

December 2008

CEO Spotlight



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Weathering the Recession Storm

We live in difficult yet very interesting times. The world is slowly and painfully coming to terms with the global economic meltdown. It's a gut-check time for CEOs. How to rise above the challenges of current time? Let's find out.

We are in the midst of some very difficult yet interesting times. In a very short span of time, the economic tide has turned unfavorable. Each day we hear about the global recession club adding a new member nation, giving us a real sense of how globalized and inter-dependent the world has become. Yet all is not lost, as we see two large emerging economies, China and India still targeting over 6-7% GDP growth YoY.

The current global economic slowdown, which manifested from the deep and severe sub-prime crisis, has however one major fallout in terms of heightened risk premium. And since business activity globally is all about calculated risk, its bound to impact each and every one of us. How we deal with this current painful situation and possibly come out stronger is the critical question? And I personally believe, knowing how great leaders of our generations have weathered such uncertain storms is a good handy guide to get some sense of what lies ahead and how to grapple with it.

John Chambers of Cisco is one such leader. Here's an inspiring quote given to FastCompany during the technology bubble of early 2000 when Cisco was greatly impacted financially but under his leadership the firm eventually came out much stronger, "All of us like periods of growth, but I learned a long time ago that you deal with the world the way it is, not the way you wish it was. This is where you develop character. It's exactly what my parents meant when they said that something was going to be a learning experience. That usually meant that something was not going to be fun, and that it was going to last longer than I wanted. But it is tremendously important in building great companies. You move from focusing on absolute revenue growth – which has gotten a number of companies in trouble -- to focusing on profitability and earnings contribution, both short- and long-term."

At times such as now, the "opportunity cost" and "cost of failure" is low. That's good news in such difficult times for firms who view downturns as time to extend their leads, being fully aware of the low failure cost. That's how GE acted after the financial markets took a downturn in 1998 by sending an army of deal makers to Asia.

Well, I end by saying that while there seems to be less visibility on how things will pan out as we usher in 2009, I am optimistic that we would see signs of recovery happening in second half of 2009. Let's celebrate for interesting times ahead! Wish you all a happy festive season and a prosperous New Year.



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