

Ram Charan

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Dr. Charan is a world-famous business guru best known among senior executives for his ability to solve tough problems. He has worked with high-profile companies such as GE, Verizon, Novartis, Honeywell, KLM, and Bank of America. He earned both MBA and doctorate degrees from Harvard Business School, where he has also served on the faculty. In 2007, Fortune magazine dubbed Dr. Charan the leading expert in corporate governance, as he has helped many boards improve their group dynamics using practical, relevant methods. Also known for his in-house executive education programs, Dr. Charan won the Bell Ringer award at GE's Crotonville Institute and the best teacher award at Northwestern University.

*An author and co-author of several bestselling books, Dr. Charan's works include *The Game-Changer: How You Can Drive Revenue and Profit Growth with Innovation with Proctor & Gamble CEO A.G. Lafley* and *Every Business Is a Growth Business*. He also has written for the *Financial Times*, *Harvard Business Review*, and *Strategy and Business*. In 2005, Dr. Charan was elected as a distinguished fellow of the *National Academy of Human Resources*.*

Q: What was your first job, and what lesson did you take away from it?

A: My first job was to work in [my family's] shoe shop [in India]. I really learned how businesses run in a micro context. I learned where the cash was, what [my family] was buying, what [my family was] selling, what our margin was, and how we were going to complete it. I learned that all very quickly. If we did not have cash at the end of the day, we had some problems at home.

Q: As someone who is constantly traveling and working, how do you stay focused and energized?

A: The stimulation comes from observing external change. In my travels, I get my share of observing change. At the same time, I get to meet a lot of people. I hope and I believe that I have a learning attitude. You meet people with a learning attitude and you're curious so it just stimulates your mind. Also when I'm traveling, I do a lot of reading and it's very disciplined. I read materials such as working papers from universities that are relevant for the development of executives; for the knowledge they need to have and the teaching that I need to do.

Q: As someone who's traveling all over the world, do you find business culture varies in different parts of the globe?

A: No two countries have the same economy, regulations, or culture in terms of how [that particular] society works. On the other hand, when it comes to businesspeople, after you cut through the veneer of culture, the way that businesspeople think is not that dissimilar.

They all want to know the customer and what the customer need is; they all want to know how to satisfy that need; they all want to know how to generate revenues, make margins, look after cash, and get market share. There's a universal language of business just like there's a universal language of music.

Q: In your latest book, co-written with A.G. Lafley, *The Game-Changer: How You Can Drive Revenue and Profit Growth with Innovation*, you discuss how innovation is consumer-led. Could you explain this idea?

A: The most common understanding of innovation on the part of people is some genius somewhere suddenly found something that was fantastic and totally new, and there's serendipity about it.

What we have done is to say if we can find these geniuses, we can find these ideas. In fact, companies now buy ideas. So for innovation to be consumer-led, all leaders should become very good at observing consumer habits. Observing is a key managerial skill; and so then you observe the consumer and you dissect carefully what the consumer need is, and then you find solutions.

An example in the book is that when the leaders in Mexico from [Proctor & Gamble] spent days living in a Mexican low-income family, they discovered that the lady of the house loves to keep her people in clean clothes so she rinses the clothes four times. They observed this even though water is very difficult to come by in Mexico, and rinsing requires more labor. So they thought, how can we cut the number of rinses but at the same time create detergent that is more powerful, less costly, and will use less water? They did just that. They came to Cincinnati, did their research, developed a new product that took less water, less rinses, and cost less; had both consumer- and water-benefits; and P&G market share went up.

Q: Some of the traits of leaders of innovation are open-mindedness, making connections, curiosity, collaboration, etc. Do you think these can be learned, and if so, what is the social process of innovation?

A: This is something you will see in every human being. The first part is that every human being cannot do everything. So if you ask me to play golf, I'm a zero. I don't like it; I'm not good at it. On the other hand, Michael Jordan loves basketball, but he's not very good at baseball. So similarly, you have to see what people like, what their aptitude is and does it fit in the business. So that's the first thing. Once you sort that out, then most people can improve their skills. But they have to be in the right place to learn, see, observe, and practice. That's the difference. If you make up your mind and determine it, you can learn any of these skills at any time. For example, the gentleman who put together McDonald's hamburgers, he was 48 years of age.

Q: What do you enjoy about teaching? What do you think makes a good teacher?

A: My mission in life is that when I finish a session, I want every person in it to take one or two things home, and practice them. When I finish a session, I ask every person in the room, what are you taking home? I get feedback, and if they're taking home something useful, I feel very good.

Sometimes I meet people in airports ten or twenty years later across the globe. They meet me in India, Switzerland, England, or inside the United States. They run into me in the hotel when I'm checking in, and they say, *do you remember me?* I say no. They say, *I had your session ten years ago, you told me this information, and I'm following it.* That is a great satisfaction of life, and that is what makes a good teacher.

Q: In another one of your books, *Leaders on All Levels*, you talked about the apprenticeship model. Could you briefly explain it?

A: You can always learn things through books and articles, but that's passive. If you're working for a good boss and you seek mentorship from that boss, then the boss will observe you and give you coaching in real-time, on-the-spot. There is no better substitute for that relationship, feedback, and coaching. That is the apprenticeship model. In the early days, all craftsmen built their skills through apprenticeships.

Pixar, the animation company, is a good example. Walt Disney found these animators in the early days. I think there were about six of them. All the current Pixar animators were all apprentices to the original masters. They had no classes or books. Then Steve Jobs instituted classes for them to go to, and that's how Pixar became a large commercial company.

Q: What are the steps you take when facing a problem to be solved for a client?

A: There are no magical steps. You have to have a real burning desire to help, contain your ego, and be honest in how to help the person or the company. All of us have biases; we just need to be aware of them.