L'INNOVATION MANAGERIALE
Vineet Nayar CEO HCL Technologies

Michel de Virville:

I wish to welcome Vineet Nayar at the College des Bernardins. The College des Bernardins, this beautiful building, was one of the Colleges of the Sorbonne, one of the first European universities opened in the 13th century. It was a specific College, one which was combining university curricula with curricula derived from the prayer and studies of the catholic monks : the « Bernardins ».

Today it is still a catholic theology university but it is also a research center welcoming research from diverse philosophical religious and political inspirations, as diverse as the French and European society is. It is also a place open for debate on social issues and a center of artistic creation.

Our seminar on « management innovation » is working on how to bring together creativity, freedom of independent people to create value. That is why we are so interested with your concept and your experience of the « inverted pyramid ». We are not only pleased to welcome you, we are waiting for what you will tell us and we will then use it to develop our own thinking and practice.

Charles Henri Besseyre des Horts :

During our last session we were discussing the experience of a family oriented company one which is manufacturing fresh food and sandwiches and which is run by three sisters. We were particularly interested to understand how employees including shop floor managers were kept informed of the relationship with the customers, which is very close to your own concerns.

But we will change our method for this second meeting, a kind of « de-hierarchisation »: splitting our group in subgroups. Vineet you will have 30mn to present us how change has been implemented at HCL your company, then 30 mn of Q &A, then each subgroup, table, will both have lunch and discuss the issues during 40 mn before we resume global discussion, exchange between tables. And then Vineet, you will have time to comment and conclude.

One last word about Vineet : we first heard of him in June 2010, I was teaching an executive program in Hyderabad in a very hierarchical company, the equivalent of EDF in France, and the last day I went in the bookstore and I saw this strange book, with the title « employee first/customer second » and the vice/versa cover…I read the book with passion during the returning flight and the we had this conference in 2011 with 400 people and a standing ovation and today the book is published in French. Vineet is really an amazing entrepreneur and now he will tell us his story.

Vineet Nayar:
Good evening, it is an honor and a pleasure to have been invited at the College des Bernardins. My real intent during this presentation is to make you to think differently: a new thought, one you have not been thinking of previously.

High performance
Let me start with a definition of what is a high performance individual or a high performance team and I think this definition is very important for our subject. A high performance team is a team which makes what others feel impossible to do. So when teams achieve things that others consider impossible to perform we call them high performance team. One thing you will all realize that we consider impossible is magic. And that help us define what we consider impossible: impossible is what rests outside the boundary of our logic. High performance teams do things that others consider impossible by thinking outside the boundaries of their logic outside of « the box ». Therefore if you and your teams are not pushing the boundaries of your logic and reason you will do nothing impossible and you couldn't reach high performance.

Execution
This is a very important definition in our actual environment : in the last two decades dominated by industrial revolution and globalization there have been three main reason for success : great leaders, great ideas, fantastic execution. And therefore large organization like GE succeeded by mastering execution through size. If you had global reach you could have multiple factories, shops and offices and the size and scale of the organization and the ability to execute perfectly was the differentiating factor.
But when technology revolution came in the execution was challenged: suddenly you wouldn't need factories; you could outsource manufacturing and begin to sell in India very quickly. Suddenly the brick and mortar execution gave way to technology execution, it didn't become irrelevant, but it was not anymore as differentiating a factor as it was. In that new scenario enterprises began searching for new competitive advantages and that new advantage was experience. The consumers, largely driven by young consumers of emerging markets started seeking customization not standardization: execution had to do with standardization of product, of process and pricing. But consumers were now searching for customization: give me the Chinese language interface that I want or Hindi interface. Very interesting things came around during that phase when more and more personalization took place, the concept of experience became more and more important and this is exemplified by Apple which was not technology dominant, but was mastering the way to provide the consumer with a new experience.

Leadership paradigm change
Then the command and control organization focused on the top, with centralization of innovation and technology and mastering of execution began to crumble because innovation was not required to produce, innovation was required for the customer and the interface with the customer. As innovation was moving out of the headquarters with value creation, then the headquarters were challenged and with them more and more companies. If you look at companies with large increases of market capital you will find more and more a new generation of companies.

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So there was a need, a real need to transform traditional organization, that is to modify permanently the shape of the organization: if you do not change the architecture of the organization you will fail. Once you begin to loose market share there is an extremely high probability you will fail to regain it. So for large organizations there is a significant urgency to change, to « get back on the train » before it is too late.

So how do you transform your organization?
That is the big debate of today. There are two ways of transforming the organization one is to introduce a really new product or service which establish the difference, such as Apple, Google, and Facebook. But if you count on breakthrough innovation there are very few and if you really look at inventions in the last two or three decades the number of inventions coming out are also reducing because the economy is dominated by the stock market. The stock-market is looking for short term profit which is linked with efficiency innovation reducing the cost of production and not with product innovation. In the short term it makes the stock-market happy, the CEO happy but the organization is less and less connected to the consumer. Is there an option?

The What and the How axis
That's where we were at HCL in 2005 : we were a 30 000 people, 700M$ in revenue, Indian company: was there an option to compete with world leaders: to compete on the « what » axis was very difficult, was it possible to compete on the « How » axis? The How axis is the culture axis. At that time a very interesting study of Mercer came out pointing at the fact that 80% of the employees of any organization are largely disengaged. So if we transform ourselves, not on the what axis, but on the how axis which is the culture, the architecture of the organization, is it possible to create a competitive advantage on the how axis? Is it possible to outperform on the same parameters of shareholder return, revenue growth profitability etc… without changing the " parameters of the stock market". We said the minimum we would be able to do was to move from 20% engaged to 40% engaged this would automatically give us the competitive advantage needed on the « how » axis, without taking into account what we should be able to create on this axis. But moreover if we do succeed in transforming the organization and creating a culture with a competitive advantage, the returns would be significantly higher. So where did we go?
In fact we increased our market capital of the company from 1.2B$ to close to 20B$, our revenue from 700 M$ to 5.4 B$ and from 30 000 employees to 90 000, only three times more people… And we became ranked number one in customer satisfaction (not employee satisfaction which is an internal metric). And all this was achieved during the peak of the 2008 recession. This confirmed that by working on the "how" axis we could actually increase in efficiency.

To achieve this we answered three questions:

1. What is the business we are in?
   It has to do with customer satisfaction to give a differentiating value to customers.
2. Where is this differentiating value getting created for our customers?
   In the interface between our employees and the customers, let's call it the « value zone », which is more and more far away of the CEO's office.
3. If our competitive advantage is the new experience on the value our employees are creating in that value zone, what should the law of the management and the managers be? That question seems obvious, but very few of us ask that question… because it leads managers and management to the answer the question what is expected from me? The answer is obvious: to enthuse, encourage and enable that sets of employee who are creating value, the more you do that the higher the value you create, the more growth you will achieve.

And that the basis for our management principle Employee First Customer Second (EFCS).
It is therefore necessary to invert the organization to make managers and management be devoted to breakthrough innovation at the interface with the customer, in the value zone, is the new mantra in the digital era. **Managers role is thus to enthuse, encourage and enable employees.**

Managers resist change
Like in everything theory is easy, it makes sense, but practical implementation was very difficult: the managers have put in a lot of effort to become managers and don't want to change. In 1915, was Mahatma Gandhi the inspiration leader of the country, looking for to gain independence from British rule? Yes. Did Mahatma Gandhi have the idea of nonviolence as a tool to get independence from the British Raj? Yes, he had practiced it during seven years in South Africa. Since we had the right inspirational leader, who would then become the president of the National Congress, then why did it take him 38 years to gain independence? Because the only people who wanted an independent India were a few thousands around him.
So the first step was to create unhappiness with British rule.

The HCL vision: What's in it for me?
It has been the same thing with our company, focusing on becoming number one in our market segment. So we had to look at the mirror on the wall and understand we were the ugliest of all...: make people realize that the situation of the firm was not what it should be, create dissatisfaction with the status quo. If not, transformation cannot take place. The second aspect of this transformation was to formulate a vision that would make people « jump out of the bed » and go work for you. The vision has to be for the employee not for the organization. We must answer the question : "What is in it for me?" .The employee must feel as good with what he is doing in the company as what he is doing at home or at the mosque or the church or with his children. Because we have nothing to offer to him except money and money is not the most important thing for him. When we define a vision we often define it for the organization and then force it down the throat of the employee and say he should feel good about it. It is like explaining to a plumber which comes to your office how marvelous your house is up to the point where he asks you « that's all fine, but could you please tell me where the hell is the leak? ». You don't allow your employees to ask that question: he is walking in his office hoping to do something nobody else has done before and you tell him how proud he should be to be working in a firm that is leaking but I won't tell you. I'll tell you about our great projects!
So to get from here to there is a series of experiments.

To implement this transformation in an efficient manner you must go through four steps:
Step 1: Mirror, mirror on the wall we're the ugliest of us all. We talked about that. It was the toughest thing to do. We were looking for plumber to fix things.
Step 2: people didn't trust me, the CEO. The organization was like an army with people obeying but not respecting. If **we pushed the organization's transparency**, throwing all the dirty linen out there, for all to see, the employees would start trusting. We had to regain the trust of our people.
Step 3: inverting the organization structure. You can't turn around the paradigm with managers' role being enthusing, encouraging and enabling, until you invert the organization pyramid. Command and control can exist but you also need the inverted pyramid. Why CEOs and Presidents are selected and not elected? In 2005 I asked 30 000 employees to give me my performance appraisal after 90 days in my job. If you want to change strategies you need to do it just as a change in product strategy, put all your life behind it.

You have to stand up and deliver. As more and more managers were understanding that by inverting the pyramid, we were buying years, employees got it.

Whenever you bring a major change you can do it two ways: one is to have hours and hours of conversations about rights and wrongs. Second way is to do that but also to tell people what they will be measured on. Managers were told that they would be measured on, it was a clear message.

This was a performance initiative, not an HR program.

We had to out outperform our competitors on their own metrics, not the ones we thought were right. So we created a digital organization to remove excuses from the organizations and to shift accountability to the employees themselves. If results weren't happening we would ask employees if they had asked for what they needed to achieve those results. If the response was "No", they would lose their bonus and perhaps their job. If the answer was yes but they didn't get what they needed, we went to the managers and asked them why they didn't give the employee what s/he had requested. Management is not responsible for your performance, you are. But they are responsible for giving you the means for you to achieve what you have set out to.

We were the first company affected : being an employee first culture we couldn't just lay people off when the recession came in 2008, with 38% revenue fall we had a $100 M problem. Instead of asking customers for forecasts we went to the employees, organized town hall meetings, told them our issue and asked what to do. If we couldn't come up with solutions we would have to cut jobs to meet our shareholders commitments. We didn't reduce our headcount though the board disagreed. We did end up saving $ 100 M with our initiatives.

Our employees were motivated and energized when going to our customers, trying to do everything they could, while our competitors' employees were demotivated, actually looking for a job outside or at the customer's company… We hadn't anticipated this. Our revenues went up when everyone else's were going down.

There is a merit about the "How" axis, about creating impossible dreams without taking some risks? Is creating competitive advantage on the culture axis the calculated risk at this juncture the question I would like you to think about. Thank You.

Charles-Henri Besseyre des Horts: *This was EFCS 1.0, what about EFCS 2.0, what has changed since 2010?*

Vineet : 1.0 was focused on the experience we created at the interface between the employee and the customer. EFCS 2.0 is about creating value, innovation at this interface. V 1.0 every single employee could be an entrepreneur but that doesn't suit everyone. So we came up with the concept of Ideapreneurship. Everybody is creating new ideas that can become a competitive advantage. We created organizations where people participate out of interest as when you go to college and you are part of multiple groups. So people are part of several initiatives and projects and have several bosses rather than just one. This creates a culture of innovation because the employee is more engaged. The second thing was to create an innovation platform where employees can deposit the ideas they come up with. We throw the idea to the customer who gets it for free and just is asked to give points to the employee who had the idea. These points accumulate and can add up to a bike, a car, a BMW, international travel or whatever. So suddenly you have created ideas coming in free for the customer, the customer ranking them, people earning points and you're creating a culture of innovation. You map all the ideas and get the global picture, then directing how you invest in the what axis.

We democratically vote for the ideas, select the top that become funded business initiatives. So there is a huge amount of experimentation in EFCS 2.0.

Charles-Henri Besseyre des Horts : *We will provide everyone with the business case I wrote; for example one team made 7 M$ with Symantec just on an idea without asking for permission.*

Questions and answers

Richard: *Vineet could you give us the Vision you had for HCL? Also, around the efforts during the recession when you went to the employees, there was something around the nature of what came back between cost-cutting and other things.*

Carolina Haquet: *Did you experience, when experimenting with the inverted pyramid, resistance form your top management who can be usually focused on status quo? How do you manage your company now? My experience is that when the CEO is out of the company there is something lost. Are you able to manage this?*

Vineet Nayar :
HCL since I left
I gave up my job in 2013, I'm addicted to innovation and challenging status quo, so I took up the challenge to transform the lives of 100 M children in Indian grammar schools.
HCL is outperforming what was done when I was there. This confirms that if you want to build a company to outlast the leader you build it with cultural transformation, then irrespective of the leader who comes in, unless s/he destroys what was done, it will continue.

Vision
Coming to the conversation about the vision, we need to think of how we manage our teenager children. I cannot tell them what to do with their life; I can only point out what to me looks good for what they have decided they want to do. So 30 000 employees…
We thought of what was in it for each of them. If asked at a party who they work for, would they say for HCL, would they be evasive and say in a high tech company, or would they mumble something. Our employees were honest and a majority told us they would not say they worked for HCL. In 2005 I said I didn't have a vision for HCL, but that I had a vision for them. I said "If you're still around in 2010, when you shake hands 90% of you will say I work for HCL and the response will be HCL, Wow !" Everybody called me stupid, weak, without ideas. No vision for HCL. Over time people and employees started seeing us succeed and feeling proud. Suddenly all the transformation came together with the energy. Mahatma Gandhi didn't define what freedom looked like.

How did the leaders react? Leaders will resist, after all, they are the smartest –at least by the old benchmark – so assumption n°1: trust them. If the guy is smart, you need to argue it out with them. The idea that CEO directs everything is passé. Huge blueprint meetings, townhall meetings, lots of debate. People start thinking in terms of logic. A halo around the CEO is that you don't open your mouth. So to break this at the beginning of meetings I would do Bolywood dance to reduce the distance and enable a conversation. There are transformers who want to change things, there are lost souls who will always find something wrong and there is the immense majority of fence-sitters who don't care. I can't do anything about the lost souls but I can do with transformers and fence sitters. My philosophy was if 15% of my direct team, of the entire organization are on board can make it happen. Smart people can see that 2+2=4.

Question : *What are the two or three things that leaders can do to establish a culture of trust in their organizations ?*

Michel de Virville: *Something struck me, the difference between what was implemented and the ideas that*

people had proposed. What happened and how do you not lose the energy in between?

Charles-Henri Besseyre des Horts : *This philosophy about inverting the pyramid, how does it work in different cultures and in India as well.? You now have many international operations.*

Vineet Nayar

Over a period of time I discovered a concept called **"Build"**. Social networks are tools where whatever you say or do stays. My Facebook profile was BUILT, it has developed form maybe 10 years ago to now. The young generation believes in building on an idea, they want to add to an existing idea. They know that the starting and ending points can be completely different. It's not my idea, but my idea is embedded in it. The whole organization structure has a social architecture allowing this. An example: an idea come on an innovation, most aren't implementable because too specific. How do you take bottom innovation from let's say irrelevant ideas. We put all together and you as a team, division, come up with the ten best out of 100. Compete with the 10 best, that themselves can embed some of the 90 ideas you left out. We create an exchange where people contribute on top of an existing idea, teams called 1.2, 1.3 refine the ten best ideas and add to them. Then it goes to the regional competition, same process. Choose 10 ideas, integrate pieces and concepts form other ideas not selected or from ideas from other regions! All of these ideas move up, combining ideas and all want to contribute to the idea that will win the competition. It's a 45 day long exercise, brought on to MTV live, 10 ideas arrive on the final stage and have nothing to do with the original ideas, nothing at all. HR, Technology, Finance, everyone combines ideas. The point is when the entire organization is immerged into coming up, understanding and combining ideas, what has happened to the culture? It's about ideas, everyone is building on ideas. You have to create an organization structure that allows it to *BUILD*.

Back to the cost cutting. When we asked how to save 100 M$, we created a debate, ideas came in and we put the ideas out to work. When the 76 final ideas were chosen, employees voted for the best. In Hinduism, on Divali (one of the most important Hindu feast) you must offer a gift. I was against it because it only represented one religion and there was a great push back. What you want is not a gift for yourselves, let's take the amount for what would have been your gift and you can choose who can get it.

Trust: Nobody trusts management. African story, the pregnant women writes and signs a song for the child's birth and until its death. When the child is unhappy the mother signs the song, be it miles away and this calms the child. This experiment is about the power of intention. Your action and intention has to be pure. Do not do anything you do not INTEND to do. Everyone knows your intention. A child, a dog knows your intention. Employees know your intention, so be what your intention is.

Anecdote about a team member who had a problem with his wife who locked him out of his house because she wanted to see his credit card bill and he didn't want to give it to her. He didn't like that she didn't trust him and she became suspicious because he was keeping the credit card bill from her. I asked him a fundamental question: *"Are you in the business of getting back inside your house or in the business of having an argument with your wife?"* He said inside the house, so I said show the credit card bill.

You need to be transparent to generate trust. It is not a right, you need to earn it. Get your intention right and get your transparency right.

Jean Pascal Arnaud: *Has there been any change in how you define financial recognition, salary, shareholding etc? Do you have a high or low level of headcount turnover?*

Thierry Boiron: *What's next? The next idea? EFCS build must have changed a lot. What do you feel is coming up here and now? What event triggered in you the thought of EFCS?*

This philosophy must be attached to your philosophy of life. Can you share some thoughts?

Vineet Nayar
Financial recognition: we had 100 % of our employees on variable pay with 70% fixed and 30% based on performance. Variable was created to manage and new generations don't want to be managed. I took to the board to give fixed compensation to 90% of our employees. So during the transformation, we guaranteed the variable part of 100%. All bonuses were guaranteed and only senior management, 10% of the company, had variable pay as final performance was their responsibility. That created a huge amount of energy, we called it "Trust pay" and we rethought every aspect of what and how we paid.

Statistically low level turnover, it's the lowest in the industry. Our employee satisfaction surveys are the highest in the industry and we believed it but we should not have. I do them every year. Is my answer the same today and tomorrow? It depends on the environment, what's happening in my life, in my team, at my customer's… I couldn't trust the results of these surveys.
So I came up with a DAILY satisfaction survey.
We have a mechanism, the interface with customers is digital as well as between employees and support functions. So we have these smiley faces people can chose to give their daily level of satisfaction. I can see how the organization is feeling and it's completely triggered by how the company is doing. We do the same with customers. At every interaction they vote with a smiley to tell us if they are satisfied or not. They can ignore it but it's their choice, also they can always say if they're not happy.

Metrics
We went through the evolution we went through by stopping measuring what everyone else was measuring, outperforming on what others were measuring –very important because you don't win the argument if you change the parameter, you need to prove yourself on their parameters then focus on the parameters you believe are the most relevant.

Different cultures: this is not meant for me, it's for Indians, young people, old people,…
Management and managing people is simply about giving me the opportunity to perform, the resources to perform, judge me fairly and transparently and then you can crucify me if I haven't performed. Period. All cultures are geared around this. We did a large acquisition in England, giving them an option to adopt EFCS after a month or 6 months. At the one month they refused to integrate EFCS so we gave them 5 more months. Then there was pressure on me not to do the survey with their employees, I was told "they are not ready"… I gave them the option to never speak about it again. When we ran the survey, the great majority wanted to implement the EFCS culture… Our approach was that if EFCS had merit, it would be adopted, if it didn't it wouldn't. Whatever the cultural context.

Philosophy of life: where does this approach come from?
I don't know where. Three interventions shifted my thinking. I was educated in a catholic school with nuns and then attended XLRI which are fathers. I ended up spending a lot of time understanding their thinking. They had a huge amount of selflessness; I could never believe why they were so selfless. Where does that selflessness come from? Can I bring that to the organization? Religious organizations are the best organization structures. 180 000 ladies in India come together to chant praise to God in their homes with just a slip of paper coming from "the mother". I've always struggled to be "the mother" but I'm not…
I lost my father very early in life and observed my mother very closely, very resolute on values at home, she was a school teacher. For me with lots of money I can easily lecture people on honesty, but what I saw in my mother's honesty from the bottom-up is what influenced me.

Thirdly are my teenagers, they push back on my command and control management style and have strongly influenced me.

Innovation in the organization

You can find reasons why innovation can't take place in your organizations, leadership isn't ready, not the right time, lack of skills… but I believe in changing the social fabric of society and organizations. I refused to be a minister in the Indian government in order to influence change from the outside. Example: we went to the Netherlands and we saw how spastic children were taught (Spastic: Cerebral (brain) Palsy (lack of muscle control)) with small spans of attention and where they use a lot of toys, and multiple ways of interesting the children in the subjects. We assumed that if we combines toys, stories, we could transform the way education is delivered to millions of children in India; no one is interested: nor the schools, the teachers, the children, no one is interested.

So we came up with a folklore hero, Baghat Singh, who like Mahatma Gandhi was against the British rule but was 10 times more popular than Mahatma Gandhi. He should have been the father of the Nation but Gandhi became father of the nation.

So the teacher comes into the class and a number of courses are based on this mythic hero. For example for additions and subtractions, Baghat Singh has to be in this or that position compared to a starting point. Perhaps twice the distance, or half: multiplication and division are learned.

After a few weeks the children didn't want to go home, the wanted to play Baghat Singh!

My only advice is for you is when you've ignored what I have said because of all the circumstances of your organization, find your Baghat Singh story and make sure you bring about some change by innovative intervention in your life and I'm sure there is an opportunity for you to make a difference there. That is the future of EFCS it's not what's happening in HCL, it's what's happening in the hearts and minds of people which is the reason I come to conferences like this one.

Table feedback for the community, not only for Vineet Nayar.

The first idea was these little ears on Sophie's nametag to stabilize it!

We were impressed by the **definition of the vision, one for each employee: What's in it for me**

Managers' role to enhancing, freeing the potential of team members: translating ideas into action

How is it possible to avoid evaluation of people? Your presentation is based on trust, through some of the mechanisms you explained. How can one have both evaluation and building trust?

We have the impression that evaluation is always top-down. At HCL we saw more peer and customer evaluation there.

We discussed the Trip Advisor system as a new way for management and evaluation. Glass Door is just arriving in France, nothing can be hidden anymore. The question is not so much about being evaluated, but in creating a large participation evaluating others and projects.

Peer judgment can be the best and the worst thing, and go wild. We know that in the academic world!

We wondered about election versus selection. Our proposal is to apply this tomorrow morning, allow people inside to candidate for tough positions and promotions and not only to select in a top down HR committee. Reinvent the Talent management system.

Our focus was on the management paradigm change. We believe there must be a strongly organized process that enables to build ideas on each other.

But what was your relationship with your shareholders in the beginning to make this project acceptable?

Can a contributive participative system generate its future leadership to self-sustain? Vineet you've been away two years now. The effects built are sustained. What will happen in 5 or 10 years? Could there be complacency where the culture would hit the wall because "Here's how we do things at HCL"?

What place and role for hierarchy in an EFCS model? The boss should make his point and be the boss.

Making the intentions clear because people will sense the intentions anyway. In France there are legal and regulatory barriers to transparency preventing managers from sharing their intentions to change, close down, and reorganize. We need to adapt to local legal situations. We also have good counter examples within the French context. In India and elsewhere there are also legal constraints and we can innovate within these.

The importance of digital in the process of sharing and building on ideas. At the same time the company seems to be relationship-based. Internal social networks have boosted these abilities to share and communicate.

The ability to change in the digital world will come from the digital native generation and we in our generation will need to get on board fast.
We visited HCL in Bangalore. We were surprised at the level of digitalization: everything goes through the digital environment, the communities, the how I feel today, the idea sharing. The employee age average at HCL is 26-27. What we experienced as European HR executives, we felt that we lived in a different reality because of how evolved the technology was and how people's behavior was integrated with the technology. It's hard to assess this from hearing the story.

I would be very skeptical about people relating to other people they don't really live with. How much of a relationship can people build in these conditions?

Vinnet Nayar

Convincing shareholders
Start with the example of being in the middle of a desert at noon not knowing where North is and needing to decide for a group of people where to go. Not moving is assured death. So to start in any direction is at least a 25% chance to go in the right one.

We are faced every day with this situation; we don't know the future, even if we may have intuitions. Many managers believe that their answers always need to be definitive. If you really knew and got it right, OK, but if you argue your point in this manner over a period of time it doesn't work because you won't always be right. So what to do?

The first approach is to admit that you don't know. Then argue your point that walking in this direction increases the probability of success. I can't guarantee success but I can take a direction I believe in and bring people along. My answer to shareholders was that in the situation of HCL today, you are screwed, not me. I don't have any better idea but we will adapt and adjust the direction as we go. That's how innovation works, you test and fail and adapt based on hypotheses that you prove right or wrong.

Strategy from point A to point B is never a straight line. It's always a Brownian motion.

From Reactive to Proactive
Let's talk of the HR digital interface enabling employees to put a ticket/request from their desktop. Great idea. The first weeks, thousands of tickets coming in, everybody in HR and Finance working hard closing tickets, some 90+% of tickets being closed. A strong demonstration for customer service commitment, so we threw a party for HR, Finance, etc.

So a girl stood up and said "Vineet you're stupid", these were her exact same words. She said that we are here celebrating solving employee problems, and what kind of a CEO are you celebrating having all these problems to solve?! We moved away from an incentive structure rewarding people for closing tickets on time to rewarding people for the ticket not existing at all in the first place. Because of this girl we changed from being reactive to being proactive, where before implementing an HR policy we did a lot of educating and making sure it was understood.

The talent thing is an open market at HCL, people apply to jobs inside rather than outside and have 6 months to transfer out of their current job. We don't need to pull people up, they pull themselves. It creates a mindset.

One last thing

What will happen to HCL in 5 or 10 years? It's tough to burn the platform every year. I told my successor that the company's culture will take care of itself. The only thing you have to fight in this organization is you, yourself and being happy with yourself. The day you stop exploring you're dead. The probability of HCL to succeed is pretty high. EFCS 1.0 is dead, it needs to evolve into 2.0, 3.0, 4.0 . The Japanese failed after creating Kaizen methodology and discovering the brilliant idea that culture could be a competitive advantage. But then they didn't evolve, they created a bureaucratic organization approach to Lean that suffocated innovation.