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## Context to the nugget

Falguni speaks about how she thinks about managing Investors in the context of her desire to build a long term sustainable business at Nykaa. She talks about the need to be transparent in the communication with investors on not just the metrics of the business but the philosophy with which you are building the business.

## Transcription

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**Deepak Jayaraman (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?

**Falguni Nayar (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:** It's more end so you solve it by picking the investors who are aligned with what you are building.

## Reflections from Deepak Jayaraman

DJ: 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 sprint 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.

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## End of nugget transcription

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

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### Falguni Nayar- Nuggets

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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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Podcast Transcript [42.07 Falguni Nayar - Aligning horizons with investors](#)

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