

CONSUMER LIFE



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Innovation must be driven by consumers

INNOVATION is always a hot topic. There are legions of books, articles, speakers, consultants, awards and more—all focused on innovation. But in the midst of all this noise, I think it's important to begin with the most basic question: Why does Innovation really matter?

Innovation matters for two fundamental reasons: First, innovation is the key to improving quality of life for people in every part of the world. We face enormous challenges today—as individual companies and institutions, but also as nations, as societies and as a planet. I believe most, if not all of these, challenges can be highly responsive to innovation.

Second, innovation is the primary driver of business, financial and economic growth. I don't know of a company or a country that has prospered and grown over the long term that has not also been an innovation leader.

This is why we look to consumers for inspiration for innovation. It is my firm belief that innovation MUST be consumer driven and it must be managed as a social process. At the end of the day, innovation is a human activity. On one hand, innovation benefits human beings and ideally it should be inspired by and focused against their needs and aspirations. At the same time, innovation requires human creativity and human collaboration. It should not be managed as a mechanical process, but rather as a flexible social process that very deliberately enables creativity and connections and collaboration. Innovation inspired by consumer needs can be a powerful transformational experience—making the world a better place. And that is what we like to believe we are about: Touching Lives and Improving Life.

Keeping this in mind, I have come to believe in four core principles of innovation.

Social Responsibility Sparks Innovation—the social challenges that we face today as a planet is perhaps the strongest driver of innovation. These challenges, daunting as they are, are also hugely inspirational.

Innovation Requires A Global View Of Scale - We must understand that today we live in a world where there are as many similarities as there are differences. A person in rural China or India may have more in common with rural Mexico or Brazil than with urban China/India. Similarly, Mumbai or Shanghai has more in common with NYC than with the rest of the country.

Collaborating For Open Innovation - The idea is simple and it's an idea whose time has come. If innovation is a social process then it needs to be managed as such. We need to get out of our silos of company research labs and connect with the world's most inspired minds to develop solutions that improve consumer's lives. Why does P&G open up its innovation process? We have a great R&D organization - P&G employs more PhDs than MIT, Harvard and Stanford put together - but we also realize that for every P&G technologist and R&D manager there are at least 200 people on the outside of P&G who also have great ideas and likely have solutions, even better solutions than we can identify ourselves, to our technical challenges. These external creative people also have great product ideas which could benefit from the scale and global reach that P&G can bring to the party. At P&G, we've learned to look broadly across a broad range of partners across Manufacturers, Academia, Suppliers, Competitors and others. In India for example we work with the Indian Institutes of Management as well as the Council of Scientific and Industrial Research.

Go Beyond Product Innovation - To really tap into the power of innovation to touch and improve lives, we need to define innovation broadly across multiple dimensions. Even as we make breakthrough products, we need to invent new packaging, new materials, new ways of communicating, of doing business, of managing people and even invent new ways innovating.

I believe if these principles became integral to how companies approach innovation we will have innovation that responds to human need.

As a company, P&G is committed to touch and improve the lives of more consumers in more parts of the world more completely, now and for generations to come. And Sustainable growth is possible when innovation integrates with ethical business practices and care for the environment. Organizations and governments need to leverage emerging technologies and collaborate with stakeholder communities across geographies to co-create value to make everyday life a little better now and in the future.

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CAT glitches: Some observations

THE youngsters thwarted by technical and viral glitches at the computer terminals of the online CAT (or Common Admission Test), and even their parents, deserve our deepest sympathy. The anxiety, trauma, uncertainty and concerns faced by such students are real indeed and what is unfortunate is that nothing that IIMs do now can quite undo the damage suffered by those students. But, do the glitches faced by the world's largest show of on-line testing ever, tell adversely on the integrity, credibility, fairness and reliability of the IIMs' entrance test process, as has been made out in several sections of the press? One must disagree.

Consider some of the following statistics. The on-line CAT involves testing nearly 250,000 students over a ten-day period, spread across 32 cities, 104 locations and 361 labs. The famed on-line Graduate Management Aptitude Test (GMAT) held internationally, comes nowhere near the on-line CAT on any of these parameters. For example, in GMAT, there would barely be a dozen-odd candidates in any given lab or even a city, taking the test on a given day.

So why did IIMs attempt a transition from a well-oiled physical paper-and-pencil test to an on-line one in the first place? Clearly, if the number of students taking the CAT were to go on increasing at the present rate, very soon conducting such a test manually would have been nearly impossible. The transition simply had to be made. Now was perhaps better than later, when the numbers would only be larger still.

What is more, the basic task of printing the mammoth number of test papers typically involves several faculty members spending a couple of weeks non-stop — yes, they cannot leave the premises — at a high security printing press, ensuring that the integrity of the process remains protected. It is because IIMs hold the integrity of CAT absolutely sacrosanct that the process has almost never been compromised over the decades, save once, when coincidentally, IIMs were engaged in a bitter fight with the then govern-

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ment, and a leak was reported from the government press. But, year after year, to subject a select group of faculty to undergo such hardship and shoulder such an onerous task, not only seems seriously unfair to those faculty members, but also a highly risky proposition to the institution of CAT.

Few major initiatives are without some initial hiccups. When Terminal 5 opened in Heathrow, there were initial setbacks. Our on-line voting system wasn't without its share of initial glitches either. Of course, hind-sight always has a 20/20 vision and we can now recount a host of things the IIM Admission team could or should have done or not done. But IIMs couldn't have built their credibility over the years without possessing the competence required to do all the homework required for the transition.

Nor have their post-glitch efforts been found wanting. The percentage of total affected labs has steadily gone down from 13% on the opening day (November 28, 2009) to

0.8% on December 4, 2009. Also, while candidates may complain of slow downloading of questions, few may be aware that the system does not count the download time of the questions against them. What is more, the system captures the entire proceedings of the tests in all the labs on videos, adding up to nearly 14,500 hours of footage. This should enable the administrators to precisely pinpoint the problem terminals and address the issue to ensure that not a single student suffers, or gets unfair advantage, on account of the technical glitches. But even if it should prove impossible, IIMs are bound to do whatever it takes to address the challenge to the integrity of their system.

The experience suggests that perhaps IIMs should think of conducting their CAT along the lines of GMAT — spread out through the entire year, rather than concentrate the test in a span of ten days. This is because in the Indian environment, the maintenance standards of hardware of the many far-flung institutions operating the labs are hardly uniform. The problems inherent in quarantining the local area networks may be many. Superimpose upon these challenges, the sheer size of population taking the test, perhaps what the IIMs have attempted is inherently impossible. Perhaps the CAT questions should be randomly drawn from a much larger bank of questions, which IIMs have no doubt built up over the decades. If CAT is to be a reliable test, and if IIMs are to go international in due course, with some additional work, there is no reason why CAT cannot be made to work the same way as GMAT.

IIMs have established their credibility through decades of hard work. It is easy to trash it all in no time by creating a wrong perception in the minds of the people if we are not careful about how we react to the issue. Nothing ventured, nothing gained. The era of manual tests is over. IIMs are doing the right thing going online. Yes, they have hit some bumps. But let us not pillory them for their mistakes, but appreciate them for their initiative.

(The author was a professor at IIM-Ahmedabad)