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How prepared are you to take on a managerial role?



There is no short cut — you have to constantly keep yourself updated

The macroeconomic scenario plays a vital role in how companies and managers operate. In addition, uncertainties caused by emerging technologies have become commonplace in recent years and impact managerial decisions. The world today is completely different from what it used to be a decade ago. Given all this, are you well-prepared to take on a managerial role?

Business and economic developments, at a global and a national level, set the tone and day-to-day agenda for any company. Managers constantly steer their companies through a maze of rapid business, economic and technological developments. Ignorance of such developments and not keeping oneself updated on such issues is inexcusable for a potential manager as well as an aspiring MBA student.

Global political complexities and the geo-political conflicts are taking a very different dimension today. The demographic profile of the world is changing considerably from what it used to be a few decades

ago. A government's priorities, protectionism and governance across countries are not what they used to be.

Global and national events

The interaction between politics, society, governance and people has an enormous impact on society, its preferences, the per capita income, and people's ability to spend (which has a profound bearing on consumer spending). This forms the backbone of many companies. This also has a major impact on global and regional labour markets and companies' access to resources and skill-sets, which are at the core of the supply side for companies. Hence, understanding global and national trends becomes essential.

Such economic developments impact businesses very differently; some of the issues, such as overall economic growth measured as gross domestic product (GDP), interest rates in economies, currency exchange rates and liquidity, have an impact across industries.

Other developments, such as government regulations, foreign investment regulations, competition laws, trade barriers and licensing policies impact certain industries more than others. Anyone interested in running successful companies, or appreciating how they are run, needs to keep a close watch on such economic and business news on a day-to-day basis.

Information at hand

Leaders and managers seldom make decisions based on 100 per cent information. There is always pressure in terms of timelines and an urge to move the company in a direction that is most rewarding for the shareholders, ahead of the competition. This means many decisions need to be taken with less than desirable information at hand. It is important to robustly analyse plausible scenarios, anchor understand such a complex interplay of economic manifestations and learn to interpret and forecast a meaningful trend.

Whether an aspiring manager or soon-to-be management graduate, one needs to not only be on top of such developments but also appreciate their impact on different industry settings and companies.

The ability to comprehend business and economic situations and anchor the same in a specific business context is what is primarily tested in an MBA or a job interview.

It is not merely understanding the facts of a day-to-day economic and business situation; what's more important is the interpretation of such developments and linking the same to the issues on hand. The ability to make such an extrapolation does not come easily and needs disciplined analysis and practice.

What to keep track of

Questions such as 'How is the economy doing?', 'Has the economy recovered?', and 'What is the economic outlook for the next three years?' are pretty standard at interviews, casual business chats and informal settings with friends and peers. An aspiring management student needs to always be prepared to answer such questions.

Important information to keep track of could range from the global economy, to national budgets, components of revenue and expenditure, deficits, government borrowings, fiscal prudence and the drivers of overall economic strength and weakness. Industrial output, unemployment, the taxation regime, reforms and liberalisation are also vital topics to understand. This might seem like a lot to track but mastery over these concepts comes from continuous practice.

The never-ending conflict between growth and inflation in the monetary policy regime needs to be understood, appreciated and practised to clearly communicate; especially in situations where one expects an increase in interest rates. Other macroeconomic indicators, such as currency exchange rates, liquidity, central bank policies and their interplay, are also important to keep track of. These lead to related subjects such as export and import dependency, trade partners and deficits, trade agreements and tariffs, and protectionism.

It's necessary to read about politics and leadership across key nations and their influence on the global economy. Governance and ease of doing business across nations need to be understood in specific and national contexts. Once that is done, the links between politics, economic policies and national development will become clear.

Students generally need to be well aware of the corporate sector — the fundamentals impacting some of the major industries and companies. Their quarterly and annual performance, how the leadership fares in terms of strategy, and mergers and acquisitions are also important. One should not only demonstrate awareness but also be able to logically critique the same.

Quick to outdate

In conclusion, there are a number of issues to keep track of. As all this information gets easily outdated, one needs to constantly revise one's knowledge.

Studying, not merely reading, a couple of business dailies regularly will help one move in this direction. This can happen only over time, and with a high level of discipline. The sheer pride in learning something concrete and useful will, no doubt, act as motivators. And, frankly, there is no short cut to achieving this.

Read the article online at - <http://www.bloncampus.com/columns/pure-strategy/how-prepared-are-you-to-take-on-a-managerial-role/article10105272.ece>