

# Managing Networks for Entrepreneurial Success: Discussion

### Panelists

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### Balaji Pasumarthy

#### Systematic Connections

Systematic connections with people are absolutely essential in business because you cannot do it alone.

My first business—a *business centre called Golden Square*—is directly related to such systematised networking. After an MBA and a few years' experience in a large corporate house, I was looking for opportunities to get into business. I decided to get into a business which would be safe—giving me opportunity without too much risk. A business centre seemed viable because the investment would be in the real estate and even if something went wrong, I would have the real estate behind me.

Anchor

### Suresh Bhagavatula

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Prof Suresh Bhagavatula anchored the Round Table Discussion and is the Guest Editor of the Round Table on Managing Networks for Entrepreneurial Success

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I didn't have much money to invest in the property, so I decided to take a loan. When I approached the bank, they gave me an in-principle approval for a term loan. I put in the term loan papers and went on a holiday. When I came back, everything had changed; there was a credit crunch in the country and the RBI had said 'no loans'. It was a dreadful situation for me to be in. This was when I got down to networking seriously.

A series of introductions from distant relatives and acquaintances to the right loan authority in the bank got my loan approved. We launched Golden Square in December 1995 and it is doing very well. That was my first network—family, friends and connected good Samaritans. Family and friends are the most important piece of this puzzle of networking because no one else really cares about your success more than they do.

Being an entrepreneur is a lonely business, especially if your peers are not entrepreneurs; you soon realise that you don't have people to talk to. A couple of my MBA classmates and I therefore decided to form an entrepreneurial support group that could meet regularly to discuss plans, problems and so on. This was planned as a closed network. We served as sounding boards for each other. *E Club* was started to serve as a peer group of entrepreneurs. It is still a closed group in a sense that there are only 70–80 members of which 20–25 are very active. It is of great value as a network of entrepreneurs.

My next successful venture, the *Business Gyan* magazine, came directly out of this network. After the dot com bust, my business centre showed lower occupancy; I tried advertising the business centre in various places, and it just did not work. I felt that there was a gap in the B2B marketing space and decided to fill the gap. Thus *Business Gyan* started off as a Bangalore business handbook—and, of course, it also carried my advertising. The idea was that people who are in the startup and expansion mode would find the requisite business knowledge and information in *Business Gyan* with regard to vendors and so on. Before we started, I ran the idea past *E Club*. My

fellow members tore it down. Their suggestions were valid and the launch of *Business Gyan* had to be delayed by at least 3 or 4 months because their suggestions had to be incorporated in the first issue.

A peer group network offers real value as there are no strings attached; there are no specific agendas, though you may hope that if you help someone, they will also help you in the future.

My interest in online portals and open source was complemented when a suggestion came from my peer group that I look at content management systems; that idea led to BusinessGyan.com. BusinessGyan.com is a platform for people to blog about their business and experiences—to broadcast their identity. Potential customers may get in touch with the bloggers. My experience in building BusinessGyan.com led me to realise that there are many 'natural communities' such as alumni associations, or industry trade associations which are not necessarily leveraging the Internet infrastructure on their network.

That was my next business idea—space4groups.com. Space4groups.com makes it easy to use the Internet and set up a portal, as easy as it is for you to set up a yahoo group.

The other networks I am part of are BNI and Mentorsquare. BNI is a club with a single point agenda—networking to further business. We meet regularly and try to spot opportunities. It is a closed network; people know each other very well so they are able to trust each other and refer businesses to each other. Most of my vendors are from BNI, and at times they do not even give a quotation. The trust level is so high that no advance, no working order and no purchase order are necessary.

Mentorsquare is an online platform for connecting entrepreneurs with mentors—people with knowledge and experience, who can advise entrepreneurs. The intent of Mentorsquare is to get people into a space—seniors, experienced people and entrepreneurs—and give entrepreneurs a chance to talk about their issues. Mentors are not expected to give the final solution but solutions

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emerge in the course of conversations, issues get clarified.

To sum up, basically different networks have impacted my business or my career as an entrepreneur. From family and friends, to closed groups and finally to large communities, which are the major networks of the future. I am a great believer in these communities. In the future content will get developed by the community it is intended for. So it is important that communities have the space for existence and growth.

## Nirmala Sankaran

### The HeyMath! Story

I worked at Citibank for 12 years before I co-founded HeyMath! (<http://www.heyath.com>) in 2000. The problem we set out to solve was the global shortage of Mathematics teachers. I was in the United Kingdom then and looking everyday at news items that talked about a shortfall of 200,000 Maths teachers over the next 10 years just in the US. The same situation applied to the UK too. Maths teachers were actually being recruited from India to go to the UK and the US, but the reality in India wasn't any better.

After several iterations, the solution that emerged seemed to comprise three components: using the Internet as a ubiquitous delivery medium, collaborating with centres of excellence in Mathematics, and developing and servicing the product out of India. At the time, India was emerging as a brand in IT. So, it seemed timely to leverage this fact.

The solution was a technology based, curriculum oriented online programme that provided teachers and students access to high quality teaching pedagogies and assessment resources.

The first thing we knew we had to do was to build academic expertise. We approached the University of Cambridge who were pioneers and at the forefront in using digital media and the Internet to enrich the teaching and learning of Mathematics. When we approached them to discuss the idea of tapping into their rich knowledge base, we

had little more than our sincerity and experience in the banking sector to offer in return!

After several intense meetings (accompanied with a steep learning curve!), we eventually signed an exclusive collaboration with the University of Cambridge. They would offer their consulting to help us build subject and pedagogy domain in school Mathematics. We decided to set up our back office in Chennai and assembled a team of Maths graduates and animators. Animation and E-learning were nascent at the time so it was not easy to find experts who could develop innovative teaching modules using the digital medium. This is where Cambridge came in. They put in place a solid training process and were instrumental in helping us establish

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domain expertise. It took us 18 months to create a prototype which involved defining version 1.0 functionality (content and technology). Backed by the extensive classroom experience of the educators from Cambridge, we prototyped our initial product around 80 universal Maths concepts, based on a number of lesson plans, and not specific to any particular curriculum.

The next question was to define the user and the positioning of the product. We knew that we needed the teacher on our side. We were not there to replace the teacher or to reduce the role of the teacher. This is more or less what we said—

teachers usually end up teaching to a mean score as they do not have time to interact with students at the two ends of the spectrum, i.e. students who need intervention and those who are accelerated learners. Through our animated and interactive digital lessons, our promise was to take away some of their load, give 30–40% of their time back to them, thereby raising their productivity, and in that process, making the whole process of teaching much more individualised. We defined our user as the teacher and our positioning statement as 'Supporting the work of Teachers'.

The next challenge was to identify a suitable market to introduce the product concept, a market that would be ready to adopt an idea like HeyMath! After some research,

it appeared that Singapore would serve as the ideal pilot market because that country really values Maths and Science education and consistently ranks high internationally in Maths and Science performance. Their Ministry of Education also had in place a well thought out 10 year master plan for rolling out technology for teaching. During the first five years of the plan (1996–2001), they had already wired schools, provided teachers with laptops and conducted extensive training to get teachers comfortable in the use of technology. So, in 2001 when we launched our pilot in Singapore, teachers and schools were already ready to integrate digital pedagogies into classroom teaching.

True to our tag line ‘Because every student counts’, we were keen to prove in the early stages in Singapore that HeyMath! would work both for high-achieving kids and for students who were struggling because of lack of motivation and/or confidence. So, we approached the # 1 school in Singapore (they admit only top three percentile of students in the country) and we also signed up with a neighbourhood school that had mathematics failures every year. At the end of the first year of implementation, we proved very good results in both schools.

The next step was to scale the business. We got into rapid product development mode as we had to cover the entire range of concepts for the Singaporean curriculum for all grades in version 2.0 of the product. At that stage, we decided to get people from Cambridge to Chennai on a more permanent basis, for a minimum of one year—today some have stayed back as long as five years!

We got into intense marketing and selling mode in 2003. Because Singapore is a small country, with just a small marketing team covering the whole island we achieved great success. Today we are the # 1 E-learning system for Mathematics in Singapore. Fifty per cent of the school systems use *HeyMath!* with strong endorsement from the Singapore Teacher’s union.

Sometime in 2003, we also began to think about an India strategy. The CBSE Board had issued a directive that every school should have a mathematics laboratory. The objective was to do away with rote learning and to understand both the why and how behind mathematical ideas. We found a philosophical fit with HeyMath! So, we went to the CBSE Board and explained how our programme could help achieve CBSE’s objectives. One thing led to another and we started working with one of the top schools in Chennai, headed by a highly visionary founder. Teachers in India

are very enthusiastic about trying HeyMath! but infrastructural challenges exist. We had become too comfortable with how easily things work in Singapore!

In 2005, we were featured in Thomas L Friedman’s best seller *The World is Flat*. This happened when Raghuram Rajan (former Chief Economist of the IMF and a good friend of mine, who was also on the HeyMath! Board) was interviewed by Friedman for his book. Raghuram spoke about HeyMath! as an example of globalisation in education. Tom Friedman articulated our mission extremely well in his Op-Ed column of the *New York Times*: ‘HeyMath’s mission is to be the Math Google – to establish a Web-based platform that enables every student and teacher to learn from the “best teacher in the world” for every math concept and to also be able to benchmark themselves against their peers globally’ (*New York Times*, September 16, 2005).

After this, we had several enquiries from all over the world and our engagement with the US education system began. We started adapting our product to meet curriculum standards for a few large states and also offered the benefits of global benchmarking. After a series of demos, we signed a collaboration with the Massachusetts Department of Education in 2006. They adopted HeyMath! for the professional development of teachers in Massachusetts. We have also been working with a top-performing district in Connecticut, where high school students access our programme from home and teachers use the online lessons to teach in the classroom.

While we were slowly but steadily establishing our presence and expertise in a B2B business model, we now started getting enquiries from individual parents. It was quite obvious that there was a natural demand from home consumers. We had focused only on institutions so far, but with people subscribing online, we suddenly realised that we were indeed a web company!

To get the consumer model going, we had to reflect on some tough questions. We knew teachers very well, had built enormous trust and understood how to successfully implement our programme in schools. How were we to achieve all this with the consumer—the child and the parent? We knew that Math was the bogey for several children and most parents were looking for more than what the school provides. Our challenge was to develop individualised HeyMath! packages based on specific user requirements (grade, topics, ability levels, curriculum, exam board), and provide benchmarking data for the

individual, within and across various academic systems. Our investments therefore are currently focused on product packaging and building the right consumer technologies to deliver a personalised user experience.

Our strategic priorities for the future are to define the consumer version of HeyMath! by modularising the institutional products. In terms of go-to-market, we need to identify the right channels, franchisees, partners—specifically focusing on India, the NRI segment, the US and Asia. We've concluded a detailed India entry strategy study, which has incidentally been done in part because of my IIMB network—the CEO of the consulting company who did this study for us is a batch mate!

I've thought a lot about networks as I look back over the last eight years. One thing I have found is that *the more diverse the network, the greater the value*. In our business, fortunately, you don't need to go anywhere to seek those networks. They come to you. The people whom we meet day in and day out—teachers, retired teachers, school principals, students, parents—they themselves are your network, they add value to our company, they are the ones who evangelise the product. A lot of our marketing happens just by word of mouth!

The other interesting thing that has happened quite naturally is that teachers and parents have begun co-creating content and functionality with us. So, we have parents from Google for instance, high-end software engineers (HeyMath! subscribers) who are willing to review and provide feedback on our work (lessons and technology features) after having bought the product for their children.

The whole journey has been truly fascinating. You can't underestimate the value of other entrepreneurs, social contacts, classmates, friends and family in helping you build, nurture and grow the venture. These networks give you a lot of emotional support and also provide you a wonderful ecosystem that helps you deal with conflicts and personal challenges.

## Ashwin Mahesh

### Social Technology at Work: The Company is the Network

My presentation provides a brief outline of the various phases of my work leading up to the establishment of the

social technology company, Mapunity and that itself is the networking story.

I am an astronomer and a climatologist. I know little about technology, and I have not studied the social sciences. So it is more of an accident that it happened. At the same time, it is not entirely an accident because you know at some point that certain accidents are going to happen, and you are actually preparing for them! I am going to tell you about how we prepared for them.

I co-founded and co-edit *India Together*—this is the largest public affairs magazine in India. It came out of what you might call a network idea. In 1998, I was a graduate student in the US and for about 7 years I wrote a column in the online publication *rediff.com* about social and economic issues. In response to one of those articles, a reader, Subramaniam Vincent raised various points about the nature and methods of the media itself, and wondered whether it might be possible to create a different kind of media, more attentive to socio-economic realities in the country. That conversation led to the establishment of the voluntarily reader-funded public affairs magazine, *India Together*, in July 1998.

We started gathering information about good work that individual organisations were doing in various places and posting it on *UseNet*. That was the easiest way of sharing information on the Internet at that time. The readership grew and in ten years of publishing, *India Together* has built up an audience of over 140,000 monthly readers, and this figure is growing at about 35% annually. It's completely free. Since 2003 we have been inviting readers' contributions to help keep it going and 80% of the money that we need to run the organisation is provided by the readers themselves. We let it be known on the website that you can contribute; that's how this space is funded. We don't take advertising.

The only thing that we do differently from what other conventional media does is that we bring out the news in 'proportion'. It is not that there is no India Shining. It is not that there is no India Not Shining. They are both reality. It is the proportion in which you see these things in public spaces that gives you your sense of what this society really is. The degree to which each one represents the larger reality in India—we need to capture it honestly.

The second thing that we do is that we taxonomise, which helps with networking on the Internet. We organise content taxonomically around topics rather than by date as in conventional newspapers. This is also extremely Google-

friendly for example, when you start to think about it, because search engines can understand the structure of your publishing much better as a result. There are also cross taxonomies that you can do—you can have a Women's section and under Women, Women in the Workplace, Women's Health, Women in the Media, and so on. Those two connect in the back end to the same information that you have organised under a similar thread. So there is a certain taxonomic power that comes out of the way you organise content itself.

This has resulted in our being a networked organisation. We are a repository of information on significant work being done in individual domains in the country, without even trying to build a network consciously. We act like channels to pass that repository through and provide information to various kinds of people. We also organise information around local geographies.

When you organise information thus, the audience builds by itself. We get about 30–40% growth in audience each year despite our complete lack of marketing.

Our network has grown beyond *India Together*. In empathetic networks such as this one, we meet a lot of likeminded people. And in co-editing this publication, I have developed extensive links with development groups of every sort in the country. One thread in particular, with the Association for India's Development (AID), brought me in contact with people in India who were working in unique and interesting ways on development problems. It gave me the opportunity to meet Srikanth Nadhamuni of Egovernments Foundation (Egov) in Bangalore, which works primarily in the area of technology development for municipal administration, and work with them, leading the technology development work in the GIS group. Egov's connection with the Administrative Reforms Commission (ARC) of the Central Government, led to my working for them on civil service reforms. During my work with the ARC, on many different fronts—public order, right to information, the rural employment guarantee, and civil service reforms—I observed repeatedly that many reforms in government are held back by the lack of capacity within departments to execute new ideas, especially ones that required technology inputs. This led me to think that a common layer of technology for government ought to be created, from which many diverse benefits could flow to individual departments that used this technology. This led to the establishment of Mapunity, specifically to build such technology, and also to build solutions for civil society organisations engaged

in development problems. Since a large number of the latter were already well known to me through *India Together*, I obtained some startup support funding for Mapunity's work, and the company was launched in December 2006. A meeting with the then Chairperson at NSRCEL in IIMB, through a neighbor, led to a presentation to the evaluation committee of NSRCEL and Mapunity was incubated there in February 2007.

To give an example of Mapunity's work, we work, for instance, on urban transport information systems for Bangalore—being able to give people information on traffic conditions in the city at any given time on sms or on a website. This requires a certain amount of familiarity and confidence, of working with that technology, and the knowledge of how to put the back end together. So 2.7 million phones in this city are tracked in real time to convert that into mobility information, and we turn that into traffic information. This is not something that the government can do. But we can do it. And if we offer to do it for the government, it serves a useful purpose.

So, Mapunity is a company that you can say at some level builds social technology. We build technology focused on the problems for which the technology can offer some solutions. If we do not have the technology to do something, we go out and master it and get people into the equation who can provide the inputs.

Given the diverse threads that any editor is bound to engage with, and the range of technology development at Mapunity, it has been important for me to decide how best to contribute to the development of an eco-system around my work that can be beneficial. To this end, I see the 'expansion and strengthening' of the people network around me as the core value that I can add.

However, given the sheer number of people in this eco-system, there is tremendous pressure - not only on me, but many others working with me - to allocate our time properly. We follow some simple rules of networking, as a result:

- We make partners and commitments based on trust, rather than on agreements on paper. A large number of the people with whom we work have done important work in their own domains previously, and we feel it is unnecessary to subject our relationship to a formal cross-examination of our potential for mutually beneficial collaboration. This approach has worked so well that we've even been able to take it into the corporate sector.

- We are a social entrepreneurship and we have essentially a research orientation. We offer many of our services for free or at very low cost, and focus on cost-side funding support to provide us financial strength. The elimination of 'price' as a consideration provides tremendous confidence to our partners, and helps anchor our relationships with them strongly. Our projects include a content management system which anchors the back end of a local newspaper—we are offering this technology to anyone who wants to start a local newspaper in their community; a livelihood technology platform which will help people at the bottom of the pyramid find jobs; and a software services SAS platform for micro financing solutions. All of these things are completely free.

- We make a conscious attempt to break down each direction of work into component bits, and we ask ourselves how quickly any one of those tasks can be performed. Wherever possible, we do this right away, and then alert our partners to what we have done. This provides several benefits—continuous engagement, reinforcement of our commitment, and a signal of our expectation that our partners keep pace with us.

In doing so, we challenge our partners to do their part in the collaborations we enter into, by trying hard to outrun them. While this can create some frustration during specific times in a project, it clearly conveys to the partner that our intention is to over-perform on the goals we have jointly set, and that we share a deep interest in the objectives for which we have taken up the work.

**K A Srinivasan**

## Entrepreneurship and Networking

I will go through what we have been trying to do in the last 7–8 years and look at it from the viewpoint of networking. Has the network helped us or not? What was our approach in building the network?

Back in 1999 some friends and I founded a Bluetooth wireless technology company. Eventually we became the largest in that space in terms of Bluetooth audio solutions and got acquired in 2005 by a US public listed company. When we started we were four years out of college, with little idea of what we wanted to do but naïve enough to believe that we could change the world. We started doing all sorts of stuff and eventually decided that we would work with wireless technology. None of us had any wireless background! From the technology side, our contacts, our relationships added up to zero. That's where we started.

One thing that really helped was that we had all been classmates in college and had spent four years working

together subsequently. We had a tremendous amount of trust. We decided that we were building this product technology company out of India and we were clear that our customers would be from outside, not based in India. Again, zero experience outside India. So we had no networks to start with.

Perhaps not having a network helped because we were desperate. We made a list of the 20 things we had to do and figured out who we wanted help from to achieve those things. We would go to conferences to build our networks and look for potential customers. That's how we found our largest customer. I had a

Japanese gentleman sitting next to me at a conference in Geneva and I casually started a conversation. At the end of the day, he came to our booth and told us he had just quit Panasonic and was starting his own company. We soon started getting 40–60% of our revenues from Japan alone and from this single gentleman. There was a lot of serendipity as well as very conscious, purpose-based networking. There is little point in building a huge network in the hope that it will be of use later. One should network with a clear agenda, a purpose, a clear motivation that makes immediate sense rather than building a generic networking base that at some point is going to help you.

What helped us also was getting right the first set of key people. What we found was that being able to connect to

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the person who has that network is a lot more crucial than having that network yourself.

We started Amagi in early 2008, with all the co-founders from Impulsoft. Now we have spent 17 years together and there is a lot of trust. Our intent was to build a differentiated, scalable and focused-on-India business. Amagi is a media startup that aims to democratise TV advertising by bringing local business to television. It is a local TV ad syndication network which aims at bringing local, targeted advertising to national TV channels. For example, there are plenty of small businesses operating in the market who need to reach their localised customers and they should be provided with channels to do so. It can be done through a combination of technology, advertising and creativity—these are not cable TV advertisements, they are proper video commercials on the regular TV channels.

In Amagi, coming from the domain of technology, we started with a zero base, with no network in media, which helped us come in with fresh ideas and not take anything for granted. Finding the right advisors and access to a few select influencers or key players in media, again, was important. We were helped here by informal networks—our neighbours and families; but it helps a lot more to have the right advisor. With regard to hiring, again, networking certainly helped. For a startup, hiring people you know or colleagues who have worked with you makes a huge difference. The salaries have shot up in the last 4–5 years, and you really want people who are ready to take a cut, to sacrifice, to believe in your story, to believe in you, that you are the right guy to work with.

Networks are also important in getting capital. A lot of people are very happy to help you if you are clear about what you want and can give them good reasons for helping you. However, without clear goals in mind, if you cannot explicitly state what you want, entrepreneur networks and gatherings do not work. Peer networks are useful if you have people who have problems you can actually share and not if there are people just looking for contacts. (Exhibit 1 sums up some thoughts on networking for startups.)

## Discussion

**Suresh Bhagavatula:** As academicians or practitioners, we are trying to see what is a good network—how could you actually make a network which will help you at different points in time? The resources that come from a network are social capital—how can you have a network with a lot of social capital?

A network can be seen as something which influences an outcome. Network content flows through a network and network governance forms the structure. Network content can be tangible—money, and intangible—advice. Governance measures would include trust and contacts which lubricate the economic exchange. Normal networks consist of two sets of people: a set of people that you often interact with and a set of people you do not often interact with. When you look at each of your networks, mostly you would have a set of people you interact with frequently, a larger set of people you interact with occasionally, and an even larger set that you interact with

### Exhibit 1 Pointers on Networking for Startups

- **Strong network very critical for starting up**
  - To find co-founders and initial hires
  - Often to find first customer
- **Purpose-based networking lot more critical**
  - Identify based on transactional need
- **Finding the right advisor(s) often does the trick**
  - Can be a gateway to the right networks. For example, media, venture capital,...
- **Pre-existing social network very useful for non-core areas**
  - Finance, legal, admin, banking and so on
- **Networking events (for entrepreneurs) are wasteful**

very rarely. The structure and configuration of your individual network change all the time. If you go back to the time of the founding of your company, consider how this network structure has changed over time and what the need was for the change to happen.

**Balaji Pasumarthy:** My network has become huge in terms of the number of people. People who might have been very close in my network earlier may not be close now. In the beginning my network was basically family and friends. I could actually count the number of contacts I had in town in Bangalore. But over a period of time, various other clubs and networks I joined have become important parts of my network.

**K A Srinivasan:** Being a software engineer, my network revolved around my colleagues, my classmates, my friends and my relatives. But the very nature of being an entrepreneur requires you to interact with so many people, evangelise and sell your concepts. Naturally the network exponentially increases. It is not even comparable with what you had initially, because the people I would interact with were colleagues and so were software engineers and not customers and partners. So they were a lot more focused on the areas that I was focusing on.

Geographically also, my network has diversified because we were marketing internationally. Three years back somebody in Germany called me up and asked if I could introduce him to somebody in India in shipping. I thought back and found that I actually didn't know anybody in the shipping business or for that matter any market in India. I had a huge network in Japan, in Korea, in the US and so on, but I knew nobody here. In Asian countries, India and Japan for instance, you have a fairly closed network because of societal ties. The requirement of finding the right customers or partners drove me towards networking in certain areas; this deprived me of networking at other places, what I would have otherwise done socially. So it shifted, got refocused and exploded in terms of the number of people.

**Ashwin Mahesh:** This is not really a comparable question

for some of the work that I do, because the space is so different. We are in a publication that is read by hundreds of thousands of people, we put out traffic information for a combined population of 65 million people. And so the network is not something we are trying to build, the network is something we are trying to shrink! The number of people who write to you, or call you, or try to engage with what you are doing in some way is phenomenal. I get thousands of e-mails every day! You are not in the network building business at that level. But there are lots of good people out there, and many a time they are fairly honest and transparent about what it is that they are trying to do. So you can't take a defensive or abrasive stand in response to their overtures. They are trying to engage you.

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You can have a workable network based on trust—with people who trust your work. Networks can also be built out of fear, not in the conventional sense though—your network grows because other people fear what you will do. People must get out of their class and community networks and disrupt these lines of cohesion by figuring out what other people are trying to do.

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I'm aware that around me there is a massive network. And that network is very crucial to support the work I do. There are four ways in which you can try to engage this network. Given that there are so many people and you can't come up with a person to person strategy, you can have a workable network based on trust—people who trust the work you are doing can also form a network. At a personal level you can build networks out of your organisation. If you know the driver you know all his people.

Networks can also be built out of fear, not in the conventional sense of fear, though. Your network grows because other people fear what you will do. For example, a leading company sells a navigation system at Rs 8000/- in this country. We are about to launch a free one. Of course they will talk to me. It's not fear in the criminal sense but the fear that we are disrupting what they see as a market. They have to engage in spaces where you are creating a certain degree of uncertainty around the products that they are selling. People must get out of their class and community networks and disrupt these lines of cohesion by figuring out what other people are trying to do. Even when you look at other people's economic interests and tell them you want to contribute to that, it creates a degree of competitive participation among people who have done similar engagements across classes and communities. Finally, you have to lead by

example. Fundamentally you have to say that the style of work that we follow and the methods and practices that we engage with are so different that they get talked about. Therefore your network grows among people whom you have never met. Thus your work can build a compelling empathy.

**Nirmala Sankaran:** In the context of HeyMath! the network effect is enormous. Sometimes you don't even know who is actually in your network! For instance, this morning I had an e-mail from a teacher in Alaska who said that she was evaluating our programme. We wrote back informing her that there was another teacher in Alaska who had actually used our programme and suggested that she might want to connect with her. It turned out that the teacher we suggested was her sister! So, isn't it fascinating that there are two schools in Alaska talking to each other and sharing experiences on using HeyMath!, and we didn't even know about it.

The culture we have in the company is one of intense collaboration—that's how we continuously extend and innovate our product, that's how we sell too. The key thing was to build early legitimacy. In the next phase, after having developed version 1.0 of the product, we had to field test the functionality vigorously. We networked with schools and teachers to make this happen. When the SARS epidemic broke out in Singapore and students were home quarantined, we offered HeyMath! on a free basis for the entire island. That opened up a huge eco-system of school administrators, teachers, students and parents. In our line of work, networks happen very naturally. It's not like you consciously network.

At this growth phase of our venture, I find myself reaching out mostly to old classmates. And the reason that this is happening is, I think, our stage of life. My classmates have been very helpful in getting us connected to the right information and the right people—and they're doing it because they care about education (being parents themselves) and what happens to the country. People are on a different philosophical plane now—as we enter our forties!!

**Suresh Bhagavatula:** If you are a central player in a particular space, you don't have to build a network, but the network gets built around you because people want to link up with you—is that commonly agreed?

**K A Srinivasan:** During the first 2–3 months of the existence of the company, the individual network is important. But beyond that I think the company's network

is a lot more important. The company in itself is taking a definite form. It has a reputation of its own because it has a certain way of doing things.

As Ashwin was saying, it's no longer companies competing against companies but the network of one company competing against the network of another company.

**Balaji Pasumarthy:** When I started *Business Gyan*, we had to meet interesting people to get content, interviews and so on. I outsourced the content development to a PR agency—it made more sense to use the agency's network to get things done. It was a way of getting leverage. Alongside, I used to go to networking events and get introduced to people who I thought might be useful to our readers. It was a huge effort. Today it's actually the other way round. People would actually like to get featured in *Business Gyan*. If I need something topical for my theme I just send out a message and people offer to introduce me to the right contacts. The reputation enhances that effect.

**Suresh Bhagavatula:** Managing networks is more difficult in practice than in theory. What would happen if an advisor who was useful earlier is no longer useful or valuable? How do you manage this transition—taking him out of the core network? As you said, at a particular point of time you start culling the network. How do you achieve this?

**K A Srinivasan:** In different stages of the life cycle of the company, we need different people who open up different kinds of networks. For instance, at the initial stages you are raising capital; somebody who has access to a capital network can be extremely important to have. But beyond a point, you will actually have the access yourself, and the value of the person, if he is only opening up the capital network, decreases. In that case, you would engage him on a transaction basis. This is again purpose based. You would offer him an incentive to open this network up. And it will be just a matter of that transaction. Set up the expectations beforehand. If you get into this in a fuzzy way, it can cause problems.

The best thing to do is to systematise this, to make sure they know what their responsibility is and what benefits you are offering. At the end of the year, we can make sure the whole board is dissolved and you can start afresh. Some of them will come back and some may not. But bringing someone on board just because of their network is not necessarily useful.

**Ashwin Mahesh:** There are two kinds of networks—networks among the people who largely see themselves and each other as peers and networks among people who largely see themselves in some relationships, whether it's a vending relationship, or hierarchical relationship or a relationship between the organisation, or any other sort of relationship. Broadly speaking, I think it is easy to manage hierarchical relationships. This is a fact of life. There are well established principles. But where the real management is required is where people see you as a peer. You may not actually be their peer. But if they see you as their peer then you will have to manage that relationship in the network.

One important thing in managing the network is that you constantly signal that you want to belong to that network. Also, as your network becomes larger, you have to create a balance between time spent in managing a network and the quality of the network that you are spending your time managing. Networks can be managed by engaging either persistently or deeply with people, it depends on the nature of the work. People in your network do not have to be like you for your network to work.

**Suresh Bhagavatula:** Can we say that if a newcomer is trying to become an entrepreneur, instead of trying to build a network, if he starts helping people, they will build the network—you just have to do good to people.

**Balaji Pasumarthy:** The core philosophy of the BNI network is 'give us gain'. And we have statistically seen this as well. The people who give a lot of referrals in their network also get a lot of referrals. We also encourage people while joining the network newly to start participating and helping others, start taking active roles in the chapters and so on; if they do this, they start

benefitting faster. The broad philosophy is that you know that your network starts participating better or giving back better or your network becomes stronger just by the mere fact that you are helping others.

**Ashwin Mahesh :** There's a catch here. You can't help others with a view to building a network.

**K A Srinivasan:** There's more than that to it. You shouldn't start with the intention of building a network. Your networking effort must begin by saying 'I want to work with you'. Doing 'n' different activities and hoping to build a network is too peripheral and creates more noise than anything else. If you are looking for any opportunity as an entrepreneur, you need to know what you are doing and not just set out to help people hoping they give you an opportunity. There is no right or wrong in this debate, it's very difficult to judge. But I feel that what is right is to go and tell the people you want to work with them.

**Ashwin Mahesh:** The core point is that you can't build the network thinking you are building the network. People with the strongest networks are not building networks. They are just going about with their lives.

Often collaborations are between organisations, but you don't know the other organisation at all. You have heard about it, you have seen a little bit of its work. The level at which you need to make the collaboration work is to see that your company, functioning as a network, will welcome the network of the other person's company. It's not about the founders. The rest of the people are also very important.

**Suresh Bhagavatula:** Thank you all for making time to participate in what has turned out to be a very interesting and rich discussion.

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- a) An Academic Perspective on the topic of the Round Table
- b) The Round Table Discussion
- c) A supplemental Teaching Plan, available to subscribers by email ([review@iimb.ernet.in](mailto:review@iimb.ernet.in))
- d) Companion Papers