

Old School v

An ET Magazine-MavenMagnet study delves into how startup CEOs,



Wider reach spanning across older age group and non-metros

Leading existing business houses or the ones they founded; mostly diverse conglomerates

Median Age: **58**

Command respect for a proven track record, tenacity and perseverance in growing and consolidating businesses with size and scale

Acknowledged for being visionaries, having built diversified conglomerates

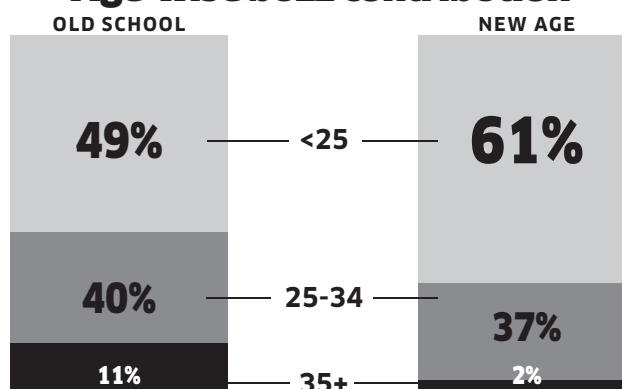
OVERARCHING COMMON EMOTIONS: **INSPIRATION, LEADERSHIP**

:: Suman Layak

Harvard professor Krishna Palepu has had many famous pupils. One of them was Sunil Mittal, founder chairman of Bharti Enterprises, which operates the Airtel telephony brand in India and abroad. When Palepu met Mittal, more than two decades ago, he was a participant in an owner/president programme at Harvard and was known as a seller of telecom equipment. It was the mid-90s and Palepu remembers him obsessed with landing a cellular telephony licence. "Sunil had no idea how to run a telecom company," recalls Palepu. "I will figure out if I get the licence," Mittal had told Palepu.

The brash entrepreneur of the mid-90s is today one of the captains of Indian industry. The outsider of yester-

Age-wise buzz contribution



The engagement of new-age leaders with <25 year-olds is much higher than the old-school leaders

day is today an incumbent leading a \$16 billion conglomerate spanning from retail to financial services. Spanning continents too, from the Asia-Pacific to Africa. Two decades ago, Mittal created a business, grew it, and he's now nurturing it.

Today India is seeing a clutch of equally brash startup artists take new ventures to billion dollar valuations in quick time. Their enterprises, with an average age of five years, are still in the early growth stage, and it will take some time to get a handle on how they will play out, what levels of size and scale they will attain, and what their evolving business models will eventually look like. Let's call this startup bunch the creators, who have age, the trust of investors, passion and the risk appetite to push the envelope.



AM Naik
L&T



Chanda Kochhar
ICICI Bank



Cyrus Mistry
Tata Group



Deepak Parekh
HDFC Group



Dilip Shanghvi
Sun Pharma



KM Birla
Aditya Birla Group



Mukesh Ambani
Reliance Industries



Sunil Mittal
Bharti Enterprises



Vishal Sikka
Infosys



YC Deveshwar
ITC Limited

DS New Age

the rockstars of today, stack up against their traditional counterparts



Venturing out and exploring new ideas – mostly single business setups

Higher engagement with youth (<25 year-olds) and in metros

Median Age: **37**

Imagery driven by perception of having started up successful ventures by identifying an opportunity, taking a risk and translating it into a viable business

Represent the hope and pride of a young and enterprising India, with home-grown businesses that are global plays (think Flipkart vs Amazon, and Zomato's presence in 16 countries, at last count)

OVERARCHING COMMON EMOTIONS: **SUCCESS, PRIDE**

MavenMagnet Brand Aura™

MavenMagnet Brand Aura™ is a MavenMagnet technology to highlight the most impactful words around a brand or an entity. The bigger the size of the word, the higher the impact the word has

Mittal, for his part – along with the likes of Dilip Shanghvi of Sun Pharma – is at a stage where he would be referred to as visionary in business case studies. Having seen the future, and plunged headlong into it, he's now scaled a business that needs nurturing more than fire in the belly or an appetite for risk. Let's call this brigade, which will also include second-generation promoters like Mukesh Ambani and KM Birla, the nurturers, along with the professional CEOs at the helm of established entities like ITC, ICICI Bank and Infosys, led by CEOs who are poster boys and girls of institutions built over decades.

ET Magazine teamed up with conversational research firm MavenMagnet to take a look at a pool of new-age entrepreneurs, and compare them with the captains of India Inc, seeking answers to questions like ‘How would a Flipkart’s Mukesh Bansal measure up against Reliance’s Mukesh Ambani?’ or ‘Who will draw a bigger crowd in a college – Cyrus Mistry of Tata’s or Kunal Bahl of Snapdeal?’ MavenMagnet’s Conversa-

tional Research technology tracks online conversations on open platforms and social media. The founders of the top 10 Indian startups by funding up to August 2015 were compared to the leaders of the top 10 Indian business groups by market capitalisation. These CEOs were chosen to analyse the impact and influence these two groups have and the perceptions about them.

The initial answers confirmed the prevalent notion that the ecommerce czars are the rock stars. They rule the mind space of the youth in startup hubs like Bengaluru or the National Capital Region. Explaining the youth connect, Naveen Tewari, founder and CEO of InMobi says: "Even before the youth of India started to

connect with the new-age entrepreneurs, we took the first step of understanding and connecting with them. It's simple, we are creating products for the masses." (See "*The Youth Connect is a Virtuous Cycle*").

On a Different Trip

As the study dug deeper for the reasons for this connect, we found how widely divided are the perceptions about Indian businessmen of today – divided between the old and the new. The study also shows that traditional industry leaders have lost the perception battle in their ability to grab an opportunity. On the other hand the younger founders are seen to be on the ball. Palepu explains this as an entrepreneur's readiness to



Bhavish Aggarwal
Ola



Deepinder Goyal
Zomato



Dhiraj Rajaram
Mu Sigma



Kunal Bahl
Snapdeal



Mukesh Bansal
Myntra



Naveen Tewari
InMobi

Pranay Chulet
Quikr

Sachin Bansal
Flipkart



Suresh Reddy
LYCOS



Vijay Shekhar Sharma
Paytm

Startup Founders, not Cricketers, are the New Indian Idols

Vijay Shekhar Sharma, founder of ecommerce marketplace Paytm, on why youth are able to connect with new-age entrepreneurs

Whom do you idolise?" At school or college, in competitions of every nature, from friends and family members, the question of who one wants to be like in a few years seems to crop up invariably. Over a decade ago, when I was growing up, the answer would largely cover a few regular names. A celebrated cricketer, an astronaut, maybe an actor, a social worker, a historical figure or perhaps a businessman or two. Circa 2015, however, things are decidedly different.

The same question quickly gets answers like Jack Ma, Steve Jobs, Lei Jun, Mark Zuckerberg ... the list goes on. There is an equally large number of Indian entrepreneurs and startup CEOs that a college-goer or a fresh professional hero-worships ardently. The youngsters are closely following their international idols' every step, every tweet, every interview as they have become almost synonymous with that romantic notion of 'following your passion'.

Many of the top entrepreneurs in the country today are engineering graduates from regular middle-class families. Most of them have no political connections, great family wealth or business inheritance backing them. They are, therefore, symbolic of completely self-made success. Unlike the earlier generations that often viewed business as the preserve of those who have the clout and the luck to navigate through the country's red-tapism, startup pundits make it clear that no obstacle is too large.



In addition, many entrepreneurs are viewed as mavericks. They have made a success of their companies entirely on their own terms, doing things differently and always taking the uncharted path. These elements make for a highly palatable recipe as far as the youth goes.

Young adults today don't want to be told what the set path is. They don't want to believe that if they do things differently, success will elude them. This is exactly what their startup idols personify. The new-age entrepreneur's zany policies, belief in ideas against all odds, innovative strategies, courage, confidence and complete disregard for traditional parameters of judgment validate the youth's own desire for freedom, flexibility and love for the unconventional.

What also makes the new-age entrepreneurs connect with the youth is how they leverage technology. Many of these founders and CEOs have either found a solution to a real-life problem through technology or have just managed to make life simpler and smoother using tech. Tech, as we all know, is something that the youth is most passionate about and feels strongly about. A man who makes booking a cab a matter of seconds is bound to be liked and admired by the youth. He who makes a phone recharge possible in the middle of the night also automatically becomes someone the young citizen views with affinity. The fact is new-age entrepreneurs have their finger on the pulse of the youth and offer solutions and technologies that wow them.

Startups have Given Today's Youth a Sense of Optimism

Harsh Goenka, chairman of RPG Enterprises, one of the few Indian businessmen active on the social media platform Twitter, shares his view on the startup mania

On the startup phenomenon

I see it as a renaissance of entrepreneurship fuelled by personal ambition and confidence in the India growth story. The biggest challenge that successful businessmen in the telephony and infrastructure sectors had was the fight for capital and stringent regulatory requirements. Contrast that with the ecommerce startup businesses and it seems that availability of funds is relatively much easier on the basis of an idea. Technology has the power to transform lives and it will disrupt businesses in future and in that sense it is extremely encouraging to see a Tesla and Amazon as also Flipkart, OLX and Paytm. As far as the traits of suc-

cessful startup leaders are concerned, they are very different – these are adventurous, risk-taking, non-hierarchical, technology-focused, and that ecommerce is not a highly regulated sector helps.

On the chances of startup founders going on to become industry captains

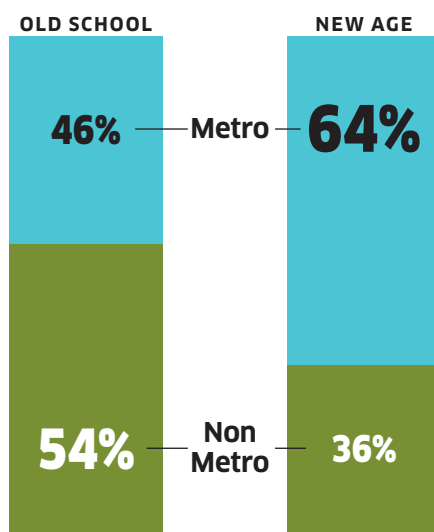
The successful, young entrepreneurs have plenty of imagination and resilience at a very young age. If they continue to drive business performance, respect their people while extracting their best and create shareholder returns over time, they will etch their names as captains of industry. People heading Flipkart and Ola have already gained huge respect and recognition from everyone for being change agents and for spurring a new wave of entrepreneurial activity.

On the influence of startup founders on today's youth

Media has highlighted the success stories of the ecommerce sector. The valuations are gigantic. Investors are chasing ideas with bags full of cash. That has given a sense of optimism to today's youth. This is good. However, behind the scenes there is sheer hard work, discipline, enormous pressure and the coupled anxieties. We must celebrate entrepreneurship and there should be a healthy balance between those opting to start a new business and those opting for a career and working in one.



Metro/Non-Metro Buzz Comparison



Metros demonstrate a very high level of engagement with all the business leaders; popularity of new-age business leaders is a lot more skewed towards metros as compared to the old-school leaders

jump in and then hustle his way through a situation when he lacks resources, money or knowhow. The new-age CEOs are also seen to be more professional than their traditional counterparts because of their ability to deliver top valuations. Clearly they are seen as the value creators and perceived as being ahead of their seniors on this scale.

Adi Godrej, chairman of the Godrej Group, accepts that he has learnt from the startup phenomenon in India and feels that ecommerce will be more successful in India than modern retail. He points out that the conglomerate, whose businesses range from security and storage solutions to consumer products and aerospace, has plunged headlong into ecommerce via an acquisition and that the entire group is trying to put more products including its real estate offerings online (see "I Hope Entrepreneurship Catches on in Manufacturing, Too").

That is also true for the Tatas, the Aditya Birla Group and Reliance. All these groups have a significant stake in modern retail and are trying to get on to the ecommerce bus only now. The most significant tipping of the hat to the startup phenomenon is by Reliance Industries Ltd (RIL), and it helps that the gen-next at the group, Isha and Akash Ambani, are at the forefront of a new-age business – the telecom 4G foray under the Jio brand. Just last week the refining and petrochemicals giant let on that it has adopted another common practice at startups – an open-office system with plain workstations for everyone, including Reliance chairman Mukesh Ambani should he choose to drop by.

Others are turning investors. Harsh Goenka, chairman of RPG Enterprises, has set up a ₹100 crore fund to invest in startups and has manned it with McKinsey-

type professionals. Goenka told *ET Magazine*: "I see the startup phenomenon as a renaissance of entrepreneurship fuelled by personal ambition and confidence in the India growth story."

The Question of Ethics

The *ET Magazine*-MavenMagnet study finds that when it comes to people management, the old school is way ahead. While traditional large conglomerates have a positive vibe of 1.30, the startups have a negative vibe: 0.46. Recent anecdotes prove that it's not an unfair assessment. India's top ecommerce startups have fumbled with their manpower management, over-hiring at first and then issuing pink slips. TinyOwl, Housing and Zomato are three higher-profile startups that are in the midst of downsizing. Management consultant Rama Bijapurkar says: "We need to constantly remind ourselves that there is the other half or even two-thirds of India's youth whose dream is a permanent job in a large company with benefits and predictability of income, increasing over time, so that the family can move up the ladder of living rapidly."

A common concern around both traditional Indian companies and startups is on ethics. While conversations hover around the personal interest of traditional CEOs, and their inability to maintain an arm's length in conflict of interest scenarios, the new-age CEOs score poorly when it comes to business pricing practices or lack of any display of social responsibility.

However, both groups also inspire people in general and aspiring entrepreneurs in particular. As Vijay Shekhar Sharma, founder of Paytm and Naveen



"We need to constantly remind ourselves that there is half or even two-thirds of India's youth whose dream is a permanent job"
Rama Bijapurkar,
 management consultant

The Youth Connect is a Virtuous Cycle

Naveen Tiwari, founder and CEO, InMobi, on why today's stories of success – and failure – are resonating with the youth

What the youth likes the most about the new-age entrepreneurs is that you do not have to hail from privileged backgrounds to make it big in life. When I first wanted to be an entrepreneur, I had no idea of what it really meant. I hail from a family of academicians who had nothing to do with entrepreneurship. So I looked up at the Tatas and the Birlas but they were too far away for me.

I also looked at my two inspirations – firstly my father, an epitome of hard work and relentlessness. A person who did not know what 'giving up' meant. And, then, NR Narayana Murthy, who brought India on to the map of the world in technology. I decided to follow my heart too and do what I enjoyed most. I started taking baby steps and solved one problem at a time. Slowly I started to discover new things about myself, like how I loved creating and disrupting things. The pieces finally started to come together.

Trust me I have failed and I have wanted to give up at every hurdle but something within me kept me going and made all the difference.

What we are seeing today is a new virtuous cycle. On the one hand the new-age entrepreneurs are telling the youth not to be afraid of following their heart. They are telling the youth to learn from the mistakes they committed. They are telling the youth that it is okay to fail, as with each failure you become not only a better entrepreneur but also a better person. All they need is passion, grit and perseverance.



On the other hand the youth of today are witness to these entrepreneurs' struggles, their failures, and their moments of weakness and almost giving up.

The honest life stories of today's entrepreneurs have resonated with the youth. They know that if these entrepreneurs could do it, so can they. And thankfully with more such entrepreneurs making their mark in the country and in the world, our society is evolving to being open to taking risks. The youth today has the hunger in them to do more.

But how did it all really start? Even before the youth of India started to connect with the new-age entrepreneurs, these entrepreneurs took the first step of understanding and connecting with them. It's simple, the new-age entrepreneurs are creating products for the masses. And when you create products that are meant for the general public, you take an extra effort to understand them.

What makes it easier is that today's entrepreneurs are themselves young. They start early. And due to their intent to make world-class products catering to the youth who constitute the larger part of the society, they make sure to keep themselves updated with what's hot and what's not with the youth. Slowly their products start impacting youth's lives. They get to learn that these entrepreneurs are interested in them and care about their preferences. And in turn they start showing interest in the lives of these entrepreneurs. The cycle continues.

I Hope Entrepreneurship Catches on in Manufacturing, Too

Adi Godrej, chairman of the Godrej Group, on what he can learn from the startup phenomenon and his advice to the new crop of entrepreneurs

On the startup phenomenon

I think this is creating a tremendous boom in India. Not just India, it is also happening in the US and China too; it is more of a global phenomenon. Although this is happening only in certain categories, it will be good for India. I feel ecommerce can be more successful than modern retail.

On how the current crop of entrepreneurs compares with that of earlier generations

Every generation, or maybe I should say every few years, a new and different type of entrepreneur emerges. Today there is much more of technology in use, and there is a wider variety of success stories being created. Every generation will throw up its own share of entrepreneurs.

On how their approach differs from the telecom and infrastructure entrepreneurs

Obviously they are different; they are in a service industry and not in manufacturing. In fact, this is where I am a little concerned. I see every entrepreneur is trying to work in the service industry and there are not enough people who are willing to

get into manufacturing of products. I hope that part of entrepreneurship also catches on.

On the likelihood of the entrepreneurs of today going on to become the captains of industry

They will have to emerge as leaders of their own industry first.

On his words of advice for them

Like every generation of entrepreneurs you will have to differentiate yourself, you cannot just copy another business model and hope to succeed because someone else succeeded with that business model. You must also be persistent. If you can differentiate yourself and be persistent, you can succeed.

On how his group is keeping pace with the startup phenomenon

We have tried to take all our consumer-facing businesses, including Godrej Properties, online by offering our products on the web. We also acquired EkStop, an ecommerce startup, and integrated it with Nature's Basket to make all Nature's Basket products available online.



Tewari, both write, they were inspired by the earlier generation; today both groups act as inspirations, maybe in different parts of the country.

An India-Bharat divide emerges if the data is split along metro and non-metro lines. The traditional CEOs of India Inc score high in non-metro cities in the perception battle, whereas the metros seem to be more enamoured of the startups. While 64% conversations about startups originate in the metros, 54% conversations about the leaders or the larger companies come from non-metros. The startup hubs of the NCR (34%) and Bengaluru (25%) contribute 59% of the buzz around startups.

Innovation is the New Licence

The ET Magazine-MavenMagnet study clearly identifies startup CEOs as innovators. The traditional CEOs are, on the other hand, associated with vision, and tenacity, linked with their ability to nurture their businesses and keep going over a long period. Even if these large companies innovate, unlike for a startup, the innovation does not get associated with the CEO.

For the startups of today, innovation cuts through the licence regime. Take the taxi aggregation business for instance. A sector that operates with multiple and state-wise licences has suddenly been turned on its head by an innovative business model that can afford to ignore the licensing. Or take the ecommerce retailing model. It has already got the nod from the government to bring in foreign capital, even while the brick-and-mortar modern retail business is denied. Innovation is allowing Indian startups to hop, skip and skirt around licence regimes.

One Indian businessman who is working closely

with the new-age innovators was also part of the earlier generations. Dilip Modi, son of BK Modi, had worked almost shoulder to shoulder with telecom czars like Mittal two decades ago. Father BK and his 20-year old son Dilip had led Modi-Telstra, the country's very first telecom operator with a licence in Kolkata. Under its Spice brand Modi had three more licences, all of which were sold to Mittal's Airtel subsequently. Dilip, now 40, makes and sells mobile phones under the Spice brand. His retail venture has tied up with Flipkart for a new offline-online experiment. Modi says: "The entrepreneurs today are much more confident. Finance is also much more readily available. Twenty years back we did not have this kind of confidence in ourselves."



"While a large company would conduct a due diligence study when faced with an opportunity, an entrepreneur would jump in and hustle his way through"

Krishna Palepu,
professor, HBS

Modi feels that the entrepreneurs of today can actually ride on the mobile boom to markets that will be a mobile-first market like India. "Africa for instance will be mobile-first unlike the US or China, which have higher PC penetration than mobiles. Indian startups are competing well against global ecommerce companies in India. I am sure they can take this experience and conquer Africa and then become the first true Indian MNCs."

There are signs already. The likes of Zomato and Practo have already moved abroad. Godrej feels the key will be the Indian startups' ability to create business models of their own, not just copying a global business model. In fact he says that it is his advice to the new generation to go out and find new roads. The journey has already begun, and it will be vastly different from the roads travelled by the generations before them. ■

(Additional reporting by Rahul Sachitanand and Rajiv Singh)

Methodology

About MavenMagnet

MavenMagnet is a Mumbai and New York based company that undertakes market research and provides qualitative insights on a quantitative scale using big data. The research methodology does not involve moderation of discussions, surveys or online panels. Instead it uses the conversations that the consumers are having on various online interactive platforms with their friends and family to gather true insights.

About the Research

Using Conversational Research™ methodology, MavenMagnet mapped public's perception of new age and old school CEOs. We analysed more than 7,000 conversations among 6,500 individuals around 20 business leaders to identify the relative strengths of the two segments and the insight spaces where consumers perceived them negatively.