

Innovating for High Performance in India

A Research Report

accenture

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Businesses in India stand at a threshold, facing a unique set of circumstances that offer an unrivalled opportunity for higher growth over the next decade.

Yet such growth is far from assured, and will require focused, disciplined management and an emphasis on innovation to unlock value. Indian entrepreneurs will also need to navigate numerous complex challenges that can impede innovation.

To navigate these challenges and usher in a new era of sustainable growth, businesses will need to answer three questions: Where should we innovate? What capabilities do we need to innovate? And how do we innovate? These questions are the focus of this study.

Forewords

I am indeed honored to chair the AIMA conference on innovation, and the joy is doubled with my most respected friend Gopal being the co-chair.

Let me congratulate AIMA warmly for identifying innovation as a key differentiator for the future and also urging all of us to prepare for the next big wave. This initiative is very timely. Why do I say so?

"The next 10 years would be dedicated as a decade of innovation" were the words used by the President of India to conclude her address to the Parliament on June 4, 2009. On June 7, 2009 US President Obama, in his Cairo address said "education and innovation will be the currency of the 21st century". During 3-5 June, 2009 the first Global Innovation Leaders Summit (I-20), fashioned on G-20, was held in San Francisco. I was invited to represent India. I-20 accepted Norway's suggestion of introducing a Nobel Prize for innovation. So from Delhi to Cairo to San Francisco, the buzz was around innovation.

This 'buzz' has been around for a while though. For instance, the names of the ministries of science and technology in Argentina, Australia, Spain, South Africa, Malaysia, UK, etc. have been changed with the word 'innovation' explicitly included. So why is innovation suddenly gaining such a currency?

Innovation Led Growth, Innovation Led Recovery, Innovation Led Competitiveness are not mere slogans, they are a hard reality. So it is time we recognize the onset of this new big wave and ride on it.

However, what are the challenges that I see in creating India's own big wave on innovation?

The first is that India's world ranking on innovation is low. Among 130 countries, India is ranked only 41 in the innovation index. Even Malaysia (25) and China (37) are ahead of India. Singapore and Korea are in the top 10. Well, one can always dismiss such rankings by saying that these do not take into account the game changing innovations of the type that NIRMA or

ATUL did – or for that matter millions of grassroots Indian innovations. But as India aspires to assume the position of an advanced and an affluent nation, it needs to worry about such indicators too. So how do we get into the top league of innovating nations?

The second challenge is that Indian genes express themselves in Silicon Valley, but not in Indus Valley. Innovation converts knowledge into wealth. We should therefore, recognize that Saraswati and Lakshmi should coexist. George Whitesides from Harvard is the highest cited scientist in the world – and the market capitalization of his research-based companies is over US\$20 billion. Unfortunately, there are no Whitesides in India. Such academic entrepreneurship is missing in India. How do we address this gap?

Thirdly, we fail in completing the journey from an Indian mind to an Indian market place. This is because India lacks a robust national innovation ecosystem. The essential elements of a powerful ecosystem comprise physical, intellectual and cultural constructs. Beyond mere research labs it includes idea incubators, technology parks, conducive intellectual property rights regime, enlightened regulatory systems, academics who believe in not just 'publish or perish', but 'patent, publish and prosper', innovation in education and education in innovation, potent inventor-investor engagement, existence of 'ad'venture capital, etc. So we all must strive to create a National Innovation Eco-System.

Fourthly, we need to move expeditiously on the agenda on 'innovation led inclusive growth', so that we can include those unfortunate millions, who have been excluded today. So where do we draw our inspiration for such an 'inclusive innovation'?

When it comes to the 'inclusion' of the common man, think of Mahatma Gandhi and you cannot go wrong. He was one of the greatest innovators of the 20th century. Why?

Innovation is about doing things differently, making a big difference, making impossible possible. Mahatma Gandhi took on the might of the British Empire by mobilizing millions of people. Seemed impossible, but he did it. His strategy fulfilled all the criteria of innovation. He did things differently, made a big difference and achieved what everyone considered as impossible. What were his weapons? Ahimsa and Swadeshi!

What inspiration can we draw from Mahatma Gandhi's life and work that will help us create a paradigm shift in innovation landscape of today's India? It is the recognition of the emergence of 'Gandhian Engineering'.

Gandhian engineering is all about "getting more from less for more and more people of the world".

Corporates so far innovated hard to get more (productivity) from less resource (human, physical, financial capital) for more (profit, share holder value). But can they also embrace Gandhian Engineering by getting more (performance) for less (cost) for more and more (people) – in fact all those unfortunate 4 billion people, whose income levels are less than US\$2 a day?

Getting it for billions of 'have nots' means making products and services available not just at 'low cost' but at 'ultra-low cost' – and that too at the same level of performance.

For instance, can we make a laptop costing US\$2000 available at US\$100? Can we make a Hepatitis-B vaccine costing US\$40 per dose available at US\$0.40 per dose? Can we make a psoriasis treatment costing US\$20,000 available at US\$100? Can we make a comfortable, safe and fuel efficient car available, not at US\$20,000, but at US\$2000? Can we make an artificial foot costing US\$10,000, made available at US\$30? Can we make a high-quality cataract eye surgery made available, not at US\$3000, but at US\$30?

All these sound impossible. But all these have been made possible. Where? I am proud to say, they are all Indian innovations.

Such Indian innovations lead to not just 'affordable' solutions but 'extremely affordable' solutions. For achieving this, one cannot rely on just 'incremental innovation' but 'extreme innovation' or 'disruptive innovation'. But how do we make 'extreme innovation' a way of life? This will require a paradigm shift in our way of thinking, planning, acting and delivering.

Above all, for achieving all this, we need innovation leaders who break traditional mindsets, which are big barriers for innovation. "Too risky" "Suppose it fails?" "Impossible" "Never done before" "Somebody has already tried it". All of us are familiar with this line of thinking. While most of us fall victims to this kind of thinking, innovation leaders stand apart with their thinking and action.

What do they do differently? Innovation leaders grow a small idea into a fantastic opportunity. They convert problems into opportunities. They have hindsight, foresight, and insight. They set quantum goals. They invest considerable mindshare in future growth and the next big change. They drive discontinuity and encourage risk. They find opportunities where others see nothing.

Mahatma Gandhi was one such Indian innovator and Jamshedji Tata was another one.

In the early 20th century when Jamshedji Tata wanted to produce steel, he was ridiculed. Sir Frederick Upcott went to the extent of saying "We will eat every pound of steel, if you can produce it". In his mind, it was impossible for an Indian company to produce steel. Yet the irony is that not only did the Tata's produce steel, but also in the early 21st century they produced steel in England's backyard – Corus Steel.

It is this new spirit of innovation that should drive the 21st century Indian innovation agenda. And that is beginning to happen. So far, Indian innovators were happy in providing products that were first to India. Not to the world. Ratan Tata's Nano changed all that. Firmly based on the Gandhian Engineering principle of 'getting more from less for more', it created a product, that was first to the world.

Let the spirit of the Nano be the inspiration for the emergence of a resurgent innovative India. And let the spirit of 'more from less for more' drive the innovation agenda for the whole world, since this spirit alone can solve the man-made problems from global economic meltdown to global climate change.



R.A. Mashelkar
Chairman,
AIMA Global Innovation Conference

The transition from global downturn to economic recovery is ushering in a new period of change for India and industries located on Indian soil. A unique set of circumstances are unfolding in India that offer it an unrivalled opportunity for higher growth over the next decade. These growth opportunities, if harnessed properly, hold the potential to help businesses and the Indian economy secure competitive sources of long term value.

Innovation is going to be key for businesses on this journey, but the type of innovation required will be significantly different from traditional norms and practices. Innovation will have to deliver business growth while simultaneously unlocking value for large sections of society associated with unfolding growth opportunities typical to India. The process of innovation will have to be more democratic and participatory, but not lose its focus and ability to deliver speedily. It will require active participation from people within and outside the organization who live and breathe change and are not daunted by the prospect of failure.

This report, which draws on survey and interview-based research conducted jointly by the All India Management Association and Accenture, reveals some of the key areas of innovation that Indian businesses must look to enter. These are the areas that have the potential to transform India into an innovation hub, unlocking sources of long term value from emerging opportunities for both businesses and society.

This report also provides insight on the distinctive capabilities that businesses need to develop in order to implement new models of innovation as well as the culture that businesses need to engender—both within and outside the organization—to support this shift towards nurturing innovation driven mindsets.

As we look towards an uncertain future, only a concerted focus on innovation can position India and Indian companies competitively on the path towards sustainable growth.

Our vision must therefore be to help lay a solid foundation for national and international competitiveness through focused innovation. This report takes a small step in providing a framework for businesses towards building such a foundation.



Anish Gupta
Managing Partner—Products
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Executive summary

India has been at the forefront of what Accenture calls the rise of the multi-polar world for some time. In this world, economic power is becoming dispersed as emerging markets compete more strongly with the traditional economic powers of the developed world.

India is well positioned in many respects for a new era of growth in the multi-polar world. It is facing a unique set of circumstances that offer an unrivalled opportunity for higher growth over the next decade:

India's demographic dividend

Indian businesses have profited and grown by tapping a massive university-educated, English-speaking talent pool at a cost unmatched in developed economies. This pool is only going to expand in the coming years. However, India's competitive advantage in the area of talent, fuelled by its demographic dividend, has come under increasing threat from other emerging economies. In the face of global competition, Indian business leaders cannot look to labor-cost arbitrage as a sustainable source of competitive advantage. Instead, they must evolve and learn to compete on the basis of value.

An expanding rural consumer market

Several forces will greatly expand the size of India's rural markets in the near future. These forces include sustained increases in the prices of agricultural commodities, expanded government investment in rural infrastructure, and proliferating employment opportunities in the services sectors in rural locations. Indian businesses should also set their sights on the massive opportunity represented by the country's rural populations. To make inroads into these expanding rural consumer markets, Indian businesses must do more than just offer low-cost product variants and set up distribution channels. Their primary challenge will be to incubate demand for their products in these previously unserved markets.

Entrepreneurial spirit

An increasing number of young people from India's leading colleges and business schools are shunning conventional jobs and exploring entrepreneurial opportunities. India-based businesses should capitalize on this trend. Entrepreneurs help generate a steady stream of viable business ideas. Some of these ideas, if backed up with timely and targeted support, could become breakthrough products, services, and business models that benefit not only companies but also society overall.

Green manufacturing

Environment-friendly goods and services are in demand worldwide, and India's unique circumstances give it an advantage in satisfying this demand, especially in manufacturing. This may seem paradoxical, given that India's manufacturing industry has long been considered the "big sleeper" of the nation's economy. However, unlike in many other large developing economies that have mature manufacturing sectors, India has the opportunity to grow its nascent manufacturing industry from the ground up with climate-friendly technologies.

But such opportunities will count for little if they do not ultimately translate into new sources of revenues for Indian companies and more sustainable growth for India at large. With its increasing integration into the world economy, India must build the structures and capabilities that will help it withstand economic shocks and sustain high growth rates far into the future.

The key is innovation: Indian business leaders must understand the new products and services, processes and ways of working and doing business that will help propel India into the next phase of growth and position it ahead of its emerging-market competitors. Innovation will enable companies to unlock value from the opportunities presented by green manufacturing, entrepreneurship, rural consumer markets and India's

demography. It can become the ladder for Indian companies to climb the value chain in their industries.

A concerted focus on innovation now will position India for growth in the next 10 years, help Indian companies sell their offerings in global markets, attract high-value international investment to India and begin addressing a wide range of economic and social problems.



Achieving and sustaining high performance in India's complex environment will need a firm commitment from business leaders towards innovation.

To understand what would be the next-generation innovation areas for India and businesses operating in India, we interviewed about 50 business leaders, representing large and small companies across all major industries. We also conducted a pulse survey of 200 end-consumers to understand their perspectives on the future of innovation in India.

Based on the primary research and secondary data, Accenture has identified a framework that can help executives innovate for high performance such that they can simultaneously unlock value for their companies and society from emerging growth opportunities. The framework has three principles:

Market focus and position

Indian companies must identify business areas in which business model, process or product innovations, can create long-term value not only for themselves but also (by extension) for society overall. Based on the primary research, this report identifies five such business areas having the potential to transform India into an innovation hub, which can help unlock sources of long term value for both businesses and society:

- Agriculture
- Biotechnology and pharmaceuticals
- Delivery of education, healthcare and financial services
- Information and communications technologies
- Green technologies

Distinctive capabilities

In order to deliver value out of macro opportunities for society and for themselves simultaneously, businesses need to possess distinctive capabilities. These capabilities must not only facilitate in helping businesses acquire greater and different insight into the opportunity at hand but also provide it with the support to deliver cutting-edge innovations

to make the most of these opportunities for society and business simultaneously. The report identifies four ways of creating such distinctive capabilities:

- Deploy unconventional methods to define customer needs and identify potential new markets to serve
- Build the right organizational and technological infrastructure and use infrastructure as a differentiator for execution of innovation strategies
- Hire and train people who are willing and able to come up with ideas and to experiment with them
- Draw insights from business models in other sectors to enhance innovation prowess

Performance anatomy

Aligning everyone behind the company's strategy to unlock value from emerging growth opportunities for itself and society requires conscientious steps to nurture mindsets within and outside the firm. We identify five such processes that companies need to adopt to achieve this goal:

- Democratize the innovation process to make employees feel involved and to ensure that they are motivated to contribute their ideas
- Instill fearlessness among employees allowing them to push their abilities in the active pursuit of innovation
- Stimulate innovation by giving employees freedom to innovate within defined boundaries, and by reducing fear of failure
- Perpetuate innovation through networks of employees and create structured processes for transmitting ideas
- Nurture innovative mindsets outside the firm by effectively engaging with talent that can drive innovation of the future



The imperative to
innovate now

India has been at the forefront of what Accenture calls the rise of the multi-polar world for some time. In this world, economic power is becoming dispersed as emerging markets gain rapidly on the traditional economic powers of the developed world.

India is well positioned in many respects for a new era of growth in the multi-polar world. It possesses a young and still growing workforce, an abundance of entrepreneurial drive and vigor, a highly competitive international services sector, significant potential in nascent industries such as green manufacturing and massive untapped consumer demand in its rural populations. But such opportunities will count for little if they do not ultimately translate into new sources of revenue for Indian companies and more sustainable growth for India at large. With its increasing integration into the world economy, India must build the structures and capabilities that will help it withstand economic shocks and sustain high growth rates far into the future.

The key is innovation: Indian businesses must understand the new products and services, processes and ways of working and doing business that will help propel India into the next phase of growth and position it ahead of its emerging-market competitors.

But what are these precise growth opportunities upon which Indian companies can seek to capitalize?



Evolving opportunities

India's demographic dividend

Indian businesses have successfully capitalized on labor-cost arbitrage to put India on the world map as a major exporter of services, a competitive manufacturing and sourcing hub and a center for low-cost, high-quality research and development (R&D).

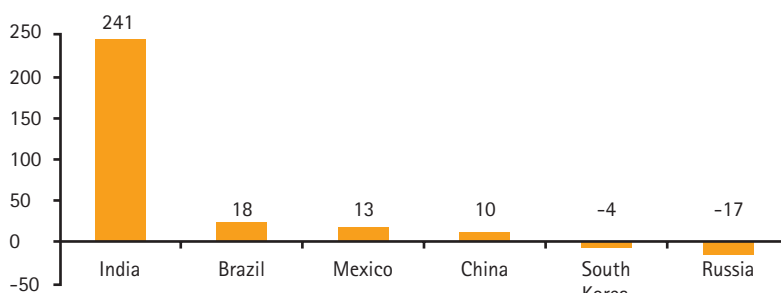
These businesses have profited and grown by tapping into a large university-educated, English-speaking talent pool at a cost unmatched in developed economies. This pool is only going to expand in coming years. India is home to 20 percent of the world's people, and one-third of Indians are under 15 years of age. The United Nations Population Division forecasts that, between 2010 and 2030, India's working-age population will grow by around 240 million people—a much larger figure than in any other emerging economy (see Figure 1).

However, India's competitive advantage in the area of talent, fuelled by its demographic dividend, has come under increasing threat from other emerging economies. For example, Brazil, China, the Philippines and Vietnam are developing talent pools with key skills, including English-language capabilities. India's labor-cost arbitrage advantage is already eroding in the IT-services sector, which employs 4 million people and accounts for 7 percent of India's GDP. Over the past few years, the international cost advantage of that sector has narrowed by almost half.¹

In the face of global competition, Indian businesses cannot look to labor-cost arbitrage as a sustainable source of competitive advantage. Instead, they must evolve and compete on the basis of value.

Competing in higher-value sectors will require a talent pool attuned to this changing business need. But the pace of demand growth in many sectors has outstripped the supply of qualified talent, creating a critical shortage of manpower with the appropriate skills. For example, the National Association

Figure 1: Forecasted change in working-age population (15–64 years), 2010–2030 (million)



Source: United Nations Population Division, "World Population Prospects: The 2008 Revision"

of Software and Services Companies (NASSCOM) has identified a likely shortfall of half a million IT professionals by 2010.

The challenge for Indian businesses is to ensure that they have a sufficient supply of appropriately skilled employees to sustain their growth and to remain competitive in the global economy.

Building India's future pipeline of talent demands innovative thinking that targets people from an early age. New Delhi-based Hole In The Wall Education Ltd. is taking steps to help India surmount this challenge.² This organization is bringing education to low-income urban neighborhoods by embedding rugged computers into buildings' exterior walls. Neighborhood residents use the computers as community learning stations—browsing the Internet, playing games, and accessing educational materials, all without the need of a teacher. A departure from India's traditional rote-based educational system, these learning stations have encouraged a self-driven, experimental attitude toward learning that may help residents acquire knowledge and skills.

An expanding rural consumer market

Indian businesses should also set their sights on the massive opportunity represented by the country's rural populations. During 1996, rural India's 118 million households consumed only US\$73 billion worth of goods. In 2006, the total number of rural households in

India increased to 160 million, and the total value of goods they consumed more than doubled to US\$155 billion. During that decade, consumption by rural households in India rose at a rate of about 8 percent per annum. Moreover, the annual consumption per household in rural India jumped from US\$618 to US\$968 in the same period.³

Several forces will greatly expand the size of India's rural markets in the near future. These forces include sustained increases in the prices of agricultural commodities, expanded government investment in rural infrastructure, and proliferating employment opportunities in the services sectors in rural locations.

What will this mean for businesses? A report titled "Rural Retail: The Next Phase in Retailing" from the Confederation of Indian Industry (CII) and YES BANK predicts that rural retail markets in India will be worth about US\$58 billion by 2015.⁴ Rural market revenues for life insurers are expected to reach US\$2.9 billion by 2015.⁵ According to another report, the size of the rural pharmaceutical market in 2015 will reach US\$4.8 billion.⁶

To make inroads into these expanding rural consumer markets, Indian businesses must do more than just offer low-cost product variants and set up distribution channels. Their primary challenge will be to incubate demand for their products in these previously unserved markets.

Godrej has set out to stimulate this demand. 'Chotukool' is a small cooling device inspired by the idea to address the basic cooling needs of the people

at an affordable cost. Using advanced solid state technology to cool instead of traditional compressors, 'Chotukool' has a storage volume of about 30 liters and has a light-weight plastic body, making it easily movable. The unconventional top opening ensures cold air settles down in the cabinet to minimize heat loss and power consumption. Priced between Rs. 3250 to Rs. 3750 (US\$65 to US\$75), the 'Chotukool' is being test-marketed in the state of Maharashtra.

Through such innovation in products and business models, Indian businesses can play a vital role in stimulating and sustaining income and consumption levels in rural communities—healing the widening rural-urban divide in living standards and consumption patterns.

Entrepreneurial spirit

Entrepreneurs drive innovation, and India is home to more and more of them. In fact, an increasing number of young people from India's leading colleges and business schools are shunning conventional jobs and exploring entrepreneurial opportunities.

The 2008 "Global Entrepreneurship Monitor" report showed that the proportion of people aged 18-64 who are involved in entrepreneurial activity was significantly higher (27.6 percent) than in other emerging economies, such as Mexico and Russia (see Figure 2), and on a par with Brazil.

India-based businesses should capitalize on this advantageous position. Entrepreneurs help generate a steady stream of viable business ideas. Some of these ideas, if backed up with timely and targeted support, could become breakthrough products, services, and business models that benefit not only companies but also society overall.

Some organizations are finding ways to foster and leverage entrepreneurial spirit within India. Consider the information and communications technologies (ICT) entrepreneurship development program launched in 2008 in the southern Indian state of Tamil Nadu. The program arose through a partnership between Cisco Systems, the Small Industries Development Bank of India (SIDBI) and Tiruchirappalli Regional Engineering College-Science and Technology

Figure 2: Prevalence of entrepreneurial activity as a percent of total labor force

Country	Overall Entrepreneurial Activity (% of people aged 18-64 involved in entrepreneurial activity)
Brazil	26.4
India	27.6
Mexico	17.8
Russia	4.4

Source: "Global Entrepreneurship Monitor" 2008 Executive Report

Entrepreneurs Park (TREC-STEP). It receives its funding from part of the US\$1 million that Cisco committed in 2006 to promote microfinance and ICT entrepreneurship globally. The program supports ICT businesses run by former and current Cisco Networking Academy students. Cisco plans to use the technologies developed through these programs to generate new growth. For Cisco, then, this initiative incubates new ideas and products and is not just a corporate social responsibility exercise.⁷

Green manufacturing

Environment-friendly goods and services are in demand worldwide, and India's unique circumstances give it an advantage in satisfying this demand, especially in manufacturing. This may seem paradoxical, given that India's manufacturing industry has long been considered the "big sleeper" of the nation's economy. Indeed, the share of manufacturing in India's GDP has remained almost static at around 15.5 percent for the last decade.

However, unlike in many other large developing economies that have mature manufacturing sectors, India has the opportunity to grow its nascent manufacturing industry from the ground up with climate-friendly technologies. Other economies will have to invest heavily to retool their existing manufacturing operations for environment-friendliness.

Soap manufacturer Hindustan Unilever (HUL) is one Indian company that has recently "greened" its manufacturing process. In collaboration with its Anglo-Dutch parent, HUL developed a

manufacturing technology called the Plough Share Mixer that eliminates the need for steam required by traditional production methods. Thanks to this new process, HUL expects to earn 15,000 certified emission reduction (CER) credits a year, worth about US\$150,000.⁸

According to the UK Department of Business Innovation and Skills, India is the third largest market in low-carbon and green goods and services, with a 6 percent share in the US\$5 trillion global market. A study by leading global investment bank HSBC found that green technologies and industries in India are likely to attract spending of around US\$150 billion between 2008 and 2017.⁹

Failure to grasp this opportunity could have serious consequences. India, with its burgeoning population and increasing global demand for its products, will face serious pressures on its natural resources and dramatic deterioration in environmental conditions. Even though India's per-capita carbon emission levels are currently far below those in developed economies, its ballooning population combined with rising consumption levels will present increasingly daunting environmental challenges over the coming decades.

Rising costs of inaction

A concerted focus on innovation now will position India for growth in the next 10 years, help Indian companies sell their offerings in global markets, attract high-value international investment to India and begin addressing a wide range of economic and social problems. Conversely, a failure to raise innovation levels will jeopardize much of India's recent economic achievements. Such failure could also consign some sectors to the fringes of international markets as a new generation of lower-cost emerging-market economies challenge India's position in its traditional areas of strength.

Innovation enables companies to unlock value from the opportunities presented by green manufacturing, entrepreneurship, rural consumer markets and India's demography. For example, innovative business models for delivering healthcare, education

and skills to consumers can help cultivate a pool of talent with the knowledge, energy and capabilities. Indian businesses need to seize those opportunities. Workers with these advantages gain access to higher-paid employment opportunities, and have more money to spend on consumer products and services.

Innovation can become the ladder for Indian companies to climb the value chain in their industries. For example, product and business-model innovations focused on developing and integrating cost-competitive "green" technologies into manufacturing can endow Indian companies with first-mover advantages. Development and deployment of such "green" technologies across sectors will simultaneously help conserve precious natural resources.

Obstacles to innovation

Unbalanced potential

Innovation in India is characterized by a general lack of balance. Although some Indian companies have contributed cutting-edge best practices to the world, these enterprises are relatively few in number. And they are traditionally concentrated in "islands of excellence"—industries such as automotive, biotechnology, pharmaceuticals, software and telecommunications. Areas such as agriculture, education, healthcare and financial services—despite arguably exerting a larger impact on quality of life in India—still suffer from a relative lack of innovation.

Difficulty getting to scale

India has sometimes been dubbed the "graveyard of good ideas." Many useful innovations never fulfill their commercial potential because of innovators' inability to convert ideas into scalable business offerings. Cumbersome government regulations, the lack of social support for entrepreneurship and deficient technology infrastructure make it difficult for innovators to replicate and scale their ideas into viable business models. Yet Indians—with their immense diversity of cultural habits and income levels—need innovative products and services. To transform great ideas into viable offerings, innovators must find the right target markets—those untapped consumer segments with the greatest potential to stimulate widespread interest in their offerings.

Infrastructure gaps

Accessibility to innovation infrastructure—such as venture capital, technology laboratories, and mentoring required for innovations to thrive tend to be weak in India. As a result, processes vital to innovation, such as carving out an appropriate business model to ensure scalability of innovation and taking a business prototype to the market continue to be critical obstacles for a majority of innovators in India. In addition, lax administration and enforcement of intellectual property rights discourages entrepreneurs from embarking on new ventures.



Innovating for high performance in India

To achieve and sustain high performance while simultaneously unlocking value from growth opportunities for society and its business in India's complex environment, business leaders will need to make a firm commitment to innovation. Accenture has identified a framework that can help executives innovate for high performance. The framework has three principles:

Market focus and position: High performers articulate where and how they will compete, and the resulting strategies guide decision-making. To apply this principle, Indian companies must identify business areas (such as biotechnology or pharmaceuticals) in which innovation can be used to unlock value from India's emerging opportunities. Through business model, process or product innovations, Indian

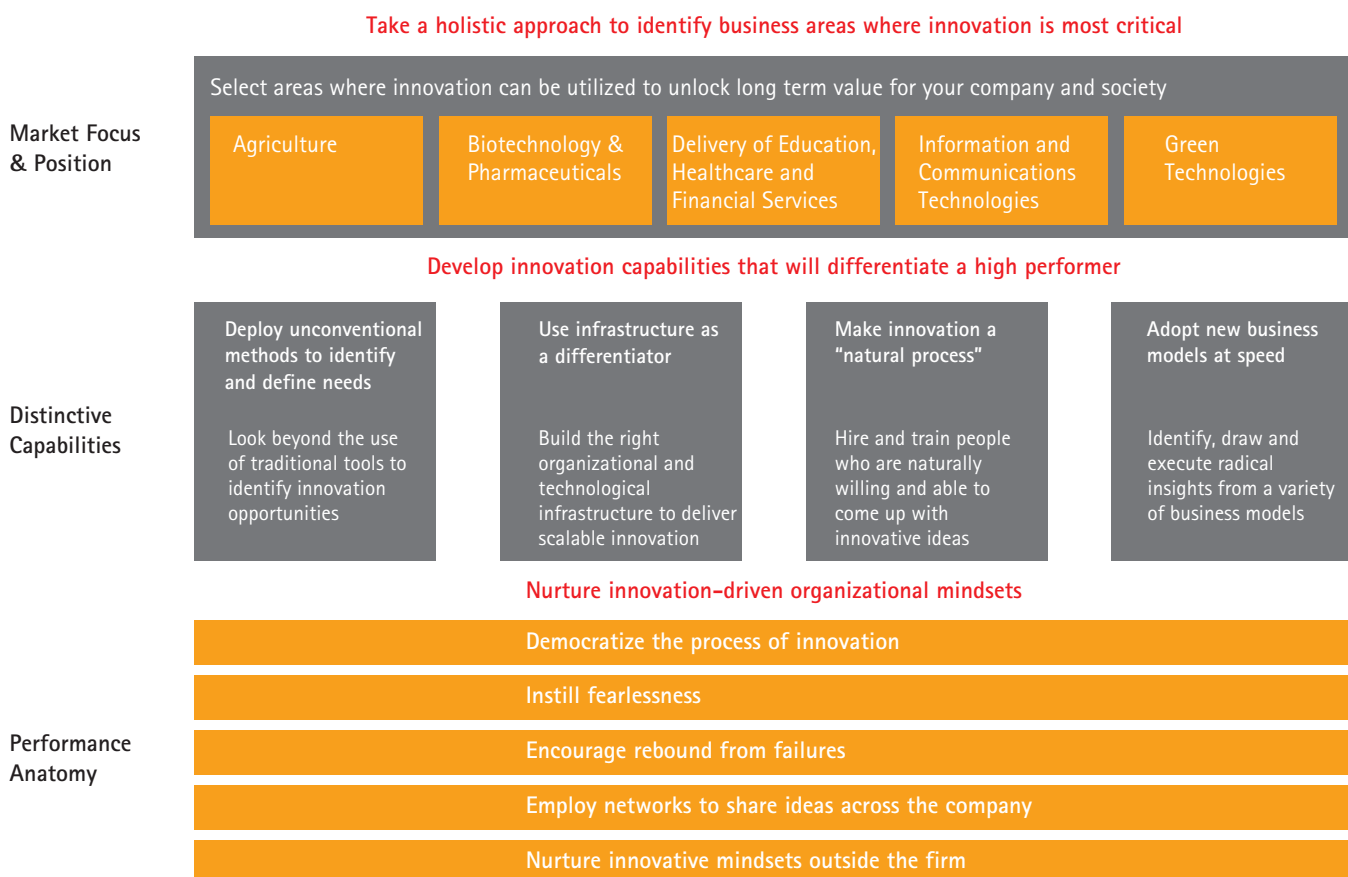
enterprises can create long-term value not only for themselves but also (by extension) for society overall. Drawing on insights from our primary research, Chapter 2 of this report identifies five such business areas (see Figure 3) and provides examples of Indian innovation in action.

Distinctive capabilities: High performers know which capabilities distinguish them from competitors, and they use those capabilities to create value and enhance their practices. In order to deliver value out of macro opportunities for society and for itself simultaneously, businesses need to possess distinctive capabilities. These capabilities must not only facilitate in helping businesses acquire greater and different insight into the opportunity at hand, but also provide it with the support to deliver cutting-edge innovations to make the most of these opportunities. For

aspiring Indian innovators, we have identified four such critical capabilities. Chapter 3 of this report discusses them in detail and provides examples of how they are already being nurtured in some enterprises.

Performance anatomy: Aligning everyone behind the company's strategy to unlock value from emerging growth opportunities for itself and society requires conscientious steps to nurture mindsets within and outside the firm. High performers work to align everyone behind the company's strategy. In Chapter 4, we identify five such processes that are already being adopted by a number of companies in India.

Figure 3: Innovating for high performance in India



Innovation in India today

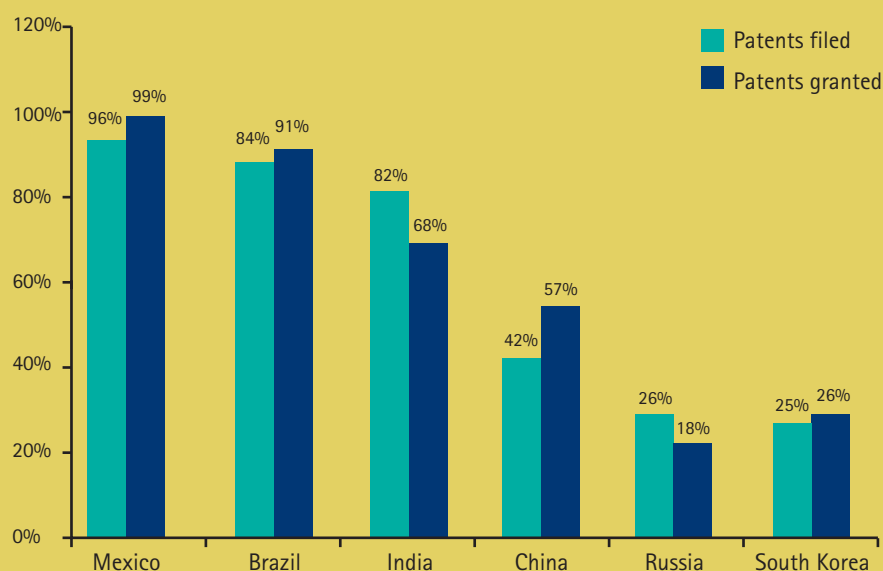
Economic growth in India—fuelled by two decades of economic reforms and a large pool of low-cost, English-speaking, university-educated talent—has enabled India to position itself as a major destination for investment in high-tech innovation. Numerous multinational companies and a handful of large Indian companies have tapped this potential, making India home to some of the most extensive research and development (R&D) centers in the world.

However, despite pockets of innovative activity in certain sectors such as automobiles, information and communications technologies and pharmaceuticals, innovation remains isolated in small segments of the economy. Most workers have jobs in the informal sector, which is characterized by low productivity and low-skill activities. Innovation by Indian companies has largely been incremental or applied. Indian companies have proved very successful at

replicating and adopting existing technologies and ideas to serve local markets. And their innovation efforts have been skewed toward improving processes and operations in a search for cheaper, simpler and more flexible business models.

Although the central government has tripled its investment in R&D in its budgets for 2007–2012, India still has a long way to go before it features prominently on the global innovation map. Developed countries' investment in R&D averages 2.5 percent of GNP; India's target is 2 percent by 2012. Patent statistics suggest additional cause for concern. Although non-residents file a large proportion of the patent applications made in India, they account for a smaller share of eventual patents granted. This runs counter to the trend seen in most other major emerging economies (see Figure 4). It indicates that India needs to improve the openness and efficiency of its system for protecting intellectual property.

Figure 4: Patent activity by non-residents, 2006 (percentage of total patents filed or granted)



Note: Data is from 2006 or latest year available

Source: World Intellectual Property Organization, "World Patent Report 2008"

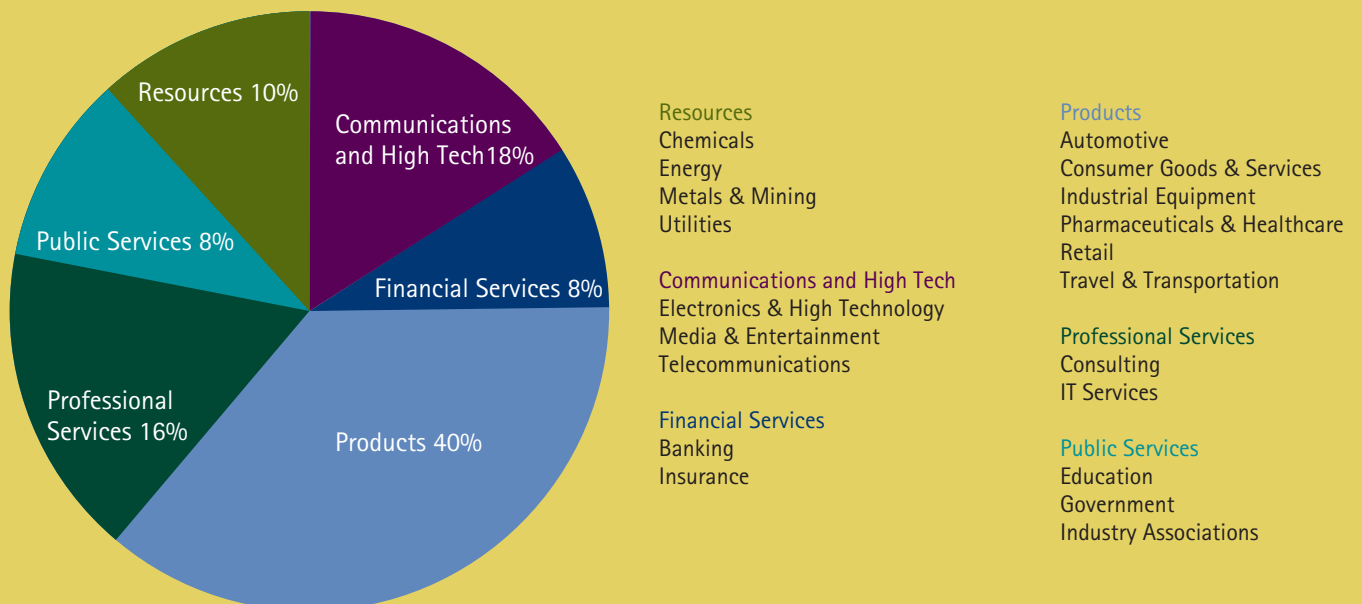
Research methodology

The primary research findings in this study are based on a quantitative survey supplemented by qualitative interviews with 50 senior business leaders, academics and scholars, as well as a pulse survey of 200 consumers (see Figure 5).

The interviews and surveys with senior business leaders, academics and scholars focused on understanding their views on next-generation innovations as well as the barriers and enablers to innovation (external and internal to their institutions).

The focus of the consumer pulse survey was to understand the end consumer's perspective on the future of innovation in India.

Figure 5: Breakup of business survey responses by industry group





Market focus and position

Where to focus innovation?

India has huge innovation opportunities but limited resources available for innovation. Thus companies must make the right choices about where to innovate. Asked what they see as key areas transforming India into an innovation hub having the potential to unlock sources of long term value for businesses and society parallelly, 87 percent of the Indian business leaders we surveyed selected "information and communications technologies (ICT)" (see Figure 6). The other most common business areas identified were biotechnology; the delivery of education, healthcare and financial services; and agriculture.

We asked the same question to consumers in New Delhi and Mumbai (see Figure 7). They identified "delivery of education, health and financial services" as the key area of potential. Agriculture came second for them. As noted by an employee of a private-sector firm in Mumbai, "Innovation is critical in agriculture to give all of us food at affordable prices." Innovation in low-carbon and green technology was also a higher priority for this group than it was for business leaders.

Taken together, our survey findings point to five areas in which Indian businesses must innovate to create long-term value for both themselves as well as society. We discuss each of these areas below.

Agriculture

Agriculture was probably the first sector in India to benefit from disruptive innovation. The "green revolution", supported by the introduction of government extension services and minimum prices for crops, ushered in an era of income and food security for a section of Indian farmers.

Unfortunately, the agricultural system failed to use the innovation ecosystem created during the green revolution to introduce the next generation of disruptive innovations.¹⁰ In addition, owing to an absence of scalable business models, India has failed to transform agriculture into agribusiness, except in certain pockets of the country.¹¹ Approximately 70 percent of India's rural population still depends on agricultural activities for its livelihood. Hence, agricultural

Figure 6: Innovation focus to address growth opportunities – findings from business-leader survey

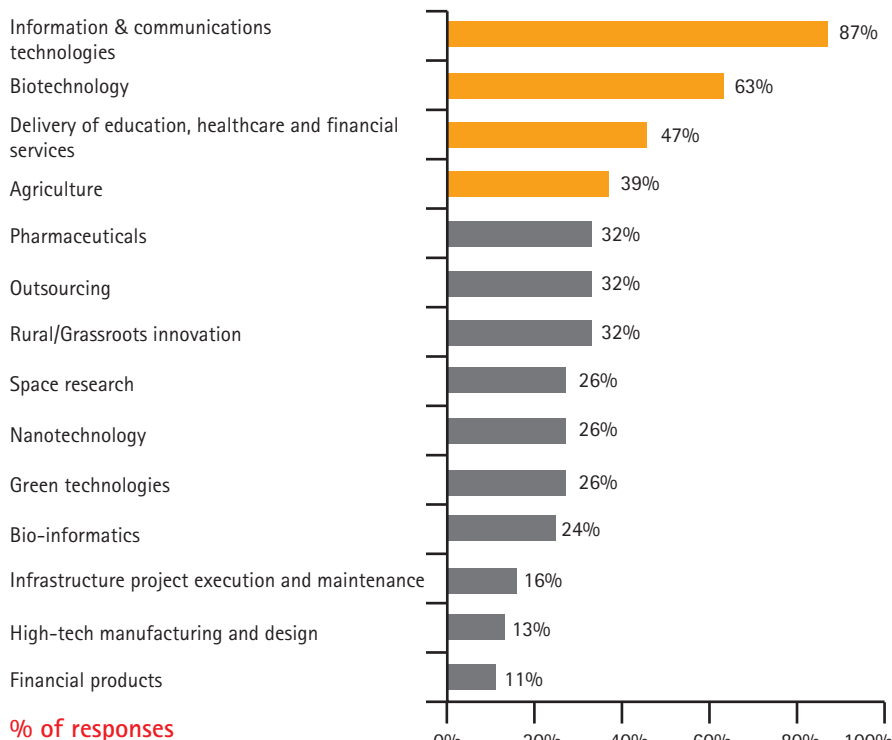
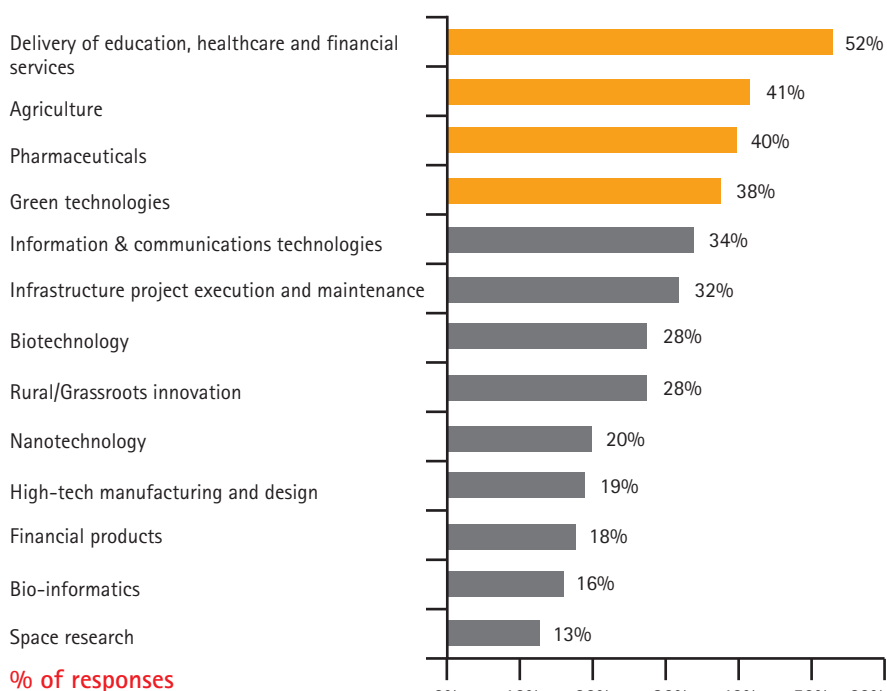


Figure 7: Innovation focus to address growth opportunities – findings from consumer pulse survey



innovations will play a major role in bringing social and economic growth to rural communities.

The potential of business-model innovation is illustrated by Hariyali Kisaan Bazaar, a company that has a chain of more than 300 rural stores. Each store offers one-stop shopping for country dwellers needing everything from farming equipment, seeds and fertilizer to apparel, televisions and shampoo. But the company is also a pioneer in business model innovation, offering an array of bundled services to rural consumers and farmers, including financial and agricultural advice. It employs agronomists to educate farmers on how to improve productivity and yield. These experts interact with farmers on a daily basis, helping them to extract more value from their produce through better storage and through selling to higher-price markets.

This business model creates a virtuous cycle. The bundled services have helped increase rural households' incomes—which in turn has expanded demand for the consumer products sold at Hariyali Kisaan Bazaar centers. By creating and transferring value from its innovative business model to rural households, the company is now selling a larger suite of consumer products per household to a greater number of households.

Biotechnology and pharmaceuticals

Innovations in biotechnology and pharmaceuticals are essential if India is to realize the full potential of its demographic dividend. India's performance in the area of health suffers by comparison with all but the least-developed countries. The infant mortality rate in India stands at 56 per 1000 live births, as compared with an average rate of 23 per 1000 among the remaining BRIC economies (Brazil, Russia and China). According to UNICEF, 46 percent of India's children under the age of five are malnourished, making India the poorest performer in South Asia on this measure.¹² UNICEF continues to emphasize that the global achievement of the multilateral UN developmental goals will hinge on how well India can deliver healthcare to its children and adults.

Consider the problem of diarrhea, which kills approximately 120,000 children in India every year. Rotavirus is the main cause of this scourge in infants. A vaccine to eliminate this problem is critical, as Bharat Biotech recognizes. With a vision "to offer affordable, safe and effective healthcare solutions to combat mankind's most dreaded illnesses," Bharat Biotech's rotavirus vaccine 116E entered phase III human studies in March 2009. The company plans to spend US\$30 million on phase III clinical trials alone, testing the vaccine mainly in India on 6,800 healthy infants. If the rotavirus vaccine proves successful during this phase, Bharat Biotech expects to launch it by 2011.

Bharat Biotech has a history of innovating extremely affordable vaccines for deadly infections. For example, one dose of its vaccine against Hepatitis B costs just Rs. 11 (US\$0.20). A single dose is cheaper than even the price of a liter of bottled water in India.¹³

Biotechnology delivers benefits beyond improved healthcare. The "Oilzapper" is a case in point. Developed by The Energy and Resources Institute (TERI) after seven years of research, and partly supported by the Indian government's Department of Biotechnology, the Oilzapper is a bacterial solution that helps decompose oil sludge, a major polluting waste product from oil-refining activities. India's largest oil companies now use this solution to treat their oil-sludge waste, making their manufacturing processes more climate-friendly while also reducing waste-disposal costs. More than 5,000 hectares of cropland contaminated with crude oil spills have already been reclaimed in different parts of India, and more than 26,000 tonnes of oily sludge have been successfully treated with Oilzapper. Such innovations have potential even beyond their domestic application, often opening up lucrative business opportunities in overseas markets. For example, Abu Dhabi National Oil Company and Kuwait Oil Company are both using Oilzapper.¹⁴

Delivery of education, healthcare and financial services

Similarly, innovation in the delivery of education, healthcare and financial services can help Indians surmount the economic and social challenges confronting them. As repeatedly acknowledged by the Indian government's Five Year Plans, ineffective delivery and inappropriate quality have particularly hurt India's education and healthcare systems. Studies conducted by the Planning Commission of India show that these problems stem from poor targeting of resources, improper planning and execution, inappropriate knowledge-transfer and poor accessibility for consumers.

India's literacy rate of 65 percent is one of the lowest in Asia, even though the share of GDP spent on education is on par with the Asian average of 3.6 percent.¹⁵ The proportion of trained youths in India ranks among the lowest in the world. According to the National Sample Survey (61st Round), only about 2 percent of 15-to-29 year olds have received formal vocational training, and only another 8 percent have received non-formal vocational training (for example, many workers acquire skills during employment without any formal support from their employers).

In addition, India's education system suffers from outdated curricula and methods of teaching that promote rote learning and impede innovative thinking. India's business leaders complain that only a small fraction of the country's graduates have the knowledge and skills required to move directly into jobs in modern companies. The head of R&D at one of India's largest oil and gas companies lamented that only 10 percent of the engineering graduates that India produces annually are actually employable. The R&D head of one of the largest automotive companies in India expressed the same concern.

Similar problems afflict India's healthcare system. Public expenditure on health as a share of GDP is only 0.9 percent of GDP, while the average in less-developed countries is 2.8 percent. As little as 35 percent of the total population has access to modern

medicine. The situation is even worse in rural parts of India, where only 20 percent of the nation's doctors, 25 percent of its dispensaries and 40 percent of its hospitals are located.¹⁶

Business leaders must recognize that education and healthcare are not solely the government's responsibility. They must look for opportunities to innovate in this area. And they must resist any impulse to relegate this work to the sidelines under the rubric of "corporate social responsibility." Innovation in this area is critical to the development of high-performance business throughout India, as only a healthy, educated populace can realize the potential offered by India's demographic dividend.

Signs of hope are emerging. For example, in the area of education, Microsoft India signed a Memorandum of Understanding with the government of Maharashtra in 2009 to enhance the adoption of ICT in schools and to build the employability of future workers in the state. Three IT training academies set up by Microsoft in Maharashtra will train 6,000 teachers who are already teaching in schools as well as 100,000 aspiring teachers over the next two years. Microsoft will also train the teachers to share their new knowledge with other teachers outside the program.

Additionally, the initiative will deploy the Microsoft Digital Literacy curriculum to students in grades 11 and 12. The curriculum consists of self-paced, multimedia learning modules that introduce the fundamentals of computing to first-time users. Once students complete the modules, their learning will be assessed. Those who pass will be awarded a Microsoft certificate. As an important part of this skill-building initiative, the modules also focus on teaching "soft skills" including English speaking and basic social skills, further preparing students for employment.¹⁷

Finally, while not as obviously critical as healthcare and education services, innovations in financial services are emerging in India. Despite the large size and depth of the Indian financial system, poor citizens, especially in rural sections of India, still have limited access to formal financial services. As acknowledged by the Reserve Bank of India, only 5.2 percent

of the villages in India have bank branches.¹⁸ Access to other financial services such as savings accounts and life, health and crop insurance also remains limited for the rural poor. Recognizing the latent demand lying untapped in such markets, YES BANK initiated an innovative rural-financing program that has benefited more than 2,000 farmers in the state of Jammu and Kashmir. The program extends financing of US\$3.5 million for six months to bee-keeping nomadic farmers in North India by transferring credit risk from the farmers to the stocks of honey kept in warehouses. How does this transfer work? YES BANK has enrolled Kashmir Apiaries Exports (KAE), a large honey processor and one of the largest exporters of honey from India, in the scheme. KAE extended a purchase commitment at a pre-determined price for the honey supplied by various small farmers, providing the bank with greater credit assurance for the commodity.¹⁹

Information and communications technologies

ICT is closely linked to economic growth and development. According to a study by the Indian Council for Research on International Economic Relations, a 10 percent increase in mobile phone penetration in Indian states delivers on average a 1.2 percent annual increase in economic output.²⁰

Success in ICT products and services has underpinned much of India's stellar growth performance in recent years. But given the advent of a new generation of ICT innovation, India cannot afford to rest on its laurels.

Cloud computing is one example of such innovation. This technology gives organizations an alternative to buying and maintaining costly in-house ICT infrastructure and enables users to securely access their business applications whenever they want to and wherever they are. Because there is no hardware or software to buy, entrepreneurs can avoid many up-front costs and the risk of low returns on IT investments. For example, Nivio's cloud computing platform lets users store

files online, rent applications and access the features of a desktop through a normal web browser—all at a price that is as affordable as cable TV.

India's burgeoning services sector is expected to benefit from this technological breakthrough. Companies in this sector will be able to significantly reduce costs associated with the purchase of software and electronic storage space (a major share of capital costs for businesspeople who are setting up a new enterprise). Bharti Airtel, India's largest mobile telecom operator, has already signed an agreement to offer Nivio's software solutions to its customers on a monthly rental basis. The telecom giant recently launched this service offering under the brand name of Airtel Online Desktop.²¹

Green technologies

In many respects, India offers a fertile testing ground for many types of green innovation. Energy intensity in Indian industries counts among the highest in the world. Of all industrial sectors in India, manufacturing is the largest consumer of commercial energy. Accounting for one-fifth of India's GDP, the manufacturing sector consumes about half the country's energy generated for industrial use. Energy consumption per unit of production in the manufacturing of aluminum, cement, paper, steel and textiles is much higher in India than in other developing countries.²²

Adoption of green technologies will not only help save resources, but will also give products manufactured with such technologies a sharper competitive edge in a global marketplace increasingly conscious of its ecological responsibilities. For example, since 2006, Indian Oil has been collaborating with India's major automobile manufacturers to develop and test the commercial feasibility of hydrogen as a fuel. Indian Oil established India's first hydrogen fuel station in January 2009 and is expected to open many more in the capital city of New Delhi in 2010 to coincide with the Commonwealth Games.

A bundle of fiber optic cables is shown against a dark blue background. The cables are illuminated from the right, creating a bright, glowing effect. The light trails from the cables fan out towards the left, creating a sense of depth and movement. The overall image has a high-tech, futuristic feel.

Distinctive capabilities

What capabilities are needed to innovate?

The second building block of high performance concerns distinctive capabilities: hard-to-replicate capabilities that enable a company to produce offerings of unique value to their customers. In India, forward-thinking companies are using four approaches to identify and exploit their distinctive capabilities in service of innovation.

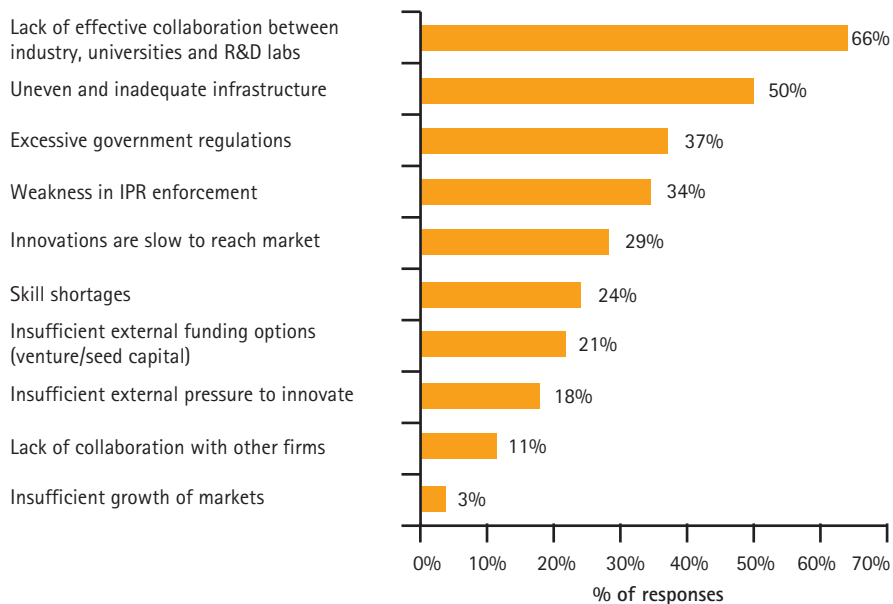
Deploy unconventional methods to define customer needs

Companies that are looking in the right business areas for innovation opportunities can still fail to spot the right opportunities. This occurs if they are using traditional tools to identify potential new markets to serve. For example, companies tend to use sample surveys to identify their customers' needs. Many such surveys are not representative, but they still become the basis for an entire innovation strategy and its execution.

Dainik Bhaskar, a newspaper group, challenged the conventional wisdom of identifying consumer needs through surveys.²³ When the group aspired to launch a newspaper in the city of Jaipur with a print run of 50,000 copies, it decided to conduct an exercise to understand readership patterns. The exercise entailed meeting as many as 200,000 potential customers in Jaipur.

Dainik Bhaskar used the interview process to involve potential customers in the design and development of the proposed newspaper, by asking consumers what they were not getting from their current newspaper and how they would like their needs to be addressed. Through this approach, the group gained potential readers' confidence. After completing the interviews, the research team returned to all 200,000 households and showed them the results. Dainik Bhaskar used these interactions as an opportunity to transform the respondents into actual customers by offering a "guarantee bond" that promised them a subscription price of Rs. 1.50 per copy—a deal compared to the newsstand price of Rs. 2.00. These efforts paid off: the new paper launched with a circulation of more than 170,000 copies on its first day – the highest circulation of any paper in the city of Jaipur.

Figure 8: Key external challenges to innovation



Use infrastructure as a differentiator

Companies seeking to innovate must have the right organizational and technological infrastructure. A rigid infrastructure can severely impede execution of innovation strategies. Fifty percent of the C-level executives we interviewed claimed an "uneven and inadequate infrastructure setup" as one of the main barriers to innovation (see Figure 8). Infrastructure is especially critical for achieving scale in commercializing product and service innovations.

ICICI is one Indian organization that has strived to put in place the infrastructure essential to innovation. The first bank in India to introduce online banking, ICICI used a flexible technological platform to capture lessons from customer experiences easily. Armed with the insights generated by this process, the bank was able to personalize its services for each customer, reduce transaction errors, and schedule customer representatives' meetings with clients at times convenient to customers.

Internalizing lessons learned from its online banking initiative, ICICI then launched an online brokerage platform. This platform integrated ICICI's business processes for cash management, banking and brokerage and provided customers with a single window to complete a range of transactions.

Most important, this initiative made it possible for young people, housewives and entrepreneurs in semi-urban and rural areas with access to a computer and an Internet connection to participate in financial markets.

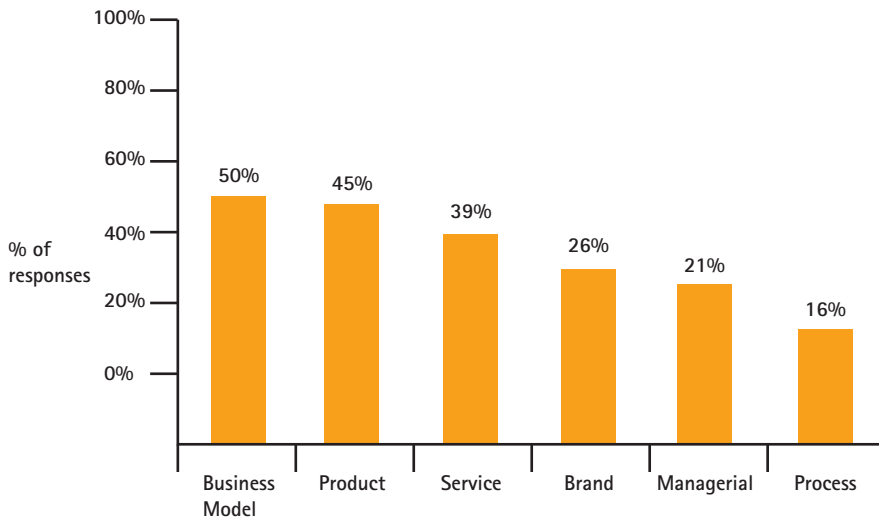
Recruit for innovation

In seeking to build a distinctive innovation capability, organizations must hire and train people who are willing and able to come up with ideas and to experiment with them. One of India's largest oil retailers has tailored its recruitment strategies to suit its innovation needs. The company targets graduates from non-elite engineering colleges, on the assumption that students from these institutions have few pre-conceived notions and prejudices, and that they possess a strong desire to experiment.

The company encourages these new hires to participate in knowledge-building activities directly and indirectly related to their core functional area, such as enhancing the quality of fuel being utilized by the customer, and reducing theft. The company then lets employees test the ideas they gathered during these knowledge-building sessions, by providing them support to conduct real-life experiments.

Before recruiting innovators, however, companies must establish processes for facilitating, recognizing and rewarding innovation. Otherwise, newly hired bright minds can become frustrated, and their entrepreneurial spirit extinguished.

Figure 9: Innovation types that will dominate India in the future



Rapidly adopt new business models

Drawing insights from business models in other sectors can enhance a company's innovation capabilities. Results from our interviews suggest that business-model innovation is top of mind for many senior executives, with more than half of them rating it as a key type of innovation for the future (see Figure 9).

Life Insurance products in India offer an apt illustration of what business-model innovation can do. Traditionally, such products have been marketed through one-to-one channels; for example, agents using personal relationships with policyholders to sell the products. Max New York Life, a leading private life insurance player, learned from the business models of mobile-service providers and collaborated with retail chains to extend its reach in rural markets and to service the under served urban population. In 2008, it partnered with

one of the largest retailers of petroleum products to leverage the vast distribution chain that the fuel retailer had across India.

But this distribution strategy was just one element in the company's business model. Max New York Life also devised a low-premium product that would not only provide insurance cover but also act as a savings instrument for around 115 million households sub-optimally serviced by organized financial services industry. The company's aim has been to bring low-income, rural and urban populations into the circle of those who have access to financial services. In return, the company has gained access to India's vast underserved market.



Performance anatomy

How to innovate?

Indian business leaders must nurture an innovation mindset throughout their organization if they hope to identify emerging opportunities and execute their distinctive capabilities to create 'win-win' opportunities for themselves and people. The following five actions can help foster that mindset.

Democratize the innovation process

In democratized organizations, a large number of employees feel involved and are motivated to contribute their ideas. Such open environments provide a forum for employees to provide fresh thinking that can lead to innovations. More important, these environments accelerate the innovation process.

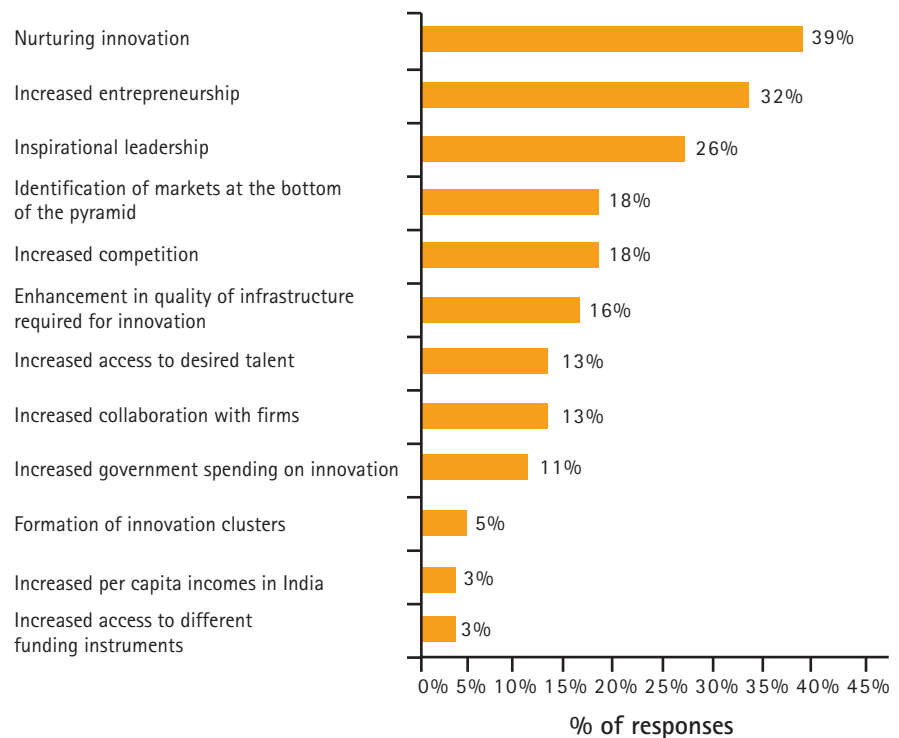
The rollout of Tata Motors' Indica, India's first indigenously built car, less than three years after its inception, would not have been possible without workers' participation in the innovation process. Equipment operators, organized as parts of self-directed teams, were encouraged to share their ideas with designers. This sharing catalyzed the generation of a larger number of ideas and encouraged team members to make suggestions for improvements. The results could be seen in a more satisfying work environment for employees, more efficient processes and ultimately the speedy as well as timely rollout of the vehicle.²⁴

Instill fearlessness

Fear can cause insecure behavior, resulting in operational paralysis in the extreme. Fearless teams seek out new situations and are not afraid to do new things, removing escape buttons, stretching their minds, and pushing their abilities further than they thought possible.

By instilling a sense of fearlessness within its workforce, Marico has been able to get the best of innovations delivered during the most crucial times. When its footprint in the coconut oil segment was threatened by a player much larger than its size, Marico transformed itself into a 'combative' organization based on innovative ideas of its fearless workforce. Within a short span of time,

Figure 10: Enablers of innovation in the future



they introduced a slew of timely innovations in the areas of pricing, packaging, marketing and supply chain, which finally resulted in strengthening the position of Marico in the coconut oil segment. The learning fuelled many other innovations that Marico undertook on Kaya Healthcare and Saffola.

Encourage rebound from failures

Businesses can further stimulate innovation by giving employees freedom to innovate within defined boundaries, and by reducing the fear of failure. In 2007, The Tata Group Innovation Forum added an unusual category of recognition to its Group-wide "Innovista" program. The category was named "Dare to Try" – a category under which teams from companies within the Tata Group were asked to send in innovations that failed to get to the marketplace. In 2009, 28 Tata Group companies filed their innovations under the "Dare to Try" category, up from only six in 2007.

By instituting this award, the Group has found a way to reward risk takers and reduce the fear of failure. Innovators in the company now have a platform to discuss and learn from their failures. Moreover, this process has shed light on "creative errors" that

have been brought about by external factors, such as changing market conditions. Needless to say, this process has become an integral part of Tata's innovation culture.²⁵

Employ networks to share ideas across the company

Getting employees to think of promising new ideas is not easy. One way to do it is to perpetuate innovation through networks of employees. Companies must create structured processes for transmitting ideas and teaching the principles of innovation to all employees. Such processes further nurture an innovation mindset within a firm, something almost 40 percent of our executive interviewees identified as crucial for the future (see Figure 10).

YES BANK exemplifies this approach. The bank has set up a crack team called CDIS (Corporate Development, Innovation and Strategy) whose task is to spot and implement potentially valuable new ideas. CDIS is also responsible for evangelizing innovation across the organization. To further inculcate an innovation mindset across its branches and employees, YES BANK is also planning to launch Innovation circles – small groups that will tackle

innovation in a structured manner. This apart, YES BANK has a group of 125 mentors and a Branch Executive Leadership Team (BELT), who network with employees across branches to think differently.²⁶

Nurture innovative mindsets outside the firm

Engaging with talent either directly or through different channels to create future innovators is critical. This calls for proactively engaging with a variety of stakeholders towards creating an institutional and regulatory environment facilitating sustained and productive engagement with innovative minds outside companies. Such engagements can either be through formal or informal channels.

Recognizing the importance of nurturing innovative mindsets outside the company, one of the pioneering biotechnology firms in the country worked with the Department of Biotechnology, Ministry of Science and Technology to establish the Small Business Innovation Research Initiative (SBIRI) that provides risk capital to innovators in the biotech industry. SBIRI supports high risk, innovative pre-proof of concept research and early stage development (phase-I) projects as well as late stage development and commercialization as (phase-II) projects. This initiative has a very strict screening procedure that only selects disruptive innovations and the smartest of ideas.

According to the senior executive of this leading biotechnology firm such engagements act as a testing lab for the best ideas and encourage a larger number of research scholars coming out of universities to venture into turning their ideas into commercially viable innovations. This initiative today has helped in facilitating research towards development of cost-effective medication for life threatening diseases such as prostate, breast cancer and typhoid.



A realistic goal

Even thinking about stepping up a company's innovation efforts can be intimidating. But it is essential if Indian business leaders hope to harness the unique advantages of their surroundings and innovate effectively.

India stands at a threshold, where many companies have the potential to become high performers over the next decade by effectively unlocking long term value from growth opportunities unfolding in India. To fulfill that potential, business leaders must stay focused on their companies' growth opportunities and use innovation to grasp these opportunities.

Achieving high performance through innovation will require disciplined management of the entire innovation process—from insight development to marketplace launch. If companies can recognize the right areas for innovation, create the distinctive capabilities needed to execute their innovation strategies and foster an entrepreneurial mindset in their workforces, they will lay a solid foundation for national and international competitiveness and for high living standards throughout India.

About AIMA

Founded in 1957, All India Management Association (AIMA) is an autonomous body which plays a proactive role in pooling management thoughts within the country. It is a platform to develop National Managerial ethos and an organization to facilitate the furtherance of the management profession in the country. AIMA's activities / initiatives include:

- Distance Management Education
- Management Development Programs
- Corporate Events
- Publications
- Research
- Competitions
- Testing Services

Affiliated with AIMA are a federation of LMAs (Local Management Associations) with as many as 58 across the country and two co-operating management associations abroad- Qatar Indian Management Association and Mauritius Management Association.

AIMA has over 3000 institutions and 30,000 individual members.

AIMA is represented on a number of policy making committees of the Government of India, the Indian Institutes of Management, All India Council for Technical Education (AICTE) and some other professional bodies like the Bureau of Indian Standards and the National Productivity Council.

AIMA is also a member of Asian Association of Management Organization. AAMO is a partnership of national management organizations in the Asian region whose purpose is to share and actively leverage resources to enhance the achievement of their missions. AIMA also maintains close links with a number of overseas professional bodies and institutions like the American Management Association, Chartered Management Institute (UK), all the National Management Organisations in the Asia Pacific Region and St. Gallen University of Switzerland etc.

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