

CHALLENGER RESEARCH - Executive Summary

In the last decade or so, the global perception of India has indeed improved. But is it ready to play challenger on the world stage? That remains to be seriously tested. Much of this improvement comes from the challenge it has begun to pose in information technology. What about the other sectors?

These and other allied questions have agitated us for sometime now. When we first began looking around for answers, we realized that no serious exploration of its basic challenger propensities had been conducted. Since September 2001, therefore, we have been engaged in the first serious challenger mapping of India.

Our passionate belief is that India does have what it takes to be a challenger, a leader in global thought. And this belief rests on one simple fact: If the country's infotech sector can become the point of association in global perception, other sectors can as well.

If so, what evidence of the challenger mind is obtainable here? Not only has the question guided our endeavours over the past 20 months, it has given us our principal purpose: getting an insight into the level of challenger maturity in India through the pattern of successful challenger missions in Corporate India.

Statistical validation is important. However, more significant to us are the elements that differentiate these missions, individually or severally? It is in these differentiators that valuable lessons lie. Further, it is in accurately knowing the strike rate of such missions that we get to measure the maturity of India's challenger mind.

The task could not be postponed, because the rest of the world will not wait for anyone to catch-up. Showcasing these missions, you could say, is the mission of Erehwon Consulting and Marico Industries, because the challenger in us is probably waiting to be unleashed.

THE CHALLENGER

The word challenger has captured popular imagination in such a big way that it is used without apology now. Yet who is a challenger? What are challenger attributes? How do challengers affect those they challenge? And how is a hair-brained idea different from a genuine challenge? Perhaps, the answers seem so obvious that they are seldom attempted. But are they truly so obvious?

The challenger ideology—which makes companies swim against popular advice with stunning success—has provoked the imagination of the business world in India. Indeed, many non-subscribers have begun to ponder over the wisdom of their preferred ways. Confounding! After all, science says that even **Mother Nature** believes in status quo! So what is this ideology where does its salience lie?

THE IDEOLOGY

Most industry sectors have **leaders**. The rest are **followers**. Of course, the leader lords over his domain and sets the rules of the game. The followers, being generally smaller, stay true to their nomenclature and adhere to these rules. This leads to an incredible sameness.

- Sameness in business and organisation
- Sameness in strategies
- Sameness in activities

The offerings—call them products and services—are hard to distinguish from one another. This creates a competitive environment in which incremental differences are highlighted, making the consumer increasingly indifferent.

In such domains, most players are up against diminishing returns. More resources are needed to achieve the same, if not less. Ironically, these domains are referred to as **mature markets**. Maturity, then, must mean predictability and incrementalism: a connotative conundrum in which **competitors** are predictable, the **consumers** are treated as predictable, and the **regulators** are predictable.

The emergence of a **challenger** re-energizes such static and lifeless domains. This is how:

- Challenger organizations do not follow the rules of the game; they reinvent them. They achieve quantum leaps by challenging the very paradigms that govern the market, category and industry. The leaders do not overawe them into following. On the contrary, they redefine the competitive space.
- Challengers jolt the consumer out of mindless behaviour. The consumer, who has started behaving mechanically, now starts rethinking and exploring. Therefore, his expectations and responses change.
- In most domains, the challenger is not the leader. What does happen, however, is that the domain leader starts thinking of the challenger as an ignorant upstart, until it is too late.

Sometimes, though, the leader can start acting like a challenger. When this extraordinary combination is struck, the result is amazing: the traditional advantage of scale and the new advantage of strategic flexibility can be leveraged.

THE STUDY

We realized that the challenger ideology had come of age in India. However, in our inquiries, we found that mostly large **multinational** corporations operating here were being cited as examples. They seemed inspire awe and reverence.

Seldom was any **Indian** company spoken of in the same breath. We began to question this.

Was it because there were hardly any Indian challengers to quote as an example and learn from?

Surely, this could not be possible in a vibrant and diverse market such as India. After all, the shine of **Nirma** and the roar of **Jet Airways** could not be ignored.

Could it be that our mindset was historically subservient and that we would much rather learn from the West and then see what lay at home? Or, more importantly, that no organized effort had been made to showcase challengers in India? It turned out to be a bit of both. We hope that in making an organized effort to showcase challengers in India, we make a difference to the mindset too.

THE COVERAGE

We chose to identify **Quantum Growth Missions** that succeeded against heavy odds. Success—especially such successes—is not merely an attractive billboard. It serves as a landmark that tells us where we are and where we must go. We, therefore, drew insights from **19** exceptional cases.

They were drawn, as is readily apparent, from a wide range of domains:

1. Cavin Kare (FMCG)
2. Amul (FMCG)
3. Subhiksha (Retail)
4. Tanishiq (Branded Jewellery)
5. Barista (Hospitality)
6. Cholamandalam Vehicle Finance
7. Dr Reddy's Labs (Pharma)
8. Star Plus (Media)
9. Tehelka (Media)
10. contests2win.com (Media)
11. Businessworld (Media)
12. Wipro (Infotech)
13. Sasken (Infotech)
14. Lagaan (Film Industry)
15. Gandh Sugandh (Perfumery)
16. IFF (Fragrances Industry)
17. International Business Division Of ITC (Agri)
18. Parry Agro (Agri)
19. Ex-Bank of America (retail) from the banking sector.
20. Shantha Biotech (Pharma)
21. Dainik Bhakar (Media)

The choice of mission was governed by two criteria: proven **quantum growth** (impact) and **radical innovation** (route). We included a variety of domains to enable insight and enrich learning. The first list of potential challengers followed dialogues with over 300 managers, individually and in groups, from across Indian organizations.

THE KEY PREMISES

In defining what we were looking for, we were conscious that growth arising out of cost cutting initiatives or mergers and acquisitions could not be part of our search. We had to look at organizations whose strategies or products had either redefined the existing market or led them to emerging markets.

Equally, we were conscious of the impediments in a market like India: bureaucracy, poorly functioning institutions, severe information problems, institutional corruption, and so on. In assessing the challenge, therefore, we had to factor in these impediments or **forces of gravity**. Had this been a mere statistical exercise, we might not have gone beyond a validation of quantum growth. But since our objective was to do a challenger mapping of India, it became equally important to understand **how** these missions conceptualised and converted radical strategies into quantum results.

Radical innovation is unlike any other organizational competence. Since it challenges deep-seated paradigms and varies with context, it can never be transferred as a series of best practices. It is, hence, very different from the efficiency-driven paradigm, which serves to strengthen orthodoxy and obstruct re-invention.

The critical part of our premise, therefore, was that we would not gain by doing a traditional organizational diagnosis. We would do so by mapping **how** these organizations converted big dreams into reality through the entire challenger odyssey.

THE METHODOLOGY

Choosing the missions

After interviewing 300 managers across industries, we emerged with an inaugural list of companies that held promise of challenger missions. Insight dialogues were then conducted in **two rounds**. In the first, we let go of companies that did not measure up. In the second, we held detailed dialogues with those that did. At the end of the second round, there were **28** companies, of which **19** finally made it to this report.

Primary research

Primary research was through **insight dialogues**. The method was exploratory, curiosity-driven, the objective being to have a holistic map of challenger organizations. Insight being the operative word, our dialogues with the leaders of the challenger initiative were not structured. We felt that a structured approach would be inhibiting. If there was any structure, it was only to the extent that we went with triggers that enabled thoughtful yet free speech. More often than not, in the intensity of the discussion, the challenger's eyes would light up, indicating that he had discovered something. This was a moment of truth for us as well.

Synthesis for insight

Sixty-one challenger characteristics emerged upon an examination of the leadership mindsets, practices and the forces of gravity in each organization. We distilled these characteristics into 10 credos for challengers. These credos were reworked and further narrowed down to nine challenger pivots. A working document was brought out. This document formed the basis for a **Businessworld** special, *Making Quantum Growth Possible*, published on 4th February 2002.

We synthesized and re-synthesized emerging data in different ways.

- **The horizontal synthesis:** The working document was made comprehensive and the concepts governing the challenger were explained in detail.
- **The vertical synthesis:** The journey of each challenger mission was written out in complete detail.
- **The challenger framework:** The nine pivots were reworked into a challenger framework with six pivots.

The ensuing presentation was made across 20 different business forums, where it was very well received.

Evaluation

There were many questions around the real impact of the challenger missions. Were they indeed a success? What and where were the indicators?

We tested each mission to see how it fared against industry averages over a period of three years. This was, to us, a good benchmark of sustainability. The **quantum** would be indicated by a **3x** figure: at least three times the average industry growth.

We also looked for hard numbers like:

- Market share
- Turnover

In addition, we looked for soft impacts like:

- Moving from periphery to centrestage, such that they capture parent / industry's attention like never before.
- Shaking the complacency out of the leader, such that the leader also takes notice, and prepares a game plan only to deal with the 'upstart'.
- Ability to capture patents /IP for future influence.
- Rise to a position of influence in the industry: influencing measures, heading governing councils.
- Emergence as a talent magnet.
- Winning awards or commendations.
- Gaining entry/ making it to highly exclusive industry standards/ bodies.
- Industry/ parent company begins to treat them as a benchmark.
- Becomes oft quoted and is talked about with reverence in many circles.

Based on these, we wrote out the impact points and the **key drivers** for each challenger mission. They went into the making of the first challenger report: it simplified the complex data to six challenger differentiators, a note on challenger leadership, and a challenger vision for India.

THE FRAMEWORK

We mapped the challenger missions on the impact-and-challenge matrix. Impact is defined by geography: the measure could be pure business numbers or the soft criteria mentioned above. Challenge is defined by the paradigm that was overturned:

1. Challenging the organization paradigm

This category is defined by entities that originally struggled to survive within large group companies and have been consistently overshadowed by heavyweights. How they went on to capture the mind share and become significant players is a result of their challenger capacity.

2. Challenging the country/ culture paradigm

In this category, we find those challengers who have defied the 'conventional notion' of what a country/ culture can achieve.

3. Challenging the leader's paradigm

This category contains challengers who have taken on an overwhelming leader, gone on to wrest a significant market share, or threaten the leader's position.

4. Challenging the industry paradigm

Here are those challengers who redefined the existing market space by rewriting the way in which business is done.

This matrix identifies both the challenge and the impact:

<p>IMPACT ↓ CHALLENGE</p>	REGIONAL	NATIONAL	GLOBAL
ORGANISATION PARADIGM		<ul style="list-style-type: none"> ◆ Cholamandalam Vehicle Finance ◆ BBA fragrance-IFF ◆ Tanishq-Titan 	
COUNTRY/ CULTURE PARADIGM		<ul style="list-style-type: none"> ◆ Wipro-US \$ 70 million contract ◆ Tehelka ◆ Barista ◆ Shantha Biotech 	<ul style="list-style-type: none"> ◆ Gandh Sugandh-Urvashi perfume ◆ contests2win-foray into China ◆ Sasken-the standards challenge
THE LEADER'S PARADIGM		<ul style="list-style-type: none"> ◆ ITC-IBD-e chaupal ◆ Cavin Kare-Fairever/ sachet 	
THE INDUSTRY PARADIGM	<ul style="list-style-type: none"> ◆ Subhiksha ◆ Parry Agro-bought leaf challenge 	<ul style="list-style-type: none"> ◆ StarPlus-KBC ◆ Lagaan ◆ Businessworld ◆ BankAm ◆ DRL-S team ◆ Amul-cheeze pizza ◆ Dainik Bhaskar 	

THE FINDINGS

This report presents the key insights gained in the form of five **challenger differentiators** cutting across challenger missions. No significance is to be attached to the sequence in which they have been arranged. They constitute what we consider to be the richest in learning value. In addition to these, the penultimate chapter highlights characteristics of challenger leadership by comparing them with those of the traditional mindset. The last chapter summarizes the challenger theme and offers a vision for challengers in India.

The **six challenger differentiators**, that constitute the core of this report, are as follows:

1. GENERATE ESCAPE VELOCITY

Legacies can become powerful forces of gravity that prevent a challenger idea from taking off. Challengers move thought beyond the boundaries of legacies. By removing escape buttons, **challengers catapult past the point of no return**, and cannot be sucked back into the old paradigm.

2. CHALLENGE THE ESTABLISHMENT

Challengers do not follow the established rules of the game, whether in the industry or within the organization. They challenge the establishment to come up with a **radical strategy**.

3. UNIQUE INSIGHT

Challengers get unique and cutting edge insight, because the key leadership team interacts in depth and directly with the end consumers. They are able to see **old data in new ways and open new insight windows**. This leads to surprisingly fresh discoveries even in the most jaded of markets—time and again.

4. CO EVOLVE, CO OWN

Challengers realize that to make radical ideas work in the market place, they need tremendous ownership across levels, partners and functions. What is different about challengers is that they don't merely talk about the need for ownership. They build **an intensive process of co-creation with all stakeholders, from concept to realization**.

5. COMBAT DILUTION

Challengers use 'combat dilution' as a conscious process against dilution during execution, to ensure that **every obstacle** is treated as **an opportunity**. It results in a maximization of strategy, with the final concept growing to much greater heights than imagined.

The differentiators are substantiated by examples from across the challenger missions that we studied. Each has been chosen to highlight a unique facet of the differentiator. And each example ends with an **'Ask Yourself'** provocation. Designed to go beyond pleasant food for thought, they aid business leaders in assimilating the 'challenger ideology' and launching challenger missions.