

Interview with Mr Nitin Vyas, MD & CEO at BEUMER India Private Ltd



Welcome

Rachit:

Mercuri Urval's flagship Leadership Series intends to interview industry leaders with a reservoir of knowledge and progressive insights. This interview features Mr Nitin Vyas, CEO & MD at BEUMER India Private Limited. The logistics sector was massively hit by COVID-19 across industries like aviation, mining, petrochemicals, and cement. Having witnessed the impact in close quarters, Nitin shares insights about:

- Doing business in a post-pandemic world
- The nature and scope of recovery
- A necessary style of leadership and organisational culture
- The need for trust and empowerment in organisations
- Traits young leaders need to cultivate, and more!

Kenneth will be shooting questions and I'll be the convener. Let's dive right in.

Nitin:

Perfect, perfect. Thanks.

Recovery and the return to normalcy

Kenneth:

So, Nitin, I understand you have lived through 2020 fairly well. You're one of the few business leaders we met and has fortunately got good business in the year 2020. That's done and dusted, right? What's 2021 looking like for the industry from your standpoint?

Nitin:

So, 2021 for India?

Kenneth:

Yeah, for the industry.

Nitin:

For India and for the industries where BEUMER Group is active, it looks quite promising. So, if we start from the discrete material handling business, 2019 was one of the best years for cement and when you correlate that with the infrastructure spend, around 10 trillion INR was spent on infrastructure alone. India produces about 10 million metric tonnes with a production capacity of 424,030 million tonnes. The second-largest producer after China whose production capacity is about 1 billion tonnes. For India to reach a developed nation's infrastructure, we would need a cement capacity of 838,020 million tonnes. That's my guesstimate. Perhaps 50 million tonnes give or take.

2019 onwards we were going to see a spurt in cement consumption which 2020 snuffed out. The first two quarters of 2020 were a clear washout. There were no new opportunities for the cement industry.

In the last quarter of this calendar year, there has been a consumption increase. Construction has increased, so has production, and the utilisation has also hit approximately 70%. Last month, all the big cement producers announced big CAPEX projects around Rs 5,000 Cr approximately from companies like LafargeHolcim or Ultratech or JK Cements.

Before this as well, infrastructure spends were anticipated to be higher than 10 trillion tonnes. 10 trillion INR which was to go up to 13 trillion and in some more years, 20 trillion INR. These numbers signal that until 2025-2028, the cement industry will keep growing. It's a goal we have to attain. Of course, it's a cyclic industry. Three years we perform well, followed by a dip for a couple of years, and three years again will show growth. So, the cement industry is looking very good. Besides this, the business funnel looks very good.

Next come the minerals, minings, or long-distance conveyance. These also look good. On the coal site and aluminium site, the commodity prices have spiked. Take copper, aluminium, or steel, all the prices have spiked. When prices escalate, the margin realisation is all the better for mining companies. So, the pipeline is looking fine there as well.

We believe both the businesses of cement and CL will be two of the biggest contributors of businesses for BEUMER worldwide. India will be one of the biggest contributors to these two businesses in the next year at least. Then coming to discrete material handling which comprises the airports. The airports, at a global level, are looking poor. You don't see people travelling. Some travel started in India from the 25th of May 2020 since lockdown began. Since the flights in India resumed, half a million passengers are moving across the country. Around 250,000 departures and 250,000 in arrival.

While there is an evident recovery, it doesn't match the initial double-digit number growth. Over the past 20 years if you look at the last time the passenger numbers had dipped was not during the 2008 financial crisis, nor 9/11. But it was during the SARS crisis of 2002 and 2003 when it began in China. Of course, that health crisis was short, whereas COVID is long drawn.

Many people offer their predictions and guesstimates of the aviation industry. The airlines have incurred billions of losses. We can return to normalcy only by the end of 2022. Having said that, in India, the business for us might not be so severely impacted. The infrastructure at the airports was already constrained, there were financial closures for a lot of projects, and work had started. Take for example the Bangalore airport, the Hyderabad airport, the Delhi airport, or the Noida airport. Financial closures are almost done, and it is in some phase of execution.

Similarly, for the Airports Authority of India, one of the biggest customers and airport operators of India, their pipeline is also good. 2021 will not be a bad year. Projects have begun even if passenger numbers across the continents will take time. For businesses like ours, there will always be projects. But we have to be cautious for the next two years. Because new capacities are not likely to be added in any new territory. The aviation industry will find it difficult to regain stability until hospitality and tourism return.

But you see, I'm a the-glass-is-half-full kind of guy. If I look at Dow Jones from the aviation sector, there is a nice recovery. And when I look at the share prices of American Airlines there was a drastic dip between February and April 2020, but it's rising again. Take a look at the Indian airline share numbers like SpiceJet. It is more or less coming back to how it was in February last year. After which it crashed dramatically in March. The most interesting thing is Indigo. If you look at their share prices, I think they were around 1100 something before the crisis happened in February. In March they went down to 700 or 600. It is currently higher than what it was in February, around 1300 or 1400. It's a perfect V-shaped recovery at least in the stock market. There is a certain hope that the aviation industry is not going to crash in India.

If I compare it with Dow Jones or American Airlines, the Indian aviation industry will have a faster and better recovery. This is primarily due to a large number of domestic passengers. We are still not very

heavy on international passengers. Plenty of airports in India are origin and destination airports. We don't have many hub airports like Singapore, Hong Kong, or London Heathrow. There you'll observe that the transit passengers are more than the origin and destination passengers.

Furthermore, most of the bigger airports, like Dubai International, London Heathrow, Frankfurt, or Singapore is not successful because they are city airports. These cities are fundamentally successful because a successful airline has a base there. They ferry the passengers in and out of the cities. Which is not developed in India. Because the Indian aviation space is not yet evolved, we still have time. The market is likely to perform well and there will be a quick recovery.

The most interesting market will be logistics. The express parcel industry and e-commerce would be one big driving force. Their volumes are increasing and there are huge investments from the top two e-commerce players in India. Moreover, the retail industry is getting more organised. There is meaningful consolidation when you look at Future Group or Reliance.

As the volumes increase, businesses like ours come into play. When retail and e-commerce are happening at low volumes, we don't need a highly automated warehouse. But when the volumes are high, even 500 - 1000 people cannot get the job done. Here's why building technology is crucial. That's what BEUMER is doing for one of the biggest e-commerce players and distribution channels in India, which contributes to the top 30 sorting systems in the world in terms of capacity. The logistics business is at a sweet spot, at least in India for all these different businesses. Logistics as a business globally, it's moving despite COVID. Maybe a few quarters or a few years they were unstable, but overall, there will be a fair distribution for all our divisions in the next few years.

Kenneth:

Other than logistics, do you know who's going to lead the recovery back for the industry?

Nitin:

India has a large consumer base and it's going to be the tier 2 and tier 3 towns that will spearhead the recovery. Not the large cities.

You see, we've had a very good crop and farmer output over the past two years. Two good years and four continuous bumper crops with two good monsoons. Four good crops, I don't think we've had four consecutively good crops in the past 15 or 20 years. This means there's money coming in from the farm sector and the hinterland. Because consumption will further trigger recovery. Check the numbers in July and August 2020, the farm equipment saved us more than others. The recovery isn't happening because of the big cities. That's for sure.

Look at the cement consumption also, there is high cement and steel consumption right now in the rural area even though infrastructure is still so underdeveloped.

In this sense, somebody needs to spend money for recovery either digitally or physically. Or phygital, when you combine physical and digital. Who has the money? That's coming in from consumption. Although business got delayed with COVID, it did not evaporate. While the hospitality, tourism, and aviation industries have been affected, consumption will go on.

Trust and empowerment in multinational companies

Kenneth:

Coming to your pet topic of leadership. You've been in the leadership at this German multinational for a long time. How difficult was it for you to build complete trust and build complete empowerment as a leader in a distant country?

I've worked with German companies for the past 20 years which made it easier to understand how German managements think and work. And there's been the last 10 years with BEUMER in a leadership position.

Whether you are working for a German company or a multinational company or even an Indian company, trust is important. You won't be empowered until you are trusted concerning your commitment and fulfilment of that commitment. I could get the commitment and trust of my management when I could demonstrate the work in detail without anything hidden. Transparency is crucial whether you are doing right or wrong. If you can present in detail, with all the facts, whether the business is going to fail or going to stay, it doesn't matter, you can win trust.

The second is to deliver. It's always good to over-deliver to delight and not to simply satisfy. But if you are over-committing and under-delivering, the trust level drops. And as I said, trust is a mathematical formula. You can trust somebody you know. So, when I joined BEUMER I didn't know anybody, but I had to build trust. I had to build relationships over time. If you were to represent it mathematically, trust equals relationship into time. The more you spend time, communicate transparently, and are present, the deeper the trust.

The catch or the denominator in the equation is ego. If one has a higher ego, the trust drops. You need to be a good listener, pay keen attention to what the management says, and understand the business objective for the local market. I think it took time, but the management also trusted and empowered.

No department has had any expats in India over the past few years. That means there isn't anybody checking on you every day. There are systems and processes. And we work within the framework of those standardised processes.

Evolving People Function

Kenneth:

Yeah. How do you see people functions evolving with time?

Nitin:

I think people functions are constantly evolving. There are different stages when you are dealing with people. And if I understand correctly it's the people of the organisation?

Kenneth:

Yes.

Nitin:

At different stages of the company, there are different needs and different kinds of team behaviour is required. When a company is valued at Rs 50 Cr or 100 Cr and you have only a few people you can directly interact with, it can be easily done. You need people with a certain mindset to do that. As you grow as a business, your allocation of resources is the key. And at a certain point, it's not the quantity of the people, it's the quality of people which matters. How many of your people have the self-drive and ownership to do the work.

As your business grows, you'll need a team who take ownership of their tasks, of the business, and understanding of the business. I also believe that as the company grows, more than discipline managers like a sales manager or a project manager, and production manager, you will need more business managers. The guy who knows the business does his tasks but also understands business in totality. Otherwise, your team is susceptible to silos. I hope I answered your question there.

Kenneth:

Yes, you did. But what's redundant? What's gone out of fashion in terms of the leadership of people?

Nitin:

I think autocracy should not have existed. Nobody expects the leadership to keep nagging and keep telling them what to do and how to do it. It's now important to articulate business objectives, what has to be achieved and let your people discover the fulfilment of those objectives by themselves. So, what's gone is micromanaging, constant monitoring, and which disempowers your people from making decisions. What's fashionable and more meaningful today is decentralised decision-making. And it should be the way. There also have to be checks and balances, of course.

Advice for young leaders and top leadership traits

Kenneth:

So if you had to give a piece of advice to a young CEO or young budding leaders, what would that be?

Don't be afraid of making decisions. Make sure you have all your facts down and make decisions. If you're in a position of leadership, you should not be afraid of decision-making. Many a time, people are scared in life or in business to decide because they overthink. Too many what-ifs. Which delays the decision. My advice is don't delay a decision. If you make a decision early with facts that you have in hand, even if that decision was wrong, you might have time to correct it. But if you make a decision too late, if that is wrong, there won't be time to correct it. Don't wait for somebody else to make your decisions. Don't wait for the approval of somebody else. If you have confidence, if you believe that you have enough facts, don't be afraid. Make that decision. Don't make blunders later. Take risks now.

Indian leadership culture vs. German leadership culture

Kenneth:

Another area that I want to delve into is culture. It's something we've written and talked about plenty. You've been in the German organisational culture for 20 years. What's the difference between an Indian leadership culture and a German leadership culture?

Nitin:

While organisational culture is a key cog in the wheel, German companies across Germany or the world do not have the same culture. From one German company to another German company, there will be several differences in culture. It may be based on the size or the management style. And I believe you cannot replicate the culture of a company. Every company evolves and develops its own culture and behaviour.

In 2011, we did our acquisition of Indian SMEs. 2012 and 2013 they started operating as BEUMER. We had one single operational organisation. We had two legal entities and different people. And you could see a clear distinction between the people. Even when they were mixed in one team, there was a clear distinction in behaviour. Even though we had done nicely the presentations for new policies, values, and principles of working, the behaviour was remarkably different.

An interesting example: There was a team of very capable people who had worked for ages at a proprietorship or an owner-based small company where even if they were right or wrong they were not allowed to or were not confident enough to make decisions on their own.

The second example was this: As engineers if the customer wanted a specific solution, we would tweak it. Which made standardisation impossible. So, there were these two extremes. How do you integrate the two? And I'm not saying that one was wrong and the other was right. Both were correct in their specific business contexts. When you operate at a multinational level you will need to have certain processes and standardisation, so things don't get out of hand.

Furthermore, when there's a new product or service that you're developing, how do I get the team on the same page? How do we empower them to say, "No, we cannot do this." How do you get them to make their own decisions? That is challenging.

Compare two German companies. One is a big stock listed company conglomerate and two, a traditional, family-owned, third-generation company. The size varies. How are the two cultures different? It would be wrong to say that one culture is good, another is not good. One company may have too much decentralisation and a clear path. It may also need some stringent checks and balances. Business leaders have to figure out: What is the business set up? What are the objectives? And what kind of culture would you need?

Having said that, I think gone are the days when one leader controlled and decided everything. everything as a leader. If you do that, your organisation will not grow.

Kenneth:

Good. So, how easy was it for you? Are you more German or more Indian by this time? For most of your career, you were in a German company.

I believe I'm a hardcore Indian who understands how to deal with the Western world. Like in some feedback I received from my peers in Europe, the US, and South-East Asia. They said that I was possibly a good bridge between the two cultures. I'm a highly Indian-oriented person. But I understand the nuances of Western culture as well. What is acceptable? What is not acceptable? I believe the understanding of Indian culture is very low in the Western world. And that's why they might not appreciate what we do and why we do it.

I also believe that I can understand both cultures to be a decent enough bridge between the two cultures. Many Indians also do not understand Indian culture. They may understand North Indian culture, or UP culture, or Tamil culture. Perhaps North Indians will say they understand North Indian and South India culture separately. The overall understanding of Indian culture is very low in people.

I say to students, young students, when you finish school or college, take a train in India. Take a sleeper class and go from Delhi to Chennai or Kodaikanal or Bangalore or Mangalore. This 36-hour journey will make you more culturally aware than reading everything the world has to offer.

Rachit:

Absolutely.

Nitin:

Here's an interesting phenomenon. When you board a train from Bangalore, the guys selling a dumpling of potatoes call, 'Cutlet, cutlet.' By the time the train reaches Delhi, the same product is sold as *Aloo Tikki* by another guy. And this is culture. Without understanding Indian culture, you cannot understand other cultures. And that's where I believe I come in as a bridge between the cultures.

Business takeaways from 2020

Kenneth:

Interesting, very interesting.

Last year was tough. What has changed in your outlook towards 2021? In terms of business and approach.

Nitin:

2020 has helped develop a good eye that identifies potential risks. So, we can get better at monitoring and scenario planning. We've started to think about building inherent robustness in the organisation. 2020 was, in the truest sense, a black swan event. What happened, I believe, was that we got too complacent that events like these cannot happen. If they happen, they won't happen this dramatically and at this magnitude.

I believe that events like these will happen. I do not know the frequency. Perhaps, a black swan event like this may never happen in my lifetime. But it compelled us to plan robustness in our lives and our systems. So, we can weather these events with resilience.

I remember going through a presentation in 2010 - 2011. We were bidding for a project in maintenance. One of my colleagues from Singapore was there. He's the Asia Pacific's Maintenance Head. He was hosting a small workshop for us. He said that when you plan something, like how to handle a crisis, it is important that you keep practising that.

For example, if there's a fire drill, you need to accomplish getting to safety even if you know it is a fake or a false alarm. You need to keep building resilience and habits in people to cope with crises. The business continuity plan has to be there. And at least in our country, we are not doing that. So many times, we make a crisis plan, we lay out the business continuity plan, but we never practice it or put it into action. I think that was a big takeaway for me. That we should keep creating scenarios of what can go wrong. And not only make a plan again around that but practice that plan also. If we don't practice, that becomes a plan on a piece of paper. I think that is quite common in our nation.

I've seen this in Singapore. When they do a business continuity plan, they mean it. For example, at the Singapore airport, I encountered something I've not seen in India. The simple exercise of practising what they would do if their IT systems failed. They do the drill with live passengers. They said that they were about to practice what they would do if their check-in systems failed, and they were unable to print the boarding pass. How did they manage? They had a backup process in place.

They implemented that process even if everything was working that day. This instils resilience and confidence in people. People are equipped to say, "Doesn't matter if something fails. I know what to do." And this is what we miss. This was a big learning for me.

I suspect that there was some sixth sense during the COVID crisis in some places. For example, at BEUMER, we didn't have work-from-home rules. But two or three weeks before the lockdown, I don't know what triggered it. Somewhere around the 4th or 5th of March, we said let's write down a process and start making some teams ready to start working from home. So that when 23rd March happened and we all had to go remote, it was not a knee jerk reaction for us. We had intuitively responded to the situation as we planned for something like this. But don't we as businesses practice crisis scenarios on normal days? If there's one thing you take away from this interview, let it be this. Anticipate plausible scenarios, build capabilities and ways to handle crises, then go ahead and practise them. Let this be the biggest takeaway.

Rachit:

I have a follow-up question on that, Kenneth, if I may.

So, Nitin, you spoke about agility and resilience; my key takeaways from the answer. Will the job description of hiring critical talent change or should it change from a personality and behaviour perspective. What should shift keeping 2020 in mind?

Nitin:

I think the attitude, the ability to handle things independently, take ownership, and make decisions independently are key to critical leadership today. Above all, it's the attitude of the person that we

need to factor in. Whether they are a team player, and willing to take ownership of things, and drive things on their own. And how fast is the decision making? We need quick decision making when things are not going right. You can get a leader who is very highly qualified in academia and has experience. But if they don't have the right attitude, the right capabilities and make efficient decisions, I think that's not the right person to be on the team.

Nitin behind the scenes, life mantras, and inspiration

Kenneth:

We covered the business side. Now Nitin, when he is not working, who is he? How do you describe yourself as a person?

Nitin:

I'm outgoing when I'm doing business and dealing with people. But I'm an introvert. I'm a person who needs my space. If I'm not working, I'm reading a book or I'm cooking. I do things that calm my mind. These are the two things that calm my mind. Chopping vegetables calms my mind. At my home, I ask to cut up vegetables or fruit for salads every day even if I'm not cooking. On weekends, I have to chop fruits for everyone. Besides this, I like spending time with family and a select few friends where I can be myself.

Kenneth:

Who has inspired you? And what mantras have they instilled in you?

Nitin:

Over the years and my career, different people have inspired me. I've been very fortunate to know my grandfather who was my first inspiration. Growing up, I remember the discipline he practised for himself. He was already retired when I was a toddler, possibly in his 70s. But his way of life inspired me. People tend to be expressive when they go for a jog or have to make money. But here was a person who was retired. He had no liability to his kids or his grandkids. But still, so disciplined, so clear about what he wanted out of life. And not interfering in anybody else's life. Letting everybody live. That was a big inspiration for me.

Later on, in my career, I met many leaders who shaped me into what I am today. My mentors identified me as a young engineer, who sent me on projects against all odds. There was one guy, I still remember, Raymond. He taught me that when you do something, remember that somebody else will come after you. And remember whatever you create, you make it easy for somebody else to use. He changed the way I thought about executing projects. He brought a more mature dimension to planning and execution.

Then, I've been inspired by my bosses from Germany, from Singapore, and the one from BEUMER as well. Not a direct boss but I learned from his style of leadership. He taught me what hard work meant. You don't get satisfied by any result. They will keep coming and going. The only thing which you can keep doing is keep trying and keep working hard. Don't get excited by the results. They might be very good today; they might be very bad tomorrow. Either way, don't get carried away. Stay focused on your work.

There was another great leader, a boss. His name was Jackie Chan who taught us key lessons in sales. How do you sell? What do you identify in the place? He said you need to identify three people when you're selling something: a technical buyer, a commercial buyer, and a coach. Without a coach, nothing can work in life. Whether you are selling, or cooking, or riding, or running. You need somebody to keep coaching you. And in sales, also, that is important. Different people taught us. Multiple people have inspired me.

Kenneth:

What's your mantra?

Nitin:

A personal mantra is to plan and keep working hard. Don't get stressed out by the results. If I put in plenty of effort, and I see no results, I think it's okay to move on and do something else. I've failed so much that failure does not scare me.

It's about finding your way forward. Don't just get stuck and don't keep talking about the past. The past is history. If you have got some learnings, take them with you and move ahead. If things don't work out today, they will work out tomorrow. So, keep doing the work and keep moving.

Kenneth:

One last question from me, probably something we asked before. What other three to five things that you look for when you hire a new leader?

Nitin:

Self-confidence, not over-confidence, but self-confidence. A person who is not trying to please me. A person who can take ownership when given tasks and doesn't need to come validate decisions with the other leaders. Someone who can make the decisions with the known facts and who's also aware when things are going wrong. They should also be able to consult the right people when things are going wrong. They've got to be able to do the right things 90% of the time and be able to handle stress and manage crises when things go wrong 10% of the time.

They also have to be a team player who understands that they cannot work alone. Because the last thing you want in any business is a silo. It is very difficult to break silos.

And the most crucial thing I look for in people is cultural awareness and cultural sensitivity. This may be sensitivity towards diversity, sensitivity towards culture, a locality, a people, a location, etc. When in Delhi, I usually find myself asking a local guy something about India. Try it for yourself and ask people about their hometowns and motherland. You'll start to perceive the cultural sensitivity and awareness that different people have. If leaders can't be sensitive and aware of their own culture, how can they be sensitive towards somebody from China, or South East Asia, Europe, or Africa?. So, that's very important. Respect and humility towards people are important. You can compromise in other aspects of the business but not this.

Kenneth:

We can go on and on talking. And you know, and it's so interesting all the time.

Rachit:

I have a question for Nitin at a personal level. For as long as I've known Nitin, I've seen a certain sense of calm and this unbridled patience. I mean, you're one of the few people I know who can smile in the face of adversity. How do you manage that, Nitin? How do you remain this calm, patient person?

Nitin:

You know, when I was doing my engineering, a friend came to me and said, we have two days left for the exam. Have you studied all this? And he showed me impossible volumes of portions I didn't even start. For a moment I was stressed. I said I would fail. Then I said, okay, forget about it and I slept for half an hour. I woke up, I was still stressed and then I started studying.

It's something I've practised since my days of engineering. If you keep thinking about the problem, you'll remain tense. But the key is to remember the problem, think of solutions, and how you can solve it instead. You may not be able to solve it completely, and only solve it a bit. Do what you can

and ask yourself if you know someone else who can solve it. If there isn't anyone who can do that for you, you can't add value to the situation by getting stressed out. No point getting bogged down by that. Move on. I think this keeps me calm. I will try. If I can, I will solve it. If I can't, the world will not end for me.

Kenneth:

Fantastic.

Rachit:

Great, thank you so much, Nitin. Appreciate your time invested with us. Have a great day!

Nitin.

You too have a great day. Bye.