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Start-ups must learn corporate *ayurveda*

Older companies can teach them five lessons that do not assure success but do not backfire either

INNOCOLUMN

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On a recent visit to China, I noticed that Premier Li Keqiang wanted "mass entrepreneurship". China is buzzing with wild-looking entrepreneurs; however, young Chinese are found wanting in preparedness, funding and the ability to execute to success. India, too, is in a tizzy, described by one knowledgeable commentator as "the *Mahabharata* of Indian internet unicorns". *Business Standard* reported that among Indian venture capital circles, growth is no longer the buzzword, profit is ("As funding gets tough, start-ups face frugal times", Weekend, May 7). Funding Indian start-ups has slowed down; 5,000 start-up jobs were lost during the last six months.

Participating at the recent Ericsson-IIT Delhi event on innovation caused me to reflect. Young people bring the much-needed freshness and agility to business. Older folks bring experience and wisdom. Together, both can do more than either could do alone. Are there lessons that today's start-ups can learn from yesterday's? There are at least five.

The first lesson is the acceptance that start-ups can learn from grown-ups. Yes, Unilever, Siemens, Hershey and Tata started up over a century ago, but constant death and renewal of their body cells has taught these companies lessons about growth and renewal over a century. Psychologist Erik Erikson had postulated eight stages of life for human beings, starting with hope/will and concluding with care/ wisdom. Companies, too, have life stages like human beings. Companies may die, but not necessarily their intellectual property. Brooke Bond, Lipton and Pond's don't exist as a company, but their brand is alive.

The second lesson is that good start-ups grow by deploying all of the four "C"s. Obstacles are essential to spark innovation. Entrepreneurs overcome obstacles through sheer passion and innovate in a value-adding manner. Both Indian and Chinese consumers face the first "C" in the form of daily challenges. Challenges have to be overcome through three more "C"s — creativity, communication and channelisation. Indians have plenty of the first three "C"s, arguably more so than the Chinese. However the Chinese have a huge "C" for the fourth, channelisation, which Indians unarguably lack.

The third lesson is that start-ups are best nurtured without their becoming overly conscious of their potential future value. An initial public offering (IPO) is the beginning of a new journey, not an end in itself. You don't visit maternity wards or primary schools to identify future Nobel winners, do you? Remember Jennifer Capriati, who was declared superstar by age 13 and burnt out within a few years? An analysis of the Westinghouse Science Talent Search data of 52 years showed that out of more than 2,000 finalists over the half century, only 20 made it to the National Academy of Sciences. Psychologist Benjamin Bloom studied world-class musicians, sportspersons and artists to understand how their parents supported them early in life. What did he find? Parents of the most successful kids supported them, but did not drive them as tiger moms would with exhortations of the kid's innate genius.

The fourth lesson is that irrespective of how grown-up a company becomes, the leadership always strives, nay struggles, to develop a growth mindset among its leaders. A growth mindset is what biologists call neoteny, self-renewal. Stanford psychologist Carol Dweck defines a growth mindset as one where the person wants to learn new things and is wanting to do new things, not greatly fearful of failure.

Finally, the secret sauce of a grown-up company's long life can be summarised through four characteristics:

i) A consistent purpose (Siemens: make real what matters; Hershey: sharing goodness is good for everyone)
ii) Highly focused at the core, but experimental at the edges (Tata Steel and Tata Chemicals focused on their core during the 1960s, while Tata software business founder P M Agerwala, used Tata Sons as his tinkering lab.
iii) A clear identity of who they are and why they are in business
iv) A conservative approach to costs and finance, no Rambo stuff.

As an elder on the Indian business scene, I wish all our start-ups what every elder wishes for the younger generation: *deergha ayush*. Based on my nearly five decades of experience and wisdom, I commend these five principles as a sort of corporate *ayurveda* for start-ups. The lessons do not assure success, but they do not detract.

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