

THE NEW MANAGER

Finding opportunity in adversity

What YES Bank did to weather the slowdown

Rana Kapoor

The global financial and economic outlook continues to be relatively uncertain. Despite large-scale recapitalisation, write-offs and asset substitutions, sizeable chunks of assets of systemically important banks and financial institutions remain impaired. India, however, on the back of resilient domestic structural drivers of growth and a strong regulatory framework has experienced relatively limited damage.

The recent financial results of Indian banks and corporates have belied expectations and seem to suggest that, probably, the worst two quarters are behind us. However, from a stable, sound and growing economic environment we are, today, faced with a risk averse and uncertain period of painful adjustments.

In these uncertain times, the future belongs to those who have not only been proactive in building trust-based relationships with their stakeholders and engaged in 'institutional building', but have also used these trying times to innovate, introduce new technology and improve operational efficiencies thereby setting the base for long-term sustainable growth. There is clearly a need for structured thinking and strategic discipline, while positioning for an eventual recovery.

At our bank, the management philosophy during this period has been to look beyond the immediate downturn and pursue 'opportunities in adversity,' and they are numerous. We sustained pursuit of our differentiated business strategy, continued to develop our human capital base and invested significantly in building our brand.

These will, in-turn, be the key drivers of sustained growth and help propel the bank for a take-off in the medium term (2010 and beyond). One of the grave manifestations of the recent financial crisis has been risk averseness in the system leading to a near freeze on capital flows and lending. Most firms are being forced to take tough calls on capital expansion, prudent investment and capital conservation. Without losing sight of strategic projects that enable the organisation to grow, companies will need to build their competitive edge for the next favourable period.

In addition to financial capital, companies need to focus their strategy and execution on building three other crucial pillars:

BUILDING RELATIONSHIP CAPITAL

The single biggest focus of our short- and medium-term strategy is to build strong in-

stitutional relationship capital. Relationship management in these times not only ensures sustainability during the slowdown, but positions the bank very favourably for when the economy improves.

The entire organisation has been aligned to 'think and act' on relationship building with a structured customer relationship management (CRM) based approach. Our CRM is built on the philosophy of 'one bank' wherein each client is mapped to the relevant relationship managers and partner product managers. CRM also ensures that the entire bank has a consistent and consolidated view of priorities and product sales potential.

The CRM approach has also proved to be extremely successful in ensuring a balanced multi-product focus across all our offerings, thereby ensuring integrated solutions to clients and a profitable client base. Multi-product client relationships are also more 'sticky', inherently have lower risks and are less prone to client churn. This forms the bedrock of our relationship management process. Companies are looking for trusted advisors to partner them in these challenging times and our unique knowledge-based diagnostic and prescriptive banking approach has proved to be a key differentiator.

Our firm belief in relationship management was further established when, during the peak of the credit and liquidity crisis, we were able to work synergistically with our clients to reduce/rebalance our loans and advances to them; and in certain cases, where it was inevitable, pass on the burden of higher capital costs to them.

STRENGTHENING HUMAN CAPITAL

Challenging times also provide opportunities for organisations to 'stress test' their stakeholder relationship capital – investors, customers, vendors and employees. These crucial times not only challenge leaders to maintain their leadership position, but also provide opportunities for smaller players to expand their industry footprint.

Our relationship management and customer services teams are reaching out to customers in our pursuit to be recognised as trusted partners. Over the last 9-12 months, we have invested in building scalable investor relationship management, vendor management and organisational HR management frameworks.

Strong human capital is a key differentiator and source of sustainable competitive advantage for most corporates. At the onset of this year, we asked ourselves three fundamental



questions which we believe will help us to successfully overcome environmental challenges and will enable us to evolve as a strong organisation:

Are our management structures agile and organised most efficiently to face the downturn and help us meet our short-, medium- and long-term objectives?

Are the right employees assigned to various roles; are they equipped with the right skill sets to ensure highest productivity and utilisation?

Is our HR programme designed to promote meritocratic, constantly evolving, learning and motivated human capital within the bank?

Actions based on an objective review of the questions above and a non-disruptive implementation of the same has reinforced the entrepreneurial fabric on which the bank has been built.

>>More on the Web: www.businessline.in/webextras

(The writer is Managing Director and CEO of YES Bank)