

TECH 5/13/2015 @ 9:40AM | 9,834 views

How Godrej Became An Innovation Star

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Godrej's ChotuKool mini-fridge in a rickshaw in India.

Godrej & Boyce Manufacturing is a 115-year-old company that sells consumer goods in India, most notably household appliances. For years it succeeded by bringing technologies developed abroad, such as refrigeration, to the wealthiest segment of the population. But as low-cost competitors from elsewhere in Asia entered India, Godrej's market share began to erode. As company leaders looked for ways to respond, they decided to create products that targeted “non-consumption”—meaning Indians that simply couldn't afford appliances. For example, they observed that 80 percent of Indian households lack refrigeration—and identified that as an opportunity. As a company run for more than a century according to the best b-school thinking (it is no. 24 on FORBES' 2015 most innovative growth companies list), it immediately leapt to developing solutions. [As Navroze Godrej, director of special projects, recalls](#), “We imagined we would be making a shrunken down version of a refrigerator. Make it smaller, make it cheaper. And we had preconceived notions of how to build a brand that resonated with these users through big promotions and fancy ad campaigns.”

To reinvent their business, Godrej utilized a set of common innovation steps that we describe in our research for [The Innovator's Method](#)—steps that help leaders in established companies turn innovative ideas into innovations. In this case, the Godrej team decided to first try to understand the problem deeply. As the team members traveled all over India, they were shocked by how wrong their initial guess had been. As Navroze Godrej recalled, it was a “long and fascinating journey. We were surprised by many things, we were shocked by many things.”

As they talked to customers they realized that women managing households in rural India faced many challenges. One was that they could not store food, so they had to buy and prepare it every day, something that was time-consuming and expensive. Moreover, most potential customers had intermittent power, and that would rule out a standard refrigerator. Furthermore, if the refrigerator broke down, the cost of repair would likely be prohibitive, because there were few local repair shops or servicers in rural areas. As Navroze Godrej recalls, “With all this information we realized our original hypothesis was quite wrong. We knew we couldn't just repackage and reconfigure an existing refrigerator and just pass that off.”

Based on their deep understanding of customers' needs, the team explored solutions and tested a number of prototypes with customers. They discovered that the customer group they were targeting needed much less space than that found in a traditional refrigerator. The target customer simply couldn't afford to buy, and store, large amounts of food. They also learned that the refrigerator needed a battery to operate during power outages, and given the 90 degree or higher heat in some regions of India, it would be critical to minimize cooling loss when the door was opened.

So the team evolved a solution more akin to a cooler: The ChotuKool (which means “little cool” in Hindi) opens at the top, preventing cold air loss, and cools with solid-state thermoelectric technology rather than the familiar compressor. Furthermore, they placed all components, including the battery, in the lid, so that they could easily be removed for servicing.



Because the team appeared to have created a solution that customers wanted, most companies would assume it had succeeded and would assimilate the product into its existing business model—its approach to communicating with and capturing value from customers. Unfortunately, such an assumption often kills innovations. For example, Godrej originally assumed that it could simply “launch the product the way we used to with a big advertising campaign.” But as team members talked to customers, they realized that for their women customers, their local community and support groups played a much more powerful role in their purchasing decisions. If the ChotuKool team was to succeed in convincing women to buy the product, it needed to find out how to market to these women.

The team conducted a number of business model experiments. In one test of the business model, it “launched” the new ChotuKool at a village fair attended by more than six hundred women and the local support groups. It was in the discussions at the fair that the team discovered both how best to communicate with this customer segment (which message, which channels). They also discovered that, given the low household incomes among their target customers, the price of ChotuKool would probably need to be roughly \$50—and even then a large percentage would need financing.