



# TELECOM SECTOR : ACHIEVING SUSTAINABLE CORPORATE GROWTH

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## Strategy

- Basic long term goals & objectives
- Adoption of a course of action
- Allocation of resources to carry out the goals

## Importance of Growth

- Organisational Vitality - *sales, people, value added, resources, profits*
- Shareholder Value - *evidence from empirical literature*
- Strength - *tackle competition & adversities*

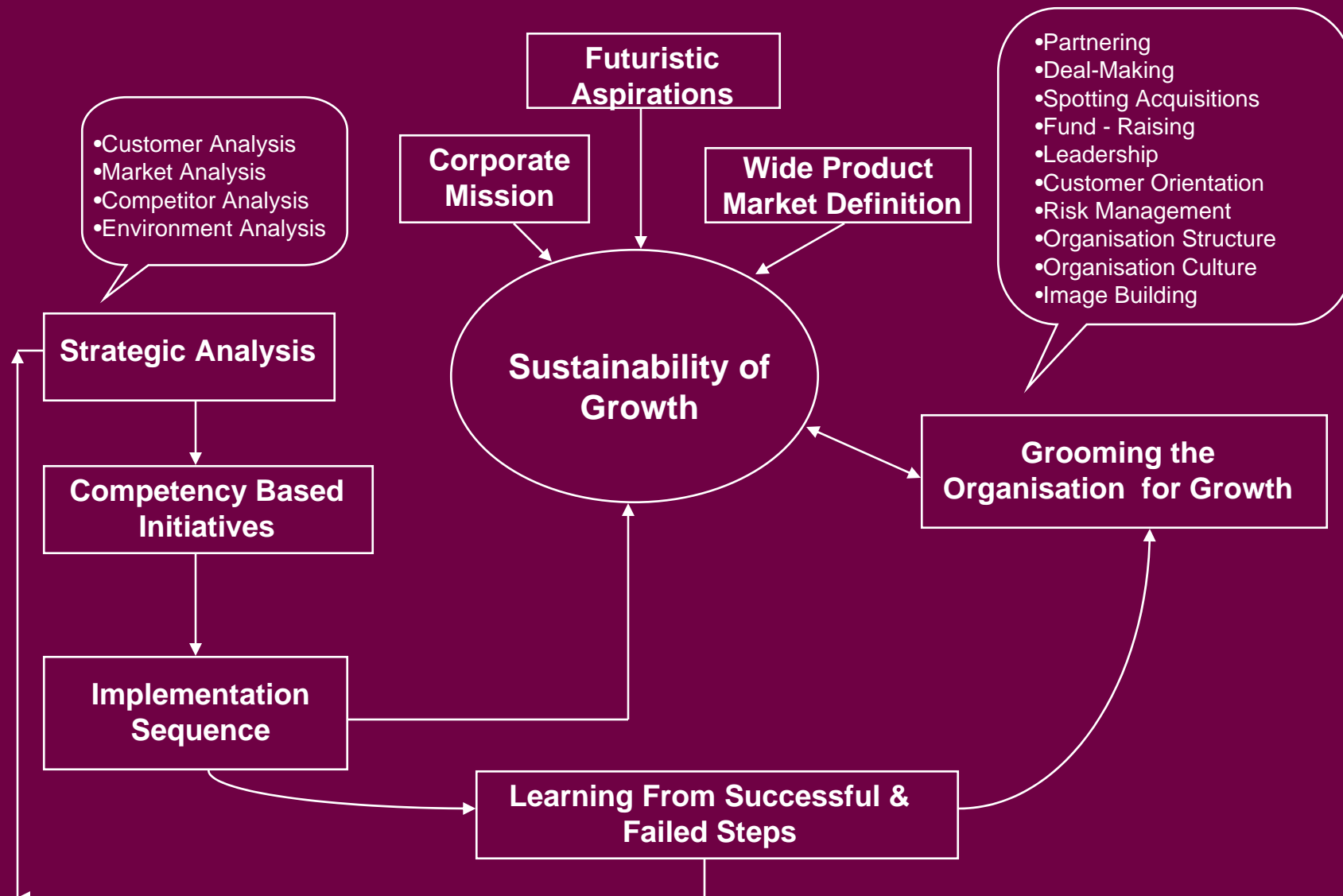
## Sustainability

- 🕒 Long-term Nature
- 🕒 Avoidance of Drifting
- 🕒 Enhancement of Co-ordination & Internal Consistency
- 🕒 Reinforcement of Success Cycle

## Indian Telecom

- ☎️ Potential for Growth - *low telephone density*
- ☎️ Increase in Usage of Telecom Facilities
- ☎️ Importance - *by government for infrastructure*

## FRAMEWORK FOR SUSTAINABLE CORPORATE GROWTH





# STRATEGIC ANALYSIS

## Customer Analysis

- ☺ Customer Segments & Extent of Service - *top subscriber base*
- ☺ Customer Motivation & Unmet Needs - *business & individual customers*
- ☺ Potential Problems & Product Features Design - *fax specifications*

## Market Analysis

### Technology

- 💻 Changing Efficiency & Cost Equations - *switching equipment technology*
- 💻 Collaborations & Indigenous R&D - *aid innovation*

### Financing

- 📄 Current Options - *IDA funds; leasing; export credit; term loans; issues*
- 📄 New Options - *alliances; consortium lending; placement with LT funds*

### Marketing

- 🔔 Product/Service Portfolio Selection - *no frills / value added services*
- 🔔 Product/Service Features & Brand Awareness - *collect call facilities*
- 🔔 Promotional Efforts - *frequent user discounts*
- 🔔 Emerging Distribution Trends - *communication standards & protocols*



## Competitor Analysis

- Viable Alternative Strategies
- Areas Meriting Response & Retaliation
- Likely Industry Evolution & Trends
- Six dimensions -
  - ① *size, growth & profitability*
  - ② *competitors' objectives & assumptions*
  - ③ *current & past strategies*
  - ④ *competitors' organisation & culture*
  - ⑤ *cost structure & exit barriers*
  - ⑥ *strengths & weaknesses*

## Environment Analysis

- Forecasting Economic & Political Issues - *government policies*
- Forecasting Social Issues - *life styles, fashions & fads*



# COMPETENCY BASED INITIATIVES

## Search for Opportunities

- 🔍 Technological Breakthrough - *early product launches*
- 🔍 Uneven Geographical Distribution - *nearby circles*
- 🔍 Review & Redesign of the Value Delivery Process - *smart telephones*
- 🔍 Deployment of Excess Resources to New Use - *leased lines services*
- 🔍 Transfer of Skills Acquired in One Business to Other - *news services*

## Capability Platforms

### Special Relationships

- 📄 co-operative relationships between service providers
- 📄 complementary service agreements

### Special Assets

- 📞 licences of prized circles
- 📞 physical infrastructure
- 📞 favourable contracts
- 📞 brand names/characters

### Distinctive Competencies

- ◆ legal & negotiation expertise
- ◆ project execution & process management abilities
- ◆ customer information & intelligence systems



# IMPLEMENTATION SEQUENCE & LEARNING

## Nature of Implementation in Steps

- ↗ Logically Consistent
- ↗ Not Exceeding Firms' Capacity
- ↗ Make Contingency Plans
- ↗ Accept Mistakes
- ↗ Reasons Behind Successes & Failures

## Possible Growth Path - An Example

- *starts its own basic services by using others' infrastructure*
- *builds its customer base by extending geographical reach*
- *builds its own infrastructure simultaneously*
- *offers value added services & enhances brand loyalty*
- *manufactures & markets equipment*
- *starts bidding for turnkey installations*
- *exports telecom equipment*
- *builds a global manufacturing, marketing and R&D capability*
- *diversifies into related activities*



# ORGANISATIONAL GROOMING FOR GROWTH

## Organisational Grooming

*“is taking stock of the skill base at a given point & developing those skills that are lacking”*

### Necessary Skills

- ★ Partnering
- ★ Deal - Making
- ★ Spotting Acquisitions
- ★ Fund - Raising
- ★ Customer Orientation
- ★ Leadership
- ★ Risk Management
- ★ Organisation Structure
- ★ Organisation Culture
- ★ Image Building





## CONCLUSION

- ◆ Sustainability is possible only if the firm acquires specific abilities and maintains its competitive position
- ◆ Change is to be managed by adept forecasting and planning
- ◆ Identification of opportunities and matching competencies is essential
- ◆ Firm should prepare to handle the instabilities & challenges it may encounter while traversing a growth path



**THANK YOU**

RKK & Sridev Presented at 'Delphique' MDI Gurgaon 1997