

“Don’t force-fit products to customer needs”

Posted online: Tuesday , January 15, 2008 at 0206 hrs

<http://www.financialexpress.com/news/-Don-t-force-fit-products-to-customer-needs-/261594/#>

*“One of the major concerns client sometimes have is to be advised by consultants who have never “lived” in their industry,” says **Christophe Grimont**, consulting director, APac, Synovate Business Consulting. “Especially in emerging markets, classical principles don’t always mean the same in practice.” Grimont would know. With over 15 years of experience in management consultancy, working for firms such as Openasia, Ernst & Young and Deloitte Consulting, Grimont has picked up valuable insights into entry consulting, business development, competitive intelligence and internal process improvement and efficiency. During a recent trip to India, he spoke to FE’s **Alokananda Chakraborty** about the trends in the consultancy industry.*

Consulting is beginning to boom again. What’s your take?

You are right to say that. Probably since 2003-04, strategic consulting started to pick up again with typical double-digit growth for the top players that we used to see 10 or 15 years ago. Probably, some doubts arose a few years ago when all the brightest people from the best business schools were attracted by the dotcoms and other start-ups. Despite the fact that businesses are changing fast—partly because of new technologies—there is still no substitute for a well thought out and planned strategy based on updated market facts.

The other aspect to this is that smart young people realised that assisting multinationals in shaping their strategies remains by all means one of the most exciting and challenging tasks that one can hope for. That means that the brain exodus to the dotcom domain has somehow reached a plateau and even decreased significantly over the last few years. Looking at the local context, it’s clear that with business maturity increasing, many large companies are expanding their positions in India and looking at the country as a strong development opportunity.

That was not the case a few years back when multinationals were still looking at whether or not they should enter the market and if yes, was it mostly to benefit from its low cost base or rather to penetrate the Indian market. Compare with China now, strategic consulting is even more in demand because the sophistication of the development strategies reached other phases: they need now to look for secondary metros, reach a larger market than the one available in the top two to three metros.

The same will happen in India and is happening to a large extent with large India conglomerates that are speeding up their development before international companies can make a significant entry into the market. You can see this in sectors like telecom, retail, car manufacturing etc.

Please talk a little bit about how strategy consulting has evolved over the past five years and where things are now.

I don’t believe strategy consulting has evolved a great deal over the past five years. We are talking about gradual changes, certainly not radical ones. One of these translates into the fact that clients trust not only very large strategy firms but also rely on smaller houses that have developed, over the years, a high level of expertise in some areas/specific sectors. One other trend, which started probably 10 years ago, is reflected in the fact that clients are not happy with nice presentation documents anymore. They want something that works, that is based on hard facts, has been proven elsewhere and is actionable.

Probably, we shifted somehow from a pure advisor role on the “what should we do next” to a role where the consultant has involved in the “what”, “how” and “when” can we make this happen. In a way, we can say recommendation accountability has increased over time as a result of seeing in the past too many large assignments leading to.

Do you see more corporate accountability today as compared to, say, five years ago?

This is probably one of the nicest aspects that arose through the business globalisation and the emergence of new technologies and web enabled communication media. Large multinationals started to understand that it's a survival issue for them to become more corporate accountable and show it to the entire global community.

When drug, car or toy companies sometimes withdraw hundreds of millions of US dollars of products from the market without being instructed to do so, when clothing companies take preventive measure and take serious actions against abuse of children or employees in general, that somehow shows the progress that has been made.

This shift is inevitable and will only increase as firms which fail to act in a proper manner have started to be badly hit. The development and increasing power of global brands brought a huge vulnerability to multinationals. Yet, in particular in lower cost developing economies for example, many issues remain partly because the media are too busy reporting on too many things. Looking at the environmental issues, we can see that we have a long way to go towards a more responsible and accountable corporate governance.

Describe the e-business solutions marketplace as you see it today. How is it changing?

In the past decade e-solutions made a lot of progress in terms of technologies and in terms of establishing a business case for e-enabling businesses. But, there was a very fundamental shortcoming. That was of connectivity. Again I would put it in perspective of emerging markets where connectivity is still a privilege of urban locations.

So, what finally gets implemented in e-business solutions is a half-baked version of the complete solution. This leads to a shortfall in terms of expectations from the solution and also creates a lot of barriers in integrating electronic to paper-based solutions. As and when connectivity improves, e-solutions would gain much more traction.

What are the biggest obstacles to e-business today?

E-business has to be supported by stable connectivity to a large base of potential customers. Especially so when we are talking of targeting the bottom of the pyramid, this becomes one of the major hurdles faced in India. Goods standardisation is critical too in order to foster e-business. If what you see or order on the web is not what you get, this becomes a severe barrier. Enabling laws and regulations to redress these shortcomings has been so far a major obstacle faced.

Fast moving consumer products and in general low engagement products like clothing, which don't require significant budgets, are fast to pick up in the Indian market—the risk for the consumer is low in case issues arise with the product.

However, more complex products that require after-sales support, maintenance or technical support, are much more difficult to push in the market as customers have to perceive that the provider has the required infrastructure to support their needs, which is rarely the case in India given the geographic reach that this would require. The lack of widespread availability of credit cards in India is also slowing down the pick up rate in e-business.

That said, e-business is becoming a major driving force in India. Being a technology savvy country, many companies compensated the lack of adequate infrastructure or appropriate legal framework by the best in class technology supported by strong customer service supports.

In a price sensitive market like India, what does it take to set up a successful business and stay relevant to consumers?

The most critical part in India is not to force fit products to the customer needs. We have to take a radically new approach—to have customer need-driven product development. That way we can get rid of all the appendages that come from legacy designs and attain cost leadership.

Also, employee efficiency is something that needs to be seriously thought through especially in the manufacturing sector. Even if efficiency is half of that in a developed economy, the lower cost of manpower has just got offset by 100%. This would also have an impact on the cost structures.

The fine line is of course that of hurting the sentiments of an aspirational consumer. If the positioning is "cheap because you cannot afford more", there may be a backfire in terms of product acceptance. That has been seen in the telecom segment and is very applicable to other products as well.