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I was recently invited by Bry-Air Asia to give a talk on innovation. With the financial meltdown on the one hand and global warming on the other, the most critical issue for corporates today is innovation and therefore I thought of sharing some of my thoughts on this subject with I had put together for the talk.

Some of you may have read a recent *Indian Express* article which highlighted the need for India to think harder on innovation as we seem to have gone down 18 places to the 41st position in the Global Innovation Index. We may be doing better, but others have moved a lot faster.

Allow me to take you back to the year 1895 when Lord Kelvin, President of the Royal Society, uttered these famous words, "Heavier-than-air flying machines are impossible". Let's fast forward to 1927: "Who the hell wants to hear actors talk?" – a very poignant comment made by Jack Warner of Warner Brothers about making talking movies; and in 1949, *Popular Mechanics* made a forecast that "Computers in the future may weigh not more than 1.5 tons". We all know what the outcome of these so called myths or perceptions are today. So innovation starts with dreaming – with a mindset of dreaming big, setting audacious goals and taking risks. The results of innovation are, by its definition, uncertain. So while we applaud and love success stories, we also need to have an appetite for failure in order to encourage creativity. Who would have thought that the world could come out with a Rs.1 lakh car if we didn't dream big?

So what really is innovation as seen by the corporate world? To my mind, doing something different to make a product, process or service faster, better, cheaper or more user-friendly for a customer, is innovation. It is a repeatable, disciplined process that successfully takes ideas to commercialisation. As a management thinker once said, "you can be tremendous at innovation on the technical side. But if you cannot wrap that innovation into a compelling value proposition, then the innovation isn't

worth much at all".

Where India scores over the world is in what Dr. Mashelkar has eloquently termed Gandhian Engineering – which allows us to get more from less for much more. We see this with the telecom industry, where calls in India are the cheapest in the world; the Hepatitis vaccine which costs a tenth of what is available in developed countries; the challenge of creating a Rs.1 lac car or more recently, a \$100 laptop – all of which will be affordable for many more people.

It is these unpredictable times that force us to look at our markets and extend our reach to wider segments and sections of society. A new vista of opportunity not thought of earlier, emerges to serve the audience at the bottom of the pyramid and provide them with new products and services.

There are some misconceptions around this subject – the first being that innovation equals technology or products. It certainly is a key part of innovation but it has several other dimensions; an example of which is Air Deccan, which is India's first low cost carrier or Bharti Airtel which has unleashed a least cost business model by outsourcing every backend process – from network operations to IT. In our very own city, Zensar has come out with innovative ways of engaging their workforce, such that in a sluggish market, they have been able to grow PAT by 35% year on year. Moving to green energy, an electric car network company known as Better Place is coming out with an innovative business model by creating a car-charging-infrastructure which feeds in energy generated from renewable sources like wind and solar through a network of plug-in plus battery exchange stations. Just as in the telecom industry, where you buy cell phones from someone and talk time from another, this innovative business model will allow you to buy or hire the electric car from automakers and "miles" from the company Better Place.

The second misconception is that innovation happens by chance. The fact is that innovation is a discipline and



not a random process. Innovation in an organisation should be like any other business endeavor, such as supply chain, finance or HR, with formal systematic processes, people and tools to help direct and execute; with creativity as its chief component. New ideas flow and flourish in informal non-hierarchic environments where “what is right” is considered more important than “who is right”.

The third misconception is that innovation is a long term project. Innovation can deliver value over multiple time frames, not just the long term. It provides a steady flow of new offerings over time, not just an occasional blockbuster product or service.

An innovator is one who looks at something that everyone sees, but sees something that no one has seen. Here's an example: A 50 foot long trailer with 48 inch wheels got stuck while entering a tunnel in New York because it was approx. a foot taller than the height of the tunnel. The fire and transportation department spent the whole day searching for a solution, to no avail. Suddenly a child passing by asked her father, “Dad, why can't they deflate the tyres and the height will automatically come down.” An example of innovative thinking in our daily lives.

In the corporate environment, the Board's role in supporting investment in systematic innovation over time, is critical. Quarterly pressures for financial results cannot and should not come in the way. These are trying times for all of us world over, and as mentioned in my previous column, cash is paramount. Having said that, we would like to continue all investments planned for R&D and of course innovation, which more often than not requires a mindset rather than resources.

If we move to politics, the U.S. President Barack Obama was acknowledged for his innovative Presidential campaign which creatively harnessed social networking sites on the internet to enlist support, register new voters and generate record campaign funds.

Of course it is ironic that when Obama was campaigning, another dubious innovation in the country sent the world into a tailspin – toxic debts packaged as financial derivatives and sold to millions of

unsuspecting investors.

A thought for reflection. Innovative financial engineering, the innovative bloodbath at Satyam unfolding or the recent innovative counterfeit gold coins scandal. Where do we draw the line? Is there a need, perhaps, to introduce the term ethical innovation?



Two years ago, we decided to discontinue the English Open Forum since it was perceived that the kind of questions asked there were very operational. The Divisional Head and EC member decided to continue the process in their respective divisions, which is an excellent idea and should continue. However, after the success of the Marathi Open Forum this year I must thank Roshan from Corporate Communications for suggesting that we re-start the English Open Forum format too. It gives us a chance to meet a wider audience, listen to your concerns, answer queries, clear any misconceptions and an opportunity for Unny and me to address all of you.

I was very happy with the kind of questions and concerns raised as well as some solutions arrived at, at the forum itself. Am also glad Unny and I had the opportunity to share with all of you the current situation, our concerns, expectations as well as our vision and values. As mentioned in the Open Forum, managing our cash flows prudently, starting Project Everlean to minimise wastage, streamlining our processes and systems to enable robust growth, investment of time and money in innovation are all a MUST, but to what purpose? To realise our vision “to be a globally respected, high performance company providing sustainable solutions in energy and the environment.” You will notice that our vision, which was created almost six to seven years ago, has no numbers – this was arrived at intentionally since we believe that becoming globally respected, high performance and sustainable as an organisation will in itself give us the growth and profit, and it will come with a purpose.

“Globally respected” is a very lofty but achievable phrase, which encompasses all



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of the following: A healthy balance sheet; a value based organisation; thrives on excellence and customer delight; is constantly re-inventing itself; a front runner in technology; is able to attract and retain talent; a company that is world class and which sets the benchmark.

A “high performance” organisation which is able to bring out the extraordinary in the ordinary; a disciplined yet passionate and committed team of people raring to go; a mindset of enjoying learning, sharing and

applying.

“Sustainable Solutions in Energy and Environment”: Providing customers solutions that are sustainable and in tune with conserving energy and preserving the environment.

And, of course, the vision we have set for ourselves can only be achieved, if we have a strong bedrock of enduring values.

We have recently refined and documented these values, which are:

Respect:

Respect for human lives and human dignity
Respect for what is right, and not who is right
Respect for diversity – religion, caste, gender
Respect for systems and processes
Respect for performance, behaviour and discipline

Commitment:

Deliver what is promised to all our stakeholders
A commitment to excellence in all that we do

Honesty and integrity:

Being true to ourselves in our personal and professional dealings
and doing what is right at all times
Nobody will exploit the company for personal gain or gratification

Concern for society and the environment:

Encourage reuse, reduce and recycle, energy conservation
A strong sense of giving back to society
We must remember business cannot survive in a society that fails.



To summarise my expectations (and I have added one more since the Open Forum):

1. Look for opportunities with a positive mindset
2. Make prudent use of all resources, especially money.
3. Participate and dramatically eliminate all kinds of waste; significantly improve our service levels to all our stakeholders, invest time and money in innovation and appropriate training and in building skills and talent.

4. Invest time in establishing simple yet robust workflows, systems and processes.
5. Performance is critical, but values are sacrosanct.

With best wishes,

Meher Pudumjee