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Startups, Society, and Self-sustenance: A Glimpse Into the Future

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Management ReThink is published bi-monthly by the Centre for Learning and Management Practice, Indian School of Business (ISB).

We cover a wide range of topics including strategy, leadership, operations, innovation, decision-making, marketing, finance, work-life balance, and practising management. We publish articles of varying lengths in both print and digital forms, besides featuring pieces based on infographics, podcasts, videos, slide presentations, and other multimedia formats that might help us share an idea effectively.

We encourage submissions and proposals for write-ups. We also welcome suggestions, comments, and letters to the Editor. These should be sent with the writer's name, address, and contact number via email to management_rethink@isb.edu.

From the Editor's Desk

Startups, Society, and Self-sustenance: A Glimpse Into the Future

The world of business is constantly shifting on its axis, and innovation is the name of the game that startups and microenterprises are trying to play as they scale up and branch out.

Startups have built themselves a reputation for being disruptive and bringing fresh perspectives into their respective fields. However, an emerging set of consumer expectations, with a focus on sustainability, demands from businesses the agility and strength to reinvent, rediscover, and realign themselves with changing times. As they roll the dice and attempt to figure out what move to make next, the question arises: in this grand board game of diverse players, what does it take to become, sustain, and grow as an entrepreneur?

Welcome to a new issue of ISB Management ReThink, where we examine how startups and small enterprises can leverage their strengths, learn from mistakes, and connect with consumers to usher in a new, sustainable future for business.

Here is our line-up:

- Get a ringside view on the winning strategies adopted by innovation-led organisations to ensure seamless ecosystems and strong stakeholder relationships.

- Today, consumers expect businesses to practise sustainability across products and services. Learn how social enterprises can achieve this while earning revenue and creating impact.

- Can one really identify a good time to persevere, pivot, or exit in their entrepreneurial journey? Benefit from the learnings of a serial entrepreneur as you navigate your venture.

- With greater consumer expectations, comes the need for greater responsibility from brands. Read here to learn how clean beauty brands can earn consumer trust and live up to their claims.

- Microenterprises thrive on customer intimacy and yet struggle to market themselves. Learn about the tools that may help them discover customers while amplifying their reach.

- Pitching an idea and bagging a robust VC deal is a confluence of multiple factors in the "Startup-Verse". Tune into our podcast to prepare for your best pitching moment.

*Do share your feedback on **Facebook, LinkedIn, Twitter,** and **Instagram** or email us at **management_rethink@isb.edu.***

Thank you for reading and listening!

Take care and stay safe!

Saumya Sindhwani
Clinical Assistant Professor
Associate Dean - Advanced Management Programmes (AMP)
Executive Director, Centre for Learning and Management Practice (CLMP)
Indian School of Business

Innovation-led Organisations: What Makes Them Thrive?

Prameela Kalive
COO, Zensar Technologies

Organisations are in a constant churn as they move about in today's dynamic business ecosystems. The only way to thrive then is to be on a path of continuous rediscovery—an approach to finding multiple ways a wheel can function, if not reinventing it. It is all about unlocking and embracing fresh, disruptive ideas to build innovative solutions for new and improved products, and processes for growth. Prameela Kalive, COO, Zensar Technologies, underlines how innovation is at the core of thriving organisations and is the only way to stay relevant in the future.

Disruptions occur at an incredible pace—both within organisations and in business ecosystems alike. Propelled by the need to develop new products, services, processes, and even new operating and business models, organisations go through the grind to keep pace with the evolving world. So, what necessitates this churn? Diminishing market entry barriers, shifts in customer expectations and behaviour, and the availability of a gamut of technological enablers and platforms are responsible for this phenomenon. Does that make it effortless for organisations to undergo disruptions to rediscover their purpose or maintain their leadership position in the market? The answer is two-pronged. For younger organisations, which are born out of disruptions, being innovative—in their processes, business models, and product services—is a part of their DNA and, therefore, easier. However, for legacy organisations, set in their ways of functioning, it is more challenging to be innovative, and yet essential at the same time. It is over time and with experience that organisations put structures and business models in place to succeed and grow efficiently and meet their existing customer needs profitably. However, the exponential disruptions in technology, markets, and consumer behaviour can expose an organisation's ability to evolve and innovate. Does that mean these organisations should not and cannot change their status quo? No. To stay relevant and to continue to grow, all organisations must constantly challenge the status quo and find ways to create a culture of innovation to thrive.

Aligning Leadership, Teams, Resources to Innovate

Innovation is a crucial driver to disrupt the status quo. However, many organisations grapple with the fundamental question—why fix something which is not broken? What needs to be understood is that innovation is not about fixing a problem. Essentially, it is about pulling out all the stops in delivering to one's full potential and capturing new market opportunities. Starting out with the right culture in place, one that can foster innovation, signifies that the organisation has got one fundamental element right. But how does one align other necessary organisational arms to the goals of innovation? Globally, organisations now prioritise and invest in innovation as earlier it never

found its place in the budgeting process, setting of KRAs, or how teams were measured or rewarded. To bring innovation right at the centre, as a part of the strategy and goal-setting exercise, requires an entirely different mindset. I believe in providing a framework. In our organisation, anyone can come up with a new idea. I ask them some simple questions: Is it going to enhance the customer experience of working with us? Does it give us a unique top-line opportunity or a new growth lever to improve our revenue? Or is it a bottom-line accelerator? Or is it an innovation that will drive efficiency and productivity so that we can do more for less? We would like to tick at least one or two of these boxes before putting money behind the next innovative idea.

Leadership: Innovation has to be a leadership agenda. Some organisations call it out in their vision and mission statements, while some go beyond calling it out and practice it in their professional lives everyday. The key is to have an ambition and aspiration, to be innovative in whatever space you exist. It depends on the leadership's ability to ensure that this ambition and aspiration are quantifiable. Eventually, it means delivering new products or services to new markets or to current markets in new ways. For instance, an organisation can aspire that 30% of its growth, three years from now, will come from products and services that currently don't exist. As you grow, you quantify that growth. For instance, what percentage of the margin is being delivered by these new products which are delivering non-linear growth. Set aside an 'x' percentage of the budget and talent pool for innovation. Keep in mind that this investment is not likely to give returns in the first few years. Leaders need to convince themselves that this is a longer-term game and then must let it cascade down to the mid-management and levels below.

Workforce/Teams: Having innovation as a vital leadership agenda is a job only half done. For its execution, teams across departments must commit to carrying forward and executing the innovation goals. Give the teams the freedom to innovate within a framework of timelines, accountability, and possible outcomes. Eventually, organisations need to deliver impact and growth. So, every team must be clear about the opportunity and their contribution. Suppose an organisation aims to enter a new sector, expand to a new location, or launch a new product line—every team, from delivery to sales, R&D to HR, operations to finance, should align themselves accordingly. To enter a new market segment, a CHRO must

consider how to build internal, organic talent that stays relevant. What skills and competencies may be required to train the employees in future? The finance team must weigh the new segment for its entry barriers and how to innovate in commercially viable ways to enter the segment. The delivery team must think of novel ways to deliver or have new delivery centres ready, ahead of the launch. The sales team should think of innovative sales pitches keeping the market requirements in mind. The leadership should consider everyone's viewpoint on an inorganic acquisition. In a nutshell, every department holds a key.

Resources: Committing resources is as important as setting goals and having teams in place to execute them. However, an organisation needs to study the viability of an idea before rallying behind it. Pick those ideas that can change how the company is perceived and experienced by the customers—if it is not going to move the needle for a tangible impact in the organisation, leave it to a specific department to take it forward. Another critical factor to consider before committing resources is ensuring that it meets the criteria of disciplined innovation. Suppose an idea gets approved, the budget is allocated, and then six months down the line, there is no progress, and you move to the next. Such an approach will lead nowhere. Therefore, having monitoring mechanisms, and evaluating processes in place are as important as committing resources to an innovation.

Challenges On the Way

Organisations today are not about surviving but about adapting to change. While on a journey to innovate, organisations realise that it is more arduous to incorporate innovation than it seems on the surface.

Balancing short-term and long-term goals: The first challenge is to balance the goals—short-term, where the results are certain, and the risk is low, vis-à-vis the long-term, future goals which focus on how to stay relevant and resilient. For instance, if you are a purely revenue-driven or a public limited company, the expectations from the board and the market are evident—you have to deliver wealth to your shareholders. Often, organisations are caught up
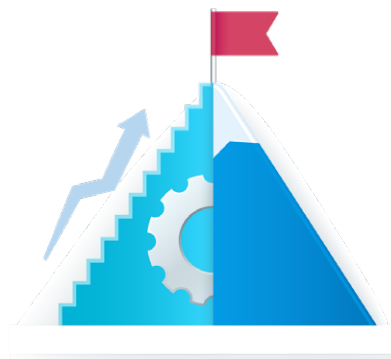
focussing all investments, resources etc., on merely unlocking this value within short-term or near-term, thus overlooking the future investments an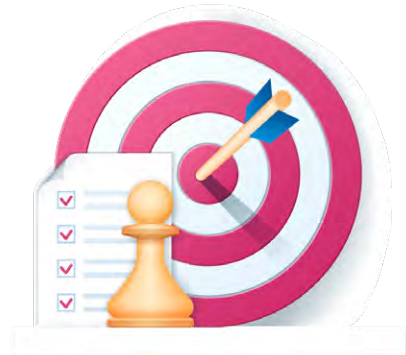d returns. Organisations should be able to balance out the goals so as not to miss the woods for the trees. Make sure to not bow down to the pressures, whether from the market, the competitors, or even from within. Most companies find it very difficult to commit to a set budget for R&D. Even if they do set aside an amount, they tend to reduce it, or cut it entirely in the hope of allocating it later since most innovations tend to have an ROI of four to five years.

Avoiding scattered innovations: Another challenging area is having scattered innovations within the organisation. Irrespective of the percentage of budget being spent on innovation across departments, if there is no cohesion between various innovation exercises across the departments, it will not lead to any success. A company may be performing great on the market scale, but may still have enough headroom to operate more efficiently. With more innovative, efficient operating models, it could be doing more for less. So, how does one go about doing it? HR must think of innovative methods to reduce hiring costs. The delivery arm of the company must think of improving delivery standards and using automation to deliver in a faster, more efficient way. The sales team must think of reducing the cost of new customer acquisitions, etc. Rather than looking at scattered, piecemeal investments in innovation, the entire ecosystem must collaborate and invest in interconnected ideas for the true benefits to yield.

Having diverse innovation ecosystems: Lastly, it is often tedious to harness the power of diversity when you are innovating. Putting homogeneous teams on a quest to think innovatively can sometimes be a lost opportunity. Employees who are new to business ecosystems, or new to the company can bring fresh perspectives compared to those who have been around for a long time. When people from different functionalities and diverse backgrounds within the organisations, or even outside, are included—the more diverse the ecosystem—the better the creativity and richness of the innovative solutions. For instance, when we innovate for customers, we are second-guessing, what does my client truly want? Instead, innovate along with your customers. Ask them what problems they face when trying to come up with solutions for them.

Strategies to Have Seamless Ecosystems

Once you realise that innovation is the means to succeed, it becomes a default setting. It gets embedded in the processes, almost becoming a daily event, permeating an organisation's core operations. Despite this, an organisation's massive potential for innovation may remain unrealised without well-crafted strategies that ensure seamless ecosystems and stakeholder relationships. Thus, have mechanisms in place to ensure that ideas keep flowing. Some may get harvested, while some may fail due to lack of viability or delivering impact at scale, but the aim is to keep the pot stirred.

The Vision Communities: To stimulate and engage innovative cells and have a constant reservoir of ideas, we had created an entire innovation ecosystem called the Vision Communities that we ran in Zensar for several years. These communities had diverse participation from young graduates to managers, and senior leaders across different departments and locations. The idea was to create and power a platform for *Zensarians*, as we refer to our employees, to ideate and brainstorm on critical elements of the organisation strategy. For example, our organisation once stood divided on whether we should foray into the domestic Indian market or not? Should we be a product company or remain a services company? Should we build capacity organically, or should we acquire it? Should we have a dress code in the office, etc.? These vision communities helped us bubble up the energy and stimulate innovation. One of the requirements for these communities was for teams to work with those outside their departments. This helped them to build strong and resourceful networks within the organisation, enabling them to bounce ideas off each other, and draw from each other's strengths, skillset, and experiences. That is how we began to build strong innovation ecosystems within our organisation. Now our vision communities model of innovation has evolved into new formats over the years, while the philosophy remains the same–create, nurture, and empower strong internal innovation ecosystems.

Channelling the power of diversity: Unlocking the generational energy, adding diversity, and tapping into ideas of young professionals, especially women, is one

of the critical strategies that innovation-led organisations swear by. Not only does this help in forging new networks, this way, ideas get validated, and filtered effectively. It is humbling and refreshing to witness fresh perspectives about challenges, possibilities, and outcomes, bringing in the much-needed outside-in view. For example, at Zensar, we have a 'Future Leaders Board' of high potential *Zensarians*, and a 'Women Executive Board' representing women across roles, tenures, functions, and locations. Leaders from both these boards actively participate in our apex body meetings and get a first-hand insight into the top management's priorities, choices, and decisions. They then pick some of the organisation level priorities to lead and own. They are assigned mentors for further guidance.

Freedom to experiment and celebrate failure: One of the biggest reasons many great ideas do not see the light of day is the fear of failure. Organisations that thrive on innovation celebrate failed experiments as much as wins, enabling individuals to take risks. For example, we allow our employees to develop ideas and go on a sabbatical to pursue them. RPG Group (the parent company for Zensar) even funds some of the best ideas under the initiative, RPG Ventures. All group employees can rightfully pitch their ideas and if the idea clicks, they are given seed money and are allowed break from work to pursue their goals further. If they succeed, great! They are welcome to return to their safety net, if they don't. We call them "intrapreneurs". As we say at Zensar, "As long as you can fail fast, fail small, fail safe—failure is okay".

The Way Forward

For an organisation to flourish on creativity and succeed in translating it into value, innovation must integrate into its core, sans conventional, operational, and cultural constraints. Below are some key takeaways to keep in mind for organisations to stay relevant while innovating:

- Be positively paranoid about retaining your market position while on the course of innovation.

- Don't just strategise on what you should do. Spend time on knowing what not to do. For example, knowing when to exit from a business, a market, or even a vertical is also a wise choice.

- Constantly look for whitespaces to innovate wherever possible. The last few years have just taught the world what innovation truly means. So, look through the tiny cracks to innovate.

- If you have the prime mover advantage, make the most of it, for it is never permanent. It will last till others catch up and innovate further.

- Draw your own hype cycles—where you keep experimenting and resetting the old—within the organisation. Keep asking where you will be in your chosen space.

- Lastly, keep pressing the 'refresh' button often. Evolve new ways of delivering products. Change the swim lanes in which you operate if that is what it takes to innovate and add to your service mix.

Prameela Kalive is an industry leader with over 33 years of diverse industry experience, including one decade as a missile scientist with the Defence Research & Development Organisation (DRDO). Currently, she is Chief Operating Officer, Zensar Technologies, and has been a core part of its growth journey for over two decades. She has led multiple leadership portfolios in Zensar including software deliveries, global strategy, marketing, and global HR. An alumnus of the London School of Economics, the Wharton Business School, and the Indian School of Business, she received the Rising CEO award for 2015 and was recognised as the 'Woman in Technology for 2019' by ISG.

Dhimant Parekh

Founder and CEO,
The Better India

Expert Speak

A Social Entrepreneur's Guide to Sustainable Impact

Social enterprises today grapple with generating true impact while learning to achieve profitability as they grow. Meanwhile, consumer awareness is on the rise and businesses are expected to demonstrate sustainability in their products, services, and practices as they work on a novel business model. Dhimant Parekh, Founder of The Better India, examines the rapidly evolving environment in which social enterprises must tackle these challenges, and work with the possibility that the shift in consumer sensibilities might be changing the very metrics of success in business.

Creating impact has never been easy. It is a continuous process that takes time, persistent effort, innovative thinking, and strong willpower—and social enterprises know this all too well. However, simply aiming for impact is no longer a reality that is feasible or sustainable for such ventures. Further, organisations have begun to understand that they have the power to create this impact only when they have a steady flow of incoming revenue to support their activities, which makes profitability a key emerging concern for those aiming to thrive in the social sector. This puts forth some interesting questions: How can businesses juggle multiple aspects such as profitability, sustainability, and continuous generation of impact as they scale up and grow? How important are core values to a social enterprise and how do they tie in with business objectives? A recent study[1] showed that 85% consumers, globally, have indicated their preference for sustainable purchasing behaviour. In such a scenario, what does the consumer demand for sustainability truly stand for and what does it mean for businesses? Let us try to answer some of these.

Core Values: How Do they Matter to a Social Enterprise?

Every business must clearly identify what is it that they stand for. Once identified, these core values go on to represent the organisation, its products and services, and reflect in every decision it takes. When we launched The Better India, our aim was to create positive social impact through true stories of individuals and businesses that were working hard to bring about change, and create a 'better India'. Our core value was at the heart of it all: sustainability in all its aspects. Although we had only driven impact through content until then, our consumers knew how much we valued sustainable living, because it had become part of our identity. So, when we observed that sustainability-oriented content was getting some of the best responses, we reached out to our readers to find out what else they would like to
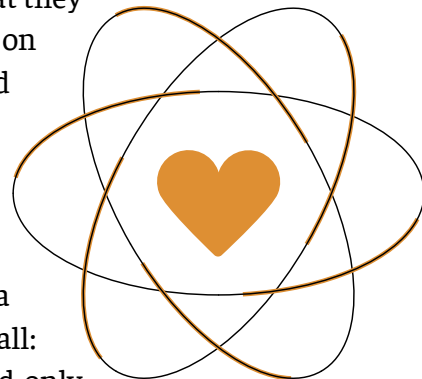
[1]BusinessWire, 2021. *Recent Study Reveals More Than a Third of Global Consumers Are Willing to Pay More for Sustainability as Demand Grows for Environmentally-Friendly Alternatives*. Retrieved from https://www.businesswire.com/news/home/20211014005090/en/Recent-Study-Reveals-More-Than-a-Third-of-Global-Consumers-Are-Willing-to-Pay-More-for-Sustainability-as-Demand-Grows-for-Environmentally-Friendly-Alternatives

see us do in this space. Through their feedback, comments, and emails, our consumers suggested that we, The Better India team, should venture into the homecare space, and come up with sustainable cleaning products—because for them, it was the need of the hour, and they believed that we could fulfil that need. That is how we came up with The Better Home, and it worked because The Better Home was in perfect alignment with The Better India—both ventures focussed on bringing about change through sustainable living. This is why core values matter to social enterprises, and if businesses can align their product and/or service offerings with these values, they can create maximum impact while generating the requisite revenue needed for it to grow. Impact and change will occur more visibly when this alignment between values and business offerings exists.

Consumer Engagement: A Key Driver of Change

Change, or to be more specific, the drive for change, is never an isolated process. For social enterprises, a major motivation for such change to occur is driven by the consumers themselves. When consumers come forth and voice their concerns, opinions, and their needs, the business can understand how to serve them better, and create the impact they aim to.
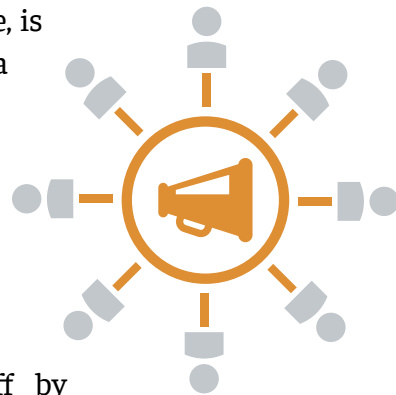
Now, we know that every business starts off by identifying its target audience and finding ways to reach them. But what is even more important than reaching these consumers, is engaging with them continuously. The first thing social enterprises must keep in mind when they start is that the relationship they form with their consumer segment can make or break them in the future, and that this relationship is based primarily on trust. However, this trust will not burgeon overnight, it must be earned by the business and it takes a lot of time. So, patience is key, as is consistency. It is important to engage with consumers, get their feedback, and ensure that their voices are heard. Time and effort were among the most significant investments we made as we raised The Better India from scratch. We constantly engaged with our consumers, took their feedback and suggestions, replied promptly to their messages, and most importantly, made sure that our consumers felt they were being heard. Consumers

trust a business that truly values their input and involves them in their decisions. They are also incredibly loyal to that business once it has proven its worth.

Profitability, Impact, and Sustainability: The Balancing Act

When a social enterprise sets out on its journey, there are primarily two pillars it must lean on equally for support and growth—impact and profitability. Neither pillar can help the business survive without the other, and both must scale up equally as the business grows. If a social enterprise focusses more on impact than on profitability, it will have trouble staying afloat financially in the long run. On the other hand, if profitability becomes more important to the business than impact, it risks losing sight of, and compromising on its core values as a socially motivated venture. Further, a third pillar has been gaining importance increasingly: sustainability. Today, a business is expected to demonstrate sustainability in its practices across the organisation, its decisions, its products, and the way it interacts with the society. The combination of these three pillars is a tightrope for most social enterprises to try and walk.

What, then, is the solution to this dilemma? To answer simply, it is necessary to set up a sturdy business model, which ensures that as the business scales up, revenues and impact scale up alongside. This quality must be inherently part of the business model, and it is important to put this in place in the early days of the business, otherwise, the dilemma originally faced will keep cropping up at every juncture going ahead. Now, I see two important elements around which the business model works: core values and the product/service offered by the business.

The backbone of every social enterprise lies in the core beliefs it stands for and the principles that drive its actions, as shared previously. So, it is natural that these values find a place of importance in the business model the organisation finally adopts.

I believe that businesses must ensure that the product or service they are offering is scalable, and that it is something that can generate revenue while tying in neatly

with their core values and their aim to create impact. The business model for The Better Home is one such example. For us, our offering of toxin-free, organic household cleaning supplies matched our values of sustainability and our aim to create a better world for everyone to live in. At the same time, our products could generate steady revenue, because consumers preferred them to the other options in the homecare space as these were true to their claims of non-toxicity and derived from plant-based ingredients. Thus, we had a business model in place that perfectly combined profitability, impact, and sustainability, brought in revenue, and aligned with our goals as an organisation.

However, getting such a balanced business model right will take quite a few iterations owing to some fundamental challenges. One challenge that presents itself often is that of pursuing immediate, quick revenues that are not strictly aligned with your purpose. It may seem tempting to go after that and 'fix the business model' later. But doing that is detrimental—by going for such a short-term fix, you lose sight of your objectives and may end up lacking a clear long-term path to building a purpose-driven organisation. Another challenge for an enterprise is to build a team that is in perfect alignment with its value system. We ensured that the core team that joined us in the early days of The Better India was evaluated more on its excitement about the mission, than on skills. That core team has been responsible for our growth over so many years, and continues to innovate and flourish, because the passion for the cause is what gets them going. Getting the early believers is very important across both employees' and consumers' spectrum.

That said, while a good team and a community of believers gets the organisation up and running, it cannot progress much further without a steady flow of revenue pouring in. Thus, it is also important to build strong revenue models and ensure that they are able to support and sustain the business as it grows. From a profit-generating perspective, revenue models are perhaps the most important part of any business model. Setting up a robust revenue model, or a few different ones, if needed—eliminates at least one concern for businesses—they need not worry much about their finances going ahead. The advantage of creating a revenue model early on is that there is plenty of scope for experimentation. What we learnt with The Better India was that our greatest source of revenue was advertising revenue. So, the revenue model we strove to put in place had to accommodate that

approach; as our readers grew in number, so did our capacity to generate ad revenue.

The Recipe for Success

A crucial objective of any business is to maximise profit for its shareholders. For decades, this has been understood as the greatest purpose a business has. However, with the rapidly changing consumer landscape, the stakeholders of a business today are not merely the ones who fund it but also the ones who interact the most with it—the consumers. Today, consumers have become much more aware of what they truly need and desire from a business, and more importantly, what the environment they live in needs. A recent survey[2] of the Indian consumer segment revealed that 39% of consumers considered the sustainability of a brand and its products very important when making a purchase decision.

To that end, sustainability is not just a trend anymore, it is a way of life that consumers expect businesses to follow, particularly the social enterprises.

> Now, businesses must understand that when consumers speak of sustainability, it is a sense of accountability, ownership, and responsibility towards the community and the planet, that they want to see businesses take up.

Over and above the products and services a business offers, what is it that they are giving back to society? This is the question consumers are asking, and the more conscious a business is of the consequences behind its actions and decisions, the more successful it becomes in the age of sustainability.

A Future of Inclusivity

Although consumer demand is one of the primary drivers of sustainability, businesses need to recognise that sustainability across all aspects is becoming a necessity for survival, if not for profit and success in business. Ultimately, not just consumers, but businesses and entire societies will accrue the benefits of sustainable living—sustainability across products and services, and in organisational practices offering better outcomes for everyone, from the community at large, to the environment. Thus, I strongly believe that sustainable commerce is at the heart of the future we are heading to, and it is time for businesses to step up and adopt the same. Social enterprises, in particular, have to become cognisant of the fact that they can, and should take the lead to usher in the future, which will be much more inclusive than the times we are living in right now.

[2]Statista, 2022. *Importance of sustainability for consumers when choosing a brand in India in September 2020.* Retrieved from https://www.statista.com/statistics/1197859/india-importance-of-sustainability-for-consumers-when-choosing-a-brand/

Dhimant Parekh is an impact entrepreneur in the Indian sustainability landscape. Rated as one of the top product mentors for startups in India, Dhimant built and grew The Better India, the world's largest impact-focussed digital content platform, showcasing stories of positivity and progress. He then built India's first e-commerce marketplace for sustainable products to connect MSMEs to conscious consumers. Most recently, he launched The Better Home, a venture offering a range of sustainable, natural, and safe cleaning products, the first of its kind in India.

Expert Speak

Why Today's Entrepreneurs Can Risk it

Raghunandan G
Founder and CEO,
Zolve

As India becomes the third largest unicorn hub after the US and Chinese markets, there are myriad factors that have facilitated this unprecedented growth. What are these and will the trend sustain? Learn about the ever-changing business landscape, dynamic market needs, the growing community of like-minded startup enthusiasts, and how early-stage startups can leverage the current boom in their favour from Raghunandan G, Founder and CEO, Zolve, as he shares learnings from his experience.

The pandemic-induced global crisis affected billions adversely – multiple businesses succumbed while few dared to tap into the emerging opportunities. However, despite the pandemic, the entrepreneurship ecosystem in India is leaning towards a positive trend and may prove to be crucial in the economic recovery of the country, generating large-scale employment opportunities. As per *Invest India*, India has emerged as the third largest ecosystem for startups globally as of March 2022.[1] The evolution of the 'Indian startup ecosystem' is marked by exponential growth and innovation, particularly in the period ranging from 2015-2021, with a 9X increase in the number of investors and 7X growth in both funding and the number of incubators.[2] What does this mean for entrepreneurs and how can they leverage this?

A Decade of Trends

In my professional journey as an entrepreneur over the last decade and more, I have closely watched the startups that have emerged, and the ways in which the industry has moved and adapted. There have been significant shifts in terms of the nature of businesses, the talent forming the backbone of these startups, the available funding, and the evolving customer mindset. For instance, between 2010-2016, several offline businesses went online. It was harder to find talent as people were risk-averse, and it was difficult to convince someone in a stable job to quit in favour of a startup. There were few options covering early-stage seed funding and one had to leverage any and every opportunity to get going. Due to a lack of trust (that only comes through experience), people steered clear of testing the startups.

The period from 2016 onwards saw an upsurge in hyperlocal businesses, leveraging digital platforms to cater to their ever-growing consumer base, and a growing stronghold of crypto and blockchain firms. Talent acquisition got easier as people from highly reputed global firms (like Wipro, Infosys, TCS, Google, Facebook, Walmart, etc.) felt encouraged to leave their stable jobs and be a part of the startup growth story. So, while back in 2010, we at TaxiForSure struggled to build a team, we saw that it suddenly became easier to gather like-minded people from this

[1]Invest India. National Investment Promotion and Facilitation Agency. *The Indian Unicorn Landscape.* Retrieved from https://www.investindia.gov.in/indian-unicorn-landscape on April 12, 2022.

[2] Ibid

readily available talent pool. At the same time, with a significant inflow of capital and funding opportunities in the market, it also got challenging to hold on to versatile talent. People looked to grow and experiment on their own.

Looking Into the Here and Now

The present era, specifically 2020 onwards, marks the entry of Indian giants into the startup arena – with Tata Group building the super-app 'Neu', the Ambani's aggressively acquiring promising startups, and real estate companies exploring their options in app-based tech startups. To top it all, startups have gained societal acceptance like never before. Going beyond a handful of trusted brands, people have begun to embrace and engage with startups for all they offer. Take the example of some of the biggest sporting events like the Indian test matches, Indian Premier League (IPL) or FIFA World Cup. Once sponsored by established corporates like Kingfisher, Sahara or DLF, these events are now backed by relatively new entrants like Byjus, Unacademy, Cred, Upstox, etc. This only goes on to underscore the growth and significance of startups in India within the last 10 years and the long way we have come in much shorter timelines, when compared to the US and China.

The last year, in my view, is also a major milestone with significant capital pouring into the ecosystem. The IPOs[3] (Initial public offerings) in 2021 signalled a massive change in terms of the positive investor sentiment and the availability of capital with 63 companies collectively raising ₹1.2 trillion through IPOs, making it the highest amount ever raised in a single calendar year.[4] Specialised funding programmes like Sequoia Surge and Accel Atoms by well-established VC firms, government-funded incubation centres, seed programmes covering tier-1, tier-2, and tier-3 cities across the country, and even on-campus incubation centres for students promise a smoother journey ahead for these startups. Moreover, the IPOs have made startups a household name and their widespread media coverage even by mainstream media houses like CNBC and ET, have them well-entrenched in the Indian ethos.

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[3]A company which is not listed on the stock exchange announces **initial public offering (IPO)** when it decides to raise funds through sale of securities or shares for the first time to the public. Once listed on the stock exchange, the company becomes a publicly-traded company and the shares of the firm can be traded freely in the open market.

[4]Mirchandani, S. (January 1, 2022). *2021: A blockbuster year for public offers despite hiccups.* ET Bureau. Retrieved from https://economictimes. indiatimes.com/markets/ipos/fpos/2021-a-blockbuster-year-for-public-offers-despite-hiccups/articleshow/88627581.cms

Paying it Forward

While funding no longer appears to be a challenge, successful entrepreneurs have opened doors to mentorship as a means for "paying it forward". During our times, there was no one to share insecurities or discuss challenges with. But now, things have changed immensely. Going beyond angel investing, there is a sense of camaraderie, whereby we aren't just investing money, but also our time to guide and mentor. We have opened our networks to budding entrepreneurs seeking guidance.

All these factors have collectively reduced the probability of failure and more people are willing to take the risk of starting out. More so, even in case of a failed venture, these young entrepreneurs are absorbed within the network in other roles due to faith in their talents, unlike the olden days when if a venture failed, you probably had to seek your previous job again.

Market is Always the Best Teacher

Changing trends have also affirmed that people are willing to experiment, take risks, engage with customers and investors, and pivot when the need arises. One may have an idea, but if a market study suggests that a bigger opportunity lies elsewhere, one takes it. Needless to say, it is easier to pivot when you are a small company, but even the larger firms have not stayed behind. Zomato is one such example which, after being a restaurant discovery and rating platform since its inception in 2008, pivoted to offering food delivery services only in 2015 soon after Swiggy showed the way. Similarly, Paytm moved to offering online payment services, PhonePe facilitated UPI (Unified Payments Interface) payments and turned to ICICI bank as its second official UPI partner when Yes Bank got into trouble. These live examples instill the confidence in new-age entrepreneurs to dive in and course-correct, basis their learnings from the market scenario.

Mitigating Risks and Showing Up Prepared

Although entrepreneurship has always been an existent trend in India, it has become more pronounced now due to these varied factors. This unique opportunity to create wealth for self and the nation alongside a robust angel investor network comprising VC and PE firms, has encouraged the youth to explore uncharted waters.

However, entrepreneurs, occasionally, are so caught up in their idea that they forget to do the legwork of connecting with their consumers.

> By focussing solely on developing the product/service in a silo, without predicting the market need, one may end up building something which the market may not necessarily want. The repercussions are longstanding, as such entrepreneurs may eventually give up altogether or burn out.

Those who do the legwork, on the other hand, are survivors who bounce back, figuring out what exactly went wrong in the process. Here are my suggestions on what could work in favour of entrepreneurs:

• *Research, engage, and iterate:* Understand the market trends before venturing into product development. Conduct online surveys, engage with your investors, and discuss the solutions/possibilities. Customers know what they want, and hence staying close to the market may give one a competitive advantage. Loop in the customers during product development as a focus group. Seek their inputs, iterate rapidly, and conduct launches in a closed group.

• *Communication is key:* Everyone has a tipping point, so one needs to start believing that they are not alone. I have noticed how people don't want to talk or discuss their ideas even with their sponsors, mentors, advisors, or teammates for fear of leaking it out or appearing weak. Keeping the insecurities to oneself and absorbing all the pressure alone often leads to one being lonely and is not conducive to growth in the long run.

• *View hiring as an investment:* Build your team as an investment and not an expense. Great teams multiply and unlock the bandwidth as opposed to sucking it up. One can raise as much capital as they need but cannot create time for themselves. Retaining good talent, keeping them motivated, and delegation of responsibilities are some of the nuances to look at so one can focus on what they love most – building a great product.

• *Build with an outside-in perspective:* One of the common mistakes made by people is losing focus of the outside world as they build. One needs to keep a tab on it and move with the times, even when they are building for the 'current' market as the dynamics change consistently. It will be challenging, but necessary to keep your product relevant.

• *Seek help from senior leaders and domain experts:* It is imperative to understand differing viewpoints and seek help from executive coaches rather than doing everything by oneself. People are warming up to the idea and are investing in coaches/mentors even for their senior leadership teams. Throwing money at a problem is never a solution.

• *Short-term goals vs long-term vision:* It is always a tightrope and one ought to first look at surviving short-term through effective management of time, capital, and resources to truly sustain the long-term vision.

• *Understand the product-market matrix:* One needs to be mindful of the metrics

that the investors want to see and be in sync in terms of the MVP (minimum viable product) and funding. People aren't really well-versed with the definition of MVP, and losing sight of that, entrepreneurs end up consuming a lot of time and exhausting all their resources in trying to execute 'the' product they envisioned. However, if they were to start with a rudimentary plan, sought feedback, and kept enhancing it, it would posit them better for success. In terms of investors, one needs to know the metrics – is it the revenue numbers, number of customers, or something else altogether?

• *Leverage data analytics:* Data science is perhaps the single biggest competitive advantage that companies have as the competition will never get to know 'why' you are doing 'what' you are doing. Today's intensely competitive environment almost necessitates the usage of this 'new oil'.

• *Stand on the shoulders of giants:* The only way to see further is to stand on the shoulders of giants. There are enough role-models available today to learn and seek advice from, most of whom are quite approachable and willing to "pay it forward". Communicating with like-minded entrepreneurs comes with a sense of contagious enthusiasm and mutual learning.

• *Avoid playing on the extremes:* Some entrepreneurs are extremely focussed on brand building while others aren't interested in spending the big bucks there. Some founders dilute heavily at a very early stage, so when the company actually grows, they do not have anything meaningful to hold on to. Others are completely averse to it as they aren't able to get good employees or investors onboard.

It is All About the Journey

As a founder, one really does not know how far they can get. Everyone starts with a dream and a vision of scaling greater heights, but no one truly knows how it will unfold and evolve. This is because there are several factors impinging on one's success and there is no way one can factor in all the uncertainties. I don't think Apple, Amazon, Uber, or Flipkart ever knew if they would get this far. One only starts with a solution to a problem they see at hand and cannot

possibly have the vision to know if it is a universal problem. Some of the questions that play on one's mind as an entrepreneur are: Is the market big enough for my product? Will I be able to capture the entire market with my product? How will the market change with our presence? For instance, 10,000 people may face a particular problem and it may sound big to an individual, but it may still not be a big enough market. Similarly, market needs change constantly. For example, when we started TaxiForSure, people used cabs once or twice a month, but nowadays people use taxis five-six times a day.

Given the uncertainties, therefore, the more one is in touch with their vendors, partners, and customers, the more gaps they can fulfill. The basic premise is to go with the times and stay informed. Data speaks volumes and gives insights that can be leveraged to improvise, and over a period of time you will see that you had a pack of dominoes that are eventually falling into place. This happens mostly in hindsight. As Steve Jobs said, "You can't connect the dots looking forward; you can only connect them looking backwards. So, you have to trust that the dots will somehow connect in your future."

Realising the Vision

There is much cause to celebrate and yet be mindful of all that is left to achieve given the potential of the Indian startup ecosystem. We are still in the race to get our first US$100 billion firm, whereas the US, China, and the LATAM (Latin America) regions have their share of these. In my view, for the startup boom to continue in India, entrepreneurs ought to chase opportunities that are uniquely Indian in their context, given the talent pool that could translate into effective teams, availability of funds, and governmental support, both from the centre and states.

Certain industries that show immense promise are fintech, whether it is related to neo banks, payments or lending, along with edtech and healthcare sectors thanks to the tailwinds during Covid-19, and SaaS firms with the underlying philosophy of building for the world from India.

To conclude, as entrepreneurs we ought to remember a few things:

• As founders, we have the pulse/depth of the market while the investors have the

breadth, and depth always supersedes the breadth. It is good to learn from their experience but equally important to say 'no' when you know best about what you are doing, even in the face of conflicts.

• Strike a balance and learn to let go. As the company grows larger, so do responsibilities of setting the culture, building a reliable team, and dealing with the board and investors.

• Stay agile. Nobody gets it right the first time, but the right processes, systems, and teams go a long way.

• There is no evaluation criteria to determine the timing for when to persevere, pivot or put an end-date to what one has built. But as a founder, you will always know the health of the startup. Exits aren't always easy because gradually, the startup becomes your identity. And when that identity shifts, it is hard to come to terms with it.

• View this as a journey towards self-discovery and not a risk, irrespective of success or failure. This is because learnings along the way are very real, helping one to work towards their motivations, aspirations, strengths, and challenges.

Raghunandan G is Founder and CEO of Zolve, and a notable entrepreneur and angel investor. Before Zolve, Raghu co-built taxi aggregator, TaxiForSure, which was sold to Ola Cabs in 2015 for US$200 million. Raghu frequently mentors aspiring entrepreneurs and has been an angel investor in over 70 startups following a successful exit, including Vedantu, Bounce, and Ninjacart. In 2014, Raghu was among Fortune India's "40 Under 40 Business Leaders" and has also been honoured with the "IIM-A Young Alumni Achiever Award".

Shankar Prasad

Founder and CEO,
Plum Goodness

Expert Speak

Beauty and the Brand: Achieving Differentiation in the Clean Beauty Segment

Over the years, clean beauty has evolved to be much more than a buzzword. Consumers today are conscious about the quality, sourcing, and 'cleanness' of a beauty product when they consider purchasing it. In a market inundated with products claiming to be vegan, cruelty-free, and clean, upcoming brands struggle to make their mark and earn consumer trust as they scale up. Shankar Prasad, Founder of Plum Goodness, shares insights on how brands can differentiate their offerings, tackle the challenges of influencer marketing and omnichannel distribution, and live up to their reputation as leaders of clean, sustainable beauty.

About a decade ago, clean beauty was just another trend coming up in the beauty industry. Today, it is the heartbeat of the top players in the industry and is being adopted by more brands with each passing day. Clean beauty is a segment that has evolved over the years from products that meant all-natural, herbal and preservative-free, to ones that are cruelty-free, often vegan, kind to the environment, and use safe ingredients that are transparent to consumers. While the clean beauty market is booming, particularly the segment of skin care, pulling a market share of 28.5% as of 2020,[1] brands are facing novel challenges as they attempt to grow further. With new companies entering the market and flooding it with a variety of products at a furious pace, competition is at an all-time high as each brand vies against the other for their consumers' fleeting attention. Meanwhile, some brands are engaging in rampant greenwashing: falsely claiming to be sustainable, honest, toxin-free, green beauty. This is making consumers wary of putting their trust into brands, and earning this trust is proving to be difficult for the truly transparent brands that are genuine. How can brands prove their claims of cleanness, differentiate themselves from competitors, and overcome the challenges of finding the right distribution channel as the industry moves ahead?

Winning Over the Consumer

A major challenge I see brands in the clean beauty segment facing ahead is that of tangible differentiation, particularly in terms of product quality. It is not difficult for a brand to upgrade the quality of its products from average to good. However, it is that much more challenging to progress from an already high level of quality to an even higher level—from excellent to outstanding, one could say. This is a growing concern for brands to deal with; a product that is merely 'good' at what it does, is simply not good enough for today's consumers who have many options to choose from.

> In terms of sourcing, formulating, and delivering the product, the minute difference between 'doing it well' and 'doing it perfectly' is the gap brands must try to fill.

[1]Brand Essence, 2022. Clean Beauty Market Size Share Companies & Trends Analysis Report By Product Type (Hair Care, Face Products, Skin Care, Hair Care, Oral Care, Makeup, Wrinkle Care Products), By Distribution Channel (Online Sale, Retail Sale), Based On Region And Segment Forecasts 2022 – 2028. Retrieved from https://brandessenceresearch.com/consumer-goods/clean-beauty-market-size

Today, having a strong digital presence and advertising have become integral to the marketing efforts of any brand. However, catchy advertisements and highly visible posts on social media cannot always pique a consumer's interest. A study by Microsoft revealed that consumer attention span, standing at 12 seconds as of the year 2000, has declined to 8 seconds within two decades.[2] This means that brands today have only those few precious seconds to catch the consumer's eye, enough that they will at least visit the website for a browse. The difficulty does not end here. Social media is growing increasingly cluttered with more brands, and this is sometimes an overwhelming experience for the consumer, who might end up scrolling past an ad or a post made by a brand, simply because they do not have the time to spare. Brands cannot rely solely upon social media and ads then, to reach and retain consumers.

Age of Influencers: Transparency, Honesty, or the Lack Thereof

Consumers value transparency in clean beauty. They expect clean beauty brands to be open and honest in disclosing full ingredient lists, the precise composition of the products, practise ethical and sustainable sourcing, and production. Influencer culture comes in here—consumers feel that influencers can give them unbiased, honest reviews on products, that brands themselves cannot. A study showed that 60% marketers[3] had better results and engagement through influencer content as opposed to brand-created content, and that 82% of consumers[4] are likely to trust micro-influencer recommendations.
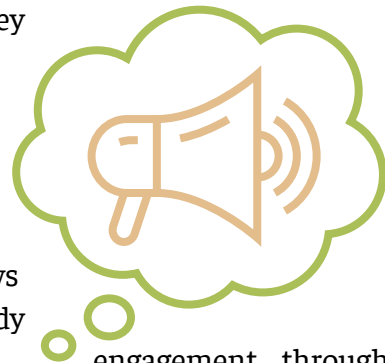
However, influencer reviews have become a double-edged sword for brands today. With the number of influencers in the beauty segment rising above thousands, it has become near-impossible for brands to filter through the crowd and find those whose values match theirs. Sadly, a few influencers are interested only in the money and/or freebies they can get from the brand, and consumers are

[2]Kirk, E., 2019. *The Attention Economy: Standing Out Among The Noise.* Retrieved from https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2022/03/23/the-attention-economy-standing-out-among-the-noise/?sh=163e042f7fda

[3]Influencer MarketingHub, 2022. Key Influencer Marketing Statistics You Need to Know for 2022. Retrieved from https://influencermarketinghub.com/influencer-marketing-statistics/

[4]Ibid

increasingly getting quicker at sensing this insincerity and detecting false reviews. All of this can be particularly damaging to genuine, honest, clean beauty brands; negative consumer perception boomerangs to reflect poorly on the brand in the end. Thus, in my experience, rather than rushing in to collaborate with any influencer they deem suitable right at the start, brands are better off proceeding slowly, working on marketing by themselves until they have gained some footing in the market. At Plum, we went one step ahead to safeguard our brand: once we take an influencer on board, a specialised team takes over to monitor and guide the content to be posted by the influencer, so there is no risk of false information or misleading statements being made, even inadvertently.

Proving your Mettle—Standing Out From the Crowd

With scores of competitors in the market, and each one doing their best to win the consumer's heart, it has become essential for brands to identify and work with their key elements of differentiation as they scale up. I believe there are three factors that every brand in the clean beauty segment must focus on, to truly stand out from others: presence, consistency, and people.

Presence: It is not simply digital presence or physical stores we are talking about—how the brand uses this presence is important. In terms of online presence, it is necessary for brands to use meaningful, growth-oriented listing across platforms and marketplaces to gain optimal visibility.

Consistency: When we speak of consistency, it is in the overall quality of delivering a delightful experience to the consumer. Whichever product the consumer picks should boast the same high quality as others from the brand, everything from packaging to shipping must be perfect.

People: The third component is people, the kinds of people a brand gets on board to join its team, and the effort, time, and resources it invests in these team members ultimately creates the brand from within. The way people work together to help the brand grow and to meet consumer expectations, defines the brand for its consumers as well.

Selecting the Right Distribution Channel: Does One Size Fit All?

In this day and age, omnichannel distribution might seem like a highly attractive prospect, particularly for D2C brands that run online stores and now want to enter the physical distribution channel as well. A significant segment of consumers still prefers to purchase beauty and wellness products offline from physical stores, so the appeal of offline distribution is understandable. Moreover, physical outlets offer elements the digital shopping experience cannot: a consumer who walks into a store can touch a product, feel its texture, smell its fragrance, and test its efficacy on the spot. These are small luxuries they would not have access to online. However, brands must exercise caution when pursuing new distribution channels. Physical distribution, in particular, can be very tricky for an already shaky, unestablished brand—the difference in scale of operations and logistics alone can present a mammoth challenge and will call for a distinct strategy. For brands just starting out, it is wiser to stick to the online retail channel. That is what we did with Plum—we made sure our online presence and our products across all categories were doing well enough before we targetted physical distribution across the country. For Plum, two main aspects of our approach towards consumers worked in our favour as we built our online presence: First, we tried to earn our consumers' trust by putting them first in an era when online beauty buying was still gaining ground. Second, we chose to position and differentiate Plum in a fresh, novel manner that consumers would resonate and relate with. Then, when we finally decided to venture into offline distribution, we made the decision based on some key considerations.

With respect to tying up with retailers, we had to consider how to fit Plum as a brand with the retailers in question.

> **Before approaching a retailer to stock and sell your products, it is important to gauge whether it will make sense for the retailer to stock the brand.**

For example, it might not make as much sense for a pharmacy chain to stock Plum products as it would for a Health & Glow. Trying to force fit the brand with the retailer would not work at all here.

On the other hand, when we thought of opening our own exclusive online stores, we had to take the following factors into account:

Unit economics of each store: Physical distribution is only viable if there is visible profitability in running each store or outlet. We had to ensure that the earnings we would get from our consumers (our customer lifetime value) through these stores would be enough to justify the cost we incurred in attracting the consumer in the first place (customer acquisition cost).

Having a good team on the ground: Perhaps the most important factor to consider here is the team that will be working for each store, or each region in which the stores are located. With a good team in place, every aspect from logistics to operations is bound to move smoothly, and the quality of self-sustenance for each outlet can be attained much faster.

Another smart strategy I have observed in the digital channel—we have used this with Plum as well—is to leverage the marketing funnel. Brands are starting to understand that the funnel is non-linear and the consumer's journey through it, from finding out about the brand to the final purchase decision, is long and nuanced. Tailoring every step of the funnel to match whichever part of the journey the consumer is at, and doing this across every product in every category, is quite complex, but it is something every brand must learn. Having the right level of aspiration is crucial for brands as they select the appropriate distribution channel: how much do they aim to scale up in the foreseeable future? How much of what they are planning can they execute?

A Growing Space: The Future of the Clean Beauty Market

The clean beauty market is filling up fast—that much is for certain. Every other day, one brand or the other is launching a new product; from shampoos to serums, the offerings are vast and rising in number swiftly. This might appear daunting for new brands just entering the market: how will consumers filter past so many other brands and products to find and purchase theirs? However, brands can benefit from this situation in the near future. Increasingly, consumers will prefer trying out different brands across all categories of products rather than sticking to one particular brand. I posit three factors that are responsible for this choice.

Rise in Consumer Awareness: Today, consumers are aware of the many product categories and varieties available in the market, and that they have the freedom to try out different products before settling on the ones they like best.

Rise in Disposable Income: Rising income levels of consumers support these purchase decisions, since consumers now have more money to spare on what might otherwise have been considered luxury expenses.

Growing aspirations: Meanwhile, growth in consumer aspirations for a better quality of living is the combined outcome of rising awareness and income: consumers are no longer content to settle for average products, and nor do they have to.

There is clearly enough space in the market for new brands to enter and for existing brands to grow. Further, the products in this market are largely fast-moving, with consumers repurchasing in most categories every six to eight weeks, as per my observations. The combination of these factors will give every brand a chance to get the consumers' attention at least once. Retaining that attention, however, is a separate challenge, one that is not as simple to tackle. Here, it is finally the inherent quality of the product that would play a role in building consumer loyalty.

Parting Thoughts

While all the above factors do provide ample opportunity for brands to capture the interest of their target consumers, they do not guarantee the consumer's return to the brand. That onus lies on the brands alone, to build up their reputation over time and prove their worth to the consumer. It is crucial for brands to focus on the 'cleanness' aspect, not just through its products, but through its treatment of its consumers as well. For a consumer, a brand is only as good as its word. If that word is broken, and the brand fails to stand by what it had promised, it may very well lose the consumer for good.

Shankar Prasad *has over 25 years of experience across consumer goods, consulting, and financial services. He launched Plum Goodness, a values-based, science-driven clean beauty company in India in 2014. Shankar has served as Management Consultant at McKinsey & Company for two years and subsequently as Executive Director, Operations at Everstone Capital, a leading India-focussed growth-stage PE fund. A gold medalist, Shankar has an MBA from the Indian School of Business, Hyderabad and is a chemical engineer from IIT Bombay.*

Uma Ganesh
Co-founder and Trustee,
GTT Foundation

Expert Speak

Adopting Digital Proficiency to Shape Women Entrepreneurs of the Future

The economic significance of microenterprises as one of the major contributors to generating income and promoting self-sufficiency is undebatable. However, despite myriad government schemes and individual efforts, how are women-led microenterprises currently positioned? How can skill development be enhanced at the micro level, building economically viable livelihoods for women and increase their employability? Uma Ganesh, Co-founder and Trustee, GTT Foundation, delves into the benefits, challenges, and solutions for setting up digitally proficient, women-centric microenterprises.

Given our country's demographic dividend, India is uniquely positioned to harness the power of its relatively younger workforce through job-creation initiatives, thereby contributing to its economic progress. However, with 92% of its participating labour-force in the informal sector,[1] several inter-related ideas emerge. This is where microenterprises[2] come into the picture. As a backbone of any developing economy, they foster local economies by keeping money close to home and serve as a tool to enhance equity and social stability in communities. Given their diverse skill set, the potential of microentrepreneurs can truly come to the fore through the right guidance, resources, and skill development.

We often speak of how involving women, more specifically rural women, in the economic mainstream may have a significant impact on the overall economy with an increase in the country's GDP and the household income of these families. But what are the ways in which this could be implemented and sustained at a national level? Could microenterprises, comprising clusters of women, be self-sufficient in terms of running their business and is there a market for them? The educated urban segment of women is perhaps in a relatively better place with access to information and the wherewithal to network because of the existing ecosystem that is already in place. But if we were to look at women from humble backgrounds, they are the ones in dire need of economic support and sustainable livelihoods. Tapping into this potential then becomes the starting point for women-led microenterprises.

A Step in the Right Direction

The Indian government has played a pivotal role in collectivisation of women groups. It was in the 70s when Self-Help Groups (SHGs)[3] started gaining momentum, and today we have over 72 million women comprising nearly 6.6 million SHGs.[4] Initially when the

[1]Punia, K. (March 12, 2020). *Future of unemployment and the informal sector of India.* Observer Research Foundation (ORF). Retrieved from https://www.orfonline.org/expert-speak/future-of-unemployment-and-the-informal-sector-of-india-63190/

[2]A microenterprise or a microbusiness, refers to a small business that usually operates with fewer than 10 people and is started with a small amount of capital advanced from a bank or another organisation.

[3]An SHG comprises a small group of local women who come together to address common issues and act as important micro-finance systems. They become platforms that promote solidarity on issues of health, nutrition, gender parity, and gender justice.

[4]Khaitan, S. (2020, October 25). *Women's self-help groups in rural India have pushed past obstacles and boosted household incomes.* IndiaSpend.com. Retrieved from https://scroll.in/article/976368/womens-self-help-groups-in-rural-india-have-pushed-past-obstacles-and-boosted-household-incomes

SHGs were set up, each one had to be supported at the district level by the government and even banks found it difficult to lend them credit due to the challenges associated with their remote location, repaying capacity, etc. Soon after, the concept of federated SHGs, combining 10-15 SHGs of similar cultural and social ethos came as a boon and helped in integrating them. Today, we have approximately 1.6 lakh federated SHGs.

Most recently, the government has also come up with an ambitious plan of empowering 25 million women affiliated to SHGs in rural India, to earn ₹100,000 per annum on an average in the next two years.[5] It is a tall order to implement if one is to think of educating this huge number with the basics of it all within a short span of two years. With all these structures, schemes, and initiatives in place, one would think about how best these can be utilised for benefitting the women folk. In my view, that will happen only with the infusion of technology. At GTTF, we aim to look at digital models which are scalable and replicable.

Skill Development via Fostering a Digital Mindset

In our attempt to upskill them, we have partnered with SHGs in Maharashtra and Gujarat to work with women from tribal areas and other minority communities from the socially disadvantaged groups. With a simple yet crucial aim of improving day-to-day lives of these communities, we have set up digital literacy centres, empowering our participants on four key components – ability to search for information, ability to utilise e-services, ability to undertake cashless transactions, and ability to use social media. Piloting in these two states has given us an opportunity to closely understand the neighbourhood and the terrain, besides giving us a glimpse of the requirements these women have.

> **Even before entering the domains of customer and market discovery, we realised that these women needed to be digitally proficient.**

[5]PTI. (October 30, 2021). *Centre launches initiative for women associated with SHGs to earn Rs 1 lakh per year.* The Economic Times. Retrieved from https://economictimes.indiatimes.com/news/india/centre-launches-initiative-for-women-associated-with-shgs-to-earn-rs-1-lakh-per-year/articleshow/87396498.cms

So, that has become the primary basis for training these beneficiaries. Thereafter, when it comes to choosing a domain, we consciously look at areas that they are already somewhat familiar with, rather than a completely new arena, so it is easier to nurture their strengths and add additional layers in terms of capabilities, informational support, etc. As most were in the age group of 20-40 years, we realised that enterprises related to food, embroidery, sewing, or handicrafts came naturally to them.

It is evident that with the proliferation of smart phones, it has become easier to market oneself, but these women, who in many cases did not have their personal devices, had to be taught the nuances of communication. Gradually, they came to appreciate the benefits and scope of the online medium in all its totality. For instance, they learned that WhatsApp could be leveraged as a sales tool, where you can share pictures of your product with cryptic/catchy descriptions to secure more customers. Apart from using voice notes, some of them also started making their own informal videos promoting their products, as they understood the powerful effect of visuals over voice calls or texts. Learning the nuances of viral marketing and social media, and understanding how one had to be mindful of both the information and frequency of dissemination while promoting their products, they began securing repeat orders. It was a phenomenal eye-opener as they began to apply for government schemes online and learnt to negotiate for raw materials, keeping costs low and ensuring profit.

Digital literacy and strengthening the capabilities of these women by mapping individual competencies, building agency, and offering customised support, thus emerged as our focus areas at GTTF. While we worked on mentoring them in market-relevant skills, an understanding of whether these women possess the entrepreneurial zeal, requisite skillset, motivation, and capabilities has also stayed critical.

Overcoming Challenges Through Digital Proficiency

In our experience, we have seen that when one is trying to create transformative models, proximity, familiarity with the local culture, and relationship building are extremely important, particularly in the initial phase. Partnering with like-minded local organisations and SHGs in their mission of building sustainable

livelihoods through economic activity helps enhance impact. Two major challenges faced by microenterprises, in my opinion, are:

Access to capital: Surprisingly enough, despite availing finance, a significant number of women end up returning the funds or do not actually use them for the purpose of production/creating an enterprise. In some cases, the SHGs become a front for male members of the households to receive the money for their own requirements, be it business needs or familial commitments. Despite the underlying complexities, some of the federated SHGs have fortunately been able to channelise these funds towards productive economic activities, enabling microbusinesses to earn and return the borrowed capital. We realised that digital learning further made this access to capital easier. For instance: Being digitally savvy, people were now able to access government schemes online and avail quick loans, helping families move away from seeking informal credit through moneylenders at high interest rates.

Understanding the market landscape: In terms of building the ecosystem, it is essential to recognise that most of these women are unaware of their customer base and hence, unable to tap into it. They may not even have the ways and means to go and market themselves beyond the immediate periphery of their towns. So, the typical definition of an entrepreneur (as someone who can discover an opportunity and find the customers to go sell their products) needs to be redefined for these women. At GTTF, we appreciate the fact that in the early stages, it is more to do with confidence building, understanding the market need, and bringing that market close to them. Through our platform, WeChimni,[6] we aim to build a complete ecosystem for women, whereby they are able to reach customers and other stakeholders faster in order to generate business for sustainable livelihoods.

In Conclusion

It is important to remember that microenterprises thrive on customer intimacy. Over a period of time, one indeed sees two to four women champions from within

[6]WeChimni- A platform showcasing a collection of sustainable, upcycled and recycled products at affordable prices. For more info, access https://wechimni.org/#/

the SHGs who liaise with the corporators and become the primary source of orders. But getting to that stage is time-intensive and online models have proven to be more effective, generating faster results in this sphere, as shared earlier. The underlying idea is to create a digitally integrated ecosystem in parallel for long-term sustainability, where these microentrepreneurs are able to garner their customers and customers are able to discover them.

> " This visibility of stakeholders within microenterprises is crucial to foster a mutually collaborative ecosystem where people rely on one another. Discovering what one is good at early on and supporting each other through complementary skills helps in strengthening the group, much like in a startup.

Uma Ganesh is Co-founder and Trustee of Global Talent Track (GTT) Foundation, a social enterprise focussed on skill development via digital interventions. Over the last 20 years, Uma has worked on education and tech-driven skilling, enabling women to own and grow microenterprises as means of sustainable livelihoods. Uma has been a recipient of several awards in recognition of her contribution in this area, and has also co-founded digital ventures like Skills Alpha, 5F World, Centre for AI and Advanced Analytics, and Kalzoom Advisors. She holds an MBA from FMS, New Delhi and a PhD from IIT Bombay.

From Founding to Funding: Find your Pitch

Priya Mohan

Investor, Venture Highway

The startup landscape is growing faster than ever. Given this, there is just enough headroom for founders to pitch right, based on their requirements and the scope of their business, and for funders to seek the answers they are looking for before calling it a deal. Founder turned investor, Priya Mohan of Venture Highway, provides you with her viewpoint from both ends of the negotiation table. In this podcast, she takes you on the entrepreneurial journey of moving a venture from "0" to "1" and shares tips on how to overcome the challenges on the way.

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Priya Mohan is a founder turned venture capitalist and is an integral part of the leadership team at Venture Highway. She co-founded Vidyartha, an edtech platform in 2012, before successfully exiting to Byju's—an Indian edtech decacorn. Prior to Vidyartha, Priya spent nine years working as an investment banker and equity research analyst. A chartered accountant and a management graduate from the Indian School of Business (ISB), Priya serves as a valued board member for multiple Venture Highway portfolio companies.