

IIMA's 49th Annual Convocation: March 22, 2014

Address by Shri Anand Mahindra, Chairman and Managing Director, Mahindra & Mahindra

The graduating class of 2014 and their families; Mr. A.M.Naik, Chairman, Board of Governors; Members of the faculty; Ladies and Gentlemen.

It is almost customary for convocation speakers to terrify their audience by telling them that they are about to begin their lives. If I used that cliché with you, it would sound patently unfair, wouldn't it? I would imagine that all of you probably feel as if a good portion of your life has already been well earned and well spent!

The very fact that you were admitted to IIM Ahmedabad means that you have been running the race of life for quite a while now. You probably studied diligently throughout school, worked even harder in college, engaged in a diverse set of extracurricular pursuits, worked strenuously to achieve high scores in the entrance tests, and finally adopted a backbreaking pace just to make it through the last two years and qualify to wear those robes. The world lies at your feet today.

So let me confirm that you are not fledgling, inexperienced birds about to fly out of the nest and you need not be intimidated by this supposedly imminent and momentous commencement of your lives.

There is however, a very different danger you face. The danger that 40 years from now you will be reflecting upon your life, and declaring to your friends that your days at IIM A were the best days of your life.

Now I am not refuting or challenging the fact that you might have thoroughly enjoyed your stint here. What I wish for you is that things only get better from here onwards. And I want you to hit the ground running and have as few wasted moments as is humanly possible.

I have found that the days that I see now as wasted days of my life were those when I didn't take an acceptable risk that I could have conceivably taken, when I didn't ask myself if there was a new and different way to do what I was doing, when I didn't set my sights as high as I possibly could have.

To give you an example, let me take you back more than two decades ago, when we formed a Joint Venture with Ford Motor to make passenger vehicles. Why did we do that? Well, because at that time, we had only just started making vehicles with hard tops, and were diffident about our capability to transition to the modern car-making world. We needed a mother ship in case our little spacecraft didn't survive out there.

Some years later during the tenure of that JV, when our homegrown Mahindra engineers came up with the concept of the Scorpio SUV, we dutifully sought our joint venture partner's advice and assistance. I will never forget the day we displayed the model of the Scorpio to the top brass of Ford, which had gathered at the tiny facility of a boutique engineering firm in the UK.

We showed them a crude clay model of the Scorpio and shared our development budget with them. They seemed impressed, and right away, the Vice Chairman of the company offered to depute a team of seasoned Ford engineers to assist us in the development of the vehicle. At that point, the Chairman interjected and said, "No, let's not send any engineers at all. If we do, this vehicle may come out looking like a Ford car, and costing just as much. If these guys can really develop this car they've just shown us at the cost they claim they can, then I think we are the ones who should be learning from them."

I owe Ford a debt of gratitude for leaving us to fend for ourselves. Because when I look back upon these events, I know that the choice Ford made put us solidly on the path of self-reliance. But I admit that I have often wondered, how things would have turned out had Ford made a different choice.

What if they had not abandoned us to do the Scorpio alone? It is obvious that we would not have built the capabilities we possess today.

So I have asked myself: why did I make that offer in the first place? What was the source of diffidence that made us ask for an alliance? Could we have been more audacious, and attempted the impossible right from the start? Why did it take such an enormous leap of faith for us to conceive of our own indigenously designed vehicle? Why did it take so long to believe in ourselves?

The conclusion I arrived at was that embedded in my generation's psyche was a fear of flying, a deep fear of failure; A character trait that is the mortal enemy of entrepreneurship. And even when we indulged in entrepreneurship, we tended to stay within our comfort zones. An example of this that I enjoy citing is that of a good friend of mine, an outstanding businessman who has grown his family business into a formidable footwear chain throughout India. One of the extensions to his business was a new high quality brand, conceived and created for a more upscale segment. A brand called Mochi.

It has performed extremely well here in India, but I recall a conversation with him when I asked him why he hadn't ventured abroad with that product, even as new and differentiated footwear brands were sprouting in the western world. I told him that I could easily envision Mochi selling on a high street in London. It didn't seem too outlandish an idea; frankly Mochi even sounded like a long-lost relative of Gucci! He was honest enough to admit to me that he just wasn't ready to take that risk....he was doing fine in India and the pond here was large enough.

I began pondering on why we were so timid, why we were afraid to compete in the toughest arenas? Why did some American college kids from my generation believe they could take on global heavyweights from out of their dorm rooms, while we believed we first needed to compete in the flyweight class?

Well I put myself on the couch, so to speak, and subjected myself to some amateur psychoanalysis, and I want to share one hypothesis that I came up with. It's a narrative I've shared before in other gatherings, and if any of you have heard it before, please accept my apologies. However, I never tire of retelling it...

It goes back to my high school days in a boarding school in the hill station of Ooty. The year was 1970 and my class was giving its final exam for the Indian Schools Certificate.

The exam was conducted in a large auditorium, with a stage upon which was placed a large iron safe. Just before the exam commenced, the headmaster, wearing black academic robes, looking like a character out of a Harry Potter movie, walked ceremoniously to the safe, opened it with the combination code in his possession, and extracted from it the question papers for that subject which had been despatched to India from the U.K! Those papers were then distributed to the students, along with blue books, and once our time was up, our blue answer books were collected and put into the safe, from where they were despatched back to the UK for correction! And this process applied to every subject taught to us except Indian languages.

Now I want you to imagine what subconscious messages were being transmitted to our young minds. The message was that even 25 years after Independence, we Indians were not competent enough to correct our own examination papers let alone set them. What subliminal effect do you think it would have had on me and my classmates? Could one have invented any better way to subtly discourage a group of young people from believing they could take on the mighty west?

I believe that this psychological legacy of colonialism was at least as pernicious as the memories of physical humiliation. Why on earth did we allow this residue to remain for so long? We were in a state of mind best summed up by this Urdu Sher:

*Ajab ye zindagi ki
Kaid hai har insaan
Rihayi maangta hai aur
Riha hone se darta hai*

Which essentially means that even though we long for our freedom, we are mortally afraid of being released.

But I must also tell you the amusing and gratifying sequel to this narrative. I first told this story at a gathering of Indians in Silicon Valley over 10 years ago. Some months after that event, I received a mail from one of the members of the audience, who said he couldn't resist sending me a copy of a news item he had read in a British newspaper. It seems that one of the three main UK examination boards—AQA—had reached an understanding with a private company in India to outsource the marking of 500,000 examination papers. The papers would be digitized and sent to India for marking and returning to the UK! I guess life does come full circle and some larger force up there possesses an ironic sense of humour!

Now I won't blame you if your reaction is that this story is simply an entertaining excuse, a personal rationalization for the timidity of my generation. Be that as it may, my submission to you is that your generation has no such excuses.

You all were schooled at a time when no subliminal signals of inferiority were sent out to you. To the contrary, you have been students during an era when India's star was on the ascendant. You grew up and studied at a time when the world's gaze was on India, and investors began flocking to it. A time when the world believed that India was pregnant with the potential to become an economic superpower. (It's another matter of course that we risk entering the Guinness book of records for the world's lengthiest pregnancy!)

There is nothing, therefore, that prevents all of you from aspiring, from the very start, to be world-beaters in all you do. You can dare to be different, dare to disturb the Universe.

You carry no mental shackles that impede you from creating businesses that will command the attention of the globe. Your objective must be to conquer the world, not just your neighbourhood.

At this point I would like to admit that I have an ulterior motive for sharing these stories, a not-so-hidden agenda. And that is to make you seize a future that is staring you in the face. I truly believe we are at the threshold of an Age of Entrepreneurship in India. And no, this is not something that will suffer a marathon pregnancy. My evidence is admittedly anecdotal, but I see clear signposts to a visible future.

Over the past two decades since liberalisation, a number of trends have begun converging and leading to a critical mass of the elements needed for a breakout in entrepreneurship.

First, of course, is the dramatic rise in the number of young people who have earned a good technical or business education. Second is the phenomenal rise in the value of our market capitalisation, which provides the incentive to these young people to stay on in India and look for the payoff right here at home. Since 2007, Indians have founded 8% of all technology and engineering startups in the US, and 14% of all Silicon Valley companies. Obviously we have entrepreneurship in our DNA. It's time to bring the show back home.

The third is the much awaited sprouting of venture capital firms and networks, which provide the necessary fuel for startups. Despite problems of exit, PE and VC investments grew by 46% in the first half of fiscal 2014 and organizations like the Indian Angel network are growing like a virus. The Indian Government only last week announced its plans to set up a \$1billion venture fund that would be seeded by Silicon Valley heroes of ethnic Indian origin.

Finally and most important, is the role of new technologies in generating a multiplicity of options for new business models.

Information technology spawned a generation of Indian businesses in the outsourcing arena during the nineties. But the internet and smart connectivity are generating new ventures to a degree that will dwarf that outsourcing boom. Internet penetration is finally gathering steam, and new and cheap smartphones will dramatically deepen that penetration.

In this arena, Indian startups don't suffer the disadvantages of the old generation of entrepreneurs for whom poor infrastructure was a major impediment.

Technology allows us to trump infrastructure. In fact, the lack of physical infrastructure itself provides entrepreneurial opportunities to provide virtual infrastructure. For example, impossible traffic conditions and congested cities will accelerate e-commerce in India. And poor recreational facilities only means that our dependence on 4G enabled entertainment in the palm of our hand will explode.

Unlike some of the closely held Industrial technologies of the past, today's technology already resides in India, and there is nothing to prevent a tiny team, say, in Bangalore from making the world its market.

It's no surprise then, that Facebook recently bought a small startup called Little Eye labs

in Bangalore, giving them an early payoff to their perspiration. This is just the beginning of a tidal wave of such buyouts, which will only serve to enhance the incentives for risk takers.

Technology is also being a wildly disruptive force in shaping industry structure. Facebook pays 19 billion for What's App, and makes giant telcos shiver because of their plan to offer free telephony. Technologies such as 3D printing and embedded intelligence are turbocharging traditional manufacturing and enhancing its competitiveness. Hence I see no reason why India can't lead the world in "intelligent" manufacturing and small factory startups could very well challenge the hegemony of older and larger manufacturing companies.

If the old competitive landscape could be compared to a placid river upon which giant barges had right of way, think of this new disruptive and unpredictable competitive environment as white water rapids, which are better suited to small and nimble kayaks that can manoeuvre between the shifting currents. Evolution is now favouring the small and the agile, and the old barriers to entry are fast eroding.

I say again, the age of entrepreneurship is upon us, and I urge you to embrace it. Not just because of the economic rewards that lie in store for you, but also because your innovation could provide the much needed answers to the many problems that still snap at our heels.

This country is crying out for better healthcare, education, nutrition, water and sanitation. Your creativity can provide opportunity for you to do well even as you do good.

This is not to downplay the virtues and the rewards of a more conventional career option. I compliment all of you who have landed plum jobs at blue-chip firms and consultancies and Investment banks. In fact, I sincerely hope at least one of you might have chosen my group to work with. But I worry that if a good number of you have not chosen to leverage this age of entrepreneurship, then who will?

If an IIM grad does not showcase the 'next big thing', then who will?

If one of you does not build a new age company that will command the admiration of the globe, then who will?

Yes, many of you who try to be entrepreneurs will fail. But the failure to try, the failure to take any risk is perhaps the greatest failure of all.

On the other hand, if you learn to celebrate the learnings that come from failure, then I guarantee you that success will eventually come, and that however enjoyable a time you've had in college and here at IIM, your best days will indeed lie ahead of you.

As you continue your journey, one thing you can count on, the rules of the game are going to change. Make sure you're the one changing them.

Good luck, and Godspeed.