

Start small.

Do it well.

Then expand
your offerings.



An interview with Binny Bansal.

Binny Bansal, co-founder of Flipkart, and co-founder and executive chairman of xto10x, talks about his entrepreneurial journey in the world of e-commerce.

What sparked your decision to become an entrepreneur and launch Flipkart in 2007, which is now India's leading e-commerce marketplace?

I come from a middle-class family in India, where both parents were holding government jobs. No one in the immediate family had ever been a businessperson. I studied computer science at the Indian Institute of Technology (IIT), Delhi. When I was graduating from college, I was one of the few in my cohort who decided to stay in India and not pursue a masters or doctorate programme overseas. I felt that I had wasted enough time in college and more education was not going to help me. So I finished college in mid-2005 and started working in a company called Sarnoff.

In January 2007, I joined Amazon India as a software engineer. That was where I started working closely with my co-founder Sachin; we were in the same team. However, there wasn't much work, and I soon got bored. I was then reading about start-ups on several blogs and got really inspired by those stories. That was when I thought about trying to do something on my own, rather than take up another job. Sachin had similar thoughts. He comes from a business family and has an entrepreneurial background. We both wanted to do something meaningful, and that was how we decided to start something together.

We recognised that we were two 25-year-old software engineers who had no money and it was highly unlikely that anyone was going to give us any. So we decided to first start a comparison-shopping site. It was supposed to be a site that compared a product, say a mobile phone, across multiple

e-commerce sites. We thought it would only require us to write some code that we could work on from home, attract some users, and get the business going.

But when we started working on our plan, we realised that there were no good e-commerce companies in India, so there was nothing to compare. That was when we decided to go build a good e-commerce company ourselves. We were foolish enough to believe that we could do it, as we had no idea what building an e-commerce company would entail. The adage "ignorance is bliss" was pretty apt!

How did you go about turning the idea into reality?

In the beginning, there were three of us and we worked on setting up the Flipkart e-commerce site to sell books. However, when the time came to quit our jobs, one dropped out, as he could not quite 'pull the trigger'. That was a bit of a setback, but Sachin and I got over it quickly, as we felt very confident in what we wanted to do. We went ahead and quit our jobs the following week. It was mostly the two of us for some time. We had one or two mentors helping us a little, but at that time, the ecosystem in India was at a nascent stage and there were very few people to whom we could turn to for advice.

The two of us did everything. Coding was the easy part, and so was building the website and the backend. The hardest parts were convincing book distributors to become our partners and allow us to list their inventories on the website. We spoke to about 40 to 50 distributors across Bangalore, going to each of their offices repeatedly. Finally, after four or five months of banging on their doors, two of them agreed to partner with us. That was how we launched the website in September 2007—with a catalogue of 50,000 books from two partner distributors.

However, while we had built a good product, we had no idea how to attract users. We did not have the money to do paid marketing, and so we kept trying to work out different ways of doing it. That was when we got a lot of help from a couple of our seniors from IIT Delhi. They had figured out a way to do search engine optimisation—when someone searched for something on Google, your website showed up. We got in touch with them and they were kind enough to help us learn how to apply it to Flipkart.

I remember very vividly the day when Sachin and I were sitting at a coffee shop with a couple of friends, and we got a notification that an order had come in. At that time, there were no apps, so we had built a rudimentary SMS-based notification service to inform us whenever an order came. We would typically get around three to four orders each week, usually from friends. That day, however, we received three orders within an hour. We were convinced that something was wrong, and somebody was messing with us! We went back to our apartment and dug through the logs and the code. That was when we saw that these were genuine orders. We dug a little more to see where all these customers were coming from, and found that they were all directed to Flipkart from Google search. That was a pivotal moment when we went overnight from three to four orders a week to more than 100 orders a week.

Starting out with an idea, building something that is useful for customers, and then systematically finding a set of customers who pay you to use it is just the first step. That is termed 'zero to one'. Then there is the growth phase, what I like to call the 'xto10x' phase, where even though the idea is working and the product-market fit is good, the business needs to grow 10 times and then 100 times, and you have to keep doing it over and over again until it becomes a sizeable business.

That stage has many added complexities that you need to solve, many more different problems than what was managed in the 'zero to one' phase. By now, the team size is much bigger, so communication breaks down and not everybody knows everything. So how do you define and distribute work? How do you measure performance? How do you communicate and keep everybody on the same page? Managing finances too becomes a challenge, as different people need to make different financial decisions. For example, who is allowed to make which decisions? How do you then measure financial performance at every stage and at every level in the company? How do you ensure financial discipline?

As a founder, one needs to learn all these things and grow as a manager and leader, while focusing on growing the business. Hence I had a multivariate problem on my hands.

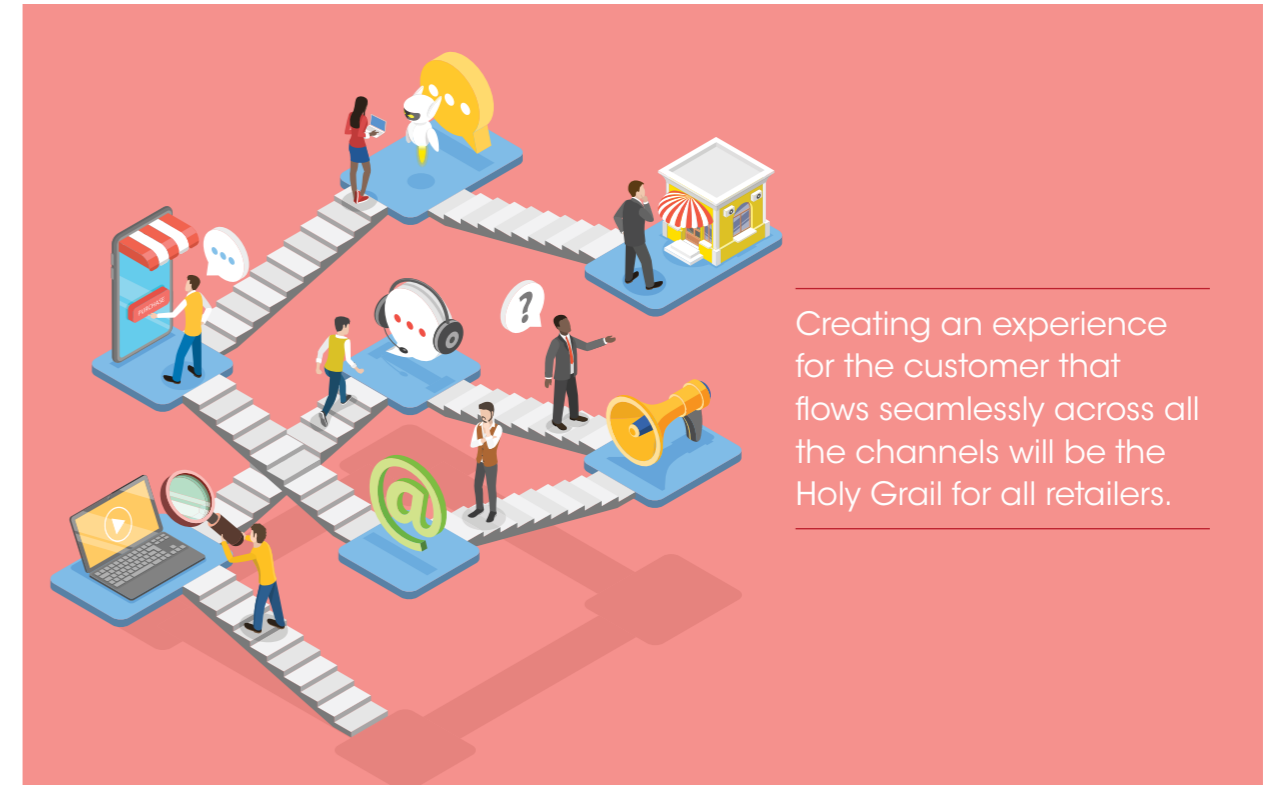
How mature is the tech start-up ecosystem in India today, and what challenges lie ahead? How has the Covid-19 pandemic impacted it? What start-up trends do you see going forward?

When we started back in 2007, there were about 30 to 40 million people online on their desktops with no mobile Internet. There were about eight to 10 very small venture capital firms, with very little venture capital funding.

Today, there are probably more than 50 unicorns, and we will soon hit 100. We also probably have more than 100 venture capital firms and a huge number of start-ups across all areas, not just e-commerce. Software is a big area for Indian start-ups including educational technology (edtech) and financial technology (fintech). We are also seeing a few success stories in blockchain and cryptocurrencies. There is so much more information and help available for founders, and much better access to leadership and senior talent. Additionally, there is a big market, with more than 400 to 500 million people in India online, so start-ups today are going from zero to hundreds of millions of users, or tens of millions of dollars of revenue very, very quickly. I think this speaks to the quality of the founders. I would conclude that the ecosystem is quite mature from a founder and capital perspective, with many angels and global funds looking to invest.

I think the biggest challenge in the tech start-up ecosystem today is talent. Opportunities are growing rapidly for entrepreneurs and capital is available, but talent is not growing at the same pace. People learn from experience. After you spend two to three years in a typical start-up, you begin to understand what it takes and learn from the mistakes that you need to make. Today, every start-up is fighting others in the talent war for the same software and product engineers.

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With the pandemic, edtech and healthcare technology (healthtech) have done very well. Gaming too has emerged and grown in a big way, as has e-commerce. Another area that I believe will play out in the longer term is remote work. I think many people are now comfortable with remote work, so we will see more people working from anywhere in the world for any company in another part of the world. That will really transform the way the hiring and talent equation works for global companies. It will be a big positive for South Asia because we have a lot of talent who can find better opportunities because of this trend. I think it would be very good for the economy.

With omnichannel retailing gaining ground, we see companies such as Amazon and Walmart rapidly investing in building competencies in each other's domain. Every retailer is trying to be present at all the places where the customers are. I believe this omnichannel view of distribution is definitely the future. Creating an experience for the customer that flows seamlessly across all the channels will be the Holy Grail for all retailers. I also feel that social commerce is becoming more interesting, and while it is early days for social commerce innovation, we will see more of that happening.

What led you to co-found xto10x in 2018? What are its objectives?

During my Flipkart journey, we did not have many advisors or mentors available to seek help from, and we ended up learning the hard way, making all sorts of mistakes in all areas. I felt that if we had just known a little bit more, we would have saved so much time and money.

At the same time, while building Flipkart, I had started doing a lot of angel investing and mentoring other entrepreneurs. Over the six-year period from 2012 to 2018, I probably invested in and mentored over 50 start-ups, and I had started seeing some of the same patterns repeat themselves, like founders were making the same mistakes that other founders or I had made. Also, given the number of start-ups emerging, I realised that what I was doing was simply not enough. Hence, the main intention for xto10x was to build something that could help thousands of start-ups scale their businesses.

Our mission is very simple. We say that scaling is very hard, and our company xto10x makes it a little easier. My personal ambition over the next three to five years is to help other entrepreneurs succeed. That is what inspires me; I learn more from them than they do from me, and I love learning new things.

Who are some of the greatest influences in your life?

My parents have been a big influence. They gave me a lot more independence than other Indian parents would, letting me make my own choices and decisions. That probably enabled me to be more of a risk-taker than others because, from early on, I was encouraged to think and decide for myself.

Another influence was basketball. I grew up watching basketball and I would wake up at 5 am to watch the game. At that time, Chicago Bulls, with Michael Jordan as its star player, was on a winning spree. I grew up watching him win three or four of those six championship titles, so that was another big influence—the mental aspect of winning.

Do you have any advice for the young and aspiring cohort of entrepreneurs?

I think it is super hard to start a company, get it off the ground, and make it successful. So do not be too hard on yourself if things are not going your way. I also believe that being persistent is very important. As I said, we talked to some 50 different distributors, and visited each of them three or four times. Even then, only two of them decided to come on board. This degree of persistence was required repeatedly during different parts of my journey.

The other thing that is very important is to focus on solving a few problems at a time, pick a few priorities and do them really well. This is important, particularly at the early stages. For example, Flipkart's competitors covered various categories—fashion, books, electronics, and everything possible—because they wanted the maximum amount of revenue in the short term. However, we said we would only sell books to start with, and we stuck with that for at least three years, until we became leaders and a well-known brand. Customers started trusting us, and we had a good leadership team. Only when we had all of that in place, and substantial funding, did we decide to venture into the next category—electronics. This focused approach really helped us, and I have seen that happen in most successful journeys. Begin small, and do it really well. Then expand and layer other offerings.