

Rashesh Shah did it.
Sanjeev Bikhchandani did it.
Shantanu Prakash did it.

'Stay Hungry, Stay Foolish' is the story of 25 such IIM Ahmedabad graduates who chose the rough road of entrepreneurship. They are diverse in age, in outlook and the industries they made a mark in. But they have one thing in common: they believed in the power of their dreams. This book seeks to inspire young graduates to look beyond placements and careers. To believe in their dreams.



*Centre for
Innovation
Incubation and
Entrepreneurship*

The Centre for Innovation, Incubation and Entrepreneurship (CIIE) at IIM Ahmedabad aims at fostering innovation-driven entrepreneurship through incubation, research and dissemination of knowledge.

Rs.125/-

ISBN 978-81-904530-1-1



STAY HUNGRY STAY FOOLISH

- Rashmi Bansal

The inspiring stories of 25 IIM Ahmedabad graduates who chose to tread a path of their own making

STAY HUNGRY STAY FOOLISH

Rashmi Bansal



ACKNOWLEDGEMENTS

This book is a labour of love supported by the Centre for Innovation Incubation and Entrepreneurship (CIIE) at IIM Ahmedabad and the Wadhvani Foundation.

I would like to thank the following people for making it possible:

Prof Rakesh Basant and Kunal Upadhyay at CIIE for believing in me.

Laura Parkin at the Wadhvani Foundation for the funding.

My friend Piyul Mukherjee for his valuable feedback and comments on every chapter.

Anjan Mukherjee, for coming up with the title for this book and Amrit Vatsa, for conceiving the cover.

The team at JAM for giving me time off from work to focus on writing.

Priyanka Sharma, for her brilliant design and Madan Mohan for the layout.

Swastik Nigam, Arjun Ravi and Tamanna Jaisinghani for proofreading.

My husband Yatin and daughter Nivedita, for giving me a high-five for every chapter and keeping me going.

And finally, all the entrepreneurs who shared their thoughts and experiences so generously and honestly.

I know that you will be as inspired by their stories as I was.

That holding this book in your hands will be like meeting each one of these amazing people in person.

ADVICE TO YOUNG ENTREPRENEURS

Be early. You can make your mistakes while it is cheap to make them, when there is no competition.

Do not exaggerate in your business plan. Undercommit and overdeliver.

Get great people - sell them the vision, the idea and share the wealth, be generous with offering stock.

If you are starting a business to make money, don't do it. Chances are that you will fail, because there WILL be hard times. And if your motivation is not something beyond money, those hard times will test you. You will quit and go back to your job. But if you are doing something other than money, you will rough it through the hard times.

I spotted the opportunity but I didn't know how big it was, how big it was going to be. I just said this is a smart idea, I love it! And it happened to be the right idea, at the right place, at the right time... If you are in enough places, enough times and long enough, you get your breaks in some form or the other. You just have to be smart enough to take them.

Scaling up is also a lot about letting go. Get smart people. If they are truly smart and if they have their self belief, they will create their own space and they will do stuff that maybe you can't do. Or maybe you haven't thought of.

And do keep in mind that every choice you make impacts the family. If you live in a particular part of town, it will obviously impact the kind of school your kids go to. Frankly, these were the choices, the implications of which I did not consider. Thankfully, things have turned out well; the children also, the family also.

Preview from Notesale
page 37 of 349

ROCK WITH IT, ROLL WITH IT

**Shantanu Prakash (PGP '88),
Educomp**

Shantanu Prakash was born in Rourkela, a small town with only one notable feature - the steel plant. Dad in SAIL, mom a school teacher, an upbringing no different from thousands of steel town kids in the 1970s.

After class 10, the family shifted to Delhi and he enrolled in DPS, a "shiny, big city school." A reasonably good student, Shantanu joined Shri Ram College in Commerce. And that's when it first became evident, "this guy is different."

"Whenever my dad used to travel, he used to buy me books. In fact, I don't remember getting any presents except books. I used to read voraciously. And probably that unlocked something in the mind. Big thinking, big horizon and so on."

"Secondly, when my dad retired and wanted to come and settle down in Delhi, he found that he didn't have enough money to buy even a DDA flat. Right! So somewhere at the back of my mind I thought that if I need to make money, then working in a job is probably not going to do it for me."

While at SRCC, Shantanu started a company along with a friend. The business was organising rock music concerts. Not that he had any particular fascination for rock music but it was a good opportunity.

"We used to collect sponsorship from companies, do these events and shows in hotels and sell tickets. We made a lot of money."

How much? Rs 4-5 lakhs - truly a lot of money 20 years ago!

"I thought I was completely rich. And then the stock market bug bit me. So I used to be on the floor of Delhi Stock Exchange, every single day for almost two years. Till I lost all the money! And I thought it was really cool you know - we were not going to college, doing things which were more 'adult'. It was just a completely different rush."

Preview from Notesale
Page 40 of 349

Shantanu got into IIM Ahmedabad although he was actually more keen on FMS Delhi.

“(Laughs) Honestly at that time I didn't know what this whole MBA thing meant... Someone from our event management company flew down to deposit the form in Ahmedabad, because it was too late to post it. So it was all a last minute kind of a thing.”

Shantanu joined IIMA, even as the event management business back in Delhi continued to flourish. A contract had been signed with Thums Up to do a series of concerts all over India. A concert in Bombay was yet to be staged.

“Every weekend, in the first year of IIM Ahmedabad, I used to go down to Bombay and work with my friend organising this concert. It was a great hit. We got Remo to perform, it was held in a hotel in Bombay and one time when I came back, I had this board outside my dorm room in D-14, saying ‘Visiting student’.”

“So I had a complete ball during the two years in IIM Ahmedabad. Honestly, I didn't take it very seriously in the first year. Then in the second year, I said okay, let's see the curriculum, what it's all about. I always had this *bindaas* outlook. Why are these kids studying so hard, what is there to take so seriously here, you know! That sort of a thing.”

And at the time salaries from campus weren't exactly stratospheric. Shantanu recalls that 17 of his batchmates joined Citibank at salaries of Rs 7-8,000 a month in 1988.

Not surprisingly, Shantanu did not go for placements at all. With his friend and partner from the event management business he launched a company focused on education. The idea was to set up computer labs for schools. The business model was innovative - the schools did not invest. They only paid a monthly fee for every student who used the lab and signed a multi-year contract.

“That was the time when IT was coming into schools. So there was this whole mystery around IT. When we went and spoke to school principals, they welcomed us with open arms saying these guys know more about how to retrofit a computer lab in the school than we do. So we actually got off to a great start. Lots of schools.”

In two years, the company did 50-60 schools and boasted a couple of hundred employees. The turnover was Rs 4-5 crores. Again, huge for 1990.

But, there were ideological differences among the partners.

“I wanted the company to go in one direction, he wanted to go in another. But we were great friends, we are still very thick.”

“You don't need any capital to start, you can start with zero capital. If you have capital, great. If you don't, it doesn't mean you can't start.”

Shantanu decided to do something on his own. The partner kept the company and pretty much all the money, while he made a fresh start. The year was 1992.

Educomp started very small. And with a different focus. Instead of hardware, Educomp went into software. The first product it launched was a 'School Management System', an ERP of sorts for schools which took two years to build.

On paper it seemed like a phenomenal market to automate schools - there is a real pain that you are trying to address. But it wasn't a very successful product. After getting the product into 10 schools Shantanu realised that every school wants customisation. And they don't want to pay for the customisation.

“All the stuff they teach you in terms of case studies at IIM Ahmedabad, all that is really relevant. But while on campus you appreciate none of it because you haven't gone through the grind. Not understanding what running a business means, you later relearn all those lessons the hard way.”

Besides, Educomp started its life with zero capital base.

“So one day you just opened shop, sat in one room with a computer and started?” I ask.

“Yeah, almost like that. I had two employees in the very beginning.”

“What about the two years that went into developing the product?”

“A few school computer lab contracts kept some cash coming in” he says.

“But the focus was on building this piece of intellectual property. Even before it was fully developed, we started going to the market and selling the product. And I think I am quite a good salesperson. So I managed to convince a number of schools to buy it and business started growing.”

Eventually the product was abandoned and Educomp expanded into digital content for schools, and subsequently into e-learning. Today if you look at the product portfolio, the company has footprints in almost every space from KG to class 12.

ADVICE TO YOUNG ENTREPRENEURS

The risk-reward equation is completely in favour of the entrepreneur. There is no way that you will be economically rewarded lesser for being an entrepreneur than by taking up a job.

Recently, Educomp invested in an online tutoring company. This company, Three Bricks E-Services, was started by three very young IIMA entrepreneurs. Chandan Aggarwal, Riju and Mohit. They were in business for a year and a half and then Educomp acquired a 76% stake in their company.

In a short period of two years, each of these people, if you take their 24% stake in the company, would be worth at least Rs.15-20 crore each. There is no way you can do that if you are doing a job. Impossible!

Two years you may struggle. If the average salary is Rs.15-18 lakhs p.a. (gross) how much do you make in five years? 18×5 , right? After tax, you make some 50 lakhs. In 5 years, I can guarantee you, any business you do, will earn you that. Assuming that you are at least a little bit intelligent, within a year, the valuation of your business itself will exceed fifty lakhs. No matter what you do.

So if a 24 year old entrepreneur came to me, I would say choose anything that you want, that interests you, the internal passion you have.

How to choose what to do? I came from a background where I did my Bachelors in Commerce from SRCC and then my MBA - no 'skills', right? So I could have chosen any domain, but you have to keep some of those key principles in mind - 'Is the opportunity big enough, are you able to make a contribution and fundamentally change something that generates value?'

Preview from Notesale
Page 47 of 349

“In looking back it seems, we were in step with the turning in the economy. ... The truth is, it all just happened. In hindsight, you can call it strategy.”

So, no great pressure from parents to go back and bring in the bucks. But it was important to do *something*. Something respectable.

Vinayak had always enjoyed writing. He'd been part of the Stephen's magazine and also editor of the IIMA mag 'Synergy'. So he thought why not combine the business degree with journalism? There was an offer from C R Irani, to start the business section of *Statesman* in Calcutta. And an offer from Ashok Advani, to become the Bombay correspondent for the recently set up *Business India*.

But Mrs Chatterjee was more keen that Vinayak go back to IIMA and complete his PhD. She said, "You are 21, you can come out as a PhD at 32. So there is no hurry to take up a job." Vinayak did just that. He went back and joined the fellow program (FPM) at IIMA.

"I remember putting my steel trunk and hold-all on the Ahmedabad-Howrah Express, the 48 hour journey, again back in dorm 17, got my room. I chose the business policy area and started library work."

Then something interesting happened. Professor VL Mote called Vinayak to his house. And there he met Raunaq Singh, chairman of the Apollo group. Vinayak hadn't heard of him back then. Prof Mote introduced Raunaq, saying he has a company called Apollo Tyres which is badly in debt because the government had nationalised it. (There is a long history to this - the company was given back to the family after a Supreme Court judgement in 1981).

But essentially, the chairman wanted an MBA to turn around the company. Prof Mote said, "Vinayak, we know you are back here to do a PhD but do you want this option of joining as executive assistant to Raunaq Singh?"

It was one of those uncertain phases in life. "One side of my mind was very clear that I don't want a multinational FMCG job. The other half was still not clear what I wanted to do with life. But picking up ideas, picking up opportunities, some being created, some coming my way, picking, moving on."

Vinayak decided to take the offer. He joined what was known as 'Raunaq Group' in those days consisting of Bharat Steel Tubes,

Preview from Notesale
page 52 of 349

"We ran the MR business for five years - from 1985 to 1990. We were number four in the country, with 4-5 branch offices, good clients. It was a good business but we somehow got more excited by the projects story." Market research services had become boring. Soap *ka* colour, toothpaste *ka* taste - that kind of thing. But to get into land, FIPB, industrial policy, civil engineering, machinery clearances, import licenses - the value chain seemed far more exciting and interesting.

"That has always been important to you - that what you do should be exciting?" I ask.

"True... Money is a by-product. Business growth, turnover, bottomline is a by product of what your heart and head want you to do. So if you follow that, money will follow. *Woh Gandhi waali baat hai*. 'Find purpose and the means will follow.' That has held true for us. I saw that hoarding in Bombay a few years ago and said, 'Ah, that applies to our lives!'"

Find something you want to do, that you are passionate about and *paisa to koi na koi dega*. Unless it's a stupid idea!

The switch to projects happened easily and naturally for Feedback, there was no real sacrifice involved. Word spread and work flowed in. Then a state government heard about Feedback.

"By a very interesting quirk of fate again, we got called by the government of Tamil Nadu to do India's first private sector industrial park in Chennai, which today is incidentally called Mahindra World City. So by the mid nineties, we got into industrial parks from factories."

And a company of 5-10 people grew and grew until it reached its current strength of a thousand professionals. The plan is to ramp up to 5,000 in the next 3-4 years. But surely there must have been some bumps on this road? Some tipping point?

"Well, one more point of inflection for us - we took the infrastructure position in 1997. And that happened because of a meeting with Mr Deepak Parekh. And he, in many senses, has been a mentor for me, personally, as well as for the company."

Feedback's first real outside shareholders were HDFC. Now there is

"What management education does is provide you a perspective. But it doesn't force you to work for anybody else. It's an education degree, that's all."

mistakes in life. But if you are honest to your purpose, you've never cheated anybody and you show clear focus, commitment, there are people in society who will go out of their way to back you."

So Feedback, in a sense, has been a very philosophical experience. Of course, there were hard decisions but always a sense of fair play. *"Aisa nahin ki cost control kiya to apna salary aadha nahin kaata. Sab ka salary kaata."*

Three times the company 'almost' died. Each time the mistake was a different one?

"One time it was to do with very high ramp up. Then at one point we got tempted to think we could be developers. So we took a license to develop a 100 acre township, put a lot of time and effort behind it and then realised that we were inadequately capitalised."

"Also there is a thing called DNA. Everybody can't do everything. And we realised that it was not in our DNA to be a developer. We could be very good knowledge providers to developers like L&T or DLF."

The third near-miss was in the early 90s. Each time it was tough. But once you come out of it, you are stronger. You have learnt the meaning of taking a risk'.

Speaking of which, time and again people talk of the 'risk' of quitting a job and going into business. But every entrepreneur I meet scoffs at the idea.

"What risk? At most the partners would lose the Rs.15,000 capital. A reasonable amount in those days but well worth it. There was no livelihood risk - jobs would always be available. And a 2-3 year blip in your early 20s would hardly mean losing the rat race."

"The real issues that bothered was the peer group, what your friends and family will say if you fail. We just decided to be thick skinned about it."

The interesting thing about Vinayak - and so many entrepreneurs - is that sense of self awareness. The knowledge that hey, I may have bagged one of the 'most wanted' jobs on campus but that does not define me. I am more than my visiting card or salary slip.

"In our time, FMCG marketing jobs were held as Totem Poles of managerial success. There was excessive hype and glamour about multinationals but I just never got what's so great about selling Dreamflower talc in rural India. I care a damn!"

The trick is to find something you care about and do a damn good job of it. And that applies to just about anything.

SOFTWARE COWBOYS

Ashank Desai (PGP '79),
Mastek

Ashank Desai came from a family where becoming a professor, doctor or engineer was the ultimate goal. Yet he had the 'feeling' of entrepreneurship somewhere, at the back of his mind.

"When I was at IIT I thought I should do 'something'... Then I worked for some time and I said, 'Yeah, I should do something.' But I think somewhere in IIT it got crystallised," recalls Ashank. This was in the year 1978.

There are always stories about how rock bands get formed. And it's the same with companies. How do the founders actually come together? Usually they are classmates, colleagues or old friends.

The core group at Mastek was formed on the IIMA campus - Ashank, Ketan Mehta, Sundar and Wasan. The group would sit and discuss what kind of venture they could take up after passing out. They decided to make use of a course called PPID (Project Planning Implementation and Development) to actually put together a workable plan.

The team took up a project based on 'IT' which at that time was a little known concept. They took advantage of being IIMA students and contacted very senior bureaucrats in Delhi and IIMA alumni.

"We sent out mailers which said, 'We want to start this business, would you please help us?' And some of the people contacted, such as Kishore Kher and Arun Nanda, actually responded positively".

So inspiration, advice, contacts, all that happened in IIMA. And to top all that there was the support of IIMA professors, in particular Prof Mohan Kaul and Nitin Patel from the IT department. Their interest in the project indicated to the team that they were on the right track.

**“When Mastek had its IPO,
software was not known to
brokers. Many of them asked,
‘Do you make floppy disks’?!”**

to speak). The dilemma they faced was whether to manufacture in advance and stock goods or produce just in time. There were costs and benefits associated with each option. Other consultants had tried to tackle the issue but hadn't come up with a satisfactory solution so they said, “Let's try these guys. They're young and might have a fresh approach.”

Using a computer lying in their laboratory, Mastek built a computer model based on the transportation algorithm. “I remember we found it very challenging and we solved that problem very well. I am very proud of that, although it is so small compared to our size as a company today, but I still feel good about it and in fact, I talk about that as a tale when I address new recruits.”

In those days there was no concept of ‘user interface’ - it had to be created by writing a ‘C’ code. Luckily, Wasan was good at that. That first contract was worth Rs 30,000 and also fetched Mastek a bonus for completing the work ahead of time.

Like many other MBAs who take up entrepreneurship, Mastek capitalised on the intellectual capital of its founding team to get into the game. How you leverage this advantage and take the company to the next level is the crux of every success story.

Mastek quickly moved out of Ketan's drawing room to Nariman Point because they wanted a ‘good address’. It was a 35 square foot office, but it was in the prestigious Mittal Towers. The other problem was that there was no phone in Ghatkopar, it used to take 15 years to get a connection in those days!

A jeweller friend agreed to take their calls, but he stopped when there were one too many! Sounds like science fiction in today's day and age but it tells you the kind of ‘true grit’ one needed to get into business in pre-liberalised India.

“We have started business with a public phone. We did not have a computer for the first five years, can you imagine that?”, grins Ashank. The business was executed at the customer's office, on their machines. “But it was a difficult time. Like all new businesses, it took time to stabilise. We were not earning money..”

same time, it was not interfering unless necessary.

Powered by strategy, systems and new markets to conquer, by the year 2000, Mastek achieved a turnover of Rs 250 crores with 900-1,000 employees on board. The growth rate on the export side was 40-45% year on year. Mastek has consistently ranked among the top 10-15 in the software industry.

Of course, keeping one's place itself is a challenge because in IT, technology is ever changing. However, Mastek was able to keep up with the times and the arrival of the internet, for example, impacted the company positively.

As a solutions company, Mastek had built a lot of work in the internet domain much before any other Indian company, including a tool called JAAL. So the company did a lot of work for dotcom companies but, unfortunately, also lost a fair bit of money when most of these companies went down the tube in 2001.

However, Ashank has no regrets. In fact, he recalls, it was a conscious decision to stay away from 12K work and focus on the internet and new technologies which were more challenging.

Of course building websites hardly seems 'challenging' today - 12 year olds can do it with a variety of free tools available online. But back then, building a complete marketing portal interface for companies with e-commerce capability was a 'high technology challenge'.

The point is, the bar keeps moving and you have to move with it. Technologies change, customer requirements change and your old software gets obsolete in no time.

The other challenge was handling many different things. As the Indian market for software was relatively small, it made sense for Mastek to keep its fingers in many pies to stay profitable.

However, once you enter the global arena, it's a much bigger market. There you can focus and be number one in a specific area. So, there is less turbulence in what you do.

"The point I am making is stability versus size. When you are small, you have to do 20 different things. Smallness adds to the complexity of operations."

"When you are sitting on a small market, you have to be good at many things."

Mastek was doing work across many industries upto the year 2000. The company was trying to figure out what worked best for it. With time there came focus but the question is who decides *what* to focus on?

"There is always debate and discussion. There is sometimes a fight... Sometimes we agree to disagree. All that happens, but if you trust each other, a consensus emerges." Although all partners do not enjoy the same shareholding, in the sense of what say they have, and what they do, they operate as equals.

Of course, Ashank reflects, they may have been lucky. The partners had spent close to four years living together, on campus and sharing a flat, and knew that they would be able to work together. This 'courtship' period built a mutual trust and respect for each other and a sense of common values.

Coming to the most recent phase, post 2000 was the 'time of focus'. Under an initiative dubbed 'MASTEK First', the company decided it made sense to focus on large customers and in particular, the financial space. In insurance, for example, the company has built a package and the Partner Group has given Mastek a ranking as one of the top insuring companies in the sector.

Further, Mastek's core strength lay in systems integration and large projects, so that was the positioning the company adopted. That was how Mastek bagged the prestigious 'London congestion charge' project. Ashank is especially proud of this project, not only for its size but its impact on the lives of six million people.

"If we had screwed up, India would have screwed up," he says in all seriousness. All went as planned and it was a feather in both Mastek and Brand India's cap.

Of course, all this effort to focus and consolidate involved considerable heartburn. Many projects were scaled down, some were discontinued. Several employees felt disheartened and left the company.

Besides that, 2001 was a rough period due to both the dotcom crash and 9/11. As with all export oriented companies, growth slowed down. At the same time the company was also re-engineering itself, adding to the complexity.

But there was one silver lining through these clouds. Mastek entered into a joint venture with Deloitte Consulting, which brought some more experience and more focus in the company. A strong management team was in place and CMM assessment also happened in the year 2000.

"We were the first IT company in the world to get 'People CMM' or PCMM. So what I am saying is, more importantly, we had built an institution, an organisation which has vision and values."

The values were articulated way back in the '90s. Although the vision was a little fuzzy, it all worked very fine. In time, focus got clarified, there was a sense of stability, sense of financial discipline came and now, there is financial muscle as well. But that has happened only in the last 8-9 years.

Today, if you look at Mastek, 60% of its balance sheet is liquid, ie cash. And it has not been raised through a public issue or ADR, the company has not gone back to shareholders after 1994. All the money was self-generated.

Another important area where Mastek scores is corporate governance. People do not question integrity, character, trust on the numbers that the company publishes. Investing time and effort in building investor relations is always a good idea. Of course at every level and every size, requirements change and you do what you need to.

"Corporate governance was not important in '93-94. Because there was no competition for money, our stock markets were not so mature, our analyst community didn't know what it is. That was not the case by '99. So we had to meet the challenge."

It is an ongoing journey and tomorrow may bring something new, who knows?

As of 31st March 2008, Mastek is a \$200 million company with a strength of 4,000. It celebrated 25 years in the software business with considerable fanfare last year. No doubt a great achievement but one cannot help comparing it with some other names in the software business!

Ashank admits the Infosys and Wipros of the world have scaled up much faster - but they followed a strategy of size while Mastek focussed on 'IT solutions'. Y2K gave these companies a foot in the

"Ultimately when you are running a company, you have a risk, you have a responsibility to make it successful. So the buck stops at you. So to that extent, there is a difference between an executive and the owner."

"It's not a very hands off style," he grins. "It's a fairly live affair." It is also reasonably unusual.

RS gives much credit to technology. "We could not have done this 10 years back. Today you are so wired that it really doesn't matter."

I don't know how many would subscribe to that view and unbundle their corporate offices but evidently it works for Subhiksha! With 1,381 stores* on ground the company is expecting a turnover of Rs 2,000 crores in the coming year, and a profit of Rs 40-45 crores.

"Typically, the margin in this business is two and a half per cent. Which is low... but that, fortunately or unfortunately, is the business. However, we say Subhiksha is adding Rs 240 crores of value. We are able to deliver Rs 200 crores to the consumer and we say that what we deliver to the consumers is part of our profits."

The consumer saves money because Subhiksha exists. "So as long as consumers save money and we make money and we don't destroy value for ourselves, it's quite okay," says RS, on a more philosophical note.

Having a philosophy makes sound business sense. The belief that your job is adding to more than the company's bottomline is a tremendous motivator for employees. Incidentally, 'Subhiksha' is a Sanskrit word which means 'the giver of all good things'.

Subramanian's story involves struggle, but not on the financing front. After all, he started out with 2.5 crores (which in 1991 was a lot of money!).

"True, but I have done quite a bit of scouring around for money in the sense that for the IPO finance product we raised those 300 crores of bank loans. But yes, it was not like 'From where am I going to get my salary?' - that was never the case."

Did having access to money make him bolder? Was it all about 'thinking big'?

"No, the basic idea when we did securitisation, for example, was that here is something which has not been done in India. Here is an opportunity. The idea was to do differentiated things. The idea was never necessarily to do large things. Large things happened."

"IPO financing started. It proved to be very successful, it became very large, so we were happy to do it. But did we start Subhiksha with the idea that we wanted to be India's largest retailer? I don't think so. I think we started Subhiksha to prove the point that there could be an Indian format of retailing."

“The ‘90s were very kind to us. They gave us very low salaries, so it made us worry very little about taking those sort of jumps. What do you risk? You hardly risk anything... If I am sitting on a one crore paycheck, obviously I will think twice. It's not the same as leaving a Citibank job of five thousand five hundred rupees.”

“In 1997, if you had asked me what you want to do next I would have said that the next things we would possibly look at is garments, then stainless steel... eventually we will become Chennai's largest retailer. There was never a logic that we will become a food retailer across the country.”

It was only in 2000, when Subhiksha embarked on the Tamil Nadu expansion, that the team actually sat down and thought about its priorities.

“That is when it hit us - we had picked up domain expertise in selling food and groceries. And trying to recreate this domain expertise in consumer durables, in garments is going to be tough. So it's not a geographical market that you are an expert of, but of a domain. And we thought we should sort of keep pushing ourselves on that.”

And that's how it happened. Not as per a grand, pre-determined plan but where the currents of life took them. Only there was a vision, a *keeda* so to speak, to ‘think big, think scale’.

Expanding a business means what you have done once, you do again and again and again. But the scale-up phase, some entrepreneurs feel, is just not as exciting as the process of starting up.

“It's more repetitive, sure. But if you had asked us 2-3 years ago, 1,000 stores would have been a shock. I would have said how can we think of it? After eight years in business we had just had 140 stores.”

So, what is the magic that made it happen?

It lies in three parts, believes RS. The first part is the market itself - the readiness of the market to absorb you and the readiness of the market to finance you.

“And in our case if you look at it, I think even more than the money, the fact that retail became hot and a lot of people who would have never joined retail became willing to join retail. Ultimately, any

Preview from Notesale
page 84 of 349

“The backgrounds we come from, there is only so much money that you can spend... I don't think money is important in terms of having personal ownership. Enough money available to the company for what it wants to do, is a good thing but even there we have a worry that too much money makes it inefficient and lazy.”

Although money *per se*, that has very little attraction. Learning and growing each day is the more valuable pay cheque RS earns from his company.

“We believe that we are a work- in-progress company... we constantly work at change and there is always chaos among us. Chaos is nice because that is what challenges you.”

“If there is no chaos, and everything is well ordered and you come to work and you sign files and read reports and then go back home, what's the fun? The challenge of wanting to do new things, the challenge of disturbing the status quo externally and internally, is what keeps us happy.”

But is 'happiness' wholly and solely tied to one's work? What about life, spouse, family, relationships, relaxation...

Yes, they are affected. “I can blame it on the job. But it's also your personality type. There are people who work at a company and keep a 20-hour work day. There are entrepreneurs with a 20-hour work day.” And RS is one of them.

“Obviously, mine is not a very normal kind of personal life. I sort of typically get back home after 10 and leave early at 7-7.30 in the morning. I work six days a week and even on the seventh I am on phone half the day. But I guess you have a sense of priority to the family and you know that when they need you, you are there.”

“And if I would put this question to your wife and kids?” I ask.

“They will have a very meaningful smile, I guess. I am sure that there will be gripes but the gripe will also be covered by understanding...”

Will you then slow down, at some point? “I keep promising this to my wife. But she never believes me. She says I will probably find something new to do.”

so many new opportunities, that I think it doesn't make sense to stick to one business."

"I think the old philosophy that we all learnt even on the campus, of core competence, of doing one thing world class, it no longer holds in this country. The more successful entrepreneurs at the moment have successfully been able to jump into new opportunities. And also scale up those opportunities."

And each new business is a challenge but it will never be as tough as the very first one.

"Nothing is as formidable as the first four years - when I was in the bio-pesticides business. Running a small business, you have to do a lot of running around yourself, it's very hard. You can't attract talent, you can't pay high salaries."

"For example, when we started, we were a partnership firm. Then we realised that if you want to grow across the country, people won't even *join* a company that is partnership. So we changed it to a private limited company."

What are the other changes that come with a label like 'success'? How does it feel to have enough money not just for needs but for any conceivable want?

"I don't think my lifestyle has changed that much. I am still in a rented flat. Our own flat is not going to be ready for another year. And I bought that last. I bought this office, before that we built three factories."

In terms of priorities, 'personal' things have always been last.

"I think there is an ambition to grow larger as a corporation, as a business and that is a primary motivation. Personal wealth doesn't really matter. When you are the owner and CEO of a company, most of your expenses are anyway taken care of by the company. Car, travel, holiday once a year, all your medical expenses."

So no 'billionaire' purchases - yacht, jet, Lamborghini? He laughs.

"You know when the *Businessworld* guys first approached me I talked about the Ambanis. Because they are the real billionaires. If you write about me, then it has to be about how we created this wealth with the help of the farmers. How we shared it with them."

And it's not just for reasons of 'public image'. This new generation of entrepreneurs genuinely feels socially responsible. In a way that extends beyond the idea that "we are providing employment, and that is uplifting people." These entrepreneurs earmark their money and professional expertise to make it happen.

“It is always difficult to switch off. Mentally you are always there and that's hard for the family. Partly maybe personal style. Also because it's your own business, you are that much more connected.”

An example - the Shree Renuka Sugars Development Foundation. 5% of the company's stock is in this non-profit trust. The foundation runs schools for the children of contract labourers who harvest the cane. It is now starting health centres and building a hospital in the factory, among other things. The net worth of the foundation is close to 100 crores and it is run by professionals.

For the last two years, Narendra has also been on the board of SBI Bank. “They were looking for somebody with a mix of experiences,” he shrugs with typical modesty. “I think they found a combination of both entrepreneur and agriculture background in me.”

These duties take up 12 days a year, but according to Narendra, the exposure is tremendous.

If there was a moral to the Shree Renuka story it would be summed up like this - there is no old business. There are only old ways of doing business.

The first business that Narendra ventured into might be termed as pioneering. After all, ‘Bio-pesticides’ was a new product idea. But the business was run in a traditional way. Nothing pathbreaking there.

“Then I entered this very old style business. And I think everything that we do, everyday, is innovative. It's not that you have to dream of something that nobody has ever done. All my best ideas have been done by others. We have done only two things.”

“One, we have done them better than the guy who got that idea. And second, we have scaled those ideas up. If somebody did something on a very small scale, I said, why can't it be 10 times bigger? When somebody put in a 50 tonne refinery in India to process raw sugar, we said, why not start at 200? When imports started, we said, why not 1,000?”

The limits are in your own thinking. The impossible is what you believe cannot be done.



AT YOUR SERVICE

Preview from Notesale
Page 100 of 349

**Chender Baljee (PGP '72),
Royal Orchid Hotels**

His family owns Baljee's, Simla's most famous hotel. Yet as a young management graduate, Chender decided to carve out his own niche. It took him 35 years but today Royal Orchid is a Rs 150 crore hospitality business.

The word to describe Chender Baljee is stoic. He relates his story almost in third person, like it happened to someone else.

When you've been in business for 35 years and been through every possible up and down I guess that's only natural. Because you can't let me become bitter and cynical or just shrug and say, "This too shall pass."

Baljee's story demonstrates that there are forces beyond one's control when it comes to "success" and "failure." Zipping ahead versus merely chugging along.

Sometimes you encounter sheer bad luck and not once or twice, but over and over again. Litigation, strikes, debt, 9/11, SARS - all these and more, affected the growth and expansion plans of Baljee's company. An IPO that should have happened in 1985 only became a reality in 2006.

The wait was certainly worth it, I think, as I stand in the tastefully furnished lobby of the Royal Orchid hotel. The question is: how many of us have the patience to stick it out that long?

SUCH A LONG JOURNEY

**Madan Mohanka (PGP '67),
Tega Industries**

Madan Mohanka is one of the very early graduates of IIM Ahmedabad. In those days the institute didn't have much of a name. In fact, Madan's was a business family and it seemed rather pointless that he should go and *learn* how to do business.

"I had done my engineering and my family thought it was time that I started *doing* something."

But Madan did join IIMA and it changed his outlook towards business. "In the environment in which I was brought up," reflects Madan, "the only thing that mattered was the rate at which one increased the family fortune." *

Despite these reservations, Madan did eventually join the family business after completing his MBA. The company, Techno Electric Pvt Ltd, was in the business of electric installation. It was fairly traditionally run and this was something which Madan decided to change when he joined.

For example, despite the nature of its business, Techno Electric did not employ any qualified engineers. Madan hired five graduate engineers and added new lines of business involving a higher order of complexity in technology.

Techno Electric started undertaking the design, supply and erection of Fuel Handling systems. Very little investment was required and the profit margins were attractive. But apart from the money, this diversification changed the character of the company. From an outfit which merely supplied materials and labour for electrical installation, Techno Electric was transforming into an engineering company.

** some of the information in this chapter is based on a series of cases on Tega written by Prof V L Mote and Prof Jahar Saha*

Production was to begin in June 1978 and this was now a full blown crisis. There was only one avenue - to get a contract from the Kudremukh Iron Ore Co Ltd (KIOCL) to fabricate and rubberline their indigenously procured equipment.

In order to be attractive to KIOCL, Madan devised a pricing where the profit on fabrication was low while the margin on the rubber lining was reasonable. Colleagues at Tega advised that the price he was quoting was too low. Skega also advised against accepting large orders which had substantial amount of steel fabrication. However Madan went ahead and in June 1978, the company secured the KIOCL contract.

Unfortunately, steel prices started rising. Tega also realised it did not have the capacity to fabricate 800 metric tonnes within the stipulated period. Some of the work had to be subcontracted and given the very low margins, Tega Industries suffered a huge cash loss. In fact, the company's entire capital was almost wiped out.

In April 1979, Tega was unable to pay its employees on the due date. "The memory of that day is still vivid in my mind. I did not go to office," recalls Madan. Noticing his low mood, his wife asked what the matter was. Madan told her about the company's financial difficulty and also that he believed these were of a temporary nature. On hearing this, she offered him her LIC policy and her wedding jewellery.

The world may seem to have ended but if you have the support of your family, you can always make a new beginning. Salaries were paid two days later and an uphill climb to solvency began.

"I learnt a few things during that period in my life," says Madan. "One, if you take a new product, which has not been tried out before, at least plan for 50% or double the investment you envisage. Otherwise you will be in trouble. When your project fails, and you have no money, people treat you like a dog. And you are like a beggar asking for money and help."

(In fact when Tega eventually came out of the red, this case was taught at ICICI training school in Bombay and they took a decision that in future, if there is an entrepreneur with a new technology, they will sanction 50% more money than what he asks for. But they will only disburse it if the project runs into difficulty.)

"Number two, if you believe in the product, and if you believe in the business, don't give it up. Never give it up." When Madan went bankrupt, he mortgaged his wife's jewellery, but did not abandon the dream.

"Not one man left us. My marketing manager then, an IIT and IIM

ADVICE TO YOUNG ENTREPRENEURS

If you believe in a product, don't give it up half way through. Be on it. And you will succeed one day. And the results will be good.

Second, have patience during difficult times. Don't lose your balance, and try to carry the team with you.

Third, when you are launching any business, whether it's a new product or an existing product, if it's a new business, plan to use 100% more money than what you think you require. At least 50% more to stand by. So in case you have difficulties half way through, you don't have to close the business or run away. You have some money to put in, to carry on and see the bright side of it.

For a mid-size company, having multi-locations for the plant is not advisable because mid-size companies are owner driven companies. Multi-locations creates problems in terms of management focus.

There is a lot of scope in manufacturing. In India our manufacturing base is only 37%, whereas in all advanced countries, the manufacturing base is 65-75%. If any economy has to become strong in the long term, it can become only with the manufacturing base, not the service base. Service base is only temporary. This will not create long term employment and if the economy has to become strong, it has to go into manufacturing.

If you are getting into manufacturing a unique product and if you have a passion for the product, venture capitalists will finance it today.

Preview from Notesale
Page 121 of 349

Sunil Handa has been a teacher, mentor and friend. Not just for me, but for all students of LEM (Laboratory in Entrepreneurial Motivation), a course he has been taking at IIMA since 1992.

That is precisely why it is so difficult to write this chapter. A part of me is worrying about being objective. The other part is wondering, "Will he like it?"

A conversation with Sunil Handa is always fascinating. He is so honest and open about his life. His stories entertain you, they impress you but most of all they speak to you. And in doing so, reveal a little bit more about who you are.

Sunil Handa's journey is also interesting because it is about change. Not only in business, but at a deeply personal level. Sunil spent 15 years like any entrepreneur - leading a life where the business was the first thing and the only thing that mattered. But an acrimonious split with his brother led him to question the value of leading this completely one-track, build-your-business-at-any-cost kind of life.

Thus was born Eklavya School, and the idea of creating an impact on people's lives rather than a bottomline. The school is as much of a challenge as any business and as with any project Sunil is involved with, it hums with energy and innovation.

And Sunil himself now leads a more balanced life. Or at least tries to.

One of the projects that came FAIR's way was from the Ford Foundation. They wanted to do for Madhubani paintings, what Kurien did for milk. At that time, Madhubani paintings were sold by extremely artistic women at throw away prices - Rs 200-500 per piece. The same paintings were eventually sold in Cottage Emporiums for Rs 10,000. The Ford Foundation mandate was - remove the middlemen, get the artists or producers into a cooperative and do the marketing and selling directly.

So Sunil and his batchmate Sanjeev Phansalkar went to Madhubani and lived there for a month. They organised the women into a 'Master Craftswoman Association of Mithila'. This organisation would market the paintings and fetch the artists almost 80 per cent of the sale price in Delhi. That was a wonderful thing and it exists till today.

But there is an even more wonderful thing the young graduates did which, says Sunil, has become his 'style in life'.

Now the ladies were organised, there was an association. It had a charter, but who would run it after the Mays left? I told Phansalkar, this person who is ideally meant to run it, is already there in this world. Let us go through our minds find this person".

He said, "What are you talking about!"

I said, "You tell me, is it a woman or a man?"

"It would be a woman because it's an organisation of craftswomen of Mithila."

"What would be her age?" They argued over this and finally said, "She is between 35 and 45."

Then I asked, "Is she married or unmarried?"

He said, "She is married because a married woman is considered more respectable."

"There is potential in every business.

Like a school is not profitable in terms of money, but it is profitable in terms of developing character.

There, the profit is different, developing human potential.

So the word 'profit' I use, but not necessary in terms of rupees."

never materialised. Sunil did put up Core Emballage in 1996 but says he lost a substantial amount of money when Sushil's company didn't pay up.

The factory was set up on a very large scale because the Core Parenteral requirement was very big. Suddenly there was no big customer. A mineral water manufacturer could have been a client but this was a location sensitive industry, so it did not work out. "This factory is over designed, it is not doing so well as it ought to have done."

"But also because your whole heart is not in it anymore, isn't it?" I ask.

"Forget whole heart, not even one per cent of it is in it. I go to the factory only once a year, for Dassera pooja. I am not interested in doing business anymore. I don't want to earn crores of rupees. I don't want to look at stock prices. If I sell off the company and do nothing, it's still okay with me. But I think it's good to have some activity. And it makes decent profit."

Core Emballage currently has a turnover of Rs 35 crores. It's in a steady state of profits. The first couple of years Sunil did pursue innovation, even at this new company. Like producing corrugated folders, 'furniture' just to educate people about what the potential in the product was. But the separation had been traumatic and it changed Sunil's entire outlook to life.

"It was not a happy separation... the trauma went on for many months. And at the end of it, my heart, mind, soul, rejected the concept of making money. And I thought, that cannot be the purpose or end of life. And for the first time in life, I suffered from depression."

"I used to laugh at people. What is depression! It is nonsense. I am a great believer of Vivekananda and Ramkrishna that basic thing in life is strength. That it's all in the mind, nowhere else." But for once, the mind was not in his control. "For ten months, I nearly killed my self everyday" he recalls.

"For ten months, I kept a bottle of potassium cyanide in my cupboard and I would tell myself, 'Tomorrow!'"

A friend from BITS Pilani - Nanda Kumar - heard about this and invited Sunil to stay with him in Bangalore for some days. "He took me to a sadhu who did 'sarpa pooja', gave me three lemons and said you keep it. So I came back and kept them. After some time they dried up so I threw them away. After half an hour, I got them back. I put them in a handkerchief, took my car and went to Sabarmati river, did *Om Bhurbhuvastwaha* thrice and threw it in the river."

was time to start exploring options. "We formed a team of 11 people with interest in entrepreneurship - then we started working on various ideas. We formed sub-teams with interests in specific areas - education being one of them. Then our team started working on schools. Four of us visited schools across India (Jaipur, Ahmedabad, Baroda, Surat, Mumbai, Delhi). The idea was to get some good points from all the places and understand what's missing."

The team disbanded after graduating with everyone taking up jobs except for one other person, who decided to get into a venture other than education. Vardan shifted to Surat, a city which lacks good schools but where there is growing demand for quality education. And paying capacity is not an issue.

However the first six months were a major low period. "I had no clue as to what I was doing and where I was heading." In this period he briefly considered setting up a bookshop but then dropped the idea. In the end, Vardan realised that the first step for someone with no money has to be to start off with a preschool and then grow into a full fledged school.

Take the baby steps and you will eventually learn how to run the full marathon!

Luckily he was not 'alone'. Batchmate Ankita Diwekar was attracted towards the school project while at IIMA and was quite serious - but she was unsure whether leaving a job and getting started straightaway was the answer or not. So she took up a placement with P&G.

"But even while she was on the job she was still helping me out all the time. She visited Surat 2-3 times and then once we knew that we were getting married, Fountainhead Preschool also took off and she joined full-time two months before marriage."

Funded by Ankita and Vardan's family, as well as Sunil Handa, the initial investment was about Rs 13 lakhs. Fountainhead Preschool started with six kids in April 2005. The 50th child joined nine months later and by January 2007 that number stood at 140+. Even as enrolments were growing (purely on word of mouth) Fountainhead was also becoming known as a 'brand' of high quality meaningful education in Surat.

While Ankita was fully involved in managing the preschool, in January 2007 Vardan also started a training centre called 'Life Skills' for students and working professionals. Life Skills imparts short-term, job-oriented courses and was set up in partnership with two local businessmen. The plan being to set up the centre

“The MBA is a wonderful degree. You can either use it as a noose, or you can use it as insurance. I would always tend to use it as insurance”.

“My wife was working, so it made the decision easier. Ironically by the time I set it up, she had stopped working, we had our first baby, a lot of things had changed. I am clearly a risk taker at heart. I won't gamble too much in cards, but I just had an inner confidence that things are never going to get so bad that you won't have a job even if this thing does not work out.”

So even as he continued with the day job at E, the nights were spent planning his own venture. Two ideas came to mind, one was online stock broking. It made perfect sense, given his training and work experience. But Deep's heart was in travel and that's what he ultimately chose to do - a travel portal.

And heart should rule over mind when it comes to such a decision. Because that's the only way you'll put not just your body but your soul into what you do. The math you can learn for any business.

Of course it can't be purely love. The market size and opportunity as a whole must make sense. Deep recalls a third idea. His first child had just been born, and he thought, “Why not a kids portal?” Thankfully, better sense prevailed and the idea remained stillborn. Online travel made better business sense - 50% of all ecommerce in the US was around travel.

However, Deep actually made two plans. One was for online stock broking. “What put me off was that this is going to be a big financial institutions play. It will always be their thing and I will be the minor partner. ICICI Direct had proven me right. IndiaBulls has proven me wrong. They have managed to do it as entrepreneurs. But no regrets - travel has been much more fun. I think this is where I truly belong.”

Besides being an avid traveller, Deep had another connection with the industry. His wife was making travel shows like *Namaste India* and *Indian Holiday* for a production house. So travel it was!

The venture started out as ‘India Ahoy’ - a site which is still used to attract high leisure travelers from overseas. But the main

"What happens is that we as human beings, as entrepreneurs, all of us overestimate the short term and grossly underestimate the long term. And this is what takes away the emotional energy because in the short term there are setbacks. The short term keeps trying you."

So how do you keep your energy up? This is where aspirations come in. The dream is about more than financial and quantitative targets. The 'bigness' of the dream is what keeps you going, and yet keeps you anchored.

And yet, scaling a business can be unglamorous - execution is kind of boring. It means doing a lot more of the indirect work, spending a third of your time in hiring and people related issues. "On a Friday afternoon, somebody is crying, somebody is cribbing, somebody is not happy. It is very tiring!"

And more so because entrepreneurs are addicted to excitement.

Scaling up meant giving up the part of investment banking Rashesh enjoyed the most - clinching deals. When you start off, you are worried about *how* to do things. Then, you get other people for that, and you worry about, *what* to do. Then after some time, even that is taken care of and you only try to figure out *who* will do it. The more indirect it becomes, the more unglamorous it becomes."

You sacrifice glamour and build an institution. Edelweiss Capital listed on the Bombay Stock Exchange on December 12, 2007. The IPO was over subscribed 119 times and raised over Rs 700 crores for further expansion Edelweiss clocked revenues of Rs 1,088.86 crores in FY08 vs Rs 371.76 crores in FY07 *. Now that's what you call explosive growth!

When you think of great companies, large companies built from scratch, you assume they are built on blood, toil, sweat and family time. Dogged perseverance. 24x7 effort.

"This 24x7, 365 days a year is something that I have not seen with many CEOs. If you do that, it means your organisation is weak, you are not scaled up. You have not prioritised, you have not institutionalised.

"I think there are phases. Many a times there are a couple of months in a year that are very tiring because some business is

* Edelweiss saw Profit After Tax of INR 273.24 cr in FY08 vs INR 109.89 cr in FY07 (growth of 149%)

discovered that if clients have to talk to me or 3-4 key people, it is almost impossible to scale up beyond a certain size.” Hence the leap into transactions, where individual skills become irrelevant.

Nirmal had the ambition to ‘make it big’.

“I knew I had to scale up and in that gamble even if it completely falls flat, it's ok, but you have to take that risk. One of the things I cannot imagine is an entrepreneur who does not take any risk and yet becomes successful.”

Then there is competition. No doubt many other companies also saw the scope in internet trading including the likes of ICICI Bank, HDFC Bank and a number of foreign players.

But Nirmal believes India Infoline survived because of its “entrepreneurial way of doing things.” And putting in a lot of hard work in technology and research.

The USP of India Infoline is quality research and advice. Nirmal also believes his technology offering is superior in terms of speed, flexibility and ease of use. “It's like a retail customer.” Bloomberg -you get stock price, charts, information, streaming quotes. It's very difficult.”

There's also more personalised service since the organisation has grown in an entrepreneurial manner. “There were 50 people I knew who were very close, like a family. Now they know another 1,500 people and the tree grows like that.”

The ‘ownership’ or family feeling continues, feels Nirmal. “If you meet with our branch managers, relationship managers, they are much more empowered and give far better service than their counterparts employed by our competitors.”

The lesson is that you don't have to shy away from taking on the ‘big boys’. The mouse is always more agile than the elephant. The start up can have a significant advantage, if he has strong domain expertise.

The other important aspect is managing growth at different levels.

“When companies are 10-15 people, that is one size. Another size

“You always run a risk, it's a game of probabilities. You have to be sporting.. however good you are, you may get out for a duck.”

“The toughest thing in life a human being has to do is make a decision. Whether you are an entrepreneur, or a husband, or a wife, or a company. Decision making is tough because human nature is such that I hate to be wrong and I hate to take the blame. And that's why companies are run by committees.”

Vikram admits EXL is now a ‘normal corporate entity’ as with any company of its size.

“A public company can no longer be entrepreneurial. Because the rules are set for you, you've got to follow. And yet, he says, it remains exciting.”

I want to know more, but it's as difficult to penetrate the mind of Vikram Talwar as it was to get inside the EXL premises.

What can be said, however, is that you are never too old to embark on a new adventure in life. You can retire, or reinvent yourself. The hair may be white but the heart can be as young as you want it to be!

Preview from Notesale
Page 193 of 349



DRUG BARON

**K Raghavendra Rao (PGP '79),
Orchid Pharma**

Raghavendra Rao has built up a \$300 million dollar pharma company in 13 short years. The son of a working class Railways employee, he now dreams of making Orchid India's first \$1 billion pharma company.

bulk drug to create a formulation and sell it under their own brand name.

Orchid started exporting only to three countries - Singapore, Hong Kong and China. In the second year, this was expanded to 12 countries. By year three, Orchid was exporting to 30 countries. Now the company has clients in 75 countries. America and Europe were tough markets to crack but today, one third of Orchid's revenues comes from the US (if you take the value of Orchid products eaten by or injected into US customers or US patients).

Few companies grow so big, so fast. And yet, it is never easy or painless. The initial challenge was attracting talent apart from the core group. Pharma is a highly technology oriented, process oriented and hazard oriented industry, so you can't just go and pick up anyone out there. It has to be people who have experience in this field and convincing them to join a new company was no child's play. As always, Rao sold them a dream.

"I used to market to them my 'five year plan'. In fact I always carried the five year plan book with me and I would say, with or without you, I plan to do these things. But if you join me, you can contribute in this way." It wasn't merely high salary or designation that Rao used to lure these people. He told them "this is your chance to *make a difference*."

"If you want to believe and join us, you are most welcome. If you don't believe, see me after 2-3 years, judge what has happened. Join me at that time, so that we can make the next step happen." And once again, some bought his argument and joined Orchid. They have grown with the company, manifold. And of course, they have an ownership stake.

In fact, a large number of people at Orchid hold shares in the company. Right from the boy who brings tea to the Deputy Managing Director. "And I did that even with my own money, even before we went public," says Rao. "So those employees who were there at that time, 135 of them, all have shares. We didn't know the price or the value that will come out of the shares later. It is the gesture that you do and your intent that speaks." In fact, other

"I used to market to them my 'five year plan'. In fact I always carried the five year plan book with me and I would say, with or without you, I plan to do these things."

"In fact they forced me to put it in a separate subsidiary with a different brand name so that it wouldn't confuse with the high end brand name. But it was a lucky and a good decision."

"A couple of other lessons that I have is that particularly in the initial days, you have to be focused on two things. You, the founder, have to spend a lot of time with customers. It cannot be delegated to junior salespeople. You have the passion, you have the conviction, nobody else can replicate that."

"And if you are a small company, you have to be extremely transparent and honest. Big companies can afford to cover their tracks, but in small companies, you have to say, 'We did a bad job, sorry, here is a refund'. So you establish a reputation of being reliable, of high integrity."

"Reputation is very important for attracting talent. Because when you are a small company, nobody has heard of you. If you are not important. Why should anybody join you! One reason why many people joined me was that I had a very good track record at Citibank as a manager. People knew I always took good care of the folks who worked for me. I was fair to them."

Now research has shown that transparent companies have a lower cost of capital. But purely from experience Jerry believes that the more transparent you are, the more people are willing to invest in you. So from day one, Mphasis hired KPMG for audit. The company kept very strong, very high standards.

The other thing you have to do in business is take some very tough decisions. There were two senior co-founders. "We had to part ways. It's tough when you have to sit down in the same room with a co-founder and say goodbye to him. But you need to look ahead, not look back as you grow."

Another lesson was that a company which is growing had to keep improving systems and processes. "We had absolute pain when we grew from \$100 to \$200 million. We suffered everyday because our systems were all cottage industry systems."

"Plans are all okay, but if you don't have the courage to make mid-course corrections and changes, particularly in highly changing environments like the technology space, you will get into trouble."

“I always feel very sorry for people who worked in Indian corporate sector from 1956 to 1991. They could have been such bright fellows but they were stifled. What could they do? We are lucky and we have to ride that crest of the wave.”

Take a recruitment system, for example. The company would make an offer to somebody it had rejected six months ago! There was no recruitment database that kept track of that. Customer systems were weak. If an individual in a client firm shifted to another division he or she was lost and along with the person went the business.

And of course one has to plan to set up these systems some time before they are actually required. The trick is when. Not too much in advance because no small company can afford to over invest.

Focus on cash is very important. “We had even taken a small loan which we didn't use. But that didn't matter. We were always sure that we would have cash. In some of the early months, I had to write personal cheques to meet our payrolls. Because cash is what can get you into trouble.”

Mphasis, in the initial days, was very cost focused. The founders used their frequent flier miles for traveling. They lived in a friend's home in New York, never in a hotel. The idea was - don't create overheads you can't sustain.

The use of PR is also crucial for small companies which cannot afford to advertise. For instance, Mphasis had a small PR agency in New York who managed to get Jerry a front page article with his photograph in the 'American Banker'. “By God! That did so much for us. We were able to go to so many banks with that article. And it gave you immediate credibility. ‘Ex-banker has started an IT company’. It was a great piece. I think investment in PR is very very important. It pays off disproportionately compared to advertising or general marketing.”

Recruiting senior people is a major problem. It is as much a headache as buying a company. “Integrating a senior person who doesn't know your culture and who is not part of your original founder group, is very very difficult. We made at least two-three mistakes with that and it's very expensive.”

still believe in the Indian talent story.”

“Emotional, one shouldn't be, that is my personal view. Some people are. Because emotion, translated in Sanskrit is *moha*. *Moha* is this kind of false attachment you feel that this is my company, I have built it, I don't want to leave it.”

“I think that is stupid. I think you have to know when it is the right time to detach yourself and change your role. And maybe eventually leave it; at least be willing to change it from executive to non executive. From leader to mentor. All these things, you have to be willing to do.”

Even if it means ‘Mphasis’ slowly dies. There is no legacy.

“Well if you think about it, many great names disappear. When I joined banking, Manufacturers Hanover was a big bank. Irving Trust was a big bank. Chemical was a big bank. All those names have gone. Those were very big, multi-billion dollar banks.”

Currently Jerry is on the Asia Pacific Advisory Board of EDS VPL - a non executive role*. Clearly he has scaled down his involvement even as the company is going from strength to strength**.

So what does it feel like to semi retire after working 20 years and a 7-8 year stint as entrepreneur? Is it that stage of life now where you feel “Ah, I can now spend the next 20-30 years doing ‘whatever I want’?”

“But why do you think I haven't been spending the last 20-30 years doing what I want? That too was what I wanted. I enjoyed every minute of working in Citibank. And in the last few months when I didn't enjoy, I made my plans to quit.”

“You can't postpone your whole life to the future. People who are endlessly planning for their retirement are stupid. You could die tomorrow. There is no point in planning for retirement and saying ‘When I retire, I will do something’.”

In short, anyone who thinks, “I am doing this business so I can sell out and then enjoy my life” is an idiot. But there are many idiots out there. I sincerely hope you aren't one of them!

* EDS was bought by HP in May 2008

** Mphasis revenues for year ended March 31, 2008 were Rs 2,423 crores, a 38% jump over the previous year. Profits stood at Rs 255 crores.

Shivraman Dugal is a man with the Itch. From high end fashion to fans to computer hardware he'd seen it and sold it all. And then he became an entrepreneur.

In the 15 years since, Shivraman has set up a software company, a slew of colleges and now a medical research institute. In each case he was a pioneer of sorts but he hasn't built any one company to fantastic proportions. Because size and scale is not his trip.

Shivraman is a serial entrepreneur. He would rather scale the next uncharted peak than set up camp at any one place and enjoy the view. Boredom is what motivates him to keep moving forward. And I can't help thinking, "It's all about the journey, not the destination." And about feeling alive, every minute of it.

“Professionals are better than entrepreneurs for running the running business. Because an entrepreneur is too much in love with his creation. When you love something, you are blind to everything which is wrong in it”

Didn't have any complaints about that. But I still consider those six years as a 'desert'. If I look back, I don't remember a single great achievement... Those six years are blank”.

There was money, there was responsibility and enough spare time for a decent family life. But Shivraman was thoroughly bored!

One fine day, he decided, I've had enough. Arjun Malhotra used to own HCL. He was one of the directors and Shivraman met him by chance when he was walking around Nehru Place, pretty dissatisfied with life. “We met purely by accident. We had a chat in the middle of the corridor and he said, come up for an interview. So I went up and he offered me a job in HCL”.

And it was once again a move into a completely new kind of job, role and company. A recurring theme in his life: to boldly go where few have gone before. To never get too comfortable and move on to the next adventure.

The other important thing for Shivraman was making a mark, wherever he went. Leaving behind something which lived on.

Even in that boring stint with Usha International, he recalls *one* major legacy: the coloured fan. “If you see fans in brown, black and what not today, that's courtesy me. Nobody had thought of a fan other than white back then.. there was a lot of resistance.” (grins)

And in his very first job, Shivraman had impacted the town of Balakole in Andhra Pradesh. The town thrives on the production of lace. “Have you seen lace bedcovers? It's a whole industry and I kickstarted it when I was working for Tatal. Because I discovered that there was a huge demand for English lace doilies.”

The doilies used to be very expensive. Shivraman realised they could be made a lot cheaper as a cottage industry. So he trained people, brought in raw material, got someone to set up the thread unit. Now that industry employs 45-50,000 people.

Whenever there was an opportunity, Shivraman could simply not sit still. He had to do something about it. So it was with HCL - something new and exciting. Never mind if it meant working on a lower salary and higher commissions again.

Clinical research was an area which had all the characteristics of software. All the pluses - it uses intelligence, is high on labour, low on cost and it's virgin territory. As a first step he set up a company doing clinical trials. Then, came the institute to train students who could work there.

"The company came first. We got the business and we realised, we could not execute it. There were no clinical research professionals available." If you can't find talent, you have to create it yourself.

By this stage, money for a new venture would not be an issue, I am sure.

"Money is always a problem. I am short all the time", he replies.

But wasn't education a cash cow?

"Yes, it gave me a lot of money. With that I could set up ICRI. Between 2004 and 2007, I set up four huge campuses. That ate up about Rs 20-25 crores".

But why create campuses now and not go with the tried and tested rental model? Because this time around it was important for Shivraman to create excellence. "This time, I was keen that because I am the first entrant, I want to create an equivalent of IIM in this field."

Which is a common theme with most entrepreneurs. In the early years the *dhandha* is all that matters, but as time goes by they wish to leave behind a legacy.

It's too early to say if ICRI is that legacy but the institute is certainly doing well for itself. With 2500 students a year, ICRI rakes in Rs 40 crores per annum. The school which was set up to service the requirements of a company is now more profitable than the company itself!

Only 70-80 students are absorbed by Shivraman's own clinical research outfit. The rest go to other companies. As always, Shivraman believes he has evangelised the idea of clinical research. "I hyped up the whole industry.. The government of India should give me an award for it".

Clinical research is a \$40 billion business internationally. The future prospects are bright - Shivraman expects ICRI, which is growing 100% year on year, to reach Rs 100 crores by next year. But in the longer run, the company which runs the trials will grow substantially and become bigger than the training business.

Still, it's doubtful that will prevent him from moving on in search of the Next New Thing. The Itch is eternal, there's always another genie waiting to emerge from another lamp.

then not come to work the next day. The community monitors itself and only occasionally do the bosses have to step in and weed out a bad egg or two. Overall, it all comes together and works.

And a great culture, great team and great work content is what drew so many high quality people to Marketics. The company employs some 50 MBAs - mostly from IIMs. Only three of those 50 have quit over the years, which is an amazingly low attrition rate by any standard!

Cut to January 2007.

Vinay was based in the US, Ramki was travelling and looking after sales while Shankar was doing some sales effort but mainly leading delivery out of Bangalore. Building the team, setting up the organisation. By now, Marketics employed 220 people. With higher billing rates and profitability Marketics needed less people than Infosys or a traditional BPO.

And then, WNS came into the picture.

"Basically what had happened was that we were going fast. And we were building on the experiences of the past which is that when a good thing is going, just keep in mind that bad things will come around the corner."

So Marketics had great clients, happy people, cash was pouring in, but the company decided it was time to raise money. As they say, raise money when you don't need it.

"That's when we realised, look, what do we want to do? Are we looking at a Narayana Murthy kind of thing and going all the way?"

At the end of the day, some 220 livelihoods depended on three shoulders.

"We had got the ship here so far, with a combination of our abilities or experiences, good or bad. But we had our own limitations..."

"When you want to expand, there is a window of opportunity. If you don't utilise that, you will get left behind. And the advisors said we can raise money but the other option is that you align with somebody larger so that they can leverage the platform you have built and make Marketics much bigger, much faster."

The choice was of a strategic partner, or to raise cash and go ahead alone.

"Somewhere along the way we realised that analytics has to be sold as a part of larger bouquet of services. Clients would say, 'Oh, you do only analytics? Fine, when we need that service we'll give you our business'."

ADVICE TO YOUNG ENTREPRENEURS

It is very difficult... I wish there was just one thing. First is passion, if you are not passionate about what you are doing, then you are in the wrong place. Second is courage. The buck stops with you, does not go further. You have to make choices. You cannot say that may be, this or that. And you have to be comfortable with the choice even if it goes wrong. When you succeed all your past and failures get wiped away.

You have to play multiple roles. You have to be optimistic and you have to be humble. You have to be in charge doing things, yet you have to be the guy who stands back. You have to be leading, yet you have to be supportive. If the person who cleans your toilet does not come on the day of an important client visit, you have to clean it - no second thoughts.

Work experience did help in our case. The idea of focusing on a culture is from P&G. An amazing culture, with a lot of focus on values and ethics. Whatever I knew about analytics was from P&G. The domain experience was from P&G.

Passion cannot come without some knowledge around it. But there is no one size that fits all. You can always hire people with expertise.

More than VCs, an entrepreneur needs an angel. What you need at the start up stage is some seed funding. That can come from friends, family. You just want enough money to prove your idea. VCs should ideally come in once you know what you want, the model is proven and you think the best way to scale it up is to get their investment. But you have to be prepared to accept outside control.

India - factories here are not so mechanized. Also, the finishing is not perfect. The equipment we need is not available.”

The Chinese are also excellent pattern makers. They could operate even from a sketch - you didn't really have to teach them.

Of course when she first explored the China option, in 1991, it was difficult. In time it became a much easier place to do business.

The nuts and bolts side of the business apart, fashion is not mere science. It is an art.

There is a Spring and a Fall season. And to succeed in fashion you have to be able to predict what will sell. In December 2007 you have already shipped 2008 Spring. And, in fact, you are designing 2009 Spring and booking orders!

So how do you do it? The answer is a certain *je ne sais quoi*. An eye for detail, a sense of what is coming next. Ruby modestly says she “looks around” a lot. And tracks sportswear, because evening fashions follow sportswear trends.

But you and me could spend hours staring at tracksuits and trainers and still be clueless.

It takes an artist to interpret the meaning of brushstrokes and get inspired to paint his or her own canvas!

So when and how did Javed come into the picture?

Ruby had been running Precious Formals for six years when in the year 1996, she fell very sick. Javed resigned from his job at the university and joined the company. He has been with Precious Formals ever since.

If Ruby, with her expressive eyes, throaty laughter and immaculate taste in clothes, is the public face of Precious Formals. Javed is the company's strong and silent backbone.

He handles IT, as well as all the company's finances and accounts.

“As an entrepreneur you don't say that ‘I have to reach a particular place in five years.’ You just keep doing whatever you are doing. You have plans, you have goals, you know a strategy. But still one doesn't even anticipate that so much work will be done... you just keep doing it.”

“While we are not starving, we are not tremendously greedy, we don't constantly compare our net worth with somebody else. Having said that, it is fantastic to create wealth. Because often, it is not only an endorsement of the fact that you have done well, it gives you tremendous opportunity to do other things as well.”

company managed to pay salaries and to continue operations, but every day was a struggle. Even through the worst of the crisis, there was only one time that salaries were delayed by close to a month. Else the founders managed to find resources to keep things going.

“It's the uncertainty that is the worst. You don't know whether you are going to have cash to meet all obligations each month, or when you are going to be liquid. This was our big lesson on the importance of cash flow.”

Deeptha was in fact in the US at the time the crisis erupted, trying to develop the outsourced business opportunity in research and content services. She dropped that and came back to help manage the situation. Several employees left, unable to deal with the business uncertainty. Operations had to be scaled down. Over the next two and a half years IRIS went from 180 people to 20.

“There were two options when the crisis hit us: bail out, since we anyway had such a small stake in the firm, or to look for funding to help us out of this crisis. As founder employees, we were aware of the full extent of IP in this company, and we just didn't want to give it all up”.

So IRIS looked for funding and there were several offers but nothing felt quite right. “We had several term sheets, but none of them made sense to us, since the firms offering to buy us out looked at it as a distress sale. We didn't want to do a distress sale, although we had no Plan B. We also had several offers for us as a team to walk out on IRIS and join other firms to help them grow their outsourcing or web based businesses.”

However, the three partners stuck it out. Except for a moment of self doubt when the option of ‘shutting down’ was seriously discussed. “However, there were two things that held us back. There was an innate realization that there is lot of potential value

“Why so few women entrepreneurs? I think a lot of it has to do with the fact that women have primary responsibility for the children and family. If you have primary responsibility for caring for your family and you want to be an entrepreneur, in terms of balancing life, you could do something more cottage, maybe from home. If I had kids I would definitely re-size or re-scale the way I would be involved with the company.”

Of course, analysts also provide insights based on their experience - which technology cannot deliver - but it is still the battle is won. IRIS automated the data-driven analysis six years ago whereas Thompson Financial, the global information giant, has done something on a much smaller scale only three years ago, and that is getting Financial Times headlines. So the IRIS story has really been about innovation, although some of the innovations did not result in as much revenues or recognition as they could have or should have!

In its new avatar, IRIS once again shifted to building products for institutional and retail customers. Another area is outsourced services - providing content and research capabilities to customers. But perhaps the most exciting thing right now is 'XBRL'. XBRL or 'Extensible Business Reporting Language' is the new standard for the way in which financial information is reported. IRIS stumbled upon it about 3 years ago, when it was working on an outsourced project for a large American company.

For this project, IRIS employed an army of Chartered Accountants to take US financial data such as SEC filings and make it XBRL compliant. The idea behind XBRL is that every item in a financial report comes with in-built references and validations. This makes misreporting of data by either accident or design extremely difficult, and adds value to each element of data wherever it is used. It is extremely useful when sharing data across companies, or across geographies.

“If there is a piece of data which is XBRL compliant, the data carries the properties along with it. Otherwise if you cut paste the pieces of data from excel or export it from some application, you don't know anything about the data really - which company it

from across the world. What's more the wealth of information that IRIS built over the years is being converted to XBRL format. "It's a huge investment and a product bet we are making once again", says Deepta. One which could give IRIS a significant advantage over other information vendors such as CRISIL and CMIE, and also make it very visible in the international information marketplace.

As they say all's well that ends well on 31st March. Enough of business - but what of the personal angle? Has all this turmoil impacted Deepta and Swami's life as a couple? How do they manage the work-life balance thing? And are separate compartments like 'work' and 'life' possible when both are so closely linked?

"I look at it like this. If you feel stressed, you want to compartmentalise something. If it is not stressful, you don't consciously compartmentalise anything. We don't work with rules like coming home and not talking about a particular issue."

So there are no rules as such, but there are plenty of other things to discuss as well. And individual interests and activities. Swami is the Chairman of Bharati Vidya Bhawan, New Mumbai chapter, for example, he has also held positions in the Confederation of Indian Industry, and is actively interested and participates in several areas of policy making.

But if you ask two people who are married, can you work together, 90 per cent will say, 'No, we cannot!' So what is it that makes it possible to have this kind of very good working relationship.

"I think there is no stock answer. I think part of it really depends on the couple's level of maturity", says Deepta. "Of course if we had kids, maybe my involvement in the business would have been less at some point in time."

Right now, the only teenager in the house is IRIS. A few more years of nurturing and it will be a fine young adult!

were doing really good work. Very committed, very passionate people, yet somehow nobody had even heard of them. That bothered him.

Then in 1998, Venkat spent two months in the US, traveling all over. It happened like this - Sudhir, Sridhar and Venkat had all been saving to buy a house. But it dawned on Venkat one fine morning that he didn't really want to own a house. A rented house would suit him fine, especially because he did not plan to marry.

Soon after, Venkat noticed an ad for a round trip to New York by Royal Jordanian Airlines, for Rs 26,000.

"I was always fascinated by the US as a country, especially after the Soviet Union collapsed. I wanted to find out, what is it that makes US as a country tick. I also figured that I was not doing any of the conventional things that people do for their parents' right. So I decided to encash the lakh and a half rupees I had saved, and bought three round trip tickets to the US where my brother was then based."

With the remaining money, Venkat bought a VISA pass to travel to 12 cities across the US - Cincinnati, New York, Washington, New Jersey, Burlington, Minneapolis, Philadelphia, Boston, L.A., San Francisco. Crazy amounts of travel at dirt cheap prices.

In every city he knew somebody, so he wrote them a mail saying, "Let me stay at your place for two days." And every place he went to, Venkat would go to a school.

"I was running a school and trying to understand the American education system. One of the things that hit me really hard about the US was that people in that country have a sense of ownership for their country. People care."

"That really hit me hard and I felt, that's what we need back home in India. You take a typical guy who goes to IIM, who comes out, works in an investment bank or wherever. We are obsessed about our own careers, and we couldn't care less about our country. I think that has to change, that's not on."

"After all, those of us who have gone through IIMs and IITs have been subsidised by the poor - the guy living on the road, when he

"I think if there is passion in the environment, people pick it up. I have seen it in every place I have worked in."

ownership. Why is that the tax rupee does not get used effectively? Because most of us look at taxes as a license to exist. We are paying taxes and telling the government, 'I don't care whether you are doing anything with this money or not, leave me alone'."

The middle class response to every national problem is, privatize! Government schools suck, so we put our kids in private schools. Water starts getting bad, so we consume mineral water. In the year 2006, India's expenditure on water, privately paid, exceeded the combined water budgets of all municipal corporations!

At this point I wonder if I am speaking to Sitaram Yechury but Venkat is simply stating the problem. And he's not got a closed view about the possible solutions. So privatize all you want but do not disconnect. Do not abscond from your duty as a citizen.

"That is why GiveIndia insists that everybody has to choose where their money will go. Because even making the choice that I think education is more important than health, or livelihood is more important than education, means an individual has thought about and acknowledged the problem!"

Every individual donor gets a report describing how their money was used. Which makes people realise that even a little contribution can make so much difference. For example, it takes just Rs 180 to give a smokeless *chulha*!

"When I was a kid, I have seen my mom sometimes use firewood, and I remember how much she used to cough. So imagine somebody else's mother, three times a day in the village, is inhaling firewood, coughing, coughing, coughing! And we have spent more than hundred and fifty rupees on this coffee right now! That's all it takes to change!"

Backing all this passion and conviction is systems and management science. GiveIndia now certifies 120 voluntary organizations. It provides the due diligence and the platform. And Venkat believes that the market will correct everything else.

"If an NGO comes and gets listed on GiveIndia today, they typically start getting some amount of money every month. Somebody will get 1,000 rupees a month, somebody will get five lakh rupees a month. What they start seeing is the power of engaging individuals as against depending on one large donor (as charities have traditionally operated). They see the value in being transparent in their accounting."

While earning a 'profit' is not crucial for Give, the goal was to ultimately become self sufficient. Today 94% of GiveIndia's revenues come through the transaction and service charges levied

Lastly, around 5,000 people give purely through the online route, contributing 15-20% of GiveIndia's overall inflows. The big challenge now is scaling up, and this requires investment.

"We are investing almost a crore in IT. Our payroll program has worked only because of technology. People sign on and sign off online. We process that and send the company a file which they upload into their payroll processing software, whichever software they are using."

Payroll Giving is not the first attempt of its kind but it has worked because it understands the end user's needs. Then there remains the challenge of attracting good people.

"By NGO standards we pay reasonably well. But of course nothing close to the corporate sector. Also we require people who are going to do very corporate type of jobs. They are not working with children and receiving emotional fulfillment on a daily basis. Yet we do attract people with a huge sense of commitment."

There are many high calibre professionals willing to work part time. Finding such people willing to work full time is the challenge.

"In many ways, what GiveIndia is today is thanks to people like Mathan Varkey (who was Tinton's CMO) and Pushpa Singh (Sr Mgr at Anagram) who gave up successful and lucrative careers to work for a cause," says Venkat. There are at least 15 such people in GiveIndia who've said 'no' to megabucks for a chance to make a difference.

So what is the future looking like? Very bright!

"I think the next generation has a much greater orientation of giving. We have all seen difficult times in childhood. So there is this fear that something could happen, there could be a recession etc etc. But the youngsters today are so confident, so secure. They feel confident that we will be able to take care of ourselves, so let's share a bit."

In fact, at BPOs like Genpact and WNS, young kids, 22-23 year olds earning Rs 6,000 have signed up to donate Rs 100 a month. And conversion rates in these BPOs are 70-75%!

So the culture of 'giving' does seem to be taking root.

Venkat recalls GiveIndia's first ever annual report, which contained a paragraph which he wished to see in the 2020 annual report. It's a letter which read as follows:

Dear Stakeholders,

We are delighted to inform you GiveIndia has closed down.

joined Enterprise. The year was 1988.

Enterprise was an agency run by the charismatic Mohammed Khan. Earlier Khan, along with Ajit Balakrishnan and Arun Nanda had set up Rediffusion. In 1983, he started Enterprise, an agency with a distinct identity and flavour of advertising.

"I saw the quality of work the relatively smaller and higher risk taking agencies were doing. The JWTs and the Lintas types were guided by the formulae that their major clients had laid down - the Unilever way of doing advertising, for example."

"The other interesting thing that Mohammed had said and which stuck in my mind was that if you have pots of money, you don't need good advertising. You can just hurl enough advertising rupees at the customer, until almost in sheer panic, the consumer gives up and says okay, I surrender".

'Washing powder Nirma' is one such example, he says.

To Anand, the heart and soul of being in the advertising business was what you do that finally connects you with the customer. All the rest is background music. That's what attracted him to join Enterprise - Mohammed Khan essentially believed the same thing.

But what role would a management graduate play in an agency where the creative process was placed on a pedestal?

Well-wishers told Anand joining Enterprise was not a good idea. You represent the left brain and Mohammed Khan represents the right brain. The twain shall have fireworks, but it's unlikely to be a partnership, they said.

But Anand was something of a maverick.

"I had never found management education interfering with my need to be wacky. Besides I had always found that if your end goal is the same, there isn't any conflict. Even with the nuttiest creative people in Lintas, I got along very well. So I said, there is no reason why it shouldn't happen here".

The partnership actually flourished. The formula went like this: If there was a disagreement regarding the 'What' of the communication, Mohammed would go by what Anand had to say. If the disagreement was regarding the 'How' part, Anand would go by what Mohammed had to say.

"For instance, should the proposition be built around durability, or style? That would come out of understanding the customer and I would have the last call on that decision. Whether we should take a more serious approach, or emotional approach - that was

In 2007, chlorophyll generated Rs 5 crores in fees. Most agencies still report turnover in the form of gross billings, on which they earn anything from 2 to 15%. A 'Rs 100 crore' agency may actually only be making a profit of Rs 3-5 crores. So chlorophyll is a profitable agency, but prefers to use different yardsticks to measure that profitability. "Instead of per capita billing, we use 'per rupee manpower'. How productive is each rupee of manpower?, we ask."

Ultimately this is a case of small by choice not by default or the result of a 'failed attempt to scale'. Every decision is driven by the satisfaction levels as well as lifestyle desired by the entrepreneurs. It's a space they have created where they can just be, not forced to be.

"I think we smile a lot more. I don't think we have had so much fun on a day to day, month to month basis as we had at chlorophyll. Because there is no source of stress. We don't have any external masters whose wishes have to be fulfilled. If we don't want to take on any projects we simply don't."

"We use three yardsticks and we know it is very unlikely that any project will fulfil all three. But let's hope for at least two in every project. If it's only one, then better be superlative on that one dimension. And the dimensions are: *It must give us money, or it must give us fame, or it must give us great joy.*"

So there are projects chlorophyll has done for the fun aspect. Because they like the idea, or the people. "For example we are working for the Maharana of Udaipur, looking after his 'brand'. Is it great amounts of money? No. But it's great fun... How many chaps can say my client is the 76th in the line of kings of Mewar, unbroken from 734 AD? And I was having a cup of tea with him last week."

And in the midst of all this Anand also managed to write a book, 'Planning for Power Advertising'. "It's a textbook in communication courses. I know for sure, there is no way in which I would have been able to write that book if I was working and reporting to Hongkong or APAC or whatever it is".

Reporting to your own conscience is the highest and most rewarding form of servitude. And you can even make a good living out of it!

It is a bit of a shock when you are interviewing someone for a book on entrepreneurship and the very first sentence he utters is: "I'm sure you know... I don't own this company, but in every other sense I am an entrepreneur."

Honestly, I did not know, and that's why you were shortlisted, sir. But I am intrigued and we get on with the interview. And I am glad, because Mr S B Dangayach of Sintex is a truly fascinating subject.

Management gurus often talk about being 'entrepreneurial' within a large company. Some refer to this as being 'intrapreneurial'. Both terms sound like terms from a Dilbert comic strip, to keep cubicle workers happy.

The idea of an 'entrepreneur' who is not an owner but completely synonymous with the success of the company seems equally farfetched. Sure, anyone from a trainee to the CEO can feel a sense of 'ownership'. But for how long? 3 years, 5 years, 8 years?

S B Dangayach has been with Sintex for 34 years. As he tells me the story of how he built this company he has all the fire, the feeling and all the fondness of a Founder.

Like a parent who deeply loves an adopted child and believes this is his own flesh and blood.

In the cutthroat world of business, a rare and beautiful thing.

A SENSE OF OWNERSHIP

**S B Dangayach (PGP '72),
Sintex**

S B Dangayach grew up in Rajasthan. After completing his graduation from Bombay he joined IIM Ahmedabad, and then Asian Paints. The year was 1972.

"Asian Paints was a very famous company back then... It was structured and very well managed. The company had fantastic systems, it had fantastic controls - they were a head of even Hindustan Lever in some of those areas."

Asian Paints was a very prestigious job to join at that time. And Dangayach is surprised that they actually took him. The job profile mentioned that only engineers with an MBA will be considered. Dangayach was a science graduate. Nevertheless, he applied.

He was asked: "You are not an engineer. How do you justify being here?" And he had a simple answer: "Many of the engineers who are from IIT take lessons from me in subjects like OR, and quantitative methods." It was an audacious but true statement and should have got him the job.

But there were further doubts, regarding his age. Dangayach was not even eighteen when he joined IIM. He was in fact under 20 when he sat for placement.

The interviewer, one Mr Chari, asked: "You are such a young boy, how can you justify being here?"

Dangayach replied, "Youth is on my side and the fact that I have competed with so many older people and succeeded should tell you that I must have something in me."

A third question was asked: "You are a Marwari. Marwaris never work for too long with anybody. They go off to set up their own business."

Dangayach's answer to that was: "I don't value money as much as Marwaris do. If you give me an independent workplace, I will be alright."



BASIC

INSTINCT

**Vijay Mahajan (PGP '81),
Basix**

An IIT-IIM graduate, Vijay has devoted his life to addressing issues of inequality and social justice but through management techniques. He pioneered the concept of microfinance in India through an organisation called Basix which gives loans to the rural poor.

So Vijay too decided to take a year off and also managed to get a fellowship at the same University. While in the US, he got a chance to think about what he had achieved so far. By that time, PRADAN had started working directly with communities, not just NGOs, and it became clear that credit or capital is a necessary input. But one which the rural and the marginalised find very hard to get from local banks.

When he returned from Princeton after a year, Vijay rejoined PRADAN but was restless. The work it did was no doubt good but it was not making enough of an impact, he now felt.

"I realised that if we continued to remain dependent on grants for our own functioning, and government loans for the community, it's going to be a very slow path. We won't be able to control anything."

He hadn't yet thought of an alternative but said, let me go out and explore. For a while he considered politics but then dismissed the idea.

"I couldn't figure out anything. So I said, okay *Livelihood ke liye kuch karna hai* so I became a self-employed consultant. But I remained in the field of livelihood promotion, working for poor people."

His clients included the World Bank, UNDP, NABARD and the Ford Foundation. Vijay had already built a very good reputation in PRADAN so getting assignments was not very difficult. But what really charged Vijay up during this period was the chance to solve the bigger problem: the right and sustainable method to promote livelihood.

A space where 'nothing is happening' is actually just what you need to do some serious soul searching. And unlike many entrepreneurs, Vijay was actually able to walk away from the organisation he had given birth to and create this vacuum.

PRADAN was in safe hands with Deep Joshi at the helm. Vijay could 'move on' although he knew not exactly where. But he kept swimming in the seas of development, hoping to one day sight shore.

In 1993, the Ford Foundation asked Vijay to do a study of the SEWA Bank. Interestingly, they had excess deposits and were struggling to deploy credit. It was the first time Vijay saw how a bank functioned, from the inside.

The SEWA bank was a co-operative, run by members of the organisation's trade union.

"That's when I learnt in a very detailed way, how we can actually build a peoples' organisation with their savings and use the accumulated savings to give loans. And I got fascinated by that."

Vijay went in search of similar organisations round the world. With the support of the Ford Foundation he studied Shore Bank in the US,

ADVICE TO YOUNG ENTREPRENEURS

The single most important quality you need to have and cultivate further is to get up and walk every time you fall down. I am writing this the day after I turned down an equity investor from whom we have been seeking funding for the last several months, due to irreconcilable differences on terms. But while that deal broke off at 10 pm on Monday night and on Tuesday morning I was at a breakfast meeting with another prospective investor.

Likewise, one has to persist in terms of operational difficulties. Our expansion in Jharkhand state has seen many ups and downs due to the poor law and order situation there. In November, one of our field staff was shot dead by robbers. What did we do – we did not pull out. The day after the cremation, a hundred BGS X field staff, led by all of us in the senior team, went out doing our regular work – originating loans, collecting repayments, providing technical and marketing assistance to customers, etc.

But the second and equally important ability one needs to cultivate is the ability to learn – from experience, from critics, from competitors, from failures, from summer trainees, from mothers-in-law and from regulators! Expert knowledge is useful, but increasingly has shorter and shorter shelf life. So what is permanent is the ability to understand a new situation and respond appropriately, using both learning from the past but also a fresh appreciation of the situation. Some of this comes from the self and some from others.

This brings me to the third point. Entrepreneurship is widely misunderstood to be a personal trait. It is so, to some extent. But entrepreneurship is a social construction – it is a phenomenon where certain behaviours get expressed in certain individuals, due to the support of their “eco-system” – colleagues, family members, investors, regulators, competitors and customers. All of these interactions, cooked in the skull of the entrepreneur, make for the heady mix that all of you are after. So nurturing this eco-system and interacting with it are extremely important.



ABOUT WADHWANI FOUNDATION

The Wadhvani Foundation funds not-for-profit efforts that inspire, educate and support new entrepreneurs, and create environments where they can succeed. Its mission is to help individuals achieve their full potential, regardless of background.

Launched in 2000, the Wadhvani Foundation is founded by Dr Romesh Wadhvani, an Entrepreneur in Silicon Valley, California.

Wadhvani Foundation believes Entrepreneurship is a powerful tool for individuals to realise their potential. Entrepreneurship is more than starting a business; it is a way of thinking, and a critical driver of growth in any economy. Entrepreneurs bring to the market new products and services, and devise better and more efficient ways to operate.

In doing so they create valuable, productive new jobs. Successful entrepreneurs create wealth for themselves, their families, their communities and society.

For more log in to www.wadhvani-foundation.org

You can also visit the National Entrepreneurship Network (NEN) a resource for entrepreneurs, supported by Wadhvani Foundation. NEN was co-founded by five of India's premier academic institutions: IIT Bombay, IIM Ahmedabad, SP Jain Institute, Bombay, IBAB, Bangalore and BITS Pilani. Over the past three years, NEN's focus has been to catalyse entrepreneurship on campuses across India.

www.nenonline.org

ABOUT WADHWANI
FOUNDATION