

TiE: Fostering Global Entrepreneurship by Mentoring, Networking & Education

By Antonio KAMIYA



Arjun Malhotra, chairman of TiE Global

“Successful entrepreneurs in many ways build their character through failure,” says Arjun Malhotra, chairman of TiE Global, a Silicon Valley-based nonprofit organization dedicated to the promotion of entrepreneurship. Founded in 1992 by successful entrepreneurs and professionals with roots in the Indian Subcontinent, the group has grown into an organization with 53 chapters, including one in Tokyo set up earlier this year, and more than 11,000 members worldwide. Formally known as The Indus Entrepreneurs, to its devotees TiE now stands for “Talent, Ideas and Enterprise.” From the South Asian tradition of *guru/shishya* or teacher/disciple relationship, TiE believes in the importance of mentoring, which together with education and networking forms the group’s three-pillar approach to entrepreneurship. Malhotra, who was elected TiE chairman this year, talked about the mission of TiE and the spirit of entrepreneurship in a conversation with Naoyuki Haraoka, the editor-in-chief of *Japan SPOTLIGHT*. Malhotra, who serves as chairman of the US-based global consultant company Headstrong, spoke by telephone from India.

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The Bold Entrepreneur

First of all, could you tell us about the latest activities of TiE? In particular, I’m curious about this year’s TiE convention in May. What is the main theme of this year’s gathering?

Malhotra: The theme of this year’s conference (in Santa Clara, California) is the Bold Entrepreneur. Basically, we are trying to tell people that during times of economic slowdown and recession, there are opportunities that come up. The reason is any time there are problems in the market, there are opportunities too. Really, it is the bold entrepreneur. People who are bold and take challenges and opportunities and convert them into business are the ones who win. We will try to encourage people not to give up their dreams. We will tell them: “Look, it is not business as usual, you have to take bold steps.” If you are an entrepreneur, you really must take advantage of the turmoil in the market.

That is an interesting thought. Innovation surely is very important when one thinks about the future of the economy. In Japan, I’m afraid innovation is not as overwhelming today as it used to be, say, in the 1960s or ‘50s. What about India?

Malhotra: You have raised a very important point. Innovation is absolutely necessary. Without innovation, there is no entrepreneurship. That said, you have got to look at two things: the social and economic background, and the environment in which people live.

Because of India’s socialist policies for 50-plus years, we had

been a very suppressed society. When I graduated from college, the biggest achievement for many young Indians was to get a secure job, such as a job in government. But times have changed. In the last 20 years or so, since we started having deregulation, it is amazing how many people have started living or tried to live their dreams. The rise of the Indian IT industry is very much a part of that change. People are breaking the norms, start thinking differently, and start believing that being different is okay.

Japan has done a lot of innovation on process, to become the best in the world in terms of how to manufacture goods. Japanese consumers are also probably the most demanding in the world. To that extent, they force companies to innovate, to give them better products. But the Silicon Valley type of innovation, where whole new technologies are created one after another, seems to be somewhat missing in Japan. Failure is not easily forgiven in Japan, even today. Failure carries a stigma. Unfortunately, entrepreneurs have to fail; they can’t always succeed. In fact, successful entrepreneurs in many ways build their character through failure.

Making a Difference

I see. I hope the founding of the TiE Japan chapter would be instrumental in bringing out that kind of positive aspect of Japanese entrepreneurship.

Malhotra: In a way, what I’m so excited about TiE Japan is that I think we can make a difference in society in a small way. Over time, as we encourage more and more young people to think differently, change will come to the Japanese society as well. A few people who are really successful will become role models for a lot of young people. I think you will see that happening in Japan in the next 10 to 20 years.

Moving beyond the work at TiE Japan, I would like to talk a little about the concept of open innovation. Today, we are living in a so-called digital economy. Digital technology is highly complex. It involves the work of many companies, both domestic and international. So, I think innovation should be open to each other, across nations.

Malhotra: There are two aspects to this. People have invested a lot of money to create a new technology. Obviously, they have a right morally and financially to exploit what they have created. On the other hand, new technologies impact business in general. See what microprocessors have done to the whole world. If I were to make a prediction, I would say that in the next five to 10 years, you will see pervasive, infinite bandwidth, nearly free, available all over the world. Think of what this will do to other industries. I always tell people from India: “Your parents live in India and you are in the United States. With infinite bandwidth, you can do nearly free full-motion video anytime and you can talk to your folks whenever you want.” How would this impact the travel industry, the airlines? Obviously, there will be changes, and the smart entrepreneur can leverage change into a new business.

Apart from Tokyo, TiE has quite a number of overseas chapters. Can you share with us TiE’s international policy?

Malhotra: TiE has 53 chapters all over the world, with a very high concentration in the United States and India. We have chapters in Australia, Singapore, Kuala Lumpur, Mauritius, Dubai, the Nordic countries, and Britain. When we established TiE, the initial thinking was that as lots of people from the Indian Subcontinent have done quite well in Silicon Valley, they could become mentors for the young people from the same geographical area. That is how we started. After four, five years in Silicon Valley, we had people from all over America coming and many said they want similar setups in their communities. We then decided that we had to set up a global organization, set up rules and regulations so that we can grow in an organized manner. That is how TiE Global was formed. Our international chapters now have participation from the local people. We are an entrepreneur organization. Ethnic background does not matter. Our belief is that entrepreneurs are the same all over the world.

The Three Legs of TiE

I participated in the first mentoring lecture organized by TiE Japan. Apart from mentoring, what are other major activities at TiE?

Malhotra: Actually, TiE stands on three legs, and mentoring is one of them, which is very important. The second is education. We try to get involved with educational institutions and set up entrepreneur clubs. We try to get people involved when they are in college, make them start thinking whether they want to be an entrepreneur and what it takes to be an entrepreneur. Once you start working, get married and have a family, your ability to take the next step becomes much more restricted. So we spend a lot of time on education. The third leg is networking. Let’s say one of our members in Japan has a very good idea and wants to make it global. We will then try to make connection with people elsewhere, people who are in the same business. They will then be

able to exchange notes and get together, if they like. When I was in Tokyo, one of our local board members actually talked to me about green technology, and we connected him to the green tech special interest group in Silicon Valley.

What do you think of green technology today? Isn’t the environment business one of the promising areas of entrepreneurship? It might actually be considered as social entrepreneurship because environmental questions are essentially social problems.

Malhotra: Absolutely. What we do at TiE is to work with governments to encourage that kind of social entrepreneurship. In India, for instance, we try to get state governments to give social entrepreneurs a tax holiday, give some benefits to people doing solar, doing non-conventional energy, etc. Some states in India are taking the lead, others are lagging behind. We are trying to work with them and educate them.

Taking Risks

Now, a different question. When I was attending the TiE Japan mentoring meeting, I noticed there is a significant difference of attitude toward risks between Indian and Japanese entrepreneurs.

Malhotra: That is a society problem. As I mentioned earlier, there is a big stigma associated with failure in Japan.

Yes, that’s right...

Malhotra: India was like that in the past, but things have changed. The stigma of failure has gone away for a certain class of people in India. I think it will happen in Japan too. But Japan is a very homogeneous society and perhaps it will take a longer time in a society like Japan. As successful people coming back from overseas are accepted in society, they will become role models and they will encourage people to take risks. It is, however, a little unfair to compare Indians who have come to Japan with people born in Japan. When you look at Indians outside of India, the first thing to remember is that they are taking risks, because they have gone into the unknown and have to survive on their own. First-generation immigrants are generally high risk-takers.

Now, looking at the world economy, I think Japan has no way but to depend on the prosperity and economic growth of Asia. In that context, I think Japan will be increasingly convinced of the necessity of cooperation with other Asian people, in particular Indians.

Malhotra: I agree with you 100 percent. I think Asia is where growth is going to come in the next 30 years or so. In a way, India and Japan have a very good chance of having a very close relationship partly because Japan has a history with some other countries, which may become an impediment. With India, Japan has very little of that history. **JS**

Antonio Kamiya is an Asian news editor with the English-language wire service of Kyodo News.