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Context to the nugget

Nandan talks about how the Government is fundamentally different from the Private sector in terms of how financial and human capital decisions are made. He talks about he thought about navigating those constraints to drive to the outcomes he had committed. He also talks about a couple of mistakes leaders often make in transitions.

Transcription

Deepak Jayaraman (DJ): Running a start-up in a government setup it's fascinating to notice the two extremes in terms of culture. So, what can large organizations learn in setting up an entrepreneurial culture in a part of the organization, if you had to reflect on that experience?

Nandan Nilekani (NN): Actually, a lot of this I have addressed in my book, 'Rebooting India,' which I have co-authored with Dr Viral Shah, where I've talked about start-ups in government. So, clearly the challenges of a start-up in government are similar to, or probably a little more complex than, the challenges of a start-up inside a corporate structure. But it has some of the same issues, because when there is a certain way of doing things, whether it is in a large company or the government, and you have a start-up which has a new way of doing things or is a potential disruption or in the case of business, it cannibalizes existing revenues, then there is a lot of reaction from the system. So, in a corporate, the reaction is because it threatens existing income and revenue streams and business leaders, and in government, it's also threatening if you want to disrupt or disintermediate somebody. So, same issue.

First of all, you need good sponsorship, whether it's in a company or government. Fortunately, I had good sponsorship from the leaders of the government to make this happen, because when you are a fledgling thing dealing with established, strong, incumbent institutions, the balance of power is with them. So, somebody has to give you air cover with them. Similarly, in the corporate situation, if your startup is trying something new, it's the CEO's responsibility to make sure that that startup is protected from all the guys who earn the money and say why we are wasting money. So, that's one thing. And there are lots of other lessons. How do you create allies? How do you create coalitions who favor what you are doing? There is a lot of strategy in how you create a positive coalition who wants what you are doing. Because the fact that there will be a negative coalition is understood, that's a given. So, then how do you create a positive coalition?

DJ: You had a diverse set of people in the team running the Aadhaar project. You had government officials, consultants, volunteers, and people on sabbaticals, interns. How do you create a culture in a company with such diversity of thought and backgrounds?

NN: The challenge I had in the government situation was twofold. In a business, if I have to make something successful, I need two things: I need the right talent and I need the money to make it successful. In government, both these things are fundamentally not under your control, because in the government model, you can't choose who your team is. You have to use the guys that are given to you or allotted to you, so there's no choice in the human capital. And if you are going to spend the money, you have to do it in a particular way that meets all this A, B, C, D, E, F, all this stuff. So, when you neither have control over your money nor over your people, then it's difficult to get anything done. The way we sorted it out was by saying that we will create two things. I was fortunate that... An aside I will tell you is, when you make such a transition, you can use your existing track record to get a seat at the new table, but then you have to earn it all over again. This is important to realize. So, the fact that I had been the CEO and Co-Chairman of Infosys and I had built a big company gave me the credibility to land a job, get a seat at a table at the level of a cabinet minister and all that, but that's all it did. It only gave me the entry ticket, but having entered that table, I had to prove myself all over again.

DJ: **And what does it take to build that credibility in that system?**

NN: So, you have to assume that you are back to day one again. A lot of people don't understand that. So, when they make their transition, they get the new role on the strength of the old achievements but they don't realize that now they have to prove [themselves] all over again. So, that's one. The second lesson is that whatever halo effect that you have from your transition lasts only for six months. There is a certain halo effect for six months because you are new and different and all that stuff. So, whatever you want to get done, get it done during the halo effect. That's another lesson. So, one of the things I was very lucky with was that I was able to, in the initial days, select my team from the government. Later on, that thing was taken away from me. So, my initial core founding team from the government, they were all people that I was able to actually say I want this guy, I want this lady whatever. So, the core team we had Ram Sewak Sharma, Ganga, Srikar, Ashok Pal Singh, Rajesh Bansal all from the government, were actually handpicked.

DJ: **And what did you look for when you were staffing up the team?**

NN: Actually, it was interesting because it was a self-selection. What I was doing was high risk and most people in the government system are actually risk-averse, so the guys who came to me were, in some sense, the mavericks who were willing to take risks. So, I think, in that sense, there was some element of self-selection happening. And I, of course, looked for people who were willing to take risks, who were innovative, who were outcome oriented, who were willing to work hard and who were passionate about what they were doing. So, that was my choice.

Then, I realized that this project could not be done only with government people, because there was lots of very, very sophisticated technology which I needed global talent for. So, we came up with a way to hire people from outside and the government had this thing called NISG, which allows you to recruit people from outside. Then, we had sabbaticals, where we got people from corporates to come in as volunteers, work with us for two years. Then, we had volunteers, who were people who had been there, done that, had been successful serial entrepreneurs that made a lot of money but wanted to give back. Then, we had interns to give fresh people... So, we created structures, all completely legit, approved through due process of government. Using these techniques, we were able to infuse this group with a lot of talent that is not normally working on a government project. Then, I had to blend the two worlds, the bureaucratic world and the private-sector-type guys and blend them together. That's where having a common mission which was extremely ambitious forced everyone to get to the table and get things done.

Reflections from Deepak Jayaraman

DJ: The key insight for me was the point that Nandan made about the quickly depreciating halo effect when you transition from one world to another. Just recognizing that and playing your cards right in that context can be crucial when you transition to a new environment. This could have significant implication on how you think various things including building alliances, demonstrating quick wins, and taking tough decisions early on and so on. Thank you for listening. For more please visit playtopotential.com.

End of nugget transcription

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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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