

# Our people are our asset

## Harnessing the 3Cs of growth: Capacity, Capability and Culture

Global CEOs are increasingly prioritising growth, which includes both revenue and profit. While corporate India is experiencing impressive profit growth at 24 percent, revenue growth is lagging at 13 percent, raising concerns. To address this gap and support organisations in their expansion efforts, five key challenges must be tackled:

- **Constant need to innovate:** Organisations must be able to swiftly adapt to market shifts while maintaining governance and controls that foster innovation.
- **Increasing skill gap in the workforce:** There is a significant gap between the desired and current technical and managerial skills. This gap needs to be bridged while also enhancing the ability to forecast the future in an extremely uncertain world.
- **Need for increased collaboration:** Siloed organisational structures must be dismantled, and technology should be used to promote outcome-based thinking.
- **Disengagement in the workforce:** Low employee engagement and a misalignment between individual and organisational goals, particularly across generational divides, must be addressed.
- **Culture of sustainable growth:** It is essential to shift towards a culture that promotes long-term, sustainable growth.

To overcome these challenges, organisations need to develop the three Cs of growth: capacity, capability and culture.



## Capacity

Capacity refers to an organisation's ability to respond to changing market forces through an operating model, structured approaches to innovation and data-driven decision-making.

It involves the following:

- **Aligning** the organisational structure, processes and governance of the organisation to facilitate rapid responses to external disruptions and evolving market trends.
- **Identifying** technology necessary to ensure that the organisation can grow while maintaining efficiency and adaptability.
- **Designing** flexible and iterative innovation processes to adapt swiftly to changes and rapidly scale new ideas.

The following strategies can be adopted to build capacity:

- **Customer centricity**  
Placing the customer at the centre of problem-solving efforts is crucial. This approach can guide companies in their decision-making processes.
- **Using stakeholder aspirations**  
Companies should closely analyse the aspirations of their diverse stakeholders. Such an analysis can help them identify and capture growth opportunities.
- **Expanding to new markets**  
It is crucial for a company to keep redefining and reinventing itself and expanding to new markets. This can help the company navigate changing market conditions.
- **Embracing digital transformation**  
Companies should transition to a smart factory ecosystem for full visibility, enhanced scalability and automation of routine tasks. This shift can improve efficiency, reduce costs and maintain competitiveness in a rapidly evolving market.

- **Foster collaboration across the organisation**  
Collaboration is crucial for tackling today's complex challenges. Companies can adopt practices, such as a "Collaboration Index," where employees self-nominate and rate peers on teamwork. This can encourage collaboration and discussions on building a more cooperative and engaged workforce.
- **Importance of supply chains**  
Supply chains play a vital role in capacity building. The focus should be on developing integrated supply chains that prioritise resilience and flexibility, enabling companies to adapt to disruptions and meet evolving demands.
- **Capture opportunities**  
Companies should establish processes and systems to proactively identify and seize new opportunities. One effective approach is creating a "New product and initiative group," dedicated to spotting emerging trends and driving innovation across the organisation.
- **Inclusive HR programmes**  
HR programmes should also focus on blue-collar employees, recognising their vital role in an organisation's success. HR must address their unique needs and foster growth and development across all workforce levels.
- **Encourage cross-functional workforce movement**  
Staff rotation and cross-functional movement benefit both employees and employers by preventing stagnation, fostering personal growth, enhancing retention and providing fresh perspectives.
- **Continuous learning for growth**  
Continuous learning is crucial for growth in companies and individuals. Companies should focus on effectively transferring knowledge across generations to ensure skills and insights are shared and retained for long-term success.

## Capability

Capability building emphasises developing the skills, knowledge and competencies of an organisation's workforce. It involves equipping employees with the necessary expertise to perform effectively, innovate and adapt to evolving business needs, ensuring the organisation is ready for future challenges.

The significance of capability building can be summed by the following equation:

$$\text{Real progress} = \text{Empowered people} \times \text{Unlocked potential}$$

In today's world, the following skills are emerging as critical for organisational growth:



- **Functional skills**

Specialised technical abilities and knowledge that are specific to a particular role, enabling employees to effectively perform job-related tasks.



- **Leadership skills**

The ability to guide, inspire and influence others to achieve goals. This includes strategic thinking, effective communication, decision-making, team building and mentoring for long-term success.



- **Emerging soft skills**

Emerging soft skills, such as resilience and adaptability, equip employees to handle challenges, stay optimistic and sustain productivity in a fast-changing environment.

Companies can adopt the following strategies to build capability:



- **Emphasis on continuous learning**  
Create an ecosystem that encourages and enables employees to engage in continuous learning.



- **Balancing current vs. future skills**  
Employers focus on current skills to boost productivity, while employees seek future skills for better employability. It is crucial for employers to balance both by incorporating future skills into their training programmes.



- **Welcoming external talent**  
While it is extremely important for companies to build the skillset of current employees, they should also welcome and attract skilled external talent to join their workforce.



- **Technology as an enabler**  
Technology can enhance capacity building through e-learning modules and customised dashboards for monitoring performance. Gamification and leaderboards can encourage course completion and improve learning outcomes.

## Culture

Culture embodies the collective values, norms and behaviours within an organisation. It promotes collaboration, adaptability and employee engagement, fostering a cohesive environment where individuals are inspired to contribute to the organisation's vision and long-term growth.

The importance of culture cannot be overemphasised. About 72 percent of high-performing organisations consider culture to be a key driver of success, leading to 4x higher employee engagement and retention.

Culture also improves a company's financial performance metrics. About 13 companies that have appeared on Fortune's annual 100 Best Companies to Work For list every year also see higher average annual returns, with cumulative returns as high as 495 percent against the indices.

Companies can adopt the following strategies to build culture:



- **Align actions to messages**  
Companies must ensure that their actions align with their messaging. This is a key principle for building a truly authentic culture.



- **Build a flexible, open workplace**  
Create an environment that empowers employees to explore projects aligned with their interests and develop their skills. Such an environment increases employee satisfaction, thus contributing to greater retention.



- **Balance all stakeholders**  
Companies should be mindful of balancing the diverse interests, needs and aspirations of all their stakeholders (including customers, employees and shareholders). By doing so, they can cultivate a culture of inclusion within the company.



- **Engage with the wider community**  
Culture is also about giving back to the wider community. The company functions within a community, so it is vital for it to engage in the spirit of giving back to society. This helps foster a culture of trust and goodwill.



- **Accessibility of leaders**  
It is important for the leadership to be accessible to the company's stakeholders. This can help stakeholders directly communicate their challenges with the leaders, which can further, expedite the solutions and resolutions.



- **Work-life integration**  
Focus on building a synergy of work-life integration. This is a situation where an employee's personal and professional lives mutually enrich one another, contributing to the employee's overall well-being.



- **Celebrate risk-taking and failures**  
Failures are important stepping stones to success. Instead of discouraging them, companies should consider celebrating and rewarding them with awards/prizes such as the "Epic Fail Award."

**"The track discussed various experiences on people strategy, and there was consensus that leadership must address both the tangible aspects of productivity and the intangible elements of culture. This workshop helped leaders bridge that gap, integrating the "hardware" and "software" for sustainable success. Leaders now understand that the "software" of culture—values, communication and connection—is just as crucial as the "hardware" of efficiency in driving performance."**

**– Nikhil Kolar,  
Partner, Technology & Transformation,  
Deloitte India**

## Key takeaways



- Founders and CXOs play a vital role in shaping the company's vision and cultural ethos.



- To build the capacity of a company
  - It is important to keep the customer at the centre, expand to new trajectories and for the company to keep redefining itself.
  - Have a conducive organisation design, which encourages capacity building.
  - Develop an appropriate rewards framework.
  - Design effective and simpler business processes, to boost efficiency.
  - Use cloud and technology adoption to expedite and stay up to date in the capacity-building process.
  - Collaboration index- Adopt a mechanism to rate peers on collaboration.



- To build the capability of a company
  - While it is important to encourage and invest in existing employees' capabilities, it is also necessary to identify the right capabilities and bring in people with the right capabilities at the right time into the organisation.
  - Embrace digital means and innovative techniques to build capability. Focus on both current and future skills for capability building.
  - Develop digital competency frameworks.
  - Leadership journeys by cohorts – Develop structured programmes involving cohorts to facilitate the development of leadership skills through collaborative learning and peer support.
  - Measure ROI on learning programmes.
  - Expand vision beyond one's own company and look at the contribution one is making to the ecosystem.





- To build a culture of a company
  - Accessibility of top leadership and having a larger vision in mind is crucial.
  - Use culture diagnostics for periodic assessment of the underlying dynamics of an organisation's culture.
  - Improve performance on core indices and develop differentiating indices:
    - o Core indices- These are foundational to organisational culture. All cultures lean towards one end of each spectrum. These include, collective focus, risk and governance, charge and innovation, external orientation.
    - o Differentiating indices- Organisations exhibiting these characteristics tend to achieve differentiated performance. These include courage, commitment, inclusion and shared beliefs.
  - Use culture programmes to enhance culture-building activities in an organisation and look at the contribution one is making to the ecosystem.
  - Companies should strive to balance the

needs and aspirations of all stakeholders.

- Encourage the spirit of experimentation and risk-taking through innovative steps.

