

All about the family: Dabur does it right

Dabur India is looking towards rural markets for future growth. The company envisages 30-40 percent more demand for its products in the rural markets compared to urban areas. The company increased its market presence from 14000 villages in the year 2011-12 to 34000 villages in 2012-2013. As a result, more than 50% of the company's sales came from rural and semi-urban areas. The company is crafting its fourth vision plan that involves further market penetration and building scale into the business.

Acquisitions of Balsara group and Fem have expanded the company's product portfolio and added new growth drivers. Dabur Foods is another fast growing business division of the company. Dabur undertook professionalization of business based on consulting advice and also formed a family council. Following this exercise, the Burmans who control Dabur, have decided that no family member can hold management role in the company, except the board level representation. The family members now only hold the Chairman and Vice-Chairman positions. A family member has to prove his/her worth by working in external organizations before joining Dabur.

Prof. Kavil Ramachandran, Thomas Schmidheiny Chair Professor of Family Business at the Indian School of Business, says "To make professionalization work, one has to put in place an objective decision-making mechanism, for which the family has to believe that the company and the family are two separate identities."

"The most difficult part is the willingness of promoters to let go and hand over the day-to-day operations to more capable hands," adds Ramachandran.

The professionalization efforts at Dabur have set an example for other Indian family businesses that are looking to improve their ways of managing business. The professionalization exercise and the company's renewed focus on rural markets have started to show good results.

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