India Lab Educational Enhancement

Creating employable workers to boost the economy

Michelle: Welcome to another MIT Sloan Podcast, along with my colleague Michael Perrone, I’m Michelle Choate. Today joining us in the studio is Ted Chan, welcome Ted. Ted took part in the inaugural India Lab and did a project over there probably could be termed in the educational realm. Maybe you can tell us a little bit about it.

Ted: Yeah actually we were invited over there by a very successful industrialist named Vinay Rai, who’s an MIT alum class of 1970. And he basically had an idea that would solve a major problem with the Indian education system. And that problem is that essentially Indian education is very rote, and it’s, everyone who graduates from high school gets a scholarship to go to college. It’s a state-subsidized tuition and unfortunately the government is very bureaucratic and corrupt so most of that money doesn’t actually go do anyone’s education. So it produces these graduates, college graduates who are essentially not employable in the Indian economy. And they go back to their villages and relatively rural areas where their families have farms and they are either unemployed or underemployed, meaning they have the same jobs that you would have even if you didn’t finish your education.

Michelle: Can, maybe we can take a step back and look at how India Lab is meant to work.

Ted: Sure, well India Lab and its predecessor China Lab, which I also did last year, are both programs here at MIT Sloan that are international. They’re international action learning programs, which sounds like a mouthful but basically what it means is the goal is to get you out there in the field with everything you’ve learned and do these two or three week projects. They’re two or three weeks in the locations but the run the whole semester where you’re gathering data, you’re interacting with a client. Then you go over there and you actually really interface with what the context is and what the real problems are. So you do a lot of this contextual research and then when you get on the ground over there, you know, you’re just hit with all these changes and what the reality is. And, you know, I think, this is my third international action-learning lab because I also did G-Lab and China Lab and I think it’s the, sort of the best experience that you can get at Sloan.

Michael: And what was the goal of this project specifically?

Ted: So the goal, Mr. Rai had this idea that he wanted to start rural business schools to serve these underemployed, unemployed graduates of the poor Indian system. So the idea is essentially to make them employable. So they’re very light in the soft
skills department. They sort of have very little ability to think analytically, you know, in a businessy way, where a company would want to hire them into an entry level position and then grow them. So the goal is to bridge that gap essentially. But it’s tricky because the willingness to pay is not a lot, they’re not necessarily, so Mr. Rai essentially has to guarantee that they’re going to get a job when they’re done with this two year program. But he has to ensure that these students will be of the quality that can be employed. So the trick is how do you build and educational system that meets the needs of these students while being low enough cost so that they can afford it without a government subsidy. Because once the government gets involved, the corruption gets involved. And Mr. Rai sort of firmly believes that private enterprise has to be the solution here because the government in India just doesn’t cut it when it comes to issues like this.

**Michael:** Were there challenges that when you got to India and got on the ground that you didn’t foresee in all of your preparations?

**Ted:** Yeah so we, I mean, we started here, our focus was on trying to build a educational model and back it up with a sustainable financial model. And when we got there, first of all we were surprised by how poor the infrastructure was and that affects a lot of things. So you look at a map and you think well this place can’t be more than an hour away from, you know, the sort of nerve center of Mr. Rai’s business schools in Delhi. It takes four hours to get there because the roads are so bad and the traffic getting out of Delhi is so bad. So if he wants to send his faculty members out there he’s essentially sending them out there for the entire day. And that plays a major role in, you know, how you calculate cost. And just lots of things that we, the cultural context is just totally different right. So Mr. Rai said that for every person who works in India and is actually a productive member of the economy, there’s four people who work for him. So there’s some, so that person will likely, could have a driver, could have, has a maid. So in our school model we’re like oh this model’s getting pretty good and all of the sudden they’re like, now you have to put a coffee boy, a tea boy in there because no one makes their own tea in India. You know, you don’t just go to the coffee machine and make your own tea, or coffee, you know, someone makes it for you and serves it to you. You have to put a generator in there because in these villages, in these rural areas you only have electricity for you know, three to five hours a day if you’re lucky. So, that’s another big layer of expense and then you have to add a variable cost for how much fuel you’re going to put in there. So, just, you learn a lot of things, you know, you make a lot of assumptions about how you’d run a school here and then you add layers of expense to deal with these infrastructural issues that they have there.

**Michelle:** Is it made clear to you up front about some of the cultural things like the tea server and things, that these are cultural things that you should absolutely not try to change or recommend altering in any way, you know to save cost or anything?

**Ted:** So, I mean I’m a pretty black and white financials guy. I believe that if you build a successful business on principles that make sense then you know, people will be happy. But some of these cultural traditions are rooted in years and years and years of history and, you know, could I say you should go make your own tea? I could but, you
know, from the perspective of you’re going to build, you know. Mr. Rai wanted to build 250, 500 schools. You know, am I going to tell, how will I, how will my belief that people should make their own tea permeate into this essentially abstract, you know, sort of recommended strategy plan. So I think part of it is you have to pick and choose which battles you’re going to fight. But the trick, the hardest part I think was, we needed to create a model that would help these students get the skills they needed. And there’s very specific things that we needed to understand about how Indian students learn. And part of that we wanted to change and I think Rai has been very innovative about in his schools making it, as an MIT guy, making it applied, being part of building, you know, making people work on teams to build soft skills. So how do you go and do that in a rural context?

Michelle: So kind of getting away from the wrought fashion?

Ted: Yeah I think that’s the biggest part of this whole thing was if you can get these people away from where there expected essentially to repeat everything that someone said and you can get them to start thinking on their own and thinking analytically about problems and giving them frameworks to solve problems that’s really what these potential students need.

Michael: Aside from being business school students obviously, did anybody on your team have any sort of background in education?

Ted: That’s a good question. So I actually run a mobile education company. So doing high end, sort of, very high quality training applications for the corporate market. And we’re a double bottom line company so our goal is really we want to write really good training in the U.S. over mobile phones. And we want to give it away or sell it at a very low price in the developing world to help those countries. And I think I was pretty much the only one other than, yeah I think I was the only one.

Michelle: Can you talk at all about the educational model that you ended up coming up with?

Ted: So when we got there they wanted to charge 80,000 rupees and that is very low, essentially wouldn’t cover more than basic infrastructure, a computer or two in the lab, and they would have one facilitator there trying to teach six classes using recorded lectures. We did not believe that that would offer the quality necessary to get these students to where they needed to be. Yet, it’s balance right, and it’s hard to say that because we are at one of the best business schools in the world and we have all the resources that we need whenever we, you know except for maybe a conference room here and there. Whenever we want something we have access to it. You know, so if a regular Indian MBA cost 500,000 rupees, you know what are you going to get for 80,000, right. So we had to pick a price point in between there that made sense. So we did a lot of work. What we did was we catalogued every single cost. And we looked at how much it would cost to put a facilitator in, a faculty member in, and then we figured out what would be sort of a sustainable model that would be good enough to get these students to where they needed to be. And what we decided was we would
heavily leverage the Rai foundation’s assets and record a lot of their lectures. And try, we suggested, what we suggested was about, you know, 45 minute recorded lectures and then these facilitators who would be MBA’s out of the Indian system so Rai would actually, it would help the Rai Foundation too because they would get to staff a lot of their own MBAs in these situations. Their MBAs would then facilitate the rest of the session. They would do Q&A, try to answer the students’ questions, and also facilitate conversation. So that would sort of provide some of the interactivity that’s necessary to build these skills. And there’d be team projects. But each of these facilitators would actually teach two classes of 40 to 50. So that’s still a lot to ask and that pushed the price tag up to about 150,000 rupees, so double the original cost, but I think in line with the quality that’s necessary to get an entry-level job.

**Michelle:** Plus you must ... about the fact that you’ve kind of made a mark be it through India Lab, China Lab, and the G-Lab that you did that you’ve kind of made a bit of an impact in different places in the world.

**Ted:** Yeah, I mean for me I really, I felt under-traveled. You know, I think I knew about American business and not enough about what’s really become a global economy. So one of my goals is to go, you know you can read about it all you want, but there’s no substitute for being there and seeing the context and seeing how completely different these are. And for me, getting to go to China, getting to go to Africa, getting to go to India, these three developing economies, it’s an unbelievable contrast between the three even though they’re often lumped in.

**Michelle:** Well thank you very much for coming in today and talking about this and best of luck in the future.

**Ted:** Alright thanks for having me.