

BusinessWeek

INNOVATION December 2, 2009, 3:51PM EST

India's Next Global Export: Innovation

(page 2 of 2)

SPREADING THE WORD

At the same time, a cottage industry has popped up to offer *jugaad* instruction. Prasad Kaipa, a former manager at Apple's ([AAPL](#)) in-house training university, uses *jugaad* in the courses he's teaching at Hyderabad's Indian School of Business. The University of Michigan's Ross School of Business, where high-profile Indian-born professor C.K. Prahalad teaches, has opened a research office near Infosys' headquarters in India so faculty members can observe how Indian software companies come up with ideas. McKinsey consultants have begun talking up *jugaad* principles with clients, too.

Jugaad has been a colloquialism for decades throughout India. Sandeep Vij, vice-president and general manager of Cisco Systems in Bangalore who heads a new unit that makes energy-monitoring systems, says a good example is an Indian villager who constructs a vehicle to transport goats and cattle by turning an irrigation hand pump into a makeshift diesel engine for a wooden cart.

Its application also can be seen in Tata Motors' ([TATM](#)) much-hyped Nano, a bare-bones subcompact car that the Indian company sells for the equivalent of \$2,500 to so-called bottom-of-the-pyramid consumers who had been priced out of the auto market. "At Tata Group, we're used to thinking like this," says Ananth Krishnan, chief technology officer of Tata Consultancy Services. "The *jugaad* mindset is crucial. It's not just jargon."

PUTTING JUGAAD INTO PRACTICE

U.S. companies are starting to put *jugaad* into practice. At Best Buy's headquarters, in Richfield, Minn., Kalendu Patel, the retailer's executive vice-president for emerging business, is holding *jugaad* workshops to help store personnel and managers come up with new products or services that could be added easily and inexpensively to generate more sales per store. Among the ideas: home health-care equipment.

Top executives at Cisco, which opened what the San Jose (Calif.) company calls a second global headquarters in Bangalore in 2007, are importing the Indian mindset as they meld teams of U.S. engineers with Indian supervisors. "The innovation agenda in India is affordability and scale," says Wim Elfrink, Cisco's chief globalization officer, who moved from San Jose to Bangalore in 2007. "People are masters of managing costs down, but not creativity. If Indian engineers find out an executive has an MBA, they will say, 'Unlearn, and observe.' "

The effort is beginning to show up in the marketplace. Last January, Cisco acquired Richards-Zeta Building Intelligence, a 21-year-old company whose software measures a building's energy usage through wall sensors and displays it via the Web. Although Richards-Zeta still is headquartered in Goleta, Calif., it has been managed from Bangalore, where Cisco's emerging technologies group researches real estate and energy-related software.

The Bangalore staff approaches its work with a different set of assumptions than Americans typically do: that power supplies are unreliable and that demand is surging as urban populations expand. Sensing a broader market for the Richards-Zeta technology, the Indian-led teams have, in just a few months, come up with products such as software that allows companies to monitor energy consumption across all buildings on a

campus or even internationally. Clients include Google ([GOOG](#)), which is using the program at its Mountain View (Calif.) headquarters, and data-storage company NetApp ([NTAP](#)), which uses it at all its properties, from Sunnyvale, Calif., to Amsterdam.

Other *jugaad* proponents such as Kaipa of the Indian School of Business say companies are adopting India-style innovation without even knowing it. The ex-Apple researcher points out that the iPhone maker is a champ at repurposing existing ideas and technologies in simple ways which enables it to reduce R&D outlays and produce high-margin products. "*Jugaad* is an Indian philosophy, but it's not unique to India," Kaipa says. "Companies in all parts of the world can learn from it and make it work for them, too."

[Jana](#) is the Innovation Dept. editor for *BusinessWeek*.