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# Resource-constrained? Just wing it.

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Some four years ago, when the economic recession started in the West, Navi Radjou was convinced that the way ahead meant companies had to innovate and become faster, better and cheaper if they were to survive. Enter Jugaad.

While some companies went on to introduce dedicated innovation divisions, Radjou chose to optimise the raw ingenuity that he claims is inherent in all of us as a solution to the need for innovation. The Silicon Valley-based innovation and leadership strategist remained unconvinced that the Western innovation model, which relies heavily on expensive R&D projects and highly structured processes, was an appropriate solution for our times as it could not provide the necessary agility and cost effectiveness needed to operate within the new, very complex and resource-constrained environment.

India, China, Africa and Brazil are emerging markets that are performing well despite being resource-constrained; and ingenuity is often relied upon to provide enterprising local solutions. “There is much that the West could learn from their experiences,” says Radjou, who went on to explore how entrepreneurs in those countries innovate differently from their Western counterparts.

A distinctive mindset coupled with the ability to turn adversity into opportunity, were key findings. “It’s the ability to be resourceful in the face of resource scarcity; to include marginal segments of the population; to follow your heart, in the sense that a lot of entrepreneurs don’t have a plan, they don’t really think logically and rationally as they follow their intuition; and a compassion for social problems. It’s the kind of raw ingenuity that we all have,” he told Perspectives@SMU on the sidelines of the SMU Institute of Innovation and Entrepreneurship Occasional Speaker series recently.

### **So what exactly is Jugaad?**

Jugaad is a Hindi word which means “an innovative fix; an improvised solution born from ingenuity and resourcefulness” and is now the name of a new approach to innovation. Steeped in the Indian concept that calls on people to make the most out of what they have around them, Jugaad and its emphasis on frugal and flexible innovation has recently been embraced by several leading Western corporates to drive inclusive and sustainable growth.

Companies that have built Jugaad-style innovation practices into their organisations include 3M, Facebook, GE, Google, PepsiCo, Procter & Gamble, and Renault-Nissan.

In the case of Google, its improvisational, agile approach is personified by executive chairman, Eric Schmidt, who says he doesn’t have a two-year plan - only a ‘next week’ plan, which is likely to challenge the assumptions of many CEOs.

“What Google is saying here,” says Radjou “is that, in an unpredictable world fuelled with complexity, it is futile to try and control things. Oftentimes, things like strategic planning are designed to control the future. While we all know that the future is uncontrollable or is increasingly becoming unpredictable, the best thing you can do is to improvise as you go along. You need to have a short-term plan. But even so, the best laid plans can resist first contact reality.”

Jugaad calls for an adaptive mind-set, agility and the ability to act quickly. “In a volatile and complex environment I think it’s important that you *don’t* have just a Plan A, or even a Plan B or Plan C, but have the confidence to improvise a plan when circumstances require.”

### **On the ground feedback**

In another break from traditional innovation approaches, Jugaad uses on-the-ground feedback, rather than focus groups, to test levels of innovation. “Like beauty, innovation is in the eye of the beholder,” he says, and the solution has to mean something to the end user. “The more you collaborate and co-create with end users, the less waste there is in the system because you don’t have to guess what they want and come up with appropriate solutions. You get it right the first time.” Jugaad-style innovation has been applied effectively to increase financial inclusiveness. This is not necessarily the domain of developing countries. In the United States, for example, around 60 million people (20 percent of the population) remain “unbanked,” or without access to banking services. Faced with a similar problem, Kenya introduced M-PESA, a mobile payment solution that allows people to send and receive money without having a bank account, and is now being used by 15 million Kenyans, or more than the number of people with bank accounts in that country.

An even more innovative, if not frugal, approach has come from Walmart, which has opened money centres, or small outlets located inside its stores. “So,” says Radjou, “why go to a fancy branch when you can actually get the same services in a local store and the fees are much more reasonable?”