

**EMERGING TRENDS IN OPTICAL BRIGHTENERS – A GLOBAL SCENARIO,
VASANT CHEMICALS, HYDERABAD**

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Mr. Mall, Executive Director, The AP Paper mills Ltd., Mr. Chowdary, Managing Director, Vasant Chemicals Ltd., distinguished invitees from overseas, Ladies and gentleman,

I am indeed honored to be in your midst today. I wish to offer my birthday wishes to Vasant Chemicals, its management and employees on completing twenty five glorious years. From the gathering I see here today, it is evident that Vasant Chemicals has earned the respect and credibility of customers world wide. This would not have been possible but for the culture of excellence that must exist in the company, an invaluable intangible asset of an enterprise. I also compliment you for this great initiative, to organize a technical symposium to commemorate this event.

I observe that the organizers of the event have put together an interesting technical programme, touching on critical issues surrounding the optical brighteners industry. I wish you a very productive day, both, in and out of the conference room.

As a theme for my talk, I wish to touch upon some core challenges that confront every organization today. How we rise up to these challenges, will largely determine where India will be in the next decade or two.

Business and economics in India are at the cusp of history. Indian chemical industry will grow by about 15% this fiscal with a projection of 18% next fiscal. Chemical industry has seen increased productivity, greater focus on technology as well as buoyant exports. More importantly, Indian chemical industry has begun to think big with global ambitions. The newspaper headlines this morning amply attests to this reality. The big ticket acquisition of Betapharm by Dr. Reddy's Laboratories for an enterprise value of US \$ 570 is the largest overseas acquisition ever by an Indian company.

From the mid nineties, when Indian chemical industry looked at China as a threat, it is now increasingly looking at China as an opportunity. Indian industry, in general, has begun to appreciate the "key differentiators" which can give it competitive advantage over China, both, in domestic and global markets. It has dawned on us that India and China are not in a race against each other. The world has large enough room to accommodate the needs and aspirations of both the nations.

In short we are living in exciting times. India's growth is fuelled by one of the most dramatic demographic dividends of this century, namely, over five hundred million people below the age of 30 by 2015. As Harvard University President Lawrence Summers said at the World Economic Forum in Davos last month, and I quote, what is happening in India and China – the integration of 80% the world where people are poor with the 20% of the world where people are rich - has the potential to be one of the three most significant economic events in the last millennium, alongside the Renaissance and the industrial revolution, unquote.

Two striking facts highlight the dramatic shift in recent years in the relative economic balance of “first world” and “third world” economics. Emerging economies produced slightly more than half of world output measured at purchasing power parity. Second, they also accounted for more than half of the increase in global GDP in current dollar terms. US and Britain took fifty years to double their per capita income. India and China hope to achieve this within a single decade. In the concept of a “flat world” expounded by Thomas Friedman, ideas, concepts and technology move at the speed of thought. So “catching up” is becoming easier.

What then are the challenges organizations will face in this new world order, especially, in emerging economics like India?

The first is the demise of “organizations” as we have known them for decades. Organizations are metamorphosing into “clusters of networks”, with “loose” structures where each employee is “empowered” to take his/her own decisions. Organizations are struggling to undo the vertically oriented structures where individuals found comfort in hierarchy to flat horizontal structures, wherein management of both people and resources, is infinitely complex. New organizations learn to dissociate discipline from hierarchy and move towards a culture of “responsible autonomy”. Organizations also need to separate “planning for profits” from “planning for growth”. They are not synonymous. Without a strategy for growth, businesses cannot sustain for long. At the core of growth is innovation. Traditionally, innovation has taken place either in the laboratory or in the marketing department of an organization. But increasingly innovation is moving into new territories. Organizations have to increasingly look outside for innovation. Universities, research institutions, in-house venture capital, joint ventures, customers and suppliers are all sources of new ideas.

New ways of looking at businesses are also needed. Companies are increasingly becoming provider of services, rather, than just products with heightened customer experience.

Consequently, organizations have to restructure themselves to be able to identify and encourage innovations. Today's organizations may need a new matrix, with one structure for its innovators and another for its most traditional workforce. As Peter Drucker said in 1969, and I quote, to make knowledge worker more productive will be the great management task of this century, just as to make manual worker productive was the great management task of the last century, unquote.

In this context, “knowledge management” becomes the core management function. There are three broad approaches to knowledge management. One is to create a system where all information goes to everybody. This is hugely inefficient. The second, tells people what others think they need to know, which may not match their real needs. And the third, most desirable but also the most complex approach is to enable employees find for themselves whatever they want to know.

So what is required to build and maintain the kind of new organizations in which “innovation” will thrive? They are, distributed leadership, talent and a culture of mutually reinforcing values. Organizations must be more “disaggregated”, with responsibilities delegated to more people. Managements must learn to live with some amount of “organizational chaos”. Without “chaos” there is no “creativity” close and loose relationships must coexist in the same organization.

The DNA of an organization is encoded in four genes, namely, decision rights, information, motivators and structure. These combine in different ways to make more than the sum of parts expressing the distinct identity of an organization.

The organization of the future must assume that people will exercise self – direction and self – control in the achievement of organizational objectives, to the extent that they are committed to those objectives. Organizations have to challenge their employees, to innovate, to discover new ways of organizing and directing human effort. We must also recognize that the perfect organization, like the perfect vacuum, is a myth. Innovation and innovators thrive only when they are fully empowered and trusted. Command and control is becoming as extinct as the flightless bird dodo.

I do hope, companies like Vasant Chemicals, who have shown what excellence can achieve in twenty five years, will strive to set the bench marks for the “new organization” which will propel India, not only as an economic power, but also as a place where a culture of open innovation thrives.

With these words I formally inaugurate the symposium.