Navigating the Perfect Storm: Leadership Lessons from Indian Consumer Sector CEOs
While it would be safe to say that all of us have seen different types of crises in our lives, it would not be an exaggeration to state that none of us have experienced a crisis of such magnitude as the one COVID-19 has presented. The speed at which this has gone from a news item to the only news, and the pervasiveness of its impact on the way we live our lives, places this on a completely different level, and thereby earning it titles such as black swan event, a concept that till now was written about but not experienced in its entirety. People have experienced wars, social unrests, health crisis, economic crisis and similar, but often their impacts were more localized, not like the world we live in today where working from home is not just an employee friendly policy in the handbook but the way of life, and a casual meal with friends in a restaurant feels like a lifetime away.

It is indeed a perfect storm, that has shaken the pattern of our lives and has impacted every aspect of it—social, economic, and health. For corporations as well, it is a perfect storm, one that is impacting every aspect of their business—consumers who are behaving very differently and have become hard to get to through traditional means, supply chains which have been disrupted due to shutdowns, labor shortages and economic strains, workforce which is fighting its own battle for maintaining health, attending to matters at home and handling job insecurity and business models which are being put to test.

A perfect storm is also an opportunity for heroes to emerge, as they say never waste a crisis. The leadership of the captains of the ships weathering this perfect storm will be severely tested as they look to survive, navigate and emerge stronger on the other side of it, stronger and with wisdom worth a 100 years. All this while facing a new challenge every hour, with no time to pause and reflect, and constantly trying to balance multiple considerations.

As India starts to unlock while it battles rapidly rising infections, natural calamities, pessimistic economic outlook and social heartburn, we took the opportunity to talk to some leading consumer sector CEOs in India and interposed that with what our global Russell Reynolds Associates colleagues are hearing from consumer sector leaders across the world. We bring together some leadership lessons from this crisis, both from a consumer behavior and business model implications standpoint and also from a leadership style and talent implications standpoint.

**The new consumer — the familiar stranger**

Businesses today stand at a vantage point from where it is amply clear that going forward, certain things are going to change permanently and that we may never return to the proverbial “business as usual.” Similarly, with the events that have unfolded, and their cascading implications continue to do so, some consumer behaviors will leapfrog change, while others may be more temporary till things stabilize. Our interactions and insights suggest the following key changes:

**VALUE VS VALUE ADDED**

With most households experiencing a decline in their household incomes, compounded by the insecurity around economic revival and job cuts, it is fair to say that the consumer sentiment index is sharply leaning towards an all-time low. The fall in disposable incomes and purchasing power and a general anti consumerism sentiment, accentuated by an appreciation of glimpses of a simpler life and cleaner environment during lockdown, have in general triggered the demand for essentials and “value products” rather than “value added products”. The conservative Indian consumer from a few decades before is back once again in prominence. While essentials are trumping discretionary spends for now, another interesting trend, somewhat contradictory, is emerging in terms of pack sizes wherein relatively more affluent consumer, who looks to minimize frequency of shopping trips and exposure is gravitating towards larger pack sizes, while the relatively less affluent consumer with the strain of finances is being frugal and opting for smaller packs wherever possible.
This trend has leapfrogged during the past few months and if one goes by the experience of countries which have opened up much ahead of India, this is likely to stay. The "going concern assumption" which has been the foundation of most of our lives has been challenged and the risk of more such pandemics have jumped out from fiction books and staring at us as a realistic possibility. The only defense one has is a disproportionate focus on health, hygiene and nutrition, and our insights suggest a lot of this will come on the back of traditional home remedies, natural products and rapid development of the nutraceuticals market. At the same time, COVID-related products like sanitizers, masks, disinfectants and similar products will find a more permanent place in shopping lists.

**HEALTH, HYGIENE & NUTRITION**

In uncertain times, it is natural for people to gravitate towards brands that they trust, those which are tried and tested and stand in their minds for assurances of quality and hygiene. At the same time, while trust may be a key variable for items like baby care products, skin products and edibles, it gets trumped by availability in times like these where supply chains are broken or sub optimal. Customer loyalty has been thoroughly tested during lockdown times and there will be some wins and losses for all, and as supply chains get restored, building and rebuilding trust will be key. Newer brands will have to struggle to make space in customers baskets as impulse buying in large store formats will go down due to concerns around social distancing, and related issues.

“In situations like these, trusted brands become go-to names as people gravitate towards the brands they trust. More trusted the brand is, better placed it is.”

Varun Berry, Britannia

As the center of recreation moves away from malls, restaurants, and vacations, to home, there is a visible shift towards a do-it-yourself culture, which has been compounded with the shortage of house helps, either due to their migration back to their hometowns or stopping part timers due to concern of infection. This is triggering a sharp rise in cooking ingredients (food condiments, frozen foods, packaged snacks, baking products), especially those which substitute items for which people would eat out or order in, which has also sharply declined due to infection risks. There has also been an increased demand for items like dishwashers, washing machines and vacuum cleaners as the Indian household is learning to live with lesser help and more people at home. The needle will surely move on the DIY meter for India, a journey which has been slow paced due to the abundant labor availability in the past.

“A whole lot of innovations will come in the DIY space around the equivalent of what I call “Online Learning”. We need to make the appliances more DIY friendly and also be prepared to provide simple advice over video calls or zoom calls.”

Vishal Bhola, Whirlpool
Just like online dating and matrimony portals and apps changed the paradigm on relationships from friends and family introductions, COVID can claim credit for transforming the customer digital intimacy and engagement paradigm. On one hand, while these times have brought back the spotlight on the humble neighborhood kiranas who served the country while the other channels shut down, it has also revalidated the clear acceleration of digital, ecommerce, direct to consumer models. The key aspect in both would be the ability to converge and deliver in a safe contactless environment. These times, driven by necessity, have also seen some unlikely marriages between online and offline models, some competitor business models working together and indicating shifting operating models.

“There is a massive opportunity for ‘e-everything’ that can digitize the entire economy. The biggest benefit that I see coming out of this crisis from channel perspective is the ‘renaissance of the humble grocer’. People have suddenly realized the benefit of proximity. If we can bring technology to the grocer, then about 100 million lives dependent on such grocers could survive and thrive.”

Sanjiv Mehta, Hindustan Unilever

### HAVE YOU USED OR DONE ANY OF THE FOLLOWING SINCE COVID-19 STARTED?

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Intent to continue²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopped new grocery store</td>
<td>41%</td>
</tr>
<tr>
<td>Changed primary grocery store</td>
<td>39%</td>
</tr>
<tr>
<td>Switched to a “generic” brand</td>
<td>30%</td>
</tr>
<tr>
<td>Shopped new website: basics</td>
<td>26%</td>
</tr>
<tr>
<td>Shopped new website: non-basics</td>
<td>15%</td>
</tr>
</tbody>
</table>

1. Q: Have you used or done any of the following since the coronavirus (COVID-19) situation started?
2. Q: Compared to now, will you do or use the following more, less or not at all, once the coronavirus (COVID-19) situation has subsided? Possible answers: “will stop this”; “will reduce this”; “will keep doing what I am doing no”; “will increase this”

### MAIN REASONS TO CHANGE STORES

% of respondents who have switched stores

<table>
<thead>
<tr>
<th>Reason</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closer proximity of store/easier to reach</td>
<td>58%</td>
</tr>
<tr>
<td>Store is less crowded</td>
<td>54%</td>
</tr>
<tr>
<td>Store is less cleaner</td>
<td>42%</td>
</tr>
<tr>
<td>Store has better home delivery or pickup services</td>
<td>27%</td>
</tr>
<tr>
<td>Store has longer opening hours</td>
<td>20%</td>
</tr>
<tr>
<td>Need to find cheaper prices</td>
<td>18%</td>
</tr>
<tr>
<td>Store offers Special promotions on relevant brands/products</td>
<td>14%</td>
</tr>
<tr>
<td>Store offers a larger assortment</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: McKinsey & Company (Indian consumer survey data results)
Changing “Business as Usual” for the “New Normal”

The dramatic disruption in the way we live over the past few months and the changing consumer behavior is bound to impact the business and operating models of companies, some more tactical to respond to the current situation which is continuously evolving and some more strategic to address more permanent shifts. When faced with an unforeseen crisis, the first emphasis is on fire fighting and handling the situation, and as things settle a bit, there is greater thought towards preparing for the future. Some visible shifts in the operating models we see are as follows:

**Portfolio Adjustment:** With changing consumer preferences, changes in product portfolio are inevitable. The visible shifts towards, health, hygiene and nutrition and “in home” vs “out of home consumption” have and will continue to reconfigure product innovation pipelines. Some have already pivoted on this front towards launching products like sanitizers and vegetable washes, and others are in progress to latch on to this demand bandwagon. Similarly, with more DIY and less labor, home automation products and personal grooming products are likely to see more push. At a more macro level, companies are rationalizing their product portfolio, streamlining their range and going to market with less SKUs.

> “Since what consumers consume is going to change, there are implications on how we reconfigure our innovation pipelines in face of that. As consumers stay indoors, our go-to-market strategy changes as well. Our ability to connect with them using different media is going to be very important.”
> 
> Amit Jain, L’Oréal

**Digital Transformation:** As rightly stated in jest, COVID has leapfrogged the digital journey for most businesses. Necessity is the mother of invention and what companies were aiming to achieve in years got done in weeks faced with no other alternative. There are multiple dimensions of this shift, ranging from a renewed focus on ecommerce to embedding digital capabilities within traditional set-ups (such as kiranas and retailers). Screens will dominate our lives for the near future and the businesses are re-imagining mind space to screen space models to monetize this shift.

> “The online-to-offline and offline-to-online, these hybrid models will emerge between collection of the order and delivery of the same. One of them could be online, the other offline – it could be either way. The most dominant model that will emerge is: Customers do research about the appliance online, but it gets delivered for them at the dealers that are close to them. The other could be exactly opposite where customers go and see the product in their neighborhood store but then it gets delivered to them directly by the company. All these models have quite an implication on the way supply chain for the white goods is in the country currently.”
> 
> Vishal Bhola, Whirlpool

**Changing models of going to consumer:** Not only are consumers changing what they want, they are also changing how they want it. The balance of risk and convenience trumps habit and while some models were born out of necessity (e.g. food delivery businesses with very little business during lockdown delivering FMCG essentials which were struggling with distribution chain breakdowns), these would need to be relooked. While some work has been done on the front end (ordering and payment processing), a lot more work will go on the back end towards order fulfilment. Direct to consumer, online to offline and vice versa, and multiple hybrid models are likely to come into play. Reluctance to allow strangers in households are also likely to drive innovations around product installations and maintenance for durables and appliances.
Principles of Conservatism: With the increased strains on the financials, and weaker economic outlook, it is highly likely that the strong would become stronger and the weak would become weaker coming out on the other side of the pandemic. Principles of conservatism are back in the focus with respect to cost and cash management, leverage, inventory levels and production capacities. Risk management has got a bigger seat on the table than it has in the past and companies are looking to derisk their supply chains, be it in terms of concentration of vendors, locations, and production facilities. The China plus one move creates opportunities for a country like India, especially in relation to the consumer durables and appliances sector. While vocal for local may play out somewhat in terms of consumer behavior, it is likely to play out more in terms of implications for manufacturing and sourcing.

Corporate Citizenship

While consumer companies pivot continuously in this changing environment, they have not lost sight of their role as a corporate citizen and their social license to operate. When quizzed around things they are most proud of in terms of what their companies have done during lockdown, the following themes emerged:

Engaging with Communities: Different companies have contributed in different ways in this crisis: reconfiguring their manufacturing lines to make sanitizers and disinfectants, some by using their facilities to prepare and distribute food to the needy, some by distributing PPE to frontline health workers and law enforcement agencies, some by contributing financially towards acts of charity, some by supporting their external stakeholders like distributors, and almost all by working against the tide to keep the production and distribution capabilities functioning.

“Previously, everything was very linear. Customers could get something from either a Kirana or a modern trade or an ecommerce site. Today, they can get it from anybody through anybody because of omnichannel approach. For example, I can have something delivered from my local Kirana using Swiggy or I could get it from my ecommerce guy. Availability is the King. If you’re a strong brand and if you make yourself available, that works great.”

Saugata Gupta, Marico

“Our mindset as a company is frugal company in spite of being one of the most valuable companies in India. Costs are fixed or variable costs based on dimension of time. In the long term, everything could be made variable. In the time of crisis, we need to convert a large part of fixed costs to variable so that it gives you optionality.”

Sanjiv Mehta, Hindustan Unilever

“We remained engaged with our trade partners throughout the lockdown period. We were the first to call them to know from them how we could help in this period. I remember very early on, our sales VP actually coached some of these chains as to how they could conduct calls with their stores across country through zoom. A very simple thing, but they had no idea how to do that. We also helped them upgrade their digital capabilities, for example, designing their ecommerce capabilities for the times when things re-open. They really appreciated that.”

Vishal Bhola, Whirlpool
People-First: This was another theme that resonated with everyone we spoke to, which was to put people first in their response, in terms of their safety, engagement, messaging with respect to job security and providing flexibility.

“|I am most proud of our people and the way they rose to the occasion. While the entire country closeted behind doors, we had thousands of our people willingly go out to work everyday because they believed in the higher purpose that the nation needed soaps, sanitizers and disinfectants. The other thing is how we as a company engaged with the communities and contributed to augmenting the healthcare capacity—by providing ventilators, testing kits, PPEs and sanitizers. We also reached out to millions of underprivileged people in the country, providing them food and hygiene kits.” |

Sanjiv Mehta, Hindustan Unilever

People Leadership Lessons

A multi-faceted crisis of this magnitude has people's mind space occupied with thoughts around health and safety of loved ones, job insecurities, straddling and supporting home work load, general economic uncertainties and an environment of doom and gloom, accentuated by the lack of social interaction to release some stress. This stress pressure cooker affects different people differently and hence, not surprising many leaders shared that this crisis helped them see people in a different light, some who shone in this crisis and some who flattered to deceive. Some people leadership lessons from this episode have been as follows:

Survival of the Most Adaptable: All uses of the term VUCA fall short of describing how our world has changed in the past few months. Some watched things happen, some made things happen and some wondered what happened. Companies have had to pivot their models and thinking every day based on emerging situations and agility of learning and execution have been in the spot-light. At the same time, some have embraced this opportunity to throw out the baggage of the past and exhibited an openness to question and change the way things have been done so far. The combination of dexterity and agility is the holy grail of navigating this environment.

“The current situation forced business to adapt rapidly to a new environment. We have long talked about agility, flexibility etc. but this is a real-time case study. Who would have thought working from home was possible? That ecommerce would leap years in a few weeks? That new business models and partnerships could emerge in a matter of days? But these things happened, and businesses adapted instantly. Going forward, change will be accepted more easily and there will a greater bias for action.” |

Sameer Aggarwal, Walmart

Purpose-Led Leadership: Alignment with the organization purpose has never walked the talk like it has in the last few months. What was often mistaken as a leadership fad has found its day under the sun where people are willing to take on risks for what they are believing is serving a higher purpose—a person selling soaps is not longer driven by just that, it’s the opportunity to save someone; a person distributing biscuits is contributing to ensuring that someone will not go hungry. Leaders have not seen such alignment with purpose and the multiplier effect associated with it in the past.
The Horizontal Organization: A corollary of the purpose led leadership is that the transition from a traditional vertical organization structure to a more horizontal influence led organization structure has been surprisingly seamless just like the transition from working from offices to homes. A lot of leaders have never seen the type of trust and collaboration between their teams, when faced with a common adversary. Siloes and reporting lines have given way to exchange of ideas and an openness to change. The peek into the homes and personal lives of colleagues has given people an opportunity to see the human being behind their bosses and colleagues and some of the inhibitions around hierarchy and seniority have given way to a true chance of authentic leadership. Delegating, empowering and trusting people has shown better results in this time rather than command and control set-ups.

"Hierarchy has no potency. Sitting in my home, I have no capacity to check on thousands of people working across the country and gather what they are doing or not doing. The only things I can do is guide them, reach out to them, hopefully inspire them and applaud them. It becomes extremely important to delegate to the edge and to empower and trust the people to do the right things. Our main responsibility as a leader is to simplify things and enable people to get on with their jobs."

Sanjiv Mehta, Hindustan Unilever

Succession Planning: This crisis has hit everyone regardless of caste, creed, and economic status and has shown that no one is invincible. The fact that even political leaders, business leaders, sports and movie stars have not been spared has added to the realization around structured yet dynamic succession planning at all levels in an organization. While a lot of people we spoke to did this anyway, this episode is likely to add to the depth and breadth of the exercise, as the theoretical possibilities of what can go wrong have been put into play.

Communicate, Communicate, Communicate: Most of the leaders we spoke to admitted that they have not communicated so extensively and so frequently as they have done in the past few months. Communication has been the balm to soothe anxieties of people and never has this worked so effectively, especially in environments where people are cooped up in their homes. While everyone agreed that in times like these its better to err on the side of overcommunication, they also aligned on the messaging to be a combination of realistic / authentic and yet optimistic, often known as the Stockdale Paradox. There is no better way to discredit oneself than by making bold sweeping statements in temptation to provide inspirational leadership required in dull and gloomy environment and then having to eat one's words later.

Leadership Traits in Demand

The requirements and traits of executives have changed forever. The traits which will now find prominence will be distilled from learnings of people who fared well in this crisis and stood up and those who didn't and hid in the matrix.

In terms of hard skills, expectedly, financial acumen, operating sharpness and digital acceleration are very high on the desirable list amongst all C-suite, regardless of function. Technology is definitely not a vertical and the domain of the CTO/CIO, but the DNA of everyone in this post-COVID world. The one notable addition to this list is the ability to engage and interface with government and regulatory authorities, something that in the past found place only with regard to corporate affairs or legal and regulatory professionals. The divide between the state and the corporation is not a siloed requirement anymore and the ability of businesses to get back with regard to production facilities, supply chains, and distribution network, has all happened on the back of working closely with government authorities, something likely to continue at least for the short to medium term.
In terms of leadership traits, some that are more important to come out stronger on the other side are:

**Bravery:** Courage, grit, resilience, tenacity, and stamina to weather this prolonged storm without dropping intensity.

**Authenticity & Empathy:** Understand and appreciate concerns of stakeholders including employees, vendors, customers, and trade partners.

**Purpose-Driven:** This is a force multiplier with disproportionate returns and the ability to be an authentic leader by connecting with the higher purpose and leading though that.

**Offensive & Defensive Balance:** An example of dexterity and agility where one can keep pivoting seamlessly across multiple horizons, such as between short term vs long term considerations, between the energy of the young and the wisdom of the experienced, managing growth and managing risk.

**Entrepreneurship & Ambition:** Maintaining an owner’s mindset (insurgent mentality) is critical in an environment of ambiguity, imperfect and adequate information, where decisiveness is based to a large extent on intuition and ambition of the individual.

**Optimism, Learning Agility & Ability to Reinvent:** Sensing the opportunity where others see adversity and the willingness and ability to reinvent continuously and acting on it differentiates the leaders from the pack.

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**Evolving Leadership Styles**

Leadership styles become quickly outdated and irrelevant if they don’t stay ahead with changing times, and while the leaders we spoke to are all battle hardened, they spoke at length about how this crisis has evolved their leadership styles. Some key takeaways were as follows:

**Inclusive Leadership:** This environment of being forced to sit at home, and not always be in control, has made leaders let go a lot more than they normally would and depend a lot more on others. This has provided them an opportunity to practice a much inclusive leadership style, with more democracy and autonomy, decisioning amidst divergent viewpoints, empowerment and trust and rapid unlearning and relearning.

> “The leaders need to change from good old patriarchal, hierarchical style to something that's far more agile and adept at leading by influence as people work remotely. Traditional management techniques are going to give way to management norms which are more attuned to this world of working collaboratively.”

  
  *Amit Jain, L’Oréal*

> “Qualities that are essential in times like these are to be trusted by your people, to have a connect with them and to communicate. There is also a need to have agility and ability to navigate ambiguity at C-suite level. I personally thrive in crises situations, something that has also rubbed-off on my team. These skills came in really handy for all of us.”

  
  *Varun Berry, Britannia*

> “We’ve always been successful in punching above our weight, having a founder’s mindset, having a boundaryless mentality for seamless operations and having courage to take decisions. COVID has brought back re-emphasis on these in terms of culture.”

  
  *Saugata Gupta, Marico*
**Engagement & Communication:** The needle moved significantly on the levels and appreciation of the power of engagement and communication, not only with their teams within the organization, but the broader stakeholders of the organizations. Staying at home not only made this desirable but also provided the opportunity to connect at a much more humane level.

“A holistic leader has 3 components – Head, Heart and Guts. Head is about the ability to think, analyze a situation, recognize a problem and get out of it successfully. Heart is about connecting to people, which was very important during current times. You also need to have guts to tell stakeholders what needs to be done and to take a call whenever need be.”

Arvind Mediratta, Metro Cash and Carry

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**Conclusion**

When the going gets tough, the tough get going. This crisis is the perfect opportunity to pause and pivot in a non-linear manner around various aspects of business models and leadership behaviors and styles. At Russell Reynolds Associates, we assess CXOs using the concept of Leadership Span, a model that tests for agility and dexterity around aspects of setting strategy, executing for results, leading teams and stakeholders and influence. This crisis will indeed be a true test of leadership, and their ability to span competencies will be put to test. For the sake of humanity and our economies, we truly hope they all emerge stronger.
About Russell Reynolds Associates
Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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