
Beating the Incumbents with a Fraction of Their Budget



By Phanish Puranam , INSEAD Professor of Strategy

The incredible success of a small anti-graft political party in India is a lesson in organisation design.

It is rather fitting that the party symbol of the 9 month-old Aam Aadmi Party (the “Common Person’s Party”) in India is a broom. It symbolises its mission to sweep Indian politics of corruption but as a tool, it also stands for simplicity, frugality and practicality, the same qualities that have defined organisations such as Wikipedia and Linux, smartly designed movements that came to punch well above their weight.

For some time now, I have been collecting such specimens for my “organisational zoo”, a set of unusual (even improbable) organisations that just seem to work. We can learn a lot about organisations in general if we understand which aspects of these unusual models of organising can be applied by others and which cannot.

Last week, the Aam Aadmi Party made a stunning electoral debut in the Delhi State elections, against the two most important national political parties in India. One of these was the three-term incumbent, the 127 year-

old Congress Party, which the Aam Aadmi Party managed to utterly rout. The other was the 33 year old Bharatiya Janata Party that went on to sweep the elections in the three other states that went to the polls at the same time. But not in Delhi (the only state in which the AAP contested), where the AAP stopped them dead in their tracks. With no clear majority for any party and the AAP only a few seats behind the largest party, the state of Delhi may have to hold re-elections soon.

As a business school professor, what really made me sit up is that the AAP appears to have achieved this with a budget about a sixth of that of their rivals. So how did they do it? The AAP contested the Delhi elections on the platform of fighting corruption and improving transparency in public life. However, there is more here than a simple “victory of good over evil” narrative. Other political parties with similarly noble intentions have been formed in the recent past in India and have failed to make a mark on the political landscape.

As I researched the story behind their success, it became apparent that the AAP was using the same sort of organisational techniques that have made Wikipedia and Linux successful; the creation of a system that attracts valuable but voluntary (i.e. free to the organisation) contributions from a large number of people distributed in different locations, of the right kind and at the right time required. Such systems do not emerge spontaneously, full formed, but have to be crafted.^[1] Let’s take a closer look at what AAP did.

Political parties in India reportedly rely heavily on low skilled paid workers to do much of the actual footwork of campaigning. The AAP, however, was borne out of a popular anti-corruption social movement in India, and many of those involved in the movement became highly motivated AAP volunteers (estimates suggest between ten to fifteen thousand of them were on the ground in Delhi). These volunteers included students, software engineers, management consultants, bankers and media specialists. They were there because they perceived the AAP to be actually living up to its ideals of a transparent and corruption free society, through the way in which it raised funds and selected candidates. They contributed not only funds and effort, but also specialist skills and a slew of clever but cheap campaigning ideas. These included using:

- Home-made banners put up on supporters homes and even held up over bridges for traffic to see, instead of renting expensive billboard space at intersections.
- Facebook and Twitter as a powerful means to attract and coordinate volunteers.
- Three-wheeler auto rickshaws as mobile miniature billboards, at minimal expense (these rickshaws are an important source of transport for Delhi's middle classes).
- A Citizen Call Campaign in which volunteers from within as well as from outside the country could register on the AAP website and would be given a set of numbers to call - so that Delhi citizens could end up receiving calls from AAP supporters in the UK, the USA or other states of India.
- Short and cheap radio advertisements to reach voters who would be unlikely to go to a political rally, but were nevertheless a captive audience on their daily commute.

The critical point here is the variety of ways in which volunteers could choose to contribute, irrespective of their financial strength, skills, free time and even location. What the AAP seems to have clearly understood is that when people choose how to contribute voluntarily to an organisation, then many of the traditional costs of organising -- selecting, monitoring, motivating, rewarding -- disappear.

The delicious irony about the AAP is that it is effectively reclaiming for politics the volunteerism that organisations like Wikipedia and Linux actually borrowed from political movements in the first place. A clearly stated inspiring idea, combined with a smartly designed structure that allows volunteers to choose from a menu of ways in which to contribute, led to an extremely effective and cheap campaign. You can think of this as a story about “crowdsourcing”, “frugal innovation”, “social entrepreneurship”, or indeed all of the above. I like to think of it as leveraging the power of integrity through intelligent (organisational) design.

[1] In a paper soon to appear in the *Academy of Management Review*, “What’s new about new forms of organizing?”, Marku Reitzig, Oliver Alexy and I develop a theory about the key design choices for such systems.

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About the author(s)

Phanish Puranam is the Roland Berger Chaired Professor of Strategy and Organisation Design at INSEAD.