Inc.

The Magazine for Growing Companies

You're not that innovative (and that's ok)

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co-founder & GM,
Synechron

FAISAL HUSAIN
founder & CEO,
Synechron

WHY FRIENDS MAKE GOOD BUSINESS PARTNERS... ...OR DO THEY?

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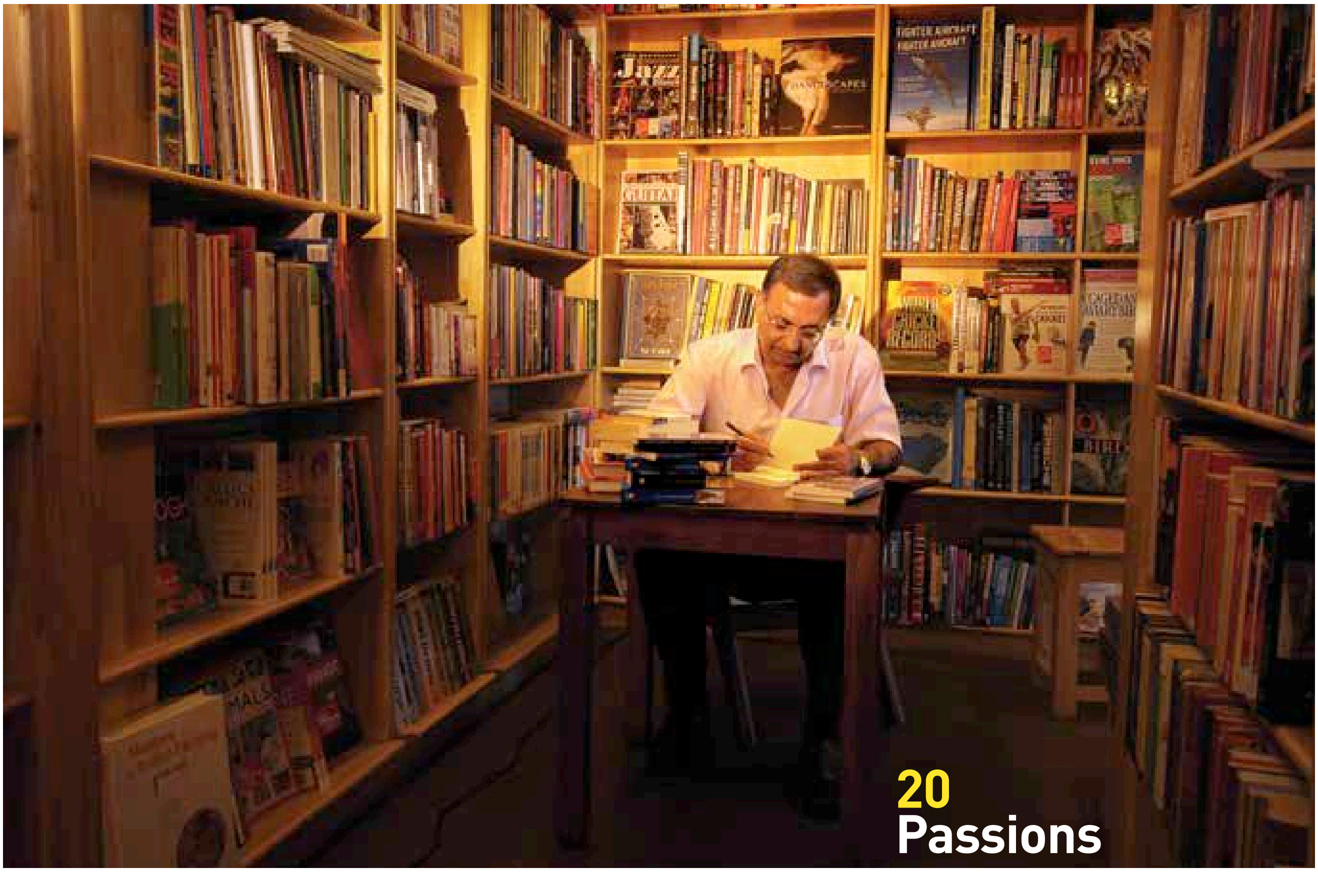

PHOTOGRAPH BY SUBHOJIT PAUL

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ON THE COVER
Faisal Husain and Tanveer Saulat, co-founders, Synechron.
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INC.COM/LEADERSHIP

Three Things Employees Really Want

Bigger paychecks are nice, but as columnist Marc Barros explains, what your employees really care about goes deeper than money.

1. Purpose

The fact is, nobody wants just a job. People want to be a part of a company that is clear about what it stands for and where there is no confusion about what is right and what is wrong. Start by making a list of what you believe in.

2. Autonomy

As the CEO, you can get caught up in your own solutions and inadvertently control the number of decisions your employees make. However, the freedom to make their own decisions is what leaves people saying, "I love my job."

3. Empathy

Caring about people doesn't take money, but it does take time. It means creating an amazing work environment, welcoming people on their first day, being flexible with vacation and letting people work from home.

Top Videos on Inc.com

INC.COM/INC-LIVE

CATERINA FAKE

Co-founder of Flickr

on overcoming naysayers

"The most successful entrepreneurs I know are optimistic. It's part of the job description."

INC.COM/INC-LIVE

ROBBIE VITRANO

Co-founder of Naked Pizza

on establishing a company mission

"Finding your purpose is an act of rebellion and that can be very powerful and awakening."

LEADERSHIP: PHOTOS.COM

EDITOR'S LETTER

A friendly business

India is largely a country of family businesses. According to KPMG, 70 per cent of India's top 250 private companies are family-run. Traditional wisdom dictated that wealth and property should necessarily be confined within bloodlines. Consequently, mixing friendship with money or business was deemed almost taboo, and destined to end in legal conflict, personal enmity and financial loss. Not anymore, it seems, if you go by the company profiles in our cover story, *Befriending Profits*, on Page 22.

The wave of entrepreneurship that India witnessed in the past decade has been seeded by several first-generation entrepreneurs. In the absence of inheritance and investable cash, many teamed up with friends to substitute the support structure of a family. The benefits are logical, and plenty—a sharing of resources, competencies and the fear of the unknown. "Anything is better than going solo," says Rajat Mohanty, co-founder & CEO of Paladion, and one of the entrepreneurs we spoke to for this story. Really, what can be better than building flourishing companies, and doing so with your close friends? Negotiating this buddy dynamic though requires a tremendous amount of wisdom, maturity and transparency in communication. Find out how the companies we featured managed to do this.

The spotlight on friendship in this issue is almost coincidental. After more than two years at *Inc. India,* and inspired by entrepreneurs she's met, Ira Swasti, our talented feature writer is moving on. She's contemplating joining her friend's start-up in Bangalore. Her wonderful repertoire of stories, her calm, and that easy smile will be much missed on our editorial floor. We wish her the very best and hope this cover story serves as her wisdom guide in the months to come.

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9.9MEDIA

Event organiser

Devils Circuit was a five kilometre obstacle course run with 15 obstacles including dirty mud, freezing water, fire, ropes and a concrete wall posing as intimidating barriers to the finish line. The concept of this army-style race for civilians was the brainchild of **GameOn India**, a sports management start-up based in Delhi. Founded by Adnan Adeeb and Zeba Zaidi in 2012, GameOn India's dozen people team—mainly sports enthusiasts—managed the entire Devils Circuit. The firm also regularly organises amateur sporting leagues for corporates and individuals.

Radio partner

This obstacle race had two segments—timed, for people who wanted to challenge other athletes by completing the race in the shortest time possible, and untimed for those who wanted to challenge themselves to finish the race. In this energy-filled atmosphere, **Radio One**'s RJ Melbin emceed the event for five hours to keep up the morale of the almost 1,600 participants who turned up for the event. Founded by Tariq Ansari in 2005, this 100-people company also created buzz about the event on its radio channel.

Online management

The online identity of the Devils Circuit was created by the Noida-based firm **Claritus Consulting**. Founded by Maneesh Batra and Nishant Sharma in 2008, the firm successfully created the aura of a challenging marathon on the event's website, which lists every runner's completion time. The firm's 60-people team also managed the event's social media campaign and developed a mobile app that allows users to search their own photos in action through their bib numbers. Before this, Claritus has offered its IT consulting services to bigwigs such as PwC, Microsoft, Airtel and Apollo Hospitals.

Entertainment

No moment on the running field was spent without action. Each of the five intervals during the run were filled by dance performances staged by the **Delhi Dance Academy**. Forty five dancers from this institute performed dance styles from hip hop to Zumba to keep the participants enthralled. Founded in 2008 by Bhupinder Singh, this Delhi-based company offers classes on dance forms like salsa, contemporary, hip hop and Bollywood along with fitness workouts like zumba, power yoga and aerobics. Its 30 choreographers have put up dance acts for events at GE, Naukri.com and Adobe.

PHOTOGRAPH **COURTESY SUBJECT** | REPORTED BY **IRA SWASTI**

Happiness Check
Report finds low engagement levels at Indian workplaces

According to strategic consulting firm Gallup's annual *State of the Global Workplace Report*, only nine per cent of employees in India are really "engaged" in their jobs. What's worse, 31 per cent are "actively disengaged". The report describes the "actively disengaged" sentiment to be potentially hostile to their organisations. When compared to the global average, India does badly on both counts—the low number of the engaged, and the high number of the actively disengaged. The global average of this study—conducted among the 142 countries included—found 13 per cent of employees to be engaged in their jobs, 63 per cent not engaged and 24 per cent to be actively disengaged. However, there is a considerable variation in engagement levels by education level and job type. Among professional, managerial, sales, service, and administrative job types, engagement rates were all above 10 per cent, while they fell below that threshold among job types that involve physical work such as installation or repair, construction or mining, and manufacturing or production.

The last two of these job types have extremely high proportions of actively disengaged employees in India: 44 per cent of construction and mining workers are actively disengaged, as are 32 per cent of manufacturing and production workers. Employee engagement tends to be somewhat lower across countries among these industries because it is typical of traditional management to put proceses ahead of people. As the Gallup data shows, disengaged Indian workers are more likely to have experienced anger and stress the day before the survey and less likely to say they were treated with respect.

Several economists have said that India needs to urgently expand its manufacturing base if it wants a broad-based development and provide enough jobs for the 250 million young people who will soon enter the workforce. Expanding the manufacturing base entails making India's regulatory environment more hospitable to manufacturers. Also, several structural problems need to be tackled, including discrepancies

PHOTOS.COM

The book: *The One Thing* by Gary Keller and Jay Papasan

The big idea: There is always an ongoing debate around work productivity—whether it's better to multitask or focus on one thing at a time. This book's a holler from the second camp.

The backstory: Keller is the co-founder of Keller Williams Realty (KWR), an Austin, Texas-based real estate franchising firm. Papasan is the executive editor at Keller Ink, the publishing arm of KWR.

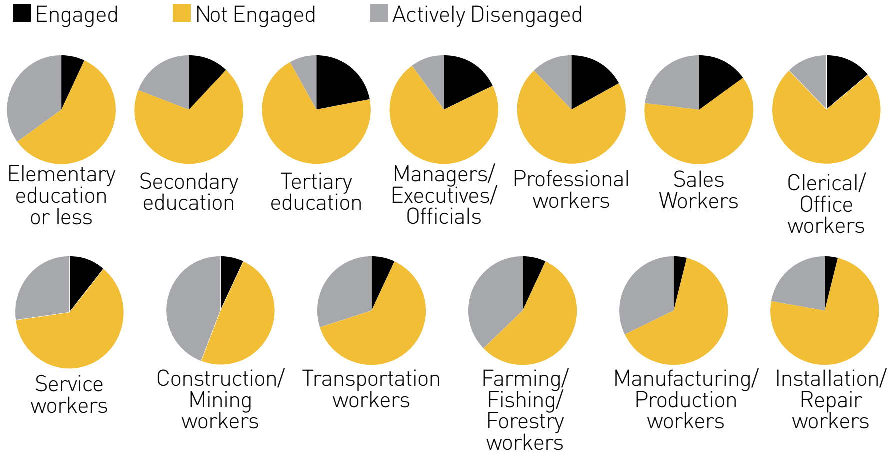
If you read nothing else: Chapter Ten focuses on the one question that can make a difference to your business, personal life or health. Chapter Twelve explains how you can find answers to that one big question and then make this two-step process a habit for success.

We hold these truths: When there's a daily barrage of e-mails, meetings and tasks to distract, multitasking might seem the best way to get work done. But Keller and Papasan dispute the argument that everything matters equally. "To-do lists tend to be long; success lists are short." The key is to prioritise what matters most at any given moment on any given day.

Rigour Rating: 7 (1=Who Moved My Cheese?; 10=Good to Great). Keller and Papasan hope to dismiss six lies that stand between you and success. —*Ira Swasti*

Engagement Levels Across Industries

Engagement levels of people differed across industries. Construction, mining, farming and fishing took the cake when it came to actively disengaged workers



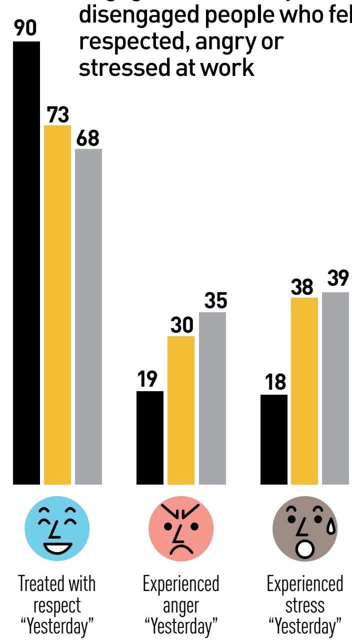
between the salaries of permanent workers and the large number of temporary contract workers in many industries.

One of the challenges facing India's manufacturing sector is to move more informal-sector employees to larger formal-sector businesses, which tend to be more efficient because they reap economies of scale and have greater access to credit from formal financial institutions. Larger manufacturing firms should seek to help employees in these workplaces feel respected by their managers and engaged in their jobs. Manufacturing managers can do a lot to close the communication gap with employees and give them a greater sense of psychological commitment, and feeling of belongingess towards their work.

Engaging industrial employees

Considering the high degree of routine that typically characterises jobs in manufacturing and construction, managers may need to work hard to establish individualised feedback and recognition practices among workers. Managers in industrial sectors may also need to go to greater lengths to guarantee that all employees have regular opportunities to express their opinions about working conditions and their ideas for improvement. In manufacturing and construction workplaces, where safety issues are often a concern, such communi

Percentage of engaged, not engaged and actively disengaged people who felt respected, angry or stressed at work



cation is essential not only for helping employees feel respected, but also for reducing their risk of injury on the job. Gallup consultants suggest that a better performance management system that focuses on developing the right people according to their unique talents instead of relying merely on job descriptions and ratings can help increase employee engagement levels in these industries.

PHOTOS.COM

The Quest for the Perfect Fit

Few things hold you back more than a bad hire. Meet some entrepreneurs who go to extreme lengths to make sure they don't make that mistake

Bad hiring has a nasty ripple effect. It can cost a company time and money, and kill morale and productivity. That's why many CEOs go to great, often extreme, lengths to make sure they're getting the right people on board. Zappos's Tony Hsieh, for instance, is so obsessed with preserving his quirky culture that he offers new hires $2,000 to leave a month later if they're not happy. And such radical approaches aren't as rare as you might think. Here's how four other entrepreneurs are hacking hiring:

1 Vote Early; Vote Often

"Firing fast never works," says Dane Atkinson, CEO and co-founder of SumAll, a New York City-based business analytics firm. That's why Atkinson puts every employee through a 45-day trial period. Each applicant is assigned an on-staff sponsor and gets regular assessments from a dedicated selection committee.

At the end of the trial, if the selection committee approves a candidate, SumAll's entire 35-person team puts the matter to a vote. One veto, and the candidate goes home. About 30 per cent of applicants don't pass. Atkinson admits this Survivor-style approach intimidates plenty of applicants and requires an intense time commitment from employees, "but the meta effect is better," he says: In two years, only one employee has left the company. "It sets employees up for success," he says, "because there's such close attention paid to them in those early days."

2 Trial by Rejection

Salespeople need to be able to handle rejection on a daily basis. So when Rob Rawson hires salespeople for his remote staffing company, Staff.com, he starts by turning them down. After initial interviews, Rawson calls the candidates he wants to hire and tells them he doesn't think they have what it

No One To Hire

Millions of people are looking for work. Just not the right people

67% of companies are having a hard time filling skilled labour positions.

61% of those say the top reason is a lack of qualified applicants.

So they are working hard to keep the ones they have.

takes. About 75 per cent of applicants accept the rejection outright or become overly defensive—and thereby fail the test. On the other hand, the 25 per cent who fight to make their case tend to be golden. "You get to see whether a salesperson is able to overcome rejection and sell themselves with a real-life example, rather than a theoretical question," he says.

3 Make It Like a Reality Show.

Potential hires are used to selling themselves, but it's what they're willing to say about other applicants that John DeHart finds truly revealing. He's the co-founder and CEO of Nurse Next Door, a Vancouver, British Columbia-based franchiser of home care services. The company conducts group interviews to make the hiring process faster and assess candidates for cultural fit.

After asking the usual questions about strengths, weaknesses, and the like, DeHart and his staff conclude each interview by asking the applicants which of their rivals they would hire. Many choose the weakest candidates, which suggests to DeHart that they are threatened, rather than inspired, by top performers. "'Admire people' is one of our core values," he says, "so we're looking for someone who will point to the top person in the room and honestly say why they would hire him."

4 A Bounty on Their Heads.

The Nerdery, a web design firm in Bloomington, Minnesota, hires about 25 per cent of its employees from internal referrals. But last year, the company was growing so quickly that hiring became a bottleneck. Co-founder Mike Derheim needed a bigger applicant pool, and fast. So the company took out ads offering to pay the public to refer good developers. The Nerdery rewarded people with $100 if their candidates landed an interview and $400 if they got hired. More than 700 referrals came rolling in, along with another 900 applicants who heard about the campaign and applied on their own. The company did 600 interviews and spent around $30,600 on rewards. Of those 600, 33 developers were hired, which Derheim says is just slightly lower than the company's typical acceptance rate. "It was more risk than a lot of companies are willing to take on," he says, "but when hiring is our No. 1 constraint, it's definitely worth the investment."
—Issie Lapowsky

The Best Hiring Questions

Six top entrepreneurs on what they ask and why

TONY HSIEH, ZAPPOS
What's the biggest misconception people have of you?
WHY I ASK IT: "It's interesting to see how self-aware candidates are."

ARIANNA HUFFINGTON, THE HUFFINTON POST
How do you unplug?
WHY I ASK IT: "People are eager to show employers how they'll work themselves to the bone. That's not good for them or the company."

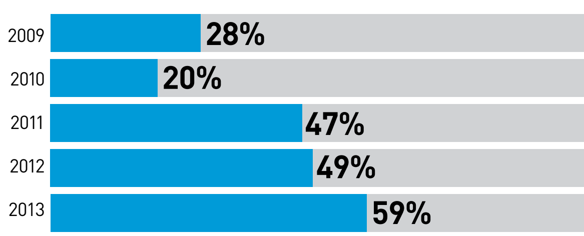
EVAN WILLIAMS, TWITTER
What's most important to you in your work?
WHY I ASK IT: "It gets to the point of what I want to know, beyond skills and experience."

BOBBI BROWN, BOBBI BROWN COSMETICS
Why wouldn't I hire you?
WHY I ASK IT: "You get the most honest answers—because it's not a question people anticipate being asked."

AARON LEVIE, BOX
Describe a recent project and how you could have done it 10 times better.
WHY I ASK IT: "We want people who can always think bigger."

JASON GOLDBERG, FAB
What have your parents taught you?
WHY I ASK IT: "It gets to the core of people and what makes them tick."

Percentage of companies that consider retention a top priority



57% of companies gave raises in 2012, and two-thirds of them did so to retain talent.

Data: Payscale

Who's The Boss? Well, there are no job titles at my company

Immediately after their first board meeting, Matthew Prince and his co-founders made a radical decision: No employee at CloudFlare, a company that now processes 250 billion page views a month through its security apps, would go by a hierarchical job title. There would be no VPs, managers, or executives—only engineers, designers, etc. Prince told Inc.*'s Jeff Haden why checking egos at the door ensures that the quality of an idea—not a person's rank—always wins.*

Q What made you throw out hierarchical titles in favour of more functional titles?
We presented a candidate for VP of technical operations, and a board member asked, "How many people has he hired?" We didn't know. "Fired?" No clue. He said, "I'm sure he's brilliant, but you're implying by the title that he will build a team he will manage." In fact, we wanted him to help build a product.

So he was more tech guy than VP. But why strip co-founders of their rank, too?
We left the meeting thinking, "None of us has hired or fired many people. We shouldn't be VPs. We're engineers. We're programmers." Now, new employees don't expect titles that imply hierarchy, because no one has one.

Still, conventional wisdom says the cheapest perk you can offer a candidate is a title.
Oh, no—titles definitely come with a cost. The best ideas are bottom-up, not top-down. But in most companies, the ideas come from the top, and hierarchy can mean artificial authority wins, not the best idea. Here, the engineers who write the code push their ideas across and up.

Aren't you afraid you will miss out on talented people?
No. We want people who want to be here. I had tried to hire John Graham-Cumming, an incredibly influential programmer and author, for years. Finally, he called and said he wanted to join us. He said, "My first job was programmer, and that explains what I do and like to do. Let's make that my title." I get goose bumps every time I tell the story, because it encapsulates what we're trying to do.

What about externally? Some start-ups give everyone a lofty title so they're taken seriously by other businesses.
A major New York City bank asked us to send our most senior people to a meeting recently. We brought engineers—and all the decision makers loved the fact the people in the room were the ones who actually write the code. People just want their problems solved, and titles don't solve problems—talented people solve problems.

When will you know you need a more formal structure?
We thought we would need to change when we got to 20 employees, then 50, so maybe when we get to 100? We will always focus on what employees do, not on whom they manage.

Matthew Prince on the pay offs of making CloudFlare flat:

OUR ROLES CAN EASILY FLIP.
When you hire Adam, you may expect him to manage Bob. On another project, those roles might need to flip. With limited hierarchy, the best employees for the project can lead that project.

THE CULTURE PROMOTES ACHIEVEMENT.
When the best ideas win, that becomes a "get work done" flywheel that ensures egos can't get in the way.

THE CULTURE PROMOTES FAIRNESS.
Titles serve to differentiate, often in an arbitrary way, which can lead to perceived or actual unfair treatment. Here, you're judged by your work, not your rank.

WHAT CAN I SAY? IT JUST WORKS.
We have to invent things to process information at this scale. I can't figure it out, but our team can. If all the ideas came from the top, we wouldn't be where we are today.

PHOTO COURTESY SUBJECT

GET REAL
BY JASON FRIED

Jason Fried is co-founder of 37signals, a Chicago-based sof ware company. He is a man, not a machine.

(Re)Birth of a Salesman

Hey, CEOs: Get out of the office and start pitching clients face to face. You'll be surprised at the things you'll learn

Like many entrepreneurs, I started out in sales. I began at 14, when I got a job to sell shoes and tennis rackets at a pro shop, and I've been selling one thing or another ever since.

Being a salesperson prepares you for just about everything in business: how to listen, empathize, and persuade; when to back off and when to step in; and, of course, how to close.

But at 37signals, neither I nor anyone else spends much time in sales mode. Our sales process is self-service and entirely automated. If you want to buy Basecamp, Highrise, or Campfire, you simply go to our website, click a couple of buttons, and it's yours. No human interaction is required.

As a result, we're free to spend our time on more creative pursuits, such as improving our products, providing better customer service, writing books and articles, hosting conferences, exploring ideas for new products, and the like. Thanks to the self-service model, the top line more or less takes care of itself.

Pretty enviable, right? That's what I always thought. But there is a cost to all this automation. We see the numbers and analyse the data. But we don't get to hear the stories behind the sales. And I miss that. I began to wonder: What would it be like to hit the streets again and actually sell something, person to person?

Which brings me to 37signals's new product. It's called Know Your Company, and it's an application designed to help the owners of small, growing businesses become smarter managers.

We launched Know Your Company in June, and we're selling it differently from our other products. Instead of self-service, it's full service. You can't even buy it unless you're willing to sit through a 30-minute pitch and product demo. (People in Chicago come to our office; otherwise, we chat via WebEx or Skype.)

The other thing that's different: I (along with a colleague) am doing the selling.

Aren't there more important things for a CEO to be doing than making sales calls?

A few months ago, I would have said, "Absolutely." But after spending a couple of months selling Know Your Company, I am convinced that there's nothing more valuable for me to be doing right now.

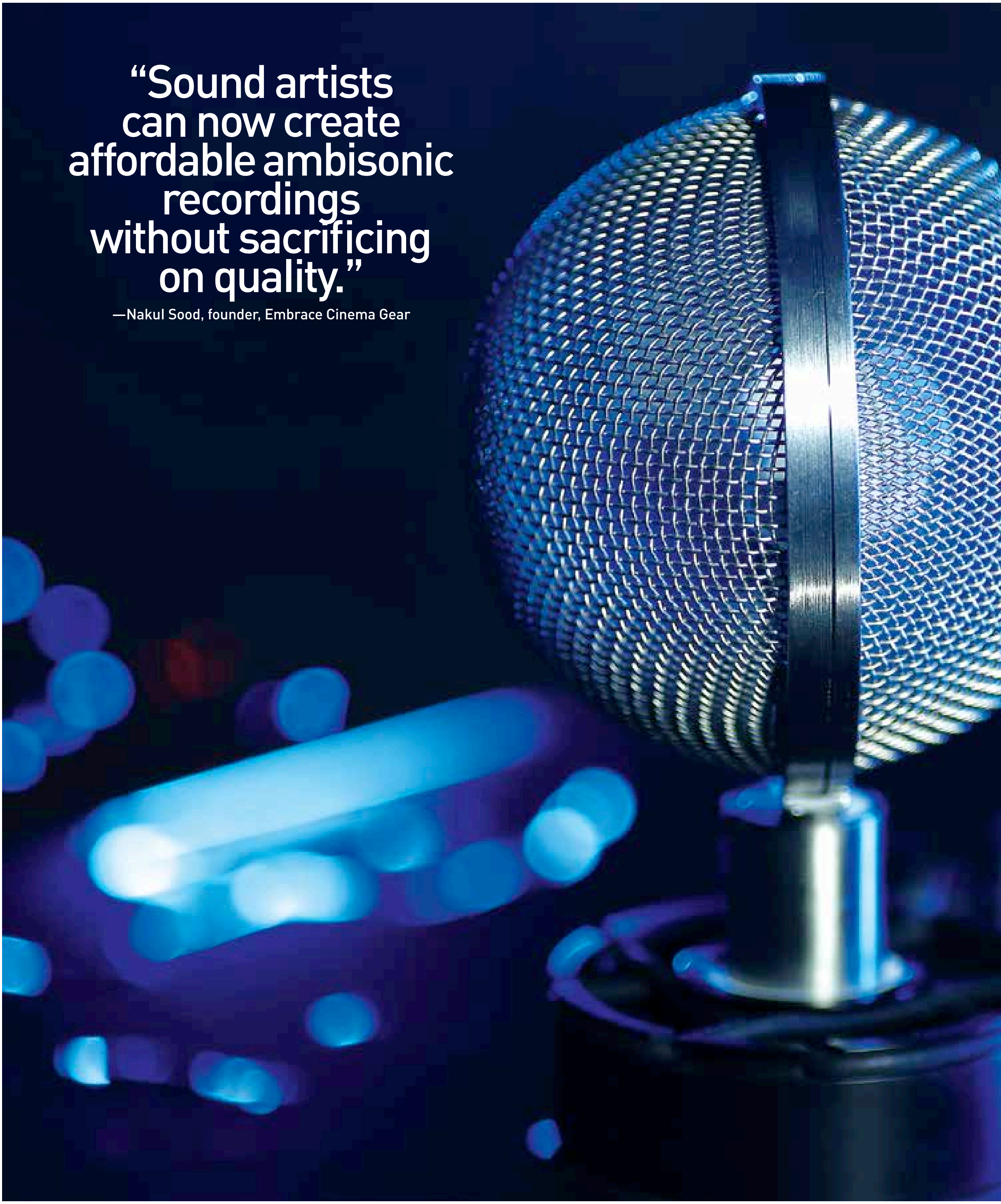
When you spend time with potential customers, you get to hear about their struggles first-hand. You see their eyes light up with excitement or darken with confusion. You learn things you would never find in a survey, database, or questionnaire. You learn why people buy. The stories I hear are packed with insights we can use to improve not just Know Your Company but all of 37signals's products.

Just as important, Know Your Company customers are all fellow entrepreneurs. We inevitably wind up talking shop about other things. Maybe someone has an issue I can help with. Or maybe someone has just solved a problem that has me stumped. Such conversations may have little if anything to do with Know Your Company, but they, too, yield useful insights.

So far, we've given about 100 demos, nearly half of which have led to sales. Could we have made 500 sales if Know Your Company was self-service? Maybe. But I would know a whole lot less about our customers.

Follow Jason Fried on Twitter: @jasonfried.

ILLUSTRATION BY SHIGIL NARAYANAN



"Sound artists can now create affordable ambisonic recordings without sacrificing on quality."

—Nakul Sood, founder, Embrace Cinema Gear

Sound of music

Umashankar, a music archives consultant, and Nakul Sood, founder of film equipment making company Embrace Cinema Gear, met through a common friend. But, it was their shared passion for making audio-visual devices that brought them together to develop microphones. In 2009, both conceived of an idea to make an affordable ambisonic microphone, a single point recording mic that can recreate sound as heard from a single point, in all directions. Companies such as the UK-based SoundField provide this technology at $5,000-plus because of which it has been beyond the reach of aspiring sound professionals, claims Sood. Over the next three years, Sood and Umashankar developed 10 prototypes to finally arrive at what they call the Brahma. Umashankar named the mic after the four-headed god because of the four capsules in its stainless steel meshed frame. It's here that the real innovation of the mic lies—the four capsules are mounted so close onto the 3-D tetrahedron that they seem like a single point which helps in creating a better sound image. Brahma can be bought from the crowdfunding platform Kickstarter.

Features

- Single point recording device
- Can create multiple mic patterns
- Can pan audio in any direction and alter its height
- Can create surround sound ranging from 5.1 to 64 channels

Price

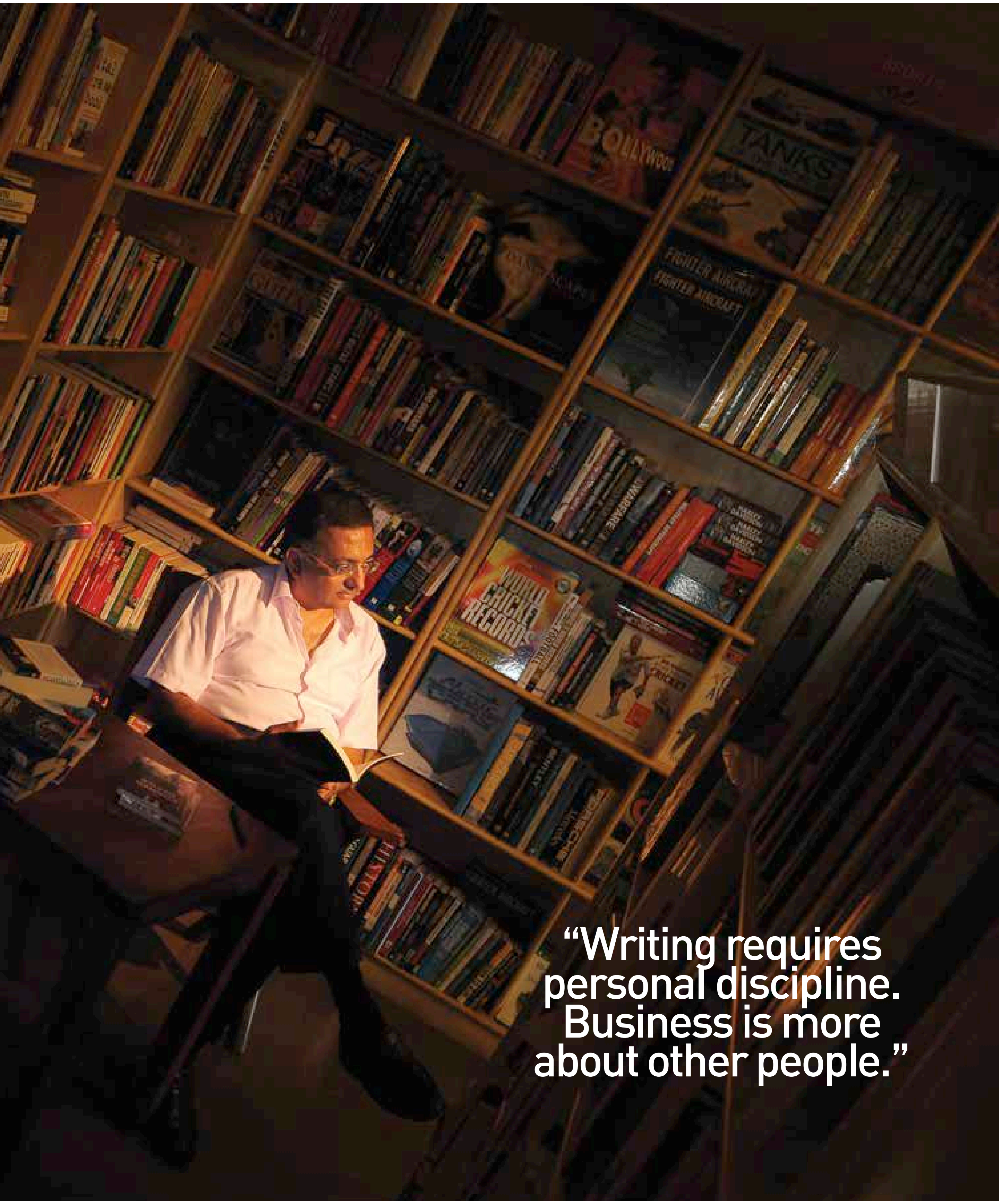
$600 for the standalone mic. For $900, sound enthusiasts can get a version of Brahma built into a zoom recorder.

PHOTOGRAPH BY **RAHUL DATTA** | REPORTED BY **SONAL KHETARPAL**

There is a saying—everyone has a book inside of them. Ashutosh Garg, founder of the Gurgaon-based pharmacy retail chain Guardian Lifecare, has certainly lived true to this adage. He had written columns for *Business India* during his tenure at the ITC Group, and later for *The Economic Times* and *Business Insider* while running Guardian. It was in March 2010 that he decided to go the full haul and write a book. *The Buck Stops Here*, his first book, tells his journey of becoming an entrepreneur from a corporate manager. "When I started writing, the thoughts just flowed and I finished writing the book in 60 days." Published by Penguin India, the book sold 13,000 hard cover copies and went into two reprints. It was all the encouragement he needed to forge ahead. His recently launched novel, *The Corner Office*, is his first work of fiction—a tale of five corporate managers battling to reach the venerable corner office. Writing is a function of discipline, says Garg, and recalls that for seven months, he would sit down at his study at 6pm sharp, and get up only after writing 2,000 words. It's a rigour he's clearly hooked to for Garg has also finished his third manuscript. "Writing is therapeutic. Whether writing about myself, or creating characters, it gives me a chance to introspect on how I've lived my life."

The reader
Not just a writer, Garg's library houses almost 5,000 books. He could be found reading a Harold Robbins or James Hadley Chase on a flight, or the biographies of Steve Jobs and Hitler when on ground. Garg has read *To Kill a Mocking Bird* and the *Atlas Shrugged* more than three times each.

Fan encounters
Garg once saw a fellow passenger on a flight reading his book. He asked, "What do you think of it?" "Love the book," the man replied. Garg politely enquired if he could sign it for him but the man was surprised to see a stranger make that request. He didn't know who the author was until he saw the photograph at the end.



"Writing requires personal discipline. Business is more about other people."

PHOTOGRAPH BY **SUBHOJIT PAUL** | REPORTED BY **IRA SWASTI**

BEFRIENDING PROFITS

If building a business wasn't a crazy enough ride, a growing clutch of entrepreneurs have made the journey even more exciting by partnering with friends from school, college or previous workplaces. The benefits are evident, and many—a shared risk, complementary expertise and companionship through a journey which can otherwise be punishingly lonely. Our cover story package delves into the crucial ingredients that make these relationships prosper, as well as the likely dangers that threaten to pull them apart.

BY SHREYASI SINGH

DESIGN BY SRISTI MAURYA

PHOTOS.COM

Hanging Out
The three buddies, Tanveer Saulat, Faisal Husain and Zia Bhutta (*from L to R*), took the entrepreneurial plunge in 2001 and since then, have been reaping both profits and fun.

Synechron

WITH A LITTLE HELP FROM MY FRIENDS

In 2001, Faisal Husain, Zia Bhutta and Tanveer Saulat founded Synechron. The past 12 years have certainly been a dream run. Synechron, a technology consulting and outsourcing firm with a specialisation in financial services today claims to have an annualised run rate of $200 million, a workforce that is 4,500-people strong, more than 100 clients, and offices in India, US, UAE, Singapore, Japan and Australia. It's a future Husain and Saulat, who first met each other as teenagers in Bhopal in 1989, couldn't have possibly forecast. A decade later, Zia Bhutta joined the gang when he worked with Husain in Dun & Bradstreet's New York office. The seemingly fortuitous coincidence first took the shape of excited conversations about the aspiration to do something of their own. That, and the fact that they had similar industry experience (working on some of the first offshore engagements by financial services firm in the late 1990s) made them confident about taking the entrepreneurial plunge together. Their rapid success has validated that early confidence. The trio take us through the past decade, and tell us what it took to make their friendship work business wonders.

DO'S

Believe less is more

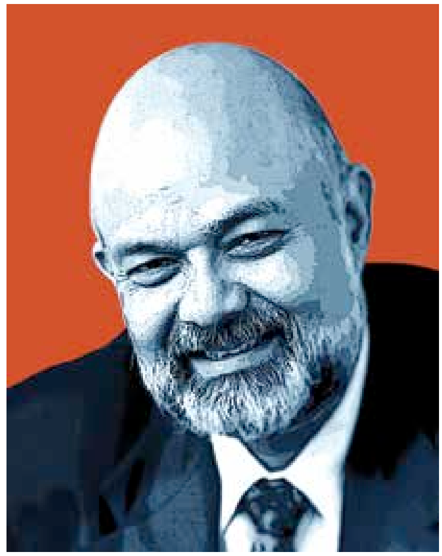
Faisal Husain: Keeping your ego in check is possibly the most important thing to do when you're working with friends. It's also the toughest thing to do because most entrepreneurs by default are strong personalities. Yet, we realised that it is imperative to look beyond the "me". Today, the three of us know we couldn't have reached here alone. We are practical enough to understand the huge value each partner brings, and what the company can achieve when we are together—there are too many advantages to ignore. Also, if you have a similar value system, and similar personalities, managing this becomes easier. Because we were close friends before we became partners, we've had the time to validate that we have a shared value system.

Communicate. A lot!

Tanveer Saulat: We meet a lot. I live between Dubai and India. Faisal lives between Dubai and US, and Zia is based mostly in the US. At any point, two of us are likely to be in the same office. And, at least, twice a year, the three of us formally get together, usually in New York to talk about all sorts of issues. Before the meeting, we set out a formal agenda with six to seven key discussion points. We bring in our business heads/senior management to get their views and inputs as and when needed but this meeting is really about us talking. Doing this has ensured that there are very few occasions where we have big differences of opinion—maybe once in two or three years. Even then, these aren't really a "difference" of opinion.

Match well

Faisal Husain: Beyond the personal connect, honestly evaluate your attitudes towards business. In our case, our financial styles matched. We had the same attitude towards debt and about investors. It's why Synechron continues to be a self-funded company. All three of us were margin and cost-focussed from the word go. I'm not suggesting founders need to clone each other. On the big things though, your attitude should be aligned, even if your appetites differ. For example, my risk



EXPERT VIEW

A Broken Band?

V K Madhav Mohan has worked with all hues of leadership compositions—family businesses, husband-wife founding teams, and buddies-turned-entrepreneurs—in his role as a mentor and CEO coach.
Mohan says he wishes he could be more optimistic, but firmly says that in his experience, the prospect of friends getting into business together, and making it big is bleak. "Very, very, very, very few people manage to do this because it takes an uncommon amount of maturity to manage these roles." He takes us through his version of the evolution of most friends-cum-business partner relationships. It starts well enough, he says. Most people get together because of the friendship, and the trust that is at the core of that friendship. There is trust in the person's character, integrity and bonafide intent, and also trust in the person's competence. But, in a continuum relationship, what begins as an emotional connect eventually morphs into a business relationship. Almost always, Mohan asserts, this personal aspect tends to get eroded, and a hardcore, pragmatic interest takes its place, especially when the stakes become larger. People would imagine that discord emanates from the blame games of failure, but Mohan says success can sometimes be more damaging to relationships. "For example, when

Chain of Communication Don't undervalue the importance of talking—a lot, believes Saulat.

Well Matched Husain says its important for co-founder friends to have a similar attitude towards business.

two friends, one who brings in technical expertise, and the other who is more of a strategy and markeing persone come together, and the business takes off. But, skills don't always remain static. Imagine if the technical guy manages to come up to speed in other areas of business, it's very likely for the turf war to get intense. In this example, mastering technology might be a little bit more difficult, so the strategy guy might be at a disadvantage suddenly. That changes the entire balance." In most cases, these relationships become like bad marriages—alive to keep the children stable—but unhappy and unfulfilling. It's not an ideal way to live, but a brave facade to hide the chinks is slipped on because the cost of separation is too high. Other threats lurk as well. Employees, Mohan says, can be extremely adept at playing politics, especially senior professional managers. Employees know how to exploit the

"When friends become business partners, Mohan asserts, almost always, the personal aspect tends to get eroded over time, and a hardcore, pragmatic interest takes its place. This especially happens when the stakes become large."

different personalities founders bring. If one of the partners is a visionary, and the other a process, cost-oriented person, they know who to pitch their ideas to and for what. The only way friends, as well as family members who are in business together, can stay safe is by communicating constantly, and doing it very honestly. "See, everybody has a silo, and everybody has a power centre. Down the line—in the sales and the execution team—sometimes these silos are at loggerheads with each other, even if the big bosses pretend otherwise in public. Not enough organisations comprehend the huge opportunity cost they suffer because the management or founding team isn't communicating effectively with each other. This directly impacts EBITDA."

appetite is probably a little more than Tanveer's and Zia's. They are a little more cautious. We've used that well though—I've pushed them a little, and they've held me back a little. Because our goals are aligned, we've been able to do this. It's important to ask yourselves — what are your personal goals on retirement, exit and the vision for the company. If these goals are different, there is a potential obstacle. What also helped is that we instituted the core separation of our roles and responsibilities very clearly from the beginning. Of course, these can change, and they have. For example, my partners are in charge of US Sales, but outside of the US, I have started taking on a lot more sales responsibilities as we try and go deeper into Europe and Asia.

Let a leader lead

Tanveer Saulat: When there is a group of founders, one person should be the designated leader. That person for us is Faisal. He's the company's CEO. We've given him that veto right, and did so very happily. We respect the position he holds. We are not shy about expressing our opinion, but Faisal has the lead. So, even if I didn't agree to an idea at the brainstorming stage, once Faisal has taken the call to implement it, I would blindingly support him. I can't remember any discord over such a decision be dragged unnecessarily for too long. Zia and I have the wisdom to stop debating once Faisal has made a decision. And, when a decision goes wrong, Faisal has the courage to come out and say sorry.

DON'TS

Get paralysed by analysis

Zia Bhutta: Many entrepreneurs have a tendency to build on an idea, but not test it swiftly and effectively. You don't want to build everything in one go. In a scale-up, fast-growth pace, you need to constantly test your idea, and not get trapped in an analysis paralysis mode. With multiple co-founders, this tendency to over-discuss and over-brainstorm is even more likely to happen, especially on matters of strategy, branding and structuring. Be conscious of that. Avoid getting caught in that web.

Dwell on bad debts

Zia Bhutta: One of the things that has worked for the three of us is that we are very good at writing bad debts off. We don't agonise and dwell too much on what happened. I enjoy doing small experiments to test our ideas. Most are successful, the remaining might not be. But, we don't sit and cry. We talk about what happened, and move on. Even when it comes to personnel issues—where we tend to have the most passionate debates—we live by the principle that a failure somewhere is a success somewhere else.

Paladion

POWER OF PLENTY

Paladion's veritable army of co-founders show us how building consensus is easy, if you anyway happen to think alike.

The More The Merrier *(from L to R)* Rohit Kumar, Rajat Mohanty, Firosh Ummer, Sachin Varghese, Vinod Vasudevan, Sreeraj Gopinathan, Jose Varghese and Binu Thomas channeled their friendship to brave the entrepreneurial journey together.

F

Bangalore-based Paladion is symbolic of the success of India's IT industry. Founded in 2000, the 750-people security solutions firm has more than 700 clients across Asia, Europe and North America, and has trotted up sales of over ₹110 crore in the last financial year. Yet, its leadership team is atypical. As the examples in this cover story have shown, more and more first generation entrepreneurs channel their friendships to brave new enterprises. But, it's rare to find an example of a co-founding team whose members go in double digit, as is the case at Paladion. Rajat Mohanty, Vinod Vasudevan, Rohit Kumar, Sreeraj Gopinathan, Binu Thomas, Sachin Varghese, Jose Varghese, Firosh Ummer, Roshan Chandran and Nanda Kumar got together in 2000 to found Paladion. Other than Rajat Mohanty, the company's CEO, the rest all studied together at the College of Engineering, Trivandrum, and have been friends since then. Mohanty was added to the group because he became close friends with Rohit Kumar during their MBA degree at XLRI, Jamshedpur. But, they found Paladion after five or six years of work experience. It wasn't so much their complementary skills but their shared trust and similar value systems that brought them together. "Starting a business is tough. Having friends shoulder the struggle together makes it easier. There's no rule to the right number of co-founders. Anything is better than going solo, and three people is better than two, four is better than three," says Mohanty. It's clearly a strategy that has worked—the company has grown, and other than Roshan Chandran and Nanda Kumar who've left amicably to pursue other interests, the founding team has been together. As the company's CEO and COO, Mohanty and Vasudevan have amassed some useful insights on how to get this right. "When the co-founding team is as large as ours, it was important we saw ourselves as management, not co-owners. If eight people feel it's their company, and have too many personal ambitions from it, it can be dangerous. Maybe a company with just two co-founders can both be owners and managers. But, in larger teams, it's not prudent," Vasudevan tells us. At Paladion, in fact, some of the co-founders have reported to professional managers who came in as functional or geography heads of the company. If anything, Mohanty says, the only challenge with working with friends is the problem of too much agreement, not too little! "As friends, you trust each other. So, if somebody comes up with an idea, you are more likely to say, go for it. The pull and push that comes from diverse people having heated debates and conflicting viewpoints doesn't happen in a friendly discussion. A like-minded team can have that limitation."

EXPERT VIEW

The Friendship ROI

Company founders are subject to much scrutiny from clients, employees and investors on their products, sales strategy and leadership style. Friends-turned-business partners are additionally under watch to see if they're getting along, or the buddy-vibe is all an act. **Alok Mittal, managing director, Canaan Partners India,** a growth capital firm, tells us how he deconstructs this vibe.

Q How do you evaluate the dynamic between founder-friends?

What's most important is role clarity. In a start-up, or high-growth phase, it's understandable for everybody to do everything. But, as you scale up, do the partners honestly know each other's strengths and weaknesses, and have they defined their business roles accordingly. This isn't about drawing boundaries between people. Companies should be agile, and roles can evolve but is there completely clarity on the current structure? Do the founders have the ability to articulate this clarity? As investors, figuring this out is critical for us. Clarity on roles helps to make sure politics does not creep in. Most office politics is territorial which emerges from a lack of clarity.

Are there danger signs you look out for that are indicative of the relationship not being strong enough to grow, and sustain?

When you discuss roles, the implied question also is whether people are willing to accept one person as the first among equal. Do they have a clear leadership? Confusion is a greater threat than the fear of not picking the right leader. Within a talented founding team, sometimes, who ends up being the CEO is less important than people not being able to come up with a decision. That's a red flag—if they haven't figured it out till now, they probably won't be able to in the future as well.

For example, if a company founded by friends is structured along a BU (business unit) format, it's not wise. It is important for founders to deal with strategy and overall business issues. If friends have decided to start a business together, you expect them to work intimately. If they have just taken different P&Ls, and run those, it shows that there isn't clarity about each other's strengths and weaknesses. It's why we so respect our portfolio companies founded by friends. They have demonstrated they can negotiate these challenges. It requires wisdom, maturity and transparency.

Marketics Technologies

ACING THE RAPPORT

Shankar Maruwada built Marketics Technologies with colleagues-turned-friends Sreenivasan Ramakrishnan and Vinay Mishra. Together, the three of them founded, grew and sold their venture for an estimated $65 million.

Shankar Maruwada has been fortunate to live through the entire lifecycle of the entrepreneurial journey—founding a company, growing it into a niche global leader, and finding that perfect elusive exit. That he did this with Sreenivasan (Ramki) Ramakrishnan, a friend he made during his stint at P&G, and Vinay Mishra, a colleague at Intercept, a start-up venture he worked at. The trio founded Marketics Technologies, a marketing analysis firm that offered top-notch consumer companies analytics with business domain expertise. Founded in October 2002, Marketics grew rapidly. The founder's experience of having worked in companies such as P&G helped them nail what their customer needed—an ability to make better decisions. Also, the founders decided they would not venture down the VC route, and keep a close eye on margins and profitability. All of this worked. In May 2007, Marketics Technologies was acquired by WNS (Holdings) Limited, a leading provider of offshore business process outsourcing (BPO) services, for an estimated at $65 million—at that time it was 15 times the company's turnover. The bountiful exit aside, it's an experience that has given Maruwada a wealth of experience of the relationship landscape. Much like the other entrepreneurs we have spoken to in this story, Maruwada focuses on the staple—maturity, reining in ego, and being communicative. What he does add is a strong recommendation to rely on experts—mentors, advisors and well wishers—to manage the relationship. "It's stupid to deny that negotiating these intricacies isn't tough. Having a set of advisors, both shared and individual, helps hugely." At various points of their journey, Maruwada says, they relied on mentors and professionals to guide them. This didn't happen because things were going wrong, he adds. In fact, there weren't any problems because they did all this talking.

Famous Friends

Corporate American history is teeming with tales of friendship. As in the case of Apple, Microsoft and Facebook, the journeys of co-founders who were also friends didn't play out so well. Yet, all those companies, and the examples below, definitely suggest that friendship lends itself to business brilliance.

Whole Foods Market:

The first Whole Foods Market opened in September 1980 in Austin, Texas. It was a result of friends John Mackey and Rene Lawson Hardy—who ran a small natural foods store called SaferWay since 1978—partnering with Craig Weller and Mark Skiles to merge their Clarksville Natural Grocery store with SaferWay.

Hewlett Packard:

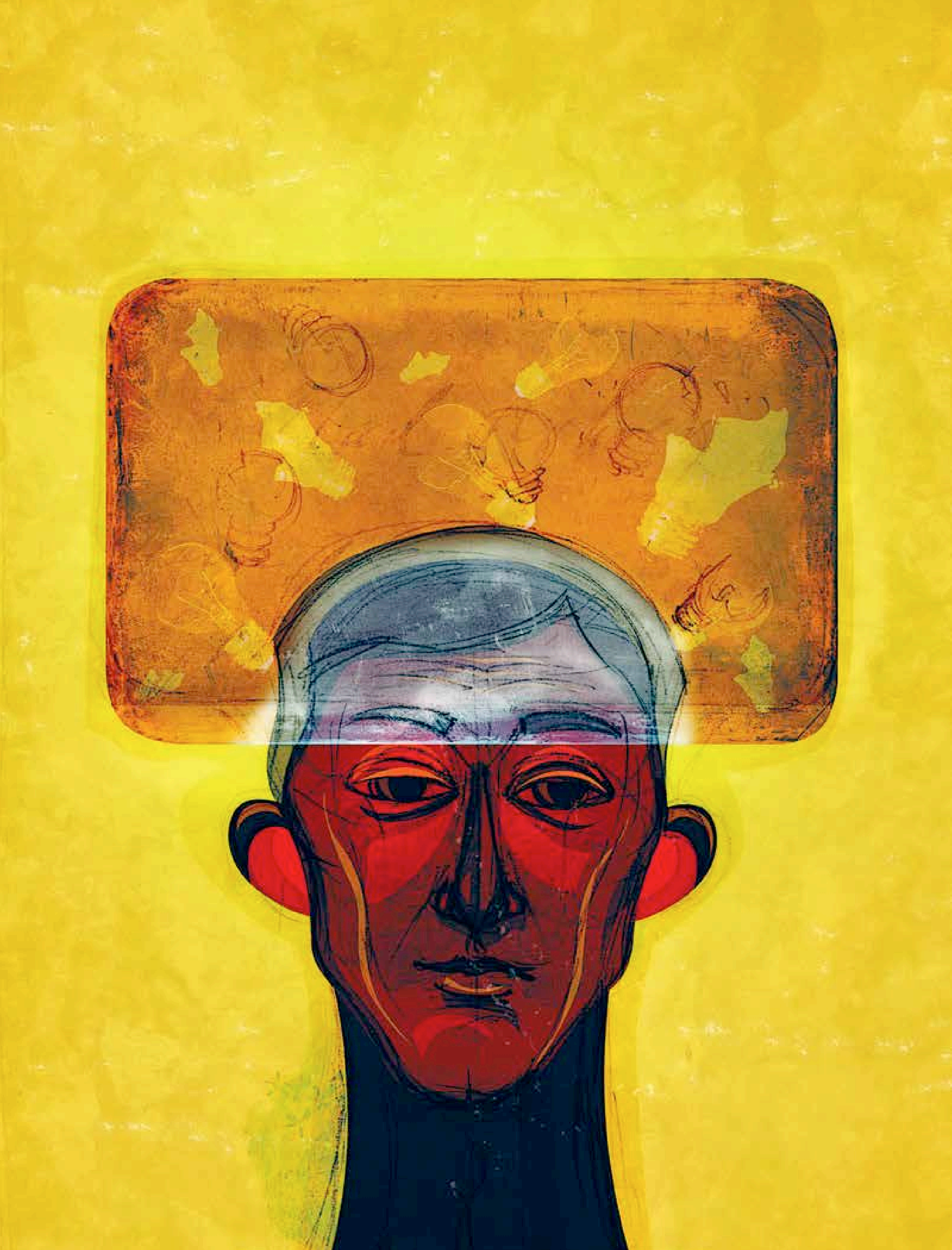
Classmates in their electrical engineering course at Stanford University, Bill Hewlett and Dave Packard, became close friends during a camping trip. They founded HP in 1939, and flipped a coin to decide whether the company would be called Hewlett-Packard, or Packard-Hewlett.

Ben & Jerry's:

Ben Cohen and Jerry Greenfield grew up in Long Island, USA. They first met in junior high school, where they struck up a lasting friendship. Unsure of what to do in their early youth, they started an ice cream shop, and split the cost of a $5 correspondence course on ice cream-making from Penn State University. Ben & Jerry's officially opened for business in May 1978.

Harley-Davidson:

William Sylvester Harley's family lived on the same block as Arthur Davidson's family in Milwaukee, USA. Their lifelong friendship, and successful business relationship grew from their childhood bond. They founded the company in 1903. William Davidson, and Walter Davidson, Arthur's brothers, also joined the company in its early days. Henry Meyer, a schoolyard pal of William S. Harley and Arthur Davidson, bought one of the 1903 models directly from the founders.



YOU'RE NOT THAT INNOVATIVE (AND THAT'S OK)

IN FACT, IT COULD BE AN ADVANTAGE. HERE'S WHAT THE LATEST RESEARCH SAYS ABOUT INNOVATING—INCLUDING WHEN NOT TO DO IT

BY ADAM BLUESTEIN

ILLUSTRATIONS BY **SHIGIL NARAYANAN**

NEARLY EVERYWHERE you turn these days, you are exhorted to innovate, disrupt, or otherwise prove yourself a game changer. It's enough to make you feel that if you haven't put a couple of Fortune 500 incumbents out of business this week, you've taken your eye off the ball.

There's nothing wrong—and plenty that is right—with trying to innovate. But what if innovation is not the panacea it's said to be? Can't you simply work hard, heed your customers, and manage your business very, very well?

To answer that question, we pored over academic studies, talked to innovation experts and entrepreneurs, and turned to some unlikely sources (including racecar teams) to get beyond the rhetoric and find the reality behind six of the most common myths about innovation. The conclusion: You probably need less of it than you think.

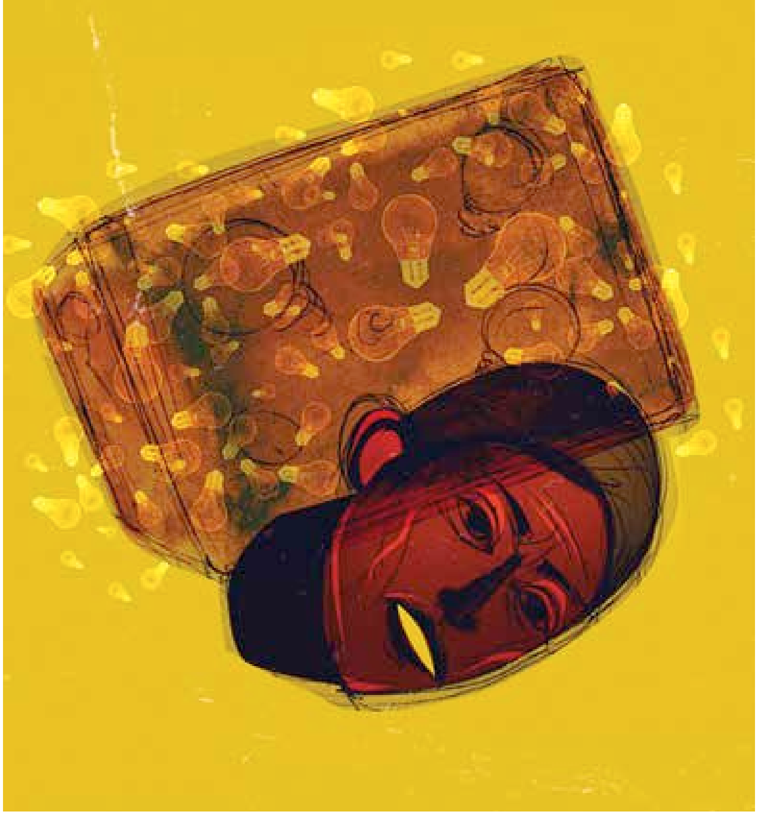
MYTH: INNOVATION IS DISRUPTION FACT: SMALL STEPS ARE MORE LIKELY TO SPUR SUCCESS

In the wake of Clayton Christensen's influential book *The Innovator's Dilemma*, many people have come to equate the idea of innovation with disruptive innovation. But the fact is that for most businesses, placing big bets on high-risk ideas is not only unfeasible, it's unwise. "The real question is, How much disruptive innovation do you really need to advance your business goals?" says Robert Sher, founding principal of the Bay Area consulting firm CEO to CEO.

Not that much, suggests a 2012 report by innovation consultants Bansi Nagji and Geoff Tuff. In a survey of publicly traded companies across the industrial, technology, and consumer-goods sectors, they found that the most successful businesses allocated resources across three distinct categories of innovation in a particular ratio. On average, the most successful companies devoted about 70 per cent of their innovation assets (time and money) to "safe" core initiatives; 20 per cent to slightly more risky adjacent ones; and just 10 per cent to transformational, or disruptive, ones. Such companies outperformed their peers in terms of share price, with price-to-earnings premiums of 10 per cent to 20 per cent.

Core innovation involves making incremental changes to improve existing products—think selling laundry detergent in capsule form. Adjacent innovations draw on a company's existing capabilities and put them to new uses—see Procter & Gamble's Swiffer, a reenvisioning of the old-fashioned mop to attract a new set of customers. Transformational (a.k.a. disruptive) innovations involve inventing things for markets that don't exist yet—say, iTunes or Starbucks.

The 70:20:10 ratio isn't set in stone. Depending on your industry, your competitive position in it, and your stage of growth, you may need to make adjustments. Tech companies, for example, tend to spend less time and money improving core products because their market craves novelty, and so they may put more effort into risky ideas. VC-backed start-ups have to go all in with a disruptive strategy. Consumer-products companies with established product lines tend to focus mostly on incremental innovations. Of course, when a disruptive innovation succeeds, the returns can be enormous. Nagji and Tuff found that when it came to return on investment of innovation, the success ratio was flipped, with 70 per cent of total returns coming from breakthrough initiatives, 20 per cent from adjacent ones, and 10 per cent from core improvements. Bottom line: Every business needs some practice coming up with ideas that will change everything, but it is unwise to let the pursuit of the breakthrough overshadow the smaller initiatives that sustain a business in the long run.



MYTH: YOU CAN'T HAVE TOO MANY IDEAS FACT: SURE YOU CAN, IF YOU DON'T KNOW WHAT TO DO WITH THEM

Coming up with ideas isn't nearly as hard as determining which ones are any good and figuring out what to do with them. Small companies can be crushed under the weight of too many ideas. A big part of your job as CEO is to kill the weak ones.

But most companies lack processes to decide which ideas to pursue, much less ways to measure their success. Picking the right ideas starts with being clear about your company's mission. A cool idea that excites your engineers should never become a working project until someone can articulate how it actually solves a pressing problem that your customers have. The business case for pursuing an innovation should include an indication of how to measure its impact, says Sher. "The goal could be increasing brand awareness, customer satisfaction, customer retention," Sher says. "Make sure you measure something crucial to your outcome."

Just as you can't drink from a fire hose, a company can't "do something" with every idea your people come up with, not even every good idea. "You never have enough resources and time to attack all your opportunities," says Sher. "You want to focus on the best ones, so you can finish them first. Two non-essential ones get done, the important ones don't, and there's no value created."

MYTH: INNOVATION IS ABOUT STUFF
FACT: TRY A BUSINESS-MODEL REVAMP INSTEAD

Most companies focus most of their innovation efforts on new products and product extensions, according to research by the consultancy Doblin. But these kinds of innovations, it turns out, are the least likely to return their cost of investment, with a success rate of only 4.5 per cent. Instead, Doblin found, companies get the highest return on investment when they focus on things such as improving business models, internal processes, and customer experience.

"The most valuable innovations are platform-level innovations," says Larry Keeley, a director at Deloitte and the author of *Ten Types of Innovation*. Though Apple is rightly famous for well-designed devices, he says, "Apple's most valuable innovation is the iTunes store." Almost as integral to Apple's success have been the company's aggressive tax-avoidance strategies—such as creating offices and subsidiaries in low-tax locales such as Nevada, Ireland, and the British Virgin Islands. "It's created a very advantaged business model," says Keeley.

Similarly, Amazon makes little money on Kindle sales. The device's real value comes from the way Amazon has linked it to its massive inventory of e-books. Other examples of nonproduct innovation include Zappos's positioning of itself as "a service company that just happens to sell shoes," and the values-driven strategies of Patagonia and Whole Foods. Rather than obsessing over your next new product or service, it might be smarter to work on a new profit model or a better customer experience. Opportunities abound for CEOs who recognise that the next big idea just might come from the CFO rather than an engineer.

MYTH: YOU MUST INNOVATE CONSTANTLY
FACT: INNOVATION IS CYCLICAL

In certain industries—entertainment, advertising, and fashion, for example—customers expect new things all the time, and the businesses that can deliver novelty on a regular basis are the ones that win. But for most businesses, it's important to time innovation efforts more carefully. "When your last innovation is proven and you've started to scale, you want to focus most of your people and energy on grabbing that opportunity," says CEO to CEO's Robert Sher. "If you're doubling every year, you want to devote 90 per cent of your efforts to reaping that opportunity. When you're a couple of years into rocket-ship growth, but competitors have shown up...that's when you want to add to your innovation percentage."

Broader industry trends and developments—new regulations, say, or the emergence of new technologies—also need to be taken into account when determining whether it's time to innovate. That's the finding of a study of Formula One auto-racing teams by Paolo Aversa of the Cass Business School in London. Formula One races are essentially competitions between prototypes, each aiming to be the cutting edge of automotive technology. But teams also must follow a strict set of rules handed down by the sport's governing body, FIA, designed to increase safety, spur creativity (such as asking for more-efficient engines), and reshuffle the competition so the same teams don't always win.

Aversa found that in years when the FIA mandated major technical changes instead of the usual minor tweaks, the teams that followed an adaptive strategy—simply making their car fit the regulation perfectly, without introducing any additional optional innovations—consistently beat historically strong competitors that overinnovated. Aversa believes his findings apply beyond the racetrack. After all, rules, standards, and technologies change all the time in the business world. When they do, even the smartest companies can get overextended when they try to do too much.

MYTH: IT PAYS TO BE FIRST
FACT: BETTER TO BE A SMART FOLLOWER

Innovation is often associated with the visionary, who invents something new and is first to market. And that's a great strategy—if you're patenting a blockbuster drug. But if your aim is to sell more-quotidian goods and services, research tells us that there are advantages to arriving late to the party.

This is especially true in emerging industries or sectors, where you don't have to look far for cases of second and third movers that let pioneers beat a path, only to come in and blow them away: Nintendo vs. Atari, Amazon vs. Book.com, Google vs. Yahoo. In a 2010 study, University of Chicago researchers Stanislav Dobrev and Aleksios Gotsopoulos found that companies that enter new industries at an early stage actually have a first-mover disadvantage, failing at a much higher rate than those that wait. It turns out that first-to-market pioneers suffer from higher costs that eventually overwhelm their profit advantage. As a result, over the long term they are less profitable than second- or third-generation followers.

What's more, first-mover advantages are on the decline. Why? For one thing, the pace of follow-on innovation has increased dramatically. In *The Myth of First Mover Advantage*, a study published last year by consulting group IHS, business analysts Erik Darner and Justin Pettit found that in the past century, the average span between introduction of an innovation and follow-on competition has fallen from 33 years to just 3.4 years. What's more, Darner and Pettit's research found that unless first movers enjoy one of three conditions—a significant learning curve for followers; the ability to preempt competitors for scarce resources, whether raw materials or a specific talent; or high customer-switching costs—there is no advantage to going first.

By contrast, followers have a multitude of ways to topple pioneers, including improving or simplifying a product, offering superior service or an alternate format, or simply outmarketing them.

DO THIS INSTEAD

These tried-and-true strategies might have a better pay off than attempts at innovation.

INVEST IN EMPLOYEES: How important are happy employees? More than you might imagine. David Sirota, co-author of *The Enthusiastic Employee*, found that businesses with high morale outperformed industry counterparts by 20 per cent; those with moderate or low morale underperformed peers by about 5 per cent.

ENCOURAGE EFFICIENCIES: Don't underestimate the cumulative impact on your bottom line of encouraging employees to make improvements in areas they understand.

CRUSH CUSTOMER SERVICE: Studies show a positive correlation between customer satisfaction (using the American Customer Satisfaction Index) and share price. In a 2008 study by Vanderbilt University, a portfolio composed of companies with high ACSI scores outperformed the market, gaining 212 per cent compared with an increase of 105 per cent for the S&P.

PROMOTE YOURSELF: Dixon Ticonderoga hasn't changed its iconic pencils since World War II. Yet the 218-year-old business boosted sales more than 18 per cent in 2012—largely thanks to a public relations effort that resulted in high-impact media impressions, including an Oprah magazine cover.

DE-INNOVATE: At some point, consumers get exhausted by complexity, giving the upper hand to businesses that can simplify an existing model. See *Mint.com* in the personal accounting space or the Wii controller in gaming. —A.B.

MYTH: INNOVATION IS COSTLY
FACT: SPENDING HAS LITTLE TO DO WITH RESULTS

In its annual *Global Innovation 1000 Study*, the consulting group Booz & Company has consistently found no correlation between a company's research and development spending and how innovative it is ranked by peers. What's more, it has found no relationship between R&D dollars and financial performance. In Booz's most recent survey, from 2012, the top 10 R&D spenders actually underperformed their industry peers in terms of both market capitalization and revenue growth.

Apple, ranked as the most innovative company for the past three years, spends just 2.2 per cent of its sales on R&D efforts. That's well below the industry average of 6.5 percent for computing and electronics and far less than rivals such as Google, Samsung, and Microsoft. In fact, Apple ranks 53rd among the 1,000 top R&D spenders in all industries.

"There's a logic fallacy that if you spend more, you get more innovation," says Michael Schrage, a research fellow at MIT and an adviser on innovation to companies such as Procter & Gamble and Herman Miller. Measuring innovation properly, Schrage says, means getting away from looking at inputs—that is, your R&D dollars—and focusing on the outputs that your efforts are generating with customers. "Unless you can show that customers and clients are getting more value from your new offerings," Schrage says, "it's less likely to be innovation and more likely to be waste."

ADAM BLUESTEIN *is a Burlington, Vermont–based freelance writer and a frequent contributor to Inc.*


CFO INDIA
UNLEASH THE THOUGHT
POWER OF IDEAS

HOW I DID IT

Harvesting Growth

Rajesh Aggarwal

Insecticides (India)

Rajesh Aggarwal and his father Hari Chand Aggarwal parted ways from the family business to cofound Insecticides (India), an agrochemicals business, in December 2001. In 11 years, they have built a company that finished FY2012-13 with ₹650-crore in sales. Aggarwal Jr credits their bountiful growth to a knack for continuously introducing products, and the ability to add manufacturing facilities in a jiffy. These days, Aggarwal is most excited about the formulations being conjured up in his new R&D facility in Rajasthan. This focus on research, he claims, will ensure healthy yields, and power the company's ambitious expansion plans.

AS TOLD TO SONAL KHETARPAL / Photograph by Subhojit Paul

I joined our family business of agrochemicals in 1992 after my graduation. The company, Hindustan Pulverising Mills (HPM), was started by my grandfather in 1974 and we were one of the oldest families in north India that was involved in this business. However, one after the other, each of my five uncles took their share from the family business to start on their own. When my grandfather passed away in 2001, my father and I too parted ways from the family concern to start our own agrochemical business.

The good thing was we did not have to register a new company. While working for the family business, in 1996, I had got a new name registered as I did not like the name Hindustan Pulverising Mills. It was called Insecticides (India) Limited (IIL). But my uncles were not in favour of changing the 30-year-old company name. So, when my father and I started out, we decided to use IIL for our business.

In the beginning, we were eager to have at least three to four agrochemical products under our company's name so we could start selling our products to the distributors. Since registration and manufacturing of agrochemical formulations is a long, time-consuming process, we decided to lease agrochemical brands from other companies. It seemed a viable option as we would know how farmers respond to the respective brand in the one-year lease period. We leased two herbicides, Milchlor and Milron, and an insecticide Lethal from Montari Industries. It was one of the leading agrochemical companies which made financial losses due to some manufacturing problems and had to close down in the mid-90s.

In March 2002, we launched these products in the market. In the first week itself, we got orders from our dealers for five lakh litres of Lethal, three lakh litres of Milchlor and 100 metric tonnes of Milron. They were an instant hit! We made a policy after that that

The Untrodden Path
Rajesh Aggarwal has built a ₹650-crore business by reviving dead agrochemical brands, getting a movie star to pose as a farmer and building world-class research facilities.

if we find any such dead brands, we will relaunch them. Looking at the success we were getting with these brands, we bought all of Montari's 21 agrochemicals in 2003. Buying Montari's products was a huge win. From ₹34 crore in turnover in 2003, we doubled our sales to ₹75 crore in 2004.

"We should have adopted automation in a big way in our factories when we were constructing them. We would have reaped many benefits which we missed out due to this delay."

In that first year, and ever since, our focus on brand promotion has substantially helped us to grow. In 2003, right after we bought Montari, we zeroed in on using television as the main medium for our brand campaign. TV has a wide reach in rural areas, and is the only source of entertainment there. We signed the actor and anchor Aman Verma as our first brand ambassador. He was very popular during that time thanks to his popular game show *Khullja Sim Sim*. Also, we didn't have the budget to sign up a big movie star. That we finally managed in 2011 when we got actor Suniel Shetty to endorse our brand. We used his mass appeal, and worked on our creative to ensure we portray him as a modern farmer in all our promotions. It's critical to establish farmer's connect. Having him on board has worked; his mass appeal has helped us get more mileage and recognition in newer markets. In fact, we've renewed our contract with him for another three years.

As we were buying and promoting these new brands, we had to set up our production unit to manufacture these products. We set up our first plant in the Chopanki industrial area in Bhiwadi, Rajasthan in March 2002. Setting up this plant was easy due to the contacts I had formed while working for my family business. In 1994, when the Supreme Court ordered to move all red category (mostly heavy polluting ones) industries out of Delhi we had to move HPM's plant to Bhiwadi. It was the first project that I was entirely responsible for. I lived in that area for almost six months. The network I had built then helped set up the first Bhiwadi plant for IIL in just four months.

At that time, India had signed the GATT agreement to promote importing of latest technology. But, in the agrochemicals industry, foreign companies were taking a long time to enter the Indian market. By the time the technology reached India it would become off-patented. We started buying these off-patented products so we could manufacture them in our Bhiwadi facility. That way, we could offer these products to farmers at a cheaper price and they saved on royalties, which otherwise had to be paid on global brands in India. We introduced four agrochemical formulations—Thia Phenate Methyl, Acetamiprid, Imidacloprid and Cypermethrin —in the next two years.

To keep growing, we explored all avenues possible to expand our product range. We tied up with international leaders to bring their brands to India. In 2006, we collaborated with American Vanguard Corporation, USA, for one of the biggest international insecticide brand, Thimet.

The increasing product range had to be balanced with the increase in factories. In 2004, we opened our second plant in Samba, Jammu and Kashmir. In fact, we were the first company to set up an agrochemical plant there. J&K is a very sensitive area due to terrorist activities and there were security checks at every crossing. One could not even walk out in the evening. I had to stay there for a month to get things going. And, it took us another four months to complete that plant.

It was once this plant was completed in 2005 that we started automating our two facilities in a big way to increase their production capacity. I faced resistance from our factory workers to do this. I had to introduce the automatic machinery gradually, one unit at a time. Once they saw the benefits of automation, it was easier to make further changes. I feel we should have adopted automation in a big way in our factories when we were constructing them. We would have reaped many benefits such as process optimisation and better utilisation of resources which we missed out due to the delay in automation.

In 2007, we set up our third plant again in Bhiwadi. As we were expanding considerably, we wanted the company to be a professional organisation, not a typical father-son company. It was in May 2007 that we went public. We raised ₹35 crore. The money helped us in adding more manufacturing units. Since 2007, we've opened two more formulation plants, one in Udhampur, J&K and another in Dahej, Gujarat. With five production units in eight years, construction work at IIL has never really stopped! We had pinned down these three states for manufacturing because in J&K the government gives huge tax exemptions; Rajasthan is the industrial hub and near our HQ in Delhi, and Dahej is an upcoming port and a chemical industry hub.

After the collaborations and the tie-up, the next big step for us was to get into discovering agrochemical molecules. In 2012, we formed a joint venture with the Japanese company Otsuka Agri Techno to establish an R&D centre in Bhiwadi.

We take great pride in the fact that we are a research-based agrochemical company. Barely any of our competitors have a similar ability to discover and develop new products. This is the cornerstone of our success, and why we are confident that within a year or so, we will easily breach our projected turnover of ₹800 crore.

Behind the Scenes Amarjit Singh, founder, Intec Group was tired of being an OEM supplier with no brand recognition. He wanted the thrill of owning a consumer brand.

CASE STUDY

Intec was tired of being an OEM manufacturer for electronics. Could it create its own brand identity?

BY SONAL KHETARPAL | PHOTOGRAPH COURTESY SUBJECT

For two decades, Intec was an OEM manufacturer for consumer durable giants like Bajaj, Samsung and Videocon. In spite of that, Intec did not have any brand equity of its own. Could Intec successfully launch a new brand of air conditioners to get the scale and visibility it wanted?

1 THE BACKSTORY

The journey so far

Amarjit Singh started his career by working with his brother who was an OEM (original equipment manufacturer) supplier for exhaust fans. In 1990, when Singh started Intec, he was clear about following his brother's footsteps to become an OEM manufacturer. Soon, he was supplying fans and machine parts for desert coolers to Videocon and Symphony. But, Singh's company got its first big break in 1995 when Bajaj gave them a contract for manufacturing 15,000 geysers.

By 2000, Intec had become a major supplier for Bajaj. Its total turnover was around ₹40 crore by then. The steady growth had emboldened Singh's ambition. He forayed into other consumer durable categories such as air conditioners and colour TVs. In 2002, Intec won an order from Samsung to manufacture TV sets. Singh set up a factory in Jammu & Kashmir to service this order. Within six months, Samsung also signed them up as an OEM for its range of air conditioners. Their relationship matured steadily. What had started as on order of 12,000 air conditioner units in 2003 had grown to 1.5 lakh units annually by 2007.

2 THE PROBLEM

A lost identity

Today, Intec is a ₹260 crore company with 600 people across its four production units. It manufactures geysers for Bajaj Electricals, air conditioners for Samsung, Voltas and Blue Star, colour TVs for Onida and mixer grinders for Kenstar. Over the past couple of years though, Singh realised he wanted more. Despite the growth of his OEM business, Intec wasn't a recognisable brand. Singh was tired of the anonymity that came with being an OEM supplier. He wanted to build his own home-grown brand. Earlier this year, Intec launched its brand of air conditioners. But, could it make the switch to being a consumer brand?

3 THE NEXT STEPS

Building a brand without threatening existing clients

Singh zeroed in on air conditioners as the first product category to take to the market. Air conditioners, he says, have a better margin, and with more and more people coming into the urban middle class, have a growing, steady demand. Intec launched its own brand of air conditioners in May 2013. But Singh treaded cautiously as he did not want to threaten his established OEM business.

"I talked to all our clients individually to assure them that Intec's products will be based on a different technology and separate suppliers will be used for all spare parts". Once his OEM business was secure, Singh knew he needed to create a strong product to attract buyers in what is a crowded, competitive market. He partnered with China-based electronics company, TCL Corporation in 2012 to leverage on their strength in air conditioner technology. In addition, Intec

also decided to use the more expensive copper coil in their air conditioners whereas most leading brands use 80 per cent aluminium coil, he says. Copper coils help prevent the machinery from rusting, and make the air conditioner more durable and long-lasting. In May 2013, Intec finally launched its range of window, split, inverter, floor standing and cassette air conditioners for sale in the Delhi NCR market. The company opened two exclusive showrooms in the region. Uptil now, Singh was in familiar territory. But, manufacturing is only one part of building a brand. Pulling in customers and establishing a brand amongst the swarm of MNCs was a huge challenge—an experience he did not have. Here, he could leverage his "social capital" of goodwill built over decades as an OEM supplier. Jogesh K. Jaitley, Samsung's country head of air conditioners, and Manish Srivastava, general manager at LG, advised Singh in building a dealer network for his brand. As senior members of the industry, their endorsements helped Intec reach out to dealers, earn their trust and convince them about the quality of the product.

4 THE AFTERMATH

Smart incentives, strong sales

Some smart business modelling helped as well. "We offered our dealers a better profit margin to keep their interest in promoting our product," says Singh. Intec offered them margins of ₹2,000-2,500 per air conditioner, in contrast to the ₹1,000 per conditioner they typically get from other brands. Singh hoped that the generous margins would prod the dealers into selling Intec's air conditioners with greater enthusiasm. His logic worked. Within the first month, Intec sold 2,000 air conditioners in Delhi NCR.

To motivate them further, Intec started a clever campaign. Any dealer who bought more than 40 air conditioners from them within two months would be eligible for a week's fully-paid trip to Spain. Two months later, 65 dealers were eligible for this Spanish holiday. Their robust dealer network also helped them bag corporate orders from institutions such as Lloyd Law College, Greater Noida and Vrindavan Garden Hotel, Vrindavan. In the first three months, Intec sold about 5,000 ACs.

5 THE TAKEAWAY

Building the after sales connection

"We got a good response from customers because of the whole package—a strong product and it's after sales service," says Singh. Intec offers a five-year warranty (other brands offer maximum two years, he claims), three services for free, and a coupon to get the compressor replaced in case of any default. Singh proudly claims his company takes action within 24 hours of registration of any customer's complaint. Also, the trip to Spain helped Singh connect with the dealers in a way that no number of professional meetings could have. "The dealers got to know me and my family. I built a personal rapport with them and could win their confidence," he adds. The next plan, Singh says, is to open 12 more exclusive Intec showrooms in Delhi NCR by 2014. "We will launch our brand in Mumbai in January 2014 and go pan-India over the next two years."

THE EXPERTS WEIGH IN

LOW PRICE STRATEGY NOT ENOUGH

Becoming a brand would require Intec to have a strategy that covers competition from existing players who have deep pockets and can bring a lot of marketing, distribution, and price cut muscle to the market to squeeze Intec out. Just being a low cost provider is a slippery slope where winners are large players with deep pockets and hence, low cost in itself is not a competitive strategy. Another thing Intec can do is to strategically plan on building a professional management team as it scales pan India.

Hitendra Chaturvedi | FOUNDER & MD |
Reverse Logistics Company, New Delhi

TACTICAL, NOT STRATEGIC SUCCESS

Intec has mastered the operational complexities of setting up factories in greenfield sites, optimising supply chains and manufacturing efficiencies of assembly plants. Building brands at a national level while competing with established MNCs requires a different skill set and deep pockets where Intec is fundamentally at a disadvantage. Despite the initial success—which is tactical, not strategic and can be replicated by any competitor within weeks—Intec will be ill advised to foray in a low margin crowded market with low entry barriers dominated by MNCs.

Harsh Chopra | PRESIDENT—ASIA PACIFIC |
Encell Technologies, Gurgaon

CREATE A PULL, NOT PUSH MODEL

The number of customers in a B2C model will increase substantially and Amarjit needs to ensure that there is adequate bandwidth in his team in terms of numbers and skills to manage that. The management of working capital, particularly debtors will need a clear focus. He is following a push model for sales by giving more margin to dealers. Instead, he should create a pull factor. He also has to be conscious of the fact that for this activity the expenses and return on the same are not as well defined as in case of manufacturing.

Pramod Gothi | FOUNDER |
NorthStar Advisors, Mumbai

Insult to Injury The lawsuits that often follow a cyberattack can be just as devastating as the attack itself.

Security

Could you survive a cyberattack?

How cyberrisk insurance can help your business prepare for the worst

In December 2011, computer hackers broke into the network of Stratfor, an Austin-based company that provides global intelligence services to individuals and businesses. The damage was staggering. The hackers stole information related to 90,000 credit card accounts. Five million email messages were stolen and subsequently published by WikiLeaks. The attack also destroyed four of the company's servers.

In a surprisingly forthcoming video message to the company's customers, Stratfor founder and CEO George Friedman explained in great detail the particulars of the attack. He said, "We knew our reputation would be damaged, all the more so because we had not encrypted the credit card files. This was a failure on our part. As CEO of Stratfor, I take responsibility. This failure created hardship for our customers, and I deeply regret that it took place."

Apparently, that apology wasn't enough. Stratfor was hit with a class-action suit from its customers for more than $50 million in damages.

You're not immune: Nearly 40 per cent of all targeted cyberattacks take aim at businesses with fewer than 250 employees.

Stratfor's case demonstrates the unfortunate fact that if your company is hacked or fails to protect privacy data, you should not expect sympathy from your customers. In fact, you should brace for a lawsuit.

One way companies can prepare is by buying cyberrisk insurance. Though it has been around since the mid-'90s, cyberinsurance has only recently started to work its way into the mainstream and is now offered by companies such as the Hartford Financial Services Group and Travelers. The insurance protects organisations from the fallout that often results from the inadvertent disclosure of their customers' confidential information, such as Social

Security numbers or bank account information. It can cover you for damages and loss, as well as court costs, should your customers or employees decide to file suit against you in the event their information is leaked.

"We have seen more demand for [cyber-insurance] across all industries and business sizes," says Tim Francis, enterprise cyberlead for Travelers. "More and more people are aware of their exposure and have really started thinking about what is the right insurance for that."

The high costs of dealing with security breaches have helped fuel demand for cyberrisk insurance. The average cost of dealing with a single security breach was $3.7 million, according to a 2012 study performed by NetDiligence, a cyberrisk-management firm. The biggest component of that cost was legal fees, which averaged $5,82,000 per incident.

By the Numbers

In 2011, there were more than 414 reported cybersecurity breaches that exposed roughly 23 million confidential records. Here's a look at some of the costs that occur when privacy is lost:

Average total cost of a security breach:
$3.7 MILLION

Average cost of a legal defence:
$5,82,000

Average legal settlement:
$2.1 MILLION

Which industries are affected most by cybersecurity lawsuits?

Financial services
26%

Health care
20%

Retail
10%

SOURCE: NETDILIGENCE

Cybersecurity in India

The scenario of cyber security in India, as revealed by the *India Risk Survey 2013* conducted by FICCI and Pinkerton, is an inconvenient truth Indian businesses cannot afford to overlook. Here are some facts from the report:

1 Approximately 42 million people became victims of cyberattacks in India, having a direct financial implication of $8 billion.

2 Nearly 14,000 websites were hacked between January and October 2012.

3 There has been an increase in hacking cases by 57 per cent in the year 2012 as compared to 2011.

4 Bangalore, the IT capital of India, recorded the highest number of cybercrime cases from 26 in 2009 to 268 in 2012.

5 In 2012, India ranked amongst the top five countries in the world which are most affected by cybercrime.

Cyberattacks against large corporations may get the media attention, but small businesses aren't immune from hackers. Nearly 40 per cent of all targeted cyberattacks take aim at businesses with fewer than 250 employees, according to a June 2012 study conducted by cybersecurity firm Symantec. That rate has doubled from a year ago.

If your business is attacked, your customers have more recourse than they once did. Forty-six states and the District of Columbia now have breach notification laws requiring businesses that store personal customer information to notify customers when their information has been compromised. A handful of states are more stringent, requiring businesses to have a written security policy and specific kinds of security controls in place.

Generally, cyberinsurance is divided into two types of coverage—first party and third party. First-party coverage insures businesses against the costs they may face in the event they are hacked. That means it will pay the policyholder for the material costs of a break-in, some legal fees, and fees for forensic analysis, which is used to determine the nature and extent of the break-in.

Third-party coverage is for the liability related to a breach in security or privacy. This includes the lawsuits that may result if customer data is leaked via a security breach, malware, virus or other negligence on the part of the company.

The cost of cyberinsurance varies depending on the size of your business and the industry you are in, as well as the amount and type of information your business stores.

"A key metric to look at is the type of business you are in and how much personal information you have in your care, custody and control," says David Beyer, managing member of Digital Risk Resources, Novato, California, company that develops cyberinsurance products for insurance companies. Beyer says, "If there are lots of employees and lots of information, the greater the exposure is."

Of course, all businesses have an obligation to protect customer data, but businesses such as restaurants and retailers may require less coverage than do financial institutions and medical companies, which have reams of data about their customers and stricter privacy laws to follow.

Coverage typically comes in preset amounts determined by the insurance carrier. You should expect to pay less than $150 annually for about $25,000 worth of coverage. For multimillion-dollar coverage, the annual premium can be thousands of dollars. *—Jeremy Quittner*

THE WAY I WORK | Nickhil Jakatdar, Vuclip

"I almost always go out for lunch with a colleague, partner or client."

Nickhil Jakatdar had sold three successful companies before he launched his fourth start-up Vuclip, a California-based mobile video company that has the technology to deliver video content on all types of mobile phones, including low-end feature phones. His 140-people team is spread across offices in Milpitas, New Delhi, Mumbai, Dubai, Shenzhen, Beijing, Jakarta, Ottawa and Singapore. Jakatdar, a PhD in Electrical Engineering and Computer Science, admits he has a thing for numbers. For this 41-year-old, analysing challenging data would probably be a joy bigger than a relaxing Sunday. He has other self-confessed idiosyncrasies as well (not including the 40 patents filed under his name for his work at his first company Timbre Technologies)—a unique style of conducting meetings, a poker player gut for hiring "good" people, and a clutch of great stories from the time he went to VCs on crutches and a full leg cast.

AS TOLD TO IRA SWASTI | PHOTOGRAPHS BY JITEN GANDHI

The Conversationist
Nickhil Jakatdar goes out for lunch everyday. It's a great opportunity to understand different people's perspectives, he says.

I wake up at 2.30am every morning (or night, if you prefer to call it that!) after having gone to bed at 11pm the previous night. That's how my body cycle has always been. I even got myself checked at a sleep clinic once but they concluded that this is my normal metabolism! So, I put it to full use. When it's 2.30am in California, it's about 3pm in India, 3.30pm in Dubai and 5.30pm in South East Asia. So it's the perfect time to get onto review calls with our international offices. My family doesn't wake up until 6am. By the time they're up, I've got daily updates from my teams across the globe.

I have three school going children, a 13-year-old boy, an 11-year-old girl and another 7-year-old boy and our worlds meet for breakfast at 7am. I always have a fixed breakfast of banana nut crunch cereal and milk. It's what I eat every single day. Then, it takes me about 25 minutes to drive to office. Since my car has an inbuilt Bluetooth, I'm on calls with my offices outside the US through my drive to work.

I reach office at about 9am and go straight into our daily 9am to 11am review meetings. This two-hour schedule is put into our calendars for the whole year. I'm not a big fan of structured meetings. So, we have one structured meeting everyday in the morning and all the others after that are adhoc, informal ones where I usually call some people to brainstorm, or to dive deep into a topic. These talks could go on from 30 minutes to two hours. To make sure our meetings are effective, we've established some meeting guidelines.

Every meeting must start with providing context —not just what the agenda is but why it's important. So, if the objective of a meeting is to look for ways to increase the traffic to our website by five per cent, the person calling the meeting must tell others why it's so important to do that. Not giving enough context is a universal mistake people make. Almost nobody does it well so we've tried to drill it into people across our offices, whether its India, the US or China.

Another big guideline we've set for our meetings is to use quantitative and analytical language. For a direct to consumer business like ours, unless you know your business down to the last level of detail, you're not going to address the problem well. It's important to bring up data, to base your arguments on it. None of this suggests our meetings are boring! We use humour very effectively at Vuclip. Even in the most serious meeting, we'll constantly crack jokes to make sure people are relaxed and not tense at all times.

Another meeting rule we've had to work hard on is making sure the conversation is non-hierarchical. We have a lot of Asians in the company. Traditionally, in Asian societies, there is a tendency to not question your boss. But, a meeting where decisions aren't questioned is hardly useful. So, I've spent countless hours in our India and China offices to make people comfortable with that. In fact, if someone completely agrees with me, I ask them to tell me why they do so. We've had to put in a lot of effort because I was very clear that all our Vuclip offices must have a uniform culture. Happily, over the nearly six years that the company has been around, I've seen the delta among our different offices reduce to a minimal.

B **uilding** a great culture is possible only if you have good people. I am a pretty good poker player and I think I can read people well. Most people are good interviewees. So during an interview I don't tend to ask them questions where they can fool me with their answers. I ask them questions where their guard won't be up. I would typically ask people about the way they grew up. There are a lot of smart people in the world. But what differentiates a really good employee from an average one is their sense of ownership and integrity. And you get a lot of that by knowing how the person grew up, what their challenges were in school, what built that sense of drive in them and what tested them.

Moreover, people are a lot more honest when they're talking about their personal background than their experiences at work, because they don't expect me to draw conclusions about whether they are fit for the job or not through their personal information. I also ask if they have played any form of competitive sport in their lives. It doesn't matter at what level. It could even be inter class. There is a high level of correlation between being a very good employee and having played team sports. Of course, it's not necessary that if you haven't played competitive sports, you won't be a great employee. The one thing I can't stand is people who drop names or show off. If you're not humble, for me, that meeting is over in the first five minutes. People who have worked with me for four five years have learnt to go with my gut when hiring. I've been right about 90 per cent of the times. I also believe that when you have really good people, you should just hire them. Don't worry whether you have a defined position for them in the company or not. Get them, you'll figure it out.

I can have lunch anywhere between 12 o'clock and 4 o'clock. But I always ensure that I go out and have lunch. When you go out, it opens up your mind because otherwise you are into your own world in the office. I always try to take someone along with me, whether a colleague, a partner or a customer because I want to understand different people's perspectives. I take my time with lunch. An hour is usually enough time to dig into whatever I want to.

While I understand I can't have the same kind of lunches together with people in our international offices, we have put in place a flat communication structure where people in China or India working at any level can approach me directly if they need to, without going through their immediate superiors. I come to visit the India office once every two months for about nine days and I go to China once every four months. As for the other locations that only have one or two people offices, I go there once in six months. We're otherwise in touch through email and Skype.

This constant communication and connect is critical—it teaches you so much. In fact, until a year back, when Vuclip had about 30-40 million subscribers, we had a support email

"Every meeting at Vuclip starts with providing context."

A Changemaker It took Jakatdar four years to make Vuclip a success. What kept him going was his belief that mobile video will revolutionise communication and become an important part of everybody's life.

address and number where customers could call in case of problems. That number was my personal cell phone number. I used to get 30 to 50 calls a day. These would come from all over the world, sometimes in languages I didn't even understand. So we had our own version of English that we conversed in! Now the thing is customers don't typically call you when they're happy. They call you when they are upset and I wanted to know what this person cares so much about to pick up the phone and make an international call. It obviously means a lot to them. So we should at least try and understand their problem and solve it. This gave me so many insights into our product. Now, even though I don't have my number up there, all the support emails come to me along with the person specifically in charge of them. I continue to respond to them if I have to, but I always sign off as the Vuclip Support Team. People don't know it's me.

I leave office at about 5.30pm. Once I am home, I go figure out what the kids are doing, have dinner and spend time with my wife. The kids go to bed by 9 o'clock, after which I go play for this indoor and outdoor soccer league on Tuesday, Thursday and Sunday nights. Last year, I broke my tibia or the shinbone into two pieces while playing in the league. My leg actually bent and collapsed and the bone just cut through. I went through six months of surgery and rehab and a titanium rod was put in place of the bone from my ankle to my knee.

When that happened, I was raising series D funding for Vuclip. So even after the injury, I had to go from VC to VC on crutches and a full leg cast. People used to wonder if I was hoping to cash in on sympathy! But, I couldn't imagine somebody else going for these meetings. It's my company at the end of the day. When VCs invest, they look for how credible the founder is, and how much passion he or she has. Everybody has a different presentation style. I'd like to believe I'm good at getting my passion through to my audience when I am presenting. Not everybody on my team might be able to do that, even if they are equally passionate about the company. Plus, I've done this thrice before for my other ventures. I thought we should put our best foot forward when going for the pitch but that turned out rather ironical in my case!

In an interview sometime back, the investor who we finally got for this round of funding last year was interviewed. He said that the fact that I came to pitch despite my injury (he played soccer too so he knew how serious the injury was), left him in no doubt of my commitment to the company. I had met about eight investors and the round was eventually led by SingTel Innov8 with participation from our existing investors New Enterprise Associates and Jafco Ventures for $13 million. For me, investment firms are not brands. The chemistry I have with the individual investor matters much more. Across my four companies, we had term sheets from very big name VCs but I went with those who others might have ranked lower on the hype scale. But, for me, they topped on the chemistry scale. I like to work with investors who truly let the entrepreneur be. They don't try to become the founder. I think a good investor is somebody who has an amazing pattern recognition. If an investor has seen 40 deals and recognised the common positives and weaknesses, they can give you feedback on how something similar can play out in your company. That's a very healthy conversation for me.

The first four years of building Vuclip have been very hard though. Mobile video might be a buzzword now, but it took us four years to become an overnight success! What has always kept me going is my belief in what we're doing. I fundamentally believe that mobile video will revolutionise communication and become an important part of everybody's life. Hundred million people come to visit our site every month. That's exciting—it makes me feel that we're going to change the industry!

TEN QUESTIONS FOR GAURAV MARYA

An entrepreneur since 16, the founder of Franchise India Holdings is known for his nonconformist style and an almost impulsive knack for setting up business in any industry.

The biggest myth in business is...
That entrepreneurship is about making money. Money is the default product. Entrepreneurship is bigger than that. It's about the mindset.

What's the one thing your employees would be surprised to know about you?
Nothing really. My life is an open book.

Describe your power outfit:
A business suit without a tie.

If you could time travel, where would you be right now?
Back to the time when I had graduated from college. That is the time when you have the highest energy levels.

What have you sacrificed for success?
I have neglected my health in the last few years of doing business. I have been travelling more than I should.

Who gives you the best advice?
My marketing seniors—Pradeep Dhoot, Mehul Choksi and RS Aggarwal.

Whom would you trade places with for a day?
Rahul Gandhi. His family has ruled the country for so many years and yet he can hold his time and not be impulsive at his age. There is a brilliance in his silence.

What's the best part of the day?
Early morning at 8. That's the time when my phone doesn't ring so I don't get any surprises. Post 9am, I get a lot of surprises which have to be worked on during the day.

What have you learnt about yourself while running the business?
That I am tempted to explore almost every business opportunity I come across.

What's the one thing you wish you knew before you started the business?
The gestation period of a business to become profitable is usually a lot longer than you may anticipate, even after a lot of research.

SUBHOJIT PAUL

AS TOLD TO IRA SWASTI