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Opening Case

STRATEGIC MANEUVERS AT BHARTI ENTERPRISES*

The Indian telecom market is one of the fastest growing for mobile telecommunication services. Every three months a few million subscribers are added to the burgeoning base of telephone service users. For instance, more than 14 million new subscribers were added during January – March 2006 to take the total number of subscribers in India to over 90 million. That number, in a country of a billion plus population, is less than 10 per cent of the total population, indicating the huge market potential that would exist for quite some time.

The mobile telecom industry in India is highly competitive with one of the lowest average revenue per unit in the world, thus making it a strategic challenge for the best of companies to operate successfully. Among the market leaders is Bharti Airtel, a company belonging to the Bharti Enterprises group. It is currently (in 2007) the market leader with a slight edge over the government telecom service provider, BSNL and the private service provider Reliance. Bharti's Airtel brand claims to have nearly 32 million subscribers.

The businesses at Bharti Airtel have been structured into three individual strategic business units (SBUs) - mobile services, broadband and telephone services and enterprise services.

Sunil Bharti Mittal, chairman of the Bharti group of industries, is a first-generation entrepreneur from the state of Punjab, who has demonstrated his ability to think big and put ambitious plans into action. For Bharti Airtel, his strategic intent is 'to create a globally admired telecommunication company'. The stated vision of Bharti Airtel is 'to be the most admired brand in India by

2010' that will be loved by more customers, targeted by top talent and benchmarked by more businesses.

In March 2006, Manoj Kohli was named the president of the company, to lead the Airtel management board which will have the overall responsibility of driving the strategy and the operational performance. Three joint presidents looking after three SBUs and four functional directors of finance and business integration, IT and innovation, marketing and communication, and networks make up the top executive management at Bharti Airtel.

The group corporate office of Bharti Airtel will focus on the overall business strategy, provide support to the Airtel management board and conduct periodic reviews and governance. Four of the functional roles at the president's office, i.e. finance, HR, legal and networks will have functional reporting to the corporate office.

The corporate strategy of Bharti Enterprises seems to be of strategic alliances with global companies for rapid growth in sunrise industries through access to finance and established market brands. For instance, Bharti Airtel has strategic alliances with Singtel and Vodafone as investors. Ericsson and Nokia are mobile network equipment partners. Other equipment suppliers include Siemens, Nortel and Corning. With IBM, there is an information technology alliance for group-wide information technology requirements and with Nortel, for call center technology requirements. In late 2006, Bharti Enterprises announced its foray into retailing in alliance with Wal-Mart, where the latter will provide backend logistics support involving sourcing and Bharti will handle the front-end retail aspect by setting up stores across India.¹