

**CHIEF GUEST'S ADDRESS**  
**REWARD AND RECOGNITION EVENT, RELIANCE TECHNOLOGY GROUP**

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The petrochemical industry is living in times of high volatility and unpredictability. There are major shifts in the nature of feedstock, their geographic distribution and supplies and shifts in epicentre of manufacturing. Alternative building blocks derived from biomass to replace fossil fuels no longer look so attractive, especially for two and three carbon derivatives.

The industry operating in such an environment has adapted a short term approach to both decisions and outcomes at the cost of long term value creation. Short term thinking reduces capacity for innovation and has an adverse impact on future competitive advantage. If the individuals within a company who are focussed on quarterly earnings control the budgets of R&D, then you cannot expect anything other than short term benefits with modest returns. There appears to be no strong incentive at the present time for longer term thinking in the petrochemical industry.

This is a matter of concern. In such an environment how does one build a culture of innovation in an organization? How do we set purposeful goals and motivate individuals and teams of scientists to work towards achieving goals? Will the function of research and technology be restricted to improving efficiencies of existing processes and functionalities of existing products? How can we build a long term view of innovation? What are the expectations from business leaders?

There are no worlds beating new ideas in the horizon in this industry which will make business leaders sit up. By very nature they are scarce and not easy to come by. By asking our scientists and engineers to come up with "earth shattering" or "out of the box" solutions, we set impossible goals. This will generally lead to two outcomes. One, people simply opt out of the system or, two; people choose irrelevant "headline activities" and go to extreme length to justify them. Both lead nowhere.

In fact, defining moments in scientific discoveries have often been romanticized and glorified to the extent that people believe that emergence of such disruptive thoughts are a flash in the pants or a result of pure serendipity. This is far from the truth. Every great advance in science and technology was a consequence of steady "incremental discoveries" adding up to a significant whole. In other words and in the language economist's use, "aggregation of marginal gains" leads to longer term disruptive discoveries. Therefore, one must value the process of coming up with small, but significant advancements. These are often not noticed, but can be hugely meaningful, provided they are part of a carefully designed strategic goal.

Aggregation of marginal gains (or losses) does not make an impact in the short term. But integrated over time they add up-to significant gains (or losses). As James Clear said, "there is power in the small wins and slow gains. That is why average speed yields above average results" (<http://jamesclear.com/marginal-gains>, accessed on 2 September 2014).

Friends, I therefore, urge you not to be carried away by the jargons associated with the innovation process. Our greatest stumbling block to innovation is our theory based obsession with innovation itself. We have to first recognize that there is no alternative to defining a problem and chipping away in steady measures till we reach the core of the problem.

Varghese Kurien of Amul fame often said that “great change takes place through small invisible steps”. The wisdom of leadership lies in recognizing, supporting and sustaining small changes that occur within an organization. For this every company must ensure that a part of their innovation efforts is directed towards new growth opportunities. For such an initiative to succeed, it must be ensured that funding comes from a source which has a long term view of the business .(<https://hbr.org/2014/06/no-innovation-is-immediately-profitable/>, accessed on 2 September 2014).