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on why smart is
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Auditors?"
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Director

Jason Masters Governance

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 - County Rail Infrastructure Authority (2001 – 2012)
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 - NSW Health Care Complaints Commission (2009 – 2012)
- Independent Member, Audit & Risk Committees:
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 - Woollahra Municipal Council (Audit and Assurance Committee)

George Pelekanakis

Managing Director

Pelekanakis Professional Services



- Professional Qualifications: CIA, CISA, CFE, CRP, CCSA
- Quality Examiner for the IIA
- Part-time lecturer for the American College of Greece
- Head-lecturer for the CIA and CISA course for PWC Academy and ICAP
- First President of the Hellenic Association of Certified Fraud Examiners
- Reviewer of internal audit – audit textbooks for Wiley publications
- Professional speaker and chairperson of Audit World Conference 2012 in Singapore

Dr Sarah Blackburn, DBA, CIIA, FCA

Chief Executive



The Wayside Network Limited

- Professional Qualifications: CRMA, CIIA
- Chartered Fellow and 2009 - 2010 President and Chairman of the Council of Directors of the Chartered Institute of Internal Auditors
- Global Board Director of IIA Inc
- Management Board of the Royal Institution of Chartered Surveyors
- Written three books on Internal Auditing and risk management assurance and presents frequently at international conferences
- JJ Morris Award, Chartered Institute of Internal Auditors, 2012
- PASS Trainee Accountant of the Year 1988

Prof. Dr. Peter Diekman

Former Advisor to the Board Audit Committee



Saudi Basic Industries Corporation (SABIC)

- Professor of Compliance & Risk Management
- Has lectured for professional audiences in cities such as Hong Kong, Singapore, Chicago, New York, Sao Paulo, Riyadh, Dubai, London and Paramaribo

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Australasian Compliance Institute Inc. (ACI)

- Spoken at a number of domestic and international conferences on the importance of compliance, risk and governance and has published numerous articles on the subject

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Columbus Advisory Sdn Bhd

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- Associate Member, Association of Certified Fraud Examiners
- Member, CPA Australia
- Former Vice President and Governor of The Institute of Internal Auditors Malaysia
- Selected as the Chairman for the Panel of Judges for Risk Manager of the Year 2010 Award
- Invited to be an Adjudicator for the NACRA awards for the past 3 years
- One of the very few internal auditors in South East Asia to have been certified by the Institute of Internal Auditors as an Internal Quality Assessor
- Accredited speaker for the Continuing Education Programme for the Directors of PLCs in Malaysia



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Head of Group Audit Asia & Middle East

ABN AMRO Bank

- Professional Qualifications: FCA, CIA, CFSA, CFE, CCSA
- Honorary & Fellow Members
- 2002 - 2004 President of the Institute of Internal Auditors, Singapore



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Former Audit Head

PT Bank Permatex (Persero)

- Director of Quality Assurance and Audit in the Lembaga Sertifikasi Profesi Perbankan (LSPP)
- Governor of Membership of the Institute of Internal Auditors, Indonesia
- Certified Assessor from BNSP for Banking Risk Management level 1 - 5 competency test



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Honorary Secretary

Asian Confederation of Institute of Internal Auditors

- Professional Qualifications: CIA, MBA
- Founder member of IIA Sri Lanka
- President of the Institute of Internal Auditors Sri Lanka
- Represented IIA Sri Lanka at many international events
 - Speaker at the ACIA Conference 2010 in Sydney
 - Speaker at the IIA Global Conference 2011 in Malaysia
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- Certified GARP Trainer for Risk Management level 1
- Actively engaged as speakers in various Internal Audit conferences



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- Member of the Institute of Chartered Accountants in England & Wales
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Former Assistant Director, Internal Audit Singapore Government

- Member with CPA Australia, (IIA) Singapore, ISACA, ACFE, MDIS
- Member of Stanford's Who's Who 2012, 2013

Lim Tiang Siew

Group Chief Internal Auditor

CIMB Group Holdings Berhad

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- » Reaping Value on Investment – Learning as a Strategic Partner

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Louise Steenkamp, Group Talent & Learning Programme Manager, Anglo American, South Africa

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School Principals as CEOs

CoverStory



The Wall is Crumbling
Indian Universities are opening up and are offering degrees for private courses



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School Principals as CEOs



Principals of over 13,500 central schools from over 30 states across India are spending a week in April 2013 to train themselves in effective leadership and school management.

The program is teaching behavioral learning, leadership styles, goal setting, collaboration, team building, vision setting, time management and conflict resolution.

The technical learning would bring school heads up to speed on many reforms and policies of CBSE and the Government, like Right to Education, comprehensive and continuous evaluation using technology for both school administration and enhancing learning and financial management.

Santhosh Babu, founding MD, Organization Development Alternatives, mandated to conduct the program said, "We are delighted to partner this breakthrough initiative of CBSE that will empower principals to act as chief executives of their respective schools and strengthen their

leadership capabilities." ODA offers similar programs to senior executives. Santhosh Babu has written a book on 'The Art of Developing Leaders' (Wiley, 2012).

The larger objective, according to the government, is to update principals with the changing times, expand their leadership capability to manage the entire education process.

In addition to this program, the heads of schools can choose a one-day capacity building program on a range of subjects like mathematics, physical education, speaking and listening skills. The Energy and Resources Institute (TERI) is offering a one-day program on environmental issues.

ODA has worked with organizations such as Airtel, Engineers India, MSD, NIIT, Novartis, Steria and Vodafone to nurture holistic and authentic leaders.

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www.re-lead.org

29 May – 5 June 2013

Bangalore, India.

Relead is a unique week-long international leadership program being organized in collaboration with IIM Bangalore.

Conceptualized by The Blue Ribbon Movement, a social enterprise based out of Mumbai. The Program aims to develop skills for 'new leadership for a new world' - through a combination of expert workshops, simulations, inspirational interactions and visits.

Relead is open to everyone from any background in the age group of 18-35 years.

Applications are now open

Dates: 29th May 2013 – 5th June 2013

Venue: The Program will take place in Bangalore which is one of India's fastest growing cities and at the heart of the IT revolution in India. The IIM Bangalore Campus and Fireflies Ashram will jointly be hosting Relead 2013.

Key Links:

Website: www.re-lead.org

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The Wall is Crumbling

Indian Universities are opening up and are offering degrees for private courses



Ashwin Ajila's i-Nurture is pioneering industry-academia collaboration using innovative business models. He is starting with seven universities and if others replicate his model, India's education sector could find a tipping point very soon

With Toonskool, Ashwin's was the first private education venture to get a university approved degree course in animation. i-Nurture is also the first to have its post-graduate programs approved and delivered on-campus, in partnership with a UGC-approved university. i-Nurture is today at the forefront of bridging the gap between university approved mainstream courses and industry requirements.

Ashwin has management and business of education in his blood. His family manages the famous Nitte Education Trust. In 25 years, the trust has grown to run over 30 institutes and is ranked second only to Manipal University in the education city of Mangalore, Karnataka. He tells **Benedict Paramanand**, Editor of *ManagementNext*, how he dropped his ambition of becoming a well-paid bean counter at KPMG London the very first day he qualified for the job to follow up passion

What's unique about your model?

We set up the company in 2005 but we went into a commercial launch in 2007. There was a clear understanding about the constraints in the regulated education market. Based on that we started with animation which was completely a new field and we felt getting animation into a regulated market, following the norms and structures at the university was going to be a problem. So that's how ToonSchool came into being.

The question was – how do we integrate industry and academia innovatively. The timing was actually perfect. When we first looked at this model the only university that agreed to look at it was an open university. We started with KSOU, Karnataka State Open University. Everyone thought that this model would work only with an open university system, so did we. Because of credibility issues in distance/open education system we realized we had to move into the jurisdictional model soon.

The easiest way to scale in this model was not to invest into brick and mortar but work with universities and be their delivery partner.

To get the industry excited I needed to go to leaders with 20 or 30 campus portfolio. That's when I would be fulfilling the pipeline that they require. So the only way to do that was to go through a distributive model and to scale to that model, brick and mortar wasn't the way.



So we said, 'let's invest in content and let's get the industry involved in it; let's do a model where brick and mortar is put in by somebody else. We were clear that we could obtain scale only by focusing on industry relevant content and the right faculty. So that's how the model shaped up and our first offering was animation.

The next course we offered was mobile which the industry wanted. The industry understood our model and since they had no bandwidth to interact with several universities, they picked us whole heartedly. They are also willing to give the IP to train our trainers and we also are happy to offer jobs.

Our role was that of a facilitator. I like to put it in a technology term – I have a platform and the industry is the application, so there is mobile, security, cloud. Our deal was – As long as you have that application which is the content and the curriculum, you plug into my platform and I will do the rest.

The second vertical we moved into was media. Top media executives Lakshmi Narayan, commercial director at Mudra and Ramesh Ramanathan, creative director at Saatchi & Saatchi approached me. They told us - we know how to teach advertising and media but we cannot run around universities, manage faculty but what we

can do is create an excellent curriculum and help you with the industry network to ensure placement.

Today we have 7 verticals and we have two more in the pipeline. We have request for software testing, analytics, and an American university wants us to start food systems, biology.

People experienced in the industry, who know what the industry requires, or people who have been in training post recruitment in an industry are willing to join us and take this model forward. We offer equity participation in their business so that there is a long term commitment and a sense of ownership.

It took us 5 years to get the first 6 universities, in the last 6 months we have signed up 7. By this academic year we will have 20 partners. In the next three years we are looking to have 50 partners.

Today, when I talk about 20 universities and 50 universities in 3 years, the biggest investments will be on e-learning. And the constraint on tying up with more universities is not technology, it's the big gap in the supply of good faculty.

Technology challenges

Technology is available but intelligent conversion of the legacy content with the

e-platform is something that we are trying to understand.

We are trying to get the highest quality of content and high level of comfort to our stakeholders. How much of delivery can happen on the e-learning platform will depend on the acceptance of the universities and the government in the blended model. It's not a question whether that's going to happen; it's a question when it's going to happen. When that happens, scale will not be a problem. We can partner as many universities as technology supports.

Faculty is a huge constraint in India

We have already started doing a lot on the virtual classroom platform so that's going to help us scale because the question today is not about the middle rung assistant professors, the deficit is among specialized faculty. Now there is a greater acceptance by the partners for teaching 60 hours or 90 hours from virtual classroom platform. This way, the faculty requirement can be brought down to three specialists from 20.

The response to a pilot plan is quite positive from both the partners and students. Bandwidth is still a problem for reaching remote locations. The Gujarat government wants us to offer 135 hours of vocational training to every single

CoverStory

government college. In Gujarat there are 200 of them, as a pilot with 100 students in each. It could go up to 800-900 colleges soon. The challenge is how we deliver good content on lower bandwidth. AURUS could be a game changer. We are working with them.

The cost of technology is falling so drastically, you think the governments can afford to offer high bandwidth to every college?

Where there is will there is a way. The infrastructure in colleges today is depleted. They can't even fix windows, broken furniture, forget 3G. Some universities are facing salary issues. So whether it's a crunch or universities over shot costing I don't know. I don't complain about it. In fact, because of their problem I have a great model!

One of the other reasons why the acceptance of our partners has become higher is for two reasons. The private colleges today have built infrastructure but need to build profit lines. And the government bodies have told colleges that they can offer self-financing plug-and-play courses. Any revenue is welcome for everybody. The public universities are also open to joint development of their vast land for launching new courses. We are introducing the emerging sector top end courses for which placement is guaranteed. This is our unique model and we have the first mover advantage. People keep asking me what about competition? Right now the market is so big that what we are doing is still the tip of the iceberg.

Are you similar to the finishing school then?

No. Companies like Pearson and YGen are going to universities setting up their labs but they do 60 hours of soft skills but nobody has yet partnered a college to offer a full-fledged degree program.

We need more players to make this model visible - There are 600-800 universities I can do 50-100-150, so it's a very huge market out there and I think the momentum that's gone into government and private sector working together in education cannot be stopped now.

We were lucky that we were able to sustain it in the first 4-5 years because people believed in the model but it was a question of when would it actually take off. We had 4-5 years of challenges, the timing was perfect. This year it surprised us. Presently, we are in talks with 27 more universities that look positive.

Can't you use a franchisee model to scale?

Again the constraint is going to be faculty. It's not about any other issue. If anybody can get faculty it's us, not a franchisee, not a university because with the scale that we have got we can effectively use faculty across our campuses, centralize it, delivery through virtual classrooms.

Where industry sees opportunity

The industry is beginning to like our model. They need easy access to people but have no clue how to get them other than the conventional ways. They are ready to offer content/curriculum. I happened to meet Arjun Singh, MD of Aon Hewitt, Raman Roy, founder of Quattro BPO Solutions and Pramod Bhasin of Genpact at a conference. Raman said we recruit 15,000 people a year, we train them for 6 months, out of the 15 thousand, six thousand leave. Then I poach Pramod, he poaches me, this can't go on. So why don't we work with you, it's a larger opportunity, and do you realize you have captive students with you who aren't your students.

So that's very exciting for us when industry sees us as a platform to link them to universities, create a better pipeline for them at the pre-recruitment stage. They believe that a student has more responsibility when he has paid for training rather than when he gets it free from us. The Indian mind sees vocational training as the third level of education therefore we make it as part of the mainstream education. It's a win-win situation.

What is career integration?

Everybody is talking about employability that is at the entry level of a job. What we are trying to do is integrating not just the technical aspect, but also what is required as a person grows in his career. Certain elements of career growth should be built into a student. Ideally we would like to do a lot more integration.

For example, Infosys came to us on IT security and the government has made it mandatory for every university to offer IT security courses. We are the first movers in that. Once you get into a university, mining the opportunity there is very large. Universities welcome us because we have 20 private sector partners signed up already. They see Manipal University or NIIT as their competition.

Any innovative ways of plugging faculty shortage?

We are looking to tap into people who have completed 20-25 years within the industry and want to give back. We have a few of them who have said we would love to be your evangelists. We are inviting them to our board of advisors, telling them what they can do. We are tapping into retired academicians as well.

We are also getting people from the industry to put in a few hours and secondly we have started our own faculty training center. Initially we were averse to do that because some may join the competition. Today, we aren't so bothered; even if we can retain 50%, that's the value add we are looking at. Today our resources enable us to keep faculty on bench, using them for content development if required.

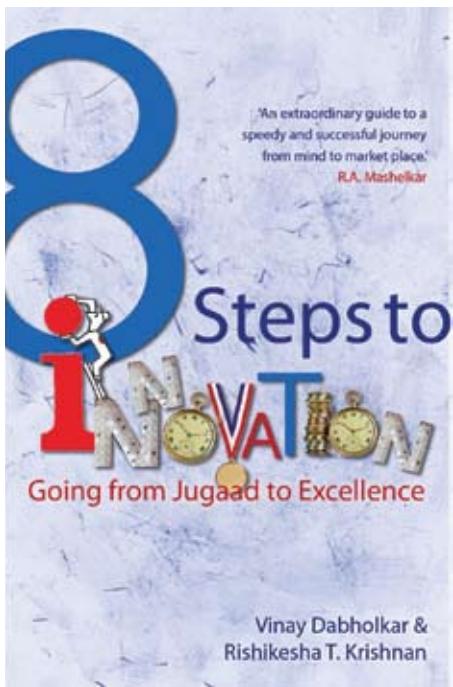
Are you already profitable?

Not yet. Animation is supporting other verticals. With our second round of funding, it's not a concern anymore, we hope to be profitable by 2014. It also depends on how many more verticals we launch.

We are yet to get into enterprise training. We have started developing content for SBI on the e-learning platform. We have developed training material for Reliance for their shop floor people and to build that into a degree. This is to reduce attrition which in retail today is 180%/year and they want to bring it down to 100%!

Recent months have been very exciting and challenging because there are so many opportunities around but you need to be smart. There is always a temptation, an Indian mindset to grab anything that comes your way. We have to pick and choose.

From Jugaad to Excellence



Leaders interested in reading on innovation and leadership are spoilt for choice these days. It is a problem of plenty with very few books really contributing to the dialogue. Vinay Dabholkar, Rishikesh T Krishnan had to be innovative with their book on innovation to draw attention with their book '8 Steps to Innovation: From Jugaad to Excellence - A guide to systematic, as opposed to incidental, ad-hoc innovation.'

Innovation need not only be jugaad. For the first time a book shows us how in India, innovation can be introduced in ones organization in a systematic, deliberate way.

8 Steps to Innovation explains how you can do this by building an idea pipeline in your organization, improving the velocity of ideas coming in, and implementing the ideas within the given constraints. All this is shown through nice, snappy examples, mostly homegrown Indian ones. Few books in the market talk about innovation in the Indian context with Indian examples as this one does.

Anyone can innovate



Ravi Venkatesan,
Former chairman of Microsoft India

It's not a typical business book; a typical business book is written by someone who is infatuated by their own ideas. This one is so clearly written for practitioners. The way I describe this book as a tapestry of stories which illuminate the 8 step processes.

One of the most important thesis in this book is that there is room for optimism here. Anyone can innovate, regardless of age, education, innovation can happen in large, small organizations, in NGOs and even in Tihar Jail itself. It's extraordinarily optimistic because if you read all the stories in the media you think of innovation as the privilege of the elite few like Steve Jobs, Bill Gates, Narayan Murthy, Ratan Tata and this is not for everyone. But they completely demolish this idea, story after story shows innovation happening, in the dingiest of shop floors, in ship yard in 19th century Scotland, Tihar Jail and Patna.

The ideas in this book really come into their own because the authors have really reached out to current thinking in entrepreneur management. Ideas such as the lean start up movement show how you can apply it in a variety of contexts.

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Persistence Pays

Excerpts from **Mr. B. Muthuraman**, Vice Chairman of Tata Steel, convocation address to MBA students at SDM College, Mysore



Why are convocation speeches important even if most of them are boring? Convocations are meant to help students reflect and introspect as they begin their journey into the real world.

Most life or business lessons don't come from books – they can also come from music; fine arts, yoga, and introspection. It is necessary for all of you to spend a bit of time by yourselves. Learn this habit, ask yourself questions.

I recall a management course that I attended many years ago which was jointly designed by Government of India and the Tatas. It's housed in Bangalore. It was a six week management program and in those six weeks what we had was philosophy, sociology, interpretation of history, meaning of mathematics and music. Dr. Raja Ramanna who was the first director of National Institute of Advanced Studies used to play piano for us. We forget that these are not merely entertainment, it's a great learning program and we need to find a way to learn from the softer aspects outside conventional knowledge.

What kind of corporations do you want to join? It is understood in many management institutions, we are often told that the prime purpose of a business organization is profits. Executives get rewarded for it, companies get measured on market capitalization, size, and profit after tax but it is important for all of us to remember that an industrial corporation is also an integral part of the society.

The problem is we think that companies are meant for the owners of the company, they are meant to make profits. We must remember that society even if it hasn't put in finance into the company is actually the owner of the company and we must treat them like that. Only when we start measuring industrial corporations not on the basis of profits and start measuring companies on returns to the society then you will see that they will start behaving differently. If you attach an incentive to this, behavioral change will take place and that is the change we would like to see in the world.

The Tata group companies, I am proud talking about it , started the IISc in Bangalore in the early part of the last century , the Tata memorial hospital in Bombay , cancer hospital in Calcutta , several scholarships they give to students to study abroad. Tata Steel has adopted 650 villages around the city of Jamshedpur where our people go and work. All the companies put together we spend Rs. 1,000 crores a year.

Chose your corporations carefully. Salary package or first job, these are not of relevant in the long run. The company that you join, and what it stands for, is more important. You will see that pay off after some time.

You must remember that life is a marathon; it's not a 100 meters race. I have seen too many 100 meters runners' just fall flat. They start at great speed and want to do a lot of things but you need to remember



it's a marathon and you need a lot of patience, tenacity, defining your journey and undertaking it.

Calvin Coolidge former President of America said: "Nothing in the world can take the place of Persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent."

Equality issue will determine India's future. All of you are entering into careers at a much better time for India than the 60s and 70s when the economy wasn't growing in a high speed. Today India is growing and in the next 30 or 40 years India will become the third or the fourth largest economy in the world. So there are plenty of opportunities. But just because there are opportunities there is no guarantee for success, that's not a guarantee for outcome.

India has several challenges to overcome, corruption, governance, infrastructure creation and plenty others and all of us

are aware of them. But I believe the single most important challenge and if that challenge isn't tackled well it is going to be a big deterrent for India's growth, human growth, industrial growth etc and that is equality. I don't mean equality of outcomes, they can never be equal, it depends on how hard he works, how intelligent he is. I

am talking about equality of opportunities. In India, equality of opportunities doesn't exist.

Many of us think everything must be decided on merit, we must also remember that merit is also governed by social circumstances.

Please build an Indian management institution because India has plenty to offer in management science and education. Please ensure that our culture is retained; social responsibility, ethics and governance are enshrined in you before you become a business manager. A good business manager isn't a whiz kid in finance or management, he is a whiz kid in his mind and value system.

- Learn from the softer aspects outside conventional knowledge like art and music
- Join a company based on what it stands for, not how much it pays
- There are several opportunities but they don't guarantee success in today's India

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MokshaYug Access:

Providing Opportunities and Income for India's Rural Poor

Around 18 months ago, when a new milk collection center opened in her village, Kattegollanahalli in the Tumkur district of Karnataka, 60-year-old Siddamma was surprised. Her village is a small one with less than 50 homes. Of these, around 35 households, including hers, mostly have just a cow or two. All of them sold their milk to the state milk cooperative which has been operating in that region for many years. Siddamma saw no reason to shift to the new center opened by MokshaYug Access (MYA), a Bangalore-based private company. But a few months later, the MYA milk collection center head, 35-year-old Anusuya from the same village, convinced Siddamma that the firm could give her a better deal.

Today, Siddamma is glad that she changed her mind. While MYA doesn't pay her more for every liter of milk, her yield per cow has increased. "My cow now produces four liters of milk per day, as compared to two liters earlier," she says. Like Siddamma, 11 other families in the village have shifted to MYA and have seen their income per cow go up. "It is tough to convince families to move to MYA because of their long association with the state cooperative, but I am confident that over time, when they see the benefits that their neighbors are enjoying with MYA, they will be more open to this option," notes Anusuya. Her own two cows, she adds, have also increased their yield and now bring in more money. Anusuya and her assistant, 30-year-old Shashikala, collect milk twice a day at fixed times. At the time of collection, they test the milk quality with a lactometer and show it to the farmers. Every MYA household has a card in

which the amount of milk sold and the lactometer readings are noted daily. Payments are made every two weeks.

Anusuya and Shashikala also sell cattle feed specially formulated by MYA, coordinate between the MYA veterinary doctor and the farmers, help MYA to organize camps to educate the farmers about good dairy practices, and other such tasks. "I was part of a self-help-group in the village. When MYA approached us, I agreed to run the collection center because it gives me extra income and a better status within my community. I can also help my neighbors to learn better dairy practices and improve their income levels," says Anusuya.

Some results are already evident. According to a study conducted a few months ago by Upaya Social Ventures, a U.S.-based nonprofit organization, households that supply to MYA reported monthly incomes that are on average 24% higher than their counterparts, the quality of the milk produced in these homes is several points higher in terms of fat and protein content, and because of transparent and timely payments, nearly half of all producers in the MYA supply chain now depend on dairy as their primary source of income (rather than agriculture, which is monsoon dependent), compared to just a quarter of households before MYA started operations in these villages. Sachin Shenoy, founder and executive director of Upaya, adds: "We also observed that those households that have joined MYA have increased their consumption of milk at home by an additional 5.5 liters per month. This indicates that they are secure in their income from MYA."



Building Income Certainty

For Harsh Moily, founder and CEO of MYA, the increase in consumption of milk by rural households in the company's network is an important social metric. "This has a direct bearing on their health," he notes, adding, "The minute you increase income in rural India, other benefits will fall into place -- doctors, teachers, health care." Describing MYA as a rural supply chain solutions company, Moily says the firm is a "commercial enterprise with a social conscience. We are in the business of building income certainty for rural producers by participating across every component of the rural supply chain."

Set up in 2006, MYA experimented with different business models before settling on its current form three years ago. The business started as a microfinance company and then added an infrastructure arm under which it sought to set up

primary health care centers and dairy farming units to provide services, as well as entrepreneurial opportunities, to the rural poor. While the microfinance business continues as a separate firm, Moily thought MYA could add more value to the rural economy as a supply chain solutions provider focusing on dairy. Prior to setting up MYA, 40-year-old Moily, who belongs to a political family, had worked for more than 14 years in private equity, telecommunications and agri-businesses in India, the U.S. and the U.K.

Explaining the thought behind the company's rather esoteric name, Moily says: "'Moksha' means liberation in Sanskrit and 'Yug' means world. I've always believed that the fundamental reason why the poor remain poor is because they lack access to income-generating opportunities. So as melodramatic as it may sound, I named [MokshaYug Access] because we wanted give the rural poor 'access to a liberated world'.

MYA currently has around 1,200 milk collection centers across 23 rural clusters spread over 1,100 villages in five districts in Karnataka. The company procures more than 100,000 liters of milk every day from over 15,000 dairy farmers. According to Viswanath Hegde, MYA's chief operating officer for upstream business, in a bid to boost women's empowerment, most of the milk collection centers are run by females from within the villages.

Recently, MYA took a big leap forward. The company launched its own dairy brand starting with liquid milk, under the name Milk Route. Prior to entering the retail segment, MYA was operating only in the business-to-business (B2B) space supplying milk to other dairy firms.

Moily points out that the average net margin in dairy B2B for liquid milk is 3%; in the retail sector it ranges from 4% to 20%, depending on the product variant. For example, the net margin in the short shelf life pasteurized milk is 4%, but for the longer shelf life ultra-high temperature (UHT) milk, it is 8% to 20%. According to Arun Subbiah, MYA's chief operating officer, currently around 10% of the milk

procured by the firm is used for its own brand. Subbiah expects this figure to increase to 100% by the end of this year. In due course, MYA also plans to begin offering higher margin milk-based products like butter, cheese and clarified butter under the Milk Route brand.

MYA's entrance into the retail business benefits the farmers in two ways, Moily notes. "One, since there are no intermediaries, the farmers receive a higher share of the end consumer price. Two, the higher profit margins from retail milk will be diverted back into R&D and other value-added services to the farmers. This will help them in the long run in the form of increase in yield and quality improvement, and also lower value loss of the milk in the supply chain."

Improving Yield and Quality

Improving the yield and quality of the milk per cattle is central to MYA's business model. Take yield, for instance. India is the world's largest producer of milk -- according to the government department of animal husbandry, dairying and fisheries, in 2011-2012 India produced 127 million metric tons of milk and accounted for about 17% of global milk production. But the productivity of Indian cattle is extremely low. Kiran Konher, founder of Dairy Assist, a Pune-based dairy consultancy, points out that while the yield per cattle per day is around 40 liters in the U.S., Canada and Israel, in India it is only two to three liters. There are various reasons for this: Dairy farmers are not able to feed the cattle adequately throughout the year, the quality of cattle is not very high, artificial insemination services are not easily available, there is more focus on treatment of cattle diseases than on prevention, and dairy farmers in the country do not follow adequate hygienic practices while milking.

At MYA, the mantra is same farmer, same cattle, more milk and better milk. The company wants to show its farmers a roadmap to increase the daily yield per cattle to 15 liters over the next three years. On the quality front, MYA's aim is to

increase the fat and protein content in the milk and to reduce the bacterial load.

One key plank of MYA's strategy is deep farmer engagement. MYA team members interact regularly with the dairy farmers in their networks to both educate them about best practices in dairy farming and animal husbandry, as well as to gain a greater understanding of their needs and problems. "The capacity of cattle to produce milk depends on its feeding, its breeding, its health and so on," says Konher, who has been a consultant to MYA since its inception. "Everyone in the dairy industry knows this. What makes MYA different is its focused approach, appropriate implementation and a strong R&D orientation."

Devanath Tirupati, professor of production and operations management at the Indian Institute of Management in Bangalore, notes that MYA's sharp focus on "the first mile" of production could yield strong returns. According to Tirupati, the Gujarat Co-operative Milk Marketing Federation -- better known as Amul Dairy -- introduced similar practices decades ago, but under a cooperative model. "The cooperative model has come under strain over the years with the market opening up and private players entering the space," Tirupati adds. "MYA's is a market-driven model. If it succeeds, it could well be a role model more suited for today's environment."

MYA also follows the "golden hour principle," which entails collecting and chilling milk within the first hour of milking. In the traditional dairy model, players set up large bulk milk chilling plants of 30,000 liters to 50,000 liters capacity. These bulk milk chillers service a wide area. This means that the milk has to travel a significant distance from the collection point and is not always chilled within the golden hour. In order to stay within that time period, MYA has opted to set up 5,000 liters capacity milk chillers within a maximum of an hour's distance from its collection centers. For optimum utilization, the location of these chillers -- of which there are 23 at present -- is determined based on various parameters, including the density of dairy farmers in the area, the amount

of milk that can be procured daily, and the road and power infrastructure. "Our next step is to see if we can use R&D to chill the milk at the collection center itself at minimum additional cost," Moily says.

Currently, MYA has outsourced the processing and packaging of its milk because these activities require heavy capital expenditures -- for example, it costs around Rs. 3 crore to Rs. 5 crore (US\$550,000 to US\$900,000) to set up a 100,000 liter processing unit. The current volume of milk procured by MYA does not justify such spending. "As with our chilling units, we are looking to set up micro processing units cost effectively. A lot of our R&D is focused on this," notes Subbiah. He points out that MYA also has a strong R&D focus at the farm level for various aspects like setting up a better storage system for fodder and capturing data on each herd regarding its lineage, health and daily yield. "We are looking at a number of low-cost innovations to increase efficiencies and productivity across our supply chain."

The Power of Technology

Mark Straub, co-founder of the Khosla Impact Fund, which has invested in MYA, cites the company's strong focus on technology as a key strength. "MYA is using science and technology to make small dairy farming more productive and to improve income certainty for small dairy farmers. Many of the other organizations in this space depend on subsidies, and subsidies don't scale. Eventually, the money runs out," says Straub.

The Khosla Impact Fund, which was set up in 2011 with venture capitalist Vinod Khosla's personal funds, supports entrepreneurs who develop market-based solutions -- products and services -- for the poor. "MYA is a good fit for us because it is building capacity in rural India, both in terms of nuts and bolts infrastructure and also in terms of best practices in dairy farming and animal husbandry," notes Straub. "As investors, we are very pleased with MYA's progress. It has had

tremendous success in scaling up in the past three years."

In August of last year, MYA entered a new vertical: fruits and vegetables. With 80% of dairy farmers also growing fruits and vegetables, it was a logical move, says Moily. "It ensures better income certainty for the farmer and better loyalty for us." MYA sells the fruits and vegetables to institutional buyers. The company is also experimenting with the retail format in this segment and has set up one pilot store in Bangalore branded as The Good Chain. Moily notes that the store is modeled on U.S.-based chain Whole Foods.

For the year ended March 2012, MYA's revenue was Rs. 100 crore (US\$18 million). Over the next three years, Moily wants to reach out to 100,000 farmers and is targeting revenues of over Rs. 500 crore (US\$91 million). Of this, milk and milk products are expected to account for 80% and fruits and vegetables will bring in the rest. Moily predicts that it will take another year for the company to be profitable at the operating level.

A New Set of Challenges

Meanwhile, with its foray into retail, MYA now has to compete with the country's two leading milk cooperatives - Amul Diary and Karnataka Milk Federation -- in addition to domestic private players like Heritage and Britannia and also multinationals like Nestle.

Currently, MYA has eight distributors in Bangalore and a retail network of around 400 outlets in the city, primarily mom-and-pop stores. It is also reaching out to consumers through independent milk vendors who supply to large apartment complexes. Moily wants to wait before approaching the modern retail format. "We want to build our brand so that we have better bargaining power with them," he notes. Moily is also looking to gradually launch the Milk Route brand in other cities in Karnataka followed by other states across the country.

But investments on the front end - especially in branding and marketing

- will require deep pockets. So far, Moily has raised Rs. 45 crore (US\$8 million) by way of equity and debt. Apart from Moily, who holds the majority stake in the company, other investors include Khosla Impact Fund, Unitus Equity Fund and Unitus Impact. Moily is looking to raise around Rs. 80 crore to Rs. 100 crore by the end of the year. But there is another challenge for MYA: That of mindset. "The DNA of MYA is the first-mile focus. If I spend more than 10% of my time on sales and marketing, I feel it's a waste of my time," Moily says. At present though, he is not looking to hire anyone senior for this role and will be handling it himself "with the help of advisors."

Could this be a roadblock for MYA? Straub does not think so. While he concedes that there is a need to strengthen the company's management capabilities in marketing and branding, Straub says that what is more important at present is to deliver a quality product to the consumers.

"MYA has always demonstrated a thoughtful approach to expansion as [opposed to] a careless one," he notes. "We think that if it can achieve an early adopter consumer base in Bangalore, then there is good evidence for justifying an increase in marketing spending." Upaya's Shenoy suggests that the market is ripe for a product like Milk Route. "For the new-age consumer there is something very appealing about knowing that you are getting fresh milk and also benefitting the farmer in the process."

IIMB's Tirupati also believes that MYA can afford to build the front end gradually. "If you can assure a good quality product, then half the battle is won. The back end is where MYA can differentiate itself, because not too many people are focusing there."

According to Tirupati, it is critical that MYA does not take its eye off R&D. "Farmer engagement works well up to a point; but once the market develops, the farmer can give his milk to anyone else. This is what is happening with Amul. In order to maintain its edge, it is important for MYA to continue to invest in R&D to improve the yield and quality of milk, and all aspects of the supply chain."

Smartness is not enough



If the first twelve years are any indication, the twenty-first century risks going down in the history as a century of scandals. The leaders involved in scandals did not lack smartness but lacked wisdom. To thrive within the mind boggling complexity of today's global business environment, we need to evolve beyond smartness into the domain of wisdom – the kind that is practical and accessible.

The authors have highlighted stories of leaders like Tim Cook, Ratan Tata, Alan Mulally, Wendy Kopp, Steve Jobs, Nipun Mehta and Aung san suu Kyi and have incorporated a number of inquiry tools that can put to use TODAY.

Prasad Kaipa answers a few questions posed by **ManagementNext**

What's the purpose of your book *Smart to wise leadership?*

To help leaders recognize the limitations of smartness and identify need for us to be wise in the times of complexity.

How do you define smart and wise leaderships?

All leaders have to make decisions, take actions and assign roles. Smart leaders focus on action and application of intelligence and to come up with right vision and strategy that benefits them irrespective of the context. Wise leaders repurpose smartness by using reflection and introspection as probes to bring context sensitivity. Then, they focus on noble purpose and enlightened self interest in addition engaging with their role fully without being emotionally entangled with it.

Does it attempt to transform smart leaders to wise leaders? If so, how?

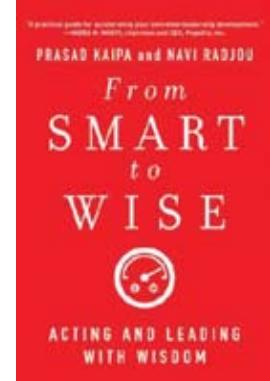
The book shares stories of how smart leaders acted wisely and over time, became wise leaders. In our framework, we identified six capabilities that all leaders

have to learn to excel and differentiated how various leaders act. With stories, questions and tips to help readers to make choices about appropriate leadership style, we hope leaders accelerate their journey towards wise leadership. In other words, we are raising questions about smart leadership, giving examples of wise leadership, helping readers to do gap analysis of themselves and giving them opportunity to transform themselves and people around them. Finally, it is their choice to change or not — wisdom cannot be imported from outside, one has to unlearn foolishness from inside out!

What does Indian literature have to say on this subject?

Indian literature has many stories and scenarios that we can learn from. Parables from various religions help us to gain prudence, develop humility, guide towards ethical behavior and bring pragmatic perspective to spirituality. In other words, Indian literature has much to offer in terms of not only spiritual wisdom but also practical wisdom. For example, Panchatantra stories, Hindu epic Mahabharata, Jataka Tales of Buddha are not alone. Even recently, there are several contemporary parable collections from people like Anthony De Mello (Song of the Bird), Mulla Nasiruddin stories, Tenali Ramakrishna stories are all about practical wisdom.

"A practical guide for accelerating your own wise leadership development"
said Indra Nooyi of Pepsico.



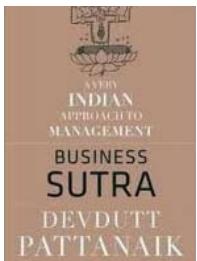
Where is leadership as a force heading? Why is the world producing weaker leaders these days?

Leadership is no longer about being a hero or having power and control. In the global, complex and technology dominant world, leadership is not about management role or positional power. It is as much about followership and the key is to realize that leadership is very different from the leader. By learning to contribute to others and helping others to become leaders, by being passionate but not fanatical, by focusing on noble purpose instead of self interest, anybody in the organization can make a big difference to others while benefiting oneself through enlightened self interest.

We are producing weaker leaders because ethics are not important anymore for many people and speed has become the mantra. In terms of doing business, anything goes as long as you produce results — fast! Finally, leadership is not anointed anymore but earned through trust, authenticity and contribution! These are spiritually eternal principles but have been forgotten in past few decades and are becoming more important all over again!

Book website
<http://www.fromsmarttowise.com>

Bookshelf



Business Sutra

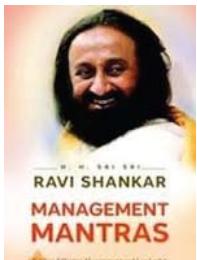
by Devdutt Pattanaik

Aleph, 2013

In this landmark book, best-selling author, leadership coach and mythologist Devdutt Pattanaik shows how, despite its veneer of objectivity, modern management is rooted in Western beliefs and obsessed with accomplishing rigid objectives and increasing shareholder value. By contrast, the Indian way of doing business as apparent in Indian mythology, but no longer seen in practice accommodates subjectivity and diversity, and offers an inclusive, more empathetic way of achieving success. Great value is placed on darshan, that is, on how we see the world and our relationship with Lakshmi, the goddess of wealth.

Business Sutra uses stories, symbols and rituals drawn from Hindu, Jain and Buddhist mythology to understand a wide variety of business situations that range from running a successful tea stall to nurturing talent in a large multinational corporation. At the heart of the book is a compelling premise: if we believe that wealth needs to be chased, the workplace becomes a rana-bhoomia battleground of investors, regulators, employers, employees, vendors, competitors and customers; if we believe that wealth needs to be attracted, the workplace becomes a ranga-bhoomia playground where everyone is happy.

Brilliantly argued, original and thoroughly accessible, Business Sutra presents a radical and nuanced approach to management, business and leadership in a diverse, fast-changing, and increasingly polarized world.

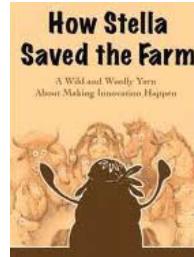


Management Mantras: Keys to Effective Management and Leadership

by H.H. Sri Sri Ravi Shankar

Jaiico, 2013

Organizations the world over today is paying more and more attention to how to prevent their workforce from getting burnt out due to an unrelenting pace of work. Views are radically changing on practices to ensure the employees perform consistently well over many years. In this book, Sri Sri offers valuable tips for managers and leaders to become more effective in their roles and also on how to develop a conducive work environment so that both the employees and the organization add value to each other.



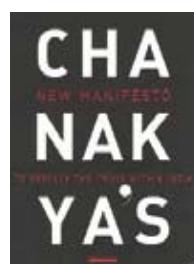
How Stella Saved the Farm: A Tale about Making Innovation Happen

by Vijay Govindarajan, Chris Trimble

Pan Macmillan, 2013

Inspired by George Orwell's Animal Farm and the international bestseller Our Iceberg is Melting, How Stella Saved the Farm is a simple parable about embracing change and managing innovation in difficult times. Bankruptcy, or the grim prospect of being acquired by a hostile human competitor, threatens Windsor Farm. But when a young sheep called Stella comes up with a bold idea, will the other animals be able to respond to her ambitious call to action?

Grounded in over a decade of academic research, How Stella Saved the Farm will resonate for organizations of all types, from global corporations to small companies looking to embrace change. With eight simple lessons to guide new initiatives to success, it prepares readers to avoid some of innovation's most toxic myths, how to build the right kind of team, and how to take their business to the next level in a fast-changing world.



Chanakya's New Manifesto: To Resolve the Crisis within India

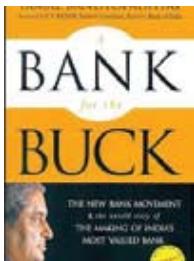
by Pavan K. Varma

Aleph, 2013

Chanakya (c. 270-380 BCE) was classical India's greatest thinker and teacher. Through his unparalleled ability to devise result-oriented military, political, and administrative strategy, he overthrew one king, crowned another and paved the way for the establishment of India's first great empire. His seminal work, the Arthashastra, arguably the world's first comprehensive treatise on statecraft and governance, was written approximately two thousand years before Machiavelli's The Prince.

What would Chanakya do if confronted with the various crises that beset contemporary India? Using this question as the starting point for his new book, celebrated writer and thinker Pavan K. Varma has drawn up a practical and detailed plan, modeled on the Arthashastra, to bring about reform and change in five key areas that require urgent attention: governance, democracy, corruption, security, and the building of an inclusive society. Whether it is laying the foundation for an independent and effective Lokpal, or decriminalizing politics and successfully weeding out the corrupt, the solutions he proposes are substantive, well within the constitutional framework, and can make all the difference between intent and action.

Chanakya's New Manifesto is both a call to action as well as a deeply insightful account of the challenges facing the country today. It is a book that should be attentively read by everybody with a stake in India's future.



A Bank for the Buck: The Story of HDFC Bank

by **Tamal Bandyopadhyay**
Jaico, 2012

This is the story of the birth and growth of India's most valued Bank HDFC Bank Ltd against the backdrop of the new bank movement in India that started in 1994 when the Reserve Bank of India opened up the sector to introduce competition and to force banks to be efficient and more productive.

Many books have tried to give meaning to India's recent history, to put it in the larger context of a complicated and confounding society, but this effort stands out because it does something that has been difficult to attempt retelling the story of modern India through the lens of business.

Given the author's familiarity with bankers, policy makers and central bankers, this fast-paced, jargon-free book, written for a wide audience, brings to life an engrossing and sweeping tale of 21st century India, with all its foibles and charms.



Marketing
by **Paul Baines, Chris Fill,
Kelly Page, Piyush Kumar Sinha**
OUP India, 2013

Marketing is an exciting new textbook packed with learning features, combining authority with a lively and engaging writing style; and a diverse range of resources, available online.

Learn from real-life situations, and read about great campaigns from organizations such as Adani Wilmar, Oxfam, Orange, and The Leela Palaces. Experience firsthand what top marketers actually do and the challenges they face in today's business environment. Discover the latest exciting advances in new technology and the social web, and learn how to take advantage of these in a marketing context.

Designed for postgraduate students pursuing courses in business management, this textbook will be equally useful to marketing practitioners, particularly because of the real-life case insights presented by marketing professionals. Recognizing the need to go further than the traditional 4Ps approach, the text reflects on newer perspectives, covering topics such as relational, not-for-profit, digital, and post-modern marketing. It provides powerful learning insights into marketing theory and practice, through a series of 'Insight' features: Case Insights, Market Insights, and Research Insights.



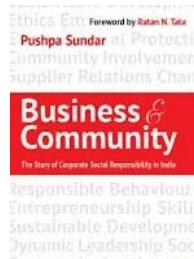
When Not in Rome, Don't Do as the Romans Do A CandyD Italian in Emerging Markets

by **Stefano Pelle**
Sage India, 2013

“ Two suitcases and the telephone numbers of two friends of friends: this was what I was carrying when I landed in India on October 22, 1998. What an irony in the fact that just a few years earlier, while boarding a plane from New Delhi to Rome, I had promised to myself not to go back to India, at least not until my retirement age.”

But as fate would have it, Stefano Pelle eventually returns to post-liberalized India as an expatriate working for the Perfetti Van Melle Group and what starts from there is a journey through emerging markets.

At the heart of Stefano's psyche and his management beliefs are innumerable situations when a one-sided biased perspective would have led to failure in business deals or problems in personal life; more so being an Italian married to an Indian wife, currently settled in the Middle East and with responsibility over a geographical area extending from Bangladesh to Senegal. Overall, the story wrought here is one of hard work, ambition, and success.



Business and Community: The Story of Corporate Social Responsibility in India

by **Pushpa Sundar**
Sage India, 2013

Business and Community is a historical narrative which also highlights emerging critical issues and the achievements as well as deficits of Indian CSR. Its objectives are threefold:

- To enhance public knowledge, understanding and appreciation of what Indian business has contributed to society
- To enthuse the business community as a whole, especially the younger generation, by highlighting exemplary individual companies in the history of Indian CSR
- To identify the factors which inhibit or encourage CSR so as to enable business and government to take appropriate action

Written in a simple, non-jargonistic language, it is easy to understand without being simplistic. Its extensive bibliography will be useful for further research.

As Ms Sundar correctly notes, business is selling itself short when it is irresponsible, venal and short sighted. The more visionary among businessmen have always been clear that the creation of wealth is most sustained when it is ethical and fair with all stakeholders—the state, community, suppliers, employees and customers. Being socially responsible is not divisible; you cannot be fair with some stakeholders and unfair with others. As the author notes: the rhetoric is always about “doing CSR” rather than “being” socially responsible.”

Use LSD model to retain employees



Kishore Biyani, founder and group CEO of the Future Group, spoke at the recently held conference on ‘Corporate Culture and Spirituality’ at the Art of Living. Excerpts:

O n Chanakya Neethi as temporal not spiritual. Is there a dichotomy between the two ...

I think that Chanakya not being spiritual can be challenged. If you look at Krishna and Chanakya I would put them under the same thought process – both were working for the same end result that is righteousness and its interpretation. So I don't see any difference in Chanakya or Krishna, both were ruthless when they had to take decisions. Both guided people on the basis of their judgments.

There is no dichotomy in the world also. We look at everything in absolute, but I think the answer is somewhere in between. I think the Biblical thoughts are more about right and wrong, we take circular ‘pheras’ (going around sacred fire). In the Indian context we don't lead linearly, and we have got many lives to live.

Does circumambulation makes a huge difference?

Yes, that's the way of life. I think the Indian culture was created to understand ourselves, make ourselves happy.

Happiness doesn't come out of a model for attaining something in particular days. If you are looking at the happiness quotient, India will score better. If you are looking at the economic quotient of growth or other parameters which are numerical, we might be lagging behind.

The idea that we are all living in a mythological mind frame, does that lead to the real dichotomy with the West

Sitting here there is no dichotomy, life is very simple. How many emotions human beings have - 9; how many colors - 5; how many music tones – 7; so life isn't so complex? I think management theories make it complex.

The belief, behavior and outcome are they time bound?

Outcome is a result of the person's behavior and it comes from his belief system. In our model to hire people we see if their belief system matches with the company's belief system, then he/she is welcome in our organization. If you don't fit in, then you don't last in the organization.

Sitting here there is no dichotomy, life is very simple. How many emotions human beings have - 9; how many colors - 5; how many music tones–7; so life isn't so complex? I think management theories make it complex

You give all the three to every individual in equal proportion – Lakshmi is money, Saraswati is intellectual growth and Durga is power, ego – no employee will leave you

It's not an individual who delivers, it's a team effort. If something isn't working then something is wrong with us.

For a small enterprise employee retention is a big problem, how do we solve this?

We have adopted a model from mythology in our organization. We call it the LSD model. It's the Lakshmi, Saraswati and Durga model – you give all the three to every individual in equal proportion, Lakshmi is money, Saraswati is intellectual growth and Durga is power, ego. So if you give all three, no employee will leave you.

We see that you have been attracting a lot of business, built it very fast, what is the mantra behind it?

We are not measuring success with numbers only. There are certain ideas which come in the consumption space and our whole idea today is to ask a modern Indian consumer what does he want to consume? So you look at the various items of consumption and work on that. We engage with the consumers and we know that it works faster. Ideas are there with every entrepreneur. We have a platform in terms of real estate, retail store to experiment with the consumer. So we keep experimenting and trying and during the process we make mistakes. We learn from them and again try something new.

If you innovate joyously, there's no rat race



Harish Bhatt, CEO, Tata International

Innovation has to have purpose. Two decades ago when the Tata group came out with Tata salt which had iodine in it, it was the first time in the country. Today, many brands have it. But at the time it was done, it was done with a purpose to add nutrition to many people in India who were deficient in iodine. So the purpose of that innovation was adding back to the community.

Two decades later came Nano. Nano was created again with the purpose that many Indians today are very comfortable with two wheelers but at some stage they will want to look at 4 wheelers which is affordable. That was the spirit behind innovation Nano. Again, it was to do with something for the nation and something for the community around you.

Tata Tea was launched in poly packs with garden fresh tea; the purpose of that innovation was to bring fresh tea at an affordable price to consumers. So when you innovate with a purpose and with a belief, then you won't feel like you are in a rat race, you will innovate joyously because you know the innovation is going to provide happiness to people. For every innovation put a purpose to it.

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In the past few years of organizing big regional HR congresses in Asia and the Middle East, we saw that technology is playing a growing role in ensuring profitability, workforce predictability, efficiency and GenY employee retention.

- In Asia where the job market is way more positive than anywhere else, the average tenure for an employee is 47 months, compared with 112 and 113 months in Western Europe and US respectively. **What technology allows you to keep your GenY employee engaged and stay longer with you?**
- The emerging economic powerhouses of Indonesia, Thailand and the Philippines are now catching up quickly to demand globally competitive workforce, following the AEC 2015 economic integration. **What's the best tool to ensure proper onboarding and training and development?**
- The rapid growth of acquiring talent in Asia has gotten 60% more expensive. **Is there a technology that addresses the urgent need to strengthen recruitment and workforce planning?**
- Your top recession survivors have disengaged and 15% of new hires in Asia Pacific resign in the first year of service. **Is there a better way to monitor employee sentiments to predict attrition and better manage succession?**
- In Asia, variable pay features heavily, accounting for almost a fifth of total compensation to retain workforce. But some companies redesign workplace layout to cater to a new generation of collaborative and tech savvy workers. **Are there technologies that will guarantee you get the results you desire from your incentives spend?**



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ProductThinking

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Editor's Note

Why ProductThinking?



Until five years ago it was a common perception that India's future is in services and that we are not good enough to develop and launch significant products. Not anymore. Nasscom's annual product conclaves are becoming unmanageable as the number of product startups participating is growing by at least 25 percent a year. Of late, other startup meets are held in large convention centers to cater to the rush unlike earlier when they were in small hotel conference rooms.

It's not difficult to know the reasons for the surge in excitement to develop products in India. As always, a few success stories boost the confidence and when the architects of these become ambassadors of the fledgling product movement, it is bound to catch on. Tally, Makemytrip, Naukri, Tata Nano, Redbus, FlipKart are just a few that have become household names. With several hundred Indians producing products for global companies such as Yahoo!, GE, and Google in India, the confidence among young Indians is contagious.

Young Indians today are less fearful of failure, have greater self confidence largely from travel and interaction with global product companies. The middle class obsession with jobs is slowly giving in to entrepreneurial urge.

The beginning so far is good but there's still a long way to go. The product ecosystem is still very weak. There aren't enough incubators and venture or angel funding. The process of turning a product idea into a business is still cumbersome wherever government approvals are involved. Remember, India is still one of the worst places to do business as per global surveys.

Then what's the purpose of ProductThinking? Just like movements in System Thinking and Design Thinking, which too are in a nascent stage in India, there's a need for fostering Product Thinking in colleges, universities, shop floor, board rooms, water cooler spots and on the streets so that India transforms into a product country even as it excels in service solutions.

Dynamic journals/newsletters/magazines with updates, insights, case studies and interviews from the product community to the outside world are a necessity. A vibrant media is the oxygen for any transformation. Today, co-creation of content with the readers is a sure way to keep the content fresh and relevant. Please send in your ideas, case studies, blogs and articles.

For a short period, ProductThinking will be part of ManagementNext until it gains enough muscle to fly on its own. Will let you know when that happens.

Do send in your feedback, comments and suggestions to make ProductThinking a useful initiative.

ProductThinking is a joint initiative of ManagementNext and Adaptive Marketing run by Pinkesh Shah. The Institute of Product Leadership, Bangalore is a partner.

Benedict Paramanand

benedict@managementnext.com

The Questions Indians Ask



Pinkesh Shah, director programs, at the Institute of Product Leadership, Bangalore, recently launched India's first business school for software techies, shares some interesting, some funny experiences while talking to the first batch of aspirants

'Kitna deti hai'?

Maruti's popular campaign "kitna deti hai" (how much mileage does it give) even from space ships and yachts shows Indians' fixation with value for money. The first question on the applicant's mind at IPL was – post program will I get a better pay or shift into a company of my dreams? Very few (23%) reported that learning is more important than placement assistance.

People seem to forget that getting inside is easier than staying and growing. On the bright side, it's good that we have companies willingly wanting to hire the first batch immediately on graduation.

Code centric to customer centric

The idea of transitioning from being

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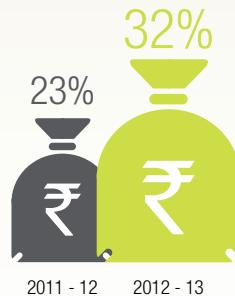
WORK HARD

20%



PAY HARD

PRODUCT MANAGERS
COMMAND A PREMIUM
Average Salary increment
moved up to 32%



SPEECH OF
DIPLOMAT



PER
WEEK

MEETINGS



2011 - 12



2012 - 13

HOURS OF WORK

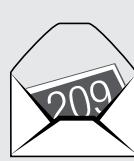


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technology centric to customer centric does seem to resonate the most with individual participants who cited “Project Management to Product Management” as the #1 desired transformation to be able to understand the customer and the business context of what they are already doing.

Business programs can only be valuable if they accelerate that transformation. Knowledge dissemination cannot be the driver!

Badge is important

The idea of getting a diploma or a degree is rather important as a take away from the program. Brand is clearly important. Interestingly enough, compared to “Guaranteed Career Path” this was voted lower though.

With liberal badge printing machines in the country most hiring managers see through it and at best use it as a filtering criteria. It is even less valuable for senior R&D professionals.

Have you done this before?

Surprisingly (at least to us) companies who wanted to nominate people to the program asked this question more often than the participant themselves. Companies (both senior HR/L&D & Engineering leaders) as well as participants appreciated the fact that the curriculum is relevant and faculty is world class but the risk appetite for companies seemed to be lower than participants who pledged nominations for the “next” batch!

First movers almost always benefit. The program's pilot batch will have the best foot forward to establish a brand and move the offering to higher price points for next batch.

Better seat at the table

Most R&D leaders showed frustration around why they were not able to add value with their global partners and wanted to equip themselves with the right knowledge and immersions to be able to have a better seat at the table and enjoy broader responsibilities.

Unless people make an effort to understand the productizing process all

those frustrations will continue to rise. Intent and ability to help are two different things!

I don't want to become a Product Manager Interestingly not all senior R&D managers (64%) wanted to learn the “business” and “customer” context to become a Product Manager, instead they wanted to differentiate themselves and build a better career path on the Product Engineering Leadership track with the role models being cited as CTO and Head of R&D.

Product Management as a process should be everybody's business to understand. A Product Manager's role is not as hard as one thinks!

It's better if it's hard to get in

The moment they heard that only 20% of applicants will be selected to the program the value of the program went up by a factor of 2 (Price to Value Analysis)

Relevance of MBA to product leadership growth

A majority of the product professionals who had done their MBA from top B-schools cite around 21% of the subjects/topics being relevant to them in their current role. 35% of them believe that the degree gave them the necessary break/promotion/new role.

General purpose MBAs (even from top B-schools) are great for people who don't know what they want in life and hence want to get the exposure to HR, finance, operations, marketing etc. IPL's Board has actually factored this in and designed the curriculum to map to industry's expectations.

Influence building skills are missing

Across 5 categories of the curriculum, leadership skills were rated 3rd most desired after customer connect and insights and user experience and product innovation. Within leadership skills, leading by influence was ranked higher than other soft skills like negotiation, presentation, cross culture communication and conflict resolution.

One's Influentiality Index (II) is actually the biggest propeller for career path

acceleration. Functional skills of an average R&D product professional are actually fairly high.

Relevance is good but I want my execute education to be personal

Relevance of the program resonated overwhelmingly with the target audience but most also desired personal mentoring with industry execs and a personalized leadership development plan with necessary psychometric assessment. Interestingly, 92% have never gone through such personalized assessment at their company.

I wish I had done assessments like MBTI, DISC, Product Leadership Influentiality Index (PLII) etc to really know my gaps and build a plan to bridge them faster as opposed to relying on accidental growth.

Free money

Several industry reports suggest that 26% of educational tuition reimbursement budgets goes underutilized with global R&D centers in India. Most (97%) desired to get tuition reimbursement from their company to pay for the program. However, it dropped to 52% the moment it was disclosed that only self sponsored candidates will be offered placement assistance.

With retention being the driver for some companies to sponsor education this is bound to happen.

Scaling startups vs. large companies

Management teams from both groups desire better product leaders (91% – Agree + Strongly Agree) but their approach to problem solving is starkly different. Global R&D centers want a longer program (underlying theme being retention). Scaling startups want a menu of courses to select from.

Would love to hear your thoughts – especially if you are a product professional wanting to accelerate your career path with at least 8 years of experience or part of the executive management team who wants to develop strong product leaders in the India R&D center!

pshah@adaptivemarketing.in

How Feroze turned Sap Labs into a product factory



In April 2010, V.R. Feroze became the managing director of SAP Labs India, one of fifteen global R&D centers of the German software giant SAP. At 35 years old, Feroze was the youngest-ever managing director of a global multinational firm in India — overseeing a staff of 4,000.

Feroze was keen to infuse into his organization the mindset and principles of *jugaad* — a cost-effective and flexible approach to creating affordable solutions using limited resources. To that effect, he set up AppHaus — an open space within the SAP Labs India campus where designers, engineers, and marketers work collaboratively and intensively on new products — compressing the whole concept-to-market cycle to 90 days (versus the 2 years it would typically take SAP to develop a new product using the linear and structured software development processes).

By leveraging rapid prototyping and continuous customer feedback, the cross-functional teams that operate in the AppHaus are able to innovate faster, better, and cheaper — managing each project as if they were running a startup. To date,

the AppHaus has successfully designed — or redesigned — and launched several software products in global markets — including SAP Collections Insight, a software suite that enables frontline employees such as sales reps to make

By leveraging rapid prototyping and continuous customer feedback, the cross-functional teams that operate in the AppHaus are able to innovate faster, better, and cheaper - managing each project as if they were running a startup. To date, the AppHaus has successfully designed - or redesigned - and launched several software products in global markets

informed decisions rapidly. AppHaus truly embodies SAP's frugal innovation philosophy.

In addition to serving the company's commercial needs, SAP Labs India is using AppHaus to serve a larger purpose by creating socially relevant applications. For instance, a small 10-member team worked in the AppHaus using limited resources to quickly develop a social networking site called Charitra (short for Charity Transformation), a first-of-its-kind portal for driving positive social impact. The web site connects people with needs (NGOs or volunteers driving a social cause) to people who can give (volunteers who can donate their time, skill, or resources).

SAP HQ has taken note, and is now shifting more strategic R&D projects and even global product ownership to SAP Labs India — an acknowledgment of the lab's ability to innovate faster, better, and cost-effectively for local and global markets.

Feroze stands out among global corporate leaders: he didn't graduate from a prestigious university nor does he have a MBA. However, empathy and a high emotional quotient (EQ) enabled him to provide the wise leadership that amplifies and leverages other people's intelligence to drive innovation and revenue growth while also serving the greater good.

Feroze was recently promoted to become the head of SAP's Globalization Services organization.

Adapted from the book *Jugaad Innovation: A Frugal And Flexible Approach To Innovation For The 21st Century* (Random House India, 2012) by NAVI RADJOU, JAIDEEP PRABHU, SIMONE AHUJA Navi Radjou is a Silicon Valley-based strategy consultant and a Fellow at Judge Business School, University of Cambridge where Dr. Jaideep Prabhu is the Jawaharlal Nehru Professor of Indian Business and Enterprise. Dr. Simone Ahuja is the founder of Blood Orange. Radjou, Prabhu, and Ahuja are co-authors of *Jugaad Innovation: Think Frugal, Be Flexible, Generate Breakthrough Growth*.

Sustainable Housing

VBHC is showing how best-of-breed sustainability practices and technologies can be applied in affordable housing



Jaithirth Rao, Chairman, VBHC

The conventional value perception is - low cost gets you low quality. That sustainability products and services are expensive and only the luxury segment can afford it; that the lower middle class and the poor cannot afford to own a decent house in cities; that the real estate business opportunity is in the rich middle class and the premium segment.

The Value and Budget Housing Corporation (www.vbhc.com), promoted by a bunch of professionals led by serial entrepreneur, Jaithirth Rao, is beginning to turn most of these assumptions, if not all, on their head. Started three years ago, VBHC is pioneering a new wave of business opportunity in the real estate sector in India – that of low-cost-high-quality budget homes starting from Rs. 4.5 lakh for a studio to Rs. 20 lakh for a two/three bedroom apartment.

According to consulting firm KPMG, seven major cities in India need 2.1 million homes, which is a Rs. 30,000 crore market catering to the clerks, factory workers, electricians and plumbers of urban India. According to a Tata Housing estimate there is 24 million housing shortage in India with a market size of \$200 billion.

Conventional real estate firms, used to their old ways, are beginning to see the opportunity in affordable housing. They also know that this is a different cup of tea requiring greater professionalism, transparency and sustainability focus.

The VBHC's big advantage is that they started this venture on a clean slate without real estate legacy issues. Jaithirth Rao, fondly called Jerry, was inspired by late Prof. C K Prahalad's 'Fortune at the Bottom of the Pyramid'. The fundamental premise here is – at a certain price point you can dramatically increase the size of the market without compromising on quality. Mr. Rao put together a pack of professionals and with the backing of HDFC Bank's Deepak Parekh, is working hard to achieve his vision of building one million homes in a decade. Their first project in Anekal, near Bangalore, is at various stages of handing over to customers. The

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