How to avoid Retirement Blues – learning from Usha Martin’s (KGVK)

Managing retirement is a huge challenge both for the person retiring from the business and the one succeeding; the ripple effect of this often leads to waves of unrest in the family and business. Here we narrate the case of a successful business leader who found solutions to this in philanthropy. By the time he approached the retirement age from business, he had built up a successful social venture as his second career.

Usha Martin Ltd was founded by B.K Jhawar (BK) in 1961 in collaboration with Martin Black, a Scottish wire rope company. Today, the Group is a global conglomerate with annual revenues of Rs.45 billion. With continuous growth in both the domestic and international markets, Usha Martin, the Group’s flagship company has emerged as India’s largest and the world’s second largest steel wire rope manufacturer. All its manufacturing facilities are ISO 9000 certified and the steel plant in India’s first to receive the TPM Excellence Award from JIPM, Japan. The group is growing its relevance in the global economy by diversifying into information technologies, telecom billing solutions and business process outsourcing.

What makes Usha Martin exceptional is its unwavering commitment to social responsibility. Unlike corporations that shy away from philanthropy during crisis to cut costs, at Usha Martin, philanthropy has never been an optional after-profit program. Since 1972, the company has invested ample time and money on community development projects for integrated prosperity of rural Jharkhand through Krishi Gram Vikas Kendra (KGVK), the company’s social responsibility division. KGVK, as an NGO, has undertaken various developmental initiatives, following a public-private-people's partnership (P4) approach and the Total Village Management (TVM) model. The key areas of focus are: watershed development, agricultural productivity, better health practices, education, empowering women and encouraging micro enterprise. Over the years, KGVK has developed a set of tested models and frameworks and is run professionally like any corporate organization. In recognition of its social developmental efforts, Usha Martin was awarded the prestigious TERI Award for Corporate Social Responsibility in 2006.
Usha Martin, under the leadership of BK, ventured into philanthropy when the company was amidst a severe crisis and its survival was at stake – not at times when the business was flourishing. At the time when Usha Martin began its operation in the mineral-rich state of Jharkhand, majority of local people in the region were living below the poverty line and activities of extreme leftists was at its peak. While setting up its plants, the company had ensured that it adhered to all the land displacement clauses set by the government. Almost 70 percent of their employees were local people and the company seemed to be quite conspicuously adding to the prosperity of the region. Despite taking these precautions, however, the company faced three major strikes and three lockouts in the first nine years of its existence. Looking deeper into the problem, BK realized that the root cause of the problem was the increasing social divide due to the company’s presence in the region. The skilled employees in its factories were becoming much better off than the rest of the tribal population. As a result, the local people perceived the company as the one exploiting their resources and passing a small portion of the profits to benefit a few. To compound the company’s problems, local politicians fuelled this divide by blowing every issue out of proportion for political mileage. To find a long term and sustainable solution, it was necessary to bridge the ‘us versus them’ divide and generate goodwill amongst the local community. The company had to make sure that they were perceived as partners and not exploiters. In 1972, BK decided to take on the bull by its horns; from then began the journey that led to the creation of KGVK.

With an annual budget of Rs. 35 million, KGVK started by focusing on the key problems faced by the villagers in areas surrounding the factories. For most villages and tribal communities in the surrounding areas, the primary source of income was agriculture. They lacked irrigation facilities and drought was widespread. BK set up a team that identified government supported irrigation schemes and got involved in helping farmers derive benefit from them. Despite noble intentions, initially there was lot of resistance, which stemmed from a feeling of mistrust and exploitation. Nevertheless, BK and the Usha Martin team continued their efforts incessantly. They helped make wells, check-dams and provided irrigation facilities for the villages, which directly impacted a
huge section of the farming populace and helped gain the much needed trust of the local community. KGVK’s efforts produced remarkable results. For instance, the irrigation of a farmer’s land which used to take eight days, got reduced to just 30 minutes. In due course, what started as an attempt to reduce the discontent amongst the locals grew into a model of poverty alleviation. In every activity that KGVK engaged in, the primary focus was to create a sense of ownership amongst the locals. Hence, in every service that KGVK offered, the locals were involved and issues were resolved from their perspective.

As KGVK’s community services increased in its reach, BK realized the need for a comprehensive approach to guide its community engagement. The successful deployment of Total Productivity Maintenance (TPM) in Usha Martin plants inspired BK to adapt and adopt the TPM model and came up with the holistic concept of TVM to manage community development in an integrated and structured manner. Just like TPM, the TVM model based itself on eight pillars which provided a holistic development perspective for all round development of villages. The TVM model identified eight key tipping points for poverty alleviation – natural resource management, education, health-hygiene-sanitation, livelihoods, capacity building, infrastructure, resource mobilization and renewable energy. The distinctive focus of these initiatives was to build both natural and human capital, and build the financial capability of the villagers.

The philanthropic enterprise of Usha Martin through KGVK, is a compelling illustration of how philanthropic initiatives can revive businesses in times of distress. Corporate philanthropy is no longer about grant-making or cheque-writing. It is becoming a sound business practice, integral to the companies’ business strategy, to ensure sustainable business. Businesses can flourish only when the communities and ecosystems in which they operate are prosperous. As part of society, it is in the interest of businesses to address common problems of the local community. Therefore, it is critical for any business to continuously engage itself with the stakeholders through philanthropy. Such repeated positive stakeholder engagement enables businesses to eventually build substantial social capital – strong, trusted relationships – which is the key to business value creation in today’s changing global economy.
The benefits of integrating philanthropy with business are numerous. We highlight three of them. First, philanthropy not only enhances the reputation of the business firm, but it also provides a personal meaning to one’s life. Treating wealth not as an objective but as an opportunity to improve the quality of life of others can provide a powerful inner motivation. Another benefit of philanthropy is the sense of shared objective it creates among the employees. This ‘we’ feeling pulls the organization together and keeps it united. Lastly, philanthropy enables businesses to make successful succession planning, which is the toughest and most critical challenge faced by family and closely held businesses. Having philanthropic division(s) in the family business provides senior family members with a second career option once they transfer the business ownership to the next generation. Today, BK is promoting KGVK as its President besides being the Chairman of Usha Martin Group. While spearheading the philanthropic arm of the business, he has donned the mentorship role to groom the younger generation.

Reflecting over KGVK’s growth so far, BK is in the process of redefining his vision for its future. He does not want KGVK to be seen as just the CSR arm of Usha Martin Limited; he wants it to be viewed as a social enterprise that could empower millions of villagers to live a better life. He is planning to develop a market for the millions of small entrepreneurs he has created in his command areas and replicate the success of KGVK model across the nation in his life time. To gear up to take on this toughest challenge lying ahead, he is leveraging on the past 30 years of his stupendous experience.

In this process, BK has rediscovered himself by creating a second and endless career option for him. Family elders who cling on to business leadership for fear of losing their status and identify after retirement should look upto BK as a role model.