indian management

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COMPETITION VERSUS COLLABORATION

STRETCH TEAMS

Marianna Zangrillo and Thomas Keil

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PRESIDENT'S MESSAGE

Collaboration trumps competition?

Shrinivas Dempo is President, AIMA & Chairman, Dempo Group of Companies.

In the present-day context, businesses need specific attributes to make a mark and thrive long-term. These include an innovative mindset, an inclusive culture, and a simultaneous pursuit of profit and purpose. And what these invariably entail is an environment of collaboration and co-creation as opposed to competition.

Traditionally businesses were driven solely by a competitive spirit, with the strategic goal of gaining an edge over others and making a profit. However, as technology advanced and new markets, businesses and business models emerged, competitive advantage became increasingly elusive. Innovation became imperative for growth, leading to a complete overhaul of the work paradigm. Breaking down silos, working cross-functionally, and harnessing collective talent became crucial.

The Covid-19 pandemic highlighted this interdependency, as organizations across the world and nations worked together with a shared purpose and commitment in vaccine manufacture and delivery efforts

The current times too build a strong case for collaboration, not just within organisations but also outside of them. Firstly, the world is getting more interconnected by the day— largely enabled by technology—and businesses can no longer exist in isolation as profit machines, as they did in the competitive era. They need to exist in relation to others and require mutual support to achieve larger goals. The Covid-19 pandemic highlighted this interdependency, as organizations across the world and nations worked together with a shared purpose and commitment in vaccine manufacture and delivery efforts.

Secondly, we live in a knowledge economy where ongoing learning is essential for organisational growth. This further underscores the importance of teamwork, enabling people to understand and embrace diverse perspectives, recognise their own blind spots, acquire new skills, and cultivate a culture of collaboration and innovation. Ultimately, these efforts enable organisations to maintain their competitiveness and adapt to the constantly evolving business landscape.

In his book *Fearless Innovation,* Alex Goryachev, former managing director of Cisco's Global Innovation Centers, highlights the prominence of collaboration and co-creation as prevailing concepts of the 21st century. And how there are numerous instances of creative partnerships among diverse entities such as businesses, customers, governments, academia, and non-profit organisations. For instance, Cisco itself partnered with National Geographic and Kevin Pietersen on the *Save This Rhino—India* documentary, which tapped into the wider wisdom of the ecosystem, including the impacted community, to find the best solutions for protecting rhinos in Kaziranga National Park and addressing human-animal conflict.

This is not to discredit competition entirely. Competition can drive motivation and lead to success and growth. However, it can inadvertently create isolated "islands of growth" devoid of the diversity of ideas,

It is the responsibility of managers to establish a robust framework that effectively motivates individuals from diverse backgrounds and with varying skill sets to work together and collaborate seamlessly.

talent, and the extensive knowledge that collaboration brings. A collaborative environment, on the other hand, is much more inclusive as it transcends boundaries and creates teams that work together, achieve together, and embrace failure together.

Despite the numerous advantages it offers, the concept of collaboration has faced criticism from various quarters. One common concern is that excessive collaboration can lead to exhaustion and reduced productivity levels. Some argue that in a competitive environment, where individuals take centre stage—the value of the individual is diminished in collaborative settings. Ideas, even when originating from a particular person, are often considered a result of collective thinking.

While this perspective may initially appear demoralising, it is important to recognise that collaboration is essential in an innovation-centric environment. It is the responsibility of managers to establish a robust framework that effectively motivates individuals from diverse backgrounds and with varying skill sets to work together and collaborate seamlessly. The atmosphere should be constructive at its core; with buy-in on important decisions, team members respecting each other and engaging in interactions without ego or bias. It is crucial for individuals to feel comfortable expressing their opinions, even when they hold different or dissenting views. Moreover, there should be ample room for each person to bring his or her voice and skills to the fore, while also fostering the development of collective wisdom.

Collective thinking and action will continue to be essential as long as businesses focus on innovation to offer a leap in value. And collaboration will remain a key driver to foster growth and improve the bottom line. Competition undeniably has an allure of its own and there is no harm in employing a healthy dose of it, provided one-upmanship is kept at bay. But it should be clear to businesses that while competition may lead to good outcomes, it is collaboration and co-creation that can bring the best results—always. IM

The opinion expressed is personal.

EDITOR'S NOTE

Dear Readers,

Where there is business, there is bound to be competition—direct or indirect. And where there is competition, there arises the need for collaboration. The nature of most business landscapes is such that every entity that operates in them has to make a choice between competition and collaboration.

But, in reality, there is no right answer to the general question- "What is better- competition or collaboration?" Each has its merits and demerits. What it takes is a visionary leadership, to figure out which of the two approaches suits their business model better—not just in terms of finance and profit, but also in the context of what is good for the employees and other stakeholders, in the long run. Another perspective on this topic is to strike a balance between the two. Yes, paradoxical as it may sound, collaborative partnerships between competitors do exist, and they have often reaped benefits for both the parties; the Sony-Samsung case of 2004 is a fine example.

However, the conundrum of competition versus collaboration is not just limited to 'between oraganisations', but also within an organisation—between teams, departments, etc. Marianna Zangrillo and Thomas Keil, authors, *The Next Leadership Team*, write in the cover story of this issue, "While many leaders predominantly lean towards either competition or collaboration, some leaders manage to balance the two in what we call a Stretch Team approach—an innovative blend of competition and collaboration, enabling simultaneous execution of their conflicting demands…these leaders have created dynamic team structures that have propelled top-performing companies to new heights."

What is your take on competition versus collaboration? Do write in with your views to **imeditorial@spentamultimedia.com**

Maneck Davar

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A STRATEGIC APPROACH

Dinesh Bhogale

Stretch teams

When collaboration or competition is not the right question, building leadership teams that 'stretch' to resolve the paradox is the order of the day.

✦ MARIANNA ZANGRILLO AND THOMAS KEIL, AUTHORS, *THE NEXT LEADERSHIP TEAM*

Dinesh Bhogale

In 2019, Sara Mella ascended to the position of head of personal banking at Nordea, the largest Nordic bank in terms of assets. With a career deeply rooted in banking and punctuated by a brief stint in publishing, Mella found herself tasked with spearheading a team of professionals across Nordea's markets. The challenge was not just about enhancing the private banking business performance but also shifting the organisation toward an integrated approach.

The backdrop for Mella's appointment was an industry known for its fierce competition. Banking often celebrates individual triumphs, with the emphasis on solitary success stories often eclipsing the importance of teamwork—except when absolutely indispensable. Against this competitive landscape, Mella was tasked with steering a pre-existing team that was far from a cohesive unit. In an interview she noted: "When I came to this position, there was an existing team. There were very strong individuals and experts, but there were also many strong egos. And the team was not optimally coherent in how it worked. There were some individuals that were often colliding and hitting heads against each other. There was also some competition among the individuals. So, the key question for me was what approach would help me to leverage the individual performance and counter the conflicts?"

The need for a balance between competition and collaboration is not restricted to the banking industry. When designing their leadership teams, CEOs and executives often find themselves caught between the power of two contrasting principles: competition and collaboration. Rising through the ranks to secure a place in the leadership team demands individuals to be ambitious, highly confident, and top performers in their field. These professionals must demonstrate an intense competitive spirit, which serves them well as they take charge of significant functions or businesses. But paradoxically, as these individuals climb the hierarchical ladder, their individual successes start to matter less compared to the overall performance of the organisation and they need to learn to shift from a competitive stance to one of collaboration.

Competition and collaboration are often in direct conflict. An executive's decision that benefits their unit could potentially hinder the performance of others and the organization. On the other hand, a choice beneficial for the organisation may have detrimental effects on the executive's unit. It's this tightrope walking that puts CEOs and executives in a seemingly paradoxical situation when deciding the guiding principles of their leadership.

The idea of Stretch Teams

Our research suggests that while many leaders predominantly lean towards either competition or collaboration, some leaders manage to balance the two in what we call a Stretch Team approach—an innovative blend of competition and collaboration, enabling simultaneous execution of their conflicting demands. By refusing to side exclusively with either intra-team collaboration or individual competitiveness, these leaders have created dynamic team structures that have propelled top-performing companies to new heights.

This type of leadership team consists of members that are highly competitive but also willing and able to selectively collaborate, engage in selective joint problem solving, and do so through intense debate and constructive conflict. They are also able to balance competition with collaboration and focus on common goals.

A brilliant example of this balance is John Hinshaw at HSBC. His leadership team is a melting pot of individuals with diverse backgrounds and career stages. In his words: "My team is very diverse…I find these are the best teams—diverse teams that bring different perspectives and try to balance competition and collaboration. Balance is key."

Challenges of Stretch Teams

Although it sounds appealing, the Stretch Team approach is not foolproof. Our research indicates that it doesn't always outperform other management styles, and there is an even higher failure rate associated with it. The main reason lies in the inherent trade-off between competition and collaboration. It is like walking a tightrope: if you lean too much towards competition, collaboration becomes difficult, and the reverse is also true. The process of selecting individuals who can skillfully balance both aspects is challenging, which could potentially lead to compatibility issues within the team.

However, when successful, the Stretch Team approach beautifully integrates individual initiative, competitiveness, and entrepreneurial spirit with coordination, teamwork, and collaboration. It strikes a balance between extreme competition and extreme collaboration, effectively reducing ego clashes while maintaining the team's dynamism.

When are Stretch Teams the right solution

It is crucial to remember that the Stretch Team model is not a one-size-fits-all solution. Rather, it needs to be matched to a company type and situation that leverages its strength. It is often the ideal leadership approach in large multinational organisations that need to pursue seemingly conflicting goals. Companies such as UK-based Unilever, US-based Procter & Gamble, or Japan-based KAO produce a large variety of consumer goods, but have introduced interdependencies in terms of shared upstream technology, or downstream channels to customers to create the potential for synergies. Similarly, large service companies such as India-based Wipro, or UK-based HSBC operate across very different markets that each require a distinct approach yet try to capture

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Marianna Zangrillo is partner, The Next Advisors. Marianna is author, *The Next Leadership Team: How to Select, Build, and Optimize Your Top Team.*

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synergies across these markets. The Stretch Team approach is at its best in these situations, where companies are operating across multiple product markets, geographies, or even businesses while trying to share technologies or capture synergies which create the interdependencies that require simultaneously a high degree of coordination across units and rapid decision-making within individual units.

How to implement Stretch Teams

To build a Stretch Team, leaders need to consider three critical steps:

- Team selection: Identify individuals who can thrive in an environment demanding both competition and collaboration. This involves picking a mix of high-achieving performers and team players, ensuring that each individual is capable of working in a stretch team environment so that the mix does not disturb the team dynamics. Vital selection criteria include a balanced ego, complementarity skills, and the ability to switch between competitive and collaborative behaviours.
- Team building: After selecting the right individuals, the next step is to forge them into a cohesive team. This requires setting up a clear and compelling purpose, creating an environment that enables collaboration and competition, and devising decision-making processes that accommodate the diverse personalities within the team. It also involves setting firm behavioural norms that instil a sense of psychological safety among team members.
- Team optimisation: Building a Stretch Team is an ongoing process. CEOs and executives need to consistently align their team's understanding of industry challenges and the strategic direction of the organization. Performance management becomes crucial in this journey, with a focus on clearly defined goals and fair rewards. As market dynamics evolve, the team should also be prepared for change while maintaining its core orientation.

In conclusion, while the Stretch Team approach may not always be the right answer and might even be more challenging to implement, it offers an innovative balance between competition and collaboration. It's a novel approach that promises high rewards if executed correctly and in the right environment. IM

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Dinesh Bhogale

Leadership is all about building trust and sharing responsibility.

✦ J DEVARPRAKASH, TARAPUR ATOMIC POWER STATION

Team up with synergy

Neil Armstrong was the first ever human to step on Moon. But it was not him alone who made this remarkable mission, known as Apollo 11, which put man on Moon, possible. There were scientists, engineers, technicians, logisticians, managers, support staff, and numerous others working as a team towards this goal. According to NASA, about 400,000 people toiled for years to help make Neil walk along with Edwin 'Buzz' Aldrin on the surface of Moon. Had there not been a team or a common goal, this prodigious expedition would not have happened. Even after over five decades, the Apollo 11 mission is marked as one of the best team efforts humans have ever put in.

Be it small mom-and-pop stores or large conglomerates, workforces come together as team with a common goal. In a small shop, the employees' could be good sales. In big organisations, the aim could be the larger vision of the company. In both instances, the word 'team' is common. As Henry Ford, founder of Ford Motors, put it, "Coming together is a beginning. Keeping together is progress. Working together is success," building and managing a team requires a good mix of knowledge, skills, and thoughtfulness. While a plenty of pedagogies are practised for team work in organisations across the globe, here are some ideas from nature and an ancient Indian epic that tell about building and retaining team spirit.

Building trust

Broken trust led to the fall of the biggest empire in Hastinapur, as narrated in the great Indian epic *Mahabharata*. Pandavas had trust in Dhritarashtra (brother of their father Pandu) who was the king of Hastinapur. After their father's demise, Pandavas lived with Dhritarashtra and believed that he will protect their rights. But, Dhritarashtra always assayed to deceive Pandavas by snatching their right to rule and giving it to his own son Duryodhana. This shattered Pandavas' trust in him (their then leader) and the Kauravas (the other team members). The situation caused a great war between two groups in the same family. Had Dhritarashtra respected the trust of Pandavas and maintained team spirit, there would not have been a split up and both the Pandavas and the Kauravas would have remained in the same team.

Building confidence among the members of the team is key in holding up a good team spirit. Trust, a conviction which is built over a period of time, creates stronger connection between the employees. Acknowledging people emotions, being honest and supportive, being transparent, building accountability, soliciting feedback, and appreciating generously are some of the best ways to build and maintain trust in a team.

Sharing of responsibility

Every winter, the bar-headed goose flies in big flocks from its breeding places such as China, Tibet, and Mongolia to most parts of India, crossing several thousands of kilometers to spend the winter. When migrating over such a long distance, the birds follow a characteristic, v-shaped pattern of flying which reportedly improves their efficiency. Some birds fly in the front, leading the team, some birds fly on either sides of the formation, following the chief, but every bird in the group has a role to play. This is an ideal example of how all the members in a team should own their responsibility to achieve a common goal. If being responsible is a good team synergy, being considerate is a great virtue. These birds take turns to lead, as the birds that fly at the front are most prone to fatigue. So, the key objective is to keep moving while taking care of each other.

Steering the team

A few years ago, over 40 individuals of shot-finned pilot whales, a large sea animal that belongs to dolphin family, got stranded on the beach near Tuticorin in Tamil Nadu and died. As the name suggests, these whales move in groups guided by a leader whale, known as pilot. One of the reasons for the tragic death of this group of whales, according to environmentalists, was that the pilot might have been misguided by water current and the bewildered leader whale swam towards the shore. Others in the group simply followed the pilot and got beached too.

Team leaders should be cautious when steering a team—as the wrong move can have an adverse impact on the entire team.

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Encouraging participation

Lord Krishna is known for performing miracles. With his infinite set of supernatural powers he could have wiped out the Kauravas in the blink of an eye. But he chose to remain as a guide and mentor, throughout. His philosophy was that if he himself fought the Kauravas and defeated them, the Pandavas would never learn anything and would never realise their true potential. So, he prepared the Pandavas for the fight. During the Kurukshetra war, Lord Krishna showed great superintendence by leading the Pandavas to victory. This episode teaches us that a leader should enable his team members to explore and utilise their talents, instead of micromanaging. IM

ABOUT THE AUTHOR

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Donna Griffit, author, *Sticking to my Story: The Alchemy Of Storytelling For Startups*, counters myths about the fundraising process, and how you can actually overcome them and write a winning pitch deck.

MYTH BUSTER

Your story matters

It is once again time for that 'deep dip' on that crazy startup roller-coaster. It seems to be a blend of '2001 meets 2008' with a pinch of 'March 2020' in the early lockdown days thrown in. Every day, markets are fluctuating, big companies are firing, crypto companies are under fire, new AI tools are being released, crushing the spirit and the business of startups, and it feels like reality has gone virtual. One thing is certain though, the way you tell the story of your startup matters now more than ever. Here are a few myths about the fundraising process, and how you can actually overcome them and write a winning pitch deck.

MYTH 1: DATA AND METRICS ARE THE ONLY THINGS INVESTORS CARE ABOUT.

There's no doubt that your numbers count a lot; but numbers are not enough. When you tell a story to investors, you need to engage them, show them that you understand your audience deeply, you feel their pain, you know what they are using now to ease that pain, why it is not enough, and why your solution is truly needed. If you can do that, it proves that you understand your market and that there is a real problem that still needs solving.

I am not saying that you do not have to have numbers at all. As a matter of fact, numbers can make them believers and they will be scrutinising your numbers—past, current, and projected. But if you write a compelling story about why you started your startup, why there is an acute need for your solution, why it is different, and what will you do that others did not, it can increase your chances manifold.

MYTH 2: STORYTELLING AND CREATIVITY HAVE NO PLACE IN THE BUSINESS WORLD.

When we start off as young kids, we have endless creativity. We play, we paint, we make up games, we live in a world of pure imagination. Then we go to school, college, business school, and our creativity juice spigot is shut down in place of large, seemingly impressive words and structured writing. It is time to get back to that primal

source of creativity that is very much still alive, albeit a bit obscured by chalk, markers and button-down shirts.

What this means is that, if anything, storytelling and creativity have a much more important place in the world right now. With ChatGPT and other AI tools that can help us make things more efficient, what will set you apart is creativity, empathy, and the ability to see beyond just the writing box. If you can show your innovation, your areas of genius, and your unique creativity within your story, and also what makes your startup shine and stand out from everyone else, it is a great indication to investors that you will be able to use that creativity and gumption to create lasting differentiation.

A great product sitting on a shelf for a server is really not that great. In order to get your product out there, you have to be able to tell a stellar story about what truly sets it apart from others.

MYTH 3: INVESTORS ARE ONLY INTERESTED IN WHAT YOU ARE DOING 'RIGHT NOW', NOT HOW YOU GOT THERE.

Investors do not need to know every single hairy step that got you to where you are right now. However, showing them your journey can showcase a lot about who you are. Share what gave you this idea in your 'Founder Story'. Talk about what compelled you to take this crazy journey and leave the comfort of a nine to five job with an actual salary that was ensured each month. What did you try along the way that worked or did not work? Why did you decide to create the product that you are working on now? These things can be woven in throughout your pitch deck, but they do not have to be what you start the story with. Because usually it is more important to show them the state of 'now'. Yet peppering in these anecdotes and showing your pivot points can show that you've had a thought out and intentional

journey up until now and that you knew how to watch for signals and pivot when the time was right.

MYTH 4: IF YOU HAVE A GOOD PRODUCT, NOTHING ELSE MATTERS.

Stewart Butterfield, the CEO of Slack, said in an interview with Reid Hoffman: "If there was one piece of advice I wish I could phone back and give to my (younger) self, it would be- concentrate on that storytelling part, on the 'convincing people' part. Because if you cannot do that, then it doesn't matter how good the product is." This is from a startup CEO and founder who is known for creating amazing products that are used by hundreds of millions of people around the world every second. If he realises that just having a good product is not enough, then we better get a jump on our story!

A great product sitting on a shelf for a server is really not that great. In order to get your product out there, you have to be able to tell a stellar story about what truly

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sets it apart from others, why it is needed, how it works, who it is geared for, and how it will truly transform a market. If you cannot do that, it really doesn't matter how great your product is.

MYTH 5: RAISING CAPITAL IS THE END GOAL OF EVERY START-UP.

When I see announcements about startups that have raised big rounds or even those that have been acquired, sometimes for a very paltry few million dollars that don't even amount to what they raised in capital, it makes me very sad. Often times, founders are so gung-ho about raising their round that they lose sight of the fact that funding is just the fuel that you need to drive your vehicle forward and attain significant growth and scale. It is a means to an end, not the end itself.

Granted, raising a big round is a cause for celebration and an indication that you are on your way and that investors have faith in you and were actually able to see into the future and hedge their bets on you. The question is, do you really have what it takes to take that money and grow a product to a multi-billion-dollar market? Investors are looking for big returns; 10X. They have a commitment to their investors, and they must be able to show that your company has the potential to give them those returns. They are looking for the lasting differentiation that will give you the long haul success. In an era where everything is so tenuous and changes are happening every day, you want to make sure that you are showing them that you are in it to win in the long run; raising funding is a great way to get there, but not the destination.

So make sure your stories stick. IM

Dinesh Bhogale

What should companies focus and lay emphasis on in a legacy to digital transformation?

✦ STEPHEN J ANDRIOLE, AUTHOR, *THE DIGITAL PLAYBOOK*

Post-legacy lessons

Many companies struggle to find the money, vendors, and teams to modernise their infrastructure and applications. But as they approach an all-digital world, it is no longer a nice-to-do activity, but essential for competitive survival. But removing legacy constraints is only one part of a digital strategy. There are many more that managers and executives should pursue:

- First, make sure that your company understands what legacy replacement really means. Legacy is not simply an 'upgrade'. It should be understood as preparation for market competitiveness. Legacy infrastructures and applications undermine initiatives that leverage emerging technology for competitive advantage. In order to 'play' in the digital world, companies need to see modernisation as a launch pad, not as replacement therapy.
- The end-of-legacy should immediately enable the development of a new digital strategy—a real one that was perhaps for years constrained by the reality of what 'could' versus what 'should' be done. Now there is no distance between business and technology. Said a little differently, all companies are, to some extent, technology companies. Post-legacy strategic thinking should proceed aggressively and creatively toward a business-technology strategy—comprised of objectives, scope, and competitive advantages—that enables profitable growth. It should also backfill the business model and business processes that fulfill the strategy. In short, post-legacy companies should feel free to play in the all-digital world with a new business-technology strategy that is communicated throughout the organisation. There should be no doubt that the company has been 'freed' of legacy constraints and is now positioned to aggressively compete.
- The need for transparent business processes and the business models they comprise, is top-of-the-list for post-legacy companies. Companies should identify the processes that can be improved, automated, eliminated or re-invented that will generate profitable revenue. They can do this through process mining. They should develop process inventories that describe and explain their products and services so they can see where opportunities— and landmines—lie.

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Process mapping is a discipline unto itself. Companies should invest in business process modelling, business process mining, and business process management – BPM3 – before they turn to the technologies that will enable process/product/service improvement, automation, elimination or re-invention.

- Next, post-legacy companies should identify the emerging technologies that will help them improve, automate, eliminate or re-invent their processes/products/services. These days it is all about AI, machine learning, and generative AI, but there are many other technologies waiting to help. The key step here is to 'match' processes to technologies. This is where the real leverage lies.

Some of the emerging infrastructure technologies include 5G/6G, no- code/low-code/generative AI programming, data lakes and data fabrics, edge and fog computing, quantum computing, blockchain, cryptocurrency, hybrid/multi-cloud computing and cybersecurity meshes. Some of the applications-focused technologies include social media analytics, wearables, augmented reality, virtual reality, robotics, robotic process automation, the internet of things, the internet of everything, 3D modelling and manufacturing, total experience technology, the metaverse and, of course, AI/machine learning/generative AI.

The matching process should involve rapid prototyping to determine if the process improvement, automation, elimination, or re-invention is impactful. A prototyping shop should be created to enable companies to 'fail-fast-and-fail-cheap'.

- Companies need to understand the full range of core competencies they need realise their business-technology strategy. They need to understand the distinction between brains versus brawn. Companies need brains to define their strategies, business models and enabling processes/products/services, and brawn to help them execute, which amounts to a sourcing strategy where companies should in-source brains and sometimes outsource

Companies need brains to define their strategies, business models and enabling processes/products/services, and brawn to help them execute, which amounts to a sourcing strategy where companies should in-source brains and sometimes outsource brawn—never the other way around.

brawn—never the other way around. Core competencies should always include brains; seldom brawn. They also need to understand emerging technologies and their trajectories. Matching—the ability to understand relationships among processes/products/services and technologies—is one of the most important post-legacy core competencies.

- Post-legacy companies should also commit to innovation. Now that their legacy infrastructure and applications have been replaced (as well as some budgets), they can focus on the technologies that enables next generation business processes, products, services and business models. This is must-have core competency. Innovation should not be a haphazard activity, nor should it be strangled with processes, such as a strict stage-gating methodology. Balance is the watchword here.

  While companies should encourage ideation, they should manage it within and slightly beyond their companies. The last thing companies need is an ideation free-for-all. They should develop a set of due diligence criteria for advancing through the gates form ideation to impact hypotheses to prototype testing. The objective should be new processes, products and services, not fidelity to any official innovation methodology.

  Companies should also be careful about formal innovation organisational structures with their own chiefs, teams and budgets. The risk is that these organisations live to protect themselves, not to serve the overall innovation mission.

  The process-technology matching process should be the basis for innovative thinking. It can be organised as short-term, medium-term, and long-term—which is how most of us think about innovation. Post-legacy companies should not restrict innovation to long-term disruption, but should include innovation at all phases of a company's lifecycle.

- Companies need the right talent to take all of these steps. It is likely that the talent necessary maintain and support legacy technology is completely different than the talent necessary to prosper in an all-digital world and take the steps described here. But post-legacy talent focused on business-technology strategy is hard to find and even expensive to keep. Another core competency? Absolutely. Incentives management is also part of the challenge, since the talent you recruit to your company is the same talent your competitors need. If you look at just one technology talent—generative AI—there is a shortage that has made the recruitment and retention challenge enormous. When did prompt engineering become a skillset?

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Perspective

Post-legacy companies should keep some things in perspective. Here are seven:

1. Digital transformation can be incremental, modernisation-based, and disruptive. Companies should temper their post-legacy transformation with a mix of transformation targets.
2. AI, machine learning, and generative AI are as important as the media portrays. Companies should invest heavily in these technologies since they have major transformation potential.
3. Cyber attacks are inevitable. There's no amount of money that can prevent all attacks. Some will occur. Make sure you've invested in insurance and the necessary technologies to satisfy the cybersecurity auditors. While your customers will be annoyed by breaches that affect them personally, they may not leave because of a single breach.
4. Track regulatory policy closely. One stroke of the pen can change your world.
5. Manage your post-legacy team carefully. Make sure everyone understands that now that legacy constraints have been removed, the company is free to re-invent itself with a whole new business-technology strategy—and that is exactly what it intends to do.
6. Make sure you innovate, which is the lifeblood of competitiveness.
7. All of this requires talent that understands business processes, emerging technologies, sourcing, process-technology matching, prototyping, and business-technology strategy.

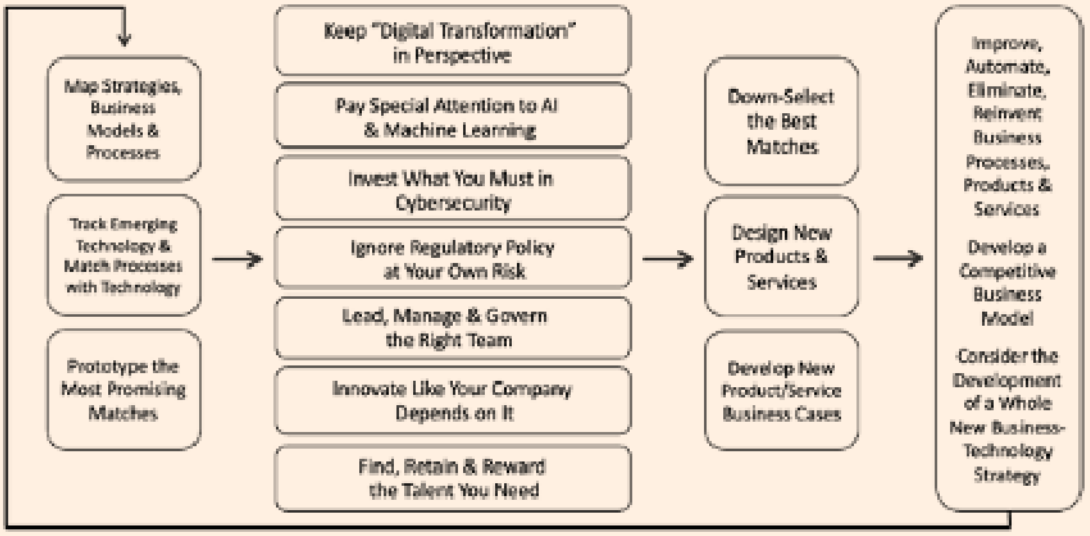

Figure 1: A Post-Legacy Game Plan

Conclusion

Figure 1 is a game plan.

Note how much emphasis is placed on strategy, business process matching, prototyping, and stops along the way to places like digital transformation, AI, cybersecurity, regulatory policy, leadership, innovation and talent, and how companies should see all this as a repeatable flow.

Post-legacy companies should free themselves to pursue the process described in Figure 1. In an all-digital world, they have no choice. IM

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Dinesh Bhogale

Trust—a belief in the abilities, integrity, values, and character of any organisation—is one of the most important management principles.

✦ ZAIN RAJ, AUTHOR, *THE PYRAMID PUZZLE*

Trust is a must

This epiphany started with a question asked at a business event attended by senior corporate leaders, credentialed academics, consultants, and a few entrepreneurs and business owners like me. The question: "What is the most important principle in business?" "Operational excellence," said one person. "The business model," said another. "TAM" said a third voice. "Innovation," said another. And so on.

Most of the responses focused on similar strategic and tactical attributes leveraged by smart and successful businesses. However, I believe they missed a critical component that impacts true business performance.

Most businesses think of themselves in narrow terms, describing themselves by the category they operate in or the type of work they do. "We're a manufacturing . . . services . . . creative . . . transportation . . . etc. business," they claim. This is a trap. What they need to realise is that really, at the root, they are in the people business.

As Peter Drucker, the most influential business thinker of our generation, said: "The only reason for a business to exist is to create and keep a customer." Customers of business are people. Suppliers to business are people. Employees of business are people. Businesses exist only because people serve people. And the tie that binds these three critical stakeholders in any business is one word: Trust.

Trust is one of the most vital management principles. It is a belief in the abilities, integrity, values, and character of any organisation. Trust is essential for building successful relationships and can have a huge impact on business performance—from improved financial outcomes and customer loyalty to employee engagement and resilience.

Customers expect a business to deliver on its promise and will only be loyal to the business that consistently meets, and preferably exceeds, their expectations. Suppliers expect the business to appreciate the value they deliver by treating them as true partners. Employees desire the business to see them as passionate advocates and critical drivers to its success. There is compelling data that proves this thesis.

According to a study in *Harvard Business Review*, employees at high-trust companies report 74 per cent less stress, 106 per cent more energy at work, 50 per cent higher

productivity, 13 per cent fewer sick days, 76 per cent more engagement, 29 per cent more satisfaction with their lives, and 40 per cent less burnout than people at low-trust companies. Another study by Watson Wyatt Worldwide, an HR consulting firm, revealed that high-trust companies outperformed low-trust companies in total return to shareholders by 286 per cent.

In a research done by Edelman, a leading PR agency, 81 per cent of consumers said trusting a brand to do what is right is a determining factor in their purchase decisions. And in the same research, 65 per cent of consumers stated that they will not buy from a company they do not trust. The same is true about relationships with suppliers and partners. A survey by Accenture and the Economist magazine found that 43 per cent of executives believe that the lack of trust is the biggest obstacle to successful collaboration with external partners.

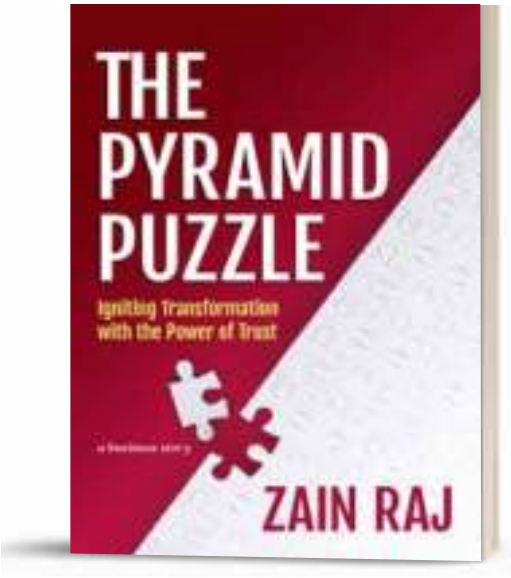
Trust is a fundamental aspect of human society. It enables people to interact with each other, exchange resources and information, form groups and organisations, and comply with rules and norms.

There is a clear framework for building and maintaining trust

For these results we must first understand that the equation of trust is to set clear expectations and then consistently meet and exceed these expectations. While this might be easy to understand, it is terribly hard to execute. However, it can be accomplished by leveraging a framework grounded on proven social science principles, ancient wisdom, and modern-day management approaches. This can ignite powerful and sustainable business growth.

How do social science principles influence trust?

Trust is a fundamental aspect of human society. It enables people to interact with each other, exchange resources and information, form groups and organisations, and comply with rules and norms. It also affects the quality and outcomes of social relations, and it is the glue that holds society together, as well as a lubricant that reduces friction and uncertainty.



However, trust is not a given or a fixed attribute. It is a dynamic and context-dependent phenomenon that varies across time, space, and situations. It is influenced and challenged by various personal and societal factors.

Sociology is a branch of social science that studies trust as a construct and a property of social relations. It helps define and measure trust by providing conceptual clarity and empirical tools. It also provides frameworks and evidence to explain how trust is formed, maintained and changed. This science of today is rooted in the wisdom of ancients.

Trust has been a foundation of every historical narrative. From the *Odyssey* by Homer (celebrating the journey of the Greek

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hero Odysseus) to the story of Genghis Khan, who built the largest contiguous empire in history, the foundations of amazing accomplishments lay in building and maintaining trust with a wide and diverse range of people.

One of my absolute favourite epics (not just because it is from my home country) is the *Mahabharata*. At 100,000 verses, it is the longest epic poem ever written, thought to have been composed in the fourth century BCE or earlier. It is regarded as both a text about *dharma* (moral law) and history. In essence, the epic story represents an extended exploration of the responsibilities set forth by the code of *dharma*. In addition to recounting a heroic tale, the *Mahabharata* contains a collection of writings on a broad spectrum of human learning, including ethics, law, philosophy, history, geography, genealogy, and religion. It is a powerful source of wisdom and moral lessons that are relevant even today. The multiple ways the *Mahabharata* portrays trust help inspire actions in every aspect of life and business. It defines three foundational aspects: Trust in self, and how it helps us achieve our potential and fulfill our destiny; how and when we trust others, building strong and lasting relationships that create bonds and community; and finally, trust in God that can provide spiritual support to help overcome difficulties and challenges in life.

Modern business approaches amplify the impact by making it actionable.

After talking about social sciences and ancient wisdom, we need to ensure that these principles and wisdom can be organised in a way that we can execute in today's world. This is why the third foundation of the trust framework needs to use the Techmanity™ Management Approach, which integrates technology with a deep understanding of human needs to shape desired behaviours

across all critical business stakeholders.

This approach—an integrated, coherent framework and not a mishmash of different processes—is based on scientific methods, empirical evidence and rational analysis, and it is extremely important in today's highly dynamic environment. It leverages data across all aspects of the business: operational and transactional; syndicated, primary, first party- and zero-party data, providing a structure to make the fact-based, data-driven decisions necessary to shape desired behaviours.

Less than 10 per cent of people are willing to put themselves on the line to solve problems that they see in their companies. The potential for positive change is huge if you encourage experimentation and reward failure, and this will reap benefits that you can't even imagine.

The critical dimensions that are prioritised are customer-centricity, employee empowerment, continuous improvement, supplier support, data-driven decision making, and an abiding commitment to DEI If you're a leader, how do you build trust?

As a business leader, you play a crucial role in building trust. You set the tone for the culture and values of the business and establish norms of behaviour. Here are five ways you can create the best ecosystem of trust:

1. Set clear expectations. Make sure every stakeholder of your enterprise—employee, supplier, partner, customer, investor, etc.—understands what you will do for them, what they need to deliver and how you will treat them.
2. Consistently meet, and frequently exceed, these expectations. Do not get complacent and do not take any of your stakeholders for granted, as many business leaders do. They become successful and forget what brought them there. Do not be one of them; stay committed to raising the bar every minute of every day.
3. Create a culture of integrity and transparency. Make sure that your people understand the importance of truth and the need for openness and candour. Encourage them to challenge existing paradigms. Ask them to push further than you have yet envisioned. Most importantly, banish any and all 'white elephants' from your business.
4. Treat every person in the business ecosystem with respect. Do you treat your suppliers, partners, and employees the same way you treat your clients and your boss? Treat everyone around you and everyone in your ecosystem with the consideration and care that they deserve. Be even-handed, empathetic, and authentic.
5. Reward people who take chances. Less than 10 per cent of people are willing to put themselves on the line to solve problems that they see in their companies. The potential for positive change is huge if you encourage experimentation and reward failure, and this will reap benefits that you can't even imagine. It is a simple, yet, extremely potent, way to convert your critical stakeholders into trusted partners.

Most business leaders focus on various aspects of their business to drive success. Of course, operational excellence, business model, TAM, innovation, etc., are all important. However, treating the people who make your business what it is—your customers, suppliers, employees and other stakeholders—with the respect of clear expectations that you meet and exceed at every interaction is the one guaranteed way to success. By leveraging the framework grounded on social science principles, ancient wisdom and the Techmanity™ Management Approach, and building and maintain trust with all your constituents, your business can not just survive, but also thrive, even in today's ever-shifting business landscape. IM

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Dinesh Bhogale

India has been making the right moves on many fronts, but continued political will and action is paramount to script the success story of the nation.

✦ KRISHAN KALRA

India's march continues

So much has happened since I wrote 'India Shining' (*Indian Management*, February 2023 issue) that I really don't know where to start! Permit me do so with a subject somewhat different from the usual economic indicators like GDP, tax collections, infrastructure, market cap, FDI etc. I want to first touch upon inclusivity and diversity—subjects usually left on the back burner when discussing a developing country's progress, but equally or more important. Unless the wealth generated by a nation percolates down to bottom of the pyramid and is also distributed widely amongst regions and states, one cannot really call it growth.

My friend and highly respected columnist Shekhar Gupta wrote a beautiful op-ed 'Pedigree, past and present', a few days ago in his column 'National Interest'. Even though his focus was on the sad demise of Sir Ivan Menezes, at the young age of 64, and Shekhar wrote nostalgically about Sir Ivan's 1979 batch of economists from Delhi's St Stephen's college— ruing how things had changed after that class of distinguished scholars—who went on to occupy high positions in different professions; how they all came from well-educated, accomplished families, spoke correct English, had impeccable table manners, etc. and how different are people joining the corporate world, civil services, judiciary, defense forces, even management institutes after that.

It makes you think 'did 1979 really define change of an era'? Anyway, his nostalgia aside, what I found remarkable in this superb article are the facts that now all echelons of society are getting the new elite of India from Hindi medium schools and small towns. How, in all walks of life, it no longer matters where you come from, how well your daddy had done, what clubs and networks your family was linked to. Is it not that something to celebrate? To my mind, all that—which, of course, started perhaps twenty years ago but has accelerated now—is wonderful, as it speaks about the new, more inclusive and diverse India. I think it is a crucial social indicator for any developing economy and a true measure of holistic and robust growth. It was heartening to read stories about the IMA passing out parade on June 10 where many of the newly commissioned officers were sons and grandsons of NCOs and JCOs, who had their early education in villages where no one spoke English. In the recent UPSC exam too there were sons of a

loader at Mumbai Docks and a Kaithal grocery store owner's daughter, another bus driver's son and a police constable's son…amongst the successful candidates. This is the kind of profile of youngsters joining IITs and IIMs as well as large corporates, banks, IAS, and politics. Recent NEET (National Eligibility cum Entrance Test) results showed up successful cases of an illiterate parents' son from back-of-beyond Gadchiroli and also boy from a poor, cattle rearing family from Naukada in Rajasthan, who got a high 892 All India Rank that will assure him admission to a top ranking government medical college. To quote Shekhar, again "Etons, Oxfords, and Cambridges of India - St. Stephen's, Doon, Mayo, St. Columba's, St. Xavier's, La Martiniere are great institutions, may be India's finest still, but these are too few to meet our need for talent." Way to go for this great social change and emergence of the 'new Indian elite'.

Infrastructure development is going on at a rapid speed. We seem to have realised that China's economic growth owes a lot to its audacious infra build up or, for that matter, US economy picked up pace after they built an amazing network of highways all over the country.

Let me now move to some outstanding national achievements and path-breaking measures initiated to fast-track the economy.

G20 Presidency, to go by what Amitabh Kant, India's G20 Sherpa, says, "I believe this is a fantastic opportunity to present India as an investment and tourism destination. City infrastructure is being transformed, which will promote both 'ease of doing business and living'…. benefits of G20 will be felt not just this year but also in the years to come as the benefits of improved infrastructure and greater brand presence in key tourism markets will continue to accrue." Let us hope that all he says comes true, and finally, this largely neglected sector—tourism—gets the much needed attention, thereby turning it into a big growth area promising foreign exchange inflows and huge employment potential. G20 might, well, help in improving infrastructure at our glorious beaches, amazing forests, breath-taking mountains, awe inspiring ancient temples, historic forts, and everything else that we have for attracting hordes of tourists but has not happened all these years because no government had paid serious attention to this 'non vote catching' sector.

Infrastructure development is going on at a rapid speed. We seem to have realised that China's economic growth owes a lot to its audacious infra build up or, for that matter, US economy picked up pace after they built an amazing network of highways all over the country. In a recent interview with *BT*, Morgan Stanley India's MD, Desai, specifically mentioned about- (i) doubling of National Highways addition pace (ii) 7X rate of Railways Route Electrification and (iii) nearly 4X growth in Renewable Energy Capacity. He also made a pointed reference to (iv) Broad Band Subscriptions going up from 58.9 million in 2014 to an eye popping 771.3 million in 2023 and (v) astronomical jump in Digital Transactions that accounted for a mere 8 per cent of GDP in FY17 to an unbelievable 76 per cent per cent in FY 2022-23. And, there are the new, better quality and more comfortable trains being introduced frequently

So, as several commentators have said, "we have the Building Blocks in place and we are bound to grow faster than China" We also have the astronomical speed of 5G. Parents who used to worry that their children going abroad for higher studies will not come back home are now resting assured that they will return to the jobs and opportunities in their own country. Palki Sharma, in a vantage video early June, repeated what many global corporate leaders have said, "India's growth beats estimates and defies global slowdown." She also quoted a recent IMF statement- "India remains the fastest growing economy in the world despite our own slashing down of the 22-23 estimate by 0.2 per cent.

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Their projection for 2023-24 is 5.9 per cent and for 24-25 at 6.3 per cent. For some other major economies, they expect FY 23-24 as follows. USA - 1.6 per cent, Euro Zone - 0.8, China - 5.2 and Russia - 0.7."

India's own estimates are higher, based on factors like zooming exports, lower CAD (20-month low at $15 billion in April 23), weakening inflation (at a 25-month low of 4.25 per cent in May) unprecedented GST mop up (over ₹1.5 lakh crore on the trot during March, April and May, with April collections peaking at ₹1.87 lakh crore) and other indicators.

Already, the chief economic adviser has mentioned that the 7.2 per cent GDP growth reported for FY 23 is likely to be revised upwards during data revisions and he sees 23-24 growth anywhere between 6.5 to 7.5 per cent. Kant (BW 17 June) talks about an ILO 2023 study 'Global Employment and Social Outlook" which mentions "India's unrivalled ability to lead the increase in global productivity". In the same issue, Mehta, the outgoing CEO of HUL, is quoted "The world is conspiring to make India win."We now need to put this ability to practical use by increasing 'output per worker' and make ourselves more competitive so that our manufacturing sector too can excel and stand shoulder to shoulder with services. Let the 'world's conspiracy' succeed.

Let me now come to a few other points:

Exports: According to the union commerce and industry minister (2 June) "India's exports have gone up from $500 B to 776 B - a 55 per cent increase in just two years - and our sights are now set on a $2 trillion target by 2030." It is heartening to note that the FY 2022-23's total exports included almost $450 B of merchandise. We have indeed lost to Bangladesh and Vietnam in the garment exports area but more than made up with automotive and engineering sectors. And now there's excellent movement in export of defence equipment too.

China-alternative list: India now leads the pack of countries hoping to grab manufacturing activities being moved out of China. Whereas MNCs are also considering Vietnam, Thailand as well as return to home countries, a recent study showed that India tops the list. Final outcome will depend on precisely what facilitation is offered by

individual host states by way of land, power, movement logistics and labour laws, etc.

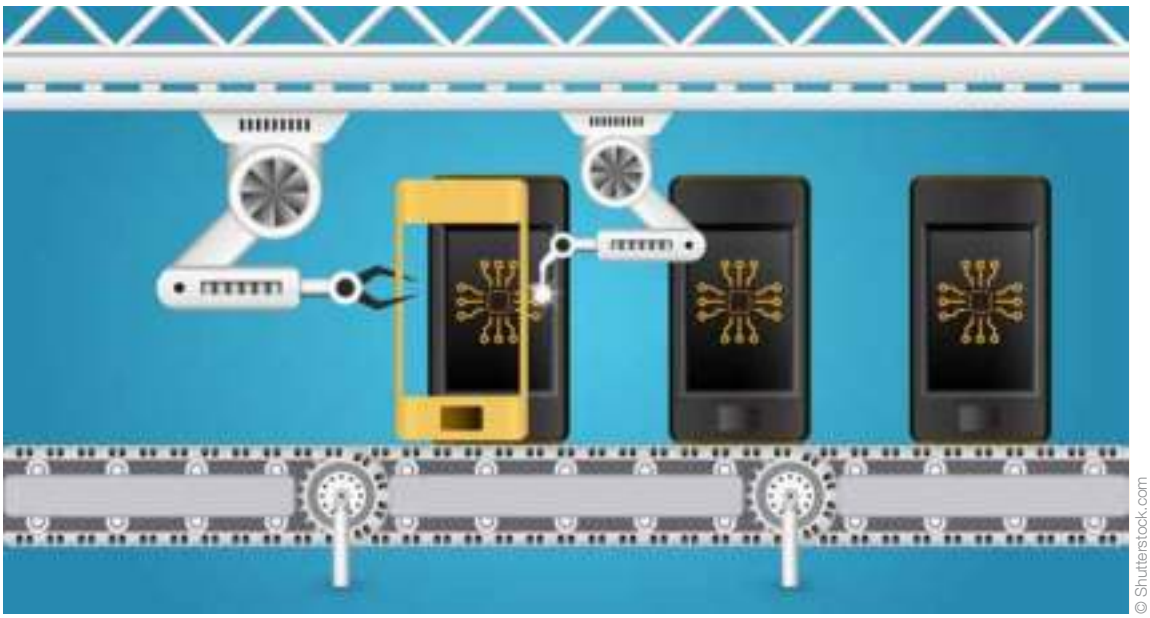
Motor vehicles production: An OICA (Organization Internationale des Constructeurs d'Automobiles, based in France) report put our 2022 figure at about 5.5 million (against 4.4 m for 2021) which includes passenger cars, LCVs, trucks and buses. We are ranked 4 in the world behind China at a whopping 27 million, followed by USA with 10 million and Japan at 7.8 million. It is also good news that sale of tractors during the year was over 9.4 lakh (8.4 in 2021).

Maruti alone is planning to invest $5.5 billion to double their production of cars, by 2030, from the 2022 figure of just a little less than 2 million (20.5 per cent more than the previous year) and they hope to triple their exports from 2,50,000 units in FYE March '23. The two proposed new factories will produce 1 million cars each.

Another happy augury is that the country's automakers together plan to pump in $10 billion, by 2030, for ramping up EVs production capacity. Prices of EVs are now closing the big gap with those of fuel run cars. Latest to show interest in making EVs in India is the iconic Taiwanese manufacturer Foxconn.

On the flip side, a recent reversal of subsidy for E-2 wheelers from 15,000 to 10,000 per kwh of battery fitted and capping of incentive at 15 per cent instead of the 40 per cent earlier might sink the projects focused on this segment. One would've thought government will bend backwards to encourage the fledgling projects to make the product cheaper than the fuel based two-wheelers.

Mobile phones manufacturing and assembly: Apple CEO Tim Cook's April visit to Mumbai and Delhi, for opening their company owned stores, is yet another indication of their increased interest in consolidating their base in our country. Indeed, May exports of iPhones were in excess of ₹10,000 crore.



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'India has failed in industry' myth not true: Veteran journalist SSA Aiyar, in his 14 June article in the *ET*, has written extensively about how this general perception about India doing well only on the 'services' front is not true! Our GDP break up does show 'services' at 54 per cent, 'industry' at 26 and 'agriculture' 20.

However, SSAA argues in his characteristic convincing manner, that there are different nuances (a) We churn out 6 lakh graduate engineers every year which is an advantage in higher skill industries like automotive, pharma, steel etc. as well as in services and R&D. Over 1,400 MNCs have set up their global capability centres here (b) Our failure in low wage, labour intensive areas like garments and footwear was perhaps more due to our rigid labour laws, excessive leaves and holidays that hurt our competitiveness.

(c) World Bank data on share of industry and services in employment in different countries shows that share of industry in jobs in India is not low at all. Of course this data includes, besides manufacturing, mining, electricity, water and construction. During the three decades from 1991 onwards, industrial jobs share in India rose from 15 to 25 per cent which is just a little lower than the 28 per cent in China

(d) During the same three decades, share of services in total employment rose from 22 per cent to 31 per cent which is far lower than the 47 per cent in China (e) Our failure is actually more in the agriculture sector where we employ a whopping 44 per cent of our total workforce for contributing 20 per cent to the GDP. It is probably a legacy from the days of 3.5 per cent GDP growth from 1947 to 1980. Interestingly, our three major software companies, Infosys, Wipro, and HCL, all have their roots/beginnings in hardware.

Boost to Indo-Us relations: There is lot of excitement about the state visit of Prime Minister Modi to the US which promises to herald a new dimension to the age-old ties that started in 1947! As an advance measure, DAC (defence acquisition council) has cleared a $5 billion deal to import high-tech, state-of-the-art 'hunter-killer' US drones. These predators, manufactured by General Atomics, are equipped with air-to-ground missiles and smart bombs. Another agreement between General Electric and HAL, to jointly produce GE-F414 engines to power the indigenous Tejas Mark 2 fighter jet, is already on the Modi-Biden meeting agenda. US NSA Sullivan, during his visit to New Delhi on 14 June made a significant statement "US has responded in a way that we have not seen before" to deliver material progress on the tangible areas of defence cooperation. Our plans to manufacture semi-conductors may also get a boost. Some memes even call it the 'Real AI' (America - India). It seems our common enemy China is finally persuading the US administration to loosen its stranglehold on high technology transfers. Just to put this in perspective, well known expert on Indo-US-China triangle Tanvi Madan recalls how we have moved from the time there were sanctions against India to several bilateral dialogues, groupings like Quad, participation in each other's multilateral initiatives, deeper defence and security ties, cooperation during crises like Afghanistan and COVID, escalation in trade ties, mutual FDI, energy cooperation, larger number of Indian students going to the US, increased travel both ways, diaspora dimension etc. She calls it all "an investment from both sides and definitely not a bet" as some detractors seem to think. Strangely, Blinken's sudden visit to China—perhaps a balancing act or a last ditch effort to appease

China—does seem to add some uncertainty about the outcome!

Challenges galore

Before closing, I must flag some hurdles and challenges to this glorious march forward. Frankly, that is a given in a country of our size, diversity, and complexities. The World's third biggest economy (second on PPP basis), in 2050 will also have the largest population (thankfully the peak) of nearly 167 crores, whereas China at that time is expected to have only 132 crore mouths to feed—and no one seems to have a clue about our 'Per Capita GDP' in 2050! Gautam Adani did mention $16,000 (7x of the present figure) but, I think, it is too optimistic. Do we really have a chance to become a high income economy before our population peaks? This edit answers in the negative and I tend to agree. We might move from lower-middle to upper-middle class status but mass affluence is unlikely. About other challenges, let me start with (a) our Achilles heel/albatross China—whom no one in the world has really understood. Despite being our number one or two trading partner (2022 $136B total trade with our deficit of about 100B) our neighbour does not miss any opportunity to needle us—on our borders or vetoing our permanent seat in the UNSC or blocking blacklisting of terrorists like Mir, even a failed attempt to stop Ajay Banga's appointment as the WB president; (b) Disheartening national health report, from ICMR, about wide prevalence of diabetes, hyper Tension, and obesity as well as Minister Irani's statement in the Lok Sabha about poor child health. Clearly public health needs a major toning up; (c) vitriolic inter-party and even individual political attacks and the never ending tussle between the centre and opposition ruled states; (d) greater polarisation; (e) unsatisfactory handling of the protracted protests by international medal winning wrestlers over serious complaints against a politician chief of the Wrestlers' Federation; (f) crumbling civic infrastructure of most metros and popular hill stations and insufficient efforts to develop new cities and hill resort towns; (g) grossly inadequate affordable housing for the poor; (h) effective duopoly in the domestic skies leading to frequent very high tariffs; (i) Manipur unrest turning violent; (j) far too many cases of law and order breaches especially by knife/gun carrying youngsters; and (k) lack of seats in institutes of higher learning leading to emergence of many 'coaching institutes' that put unbearable pressure on the young aspirants and their families.

Hopefully, central and state governments are working at finding early solutions. Otherwise, we believe in God and a billion prayers. IM

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