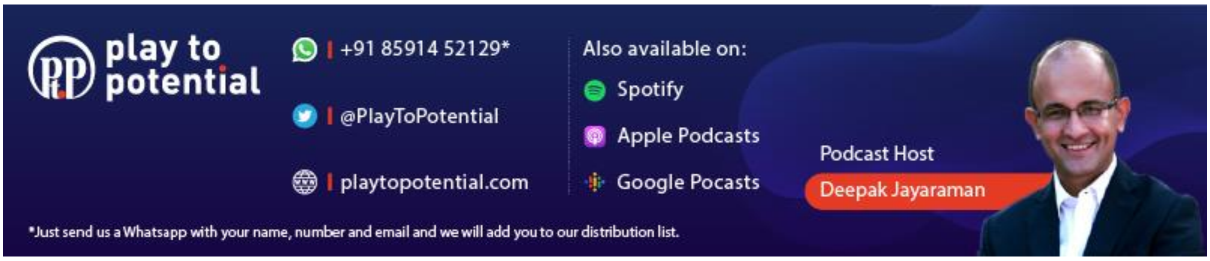

Guest

Falguni Nayar is the Founder and CEO at Nykaa.com. She founded it in 2012 with the vision of making the best of beauty products available all across India. Today, Nykaa.com's collection includes the best of Indian and International brands across make up, skin care and hair care categories.

Falguni is an alumnus of IIM Ahmedabad and initially worked as a Consultant with AF Ferguson & Co and then as an Investment Banker at Kotak for about ~18 years (with roles in International Business, Institutional Equities and Investment Banking). 27 years into her career, she took the entrepreneurial plunge and moved to start Nykaa.com.

In our conversation, we spoke about her formative years, how she thought about her career in the initial years after IIMA and her reflections on how women should think about managing their careers and their leadership style as they go through their journey. We also spoke at length about her transition from the corporate world into the world of start-ups when she started Nykaa.com and explore how she has had to adapt her ways to flourish in the new context.

Context to the conversation

Welcome to the 42nd conversation at the Play to Potential Podcast. I am Deepak Jayaraman, your host and curator of the podcast. I am an Executive Coach and work with leaders and help them play to their unique potential by working with them during periods of high stakes transition – whether it is organizational or personal. I believe that just like businesses need to be coherent about their answers to "where to play and how to win", we all need to be thoughtful about our responses to the 2 questions "where to go and how to grow". To know more about my Leadership and Transition Advisory work, you might want to visit the ABOUT section at www.playtopotential.com.

In my conversations, I explore how some leaders across domains have grappled with the two questions – where to go and how to grow at various forks in their roads they have walked on. The three topics I am curious about are Leadership, Transitions and Careers.

In that context, I am excited to announce my guest for this Podcast – Falguni Nayar, founder of Nykaa. She is also an alumnus of IIMA Ahmedabad. She started out in Management Consulting in Fergusons. Then she had a successful run in Kotak for about 18 years across 3 continents. She was MD at Kotak Investment banking in 2012 when she decided to do a control alt delete on her career and started Nykaa with the vision of making the best of beauty products easily available across India. Since its launch in 2012, Nykaa has transformed the beauty industry in India with its wide curation and engaging content. The Omni channel retailer continues to build its ecommerce business with over 1000 brands, 100,000 products and with a footprint of 35 stores across 15 cities housing a range of premium and luxury brands.

In our conversation, we speak about Falguni's early years and get to the bottom of some of the choices she made early in her career. Then we talk about her long journey at Kotak and how she grew there as a leader over a stint of around 17 years. We then talk about how she reinvented herself from Banking at Kotak to starting up Nykaa and how she almost ended up starting a business around Nursing homes before she got started with Nykaa. We also speak about how she has had to adjust her leadership style to this context as she scales up Nykaa. Without further ado, let's get to the conversation with Falguni Nayar.

Transcription

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Deepak Jayaraman (DJ): One if the things we explore in the podcast is how people get shaped in their earlier years we are a function of our context so going back to your childhood and reflecting and may be on the first ten fifteen years Falguni I'd love to get a sense of what are the few formative experience or events that have shaped you as a person and defined who you are today?

Falguni Nayar (FN): I think, I never thought my childhood would special till more recently as I think back I think my childhood was quite special, my parents gave me a lot of freedom to pursue a lot of travel and also brought a spirit of adventure in me and I think there were no cannot do's in their book. If I wanted to go trekking, if I wanted to travel alone, if I wanted to go on an exchange program and stay with a family in Kashmir. All of that I was allowed to do that and I think a lot of that shaped my attitudes and when I think about it the whole inquisitiveness to learn more, to travel more, also to a little bit of a boldness to be able to do it alone also a little bit of spirit of adventure to not fear anything I think all that has come from my childhood and I am extremely thankful to my parents. Both mom and dad to have brought me up like that. Now I do realize it was very unique.

DJ: And just to get some context, you had siblings it gives us the nature of the family grew up?

FN: So, we were a very small family of four mom, dad, my brother and me. My brother was little bit younger than me. And another unique thing was that my dad always treated me like an equal and it was never like girls don't study so much? Girls shouldn't get anything and inheritance I think one of his early bee in his bonnet was that everything I have will go equally to my son and to my daughter and all those really made me feel like an equal. Really there was nothing that was holding me back and I didn't realized at that point but it was really unique so today when I think back I think I probably owe a lot to my dad.

DJ: Moving forward you went to IIMA, good to be talking to a fellow alumnus. I'm curious about how people think about their first transition after education? A lot of cases people work and come but a lot of us came and without prior experience you joined Fergusson and later went to banking but may be just to pause at that point in time having walked the path of banking and having spent some time at Fergusson? If you went back in time and spoke to that Falguni who was entering the placement season? What advice would you give her in terms of how to think about the choice?

FN: In many ways Fergusson to me was a mistake. It was a good place to learn. Consulting is a good place to learn early skills and also gives you exposure to a lot of senior as we call it a CXO because you are dealing with them and I think those were the two benefits of consulting organization and within that Fergusson was one of the best. However very soon in my career I realized that I wanted to be in finance. Those days simplistically it was because it paid well so it was like now I need to move to finance and I had a choice of being in finance from day one but at that point I chose consulting. So I think few years later by then I had kids so I waited for couple of years because I told myself that till my children are three years old I won't change my job. I'll try and be in the same organization. So I waited for a bit and as they became three years old I was itching to move to finance

DJ: Also a related question Falguni is what is the refection that people could go through to say should I go down to consulting path or banking path or something else? If you went back in time at IIMA did you have enough lead indicators to say that that you would like a career in finance?

FN: No, I was very young when I graduated, I was not even I was almost 22 so I don't think I was taking very great decisions. I chose IIMA over US MBA not for very strong reasons but just I think I took many decisions just by myself because in our family I was the eldest in the family and extended family also so there was really no advice coming from older cousins or anybody. So I used to take pretty suboptimal decisions in my early career but I think things came easily to me and even like I told you that when I thought of I had told myself that after my children at 3 I'll switch and after celebrating their birthday for 3 years old birthday I came back to work because children birthday I early in the evening so I came back to work when I was seating on desk and I got an incoming call from Kotak saying we would like you to join us. I think I didn't even to make my CV and the job came along and by then the Kotak was quite a proven organization so my other colleague from my IIMA were there so I knew the culture and I was quite open minded the didn't had a specific job role for me and I was like yeah I will join. I think Uday gave me some choice of 7 jobs and by time I join I think one of them had cleared up. But once I make up mind that's how I am I don't really go into integrity of what exactly I'll be doing I'm very open person I mean I'll take open ended risks.

DJ: And related question Falguni consulting and investment banking are reasonably high energy and high octane… where it's that much harder often for women to flourish and rise to the top. So, what's your take on specifically form a women perspective? How have you thought about your career and what has it taken for you to compete on an even keel as you grew?

FN: I think around early 1994 when I was doing when I was doing head if investment banking at Kotak I was head of mergers and acquisitions and you will get an overnight call there is a merger deal you need to travel to Chennai or anywhere else in the country. I had young kids I used to leave them crying at home and fly off early morning. Those days somehow, they were always early morning flights I have taken too many flights at 4.30 am. I think it was really very tough and I used to joke about it that Indian had a lot of very false starts and the market would just be active for about a year or year a half and it would collapse and I said all that collapse of the market gave me time to bring up my kids. So, I used to joke about it but it was really tough when market was at its peak. I remember really tough time, even in the US I was doing sales which was equal to similar to banking because if you are doing IPO, I had to take the Indian clients who were in US to four cities I used to fly one day to Boston another day to Washington DC then Florida then west coast life was really tough I think through my mid-career worked very hard.

DJ: And what's been your coping mechanism if I may how have made peace with that if you went back to that passage of play

FN: So like you have said high energy, one had a lot of high energy but we me and my husband we had a lot of energy to continue to devote time to kids in addition to our work I don't think we ever used words like I need my own chill time or I need to chill I don't think it was always work and kids and kids and work and somehow juggling to give priority to both this things and it was like that for the whole family fortunately for us. We didn't have other family responsibilities just because the way our parents were young and they were healthy. So we didn't have any other family responsibilities dragging us and we had good support system of little bit of family support and also some support of help that we had at home. I also drew a lot on friends to help me out some times because like I needed to travel and my kids needed to stay with a friend. I would send them send them to their house so I think I drew on whatever help I could get to survive. But I think I never wanted to give up work. I don’t want to work part time. I don’t believe in part time work. I didn’t want to work give up work so except for I took additional maternity leave so instead of three months I took six months. At times of Fergusson but except for that I don’t think I took anytime off. I just managed through a lot of juggling.

DJ: And may be specifically zeroing on maternity transition again I understand that maternity is possibly the point where there is a lot of leakage in the pipeline the women leadership pipeline any specific pieces of advice to women on just how to navigate that passage of play because there is a lot of churn, Internal churn, external churn that happens what’s your insight on that?

FN: I think a lot of women try to look at their salary and they try to look at all their expense that they have to incur to look after their children and they just feel that is it worth and it’s probably not worth it and I just rather stay at home because anyway it’s fun being at home with the kids also. So I think they take such calls but I think one should take the financial equation out of it and that’s what we did as family and my husband was also extremely supportive on that. We never judge that did my salary justify all the additional cost that that we need to incur in terms of maids or drivers or any kind of after school facility or support that we needed. So I think we never judged it on that basis and I think every woman should look at it because I was investing in myself at that point. It’s not a separate P and L and I was investing in myself at that point because through mid-career you are investing in yourself. You are really not at that point you can’t be exploiting all that. You can’t be maximizing what you get you are investing for your future. And if that’s the phase then it may not the balance but it doesn’t matter.

DJ: And just coming back to Kotak you sort of handled multiple transition within Kotak I’m also curious about how people navigate large organization and manage their career few or within a large organization so if you really looked at your transition within Kotak at that inflection point any wisdom on How people could build a career over the long term while transitioning effectively from role X to role Y to role Z?

FN: It’s not exactly an answer to what you are saying but it’s a philosophy that will kind of answer in that direction so I’ll share with you. So when I meet my husband he was a lot into Geeta and one of the philosophy of Geeta is “Karm kar aur faal ki echacha mat rakho” and basically you pursue what you need to do and do not judge the reward. And appropriate rewards will follow at some point. But you don’t need to judge yourself through the rewards. So what happens from mid-career and also when you are going through ups and downs of the organizational settling. Sometimes things are not fair to you and your rewards do not reflect the effort that you had made. And very often lot of people a lot of people make a mistake of judging themselves by the rewards and their emotions are affected by the rewards they either feel elated or they feel down and I think my husband taught me to really delink the two and what matters is the effort that we make because that is what I’m investing for my future and the ultimate rewards will come and I think once you can dealing the two then all the politics in the organization, all the ups and downs and all don’t matter like I’m sure I must have faced a lot I don’t even remember them and I always believed in myself and I just loved my work and you just keep doing that and eventually you find that it’s worth something.

DJ: And just on that note is there anything different that one needs to do as a women from a signalling perspective one is competence how you deliver on the job the other is often in a large organization you need to signal performance or behaviour is there any theme around how women should think about verses men or do you think it's similar?

FN: A lot of women feel overwhelmed by more responsibility minute they are given additional responsibility they start thinking how will it affect their work / life balance and I think that's not what how they should think about it they should be more open to taking on the work, the responsibilities that they get because like I said it helps you build for your future and I also felt like when I was moving to London I think Uday offered me to head London office and I was like but I have never done that and then I said okay I took a step back and I told myself when after I'll meet him I went home and then I said to myself but if he is ready to take a bet on me why not and I took it. I was overwhelmed at that point because I was taking four-year-old children into a new country and new environment and I think was quite tensed. I remember once I started crying and everybody was wondering why am I crying and it was only because I just hoping that I am able to look after my children in such a new place and in a new environment so I felt that I was overwhelmed but I didn't allow that to affect my work and I continued with the responsibility that I got so I think women have to signal that they are ready to do what it takes whether it is travel. When I was younger, I never worried about to remote places I never felt that I should not travel. I remember I used to away on very long trip and once my dad called my boss to say now, she has been for so many days and that's when I realized that I used to really not worry about all those things and you have to commit to the job.

Reflections from Deepak Jayaraman

DJ: This is your host Deepak Jayaraman here. It is interesting to hear Falguni speaking about her hesitation to take on a bigger job when she went to London especially since she also had a young family at that point in time. Something very similar came up in my conversation with another IIMA alumnus Roopa Kudva (RK), currently the head at Omidyar Network in India. I asked her about the key points of leakage in terms of women rising to the top. She said that while there are enough people speaking about the number of women opting out of the workforce around maternity, there is much commentary around women having a barrier in their heads when it comes to women taking the leap when a big leadership opportunity presents itself.

RK: *"The second barrier that women hit is later on when they are in the upper end of middle management or in senior management but when it comes to them taking the top jobs I feel that there is a mental barrier of self-belief that I can and I should ask for the top jobs and I can do it I think women hold back, they hold back in asking for a seat at the table and I think that is where other women leaders can play a very big role, my own thinking on this has evolved in the last 15 years if you asked me 15 years ago I would have said it's all about merit and if you do good work you will be recognized women don't need special treatment is the argument that I would have made. Today I believe that the second barrier that I talked about is a very big barrier and therefore it is actually almost incumbent on other women leaders to reach out and talk about this issue and help other women to cross this barrier"*

DJ: I guess it is critical for organizations to provide that support structure for women to support each other as they rise to the top.

If you are enjoying the podcast, please take a moment and rate and review on iTunes or Google Podcast Player, Spotify or the platform that you use to listen to this content. It will help others discover this content. Do also share with others that might benefit from it.

Now let us get back to the conversation with Falguni Nayar.

DJ: Moving forward near journey Falguni after 19 years at Kotak you decided to set out as an entrepreneur and I think that stage Flipkart was not even funded at that time. I understand before we talk about why Nykaa I would love to understand how you took stock of life and choices at that point in time, what were the options or choices in front of you as you saw it and just how did you think about success at that point in time?

FN: Throughout what I call is my career at Kotak and I kept growing in the organization and the kids kept growing. In 2008 my children went to college. I have twins so they both went together and a lot of people call it empty nest syndrome so I got into higher level of activity by building a holiday home in Alibaug. But that project finished soon within a year and then I was like okay what more do I do. I also had sense in my career at Kotak a lot of entrepreneurs up-close and I had seen their passion to build their business and I had seen how investors never believed in them. But and also through the years I had seen that how they persevered to build their business including in some cases they build beautiful brands and I think I was itching to do that journey. I wanted to be an entrepreneur and I wanted to experience entrepreneurship and I wanted to believe in something and create it whether the world believed or no. I also felt that to succeed in a business you need to be spotting the trend early and getting in early so that you get advantage of time. So that you can build something unique before many people jump in. With all those beliefs I was itching to start something and I as looked around what I wanted to do I was quite convened that being a multi brand retail of beauty was a good thing to do. I was also aware about Power of search. I was also aware about Amazon and internet being strong, E-commerce being strong. So I wanted to build in India an E-commerce platform that will retail beauty. In 2011 when I was thinking about it was not such a good idea like I said all the way till the end of 2013 or 2012 Flipkart was not even funded so when I started the business, they were just totally naysayers. No one believed in E-commerce, no one believed in beauty and everyone is like what are you doing.

DJ: What else may be just too maybe stick with that phase for may be a minute or two more what else did you consider what was the runner up that list of ideas that you were trying to pursue?

FN: So there were more there were two three other ideas they are quite interesting. So one idea was to basically professionalize nursing homes and a kind of brand them. Create a management company and a branding company that improves the quality of nursing home in India and brands them and does all the central sourcing, central training, better quality staff, better hygiene level and branding and take a revenue cart at the top to make the business reliable. I really believed that, that business would be very big because I saw there were so many nursing homes that existed so it was a ready market and I was going to improve a ready market. So it made a lot of sense to do that business but I was little bit afraid that what will be my personal disappointment and commitment if some nursing home doesn't perform to the standard that I expect and if there is a mishap and I didn't want that on myself. I just thought that, that's not what I want to do. I kind of got little bit scared of trying to go into that business though I believed in it more. Another business that I had in mind more like second home rental because I realized that lot of people have second homes and they are not being used so it was little like Airbnb but not really the primary homes but secondary homes people would rent for a weekly rental. I thought that business would work because I believed that there was would defiantly in Europe but I felt that in India with our weather condition and limitations, domestic travel because of the weather condition I felt that it's not that too good business so I rejected it. The third was beauty and in beauty I was inspired was Sephora I had seen Sephora in the US and I would but more beauty in Sephora then in other retailers like CVS. So, I felt Sephora like format which is multi brand retail gives advice from a customer perspective is a good way to go rather than push, push, on a brand perspective. I just jumped in when I think about it, I was a bit scared I knew that if I was performing a ballet it was not New York. But I said God please let it be at least Bombay and not Timbuktu because of beauty it was so small in India at that point and I knew I needed to grow it. I just wish that consumer would respond and consume beauty lot of people used to say Indian women don't consume beauty and beauty is a very big business in Japan and South Korea and US so I said okay if I am performing a belly okay maybe it's not those market but let it be at least Bombay.

DJ: And from a life stage perspective given the average age of the average entrepreneur clearly you took that call at a very different stage and after having spent a lot of time on the advisory side. How did you wrestle with that was that a consideration in the sense is it right for me at this stage of life?

FN: I wanted to do it before I turn 50 because I felt that once I turn 50 I won't have the motivation to do it. Those days also retirement age was 58 or sometime stretched to mid-60s. So I felt I had a solid 12 years or so to commit to my new work so I wanted to do it then. I personally being a mother of two kids I never felt I was ready before that. I felt I had too much on my plate with my job and my kids to want to do entrepreneurship because I knew that entrepreneurship will make me commit and work hard like never before and that is absolutely true I worked very hard ever since I became an entrepreneur because to see the business to the finishing line needs a lot of time commitment, a lot of hard work and a lot of effort.

Reflections from Deepak Jayaraman

DJ: This is your host Deepak Jayaraman here again.

I find it fascinating to see how Falguni has reinvented herself to start Nykaa after her run at Kotak. While most of the entrepreneurs we see today are around 25 years of age incubating business after they graduate from Undergrad, she seems to have done this about 25 odd years post graduating from B School.

When I look at a lot of the people around me who have had a fantastic run for about 15-20 years they often make a lot of money often enough to take care of the rest of their lives. Then they start scratching their head saying "what next" and are often rudderless. I tell them that while a Wealth Manager takes care of your money, the real question often is "when you have made all the money, what do you do with your time". No easy answers here but it is a problem that you need to solve with as much attention and thoughtfulness as you did when you were getting your first job. With money in the bank, I often find that people get lazy in solving this problem as the stakes are not as high! The one piece I find interesting is that while people get all kinds of advice to manage their money, they often don't do as much in terms of seeking advice for the transition on how to manage their time and how they should reinvent themselves. While leaders often invest in a Strategy Consultant to get advise on the"where to play" for their company, they often don't take professional help to address the "where to go" which is the parallel to that question in the context of the leader's personal journey.

The one book that I found thought provoking in this context was "Half Time" by Bob Buford. He talks about how we could move from Success to Significance around this phase in our lives. If you are at this phase you might also find my podcast conversation with Stew Friedman of Wharton relevant. He talks about how we need to think about 4 domains of life (Self, Work, Home and Community) and speaks about how we should try and find a life that is in harmony with what matters to us across these four dimensions.

Now let's get back to the conversation with Falguni.

DJ: And reflecting on your ride till date Falguni you spoken to entrepreneur at PVR cinema's, UTV during your banking days just in terms of what thought about entrepreneurship from the advisory side and what you have been through. What are some of the big difference that you feel you underappreciated as an advisor?

FN: No I don't think so underappreciated anything I think I was totally ready for the ride so for me I discovered some additional beautiful things through the journey. So my daughter shared with me a poem called "Ithaca" which says that it is a journey and it's not the destination and enjoy the journey and enjoy every moment of the journey. Treat it as you are gathering new experiences and don't let the fear comes to your heart or to your mind and just enjoy the journey and that's the way to do it. I have enjoyed Nykaa journey like that. I have no fears I have a lot of optimisms I'm enjoying every moment of it. And as a student of management which all of us are I personally felt that this business allowed me to really blossom and flourish because in my earlier job may be I had some skills may be like good sales skills, good finance skills, good legal skills but still it was very narrow and at Nykaa it has got extended to a lot of what I call is operation management skills, marketing skills, branding skills so every aspect of management is what I have learnt at Nykaa. So there were certain historical strengths and there are new areas that I had to learn. So I was not good a technology I had to embrace technology today I swear by technology. I think the power of technology is so immense and I learnt and experienced it at Nykaa and I am so glad and happy that I could experience it because today I am such a believer in technology. Similarly even marketing, brand building is been so much fun and I kind of dabbled into every aspect of the business whether it is Ops, whether it is marketing, whether it is finance, whether it is technology, whether it's legal and compliance. When you are an entrepreneur you will never let an agreement go you will read every line so I think it's a very different way of doing business.

DJ: And from a leadership and mind-set perspective if we really reflect on your journey at Kotak and now at Nykaa one is sort of a B2B finance context to a B2C consumer context and second is also your established firm, established brand to setting up the brand building up the platform talk to us a little bit about from your personal journey perspective how have you had to shift your mind-set in your leadership style across this two different context what have been the big shifts that you had to make?

FN: I think in my early days at Nykaa I knew that I wanted to build a brand, and I wanted to build a brand that consumer trust and I also wanted to build a brand that has excitement and virility so that you know people are talking about it and people are embracing it and the effort needed to get those new customers it doesn't feel like huge effort to go ahead. So, it was kind of a smooth ride rather than push, push to move aheSo, To my surprise what I found was that simple that we did help us establishers as a trusted brand within a short period of 2 to 3 years. Nykaa was such a young brand and still people started saying I trust Nykaa and I don't expect Nykaa to do to do this sometimes. So I think all that came from very simple principles which are almost like the value system that you have in life is that we never would say something and do something else. So we said that it's up to 30% off then the whole conversation in the company will be so what percentage our SKUs are at least set 30% off. If it is not 30 to 40% of SKUs at 30% off we can't say up to 30% off so we won't say that upto 30% off and then have only 10% of SKUs at 30% off. So everything we said and believed in. Everything we said truly did. So I think walk the talk so to speak and I think all that and a genuine concern for customers and genuine concern to do right for the customers I used to say small things like I'd rather sell the right colour of the lipstick at full price and sell the wrong colour at a discount because the consumer happiness won't be there so looking after consumer satisfaction caring for their experience I think all that we put centre stage and also in this business we believe that we needed to educate the customer so instead of being not caring about that we really worked on educating the customer and I think all that made us on a status a trusted brand so quickly that it was like a big discovery for me that ohh now Nykaa is truly being trusted and I think that's asset that we have today. Along with we also got lot of virility through doing fun things and we appeal to the millennials. Millennials if they like something they embrace it and they really share it we are just amaze that how much of sharing that goes on anything that we have. If we have a good video it's being shared a lot, if we had a contest its being shared a lot if we had a had a good message its being shared a lot if we had a new product its being shared a lot so I think we became a brand that has a lot of virility and that was a lot of fun.

DJ: And drives this is sort of I guess a question that a lot of people ask what drives virility because there is a school of thought which says that this is something that's beyond your realm of control something just go viral something don't what's your take on driving virility what have you observed?

FN: So early days I used to apply myself a lot that how can one have virility and I was told that you have to aim for virility and it may or it may not come. You have to nudge for virility a bit so maybe if you are doing a post you need to say Share it if you like it those kinds of things. So I think little bit nudge is needed but also needs to be authenticity because nobody wants to share something which is not authentic and it also has to be a long the value system of not just your value system just the value system of your consumer because if it is not as per the value system of your consumer then again it won't be shared. We understood our customer value system very early on and we defined like that and the consumers who believed in it became our backers they were our early adapters. So what we said is that Nykaa for women who want to look beautiful for themselves and not to please another man or another woman. So they were not worrying to be beautiful to go into any social circuit or to attract any man it was more because they wanted to do it and I think a lot of our customers are such independent minded women who today want to live life on their own terms. Also when we choose the name Nykaa it means that an actress so we are tell our women to be the primary actress in their life so their life should be about themselves and for too long women have been more support system of their family and they have compromised their own dreams and ambition for sake of their family and today time has come for them to be pursuing their own dreams and if they dream for themselves they will get there. So I think to give themselves permission to dream for themselves is also a big empowerment and we are a message to women was what they really related to and since we had similar value system they were very comfortable pursuing and sharing what Nykaa was offering with their friends

DJ: And in terms of pie chart of your time if we took a screenshot now and let's say did a screenshot may be 3 or 4 years back let's say start up and scale up if I may pick two different points in time talk to us a little bit about how that pie chart is shifted and what is changed what stayed the same just in terms of where you devote your time and attention?

FN: In the early stage I was involved a lot with the website the UIX of the website learning what the consumer was about being me the front line to help being the brands and commercial discussion about the brands. Now at this scale I don't like you said it's quite of proven business model so I don't need to worry about that so much so I have to worry about new things one is organization ready for the scale that I need to achieve and believe in that scale instead of constantly doubting because if I doubt it then we'll never be ready for it so in e-commerce where we are growing at 100% year on year to believe in that growth, to be ready for the growth, to be able to plan for the scale and then to monitor execution of quality execution where the customer experience is not dipping and the customer experience continues to be maintained or improved and then understanding what really consumer wants from you? How do they see you? What do they want from you? And bringing about logical extension of business keeping that in mind I think those are the things I have spent time on and then as you scale and get next 25 million customers you have to understand that how are they different from your first 25 million customers and how do you reach them cost effectively and what are those new marketing tools that will work. What will those consumers will choose in terms of what they'd like to buy and do you have that because assortment is very big for success of an e-commerce company. Assortment, marketing, right marketing strategy and then the whole support system that supports the whole organization is all that I need to focus on.

DJ: And just moving on to this transition from start up to scale up even if I look at the mortality rate in the entrepreneur ecosystem a lot of that mortality my understanding is around the this phase where organization start off, start up well that's a good idea but at some stage they lose steam for one reason or the other so from your journey for start-up should transition effectively from phase one to phase two to scale up what are the key shifts from a leadership perspective that people should make as you have observed?

FN: See again I come back to the philosophy of Geeta where I feel that you are only a medium in the sense like call it "Haste" so basically Nykaa's success is predetermined by supreme force or something, unknown forces and that has made a lot of decisions which were the right decisions and a lot of our success came easily to us we choose to be inventory led in a market full of people who were doing market place business. We chose to put a lot of content on the website when the traditional philosophy was to not have too much distraction on the website it was like let there be a quick completion of transaction and we thought that doesn't work. We should allow customer to learn on the website and maybe they will buy not this time next time or fifth time or sixth time we were patient. So we did a lot of things that we did. On hindsight, it looks like we did right I think we just went by our simple understanding of the business that would it entails like beauty can only be sold through education so we took some simple principles like that in beauty there is expiry date. If you try to do market place business a lot of vendors who have got stuck with old products will try to sell old products so I think being inventory led was important. So we went by first principle and we build our business based on first principle and we have never regretted it and we have come out looking very different we never watch competition and build our business we always looked at consumers, theirs needs and build our business to serve those needs and when I think about it that the only way to do it and I feel that sometimes like even competition like early days everybody used to ask the question that how are you Amazon proofing your business so I mean Amazon crawls the websites looks at your prices matches it or goes below that we decided to ignore it and we realized that they stopped discounting in category because they knew that Nykaa won't discount it so what's the point. So I think we really built our business in a very different way like we built it based on what made sense and I think some of this is like it's just keen to happen and it happen and I think the kind of scale that we have got which is like L think there were no retail format that did numbers like this so Nykaa became the largest online beauty retailer then the largest beauty retailer and all that along with the kind of quality of brands that came and listed on our platform everything is very unique and I think when I meet a lot of our international brand partners I mean they also have not seen a model like this elsewhere the amount we are able to influence the customer, the amount we are engaging the customer is all very unique. The power of technology, the internet, and the e-commerce all that is there but there are a lot of soft factors that went into our success and I think some of it just came to its more looking at the basics of the business.

DJ: Falguni coming back to how you make decision, how you make choices I'm also curious about how entrepreneurs manage the key stakeholders one of them being investors especially when your let's say decision making philosophy and the duration for which you are solving is different for the investors how do that played out in your case and how does that play out how is that influenced the way you make choices?

FN: I have been very fortunate to have a certain investor who totally back what Nykaa is doing and we are really very fortunate in that. But I can understand very often how investors have a shorter-term mind set link to their fund life sometimes five years sometimes seven years and very often the company needs to be built for longer time frame. One thing I do is that I speak as it is I don't give projections to investors become our business plan. I do not say different things to investors they always ask me that are you open to selling the business and I always say that every business should be built for the long term and a business should have life of its own and should assume that it will run forever. It's usually such a business that gets good valuation at exit also because it's a valuable business. So, I always said what I have believed in I did not tried to give answers that could please them. We never built for a top line revenues or valuation we always built for long term sustainable business and we used to tell the investors our focus was always set. Yes, I mean we were different from traditional business where in e-commerce world and technology world you have to invest ahead of the time. So if you look at traditional businesses, they would only invest the surpluses being generated by the business. I mean they would raise money for building a plant but in e-commerce there is no plant and machinery so we have to spent ahead and then later scale the business so yes, we did invest ahead. But our desire was to be a long-term sustainable business. And I think we would always tell the investors that so whoever whichever investors believed in our philosophy came on with us and the one who didn't believe won't have to be with us.

DJ: Its more ends so you solve it by picking the investors who are aligned with what you are building.

Reflections from Deepak Jayaraman

DJ: This is your host Deepak Jayaraman here. I am reminded of a Podcast conversation I had with Nandan Nilekani a few months back. We spoke about how he has reinvented himself several times over. Chairman of Infosys to UID project to Politics to back at Infosys and so on. One of the questions I asked him was how people should think about selecting Co-Founders. This is what he said:

NN: *"the choice of co-founders is, one of the seminal choices, if any start up for a multiple reasons first is that you must share common vision you must share a common value system you must share a common desire to postponed your gratification for another day because building companies especially building companies to last, it's not a sprit it's a marathon so if your partners are short term oriented, your partners want quick rewards if your partners have ethical issues it doesn't work, everybody should say okay we are willing to differ reward for a decade, that's the big ask"*

DJ: If you want to listen to this particular segment, you can go to Nugget 11.03 by Nandan Nilekani.

Coming back to what Falguni says, if one needs to build a long-term sustainable business, it is critical to ensure that when you pick your partners whether they are co-founders or investors, they are aligned on the time horizon over which you are building the business and you are not just making these critical decisions based on surface level metrics.

Now let's get back to the conversation with Falguni.

DJ: And coming to scale Falguni you spoke about I understand the run rate is around thousand and five hundred crore per annum and most of the comparators in this space max out around hundred or two hundred for what I understand. So as an industry leader how do you set bench mark for yourself and how do you set a vision when you are a sort of ahead of the pack by such a multiple?

FN: Like I said we are always inspired and motivated by our consumers and what their needs are rather then looking at competition. So we will never look at like we introduced or nail colours the Indian market for nail colours was almost non-existent because it's a difficult product to make and I used to go to a parlour at the Oberoi and the nail colour tray there in a parlour like Oberoi won't be full. So we saw gap in the market and we brought nail colours and they were a huge success. So we are always addressing a consumer need which very often is unmet but we don't say to ourselves that Ohh this must not be a big market consumer are not buying it. We believed that consumers need it and if the right product comes at the right price, they will embrace it. Even recently we have launched a bath and body range and bath and body is not a big category in India especially at a premium price point. But we don't fear that. We actually make those bets and we always have discovered that that's the right thing to do. Even we are not so competition obsessed even when we launch our nail colours our nail colours were better quality and because of that in terms of pricing they were almost 25 to 30% more than the bench mark brands prices and we did not worry about it and we launched it with confidence and the flew off the shelf. So, I find that we have always done what is right for the consumer and that's been our guiding philosophy. Even today all our growth is being driven by the consumers' needs rather then what others are doing because someone is faltering, we should jump in or because someone done something well, we should stay away. I study a lot what our consumer wants and likes and we always cater to what our consumers want.

DJ: Just moving to the leadership at Nykaa I understand your children are in the business as you built out the organization and bring in high quality professionals how have you thought and how did you continue to think about riding this balance of getting your children involved at the same time ensuring that they doesn't come in the way of you attracting top … in the company?

FN: So Nykaa is a very young team of management professionals there are about 10 or 12 of them they are all below age of 35 very exceptions who are on the higher age side. I think the way I look at my children that they are part of the same 10 or 12 senior people who are working with me and each of them is growing their area of business and we feel that such big bushiness of scale growing so rapidly are more team work and it's like playing an orchestra. I always say that s's a well-coordinated dance. It's an orchestra where we need to play as one team and all of us have a part to play and that's how we all look at it rather then you know the traditional hieratical thing where there are fiefdoms and I don't think we build our organization for that. The new age organization are built very flat with each one knowing their responsibility and driving it but a lot interdependence because we will never allow say we now have a fashion business and a beauty business but we will not allow fashion to have its own marketing have its own technology, have its own operation we'll try to keep finance, tech, marketing, HR most of those support functions as one common. So customer service, Operations, marketing all those central functions will be common across the two businesses and brand relationships, category, responsibility will be different. So we are building a much interconnected businesses and my children are also of that team large team of people who are running the business. Of course, they will have a longer-term stake in the business and that may allow them you know longer term commitment from them which may happen even with some of the other professionals.

DJ: I was just curious from a behavioural perspective if there was any anything that due to consciously to ensure it's sort of a level playing field if you will?

FN: Most people in Nykaa will tell you that it's a level playing field I don't play favourites at all. However, infect I have to be conscious about some other things because children are always with me even over the week end as their boss have to make sure that I don't over work them on the week end and ask difficult question. I used to earlier do that I realized that it's a mistake like I mean to tell them on a Saturday morning or a Sunday morning saying that ooh that store is not looking good. Is really a disaster because you know the whole weekend, they will be worrying about it. So I think I have to be very careful that I don't bring work home. It happens eventually but tries to consciously not do that.

DJ: Just wrapping up Falguni this podcast is titled Play to Potential which is about people picking the canvas where they are lightly to flourish in a thoughtful way and having picked the canvas playing the best game that they can so give your journey and your reflection in summary what's your advice to people for them to play for their potential?

FN: I think it depends on individual likes and dislikes. I always wanted to build a brand. I always wanted to be in consumer business because I fell that a consumer business can scale beyond in an individual potential. Compared to being an advisor or a doctor who also add a lot of value but they add value on a personal basis. It's the same thing in terms of scale verses a lot of individual attention and adding value by saving someone's life or really being very meaningful contributed to someone success. So I think it depends on what you want and what you likes so my advices is always to understand that what is it that really interest you and your area of interest has to be kind of you have to be interested fir a long period of time because you build on something over period of 8 to 10 years nothing happens in a… So, I personally fell that to choose something that you love and continue to build on it and that's the best way to play to your potential.

Reflections from Deepak Jayaraman

DJ: Thank you for listening. I hope you found the conversation purposeful. If there is one thing that strikes me in this journey, it is that Falguni has embarked on this path of building Nykaa after becoming an empty nester! In a world where we have awards for 40 under 40, 30 under 30 and very soon we might see 20 under 20, it is inspiring to see an individual so excited about building a business at this phase of life! If we think of our long life as a 50 over cricket innings turning 40 or 50 is like getting to the 20 over or the 25th over mark of the innings. Even if you have had a blazing start, it is critical for you to consolidate and make the full innings count! And Falguni sets a great example for people to make the second half of the innings count as we go about our journeys.

If you find the podcast purposeful, I would really appreciate if you could share it with somebody who would find it of value or rate and review on the platform where you access it (it is available on Apple Podcasts, Google Podcasts, Spotify, Saavn and most other common podcast apps).

Over the last couple of years, I have had the opportunity to speak to several women leaders across disciplines. This includes Business leaders like Vinita Bali, Meher Pudumjee, Zia Mody, Roopa Kudva, Vedika Bhandarkar, Anu Madgavkar, Social Impact leaders such as Neera Nundy, Artists like Bombay Jayashri, Sportswomen like Deepa Malik and so on. You can either listen to the full conversations with them or specific nuggets that pique your curiosity. If you go to the Curated Playlists section of the website playtopotential.com, you might also like a couple of playlists that is specific to women. One of them is about the Maternity transition. This involves insights from multiple women leaders on how they handled the transition around maternity. The other is Women Leadership which is about how these women rose to the top of their respective professions and what are some of the specific challenges they have overcome given their gender.

To know more about the Transition and Leadership Advisory work I do you could visit the about section at playtopotential.com. I look forward to having you tune into one of the subsequent conversations at the Play to Potential Podcast. Bye now.

End of transcription

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Nugget from Roopa Kudva that is referenced: Women Leadership - The barrier no one speaks about as much.

Nugget from Nandan Nilekani that is referenced: Selecting the right co-founder(s).

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Settling into a new context: Figuring out "where to go" is only a part of the challenge for leaders in transition. How you land effectively in a new context is as critical. Hair line cracks often become full blown fractures if not attended to carefully. Leaders talk about some key lessons Individuals could bear in mind as they transition across contexts (Army to Business world, US to India, MNC to Family Business, and Consulting to Industry/Investing etc.) You can access the playlist here.

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Falguni Nayar- Nuggets

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- 42.01 Falguni Nayar - Early formative years
- 42.02 Falguni Nayar - Choices post IIMA
- 42.03 Falguni Nayar - Women and Intense careers
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About Deepak Jayaraman

Deepak seeks to unlock human potential of senior executive's / leadership teams by working with them as an Executive Coach / Sounding Board / Transition Advisor. You can know more about his work here.

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