

Davos Take Aways

I am acutely aware that anything and everything worth writing has already been written on Davos and anybody and everybody who would have cared to know would have known by now. Nevertheless, and becoming wiser through the collective wisdom of fellows, here is my attempt to share my take aways from Davos 2016, in no particular order of importance:

Fourth Industrial Revolution being the theme, the discussions were focused on understanding its implications, guesstimating its impacts, evolving strategies and issuing prescriptions to cope with it. As could be expected, there were divergent views, multiple analyses, several suggestions but one could also see some convergence on some common points and this is my attempt to enumerate on these issues.

“Long Term” has found a new cousin in “Longer Term”. Volatility has long been accepted as new norm but the leaders are now convinced, more than ever, that while spikes are more frequent and steep, these are momentary, if not temporary, nonetheless. It is, therefore, imperative that Owners, Boards & Management must align themselves and pursue a purpose rather than meet Balance Sheet objectives. In current and foreseeable tiring times, cost cuttings and investments must move side by side. The current generation of leaders have to leave a more robust, sustainable and healthier world for the next generation of leaders. While it is necessary to be right in the long term, it is important to survive in the short term. It requires the courage of a dead man and bold decisions have to be taken now. It is very rare that you get the things that are good in short as well as long term and therefore short term strategies must be viable and sustainable in the first place. Turbulence is here to stay and it must not make you insecure. Leadership team to take a call on 10 year or so horizon, vision, look and perspective and set up an early warning scenario / alerts. It is time that Boards set managements’ objectives for ten years with quarterly updates / review / course correction.

Fourth Industrial Revolution is being led by ADD (Attention Deficit Disorder) society and positive progress is more important than destination point. Artificial Intelligence is here to stay and robots can replace 47% of the jobs currently being performed by human (lo & behold, a robot was serving beer at Infosys booth). These jobs are increasing at a rate much faster than new needs / jobs that are being created. Acceleration of technological advancement is surprising the technologists themselves and its democratization makes it equally prone to abuse by anti-social elements. While the upside of all this technology advancement is more prosperity (even IMF expects growth to grow though the numbers read 3.1, 3.4 & 3.6% for last, current & next year), it is also causing shrinkage in middle class. With unmet aspirations and unlimited exposure, this is a ready clientele for extremists. We would be irresponsibly & recklessly failing in our cardinal duties if this issue is not addressed properly, comprehensively, conclusively and urgently. My favorite picks are *“Higher you build the wall, more you empower the smugglers – David Miliband”* & *“We need to start sharing not the burden but responsibility – Federica Mogherini”* & *“The key to tackling extremism is despair. Rob them of their hopes that their wild fantasies will win out the day – Benjamin Netanyahu”*.

Everyone knows everything one wants to know in real time and it is critically important for the corporate captains to be extremely responsible and transparent in how they are making money in times of low compensation and high profits. Quick adaptation is a must and while speed & agility are critical, being smart is imperative. In the world of multiplicity of stakeholders, inclusive capitalism is no longer a choice, even though all statistics proves that inequality is growing (62 richest persons collectively own half of

global wealth as per OXFAM research). My favorite picks here are *“You can always go faster than you think you can – Mag Whitman”* & *“Speed is the new currency of business – Marc Benioff”*.

Slower, uneven and unpredictable growth is here to stay, better be prepared for its long haul. As Tidjane Thiam articulated, “this is the worst start of any year, ever” and I believe this should be a good news. Stocks are down (22% in 16 working sessions this year), bond yields are unbelievably low (10 years US 2.6%, Germany 0.49% & Japan 0.24%), commodities are tanking, oil touching new lows with surplus supplies (not to account for forthcoming Iranian inflow) and slow consumption (It actually increased by 1.5MBPD globally but that is apparently not enough to sustain the sentiments); what else can go further wrong. As Christine Lagarde described triple transition of Chinese economy (Industry to Service, Export to Domestic & Investment to Consumption), the debate is no longer on its slowing but how soft / hard landing it would be and how far the ripples would be felt, knowing the size & reach it has acquired over the years. For Arun Jaitley, being fastest growing large economy is not enough and Brexit is a rather choice and imminent decision.

To compound the economic miseries, these are politically unstable times as well with each country driving and focusing on its own agenda, for US, it is election year, for Germany this is managing refugee crisis, for Saudi, it is sustaining oil economy, for France it is security, for India it is structural reform and so on and on and on, with little integration or concern across the geographies. The extremism is spreading fast and becoming more inclusive than one could have imagined as recently as a year back and this must be checked globally.

But does this mean gloom all over, far from it. Current leaders are self-aware and self-confident, at least in corporate. As Anand Mahindra said *“The opportunity to raise the quality of life is the biggest business opportunity going on”*. As per Dominic Barton *“Boiling the ocean is a good feedback nowadays”* and these are actually the historic, one of the most exciting times in the world that are designed / evolved to separate boys from the men (my apologies to Sheryl Sandberg). The present state of affairs may be of confusion & despair leaving leaders a bit depressed / alarmed (or both) but most of them are future confident and doing all that they can and needed to be ready to face the future of which they all are extremely confident. For every Uber, you have an OLA & for every Airbnb there is an OYO Rooms and this is a good omen. If more than 150,000 people (I being one who could not get a seat) want to participate for a startup event in Delhi, organized by the government, these are nothing but great times. The icing on the cake, the Finance Minister & perhaps the most influential man in the country publicly acknowledging that he hardly knew more than few participants. In a session on “Promises of Growth” the participants fight whether the title should be “Threats of Growth” and settle for “Sharing of Growth” is a sign I whole heartedly welcome.

I cannot close without picking up few quotes that should be guiding us, me in particular, for the rest of the year:

Every country needs a minister of future – Marc R. Benioff – Salesforce

Economic growth does not mean anything unless it is inclusive growth – John Green

Fourth industrial revolution should be a revolution of values – Amira Yahyaoui

Our current economic model is inequality by design – Sharan Burrow

The biggest impediment to a company's future success is its past success – Dan Schulman

Acting is humanizing profession. I am forced by the nature of job to be somebody else – Kevin Spacey

I know it is too long, could have bifurcated into two episodes but???

As always, comments are solicited and welcome.

Have fun, keep enjoying & thank for today and keep hopes for tomorrow.