

# The Anatomy of Rebuilding & Recovery

A CEO LOUNGE INITIATIVE

## Thinkers Inside the Box

Intrapreneurship & ideas FYI (for your innovation)

*In conversation with*



**Dev Amritesh**

Managing Director – India,  
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# Thinkers Inside the Box



*Innovation culture is an abstract, yet one of the most sought-after traits in organisational behaviour for business leaders across industries. Approaching problems with curiosity and a drive to seek solutions, synonymous with entrepreneurship, has therefore turned into an enticing quality. As organisations recognise the need to innovate with agility to remain relevant and stay competitive, corporates are looking at ‘intrapreneurship’ – entrepreneurial behaviour and culture within the organisation as the sweet spot for innovation. In this offering from CEO Lounge, three thought leaders come together to understand the facilitators and fences behind the idea of intrapreneurship.*

Words by **Divya Sista**

**T**he need to consistently ideate, innovate and move to the next challenge is an organic process to draw social and economic value from knowledge, making innovation crucial to humanity as a whole. Organisations need profits, returns and processes to stay afloat, creating a ‘Catch22’ between the dynamic demands of disruptive innovation and an inherent tendency to maintain the status quo. This struggle often tips in innovation’s favour, as organisational Darwinism suggests that organisations must pivot or perish and must innovate to adapt, adopt and stay agile.

## THE VALUE OF AN IDEA — INDIVIDUAL VS INNOVATION

An intrapreneur is someone who has the best of both worlds — resources, capabilities and access to the corporate to put her grand ideas into action and yet stay flexible to keep them out of the company’s usual protocols and processes. Despite the term being around since the 1980s, the idea of the intrapreneur is still shrouded in organisational mystery. To find the intrapreneur, we must first look at the idea of innovation and who contributes to innovation — is it the individual responsible for the idea, or the ecosystem that nurtured the individual?

“A vast majority of innovations, successful trends have been brought in by individuals, not large organisations, or an individual in large organisations. Considering it from a rationality angle, this should not be the case, right? When it comes to innovation, in an organisations-versus-individuals game, organisations score high on paper with their access to market, policy and finances. But we are surrounded by self-made entrepreneurs, whose breakthrough ideas emerged from a dorm room or a garage. Individuals innovate and organisations pick up

those ideas and provide them with scale, sustainability and affordability. A question worth pondering though is, whether organisations can learn from individuals? Or should organisations buy and bring in individuals who can innovate and think like entrepreneurs on their behalf? Is intrapreneurship truly the idea?” questions Dev Amritesh, Managing Director – India, Compass Group.

A quick look at any innovation matrix shows us that innovation itself dons several roles — from being disruptive, to breakthrough research or fostering sustainability.

“The innovation ecosystem is a mixed bag, with players of all sizes and forms that depend on various factors. If you look at the tech world, most of it is entrepreneurial, whereas in the FMCG sector everything is moved by corporate players. Innovation is a function of what industry you operate in, what you research and the state of evolution of the industry itself. Innovation on a large scale or a corporate that consistently delivers innovation in products or services has achieved innovation sustainability. Something needs to be sparked by an entrepreneur but it is the intrapreneur



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*“Something needs to be sparked by an entrepreneur but it is the intrapreneur who takes it to the next level. The organisation is always bigger than the individual. The idea could be that of an individual which the organisation nurtures and build upon”*

**Marzin R Shroff**  
MD & CEO, Eureka Forbes

who takes it to the next level. The organisation is always bigger than the individual. We may not know the individual by name when it comes to inventions and innovations like the Samsung folding phone or the iconic design of Apple AirPods. The idea behind the innovation could be that of an individual which the organisation nurtures and build upon,” observes Marzin R Shroff, MD & CEO, Eureka Forbes.

### THE PHOENIX FARM — CELEBRATING FAILURES

A key ask from the leadership today is largely about creating organisations that establish an innovation culture, stimulate ideas and push employees to experiment. Ushering in the entrepreneur and fostering a startup mindset could be a winning way for reasons beyond faster decision-making, agility and faster speed-to-market rates.

“The biggest challenge in an organisation for idea generators is hierarchy. Whether the ideation process is top-driven, like that at Tesla or Apple,

or bottom-driven, there are simply too many filters between the idea and its fruition stage. This does not happen in startups. Another challenge you face in the corporate sector, irrespective of the industry, is the penalty of risk. Every office has links to a business plan and budgets, EBITDA, linkages to volumes and market shares, whereas in a startup there is no penalty for taking a risk. Innovation takes a hit in corporates because everyone wants to return money to stakeholders, post profits. What we truly need is to give teams the freedom to function as a CEO, create smaller companies within the company, and limit the level of hierarchy. Give them autonomy over processes and decision making — no monitoring of profits and progress, but monitoring of disruption and ideas. We need to change our perspective,” offers Nitin Seth, CEO - New Mobility, Reliance Industries.

The intent is to design the innovation engine of the organisation, which delivers not through profits and numbers on the balance sheet but through the value that lies in continuous innovation.

"Think of the company like a private equity concern where people do their own thing. They will be accountable at some level but give them the space to do things. The central proposition is to support not control. But can there be real authority without the consequences of authority? We should be careful not to warrant a free fall in the name of untethered innovation. After all, numbers do matter and these have a severe implication on organisation design and function," observes Amritesh.

As much as the startup drive, ideation and appetite for risk are glorified, it is also a fact that the failure rate of startups in the first year of conception is close to 90 per cent. The very premise of the risk-reward approach is that — the higher the risk, mightier the fall or in case it succeeds, the reward.

"Failure should not be taken as a measure for the bonus. Failure should be encouraged or even celebrated because until you fail, you won't innovate. The failure rate of startups is high but the ones that succeed are game-changers. The idea is to not give a freefall but a runway, where you do not have to worry about failure because that is where ideas take off," explains Seth.

## BUILDING A NEURAL NETWORK OF IDEAS

Research shows<sup>1</sup> that for innovation to exist in an organisation at a continuous, consistent and sustained pace, irrespective of its size, there has to be a measured approach to innovation. Another aspect of the entrepreneurial-startup mindset is the use of innovation as a tool to drive success. This explains in part, an increase in the hiring of chief innovation officers by corporates across the globe<sup>2</sup>.

"It is very difficult in a large setup to be able to do something outside the box — something that innovation demands unless you pull it out and put it in something like an incubation box. It cannot be done within the walls of the organisational framework of a quarterly target. You need to design your organisation to accommodate innovation," remarks Shroff.

Innovation has to be an institutionalised, organisation-wide exercise supported by a multidimensional framework — where ideas flow from anywhere and everywhere, like a neural network.

"Intrapreneurship could be the renewed flavour of the season. But we



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**Nitin Seth**

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**Dev Amritesh**

should not approach it as a trend; rather our focus should be centred on the ideation process. Maybe we can break up our 'mothership' into ten parts and keep investing in new ideas. Maybe it is time we start thinking on different terms — look at the organisation through the lens of opportunity, not as an entity that is bound by processes that flex its imperial muscle," ponders Amritesh.

When it comes to market leadership, stock value and investments, the management needs to strike a balance between business context, product-service-process innovation and balance sheet growth. Often, these elements take shape in different ways to create their version of institutionalised innovation.

"Whether you use the term profit centre, vertical, or SBU (special business unit) — a lot of companies are already doing it. In our case, we use channels — where we have retail, e-commerce, direct sales, and service guys — all competing with each other. A startup mindset comes in when you are challenging the core business. The idea should be so disruptive that it prompts creating an entirely new line. Post Covid-19, the concept of a monolithic organisation is

already dead. Agility, nimbleness and adaptability are key," says Shroff.

Does a clear demarcation between the new ideas that spark within the organisation guarantee breakthrough innovation become the larger question on hand? Seth offers a different perspective on the business models being a driver of innovation.

"Even within the vertical or business unit there are committees to approve and some form of hierarchal aspects," he says.

Citing the example of the combustion engine two-wheeler market, where five players hold the lion's share of 92 per cent, he points out that none of them features in the top 50 players in the electronic two-wheeler market. As the world moves toward EVs, these giants seemed to have missed the bus.

"Notice that the market share is getting divided — swift and in no time. These are agile, young players looking at consumers from a different point of view. They don't want to get bogged down by big organisation culture. So, our response should also be on the lines of support without the imposition of rules and day-to-day roundups," Seth adds.

## INFINITE INNOVATION — FINDING THE INTRAPRENEUR

The individual is important. They are sparks that could propel the innovation engine. That said, they can neither be siloed nor isolated. Identifying the intrapreneur, giving them room to propel and more importantly not limiting them to any idea that did not take off — sounds like the formula for game-changing innovation.

“The world is changing so fast that is hard to keep a tab. There is so much entrepreneurial energy and access to venture capital and equity, that larger organisations need to come to speed. We need a deeper response to hierarchy and structure. What we are looking at is beyond the creation of verticals, where more functional structures are created and organisations become entities offering horizontal support,” observes Amritesh.

Scouting for these individuals is also a process organisations must pay keen attention to.

“You look for attitude along with competency. Even if you don’t have 100

per cent competency it is fine. Attitude takes precedence. Big companies look for people who fit the role like a glove. But you are missing out on the person who takes on a challenge head along and thinks outside the box. That is your person. Don’t grade him in an appraisal. It is not encouraging that the innovation fund in most companies is allocated from what is leftover. It is not charity. We need to build a culture around innovation,” asserts Seth.

Innovation is not a single event. It must be acknowledged and recognised as a permanent business function, which is no different from marketing, digital or accounting functions. If we want to build companies that consistently innovate, the process of research, creativity, ideation, incubation and scaling must be nurtured. Innovation is selling the solution and not a product or a service.

It is a step up from the growth mindset — it is an open mind that learns from failure, maximises what you already have within the organisation — encouraging intrapreneurship, and focuses on building ideas.

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**Marzin R Shroff**

## TAKEAWAYS

- 1 **The open innovation approach: Innovation comes in different avatars. It is disruptive, game changing or breakthrough research.**
- 2 **Break the chain: Disruptive innovation requires new business models; don’t be bogged down by hierarchy and processes.**
- 3 **Explore from within: Look for people in your organisation who have the entrepreneurial mindset and encourage them.**
- 4 **Innovate the core: Focus on building ideas; create employee appraisal systems that don’t rate them on performance alone.**



1 <https://www.sup.org/book/title?id=26674>

2 Accenture survey – <https://www.accenture.com/us-en/insight-innovation-survey-clear-vision-cloudy-execution>

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