

Creating the next generation of innovators

Payal Nanjiani: Welcome to the Payal Nanjiani Leadership podcast. This is your host Payal Nanjiani and each week we bring you an inspiring thought leader from around the world to help you unlock the success within you and for you to become a great leader. Thanks for joining me.

Today we have with us in the studio none other than Dr. Varun Nagaraj, the Dean at SP Jain Institute of Management and Research, also called as SPJIMR. During a 30-year career in product innovation in Boston and Silicon Valley prior to assuming his role at SPJIMR, he held various product leadership roles, including that of CEO at venture funded startups and public companies. Varun was also a partner at PRTM Management consulting, now a part of PwC. He holds a B. Tech degree in electrical engineering from the Indian Institute of Technology Bombay and MS in computer engineering from North Carolina State University, an MBA from Boston University, and a PhD from Case Western Reserve University.

He joins us today on the Payal Nanjiani Leadership Podcast to talk about creating the next generation of innovators. Dr. Varun Nagaraj, welcome to the Payal Nanjiani Leadership Podcast. It is such an honour to have you here with us today.

Dr. Varun Nagaraj: Thank you, Payal. Thank you for having me on your show. A lot of people listen to you, follow you and it's an honour to be able to be on your show.

Payal Nanjiani: Thank you. And I think the honour and pleasure is all ours. And before we dive into innovation, you were just talking recently also and even now that you have an innovation programme. But before we dive deep into that, what took you into the academic industry?

Dr. Varun Nagaraj: You know, I think a simple three-word answer would be mid-life crisis, but I hope I have a more illuminating answer than that.

See, I think when you're in the middle of Silicon Valley, for example, for as long as, let's say I was, you tend to start taking a bunch of things for granted. And there's a certain amount of Silicon Valley or Western innovation hubris that I think can be a little dangerous.

For example, you know the motto we've all followed about 'move fast and break stuff'. The idea is that no matter what, innovation is a good thing, no matter what you know, creating new things will always result in somehow better human outcomes, and that selfishness is perfectly okay because it eventually trickles down. I mean, these are some of the principles that unfortunately Silicon Valley or Western innovation is based on, and

I think I began to realise in my 40s that not all innovation seems to produce results that are valuable to everybody and more recently, over the last 5-7 years, as newer technologies like social media, for example, began to come into play and a wonderful movie like the 'Social Dilemma' started capturing the ill effects of technology.

The ill effects of innovation for the sake of innovation, you know, I began to think there's probably a better way of going about being an innovator, that perhaps systematically we need to think of innovation in a different way. And what better way than to potentially try and articulate an approach that future generations of leaders could use. You know, because we are more than halfway into our careers, if you will. If we want to make good change happen, I think it is, you know, certainly we can do it, but it's better to rope the next generation into driving the agenda that you wish you had pursued yourself.

And I think that was one of the motivations for switching into academia because a) it gives a chance to step away from the mad rush, if you will, of the industrial treadmill. And it gives you a chance to articulate your thoughts and you know, I wouldn't say brainwash, but try and convince the next generation that these are things that they could be doing that perhaps can cure the ills that our generation has created.

Payal Nanjiani: Hmm. OK, so based on what you said do you think that every student will just take it from there or every person in the workforce or anybody; all of us have this thing in us to be an innovator?

Dr. Varun Nagaraj: So, it depends on how you define innovation, and to me the short answer is yes. And I'll tell you why. Like why I say yes is my short answer. Now if you step back and think of what really innovation means right, it's actually a very simple word. It begins with sort of the 'nov' inside of innovation, meaning it is the creation of something that is new, and this new thing that you're creating doesn't have to be a product or an invention. The new thing can be a way in which you do your work. The new thing can be a new kind of a policy that you create, so newness can come in many forms, and I think all of us, no matter what our jobs are, must be able to think of new ways of going about our lives or going about our jobs. Otherwise, we would never achieve any new outcomes because new outcomes are not going to come from old methods, new outcomes, new goals require new methods. And if you look at innovation simply as the creation of new methods, new thoughts, new processes, new policy. I think everybody is an innovator.

Now there is a second part of innovation as well, which is what makes it, you know, innovation as opposed to simple creativity. Innovation requires that whatever these novel thoughts are that you have the novel ideas, approaches, product, ideas, solutions must be implemented and have to produce some sort of utility or usefulness over and beyond what is already available in society today.

You know, doing something brand new and not really producing any effect, meaning it's no better results wise than something that already exists isn't really innovation. You know it was probably a creative flight of fancy, a creative exercise which cost, you know, maybe give you a lot of pleasure, but I won't call that an innovation. So, to be an

innovation it must be new, and it must be useful. And I think there are lots and lots of circumstances in life outside of what we think of as innovation. You know, when you think about new products and technologies and so on, I think we would all agree that there are many, many instances in life where we must come up with something new that is useful. And to me that is innovation and that is in fact the fundamental definition of innovation, as scholars would define.

Payal Nanjiani: OK, so what I'm hearing from you, Dr. Varun, is innovation doesn't have to be big all the time. It's those little daily things where you bring in a new method of doing. The thing itself leads to an innovation.

Dr. Varun Nagaraj: Exactly. That is an innovation, and in fact, scholars will use words like incremental innovation all the way to radical innovation. You know there's a lovely article or a couple of articles in the Atlantic magazine that tried to describe or that very well described sort of the 50 greatest innovations of mankind. And as you would imagine, you know it's a wonderful list and it consists of the printing press, the wheel, fire, agriculture. But in there are also social innovations like for example democracy or the women's right to equality and to vote. These were policies that were taken and they're innovations as well. And now these were radical innovations. I mean, we all agree that these 50 that are written in the Atlantic changed the world, but not everything changes the world.

You know, many times innovations or novelty could be less than changing the world. For example, an idea borrowed from one space in another space is still an innovative idea. But it's not like inventing it for the first time. It doesn't make it a bad innovation. It just means that it is less radical, perhaps, than the person that came first. So, let's look at Amazon. So, if we believe from a business model innovation point of view, if we give the credit to Amazon.com for innovating the business model in terms of taking a marketplace and creating a two-sided marketplace online. So that was a pretty amazing business model innovation we all agreed has had tremendous impact on the world.

Now, but that idea that innovation that you can bring two parties together electronically has then been applied in multiple industries. For example, Airbnb is nothing more than a marketplace for people who have properties to rent, and people are looking for. Similarly, Uber is nothing more than people who have a car and people are looking for a car. So, are those innovations? Absolutely, you know, nobody is going to say Uber and Airbnb did not innovate, but it's probably not as radical, as maybe the original Amazon innovation. So, the point is, innovation is on a spectrum, and we should not be passing judgment saying that it only needs to be on the extreme end of the spectrum for it to be called innovation. I think all kinds of innovation that perhaps are even derived innovations can be tremendously useful and can change the world for the better.

Payal Nanjiani: Wow. So, you said that everyone has it in them to have some innovation. It's just like these little changes, the methods of your daily life. Then what stops us from, you know, bringing that innovation as you said, as small as it could be as big as it could be, what stops us?

Dr. Varun Nagaraj: That's a great question, right. You think of innovation and say, well, what enables it, then we can talk about maybe what are the barriers to those enablers and that's probably the answer to your question of what stops us. So, I'll begin with the enablers of innovation and then I'll try and figure out what prevents us from creating innovation. And specifically, you're going to hear me harp a lot on something called wise innovation, which I believe is the desirable form of innovation we should aspire to. That's the reason I left Silicon Valley, because while you know, there's probably nothing I can ever teach Silicon Valley about innovation.

I do think there's a lot to learn about wise innovation, you know, so I will try and bridge that gap there. So, let's begin. Just plain old innovation and then maybe we talk about what are the barriers to being a plain old innovator. And then let's talk about wise innovation and the barriers to being a wise innovator, which are much more significant in my mind. So, let's look at the enablers of innovation.

Innovation comes about because there are three parts to innovation. Most people will agree, innovation has a goal, there's an outcome that you want. You want to create something new and useful, that's the output of innovation. Then there is a process through which you use to create that innovative outcome. And these are processes that some of which you know become popular at different points of time. I told you I was just coming back from this amazing design, thinking fair that we're having at our campus today. So, design thinking is a process for creating innovation.

If you believe, as I do, in the Silicon Valley approach to innovation, the lean start-up method is essentially the cornerstone for all start-ups there. The lean start-up method, along with agile development, is basically the process through which innovation is achieved. It's about figuring out what you're trying to solve, so you experiment, learn from those experiments, and iterate. This is a wonderful method that has produced countless innovations.

So, one barrier to innovation is a lack of education in these methods. Many people simply aren't aware of design thinking and the lean start-up method, even if their work isn't product related. For example, human resource professionals can use these methods to create better rewards and retention policies.

Another aspect to consider is mindset. Innovation thrives on a few key things. An entrepreneurial mindset, with its risk-taking and outcome-oriented nature, acts as the driving force behind the innovation process. However, just like too much testosterone can be detrimental, too much entrepreneurial zeal can also be counterproductive.

A growth mindset, on the other hand, is positively correlated with innovation. It allows you to believe that you can learn and grow, constantly overcoming limitations. Therefore, understanding these processes and cultivating an entrepreneurial and growth mindset are key enablers of innovation. The barriers arise when people lack these qualities.

These things can be learned, and a lot of business schools and coaching centres attempt to teach both the innovation process and the necessary mindsets. However, I'm taking a different approach.

The concept I'm advocating for is wise innovation. Even if you follow all the recommended steps, the innovative solutions you develop might not be the best. So, let's talk about the best solutions and how they connect with the amazing work done by the United Nations and their sustainable development goals. Scholar John Elkington introduced the concept of the triple bottom line, which emphasises achieving a balance in outcomes.

Scholars, long before our time, realised that success shouldn't be measured solely by profit. Innovation needs to make money in some form to be sustainable, of course. But becoming a communist isn't the goal here.

In addition to generating economic prosperity, a good innovation solution should also create societal benefits like improved health, well-being and employment equity. Ideally, it should create environmental benefits or, at least, avoid causing harm. We're all familiar with innovations that had unintended societal consequences, like Facebook.

Many innovations have also caused unintentional environmental damage, such as the use of plastic water bottles. While they provided positive economic and societal outcomes by improving access to clean water, they produced negative environmental consequences.

A wise innovation strives to balance these three 'Ps' – profit, people and planet. It aims to be 'net positive', meaning all three aspects contribute positively to the overall picture. That's the kind of innovation we should be striving for.

So, how does an innovator who considers outcomes differently than a typical Silicon Valley innovator approach problem? Let's explore that further.

Payal Nanjiani: Dr. Varun, is that being fair? Then to say that wise innovation must have a deep ended purpose.

Dr. Varun Nagaraj: Yes. In fact, there's a great book by Ranjay Gulati of Harvard Business School where he discusses the concept of deep purpose. He outlines two main drivers for businesses: economic logic, where profit dominates, and societal logic, where societal and environmental benefits are prioritised.

The key is not to favour one over the other, but to achieve both simultaneously. This is what Gulati refers to as deep purpose. He doesn't delve into the link between deep purpose and innovation, but achieving deep purpose requires doing new things, which is the essence of innovation.

When you begin with the desired outcome—a balanced triple bottom line—you need to assess if your current processes and mindsets are sufficient to achieve it. Here's where the limitations of some traditional methods become apparent. While someone may be a skilled innovator using design thinking or the lean start-up method, these approaches might not be enough on their own to achieve a balanced outcome.

There are other approaches that can be incorporated. Systems thinking, developed at MIT, encourages considering the big picture before diving into specific processes like design thinking. This broader perspective adds wisdom to the innovation process. Responsible innovation, a school of thought from the European Union, emphasises the innovator's responsibility for the outcome.

These emerging concepts, along with established ones like systems thinking, offer valuable ideas that can be added to core innovation processes. A wise innovator is familiar with a wider range of tools beyond just design thinking and the lean start-up method. They understand systems thinking, responsible innovation and how to integrate these approaches effectively.

From a teaching perspective, many business schools offer innovation courses. What makes us different is the recognition that becoming a wise innovator requires more. Our curriculum and corporate engagements incorporate these additional topics alongside traditional innovation methods.

Payal Nanjiani: I'm enjoying the way you are putting everything together and that's why I was listening to the way you explained the wise innovation. I'm really awe struck with that.

Dr. Varun Nagaraj: We discussed the importance of entrepreneurial and growth mindsets for innovation. The entrepreneurial mindset, like testosterone for athletic performance, provides a necessary drive. However, as we discussed, too much testosterone can be detrimental. Let's explore two mindsets that act as counterbalances, leading to successful outcomes that are not just entrepreneurial but also encompass a broader perspective.

At SPJIMR, we focus heavily on the wisdom mindset and the paradox mindset. The wisdom mindset draws upon wisdom literature dating back to the Greeks, including the works of Aristotle and Socrates. In the East, Indian texts like the Bhagavad Gita also offer guidance on how to live a good life.

Across cultures, wisdom seeks to answer the question: How should we live a meaningful life? Scholars have distilled this vast knowledge into the concept of the wisdom mindset, which consists of several principles that often run counter to the entrepreneurial mindset.

For example, the entrepreneurial mindset emphasises maximising resources quickly. The wisdom mindset, however, encourages looking beyond oneself and considering the impact on others. A wise person is compassionate and concerned with the well-being of a broader community, a quality not typically emphasised in the entrepreneurial mindset.

So, as I mentioned, the wisdom mindset, with its emphasis on compassion, centredness, and mindfulness, can slow down the thinking process. However, it can also guide and improve the entrepreneurial process. Teaching people the wisdom mindset enriches the landscape of innovation thinking.

The paradox mindset is a recently emerging concept that has gained significant attention. Many are writing about people's ability to deal with paradoxes.

An innovator might encounter seemingly incompatible goals, such as balancing people, profit and planet. While these goals can appear conflicting in the short term, it's possible to prioritise them effectively. The key is to believe that achieving all of these goals is possible, not a paradox.

Similarly, you might be told that you need to be both wise and fast-paced, compassionate and aggressive. These seemingly contradictory qualities can coexist. Research shows that some people are particularly adept at handling paradoxes. When faced with these contradictions, they actually find them energising.

Some people faced with a paradox simply give up, viewing it as a losing cause. Innovative leaders, however, cultivate a paradox mindset.

Now, the question is: can we, as business school educators, equip our students and corporate clients with both a wisdom mindset and a paradox mindset? We believe we've developed a set of experiential learning approaches specifically designed to do that. This is why I feel I'm in the right space – an educational institution allows the freedom to experiment with new ideas. Some of these ideas work, and some don't. We're not bound by preconceived notions; we follow the data. And the data suggests that a paradox mindset and a wisdom mindset lead to better innovation outcomes.

'Wise innovation' is a term coined by SPJIMR. You likely wouldn't find much about it in a general search, but in a few years, you might see it associated with SPJIMR more frequently. Phrases like 'responsible innovation', 'purpose-driven innovation', and 'sustainable innovation' all point towards the same desired outcome. What sets wise innovation apart is its emphasis on drawing upon both a wisdom mindset and a paradox mindset to achieve that outcome. It also encourages a broader view of processes than traditional approaches.

Epistemological humility, a key aspect of a wisdom mindset, might sound complex. However, it essentially means acknowledging that there are many paths to understanding. Similar to many spiritual traditions, it emphasises the absence of singular truths. There are multiple ways to reach a goal, and there's always the possibility of encountering a better method you haven't explored yet.

For example, you might be a lean start-up expert. By incorporating epistemological humility, you might also consider adding systems thinking to your approach, making it even more effective.

Payal Nanjiani: I completely agree. Process and method are important, but many people get stuck waiting for perfection. Does innovation have anything to do with perfection?

Dr. Varun Nagaraj: Not at all. In fact, let's talk about 'jugaad innovation'. You and I likely come from a culture where we understand the concept of jugaad. For those who aren't familiar, jugaad is a uniquely Indian approach to innovation. It's not necessarily limited to

a specific industry; it's simply how ordinary people find resourceful solutions in their everyday lives.

Payal Nanjiani: Yeah. In fact, Harvard has done a lot of research on that word.

Dr. Varun Nagaraj: Jugaad innovation is about acknowledging limitations. Sometimes you lack resources, materials, or even a complete understanding. But you go ahead and try to make it work with what you have. That's the essence of jugaad. It's the opposite of perfection – it's about 'good enough' innovation to overcome the immediate situation. Innovation and perfection are not related. Innovation is the constant pursuit of solving problems in new ways. Sometimes these attempts fail, sometimes they work only temporarily, and sometimes they might even come close to perfection. But what is perfect, Payal?

Consider this: even the greatest inventions haven't been perfect. Take the printing press, often cited as the greatest innovation of mankind. This democratisation of knowledge wouldn't have happened without it. However, one could argue that it caused ecological harm by destroying forests for paper production.

The printing press laid the foundation for the modern internet, and we can all agree that social media and the internet are far from perfect. Therefore, by definition, innovation can never be perfect.

Payal Nanjiani: That's a great point about not waiting for perfection to take action. What would be your single most valuable piece of advice for people who want to succeed in their careers?

Dr. Varun Nagaraj: As someone who regularly gives advice to graduating students, I believe curiosity is the most important trait you can have. Being curious about how things work and fearless about learning new things is key. This fearless curiosity is the foundation for innovation. If you're curious and unafraid, you'll discover things that aren't quite right and have the drive to improve them. This naturally leads to innovation, and everyone has the potential to innovate and make things better.

Curiosity also fosters humility, reminding us there's always new information to learn. It challenges the idea of perfection and keeps the brain sharp. So, I'd say curiosity and humility are the antecedents of good innovation.

Payal Nanjiani: That's so well put, Dr. Varun. Before we wrap up, let's do a leadership rapid fire. Don't worry, just say the first thing that comes to mind, a word or a short sentence.

Dr. Varun Nagaraj: Okay, rapid fire sounds good! I might try for a single word, but I'll follow the rules.

Payal Nanjiani: Great! What's the one thing you wish you had known when you started your career?

Dr. Varun Nagaraj: That failure is an option.

Payal Nanjiani: That failure is an option, interesting. What personal mantra or quote helps you throughout the day?

Dr. Varun Nagaraj: Personal mantra or quote that helps throughout the day, have fun.

Payal Nanjiani: Have fun! So that's the key takeaway from your innovation programmes?

Dr. Varun Nagaraj: Indeed. And I'm enjoying our chat, Payal. You're right, I think having fun is a good indicator of a healthy and engaged mind. It's important to find enjoyment in your daily work, otherwise, it can feel like a drag, right?

Payal Nanjiani: Interesting. What are some of the biggest leadership myths you've come across?

Dr. Varun Nagaraj: One of the biggest myths is that you have to be a jerk to be a great leader.

Payal Nanjiani: That's a great motivator. What's one thing that gets you excited to start your day?

Dr. Varun Nagaraj: Alright, let me get a bit personal here. It's the chance to be a better role model for my children and make them proud of me.

Payal Nanjiani: That's wonderful! It's clear you care deeply about your students as well.

Dr. Varun Nagaraj: Absolutely, my students are important to me too. But in this case, I was referring specifically to my son and daughter.

Payal Nanjiani: Ah, I understand. It's like having many children, in a way.

Dr. Varun Nagaraj: Exactly! Like extended family.

Payal Nanjiani: Interesting choice! What super power would you choose, invisibility or mind reading?

Dr. Varun Nagaraj: Invisibility, I know it's a bit unusual, but some people thrive on social interaction, while others, like myself, need some quiet time to recharge. I can be the life of the party for an hour, but then I need a few minutes of complete invisibility to be ready for the next round. Having that ability would be fantastic.

Payal Nanjiani: Fabulous. If you could change one thing about the corporate world, or just the business world in general, what would it be?

Dr. Varun Nagaraj: Probably something everyone agrees on. Getting rid of the obsession with quarterly results. Wise innovation takes time to play out, and expecting everything to happen every three months pushes us in the wrong direction.

Payal Nanjiani: Wow, that's a great point. So, focusing on actions and the process, rather than just the results, is key, like you mentioned with the innovation funnel concept.

Dr. Varun Nagaraj: Absolutely, the results will follow.

Payal Nanjiani: That's some truly valuable insight, Dr. Nagaraj. I'm incredibly grateful that you shared your time and these fresh perspectives on innovation, a topic we haven't explored in-depth before. Thank you so much for your insights and your time.

Dr. Varun Nagaraj: Thank you so much, Payal. It was a pleasure speaking with you. Good luck with your future episodes as well.

Payal Nanjiani: Thank you. And for our listeners, this is Dr. Varun Nagaraj and Payal Nanjiani signing off. We wish you all the best in your careers.