

Changing Paradigm for Corporate India

The Indian Corporates are again changing with the change of New Year. They are realising the importance of corporate governance. The sense of increasing value for all the stakeholders rather than only the shareholders is now understood in loud and clear manner. The attainment of scale and size rather than soaking in the exemptions will be resonating in the minds of the entrepreneurs. The harbinger is none other than the Insolvency and Bankruptcy Code that has put the promoters at risk of losing the control over the long cherished but ill managed enterprises. The delayed payments for the business partners and creditors will not be a norm as an independent person will be made in charge of the business, once admitted for default by the special courts named National Company Law Tribunal. The discipline of cash management will gain maximum space of mind.

The dependence of the corporate sector on bank borrowings is going to come down with the emergence of bond market and the Alternative Investment Funds. The sharing of credit burden by different markets will evolve the best practices that need to be followed by market players thus changing the Indian Banking sector. The Banking sector will shift from investing in Dated Securities of the Government to the AIF, Insurance sector and Pension Funds who will in turn be managing the money by lending and investing risk capital. The whole financial sector will get reformed with market regulator introducing the norms for various players and broad basing the financial sector intermediaries. The diversified portfolio of the banks will put them at less risk and able to withstand the vagaries of the cyclical business trends.

The introduction of GST has done away with the protection of inefficiencies for unorganised and small sector. The competition will be intense for these SME as economies of scale will help the organised players to offer competitive prices with higher quality standards.

So what does an Indian Corporate do to strategize its business?

First and Foremost, plan the business in niche areas and keep innovating within your area of operation.

Keep on making your learning curve steep so as to ride the next wave smoothly. This needs to be done by updating your business skills, knowledge of best practices and integrating your business with the changing trends.

Do not expect any exemptions from the Government, as the business will be competing on global level due to breaking down of Tariff and Non-Tariff Barriers.

Develop USP for the business so that you are recognised out of the crowd.

Follow the Corporate Governance structures even at the small scale to make your transition smoother.

Remember, there is no shortage of capital for a sound business and the conviction in your business should exude from each thought and ensuing action. However, one should also note that with ever changing world, there is no business that can be run in a same format for years to come. We should be able to adapt ourselves to the changing demands and preferences. Therefore, it is always better to be a lean organisation that can translate any change in strategy swiftly. Having a lean structure does not mean unorganised in any sense. There is a sea difference between informal and unorganised structure.

At last, I want to emphasise on the ever present feature in any business and that is Communication.

This skill has gained increasing importance with the change in business trends. The effective communication not only helps in deriving the place for your business but also increases your efficiency. The best part about it is that it's always two ways and with the expanding reach of social media, you are bound to get feedback more than you expect. The flow of communication should not stop even in the times of stress as the planet earth is round and keep rotating. It will never stand still and keep on revisiting its mean, as exemplified by the Regression Analysis Tool.

To achieve success, there is no other formula but to keep focus on your USP.

HAPPY NEW YEAR AND HAVE A GREAT YEAR AHEAD