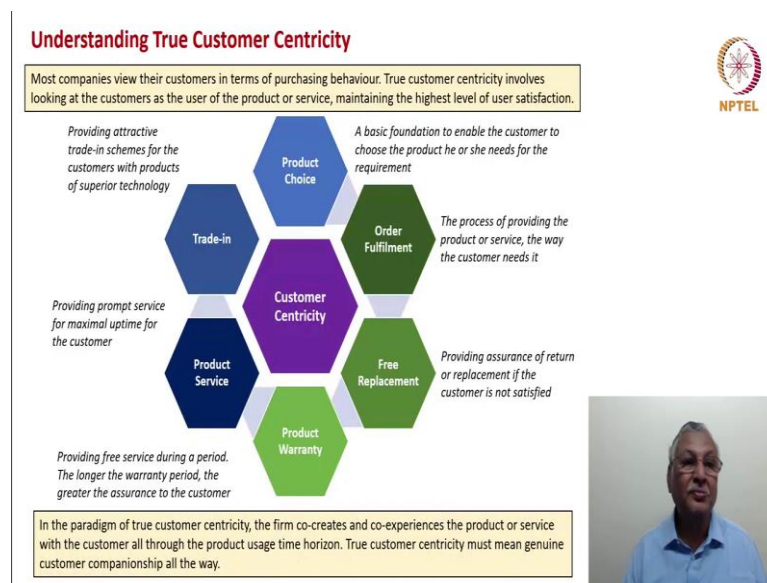
If we want to have shared responsibility for the planet, so that the citizens are assured a healthy living; we need to have a make purchase and need-fulfillment paradigm, which is shifted to a circular economy, so that the planet is protected. If you want to have farmer education as our customer centric platform; the importance of farming should be preserved as always, but the various ingredients in farming, that is the fertility of soil and safety of farmers and the consumers has to be supported by technological change.

If serving in all ways; always is the new manthra for a company, customer has to be made really the core of the new omnichannel marketing approach; whether it is retail, online, offline, and any other. So, leaders should not look at industry restructuring only in terms of structural and strategic factors; instead they should appreciate each and every change to strengthen how customers are served.

Leaderships primary engagement should be with the customer; ways of serving could vary, but the ways are not the primary purpose, customer is the primary purpose. The locus must change from firm market interface to product customer experience, that is the change that is required.



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To understand the true customer centricity, we need to do a few things; one we should provide excellent product choice, which is the basic foundation to enable the customer choose the product he or she needs for the requirement.

Second, order fulfillment; whether we make the customers choose his own configuration or we pre imagine the configuration provide to the customer, the process of providing the product or service the way customer needs it should be high on the priority. Then assurance that the products would be replaced free; in case there is any issue, setting at 10-day limit or 20-day limit is probably the current answer.

But a lifetime warranty, guarantee is something which is aspirational; but is doable when the product quality is at the highest level and the operating conditions are honored by an ethical customer, then the product warranty. How do you provide free service? Because not all products can be serviced in the normal outside mechanisms; we need special companies supported service mechanisms. And the longer the warranty period, the longer the service period; the greater would be the assurance to the customer.

Providing prompt service for maximal up time of the customer, again product service. And trade-in, providing attractive opportunities for trading in of the old products of the customer with the superior products that will be offered by the company. And trade in also has some level of responsible product introductions; but because you would be taking in the old products of dated technology, recovering certain materials and metals

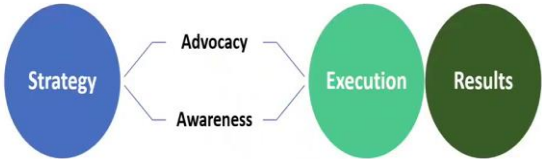

and then probably reusing them in new products and to that extent electronic waste is minimized.

In this paradigm of true customer centricity, the firm co creates and co experiences the product or service along with the customer all through the product life cycle and all through the product use and time horizon. True customer centricity must therefore mean genuine customer companionship all the way. The company and its executives and its leaders must be with the customers co creating value for the customer and co creating experience for the customer.


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**Awareness – a Missing Piece**

According to research, leaders and managers excel at being a member of the two groups: (i) visionaries and strategists as a group or (ii) structure and execution driven as the second group. The reference is to the predominant skill and aptitude. Those who excel equally in both sets tend to be fewer. Communication between the two groups and exchange of best practices, and even roles, could help enhanced leadership.



Because strategy is often taken up as a confidential process among senior leaders, the outcome of the strategy process which is the strategic plan, remains weakly circulated. Execution, therefore, takes place in fits and starts. Advocacy of the strategic plan and awareness of the plan by the larger organization is the key to effective execution.



In this structure, strategy, execution paradigm; what is missing is the ability for the broader organization to absorb the nuances of all of these parameters. According to research, leaders and managers excel in being a member of one of the two groups; one group comprises visionaries and strategists as a group, and the other group comprises structure and execution experts.

These two groups are necessary for each other. When you say that a person is a member of the visionary and strategy group, it does not mean that he does not have the structure and execution capability; what we mean is that the predominant capability or the predominant aptitude of the person is in terms of envisioning and strategizing.

Similarly, when we talk about strategy and execution group, it does not mean that the person in that group does not have any strategic orientation; rather it means that the person likes conducting day to day operations and seeing the results in physical numbers and in physical products that is the meaning.

These reference is to the predominant skill and aptitude of either group. Those who excel equally in both sets tend to be fewer. Communication between these two groups and exchange of best practices, and even notes, could help enhanced leadership. So, advocacy and awareness are extremely important for these two groups to relate with each other, and also for strategy and execution to be relating with each other, so that the results are to the desired level.

Many times strategy is taken up as a very confidential process among senior leaders. The outcome of these strategic process is the strategic plan and it gets circulated, but not very broadly. Execution therefore, takes place in fits and starts. People who are executing, do not have a complete strategic understanding of why things are being done.

As a result of which even if they are seeing certain changes at the ground level or on the ground level; they are not able to provide the feedback, that these changes are having a strategic implication. So, advocacy of the strategic plan and awareness of the plan by the larger organization is the key to effective execution, this is to be ensured.

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**The Five Pillars of Strategic Execution**

According to Gartner, 70% of the leaders surveyed by them expressed that slow strategy execution was their biggest challenge. The executives cited Insufficient visibility and control, a 'firefighting' mentality and employee change fatigue as the three reasons. Gartner suggests a 5 Pillar framework for effective strategy execution.

Resource shortage = Ineffective strategic plan

Two-way communication with all critical employees = Support to strategy



Accountability = Effectiveness

Vertical and horizontal alignment = Shared Strategic Plan

Realistic assumptions = Good strategy

Source: <https://www.gartner.com/smarterwithgartner/the-five-pillars-of-strategy-execution/>

Leaders have the responsibility to lay out the path for generation and utilization of resources for the execution of the strategic plan. Without assured organizational capacity even the best of strategy would be ineffectively executed.



So, reverting to our concept of strategic execution, there are five pillars of strategic execution. According to Gartner, 70 percent of the leaders surveyed by them expressed that slow strategy execution was their biggest challenge.

The executive cited insufficient visibility and control, a firefighting mentality and employee change fatigue as the three reasons. Gartner suggests a 5-pillar framework for effective strategy execution. You create a good strategy, wherein you have realistic assumptions which drive such a good strategy.

You have robust strategic planning, wherein you secure vertical and horizontal alignment which equals to shared strategic plan. You ensure good performance management, wherein effectiveness and accountability are synonymous with each other. We establish robust advocacy, robust communication systems; two-way communication with all critical employees ensures support to the strategy.


Organizational capacity must be enhanced, optimized, and modified as required. If you have resource shortage, it will be an ineffective strategic plan and if you have resource adequacy, it will be an ineffective strategic plan.

Leaders have the responsibility to lay out the path for generation and utilization of resources for the execution of the strategic plan in an optimal manner. Without assured organizational capacity even the best strategy could be ineffectively executed, that is the challenge in strategic planning and execution.

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**Narrowing Options into Choices**


The strategy process requires both science and behaviour. Science is reflected in terms of products, services, technologies, data and analytics related to all these. Behaviour is related to understanding issues, solutions, options, and choices. Asking the right questions is essential to arrive at the right strategic choices.



Usual Question	What should we do?
The Right Question	What might we do?
Usual Question	What do I believe?
The Right Question	What would I have to believe?
Usual Question	What is the right answer?
The Right Question	What are the right questions?

Source: <https://hbr.org/2012/09/bringing-science-to-the-art-of-strategy>

The shift in the questions opens up the strategic planning process to more relevant issues, solutions, options and choices. The possibilities-based approach relies on and fosters a team's ability to inquire. And genuine inquiry must lie at the heart of any process that aims to be scientific.



We have to narrow the options we have as strategies into choices; because the strategy process comprises both science and art, it is the quantitative and the qualitative. It is the framework that needs to be adopted analytically and it is the behaviour that needs to be displayed visibly. Science is reflected in terms of product, services, technologies, data, and analytics related to all of these.

Behaviour is related to understanding issues, solutions, options, and choices. To be able to make the right choices among the several options we have; you have to ask the right questions, which are essential to arrive at the right strategic choices. Usual question for example, is what should we do; the right question is what might we do, that is what are the ways we could do a particular thing.

If the usual question is what do I believe in as a strategist or a corporate leader; the question which is right should be what would I have to believe to provide the right result. If the usual question is what is the right answer or the what is the right strategy, what is the right option; the right questions should be what are the right questions that lead me to get the right answer.

The shift in the questions and the mindsets that drive the questions, open up the strategic planning process to more relevant issues, solutions, options, and choices being considered as part of the strategic planning process. The possibilities based approach

relies on and fosters a team's ability to inquire, get data, analyze data, advocate solutions after creating them.

And finally, taking forward a agreed, aligned seamlessly knitted together plan. Genuine inquiry is at the core and heart of any process that aims to be scientific. Strategic process is no different; it is a scientific process conducted in an artful manner.

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**Strategic Options and Choices – Organic – Tata Motors**

Tata Motors is a great case of how a company can making strategic choices as it moves on the strategic growth path. Clarity and timeliness of choices makes a big difference for companies.

**1950s**  
Move into Medium Duty Vehicles

**1990s**  
Entry into Passenger Cars

**1970s**  
Move into Light Commercial Vehicles

**2000s**  
Entry into Small Commercial Vehicles

**1980s**  
Entry into Multi Utility Vehicles

**2010s**  
Entry into JLR

**2020s: Initiation of Electric Transformation**

Product strategy is a key driver of corporate strategy and is a predictor and influencer of corporate success. After India liberalized in 1992 (and even in the regulated years prior to that) Tata Motors made great strategic product choices. The first was, of course, moving from locomotive manufacture to commercial vehicle manufacture in 1954.

NPTEL

We have seen how strategic options and choices could vary; I take the example of Tata Motors at this stage. It is a great case of how a company can keep making strategic choices all the time as it moves on the strategic growth path. Clarity and timeliness of choices makes a big difference for companies.

It was established in 1950s as a company to manufacture locomotives for the Indian railways; but in the 1950s it decided to move into medium duty vehicles, that is the manufacture of trucks and changed itself into Tata engineering and locomotive company. In the 1970s, it decided to move into light commercial vehicles; it was a path breaking decision at that point of time, a great strategic switch.

It did not mean that the existing medium and heavy duty trucks and buses for forgotten; they were continued to be strengthened, but the company moved into light commercial vehicles. The 407, 608 which opened a huge market space to the company and also the

company at the time in the 1970s itself, could imagine the kind of shift that would take place in favor of light commercial vehicles in the overall commercial vehicle industry.

At the time in the 1970s, trucks and buses constituted 80 percent of the total commercial vehicle demand and light commercial vehicles were only 20 percent. Today, the light commercial vehicle demand is 65 percent or 70 percent of the total commercial vehicle demand. That a company has been able to imagine this shift that is going to occur and participate and also lead that shift, its light commercial vehicles is a great strategic innovation at the point of time.

In 1980s again, the company moved into multi utility vehicles; its Safari and Sumo vehicles were trendsetters in the SUV vehicles and that too indigenously manufactured, LCV's were also indigenously manufactured. In the 1990s, it entered the passenger car industry with its Indica, again a path breaking initiative, again an indigenous vehicle.

In 2000s, the company foresaw the need for small commercial vehicles and came up with Tata Ace, which was really an ace in its armory. And in 2010s, it entered the JLR global automobile platform manufacture with the acquisition of the JLR marquee assets and facilities. And in 2020s, the company has initiated electric transformation.


Product strategy is a key driver of corporate strategy; it is both the predictor and influencer of corporate success. After India liberalized in 1992 and even several years prior to that time; Tata Motors made great strategic product choices as evidence by these examples I have given. And the first was of course, way back in the 1950s and the company moved from locomotive manufactured to commercial vehicle manufacture.







So, the subject of strategic options and choices and the timeliness of these moves is extremely important. And that this level of strategic change and strategic expansion could take place with entirely organic infrastructure is a tribute to the wisdom of JRD Tata, Sumanth Moolgaokar, Ratan Tata and various other leaders who helmed Tata Motors from the 1950s.

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**Strategic Options and Choices – Inorganic – Sun Pharma**

Sun Pharmaceuticals Ltd is a top-ranking pharmaceuticals company of India which achieved rapid national and international growth through a series of well-timed aggressive acquisition moves. Some select milestones:



 <b>1994</b> Initial Public Offer		<b>2004</b> Acquisition of Phlox Pharma, Cephalosporin API	
<b>1996</b> Acquisition of Knoll Pharma API Unit		<b>2010</b> Acquisition of Taro Pharma, USA	
 <b>1997</b> Acquisition of Caraco Pharma, USA		<b>2014</b> Acquisition of Ranbaxy Labs	

Diversification of product basket to cover API products, moving into newer products in both chronic and acute therapy areas, and adding specialized businesses such as dermatological products drove significant growth for Sun.



If you look at the pharmaceutical industry and take an example of Sun Pharma; we can look at the inorganic way of growth. Sun Pharmaceuticals is a top ranking pharmaceutical company of India amongst the top five. The company achieved rapid national and international growth through a series of well-timed aggressive acquisition moves.

Some select milestones. In 1994, the company made its initial public offer. In 1996 itself, it acquired the Knoll Pharma API unit. So, from dosage firms, it moved into APIs. In 1997, it acquired Caraco Pharma USA and made known its intention and strategy to get into the US manufacturing and marketing space.

In 2004, it acquired Phlox Pharma a cephalosporin API company. In 2010, it made a major acquisition to acquire the dermatological major Taro Pharma of Israel and the USA operations. This provided the company great product diversification as also a strong US franchise.

In 2014, it acquired Ranbaxy laboratories and became much bigger corporation; although along with the acquisition, several regulatory issues of Ranbaxy came into Sun Pharma's fold. Over a period of time, it is hoped that those problems will be overcome and Sun Pharma would be able to leverage its acquisition much more productively and much more profitably in the future years.



So, diversification of product basket to cover API products, moving into newer products in both chronic and acute therapy areas, and adding specialized businesses such as dermatological products have been great growth drivers for Sun Pharma.

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So, if you review what all we have discussed so far about the vision, strategy, structure, execution paradigm and the several examples, and also the leading story of how Hospira established its infrastructure, drove its growth strategy through a strategic approach towards Indian development and Indian manufacture and integration with the global plans.

You will see that the 4 by 4 strategic approach to growth which has vision, strategy, structure, and execution is an extremely important aid. These are the four key drivers of corporate growth. The four are interconnected and iterative; but also have their respective differentiating characteristics and contributions. Vision as I said is the conceptual clarity on leading, riding the mega trends.

Strategy is the analytical and business acumen to plan for competitive advantage. Structure is the progressive and proactive development of a platform to implement the operating model. Execution is the accountability to timely establishment of activities and accomplishment of results. So, from issues, we go to solutions; we have various options to arrive at the solutions and make the final choices.

Each of these four components that is vision, strategy, structure, and execution has to be run through a four stage process of identifying the issues, developing the solutions, short listing the options and making considered choices. This four step process is vital for the four components, and with the greatest need and emphasis being for strategy as the overall canopy and overall direction for corporate growth and execution.

Thank you, we will meet in the next lecture.