

News monitored for: Dr. Reddys

GV PRASAD/DR REDDY'S LABORATORIES

'Jugaad' is not a good word in pharma

By CHARLES ASSISI
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GV. Prasad is co-chairman and chief executive officer (CEO) of Dr Reddy's Laboratories Ltd, India's largest pharmaceutical company by turnover. The firm he heads has over 16,000 employees across the world, and manufactures 190 medications and 60 drug ingredients, diagnostic kits and other biotechnology products.

Between 27-30 November, Prasad will be a resource leader along with Ratan Tata, chairman emeritus of Tata Sons Ltd; Ram Charan, acclaimed CEO coach; and Sadhguru Jaggi Vasudev, who built the Isha Foundation. At the foundation's campus in Coimbatore, between the four of them, they will lead a residential programme tailored for entrepreneurs called Insight: The DNA of success. The intended outcome is to explore what comprises the mind of an entrepreneur and how they go about seeking success. Edited excerpts from an interview with Prasad:

How would you describe yourself outside your role as an entrepreneur?

I am not deeply religious or spiritual. I am not drawn to any particular theology or guru. My biggest passion was the organization and how to take it to a level where it is recognized for its work in innovation, people practices and governance. These are three areas I think we want to be distinctive. Beyond that I am the average Joe.

As an entrepreneur, what have your learnings been over the years?

First, to build a business, you need the best talent. You cannot achieve extraordinary results without extraordinary people. You've got to surround yourself with great people.

Second, I believe if you do the right thing, success will follow. That includes doing the right thing for your stakeholders, customers and employees. You don't have to make trade-offs for any one person's sake. On the contrary, if you choose to pursue success in terms of financial numbers, you will fail. I have seen many entrepreneurs fail because they have not been holistic about what they do.

Third, every business must have a larger purpose. If you know what problem you are solving, you align all your strategies and resources to that problem.

In the Indian context, innovation and affordability have been a function of 'Jugaad', or that is what we have come to believe. What is your take on that, particularly in an industry that is as critical as yours?

In our industry, it is difficult to say 'Jugaad' will work. We are dealing with human beings, health, potent systems and hence quality becomes important. 'Jugaad' is not a good word in the pharmaceutical industry. It means "make do".

In our industry, the pursuit of excellence and the highest element of quality is very important. Look at recent problems people have had to face because of drug sterilization issues. You can't see how dangerous it can become if you don't have a mindset of absolutely high quality.

So what does it take to pursue affordability and innovation both at once? Are there some learnings you've had in the pursuit of both these objectives simultaneously? Are there learnings that can be exported?

Absolutely. Affordability is a platform. It does not mean we are looking at making things at the lowest cost. When we mean affordability, we think about competition and how will it be difficult for them to replicate it.

We think about scientific innovation. We innovate to make things more affordable, better and efficacious without allowing room for trade-offs. Sometimes if you look at the success stories of India, like that in the automotive industry, just rushing to affordability has not worked. People want better quality and a better product. You can't trade-off on these things. Innovation lies in doing both simultaneously.

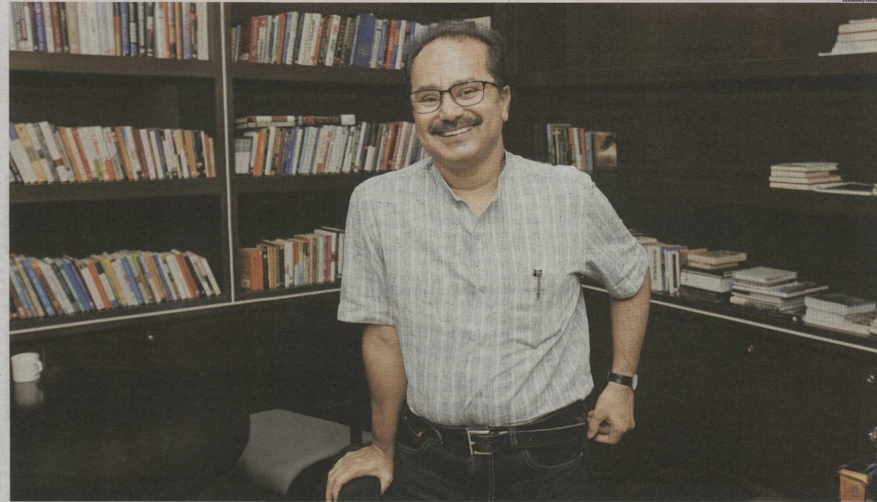
To your mind, what does it take to be an entrepreneur? Can anybody be one? Can you possibly evolve into one?

Or can the traits an entrepreneur requires be acquired? I don't have a strong thesis on this. All I can say is that entrepreneurship is an intense journey. You have to be highly motivated with what you are doing. It is not about making money. It is about solving an important problem and doing it innovatively to create value. It demands you be innovative, passionate and tenacious. It takes a long time to make a business work, especially in a country like India where the ecosystem is stacked against you.

I don't know if an individual is born with these traits or they can be acquired. But when all of these traits come together, magic happens. It could be the context in which an individual becomes an entrepreneur, or that by nature he is very curious and is a problem solver.

If you were to step back and look at the Indian landscape, what is it about small and medium enterprises that stands out as opposed to those in other parts of the world? Are there traits that are uniquely Indian?

To build an enterprise, or to build a successful



Limits to growth: Prasad says the readiness of people and their capacity, and the imagination of the leadership in an enterprise are the limiting factors.

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business one needs to work passionately, with limited resources, and make it work in a time-bound manner to deliver a product or service that meets a real need.

This works differently in different parts of the world. If you take the US, it is an intensely competitive environment, but it is also one where failure is tolerated. You can pursue big ideas, fail and there is no stigma. For Indian entrepreneurs, it is a one-way street. If a guy fails, he doesn't stand a second chance.

I guess that is why a lot of Indian businesses are not built on the back of innovation, but by getting access to resources, access to government and power, access to land, and so on and so forth. Real innovators are not the thriving majority in India. Only in the recent past the IT industry has shown you can build businesses without patronage. It is the only industry in India that has used manpower as an asset.

To that extent, Indian entrepreneurs are more focused on the cost side of the equation than the innovation side. That is a fundamental difference I see between Indian entrepreneurs and global ones.

How much does that bother you?

I think it is changing. I see a new breed of entrepreneurs trying out new things. There are e-commerce companies coming up and scaling rapidly. We are in the early stages of a revolution.

What kind of pain points should entrepreneurial entities be prepared for as they begin the scaling-up process?

Sadhguru Jaggi Vasudev makes a point that when a trapeze artist is swinging, he is confident that when he lets go, he will find the next swing, latch on to it and move ahead. Unless you have the confidence that there is a swing out there you can latch on to and move ahead, you cannot let go. This is the biggest dilemma I have seen in family businesses. This prevents them from taking important decisions. They are unwilling to let go with the risks of letting people make mistakes, particularly in FMBs.

If you don't want to grow and want to be in a corner, and are happy, that is perfectly fine. But if you want to grow, scale up and create large impact, there are certain things you have to do. To do that, you need to grow beyond the Founder's Syndrome.

Personally, how important is scaling up to you?
We are a company that has let go. We wanted to build a global organization that can sustain itself through changing generations, people and technology. For us it was an easy decision. We are a listed company and are not an SMB (small and medium-sized business). We had to do what was right for us.

What are the challenges that accompany the pursuit of growth and how do you decide the pace at which you grow?

The readiness of your people and their capacity, and the imagination of the leadership in your enterprise—these are the limiting factors. You need to have a big vision, and the people to execute them. Both of these are like Yin and Yang. Without great people, you cannot execute. And without great vision, you cannot have great people aligned.

How easy or difficult was it to let go and what did it take to come to that point when you took the call that we have to do it now if we are to grow?

You realize it quickly when the organization around you is falling into a rut and are not able to execute fast enough, meet the demands of growth and understand where the constraints are. Often times the constraint is the leader himself. His ability to think, get people on board and get them to deliver. It is not an event. It is a process. You don't do it suddenly. You do it by preparing your people, organization and gradually change the questions you ask of people. You stop taking all the major decisions.

Can you give some sense of what kind of questions you would ask people in this process?

When you are in the operative mode, you look at what problems to solve, identify the problem and offer solutions. As you become bigger and have a better team, you don't ask what problem to solve, whether your people can see the problem or understand what is coming. You look at people and their capabilities. So the nature of questions you ask are very different.

In the early days when you are trying to survive, you look at the profit and loss statements very closely. Later on, you look at what capabilities are you building and how are you doing things? Are they sustainable? Do you have a pipeline of people? That's how the kind of questions you ask changes.

What is the point at which an entrepreneur calls it quits or are entrepreneurs the kind of people who have to persist no matter what the odds are?

From your personal experience, how often have you been compelled to reinvent yourself? Do any instances come to mind when you have had to change yourself dramatically?
I can't call it dramatic change as much as constant evolution. With each change in the organization, I have had to change myself and the work I do. Initially I used to be running a business and

used to know everything that is happening everywhere. From there we reached a point where we had to build end-to-end business units for everything. As time passed, I started to look at strategy, talent and culture as opposed to performance. At each stage in the organization's evolution, one has to adapt.

When it comes to intrapreneurs within an organization, what differentiates them from entrepreneurs?

They are the same. These are people who see the same issue and think up different ways to do things that can add greater value. They look at the same set of resources and make the organization more productive or solve a significant problem.

Are the two interchangeable?

I would think so. If an organization allows space for people, they should be the same. You mentioned you are not a particularly spiritual person. But assume for a moment there is conflict in an entrepreneur's life when he has to straddle the domain of spirituality and pragmatism. How does he do it?

I don't know what the meaning of spirituality is. I have never understood that fully. But do I reflect on things, do I have a strong value system, would I do anything that goes against my value system of what I believe in? On these, I am clear I will not do anything that goes against my value system. I wouldn't call it pragmatism. I would call it the wrong thing to do. Those are convictions we carry. I don't know if that is spirituality. But if it is, then we won't compromise.

What if you were faced with a situation where you have to stand up for your value system on the one hand and growth on the other hand? Do situations arise when both of these are mutually exclusive and are there ways to resolve it when they are?

I have one answer for this. If you look at the long term and not the immediate or short term, in the long term it is always more attractive to follow your values.

Can you think up an instance when you were compelled to take a call and stay put on the long term and give up on growth in the short term?

Right now we are spending 11% on research and development. It is a lot of money. I could cut these costs down and increase both my profitability and share price. But the long term would be compromised. Similarly, I could cut back on investments in quality, safety and environmental protection. But that is not sustainable. The answer to all these ethical dilemmas is to look at the long term 10 years down the line, or even 30 years, and you won't trade-off for the short term.

How do you explain that to shareholders who want immediate returns?

Shareholders understand if you tell them. But you have to be performance-oriented. You cannot always hide behind the shield of long term. Show them progress and give them enough, so they trust you are investing in the long term. It is difficult, but not impossible.

Charles Assisi is a senior journalist at work on his first entrepreneurial venture that will debut this year. He maintains a personal website on www.audaciter.net and tweets on @c_assisi

Mint is a media partner for the Isha Foundation's leadership programme.