

business today.in

29TH ANNIVERSARY ISSUE



Business Today

February 7, 2021 ₹100

HOW WE WILL DO THINGS DIFFERENTLY

TOP CEOs ON
INNOVATIONS IN
MANAGEMENT, STRATEGY,
MARKETING, CUSTOMER
ENGAGEMENT AND
INVESTMENTS IN 2021





SANJIV PURI,
Chairman and MD, ITC



To Lend New Wings To Agriculture

Need to raise rural incomes and multiply opportunities for enhancing livelihoods

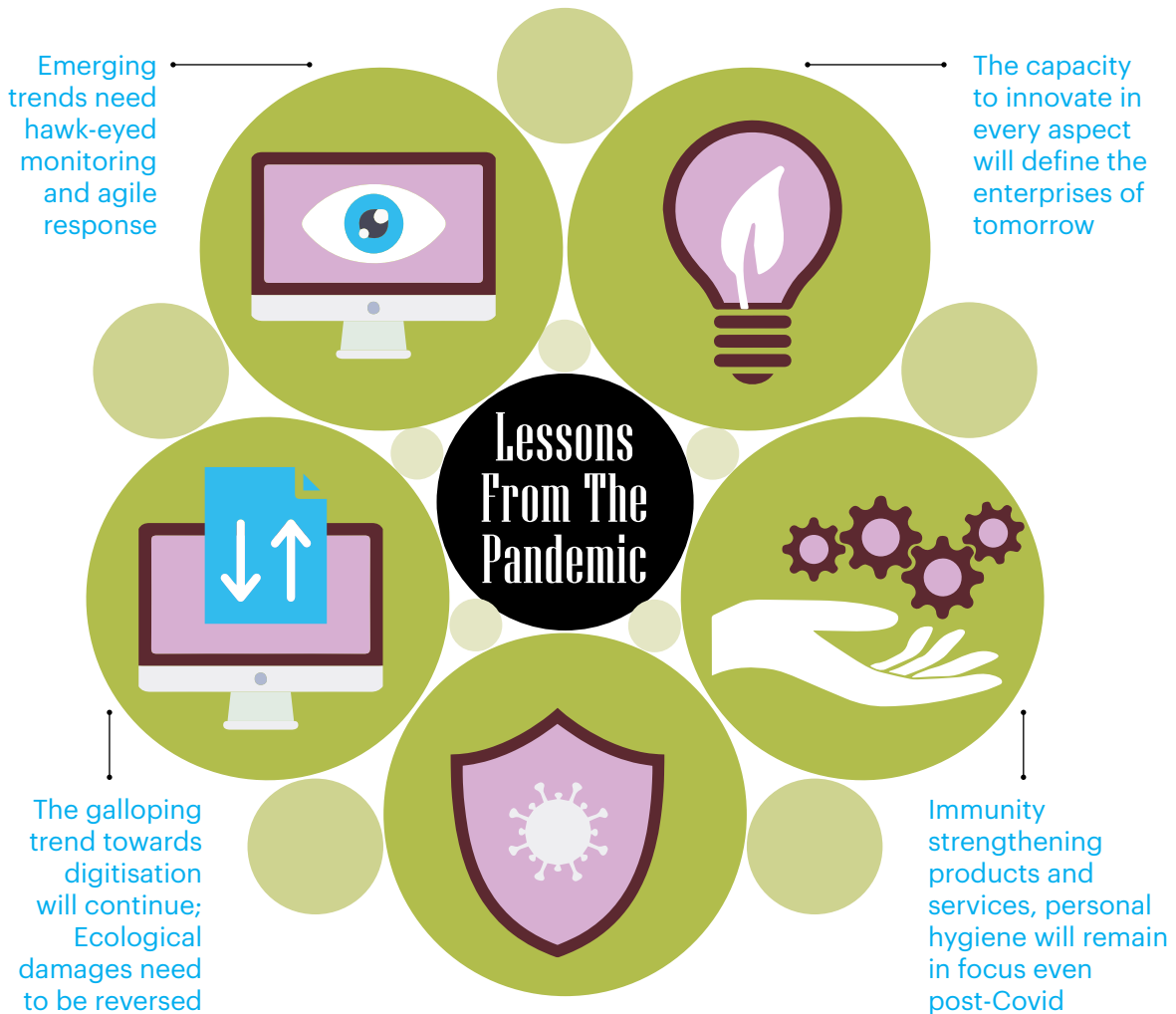
ILLUSTRATION BY RAJ VERMA



T

he pandemic of 2020 will be remembered as a momentous turning point in history. The events that unfolded over the last nine months snowballed into a global health crisis, which led to a major economic setback. Almost two million lives were lost, devastating homes across continents. As economic activity stalled and world GDP contracted, job losses mounted, impacting livelihoods globally.

Amidst these dark clouds was the silver lining of hope brought about by the inspirational efforts of many, particularly healthcare professionals who bravely and tirelessly strived to save lives, and communities that rallied



together to demonstrate selfless compassion. It was heart-warming to witness how people responded with resilience to get back on their feet, how new partnerships were forged and how enterprises fast-tracked innovation to deliver breakthrough solutions. The government played an admirable role in dealing with the crisis by extending timely relief to the vulnerable.

As the world adapted to the new normal, multi-dimensional challenges vied for urgent attention. At ITC, the foremost task was to ensure extreme safety of our employees, partners and associates. Financial support was extended to our supply chain partners for obtaining insurance cover for their associates, covering hospitalisation and diagnostic expenses. A Covid Contingency Fund of ₹215 crore was set up to bring relief to thousands in distress. In collaboration with local authorities, a combination of cooked meals, food and hygiene products were distributed across 25 states and Union Territories.

A comprehensive three-pronged approach — ‘Survive, Revive and Reimagine’ — was put in place to deal with the evolving volatility. It was clear that significant disruptions would occur, be it shortages, supply chain disturbances, restrictive mobility or in production. Emerging trends would need hawk-eyed monitoring and agile response. To manage this complex and dynamic situation and enable agile decision-making, we pivoted the organisational structure with dedicated teams focussing on people safety and work-from-home (WFH) issues, crisis management, supply chain realignment, agile product develop-

ment and innovation, among others. Within 10 days of the lockdown, over 180 factories, 85 per cent of the company's wholesale distributors (WDs) and associated warehouses as well as agri-sourcing hubs were made fully operational. Foreseeing the exponential surge in demand for hygiene products, the perfume manufacturing facility at Manpura, Himachal Pradesh was repurposed on a war footing. ITC's hotels business spearheaded the 'WeAssure' programme to deliver heightened safety protocols. They also added innovative offerings such as the 'Gourmet Couch' for takeaway and home delivery of iconic cuisines.

As we move to the close of the year, it is heartening to see new hopes being rekindled as the economy gradually revives with high-frequency indicators showing momentum, including freight, mobility, railways and air passenger traffic. The possibility of a vaccine has also fuelled optimism for a better tomorrow. It is time now to build back better as we move from the new normal to the next.

Building Back Better

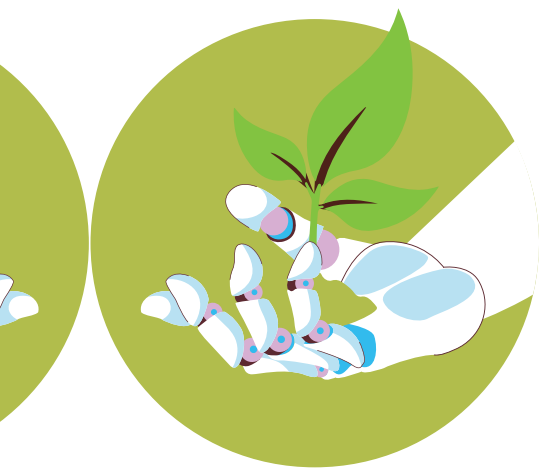
Black swan events such as Covid-19 provide fresh opportunities for organisations to reimagine the future — to rewire thought, strategy and action and build a path to a safer, healthier and secure tomorrow. As we build back with renewed vigour, the next normal will demand concerted endeavours in several areas. Topmost will be the need to create gainful livelihoods. There will be increasing consciousness to protect the planet and reverse the ecological damage. The need to ensure the wellbeing of the society, be it in immunity strengthening products and services, or in enabling heightened personal hygiene, will remain paramount. The galloping trend towards digitisation will continue

apace. And above all, sharpening the capacity to innovate in every aspect will define the resilient enterprises of tomorrow.

Purposeful, Agile Innovation

Innovation is the elixir of growth and will remain centre-stage as we traverse from the new normal to the next. The future will certainly belong to purposeful enterprises that constantly build competitiveness with agility and innovation to swiftly respond to shocks, evolving trends and opportunities. Going forward, as the crisis ebbs, some trends that got pronounced during the lockdown will moderate as mobility increases, some pre-crisis trends that got accelerated will remain at elevated levels, some segments will recover, while new opportunities and industry dynamics will get constantly redefined. It will be the superior innovative capacity of enterprises to

was launched as a first-to-market product. ITC's 'Farmfresh' brands also launched a variety of hygienic, frozen vegetables. As lockdown eased and mobility resumed, Savlon launched on-the-go germ protection wipes and masks. ITC Master Chef frozen foods also launched several varieties to cater to in-home consumption. And to reach millions at home, innovative partnerships were forged with last-mile delivery partners such as Dominos, Swiggy, Zomato, Dunzo and Amway. The ITC e-Store was strengthened to meet the surging e-commerce trend. In the first half



Digital will be the backbone going forward, be it in engaging consumers, transforming agriculture, robotic and other automation, or its use in democratising access to services

reimagine new solutions that will enable it to be ahead of the curve in such a dynamic situation.

At ITC, the advanced scientific platforms of ITC Life Sciences and Technology Centre provide us the cutting-edge to respond to evolving consumer demand with first-to-market innovative products and services. Let me illustrate with some examples. The pandemic, as we are aware, led to increasing consumer demand for products and services focusing on wellness, safety and hygiene. ITC's Savlon brand fast-tracked innovation with emerging consumer needs, rapidly scaled up capacity and swiftly positioned new innovations in the market. The first need of consumers was personal protection — manufacturing of Savlon sanitisers were ramped up and a new advanced range of 'Hexa' bodywash and soaps were also launched. Addressing the concern over contaminated surfaces, innovation speedily brought out Savlon disinfectant sprays and other multipurpose disinfectants. Consumers confined at home were deeply worried about the hygiene of fresh fruits and vegetables — to address this, the 100 per cent natural, neem-based 'Nimwash'

of the year, the company launched over 70 new products.

ITC's innovative capacity is also being leveraged to strengthen agricultural productivity and resilience as well as solve societal challenges such as waste management. For example, ITC's paperboards & packaging division has introduced several innovative, sustainable packaging solutions to substitute single-use plastics and contribute to a circular economy.

Digital Transformation

If there was one defining trend that got significantly entrenched during the pandemic, it was the pace of digital adoption. Digitisation of the economy that would have earlier taken decades, took place in

a matter of months and weeks. The exponential surge in e-commerce, digital entertainment, WFH, telemedicine and education got millions to experiment and adopt digital at scale. India now has 700 million-plus Internet subscribers, and skipped an entire fintech generation with one of the world's largest adoption of digital financial transactions. Experts expect the future to be smart and connected in a 'bionic' world — where human and machine interfaces get intensified with data and analytics driving core business performance. Digital will be the backbone going forward, be it in engaging consumers, transforming agriculture, robotic and other automation, or its use in democratising access to services, enabling remote working and learning as well as catalysing gender diversity.

ITC has been an early adapter with significant investments in leveraging digital technology. While this facilitated thousands to work seamlessly across all functions during the pandemic, extensive use of Industry 4.0, Artificial Intelligence, Big Data, industrial Internet of Things (IoT) and Machine Learning were prevalent even pre-crisis. However, what was most inspiring was the innovation in leveraging digital technology and internet-based messaging to train and build capacity of farmers remotely and at scale during the pandemic. Farmer-scientists webinars were conducted through virtual meeting rooms, Facebook live, etc. Over 2,400 government officials across 27 aspirational districts under ITC's public-private partnership (PPP) with NITI Aayog reached out to 4,700 village-level groups covering 3.7 lakh farmers through digital platforms.

The power of digital transformation is leading us to reimagine its integration with a fresh perspec-

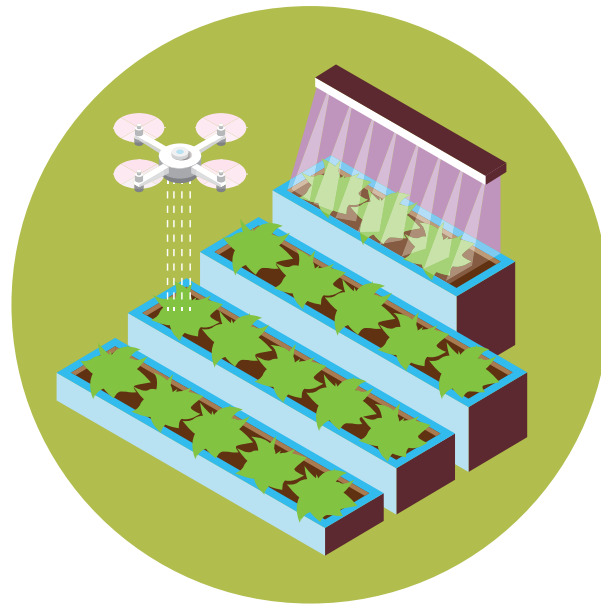
tive to drive efficiency and innovation. Apart from strengthening our digital and e-commerce backbones, we will also leverage digital engagement through ITC's Marketing Command Centre, Sixth Sense, to drive product development rapidly and engage with consumers. In agriculture, ITC e-Choupal 4.0 will bring digital technology like remote sensing, drone-based irrigation, quality assaying etc to empower farmers with next-generation agriculture aimed at raising rural incomes even further.

Sustainability 2.0

One of the most reassuring moments in these difficult times was the brief rejuvenation of Mother Nature, as the world experienced a cleaner, greener and fresher environment. It is time that we now craft Sustainability 2.0 — to build back better, and act collectively to bequeath future generations a better tomorrow.

Heightened focus is called for to craft inclusive strategies that can generate millions of livelihoods. Sustainability 2.0 necessitates that all sections of the society work towards carbon and water neutrality by adopting a low-carbon growth strategy. Newer ways need to be found to combat, mitigate and adapt to climate change. Sustainability 2.0 will also have to effectively create a circular economy that reduces, reuses and recycles waste to optimise resource use. Biodiversity to ensure we create the right ecological balance for a sustainable future will also need to be enhanced. Sustainability 2.0 will also be about forging meaningful public-private-people partnerships.

ITC business models embed sustainability at the core of its corporate strategy. ITC has been water, carbon and solid waste recycling positive for over a decade and has supported sustainable livelihoods for over 6 million people. ITC will meet 50 per cent of its total energy requirements from renewable sources by 2030 against the current 41 per cent. Our goal is to achieve a 50 per cent reduction in specific GHG emissions. Through our large-scale afforestation programme, which has already greened over 8,25,000 acres and generated over 150 million-person days of employment, we aim to progressively sequester over four times the CO₂ emissions from our operations. We plan to create rainwater harvesting potential equivalent to over five times our net water consump-



Sustainability 2.0 necessitates that all sections of the society work towards carbon and water neutrality by adopting a low-carbon growth strategy. Newer ways need to be found to combat climate change

tion from operations by 2030. We aim to ensure that 100 per cent of our packaging is reusable, recyclable or compostable in the next decade. Our sustainable business models will also strive to support 10 million livelihoods by 2030.

Revitalising Agriculture

The greatest challenge before us today is the creation of large-scale livelihoods. Nearly 50 per cent of India's workforce is engaged in the agricultural sector. Promo-

tion of food processing, agri-food and wood value chains can create significant livelihoods. It would be important to lend new wings to agriculture to be able to raise rural incomes and multiply opportunities for enhancing livelihoods. The potential for growth in India's agricultural sector is enormous. Yet, endemic challenges of low productivity, depleting water resources and effective market linkages impede growth, leading to a low 2.5 per cent share in world trade, while food processing still remains far below global levels.

The recent policy announcements made by the government, including the PLI scheme focussed on outcomes, have the potential to bring in a new horizon of growth for the agricultural sector.

In response to the policy impetus, ITC proposes to build on its century-old engagement with agriculture to support nearly 3,000 FPOs with more than a million farmers across 24 crop value chain clusters in 21 states.

ITC's interventions in medicinal and aromatic plants, organic mango and food-safe spices will be further strengthened. The Climate Smart Villages Programme will be expanded to cover over 3 million acres by 2030.

In Conclusion

It is abundantly clear that agility and 'responsible competitiveness' — extreme competitiveness but with environmental replenishment and livelihood generation — will be the new mantra. Agility from ideaation to delivery, agility to repurpose supply chains and manufacturing, ability to forge swift collaborations, nurturing inspired people with purpose, technological capability and adaptability will be at the core of organisational vitality as we reimagine the future. **BT**