

INDIAN INNOVATION LEAGUE

Do creative ideas alone generate value? CD brings together Ram Charan, Harsh Mariwala and India's innovation heroes to crack the code

noted CEO coach Ram Charan and Marico chairman Harsh Mariwala discuss innovation with the winners of the Marico Innovation Foundation awards. Aditya Ghosh, President, IndiGo, Subodh Satyawadi, CEO, GVK Emergency Management and Research Institute and L. Kannan, Managing Trustee, Fractal Foundation.

More creative ideas aren't enough — how does one create value from them?

Ram: Innovation is about converting an idea into reality. In the corporate context, innovation is compelling because it can change the game and create new markets. Today it's not hard to source ideas from all over the world. But you also need results in terms of increased revenues and margins. Selecting those ideas and converting them is a leadership job. Leaders have to figure out how to put innovation at the centre of their business. You can have labour or currency arbitrage, but for nations to compete, they need to have innovation at their centre. Today innovation is trainable, tameable and we have now broken the code of how to make it a repeatable, scalable social process.



Ram Charan
CEO COACH

Harsh Mariwala
CHAIRMAN MARICO

Aditya Ghosh
PRESIDENT, INDIGO

Subodh Satyawadi
CEO, GVK EMRI

L. Kannan
MANAGING TRUSTEE,
FRACTAL FOUNDATION

Mr Mariwala, Marico began speaking of innovation as early as 2002-03. How has inculcating a culture of innovation in your organisation helped your business?

Harsh: We began even earlier than that. In the mid-seventies, we succeeded in converting a commodity product into a branded product because of our innovation. With Parachute, we did a series of innovations like conversion to plastic and wide-mouth packs, sachets, piller-proof and easy-to-pour caps, etc. But for those, we wouldn't have gained market share. From fresh entrants to becoming market leaders — a lot of Marico's growth can be attributed to people and innovation.

The way IndiGo has captured the market is a case study. How did you innovate to be relevant and stay profitable?

Aditya: For us, not only was the sector difficult, but the physical infrastructure bottlenecks when we started 5 years ago complicated the problem even more. The third element was the customer perception of low-cost airlines — delayed or cancelled flights, dirty planes etc. So it wasn't about one billion dollar idea — there was a series of small innovations.

Ram: When you have many small innovations, it builds the intellectual muscle of the corporation and becomes a routine. If your leadership is engaged in searching for and executing innovation on a consistent, disciplined basis, you're likely to get the power of compound interest, so you don't have to wait for that silver bullet any more.

Aditya: If we can create an army of leaders inside IndiGo who are chasing their different dreams and if we each move one inch closer every day to that dream, we will be successful. Ideas come from the ground, not the boardroom.

Innovations can have dramatic results even in social enterprises. GVK EMRI is a unique PPP model that has innovated to achieve dramatic results...

Satyawadi: In urban India, a large number of accident-related deaths occur because victims do not get medical assistance within the 'golden hour'. When we started in 2005, we wanted to change that. We focused on four As — Access through a toll-free number, Availability of life-saving ambulances, Affectionate care by trained paramedics and Affordability. Around 80% of people who meet with accidents are from the bottom of the pyramid. So we kept this service free. We also studied similar models around the world and came out with a unique,

integrated PPP model leveraging public resources for better outcomes. We started with 1 city and 70 ambulances, perfected that, and expanded to the whole state of Andhra Pradesh. Six years later, we cater to 600 million people today.

Is innovation expensive?

Ram: It is a myth that innovation is expensive. We need to consider it in three parts. Part one is the sourcing of ideas, which can be done inexpensively. The second part is the conversion of that idea to the point where you scale it up and execute it. The third part is actual execution. The middle part needs a very small amount of total revenues; the larger amount goes to the final part. That is a business decision, not an innovation decision. So you have to ring-fence a certain amount of money, select fewer projects, focus on it, fail more and fail often.

Mr Mariwala, did you have a separate team innovating for separate products in your portfolio?

Harsh: When we identify a big idea that takes extraordinary effort or decide to enter a new business, we have separate teams. But when it's an existing product portfolio like Parachute, it's very much the responsibility of the current brand team. It's a collaborative effort; you need boundarylessness, openness and dialogue within the organisation. Also, people should not be afraid to fail. So we start with a prototype or experiment with a smaller market. When we launched Saffola Oats, we put it only in 'More' outlets to see the response. Market research often has its limitations. You have to go to the customer and find out what is expected.

How did you push the innovation agenda at GVK EMRI?

Satyawadi: Figuratively speaking, the four wheels of our ambulance are leadership, innovation, research and training and technology. So for example, when we studied the US market we learnt that pregnancy is 100% planned. Here, almost 35-40% of emergencies are pregnancy related. So we innovated and trained our EMTs to conduct deliveries in ambulances. We prepared a kit with 30 different items for this.

Ram, how important is CEO's role in driving innovation?

Ram: Innovation is the ultimate driver of competitive advantage. If the CEO accepts that, it has to make its way into the company's values, mission and strategy. Everybody talks about this, but you have to give meaning to it by allocating money in

the budget, by recognising people and through regular reviews. I can't get an innovation czar and leave him alone.

Aditya: In our business, 99.9% of the time, the senior-most person a customer meets is a flight attendant or customer service agent. Can that person be responsible and accountable and have the power to act like the CEO? We're not there yet, but that is empowerment for us — making that person feel like Aditya Ghosh.

Mr Kannan, Fractal Foundation had a ground-breaking idea of using micro-spinning to help handloom weavers and communities connect better with buyers. What was the thought behind the innovation?

Kannan: We recognised that textile is the largest economic activity outside agriculture and India has been traditionally very strong in this area. But within a short span of 23 decades around the time of the Industrial Revolution, the sector fell on bad times. We found out that the skills are still there, as are local communities who were known as brand-names. But the industry organisation is fragmented. So we spent time with these people and got their perspective. And then we identified a technology gap which could undo this and around the gap, reorganised the industry in a different way. It's not just about an idea, but a whole culture change. We've made a beginning and have a small number of people who believe in the idea — among the artisans, cotton growers, etc.

Should we focus on learning or results?

Ram: Learning from failure and success has to be an everyday daily thing. But innovation has to have some results. You start at the pain point, figure out the result you want to have and work backwards. When you're not succeeding, fail fast, early and often. At P&G, they catalogue the learnings after every innovation project. In case of Steve Jobs, two important people had debriefed him and he left with the idea that this information would not be available to non-Apple people.

It is hard to replicate a great idea, like what happened at IndiGo. Why is that?

Aditya: We were the youngest kids off the block and we weren't doing a unique business. But execution is everything. The thing that we're worried about is — there's no 99.9% safety. If I am driving by an airport, I see a plane take off and land — that's what keeps me awake at night. Sixty six percent of incidents happen during take-off or landing, not at cruise. It's

extremely challenging therefore, to see something people have done thousands of times. You walk into any gathering and anyone who's ever flown will tell you how to run an airline. Yet, you have to think of something different. But ideas come from talking to people who are on the front-line. How do you constantly hear those thousands of voices from your team? That can't be on the end of my list.

How quickly or often do you revise plans?

Satyawadi: Almost on a real time basis. We have a database on the basis of which we keep forecasting where emergencies are expected to happen and how many calls we will receive. Someone once told us that 108 is faster than 911, because the call is picked up before the first ring ends. We monitor call flow in real time and keep assigning and de-assigning people to them. During Diwali, we know there's going to be a spike and where the emergencies are going to come from. So we re-deploy ambulances and attend to them with the same efficiency.

Question - How difficult is to get buy-in from people at the bottom of the pyramid?

Kannan: It's inherent in every human being to be creative and find better ways to do something. When we present people with an opportunity, they are excited about it and also have some trepidation. Because for them, one failure can have serious consequences. But we tell them, it's okay to fail as long as you learned something. We are a culture that

frowns on failure. So we have to give them that sensitivity.

Do you have a system where people on the ground contribute to the innovation process?

Satyawadi: It is not just their duty; we try and inculcate in them a passion for saving lives. And that passion helps us in ensuring their commitment and honesty. We attend to 12,000 emergencies everyday. Each case is different and each has to be approached with the same urgency and compassion. So we take ideas from people and publish a case study on the best ones from each district every month, which is shared with senior people, medical experts, etc. That helps motivate them.

How do large companies measure innovation?

Ram: The key is the three 'buckets' we discussed. If something fails in the third area, it has nothing to do with innovation, it's the execution. So number one is the portfolio of ideas. Second is, on that portfolio, with a time lag, did it increase market share or revenues? Because the money spent on the second part is small. But once you decide to execute it, you're taking a risk. That gives you the ability to measure things. Some innovations won't succeed, but you gauge how the innovator's capability increased, where they go next. And people want to go on those teams because it's a builder of capability.

nikhil.menon@timesgroup.com