HIRING FOR YOUR OVERSEAS OFFICE
Page 34

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Are you a compulsive micromanager? Take our quiz
Page 09

From *Sarkaar* to Start Up!

Why Vivek Kulkarni, Sanjay Purohit & Sabahat Azim **LEFT THE HALLOWED IAS** to become entrepreneurs
Page 18

Convinced of the great business opportunities available, **Vivek Kulkarni** left the IAS after his stint as the IT Secretary of Karnataka

How Paper Boat has spun childhood tales into a great brand story
Page 29

THE UNLIKELY JOURNEY OF IAS OFFICERS TURNED ENTREPRENEURS

Sarkaari naukri doesn't seem like an incubator for gutsy entrepreneurship. The three company builders we profile debunk that theory though. The former bureaucrats-turned-successful entrepreneurs show how invaluable their government stint has been in moulding their business models, crafting their products, pricing their services and understanding the market. Read ahead to find out how they cracked their winning formula en route a public-private journey like no other.
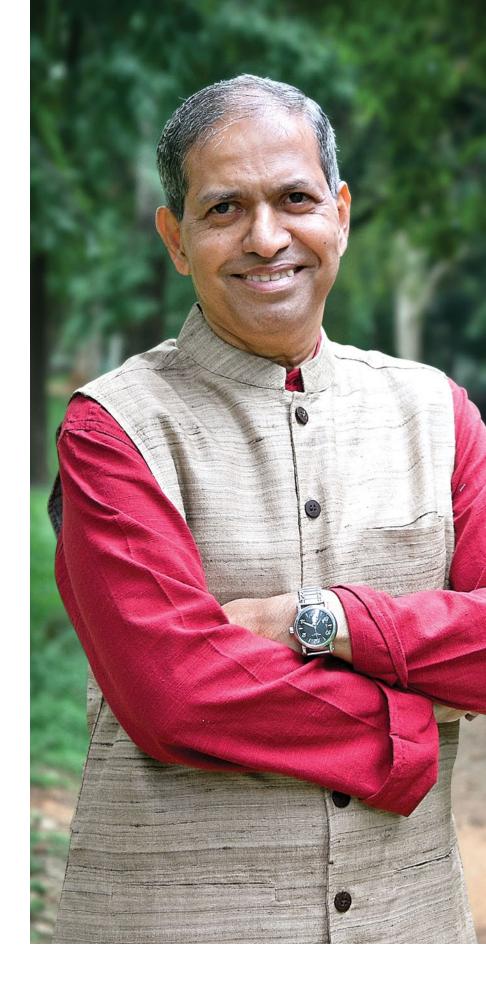
By Preeti Singh

Design by Anil VK

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When three former IAS officers—separated by state cadres and decades—tell you that they sharpened their mantras of honesty, integrity, teamwork and speedy decision-making while in public service, raised eyebrows as a result of an Indian's ingrained cynicism might well be forgiven. Add to this their shared conviction that the private sector is where it's at; little trumps *sarkaari* training; shortcuts don't work; and frugality without skimming on quality is the best bet and you'll get a winning idea of their own lack of pessimism. Spread over three decades, their individual entrepreneurial journeys mirror India's big booms in the corresponding era—IT, BPOs, telecom, education, health care.

Vivek Kulkarni. Sanjay Purohit. Dr. Syed Sabahat Azim. A tech-savvy finance buff who studied engineering, an engineer-turned-reconstruction specialist and a specialist doctor who, quite simply, got bored with medicine—these three delightfully non-babu-like ex-bureaucrats are honest enough in their mild criticism of a system they were a part of but equally staunch in their defence of its exceptionality. Quick to attribute their entrepreneurial breakthroughs to experiences as spokes in the wheel of the Great Indian State, all three left the Indian Administrative Service (IAS) prematurely, albeit non-grudgingly, brimming with optimism to do something different.

VIVEK KULKARNI
BRICKWORK

Vivek Kulkarni was the proud harbinger of the IT boom to Bangalore as the dynamic IT & Biotechnology Secretary to the Government of Karnataka. He chose to leave the accolades behind to join the private sector as an entrepreneur and founded Brickwork in 2004. Brickwork, named because it provides foundational virtual executive assistant services to busy corporations, has since then had clients in more than 88 countries.

During Kulkarni's term as the IT & BT Secretary, one global IT or biotech firm was setting up shop in the state, per week. Trying to keep up with all those breakfast meetings that his new foreign customers preferred nearly gave him diabetes, he says.

An engineer for whom finance has always held a special fascination, leaving the government wasn't really on the cards till, working with leading IT companies, he observed people doing well and thought he must also try his hand at the action!

Brickwork was born when he sold his stake in his maiden entrepreneurial venture B2K Corp—a technical support centre formed out of the acquisition of a division of Talisma, a large CRM company funded by Oak Ventures. Bored with repetition, and realising that the diverse bunch of people he had hired in the US were being more than ably supported by the boys and girls back home, he turned this very support into a winning business idea. Brickwork now employs over 200 people and has annual revenues of ₹38-crore.

From maintaining and updating personal databases and doing basic internet research, Brickwork's universe now stretches to market research and business plans, covering both the US and foreign securities for hedge

As an IT Secretary, it was Vivek Kulkarni who helped usher in the IT boom in Bangalore. Wanting to be a part of that success, he left a rewarding career in public service to start Brickwork in 2004.

INDIA 101

MBAs, medical and engineering degrees apart, it is the incrementally valuable process of selection into the IAS, the two-year gruelling induction, training and experience of seeing the way India ticks on the inside, that has given each of them an edge. Working in the trenches of India's administrative underbelly, has not only helped them look for gaps to fill, they say, but also navigate the traps that an economy of its size and variety throws up. It definitely helps, they agree, to cut your teeth at the crossroads of India's small towns and an emerging economy's big opportunities.

"The job of an IAS officer is fantastic and the experience invaluable", says Kulkarni, "there are hundreds (even thousands) of different officials working under you; and without ever really having to work on the shop floor, there is no other position where a 23-year-old can go and sit in a CEO's room." Azim feels the same. "Where else would you get so much responsibility at such an early age", he says.

"Even on your very first posting you are already governing almost one-third of a district, and are often tasked with the welfare of lakhs in your late-20s", adds Purohit. It's a mantle you can't wear lightly. This is why, when he quit the service, he decided he wanted to use his unique experience as an administrator in a sector that could help transform India's social landscape instead of selling soup, soap or toothpaste. He chose telecommunications and used his understanding of India to help early movers like Motorola navigate it. Telecom, in turn, powered his first entrepreneurial venture—a BPO—and is the transformative force behind iProf's mission to reach into the heart of India on an accessible device.

Except for Kulkarni, both Purohit and Azim quit after less than a decade of service, but all three agree that the first few years in the IAS are invaluable, when you work really hard and where most of the learning takes place. It is also the time you

get to disconnect from classroom theory and deconstruct socio-economic realities at the grassroots, in small districts that don't even merit a speck on the map. It is an enviable India 101 no B-school can match—a heady and handy mix for anyone looking to crack a complex market.

"Government guys, selected through India's most gruelling competitive exam, are just looking for a free environment to work, and are capable of producing not just high quality work but miracles if given the opportunity," feels Purohit. Administrators learn to manage the often contradictory expectations of multiple stakeholders, right at the start, while working to reconcile these with budgets and resources.

Azim believes in three simple questions before starting any entrepreneurial exercise. 1) What's the demand? 2) Are people willing to pay higher than the product cost? 3) How long is the demand for your product going to last? To this he added one more for Glocal: Can you charge people only for what needs to be done, when it comes to health care? A lot of this was an uphill climb, he admits, given that health data in India can be dodgy and no solution has been statistically proven to have worked. Besides, Indians spend a mere fraction on health care than their counter-

parts in the US and Europe, even as they lead the world on the number of CT scans, MRIs and pharmacies per 1,000 population. It's imperative then to be ruthlessly efficient when coveting a share of a pie that's impossibly small to begin with.

Patience, bidding goodbye to short-term thinking, localisation, and innovating for India are key components of Purohit's winning formula in a country that is a graveyard for cut-and-paste ideas. He cites Pizza Hut's paneer toppings and McDonald's veggie patties as examples. Complete usability will determine a product's shelf life, he adds, citing iProf's emphasis on deep and patient engagement with schools to facilitate end use. While Azim had opted for laptops at SREI Sahaj e-Village to leave desktops and power cuts behind, Purohit's iProf keeps plugged into Indian realities by being just as good offline in a country with low broadband penetration and where most students are offline 90 per cent of the time.

To cater to India's unbanked millions, Azim's e-Village relied on an internal payment gateway, where all partners got their revenue paid up front. "In March 2010, we were doing cash transactions of ₹77-crore per month without a single penny being lost". That's when he was floored by rural

funds and investment banks, to due diligence and procurement services for companies interested in doing business with India.

Brickwork may have been born out of curiosity, but its expansion into Brickwork Ratings—which takes up most of Kulkarni's time now—is the offspring of his enduring love affair with finance—a subject he has taught at IIM Bangalore and Boston University. With an expanding footprint in 60 Indian cities and offices in eight of them—including the first in the northeast in Guwahati—Brickwork Ratings was incorporated in 2007 as India's fifth RBI-accredited credit rating agency. Licensed by SEBI, it has rated 4,000 customers in the last year alone. "We also help *Inc.* with its annual Inc. 500/5000 list of the fastest-growing private companies in the US every year!"

His wife Sangeeta now leads Brickwork India as CEO and—Kulkarni is proud to add—has grown the business to include Fortune 500 companies to its list of customers. For now, he seems content to teach at the Indian Institute of Science (IISc) in Bangalore, and groom banking and financial analysts at the Brickwork Finance Academy while nurturing Brickwork Ratings.

A doctor from Aligarh Muslim University and an IIM Ahmedabad alumnus, Azim says he is a rural India guy who is easily bored to death, and is constantly looking for the next challenge.

Common Service Centres (CSCs)—set up at an average of 16 centres a day in his three years as CEO.

When it was time to move on in 2009, Azim confesses—citing the Judgement of Solomon—he wanted to do something that would not pitch him against his own creation, despite the strong temptation to duplicate its success. A personal tragedy resulting from the over-priced but faulty mismanagement of a family member's health ultimately nudged him closer to the health care industry. If this could happen to a doctor and an IAS officer who could afford to pay, he thought, then what of the rest?

With seed-stage investment from Elevar Equity and Sequoia Capital, and a host of team members who left his first venture with him, Azim quit the services in 2009—a year before his sabbatical ended—and founded Glocal Healthcare Services in 2010. It offers affordable and quality health care through an integrated model of block-level comprehensive care hospitals, health insurance, skill development and technology. Having raised ₹58-crore in investments, latest annual revenues of ₹11.3-crore, and with over 500 people working for Glocal, turning his back on that restraining staircase has sure served him well.

A doctor from Aligarh Muslim University and an IIM Ahmedabad alumnus—Azim says he is a rural India guy who is easily bored to death, and is constantly looking for the next challenge. Serving as perhaps the youngest secretary to the CM in just half a decade of service, with direct access to the top offices, had made it difficult for him to go back to a regular posting, he admits. Also, he had realised, "if you are an honest officer, there's not much left to you at the end of the day". Glocal is poised to add 50 new hospitals in six states providing secondary-level, quality rural health care at low prices. Other projects on the move include a diagnostic tool for doctors; soon-to-be-launched patient monitors; and a freshly-minted one-year management programme with IIM Calcutta to train hospital administrators who have the unenviable task of managing doctors.

When Sabahat Azim decided to take a five-year sabbatical from his hard-won spot in the IAS, his first stop was an interview with a solar power major. His enthusiastic quest ended abruptly at a staircase sign in the company's offices that said "Please take one step at a time". Instead, he founded SREI Sahaj e-Village in 2006—a successful pan-India PPP venture aimed at traversing the digital barrier. Partnering with the government to bring e-governance to India's villages, the company he led helped create rural entrepreneurs who provided a multitude of services via 18,000

India's remarkable capacity to embrace and "absorb" technology, critical for social transformation in the digital age.

PROFITING FROM BOTTOM OF THE PYRAMID

What Azim puzzled over during his IAS career was why a state that was remarkably free of corruption, with good administrators, running water and electricity—all made possible by a large budget for a small population—continued to look like a shanty town. The answer, he says, is that a good government is bad for people. Doling out welfare and freebies to citizens simply does not work, as no one values it, which leads to a state being stuck at the lowest echelons of the development ladder. The State can't be your livelihood. Industries need to come up to meet the demand and charge the right price for amenities, he feels. Just as a seemingly perfect state would collapse if government funds are withdrawn, there is no substitute for creating value if you wish to make money—the very lifeblood of a business.

Glocal's first hospital at Sonamukhi in West Bengal was built on a theoretical model that distilled 90 per cent of India's disease load into 42 conditions. After devising a protocol for treating and managing these, the result was a 30-bed hospital that simply didn't work! People may like free things but they don't trust them is the turnaround lesson that the "phenomenal" failure of his first hospital taught Azim. People simply did not trust something that was priced so low—borne by the fact that a ₹150 consultancy fee worked better than ₹50! Also, opinion of others in the trade matters in the health care business. Apart from patients' mistrust of low prices, the new hospital threatened the existing ecosystem, prompting much rumour mongering in the small town about its doctors' efficacy. "People don't go to a hospital because it is good; they go when someone tells them it's good, which they never will if they themselves are

With the economic liberalisation of 1991, Purohit realised the futility of socialism as a delivery mechanism for India's growth and decided to join the private sector in 1995.

SANJAY PUROHIT
iPROF

Sanjay Purohit joined the IAS in the late 80s just as a "confused" India as he calls it was entering a dark socio-economic phase, soon caught between the Mandal agitation, a ballooning deficit and petrol rationing. With the economic liberalisation of 1991, he quickly realised the futility of socialism as a delivery mechanism for India's growth, where the government had no business being in business. Suddenly the IAS was no longer the only place to make a difference. After taking a study leave in 1993 and subsequently graduating from IIM-A, he joined the private sector in 1995.

Multiple roles within the telecom boom beckoned, and were followed by a long spell in the US helping businesses in trouble. A self-confessed "reconstruction specialist", Purohit served as a CEO for businesses as diverse as manufacturing, BPOs and textiles. He facilitated the turnaround of the $600-million textiles firm Dan River—now taught as a case study at the University of North Carolina. Finally, this small-town boy from Rajasthan realised there were others like him back home who could benefit from a bet-

threatened," he says. Glocal's hospitals are still priced low, but by moving into secondary-level care, not easily available in small towns, they avoid threatening the livelihoods of primary care providers.

Azim also realised the location was all wrong—patients found it easier to travel to neighbouring towns than to Sonamukhi. It has since found its feet, and the other seven hospitals that followed broke even within months and were turning profits in under a year. Glocal aims to make health care less capital intensive with modular scalable architecture that allows faster and frugal hospital build and a strong IT backbone for cheaper health care delivery.

Purohit stresses on creating lasting value, saying that frugality is the key to survival and every penny matters if you wish to tap into and benefit from the bottom of the pyramid. There is a very thin line between viable profit margins and failure in a highly price-sensitive market like India, where a 10-cent ice cream cone brings in more footfalls than anything else. Nowhere else has McDonald's priced anything as low, with the Mercedes A-class and Hyundai Santro being other cases in point.

MAGIC MANTRAS FOR SUCCESS

Armed with his experience of working in 31 different countries, Purohit admits that India's bureaucratic process is probably the worst. Not so the bureaucracy, all three insist. "There are more great people in government than there are outside," feels Azim, "but being honest is not enough; you must also be competent." Bribing ensures that you meet only the bad ones, he adds.

When Purohit imported the first set of devices for iProf, customs officials mistook them for video players. Against shortcut advice from friends to just hire an agent who will get the job done, he chose instead to take his appeal higher to the customs commissioner to create a new category of imports. Cutting corners in a business you are in for the long haul will prove detrimental, he warns.

ter education delivery mechanism. Out of this churning was born iProf—a company that employs 185 people with annual revenues of ₹150-crore.

Steve Jobs's unveiling of the touch-screen iPhone in 2007 was the Eureka moment for his new venture. Struggling to find the best way to transform education delivery in India's schools—especially outside of metros—he was looking for inspiration, having dismissed the laptop and keyboard as unviable options for what he had in mind. He opted instead to import 1,000 pieces of a seven-inch Personal Education Player (the word tablet would only enter the lexicon later with the iPad in 2010), having found the right fit for his ambitious entrepreneurial experiment in 2009.

Later, another tablet, which was not quite as successful, would help iProf grow. The Indian government's Akash experiment, which failed to take off as expected, generated enough awareness and hype about the medium of delivery to help Purohit's iProf make inroads into the education sector. Five years after it was founded, more than 5,00,000 students are now using the iProf product.

The country's largest personal education tablet provider via Android-based apps, iProf combines imported hardware with an Indian software platform to provide educational content that is procured by partnering with the right academic institutions and content providers like McGraw-Hill and Macmillan. After launching in Gujarat and Bihar, iProf did its first big state-wide rollout in Meghalaya in 2012 before winning a second big, nationwide contract for Mauritius. Market leaders with more than 80 percent of the market share, the B2C-turned-B2B company has raised ₹96 crore in investments and has recently won a nationwide contract to provide a Learning Management Solution to CBSE's 15,000 schools and 1.5 crore students across India to help them leapfrog into the digital era.

Kulkarni, who comes across as endearingly old school, believes in doing a few things well rather than doing too many at once. Growth, not untrammelled expansion; absolute honesty when dealing with customers; attention to little personal details; sensitivity to cultural nuances and

> Purohit admits that India's bureaucratic process is probably the worst. Not so the bureaucracy, all three insist. "There are more great people in government than there are outside," feels Azim.

due process—an ingrained habit he attributes to years of meticulous "filing" in government—are the cornerstones of his work ethic. Like him, Purohit also cautions against obsession with a looming quarter's revenue and stresses on ensuring that once a product reaches the end user, you must always know whether it is being used.

Azim learnt well from the mistakes he made the first time around. Focus on supply chain management and don't allow inventory to pile up, he advises, something that had made it difficult for him to liquidate when he quit his first venture. More importantly, in a word-of-mouth market like health care, you can't disturb the local equilibrium. It will only trigger a butterfly effect that will benefit no one. Glocal has now found a way out; by turning to secondary care instead—"hospital quality at nursing home prices" and has changed an adversarial relationship with entrenched interests to one of co-option by not threatening local livelihoods. Sticking to a guiding philosophy is alright, but always keeping an ear to the ground helps, he says.

ON LEADERSHIP AND BUILDING WINNING TEAMS

Cut the decision-making layers to a maximum of two; improve the quality of performance by training the hell out of your employees; and then trust them to do their job is what Kulkarni believes. He saw an opportunity where others usually see an expiry date. Brickwork Ratings has no retirement age, choosing instead to harness the power of India's nifty public sector bankers whom he credits with the success of his ratings agency. Their collective wisdom trickles downward, and respect, in turn, comes easy from the younger bunch—who may just be naturally inclined to think they are smarter than their bosses, he adds with a laugh.

All three agree that public administration offers unique lessons in teamwork—the most crucial being that even though you can opt for large teams, you almost never get to pick them and must learn to work with what you have. "The whole establishment is a queue", says Kulkarni, where both reward and punishment are out of your hands. Salaries are fixed and appointments, transfers and promotions are determined by somebody else. That's where tradition, training and relationships come into play, making the government very good at crisis management. Little happens due to just one person's work and the job at hand often trumps the search for personal glory and one-upmanship. Purohit, while admitting that the private sector may theoretically offer you flexible hire-and-fire powers, feels the dearth of good talent—a rare commodity—is still a constraint. The government prepares you well, he agrees.

In any case, the biggest drag is the number of people around you, admits Kulkarni. As IT secretary he chose the support of two, while opting for only one in the biotechnology department. As Glocal grows, Azim also warns against allowing corporate headquarters to bloat up. "When

Kulkarni staunchly advocates delegation. Train, trust and delegate—Kulkarni believes in keeping his employees in an empowered state of mind to better unveil their inner strengths.

Vivek Kulkarni,
Brickwork

One of the most important lessons Azim learnt as a young officer was from a district magistrate, his boss, who told him that he would have a lifetime to learn the law, but only that one moment to do the right thing in the field.

Syed Sabahat Azim,
Glocal Healthcare

"The good thing about the bureaucratic process is that there is always a higher level available for appeal," says Purohit. The lower echelons are tied up in a repetitive day-to-day process and cannot be expected to solve, or grasp, a complex problem.

Sanjay Purohit,
iProf

> Azim warns against listening to experts who have no field knowledge, choosing instead to ==embrace his own ignorance, own it and then just turn to Google.== "If you want to do something well, do it yourself," he says adding that if he had to build a temple it would house Google.

bureaucracy grows, people only generate more work for others," he cautions. If it's not lean, it will only slow you down. Besides, more energy will be spent in managing internal dynamics than focusing on business outside the office, he adds.

Kulkarni staunchly advocates delegation. Train, trust and delegate—Kulkarni believes in keeping his employees in an empowered state of mind to better unveil their inner strengths. Meticulous feedback and ratings from clients are used as metrics for compensation. "Keep a close watch, but don't over-manage, for if you are able to delegate your work, then consider 95 per cent of it done," he says, happily admitting that he really doesn't have much to do! He is an advocate for natural justice when dealing with under-performing employees. Citing a government clause that says action taken in good faith will be protected, he offers it as a remedy to absorb well-intentioned bad decisions.

"There is no right or wrong decision", adds Azim, "So just take one…the heavens won't fall!" One of the most important lessons he learnt as a young officer was from a district magistrate—his boss—who told him that he would have a lifetime to learn the law, but only that one moment to do the right thing in the field. It's this decisiveness that has helped him defeat the difficult and challenge the impossible. He firmly believes that completing something is more important than starting something brilliant, while admitting that the need to start something new for an elusive sense of satisfaction before being transferred is the reason behind MoUs and foundation stones outstripping completed projects in India.

The private sector may offer an opportunity to build incrementally, something that is sorely lacking in the government with its transfer roulettes but Kulkarni says an individual-neutral, institutionalised approach is the way to go. Purohit feels that though the government is great at recruiting and retaining great minds, the private

sector sure knows how to train them, providing a critical edge.

Azim also warns against listening to experts who have no field knowledge, choosing instead to embrace his own ignorance, own it and then just turn to Google. "If you want to do something well, do it yourself," he says, adding unabashedly that if he had to build a temple it would house Google. Glocal, he adds, is a local enterprise built on the collective wisdom of the world—whether it is making medical devices or software or designing, building and running hospitals.

INSIDER TIPS ON BREAKING THAT BUREAUCRATIC BARRIER

Kulkarni is quick to admit that when a citizen or someone from the private sector complains about the government, he tends to believe the former at least 99 per cent of the time. Government can be impersonal, he says, and there is usually no penalty for not working. Combined with countless systems and processes and accounting for corruption, the State can be daunting to deal with. "Every entrepreneur who needs any approval or clearance from the government should know that there are about 15 layers in each department. Even if each layer takes three working days, your

file will take about 60 days on its way up and 20 days on its way down. Those who would rather pay speed money to get a quicker decision must remember that once you start, the department continues to expect it from you and might deliberately delay your file." He advises tremendous patience and perseverance, and developing good relationships with officers at all levels as well as the clerical staff.

"If not getting government clearances is frustrating you, frustrate the individual sitting across the table by following up so much that people get to know that the only way to get rid of you is to clear your file", is Azim's advice. "The good thing about the bureaucratic process is that there is always a higher level available for appeal," says Purohit. The lower echelons are tied up in a repetitive day-to-day process and cannot be expected to solve, or even grasp, a complex problem. The higher bureaucracy possesses exceptional intelligence to spot opportunities and can better evaluate a problem and offer the way forward or out of a jam. ❶

Preeti Singh is a Delhi-based writer, and was the editor of iGovernment.in till recently. She can be reached at @TruthAbtNobody.