

CENTUM LEARNING'S NEXT FRONTIER

Sanjeev Duggal, CEO, Centum Learning, is convinced that his company has the ability to enable a widespread social transformation by imparting relevant skills to a young workforce, both in India and Africa

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In two years, the biggest turning point that Centum Learning (Centum), the New Delhi-based skill development company, has witnessed is in the announcement of Prime Minister Narendra Modi's Make in India initiative. Sanjeev Duggal, its CEO, points out that while the initiative will increase the share of manufacturing in India's GDP, it will also create opportunities for employment in the manufacturing sector and in the allied services sector. Let's put some numbers to it. According to him, India has a demographic dividend advantage over many countries because of the fact that 75 per cent of its population falls in the working age group of 15 to 59 years. By 2050, he sees this number increasing to over one billion. "Given such an opportunity, the foremost action that needs to be taken in order to make this workforce employable is in imparting right kind of skills and knowledge in this respect," he shares.

Centum's business approach is typically in the B2B and B2G segments, and its India business focuses on two specific areas; corporate training and skill development. All its courses are industry specific and are prepared in consultation with the industry experts to impart training, which will enable the candidates to work effectively and have the right domain knowledge, technical skills and soft skills. It adopts what is called a market-backward approach, wherein, it first analyses the jobs available in the industry, taps the potential of each candidate, imparts coaching and practical training of the skill in demand, and then takes the candidates through a channel of assessment before making them job-ready for the industry.

When we last spoke to Duggal in May 2013, a large share of Centum's business came from enterprise and government projects. Back then, it had just begun foraying into curriculum development and skills and vocational training for schools and colleges, to help the trainees find jobs in the global arena. Since then, it has made significant progress in each of these verticals. It has strengthened its enterprise division by partnering with over 350 corporates such as New Delhi Airport, Bharti Airtel and Genpact. On the other hand, it has also partnered with Central and

State Ministries, Central Board of Secondary Education, and Public Sector Enterprises to impart skills training. "In India, we have set up Centum Work Skills India, in partnership with NSDC to enhance the skills of 12 million youth across the country," adds Duggal.

In terms of presence, Centum has expanded its footprint across India, Bangladesh, Myanmar, Nepal and 17 countries in Africa with domain expertise across 21 industry verticals and more than 1,300 training and development specialists. Last year, its operations in Africa grew as much as in India. "Usually, we earn 50 percent of our revenues each from India and Africa. We closed FY15 with revenues of Rs.200 crore. Helped by the expansion in Africa, we are hoping to reach revenues of Rs. 225 crore in the coming year," he indicates.

The setback in the system

Despite such growth, Duggal strongly feels that learners, parents and the society still prefer socially acceptable qualifications in pure academic subjects, and don't see the opportunity in skills-based education. "We are still struggling because youth still incorrectly believe that skill-based education leads to low paid jobs and it is perceived

Despite achieving tremendous growth in India, we are struggling because youth still incorrectly believe that skill based education leads to low paid jobs and it is perceived to be meant for only academically weak students, school dropouts and for people in the lower strata



SANJEEV DUGGAL, CEO, CENTUM LEARNING

Then

Touched revenues of Rs. 170 crore

Primary focus on B2B and B2G projects

Over 50 per cent of the company's revenues recorded from India and the remaining from countries like Philippines, African countries and GCC countries (including Bahrain, Kuwait, Oman, among others)

Now

Recorded revenues of Rs. 200 crore and aims to touch Rs. 225 crore in FY16

Forayed into curriculum development and skills and vocational training and partnered with AICTE and CBSE

An equal revenue generation (50-50) from India and African countries

Diversified beyond the telecom segment, which is now only a meagre 25 per cent of the local operations revenue, and partnered with over 350 corporates such as Delhi Airport, Genpact, Maruti Suzuki and more.

to be meant for only academically weak students, school dropouts and for people in the lower strata," he opines.

To tackle this, Duggal shares several rationalised initiatives that can be put in place. The foremost is, generating awareness about skill development and vocational training and making it aspirational. Secondly, he believes National Skill Qualification Framework (NSQF) should be seamlessly integrated at the school level across boards, and the government should introduce Right to Skills Education as a fundamental right, thus leading to higher employability. "For example, the State of Chhattisgarh has demonstrated a leap of faith by passing legislation to provide skill development as a right to the youth," he reveals. Thirdly, eliminating minimum compensation to skilled workforce (which will result in them not valuing the job) and making it market linked. Fourthly, incentivising corporates to skill their employees by treating internal training expenses as a credit set-off in their balance sheets, and directing companies to allocate a percentage of their CSR funds towards skill development. Additionally, making skills certification and mobility easier, and creating a talent pool of skill instructors and trainers, by incentivising and rewarding them, and more.

Another gaping challenge Centum faces is in identifying and recruiting the right talent as the company scales up. When we last spoke, Duggal indicated that the company is experimenting with several innovative strategies to tackle the hiring challenge. "Traditionally, C-suite positions have always been recruited through headhunters, which are not only expensive but potentially less optimal. We are therefore open to a variety of approaches including internal referrals, social networking and

FIVE CRUCIAL MARKET ENTRY STRATEGIES

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For most Governments in developing countries, there are huge gaps between good intent and policy announcements with regard to skilling on one end and on-ground implementation on the other. Hence, whenever we enter a new country we should start engaging with Government at highest level, but not expect immediate results.

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Many Governments are dependent on external sources of funding for skill development programmes. This means, we need to engage with multilateral funding agencies and create a network of partners that are advising these Governments. For example, we are working with AGRA and African Union in Africa.

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In all these countries, majority of workers in micro and small enterprises learn their trade on the job in the informal sector rather than in the formal Technical Vocational Education Training [TVET] sector. As in India, the informal skills training sectors are poorly equipped, only marginally linked to the formal sector and lack channels for upward mobility and professional development. Hence, we need to focus on 'Recognition of Prior learning' of existing workers in order to skill large numbers.

4

Most countries have inherited education systems that have for a long time marginalized technical and vocational education. Formal TVET delivery systems being developed are being driven by a rigid 'supply-side' curriculum. However, for any skill development program to be successful, it has to be driven through demands from industry/employers. Hence we need to engage with industry and come up with a corporate skills confluence model in order to scale up.

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Finally, if we consider the skills pyramid, frontline or entry level people can be skilled in large number only through governments' programmes, as candidates do not have the capacity to pay. As we move up the Skills pyramid, the candidate's capacity and willingness to pay increases. So, a consumer paid model can work in different countries. Hence, when we enter a particular geography, we have to do a dipstick study of the market there to understand the youth's aspirations and then decide of the training delivery model and associated financial model.

employment models," he states. Essentially, almost 19 per cent of the hiring happens through employee referrals and a whopping 33 per cent through local business sourcing. Duggal clearly indicates that it does not resort to conventional means on this front. Currently, the company has over 1,000 employees in its rolls and 1,000 working on contract or as affiliates.

Way forward

"Recently, when I was at speaking at the African Development Conference at Harvard, I was recollecting the present government's interest in skill building in India," recollects Duggal, and adds, "The new government has been able to recognize the disparities in the extent to which young people have been able to acquire formal skills. It has also made provisions for upgrading skills under multiple disciplines and allocated resources across the length

and breadth of the country," he shares. With the Centre taking efforts to come up with legislation to set up a Skill Development University, and a separate Ministry for Skills Development & Entrepreneurship, to coordinate and streamline multiple skill development initiatives, Centum harbours dreams of providing a skilled workforce that will augur really well, as India sets out to grow economically even more. "We are in the business of social transformation where each hand we skill adds up to the economic value added in the national GDP, which could be in the form of wage employment or self-employment or moving productivity at workplace," he says, and adds, "As a country, India has a strong surplus in working population (age 15-50), which helps us maintain the momentum in the growth story. A significant portion of this demographic dividend lies in rural areas, which is our primary area of focus."